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Table of Contents

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The Role of Specialized Lenders in Extending Mortgages to Lower-Income and Minority Homebuyers

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Home-purchase lending to lower-income and minority households and to residents of lower-income and minority neighborhoods has expanded significantly in recent years and at a faster rate than lending to other borrowers. Over the same period, however, an increasing proportion of applicants for conventional home-purchase mortgages (that is, mortgages not insured or guaranteed by the government), including lower-income and minority applicants, have had their applications denied. The first trend often has been taken as evidence that lenders' efforts to expand credit availability have been successful, whereas the second trend has contributed to concerns among some observers about access to credit and about the fairness of the lending process.

Among the commonly recognized factors promoting the overall growth of housing credit is the current prolonged economic expansion—which has resulted in strong employment growth and higher incomes—and lower interest rates and modest increases in home prices, which have improved the affordability of homes. The increase in the proportion of credit going to the lower-income and minority market has also been attributed to sharper competition for borrowers, to the introduction of new technologies that have lowered the costs of lending, and to the greater emphasis placed by banks and bank regulators on expanding the availability of such credit.

The conventional home-purchase mortgage market, which is much larger than the government-backed market, consists of three broad types of institution that specialize in mortgage lending—prime, subprime, and manufactured-home lenders. More than half of the growth in conventional home-purchase lending to lower-income and minority borrowers has come from prime lenders, institutions that generally focus on lending to the most creditworthy borrowers. But the overall share of the conventional home-purchase mortgage market attributable to prime lenders has actually fallen, from about 95 percent in 1993 to about 86 percent in 1998. This erosion in market share is attributable to an important but less-recognized force behind the shift of credit toward lower-income and minority borrowers—the expansion of activity by lenders specializing in subprime and manufactured-home mortgages.

Subprime lenders concentrate on offering terms and seeking borrowers generally not acceptable to prime lenders, and the bulk of the customer base of manufactured-home lenders is households with lower levels of income and wealth. From 1993 to 1998, these specialized lenders more than tripled their share of the applications for conventional home-purchase loans (to about 34 percent), and they likewise nearly tripled their share of such loans extended (to about 14 percent).

Both subprime and manufactured-home lenders are oriented toward lower-income and minority households, among whom homeownership has spread more rapidly than among other households in recent years.[1] These lenders have aggressively expanded their activity in the lower-income and minority market; moreover, since most of them are not subject to laws encouraging community investment, these lenders have expanded their activity without the goad of regulatory pressure applied by such laws. Because these lenders attract and vigorously market their services to less-creditworthy applicants, their emergence also bears directly on the sharp rise in mortgage

1. According to the Bureau of the Census's 1992 and 1998 Current Population Survey (CPS), the proportion of households that own their places of residence (homeownership rate) for households in the lowest income quartile increased 6.2 percent in the 1992–98 period, to 46.2 percent; in the highest income quartile, it increased 1.4 percent, to 85.9 percent.

In terms of racial and ethnic groups, the homeownership rate among whites in the 1992–98 period increased 4.3 percent, to 72.6 percent; among blacks, it rose 8.2 percent, to 46.1 percent; and among Hispanics, it rose 12.0 percent, to 44.7 percent (CPS March Supplements).

denial rates that has accompanied the rise in home-purchase lending.

In this article, we use data collected pursuant to the Home Mortgage Disclosure Act (HMDA) for the six years from 1993 to 1998 to measure the growing importance of institutions that specialize in subprime and manufactured-home lending. We find that part of the growth in mortgage lending and most of the increase in denial rates in the 1993–98 period are associated with the substantial and growing share of mortgages and mortgage applications processed by these institutions.[2]

SUBPRIME AND MANUFACTURED-HOME LENDERS AND THE HMDA DATA

Most mortgage lenders with offices in metropolitan areas are required by HMDA to provide annual data on the applications they receive for home mortgage credit and on the mortgage loans they originate and purchase (see appendix A for details). In 1998, mortgage lenders subject to HMDA accounted for an estimated three-fourths of all home-purchase loans extended nationwide; the coverage rate is likely higher in metropolitan areas, given the focus of the law.

The Congress enacted HMDA to help reveal the extent to which mortgage lenders are serving the housing credit needs of their local communities, including lower-income neighborhoods. Later revisions to HMDA increased the scope of the data reporting to help determine whether or not mortgage lenders are treating mortgage applicants fairly. HMDA data are used to evaluate the performance of commercial banks and savings associations under another federal law, the Community Reinvestment Act (CRA).[3] In addition, the data are used to evaluate all types of mortgage lenders under fair lending laws, including the Equal Credit Opportunity Act and the Fair Housing Act.

Home-purchase mortgages may be broadly segmented into two types—conventional and government-backed—and data on both are collected under HMDA. We focus our discussion on the conventional market for several reasons. Conventional

1 Change in number of conventional home-purchase loans and change in rates of denial, by selected characteristics of applicant and census tract, 1993–98
Percent

Characteristic	Change	
	Loans	Denial rate
APPLICANT		
Income ratio (percentage of MSA median)[1]		
Lower	75.1	65.6
Middle	52.8	59.5
Upper	52.4	8.7
Racial or ethnic identity		
American Indian or Alaskan Native	52.5	90.3
Asian or Pacific Islander	50.6	−19.2
Black	94.6	57.9
Hispanic	77.7	54.2
White	40.0	70.0
CENSUS TRACT		
Income[2]		
Lower	77.8	48.6
Middle	62.2	62.0
Upper	51.9	25.8
Racial or ethnic composition (minorities as percentage of population)		
Less than 10	47.9	61.0
10–49	75.7	50.0
50–100	66.6	34.8
All[3]	**50.8**	**71.3**
MEMO		
Number of loans and overall denial rate, 1993	2,371,188	17.2

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *lower income*, median family income for census tract less than 80 percent of median family income for MSA; *middle income*, at least 80 percent and less than 120 percent of MSA median; *upper income*, at least 120 percent of MSA median.

3. Not all characteristics were reported for all applications; thus, the percentages in this line generally do not equal the weighted average of the percentages for specific characteristics.

SOURCE. Here and in subsequent tables, Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act data.

mortgages make up the bulk of home-purchase loans (about 80 percent of the home-purchase loans extended in 1998). Also, in the conventional market, private entities usually bear the credit risk, and thus their prices and underwriting standards for the most part reflect the costs of extending mortgage credit. In contrast, in the government-backed market, the public sector bears almost all of the risk, and the prices and underwriting standards are matters of government policy.[4] In addition, most of the concerns expressed about the adequacy of lenders' efforts to serve lower-income and minority households and

2. For an earlier analysis of these patterns, see Randall M. Scheessele, *The Impact of Manufactured Home and Subprime Loans on HMDA Rejection and Origination Rates*, Housing Finance Working Paper Series (U.S. Department of Housing and Urban Development, November 1997).

3. For additional information on the CRA, see Griffith L. Garwood and Dolores S. Smith, "The Community Reinvestment Act: Evolution and Current Issues," *Federal Reserve Bulletin*, vol. 79 (April 1993), pp. 251–67.

4. The extent to which different institutions bear the credit risk of mortgages is examined in detail in Glenn B. Canner, Wayne Passmore, and Brian J. Surette, "Distribution of Credit Risk Among Providers of Mortgages to Lower-Income and Minority Homebuyers," *Federal Reserve Bulletin*, vol. 82 (December 1996), pp. 1077–1102.

2. Home-purchase loans, grouped by type of lender and distributed by type of loan, 1998

Loan type	Subprime			Manufactured-home			Prime			All		
	Number	Percent	MEMO Distribution of loan type, by lender	Number	Percent	MEMO Distribution of loan type, by lender	Number	Percent	MEMO Distribution of loan type, by lender	Number	Percent	MEMO Distribution of loan type, by lender
Government-backed	14,986	6.4	1.5	745	.3	.1	957,534	23.8	98.4	973,265	21.4	100
FHA	12,913	5.5	1.8	653	.2	.1	719,020	17.8	98.1	732,586	16.1	100
Other[1]	2,073	.9	.9	92	*	*	238,514	5.9	99.1	240,679	5.3	100
Conventional	220,511	93.6	6.2	283,000	99.7	7.9	3,073,221	76.2	85.9	3,576,732	78.6	100
All	**235,497**	**100**	**5.2**	**283,745**	**100**	**6.2**	**4,030,755**	**100**	**88.6**	**4,549,997**	**100**	**100**

NOTE. Here and in subsequent tables, components may not sum to totals because of rounding.

1. Loans guaranteed by the Department of Veterans Affairs, the Farm Service Agency, and the Rural Housing Service.

* Less than 0.05 percent.

neighborhoods have historically centered on the conventional mortgage market.

From 1993 to 1998 the number of conventional home-purchase mortgages extended to lower-income borrowers increased about 75 percent, according to HMDA data, while lending to upper-income borrowers increased about 52 percent (table 1). Home-purchase lending to black and Hispanic borrowers in particular increased substantially over this period (95 percent and 78 percent respectively, compared with 40 percent for white borrowers). The pattern is similar across borrower groups in both the conventional market and the much smaller government-backed market (the latter of which consists mainly of mortgages insured by the Federal Housing Administration, or FHA—not shown in table).

Most of this growth can be attributed to the long economic expansion that began in 1991, low interest rates, and slow growth in home prices.[5] In the conventional mortgage market, growth also has been promoted by the wider availability of new affordable loan products among prime lenders, such as mortgages with very low down payment requirements, and by the increasing activity of subprime and manufactured-home lenders.

Over the same period, the HMDA data show a rising denial rate for conventional home-purchase mortgages. From 1993 to 1998, the denial rate increased 71 percent, to a historically high level of 29 percent of all mortgage applicants.[6] Denial rates for lower-income applicants rose nearly 66 percent, whereas denial rates for upper-income applicants rose only 9 percent. Among racial and ethnic groups, denial rates increased substantially for all groups except Asian applicants, for whom denial rates fell. As discussed below, manufactured-home lenders have played the major role in these changes, with subprime lenders also having an important influence.

MANUFACTURED HOMES AND THE HOUSING MARKET

Manufactured housing is a growing, although sometimes overlooked, segment of the housing market and provides homeownership opportunities for many households, particularly those with lower levels of income and wealth. In contrast with homes built at the purchaser's site ("site-built" homes), manufactured homes are assembled in a factory, transported to the purchaser's site, and typically placed on a permanent foundation. Once placed on the foundation, the home may receive some enhancements, such as the addition of a porch or deck.

About 8 percent of the U.S. population resides year-round in roughly 9 million manufactured homes.[7] In 1998, about 80 percent of the residents of manufactured homes owned their homes.[8] In contrast, the ownership rate for other nonfarm, one- to four-family houses was about 64 percent.

Annual shipments of new manufactured homes grew about 47 percent, to 373,000 homes, from 1993 to 1998. Over the same period, the annual number of new site-built homes increased 24 percent, to 1.47 million homes. Currently, nearly 20 percent of

5. For an evaluation of the importance of different factors contributing to the growth in mortgage lending, see Douglas D. Evanoff and Lewis M. Segal, "CRA and Fair Lending Regulations: Resulting Trends in Mortgage Lending," Federal Reserve Bank of Chicago, *Economic Perspectives* (November/December 1996), pp. 19–46.

6. In contrast, denial rates for government-backed home-purchase mortgages fell nearly 40 percent over this period, to about 8 percent (not shown in tables).

7. Manufactured homes are sometimes referred to as "mobile homes" but are rarely moved after initial placement on a site. This housing category does not include recreational vehicles. For more information, see Manufactured Housing Institute, *Just the Facts* (Arlington, Va., March 25, 1999).

8. Board of Governors of the Federal Reserve System, 1998 Survey of Consumer Finances.

3. Borrowers of conventional home-purchase loans, grouped by type of lender and distributed by selected characteristics of borrower and census tract, 1998

Percent

Characteristic	Subprime			Manufactured-home			Prime			All		
	Number	Percent	MEMO Percentage of loans to borrower group, by lender type	Number	Percent	MEMO Percentage of loans to borrower group, by lender type	Number	Percent	MEMO Percentage of loans to borrower group, by lender type	Number	Percent	MEMO Percentage of loans to borrower group, by lender type
BORROWER												
Income ratio (percentage of MSA median)												
Lower	48,711	28.5	6.8	97,845	58.4	13.7	566,134	22.0	79.4	712,690	24.4	100
Middle	47,274	27.7	6.3	44,171	26.4	5.9	662,614	25.7	87.9	754,059	25.9	100
Upper	74,676	43.8	5.1	25,475	15.2	1.8	1,349,93	52.3	93.1	1,450,08	49.7	100
All	**170,661**	**100**	**5.9**	**167,491**	**100**	**5.7**	**2,578,682**	**100**	**88.4**	**2,916,834**	**100**	**100**
Racial or ethnic identity												
American Indian or Alaskan Native	1,076	.6	8.2	2,773	1.1	21.0	9,326	.3	70.8	13,175	.4	100
Asian or Pacific Islander	7,987	4.5	6.7	1,283	.5	1.1	109,216	3.9	92.2	118,486	3.7	100
Black	24,689	13.9	15.6	27,750	10.5	17.5	105,827	3.8	66.9	158,266	4.9	100
Hispanic	16,893	9.5	10.4	16,931	6.4	10.4	128,541	4.6	79.2	162,365	5.1	100
White	127,523	71.6	4.6	215,230	81.5	7.8	2,417,617	87.3	87.6	2,760,370	85.9	100
All	**178,168**	**100**	**5.5**	**263,967**	**100**	**8.2**	**2,770,527**	**100**	**86.2**	**3,212,662**	**100**	**100**
CENSUS TRACT												
Income												
Lower	38,808	20.3	12.0	37,121	22.9	11.5	247,866	9.5	76.6	323,795	10.9	100
Middle	90,743	47.5	6.4	102,609	63.2	7.2	1,223,007	46.8	86.3	1,416,359	47.7	100
Upper	61,608	32.2	5.0	22,644	13.9	1.8	1,143,066	43.7	93.1	1,227,318	41.4	100
All	**191,159**	**100**	**6.4**	**162,374**	**100**	**5.5**	**2,613,939**	**100**	**88.1**	**2,967,472**	**100**	**100**
Racial or ethnic composition (minorities as a percentage of population)												
Less than 10	69,648	36.5	4.4	73,095	45.0	4.6	1,451,780	55.7	91.0	1,594,523	53.8	100
10–49	88,670	46.5	7.7	71,620	44.1	6.2	997,974	38.3	86.2	1,158,264	39.1	100
50–100	32,437	17.0	15.6	17,756	10.9	8.5	158,259	6.1	75.9	208,452	7.0	100
All	**190,755**	**100**	**6.4**	**162,471**	**100**	**5.5**	**2,608,013**	**100**	**88.1**	**2,961,239**	**100**	**100**

NOTE. Not all characteristics were reported for all applications; thus, the total number of applications with racial or ethnic group identified varies from the total with income identified. See also notes to table 1.

new single-family residences are manufactured homes.[9]

Homebuyer interest in manufactured homes stems in part from their relatively low price per square foot—on average about 50 percent lower than that of site-built homes.[10] The lower price per square foot for manufactured homes reflects, in part, economies of scale in production that result from their being constructed in factories and shipped largely complete to a dealer or homeowner.

An increased variety of styles and amenities has also raised homebuyer interest in manufactured homes in recent years. One type of product—the multisectional home—has grown in popularity and now accounts for nearly three-fifths of manufactured-home production. In addition, the use of better construction techniques and materials has extended the useful lives of newer manufactured homes—the industry estimates that the "habitable life" for such homes built over the past two decades exceeeds seventy years.[11] In turn, as the lifespan of manufactured homes has lengthened, lenders have become more willing to finance purchases over longer periods. Most loans for new units are still for fifteen years or

9. U.S. Department of Housing and Urban Development, *U.S. Housing Market Conditions*, table 5—"Manufactured (Mobile) Home Shipments, Residential Placements, Average Prices, and Units for Sale: 1974–Present"; and table 6—"New Privately Owned Housing Units Completed: 1968–Present." The data are through the first quarter of 1999.

10. In 1997, a new manufactured home on average had 1,420 square feet of living area and cost $41,100 ($29 per square foot), while the average new site-built home had 2,150 square feet and cost (excluding its site) $132,150 ($61 per square foot). See Manufactured Housing Institute, *Average Sales Price of New Manufactured Homes Placed for Residential Use: All Homes, Single Section and Multisection Homes (1990–1997)* (Arlington, Va., 1998).

11. Carol B. Meeks, *Manufactured Home Life: Existing Housing Stock through 1997* (Manufactured Housing Institute, Arlington, Va., May 1998).

less, but the maturities on more than 40 percent of the loans on new multisection units exceed fifteen years, and some lenders offer loans with maturities of thirty years.[12]

Because of their relatively low cost, manufactured homes are an important housing option for households of modest means, including first-time homebuyers. In 1995 the median household income of manufactured-home owners was $22,000, and their median net worth was nearly $27,000. By comparison, the median household income for all other homeowners that year was about $42,000, and their median net worth was $117,000.[13]

Identifying Specialized Lenders in the HMDA Data

The identity of specialized lenders cannot be determined directly from the HMDA data, which do not generally include information on the credit quality of applications and loans (relevant for identifying subprime lenders) nor on the type of homes involved (relevant for identifying manufactured-home lenders).[14] But by combining information from HMDA and other sources, specialized lenders who reported HMDA data over the 1993–98 period can be identified (for details, see appendix B).

4. Share of change in number of conventional home-purchase loans, grouped by selected characteristics of borrower and census tract and distributed by type of lender, 1993–98

Percent

Characteristic	Subprime	Manu-factured-home	Prime	All
Borrower				
Income ratio (percentage of MSA median)				
Lower	15.1	25.3	59.6	100
Middle	16.9	13.5	69.6	100
Upper	13.9	4.1	82.0	100
Racial or ethnic identity				
American Indian or Alaskan Native	22.6	48.3	29.1	100
Asian or Pacific Islander	17.2	2.4	80.5	100
Black	30.5	26.9	42.6	100
Hispanic	22.3	18.7	59.0	100
White	15.0	16.0	69.0	100
Census Tract				
Income				
Lower	26.1	21.9	52.1	100
Middle	15.9	14.6	69.6	100
Upper	13.6	4.3	82.1	100
All	17.0	14.9	68.1	100
Racial Composition (minorities as a percentage of population)				
Less than 10	13.0	10.7	76.3	100
10–49	16.4	11.6	71.9	100
50–100	36.4	18.1	45.5	100
All	**17.0**	**14.9**	**68.1**	**100**

Note. See notes to table 1.

Manufactured-Home Lending

Relatively few of the institutions covered by HMDA specialize in manufactured-home lending, although many institutions, including many community banks, offer such loans. The twenty-two manufactured-home loan specialists identified in the 1998 HMDA data (table B.1) received 1.6 million applications for conventional home-purchase loans (not shown in table), and they extended 283,000 such loans. The U.S. Department of Housing and Urban Development (HUD) has estimated that these loans accounted for about half of all loans extended in 1998 for new and used manufactured homes and also that, of loans extended for new units, the specialists likely accounted for well more than half.[15]

More than 99 percent of the loans extended for the purchase of manufactured homes are conventional, although some government agencies, including the FHA and the Department of Veterans Affairs, insure or guarantee loans to purchase manufactured homes (table 2). In 1998, manufactured-home lenders received 24 percent of the 6.7 million applications for conventional home-purchase loans reported under HMDA (not shown in table) and accounted for 8 percent of all the conventional home-purchase mortgages.

Mortgages on manufactured homes generally have several characteristics that produce a degree of credit risk higher than that for loans collateralized by site-built homes. First, lenders for manufactured homes tend to require lower down payments because buyers of these homes generally have lower levels of income

12. Manufactured Housing Institute, *Manufactured Home Financing* (Arlington, Va., 1998).

13. For a general description of the survey from which these figures were derived, see Arthur B. Kennickell, Martha Starr-McCluer, and Annika E. Sunden, "Family Finances in the U.S.: Recent Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 83 (January 1997), pp. 1–24.

14. The Federal Reserve Board is reviewing its Regulation C, which implements HMDA. Among the changes under consideration is a requirement for lenders to identify whether an application or loan involves a manufactured home.

15. See Randall M. Scheessele, *1998 HMDA Highlights*, Housing Finance Working Papers (U.S. Department of Housing and Urban Development, October 1999), appendix D.

5. Share of conventional home-purchase loans, grouped by selected characteristics of borrower and census tract and distributed by type of lender, 1993 and 1998

Percent

Characteristic	1993				1998			
	Subprime	Manufactured-home	Prime	All	Subprime	Manufactured-home	Prime	All
BORROWER								
Income ratio (percentage of MSA median)								
Lower	.6	5.0	94.3	100	6.8	13.7	79.4	100
Middle	.6	1.8	97.5	100	6.3	5.9	87.9	100
Upper	.6	.5	98.9	100	5.1	1.8	93.1	100
Racial or ethnic identity								
American Indian or Alaskan Native	.6	6.7	92.7	100	8.2	21.0	70.8	100
Asian or Pacific Islander	1.5	.4	98.1	100	6.7	1.1	92.2	100
Black	1.5	8.7	89.8	100	15.6	17.5	66.9	100
Hispanic	1.2	4.0	94.8	100	10.4	10.4	79.2	100
White	.5	4.5	95.0	100	4.6	7.8	87.6	100
CENSUS TRACT								
Income								
Lower	1.0	3.4	95.6	100	12.0	11.5	76.6	100
Middle	.5	2.7	96.8	100	6.4	7.2	86.3	100
Upper	.6	.6	98.9	100	5.0	1.8	93.1	100
Racial Composition (minorities as a percentage of population)								
Less than 10	.2	1.6	98.1	100	4.4	4.6	91.0	100
10–49	1.0	2.1	96.9	100	7.7	6.2	86.2	100
50–100	1.6	2.1	96.3	100	15.6	8.5	75.9	100
All	**.7**	**4.4**	**95.0**	**100**	**6.2**	**7.9**	**85.9**	**100**

NOTE. See notes to table 1.

and wealth than buyers of site-built homes.[16] Second, manufactured-home borrowers have fewer resources on which to rely during financial difficulties, again because they generally have lower incomes and less wealth. This lack of a financial cushion is reflected in a relatively high delinquency rate for these loans.[17] Third, the applicants for manufactured-home loans tend on average to have weaker credit histories than mortgage applicants in the prime market. Given the higher risks associated with the borrowers in this market, lenders tend to deny a higher proportion of applications and to charge higher interest rates for the mortgages.

A factor that may exaggerate the denial rate for manufactured-home loans is the practice among dealers of manufactured homes to "shop" the credit applications of the financially weakest prospective borrowers to several different lenders by sending out multiple applications on behalf of the applicants.[18] To the extent that this practice creates relatively more multiple applications from less-creditworthy applicants compared with similar practices in other parts of the mortgage market, the denial rate for manufactured-home lenders would be higher than that of other mortgage lenders. Moreover, increased competition among lenders in the manufactured-home loan market over the past few years may have encouraged dealers to shop applicants even more intensively among lenders and may help explain rising denial rates in this market.

Subprime Mortgage Lending

As in the manufactured-home mortgage market, almost all mortgages (94 percent) extended by lenders specializing in subprime loans and reporting under HMDA are conventional mortgages, with the bulk of the remainder insured by the FHA (table 2).

16. In 1997, about three-fifths of the loans for purchasing new manufactured homes were extended with down payments of 15 percent or less. In contrast, more than three-fifths of homebuyers of newly constructed site-built homes made a down payment of 20 percent or more (Manufactured Housing Institute, *Manufactured Home Financing*, p. 6).

17. For example, on average in 1998, 4.7 percent of manufactured-home mortgages held by commercial banks were delinquent, compared with 3.0 percent for conventional site-built home mortgages held by all mortgage lenders. See American Bankers Association, *Consumer Credit Delinquency Bulletin* (Washington, D.C., fourth quarter 1998); and Mortgage Bankers Association of America, *National Delinquency Survey* (Washington, D.C., fourth quarter 1998).

18. See Pramilia Gupta, Jeffery L. Woff, and Sombat Jiwariyavej, "Cracks in the Foundation: How Changing 'MH' Industry Dynamics Are Affecting Investors' Credit Risk," *Moody's Structured Finance*, October 2, 1998.

6. Distribution of applications for conventional home-purchase loans and denial rate, by type of lender, 1993 and 1998

Percent

Type of lender	1993				1998			
			Contribution to denial rate				Contribution to denial rate	
	Share of applications (1)	Denial rate (2)	Percentage points (1) × (2)	Percent	Share of applications (1)	Denial rate (2)	Percentage points (1) × (2)	Percent
Subprime	.8	23.4	.2	1.2	10.4	32.5	3.4	11.6
Manufactured-home	9.5	44.0	4.2	24.4	23.7	64.5	15.3	52.4
Prime	89.6	14.3	12.8	74.4	65.9	16.2	10.7	36.0
All	**100**	**17.2**	**17.2**	**100**	**100**	**29.3**	**29.3**	**100**

In contrast, among prime lenders, government-backed loans (of all types) make up more than 20 percent of their home-purchase mortgages. HMDA data for earlier years show a similar pattern (not shown in table).

In 1998, subprime lenders received 10 percent of the 6.7 million applications for conventional home-purchase mortgages reported under HMDA and accounted for 6 percent of all the conventional home-purchase mortgages extended during that year.

Credit Standards, Denials, and Delinquencies in the Subprime Market

The credit risk of a loan is judged according to the features of the loan (such as term, interest rate, and size of the down payment), the financial characteristics of the borrower, and the value of the property that serves as collateral. Mortgages intended to be sold are graded from A (prime) to D as a means of summarizing the overall credit risk they pose. Two housing-related government-sponsored enterprises (GSEs) buy most of the prime mortgages that are offered for sale: the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).[19]

Subprime mortgages are those that in some way exceed the level of credit risk that the GSEs are willing to accept; subprime loans intended for sale receive a rating of A–, B, C, or D.[20] Subprime loans that the lender chooses to retain have no need of a rating, and their quality could be better or worse than that of D loans.

The market for subprime home-purchase mortgages may be called a "residual" market. Although each subprime lender applies a standard for credit quality that will exclude some applicants, these lenders as a whole cannot easily be defined in terms of the maximum credit risk they will accept; nor can subprime borrowers be defined in terms of minimum credit quality. Thus, unlike the prime market, the subprime market has no clear "bottom" to the credit quality of applications that will be submitted nor of the loans that will be accepted.

Subprime lenders, who by definition accept higher risk, nonetheless have higher rates of denial than prime lenders, perhaps because many subprime lenders actively pursue mortgage applications from a group of potential borrowers who have a wider range of credit characteristics and circumstances than applicants in the prime market. Moreover, the underwriting standards used in the prime market may be more widely known than are the standards in the subprime market. This circumstance would allow applicants who do not meet the prime standards to more easily avoid a denial and apply instead in the subprime market.

Active solicitation of applicants by subprime lenders is applauded by some observers, who see it helping make mortgage credit and homeownership more widely available. Other observers disapprove of these solicitation practices, believing that they encourage some mortgage borrowers to apply for too much credit at too high an interest rate.

How Subprime Loans Differ from Prime Loans

Most subprime mortgages fail to meet prime standards in one of four ways. First, the borrower's credit history, typically summarized by a credit score based

19. Mortgages for amounts above a certain limit (adjusted annually) are by statute not eligible for purchase by the GSEs. These so-called jumbo mortgages nonetheless may be either prime or subprime in quality.

20. The GSEs may also purchase "alt-A" or "A–" mortgages that do not strictly meet their underwriting standards but that have some other characteristic that may make their credit risk equivalent to that of an A-rated mortgage.

7 Denial rates on applications for conventional home-purchase loans for selected characteristics of applicant and census tract, by type of lender, 1993–98

Percent

Characteristic	Subprime						Manufactured-home					
	1993	1994	1995	1996	1997	1998	1993	1994	1995	1996	1997	1998
APPLICANT												
Income ratio (percentage of MSA median)												
Lower	33.9	25.9	29.6	43.5	24.4	34.4	47.6	53.6	56.8	60.9	64.9	64.7
Middle	20.1	19.1	22.2	27.8	19.6	24.9	38.8	42.4	48.1	51.3	54.8	55.7
Upper	18.0	16.1	19.1	19.4	16.6	19.1	32.1	32.1	39.3	42.1	44.8	47.2
Racial or ethnic identity												
American Indian or Alaskan Native	25.6	19.1	28.1	57.5	28.4	46.7	48.4	56.1	61.6	66.1	67.5	70.5
Asian or Pacific Islander	14.3	15.4	15.6	16.2	14.4	19.1	42.3	44.9	50.5	52.3	49.5	51.8
Black	26.7	25.6	29.0	48.9	21.9	39.2	58.4	58.8	64.2	70.7	74.4	76.1
Hispanic	25.2	22.3	24.9	45.8	19.7	34.2	49.8	55.3	60.3	61.8	64.9	67.9
White	16.7	16.1	20.0	35.3	17.2	30.7	41.9	46.6	51.7	56.1	59.3	61.6
CENSUS TRACT												
Income												
Lower	34.2	27.3	28.8	39.9	23.1	28.9	47.5	51.1	55.5	59.2	63.5	63.0
Middle	23.4	19.8	23.1	30.8	20.6	27.0	42.9	47.3	51.2	55.2	59.2	59.7
Upper	16.5	15.3	19.4	22.0	16.8	20.4	42.2	45.5	51.6	55.4	58.0	59.2
Racial or ethnic composition (minorities as percentage of population)												
Less than 10	25.9	19.5	23.3	28.9	19.9	24.7	42.1	45.9	50.1	54.3	57.4	58.6
10–49	19.6	17.6	21.3	28.5	19.2	25.3	44.5	48.9	53.1	57.0	61.2	60.9
50–100	29.8	25.6	27.3	37.1	22.7	28.2	48.6	51.1	56.9	59.9	64.2	65.0
All	**23.4**	**20.3**	**23.8**	**37.8**	**20.8**	**32.5**	**44.0**	**48.6**	**54.1**	**58.8**	**62.1**	**64.5**

on the borrower's previous payment experience, usually must meet a certain threshold for the borrower to be considered a prime-mortgage borrower. One common standard is the Fair Isaac Company's credit score, called the FICO score.[21] Prime borrowers often have scores above 650 on an 800-point scale, whereas subprime borrowers often have scores from 550 to 650.

A second underwriting standard traditionally used in the prime market is that the monthly housing expenses of the borrower should not exceed 28 percent of pretax monthly income and that housing expenses plus other loan payments should not exceed 36 percent of pretax income. These ratios have become less strict in recent years, with lenders and the GSEs willing to accept higher ratios when there is evidence of other sources of financial strength. However, for ratios that are more than 5 percentage points above those mentioned here, the borrower would generally be considered subprime.

Third, whether they are prime or subprime, all mortgage borrowers are expected to earn an income sufficient for them to make their mortgage payment and other payment obligations. However, prime-mortgage borrowers are usually expected to document this ability with pay stubs, tax records, and other financial documents. One segment of the subprime mortgage market involves the extension of credit to borrowers who cannot, or do not want to, provide such documentation; this segment is referred to as the "low doc" or "no doc" mortgage market.

Finally, the terms of the loan can affect the credit risk to the lender. For A-rated borrowers, lenders typically lend no more than 80 percent of the home's value unless the homeowner also purchases private mortgage insurance to provide the lender additional protection in case the borrower defaults. Mortgages with loan-to-value ratios higher than 80 percent that do not have mortgage insurance or some other type of credit enhancement are often rated subprime.

Typically, lenders will have subprime mortgage programs that cater to borrowers that fail traditional underwriting criteria in only one of the ways mentioned above. For example, "low doc" loans do not require the same level of income documentation but often require that the homebuyer make a down payment that exceeds 20 percent of the loan value. Similarly, programs that target borrowers who desire high loan-to-value ratios often require such borrowers to have a pristine credit history as indicated by a relatively high FICO score.

21 For additional information about credit scoring, see Robert B. Avery, Raphael W. Bostic, Paul S. Calem, and Glenn B. Canner, "Credit Risk, Credit Scoring, and the Performance of Home Mortgages," *Federal Reserve Bulletin*, vol. 82 (July 1996), pp. 621–48.

7.—Continued

Percent

Characteristic	Prime						All					
	1993	1994	1995	1996	1997	1998	1993	1994	1995	1996	1997	1998
APPLICANT												
Income ratio (percentage of MSA median)												
Lower	18.1	16.3	18.4	20.8	21.5	17.6	21.5	22.7	29.9	34.2	37.0	35.6
Middle	10.9	9.8	10.4	11.6	11.7	10.2	12.1	12.4	16.1	18.3	19.6	19.3
Upper	8.9	7.1	7.1	8.0	8.0	7.0	9.2	7.8	8.7	9.8	10.1	10.0
Racial or ethnic identity												
American Indian or Alaskan Native	24.6	23.6	28.4	36.6	39.1	36.9	27.8	31.6	41.4	50.2	51.9	52.9
Asian or Pacific Islander	14.3	11.3	10.9	12.3	11.5	9.6	14.6	12.0	12.5	13.8	12.7	11.8
Black	28.1	25.4	28.8	34.6	39.0	36.9	34.0	33.4	40.5	48.8	53.0	53.7
Hispanic	22.9	19.9	21.3	24.5	27.3	24.4	25.1	24.6	29.5	34.4	37.8	38.7
White	12.5	11.8	13.4	15.3	16.2	14.0	15.3	16.4	20.6	24.1	25.8	26.0
CENSUS TRACT												
Income												
Lower	19.6	17.2	17.9	20.3	20.2	17.7	21.9	21.6	26.3	31.7	32.9	32.4
Middle	12.4	10.8	11.4	13.3	13.5	11.6	14.3	14.5	18.0	21.4	23.4	23.0
Upper	8.8	7.6	7.7	8.8	8.5	7.2	9.3	8.7	10.1	11.7	12.0	11.7
Racial or ethnic composition (minorities as percentage of population)												
Less than 10	9.2	8.0	8.5	10.1	10.2	8.7	10.5	10.5	13.2	15.8	16.9	16.9
10–49	13.3	11.5	12.0	13.5	13.3	11.3	14.8	14.7	18.2	21.6	22.9	22.2
50–100	21.6	18.6	18.8	21.3	20.7	18.3	23.0	21.8	25.6	30.7	31.4	31.0
All	**14.3**	**13.4**	**15.1**	**17.2**	**18.3**	**16.2**	**17.2**	**18.1**	**22.6**	**26.8**	**28.6**	**29.3**

NOTE. See notes to table 1.

Delinquencies and Regulatory Scrutiny in the Subprime Market

About 63 percent of subprime loans are rated A–, 26 percent are rated B, 10 percent are rated C, and less than 2 percent are rated D. As expected, the proportion of loans that are delinquent rises as the credit quality of the loan falls. At the end of the first quarter of 1999, 3.1 percent of A– mortgages were seriously delinquent (more than ninety days past due or in foreclosure).[22] In contrast, less than 1 percent of Fannie Mae's and Freddie Mac's mortgages were seriously delinquent.[23]

Regulators of depository institutions give activity in subprime mortgages special scrutiny, in part because of the high credit risks associated with such loans. Although such lending by depositories is usually only one part of a larger and more diverse mortgage portfolio, regulators require that institutions with significant proportions of subprime mortgages (or holding the credit risk associated with securities backed by such mortgages) hold relatively more capital against possible credit losses.[24] Financial markets, too, require that lenders specializing in this part of the mortgage market carry more capital and operate under stricter financial requirements than lenders oriented toward prime borrowers.

Higher capital standards and potentially higher credit losses notwithstanding, many institutions have entered the subprime lending market in the past several years. Subprime lending was once the province of specialists who originated such mortgages to securitize and sell through public markets or to sell as "whole loans" to private investors. But now a significant number of depository institutions and large mort-

22. In the other categories, 6.3 percent of B mortgages, 8.8 percent of C mortgages, and 21.5 percent of D mortgages were seriously delinquent ("B&C Delinquencies Down in March 1999, MIC Data Reveal," *Inside B&C Lending,* May 31, 1999).

23. These delinquency numbers may overstate the differences between subprime and prime mortgages, however, because delinquency statistics on subprime loans include not only home-purchase mortgages but also home equity loans (between 60 percent and 90 percent of subprime mortgage originations are first mortgages). See "Retail, A– Loans Pace the Subprime Market During 1999's First Quarter," *Inside B&C Lending,* June 14, 1999.

24. See Board of Governors of the Federal Reserve System, "Subprime Lending," Supervision and Regulation Letter 99-6, March 5, 1999.

8. Share of applications for conventional home-purchase loans, grouped by selected characteristics of borrower and census tract and distributed by type of lender, 1993–98

Percent

Characteristic	Subprime						Manufactured-home					
	1993	1994	1995	1996	1997	1998	1993	1994	1995	1996	1997	1998
APPLICANT												
Income ratio (percentage of MSA median)												
Lower	.9	1.5	1.8	2.9	4.4	10.8	11.1	16.7	29.3	31.8	35.5	34.4
Middle	.9	1.4	1.9	2.5	4.6	10.3	4.0	7.5	14.5	15.8	17.4	16.7
Upper	.8	1.4	1.7	2.1	3.7	8.3	1.1	2.2	4.2	4.5	4.8	4.8
Racial or ethnic identity												
American Indian or Alaskan Native	.6	.9	1.1	2.7	2.3	10.4	13.5	24.7	39.2	44.0	46.0	44.6
Asian or Pacific Islander	1.5	2.2	2.5	2.8	4.0	9.9	.9	1.7	3.7	3.3	2.9	3.0
Black	1.4	1.9	2.4	4.5	5.8	16.5	19.5	24.0	33.1	37.4	42.4	42.0
Hispanic	1.3	1.8	1.9	3.8	4.3	12.8	8.3	13.1	20.8	24.4	29.0	30.0
White	.5	.9	1.0	1.8	2.6	7.3	9.7	13.1	18.5	20.7	22.2	22.8
CENSUS TRACT												
Income												
Lower	1.6	2.3	3.0	4.4	7.4	17.6	7.2	12.5	21.4	27.1	28.8	28.0
Middle	.7	1.2	1.7	2.2	4.2	10.7	5.9	9.7	16.1	18.6	21.0	20.3
Upper	.7	1.4	1.9	2.1	3.5	8.4	1.4	2.8	5.0	5.8	6.5	6.6
Racial or ethnic composition (minorities as percentage of population)												
Less than 10	.4	.8	1.3	1.7	3.3	8.0	3.8	6.3	10.8	12.3	13.5	13.8
10–49	1.2	1.9	2.4	2.9	4.7	11.8	4.7	8.3	14.5	17.4	19.5	18.5
50–100	2.1	2.9	4.0	5.5	9.1	22.4	4.5	9.4	17.0	22.0	24.1	22.5
All	**.8**	**1.3**	**1.6**	**2.6**	**3.9**	**10.4**	**9.5**	**13.2**	**19.0**	**21.7**	**23.3**	**23.7**

gage bankers have subprime lending programs.[25] In addition, to the degree that the GSEs accept larger numbers of mortgages previously characterized as "subprime" under their underwriting standards (because, they would argue, new technologies and mortgage products allow them to better measure and accommodate credit risk), the volume of mortgages available to subprime originators diminishes.

Characteristics of Borrowers for Subprime and Manufactured-Home Mortgages

The market for subprime mortgages differs from that for manufactured-home mortgages, but common to both is a relatively high proportion of lower-income and minority applicants and borrowers. In 1998, nearly 60 percent of the borrowers for manufactured-home mortgages and nearly 30 percent of those for subprime mortgages were of lower income, whereas in the prime market the ratio was only 22 percent (table 3).

Among all subprime and manufactured-home lenders in 1998, the proportions of black and Hispanic borrowers ranged from a low of about 6 percent (Hispanic borrowers of manufactured-home mortgages) to about 14 percent (black borrowers of subprime loans); in the prime market that year, about 4 percent of the borrowers were black and about 5 percent were Hispanic. Subprime and manufactured-home lending is also relatively more concentrated in lower-income and minority neighborhoods.

Regarding their share of all lower-income and minority borrowers, subprime and manufactured-home lenders together in 1998 provided one-fifth of the mortgages extended by all lenders to lower-income borrowers, one-third of the mortgages extended to black borrowers, and one-fifth of the mortgages extended to Hispanic borrowers (memo items, table 3). In contrast, only 7 percent of upper-income borrowers took a mortgage from a subprime or manufactured-home lender, and only about 12 percent of white borrowers obtained mortgages from these sources.

25. With the expansion of these institutions into subprime lending, observers have raised concerns about "over competition" in the subprime market.

The subprime lending programs at most large depository institutions or their holding companies are usually kept separate from the bank's other mortgage lending activities because the business is quite different, with its emphasis on underwriting and servicing less creditworthy borrowers.

8.—Continued

Percent

Characteristic	Prime					
	1993	1994	1995	1996	1997	1998
APPLICANT						
Income ratio (percentage of MSA median)						
Lower	87.9	81.8	68.9	65.3	60.1	54.9
Middle	95.1	91.1	83.7	81.7	78.0	72.9
Upper	98.2	96.4	94.1	93.4	91.6	86.9
Racial or ethnic identity						
American Indian or Alaskan Native	85.9	74.4	59.7	53.3	51.7	45.0
Asian or Pacific Islander	97.6	96.1	93.9	93.9	93.1	87.1
Black	79.1	74.1	64.6	58.0	51.7	41.5
Hispanic	90.4	85.1	77.2	71.8	66.7	57.2
White	89.8	86.0	80.4	77.4	75.2	69.9
CENSUS TRACT						
Income						
Lower	91.1	85.2	75.5	68.5	63.8	54.4
Middle	93.4	89.1	82.2	79.2	74.9	69.0
Upper	97.9	95.8	93.2	92.1	90.0	85.1
Racial or ethnic composition (minorities as percentage of population)						
Less than 10	95.8	92.8	87.9	86.0	83.1	78.2
10–49	94.1	89.8	83.1	79.6	75.8	69.7
50–100	93.3	87.8	79.1	72.6	66.8	55.1
All	**89.6**	**85.5**	**79.5**	**75.7**	**72.9**	**65.9**

NOTE. Sum of percentages across lender types for a given characteristic in a given year equals 100. See also notes to table 1.

CHANGES IN CONVENTIONAL HOME-PURCHASE LENDING

As noted above, since 1993 the number of conventional home-purchase mortgages has increased nearly 51 percent, with relatively larger increases among lower-income and minority homebuyers and neighborhoods (table 1). Favorable economic conditions, expanded mortgage market competition, new information technology, relatively rapid minority population growth, and recently developed affordable home-loan programs have all contributed to this high growth rate. All borrowers in the mortgage market have benefited from these trends, but perhaps lower-income borrowers, including those that rely on subprime and manufactured-home loans, have benefited the most because their creditworthiness is more likely to improve—and more likely to be discovered by lenders—under these circumstances.

Although small in number, subprime and manufactured-home lenders accounted for about one-third of the growth in mortgage lending from 1993 to 1998 (table 4). Their shares of the growth among lower-income and minority borrowers and neighborhoods was even larger, ranging from 40 percent to nearly 60 percent. In contrast, their shares of the increase in lending to upper-income and white borrowers were significantly lower—18 percent and 31 percent respectively. As a result, subprime and manufactured-home lenders' share of conventional home-purchase mortgages extended to lower-income and minority borrowers tripled (quadrupled in the case of Hispanic borrowers) over the period, reaching levels of one-fifth to one-third (table 5).

Although prime market lenders accounted for the remainder of the growth in lending, some of their expansion also likely consists of an increase in subprime and manufactured-home lending, in part because of recent acquisitions of some of these specialized lenders. Many of the prime lenders have been aggressively pursuing lower-income homebuyers, partly in an effort to develop new profitable market niches and to respond to public concerns about the availability of such lending; prime lenders may see subprime and manufactured-home lending as one way to reach more of these borrowers.[26] As a consequence, our measure of the proportion of growth in mortgage lending attributable to subprime and manufactured-home lending may be understated because we count such mortgages only when they are made by institutions that specialize in these areas.

THE INFLUENCE OF SUBPRIME AND MANUFACTURED-HOME LENDERS ON MORTGAGE DENIALS

Denial rates for conventional home-purchase mortgages have been increasing steadily, rising from 17 percent in 1993 to 29 percent in 1998 (table 6). Some observers are concerned that this trend might indicate that mortgage lenders are exerting less effort in providing home-purchase credit to all segments of their communities, including lower-income and minority applicants. Others believe quite the opposite—that increased efforts by traditional mortgage lenders to reach borrowers whose creditworthiness is weaker or more difficult to determine have resulted in both more mortgage lending and more denials.

Both these views ignore the increasing share of conventional home-purchase mortgage applications going to subprime and manufactured-home lenders that, by the nature of their business, have high and, as

26. See Glenn Canner and Wayne Passmore, *The Community Reinvestment Act and the Profitability of Mortgage-Oriented Banks*, Finance and Economics Discussion Series 1997-7 (Board of Governors of the Federal Reserve System, July 1997).

9. Share of denials on applications for conventional home-purchase loans, grouped by selected characteristics of borrower and census tract and distributed by type of lender, 1993–98

Percent

Characteristic	Subprime						Manufactured-home					
	1993	1994	1995	1996	1997	1998	1993	1994	1995	1996	1997	1998
Applicant												
Income ratio (percentage of MSA median)												
Lower	1.5	1.7	1.8	3.7	2.9	10.4	24.6	39.5	55.8	56.7	62.3	62.4
Middle	1.5	2.2	2.6	3.8	4.6	13.3	12.8	25.5	43.2	44.3	48.7	48.3
Upper	1.5	2.9	3.7	4.1	6.0	15.9	3.7	9.2	19.2	19.4	21.3	22.7
Racial or ethnic identity												
American Indian or Alaskan Native	.5	.5	.7	3.1	1.2	9.2	23.5	43.9	58.3	58.0	59.8	59.4
Asian or Pacific Islander	1.5	2.8	3.1	3.3	4.6	15.9	2.6	6.4	14.8	12.5	11.3	13.2
Black	1.1	1.4	1.7	4.6	2.4	12.1	33.4	42.2	52.4	54.3	59.6	59.4
Hispanic	1.3	1.6	1.6	5.0	2.2	11.3	16.4	29.5	42.6	43.9	49.7	52.6
White	.6	.9	1.0	2.7	1.7	8.6	26.4	37.3	46.5	48.3	51.0	53.9
Census Tract												
Income												
Lower	2.5	2.8	3.3	5.5	5.2	15.7	15.7	29.5	45.2	50.7	55.7	54.5
Middle	1.2	1.7	2.1	3.2	3.7	12.6	17.8	31.6	45.8	47.8	53.1	52.7
Upper	1.3	2.4	3.6	4.0	5.0	14.5	6.1	14.7	25.5	27.3	31.4	33.0
Racial or ethnic composition (minorities as percentage of population)												
Less than 10	1.0	1.6	2.2	3.0	3.9	11.7	15.2	27.7	41.0	42.3	46.0	47.9
10–49	1.6	2.3	2.7	3.9	3.9	13.5	14.2	27.6	42.4	46.1	52.1	50.8
50–100	2.8	3.4	4.3	6.6	6.6	20.3	9.6	21.9	37.7	42.9	49.4	47.2
All	**1.1**	**1.4**	**1.6**	**3.6**	**2.8**	**11.6**	**24.4**	**35.3**	**45.3**	**47.6**	**50.5**	**52.1**

indicated by recent trends, increasing denial rates (table 7). In fact, our analysis of HMDA data indicates that the denial rate among prime lenders has increased relatively little since 1993, and even this small increase may be due primarily to their increased participation in the subprime and manufactured-home markets.

The changing influence of different types of lenders in determining mortgage denial rates is illustrated by decomposing the overall denial rate into the shares attributable to each type of lender. In 1993, prime lenders were responsible for about three-fourths of the overall denial rate (table 6). By 1998, however, the situation was nearly reversed, with prime lenders accounting for only 36 percent of the overall denial rate and subprime and manufactured-home lenders—with the latter being by far more important in this regard—accounting for 63 percent. At present, the activity of these specialized lenders is largely determining the current level and change in denial rates.

Manufactured-Home Lenders

Lenders specializing in manufactured-home mortgages are denying applications at a high and rising rate. In 1993, these lenders denied about 44 percent of the applications for conventional home-purchase mortgages they received, compared with an average of 17 percent for all lenders reporting under HMDA (table 7). By 1998, their denial rate had increased to nearly 65 percent, compared with an overall denial rate of 29 percent.

The increase in the denial rate by manufactured-home lenders has strongly influenced the overall trend in denial rates observed in the HMDA data because these lenders have received an increasing share of all applications. From 1993 to 1998 their share of all conventional home-purchase mortgage applications reported in the HMDA data rose about 2½ times, to about 25 percent, and their share of all reported denials of such applications approximately doubled, to about 50 percent (tables 8 and 9).

The trends hold true across all household and neighborhood groups, with the exception of Asian applicants, and can be attributed in large measure to the increased shares of applications accounted for by manufactured-home lenders and their high and rising denial rates. For example, between 1993 and 1998, the denial rate for black applicants rose from 34 percent to 54 percent overall and from 58 percent to 76 percent at manufactured-home lenders (table 7). For white applicants, the rate of denial moved by comparable proportions over the same period.

Like the pattern nationally, part of the rise in denial rates across all household and neighborhood groups

9.—Continued

Percent

Characteristic	Prime					
	1993	1994	1995	1996	1997	1998
APPLICANT						
Income ratio (percentage of MSA median)						
Lower	73.9	58.8	42.4	39.6	34.8	27.2
Middle	85.8	72.3	54.2	51.8	46.7	38.4
Upper	94.8	87.9	77.1	76.5	72.7	61.3
Racial or ethnic identity						
American Indian or Alaskan Native	76.0	55.6	41.0	38.9	38.9	31.4
Asian or Pacific Islander	95.9	90.8	82.1	84.2	84.1	70.9
Black	65.5	56.4	45.9	41.1	38.0	28.5
Hispanic	82.3	68.9	55.7	51.1	48.1	36.1
White	73.0	61.8	52.5	49.0	47.3	37.5
CENSUS TRACT						
Income						
Lower	81.8	67.6	51.5	43.8	39.1	29.8
Middle	81.0	66.7	52.0	49.0	43.2	34.7
Upper	92.6	82.9	70.9	68.7	63.6	52.4
Racial or ethnic composition (minorities as percentage of population)						
Less than 10	83.8	70.7	56.8	54.7	50.1	40.4
10–49	84.2	70.2	54.9	50.0	44.0	35.6
50–100	87.6	74.7	58.0	50.5	44.0	32.5
All	**74.4**	**63.2**	**53.0**	**48.8**	**46.7**	**36.3**

NOTE. Sum of percentages across lender types for a given characteristic in a given year equals 100. See also notes to table 1.

is accounted for by the increasing share of applications for conventional home-purchase mortgages made to manufactured-home lenders. In particular, manufactured-home mortgages are of growing importance to black, Hispanic, and American Indian mortgage applicants (table 8). For example, in 1993, 20 percent of all applications for home-purchase mortgages from black applicants were made to manufactured-home lenders; by 1998, the proportion was 42 percent. For Hispanic applicants, the proportion changed even more sharply, rising from 8 percent to 30 percent of all applications during the period.

Manufactured-home loans are also of growing importance to lower-income applicants, with 34 percent applying to manufactured-home mortgage specialists in 1998, up from 11 percent in 1993. Upper-income households do not frequently apply for loans from these lenders, although the percentage for this group also increased, from 1 percent to 5 percent, over the period (table 8).

With a rising share of the applications and a characteristically high denial rate, manufactured-home lenders are of increasing importance in the denial of mortgage credit, and the trend is reflected across all ethnic, racial, and income groups (table 9). In 1993, manufactured-home lenders accounted for one-third of all denials for black applicants; by 1998, they accounted for three-fifths. The change is more striking for lower-income applicants; the proportion of denials accounted for by these lenders rose from one-fourth to more than three-fifths.

Subprime Mortgage Lenders

Lenders specializing in subprime mortgages also have high and rising denial rates (although only about half those of manufactured-home lenders). In addition, the share of all mortgage applications submitted to subprime lenders has increased. Thus, the increase in denial rates by subprime lenders has had some influence on the overall trend in denial rates observed in the HMDA data, although the influence is much less than that of the manufactured-home lenders.

Some of the patterns seen in the data for manufactured-home lenders relative to prime lenders—an increasing share of all applications for conventional home-purchase loans as well as an increasing share of all denials—is evident for subprime lenders. Their share of applications in the HMDA data has only recently become important, moving from 1 percent in 1993 to 10 percent in 1998; likewise their share of denials in the HMDA data moved from 1 percent to 12 percent over the period (table 6). The rate at which subprime lenders denied applications also climbed markedly in the 1993–98 period, from 23 percent to 33 percent, while the rate for prime lenders rose at a comparatively mild pace, from 14 percent to 16 percent (table 7). In terms of racial and ethnic groups, the denial rate for whites at manufactured-home and subprime lenders alike rose sharply, whereas it moved only slightly at prime lenders (table 7).

One notable difference between manufactured-home lenders and subprime lenders is in the denial rate for black applicants. The rate throughout the 1993–98 period was much higher for manufactured-home lenders than it was for prime lenders; in contrast, the rates for subprime and prime lenders each began the period at about the same level, rose about 10 percentage points, and ended at somewhat under 40 percent (table 7).

Another difference is that, unlike manufactured-home lenders, subprime lenders accounted for roughly equal (albeit rising) shares of applications from each broad income group over the period. Thus, in 1998, the subprime specialists' share of all lower-income applicants was fractionally larger than their share of upper-income applicants (11 percent versus

8 percent), whereas the manufactured-home lenders' share of lower-income applicants was about seven times larger than their share of upper-income applicants (table 8).

The importance of subprime lenders on overall denials is reflected across all ethnic, racial, and income groups (table 9). For example, subprime mortgage lenders accounted for 1 percent of all denials of black applicants in 1993; by 1998, these lenders accounted for 12 percent.

CONCLUSION

We investigated the influence of lenders that specialize in subprime and manufactured-home lending on the growth of conventional home-purchase mortgage lending and on one closely followed measure of access to credit—denial rates for conventional home-purchase loans. The data show that these lenders, although small in number, contributed significantly to the recent growth in conventional home-purchase lending to lower-income and minority households and neighborhoods and that they accounted for much of the change in denial rates over the period from 1993 to 1998. In particular, the business of lending to finance manufactured homes, with its orientation toward lower-income and relatively less creditworthy borrowers, plays a key role in understanding both the increased availability of credit to lower-income borrowers and the recent rise in denial rates for conventional home-purchase loans.

APPENDIX A: PROVISIONS OF HMDA

Since the Home Mortgage Disclosure Act of 1975, depository institutions—commercial banks, savings associations, and credit unions—with offices in metropolitan statistical areas (MSAs), along with their mortgage lending subsidiaries, have been required to disclose to the public information about the geographic location of the home-purchase and home-improvement loans they originate or buy.

Over time, amendments have added other types of institution to the act's coverage. First, amendments passed in 1988 extended coverage to savings and loan service corporations and to the mortgage banking subsidiaries of depository institution holding companies. Amendments passed in 1989 extended coverage to independent mortgage companies—for the first time capturing lenders unaffiliated with depository institutions.

Expansion in the geographic boundaries and numbers of MSAs, together with the growth in assets at institutions previously exempt from coverage, also increased the number of institutions covered by HMDA. But in recent years an important influence on the number of institutions covered has been the merging of organizations and the increase in the asset exemption for reporters.[27] For 1998, about 7,800 institutions reported on their lending activity, a decrease from the peak of 9,900 in 1994.[28]

The 1989 amendments to HMDA also greatly increased the information reported under the act. Instead of focusing solely on credit extensions, the reporting was expanded to include applications and their disposition—that is, whether they were approved, denied, withdrawn, or had their files closed for incompleteness. Reporting institutions also must now disclose information about the race or national origin, sex, and annual income of loan applicants and borrowers. Further, for loans originated or purchased during the year, institutions must report the loans they sold, classified by type of purchaser. Finally, they may, if they wish, report their reasons for denying loans. For 1998, about 25 million loans and applications were covered by the act and reported by institutions.

APPENDIX B: IDENTIFYING SUBPRIME AND MANUFACTURED-HOME LENDERS

The HMDA data do not provide a direct method of identifying institutions that specialize in subprime or manufactured-home lending. Consequently, staff members of the U.S. Department of Housing and Urban Development (HUD) each year use the data, along with several indirect methods, to compile a list of these lenders, primarily for regulatory purposes.[29]

First, and most important, a list of manufactured-home and subprime lenders is created from various trade publications and industry sources. A second list is created by scanning the HMDA data for lenders with high denial rates or with 90 percent or more of their activity in refinancings. Finally, a list of lenders

27. Until 1996, depository institutions with assets of $10 million or less were exempt. For 1997, in response to amendments to HMDA, the threshold was raised to $28 million to account for the effects of inflation from 1976 to 1996. The minimum asset threshold was increased to $29 million in 1998 and remained at this level for 1999.

28. For more detail, see the July 29, 1999, press release of the Federal Financial Institutions Examination Council.

29. The names and identification numbers of the home lenders compiled by HUD each year is in Randall M. Scheessele, *1998 HMDA Highlights*, Housing Finance Working Papers (Department of Housing and Urban Development, October 1999).

B.1. Number of lenders and number of conventional home-purchase loans, grouped by year and distributed by type of lender, 1993–98

Year	Subprime		Manufactured-home		Prime		All	
	Institutions	Loans	Institutions	Loans	Institutions	Loans	Institutions	Loans
1993	21	15,594	6	103,752	9,627	2,251,842	9,654	2,371,188
1994	31	30,551	7	151,543	9,822	2,613,068	9,860	2,795,162
1995	39	31,677	7	204,430	9,503	2,500,021	9,549	2,736,128
1996	58	39,206	10	228,461	9,260	2,658,430	9,328	2,926,097
1997[1]	122	78,737	10	243,463	7,795	2,715,166	7,927	3,037,366
1998[1]	239	220,511	22	283,000	7,576	3,073,221	7,837	3,576,732

1. Many small institutions became exempt from HMDA reporting requirements because of an increase in the asset threshold for coverage under the law.

with certain words in their names, for example, "consumer," "discount," "finance," and "equity" are culled from the list of institutions covered by HMDA. The three lists are then merged. Institutions are dropped from this consolidated list if they also appear on lists of lenders that specialize in FHA lending or of lenders that sell a large share of their loan originations to Fannie Mae or Freddie Mac—activities not characteristic of specialists in subprime and manufactured-home lending.

At this point, lenders on the consolidated list are called and asked whether their organizations engage in subprime and manufactured-home lending and whether they specialize in these businesses. If they say they are specialists, they are counted as such. If they respond that they do not engage in the business, they are counted as prime lenders. If they say they participate but do not specialize, they are asked to estimate the percentage of their loans that are subprime or are for manufactured homes; if the percentage is more than 50 percent, they are classified as specializing in that area.

Once an institution is classified as being either a prime, subprime, or manufactured-home lender, all of the applications and loans reported by that lender in the HMDA data are counted in our analysis as being of the institution's type. But many institutions in each type make loans characteristic of the other two types. For example, banking organizations have recently expanded their operations by purchasing some subprime and manufactured-home lenders. If the operations of the merged firms are then combined, the subprime and manufactured-home lending of these organizations will no longer be distinguishable from their other home lending.

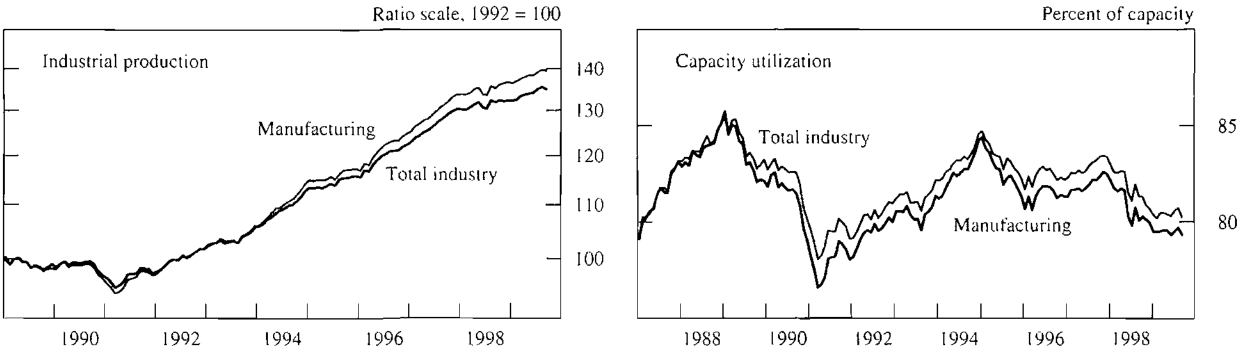
Including entry and exit of firms during the 1993–98 period, about 350 institutions that report under HMDA have been identified in one or more years as subprime or manufactured-home lenders (table B.1). The number identified each year has grown, however, in part because of expanded opportunities in the relatively fluid subprime market, where institutions tend to enter or exit the business as market conditions change. The number of manufactured-home loan specialists, in contrast, is relatively small, and the industry is highly concentrated. □

Industrial Production and Capacity Utilization for September 1999

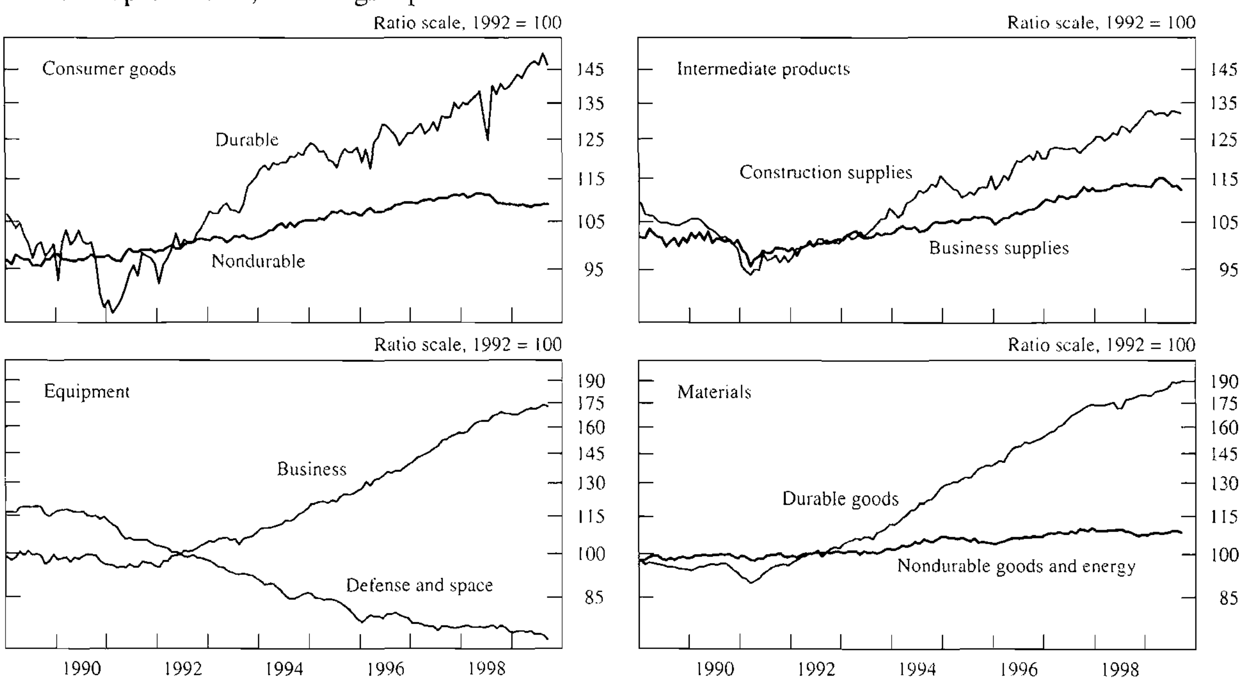
Released for publication October 15

Industrial production, which had risen 1 percent over July and August, declined 0.3 percent in September. Hurricane Floyd held down the production of electricity, motor vehicles, and some other goods; excluding the effects of the hurricane, industrial production would have posted a small increase. At 135.0 percent of its 1992 average, industrial production in September was 2.4 percent higher than in September 1998. For the third quarter as a whole, the total index increased at an annual rate of 3.7 percent, about the same pace as in the second quarter. The rate of capacity utilization for total industry declined

Industrial production and capacity utilization



Industrial production, market groups



All series are seasonally adjusted. Latest series, September. Capacity is an index of potential industrial production.

Industrial production and capacity utilization, September 1999

Category	Industrial production, index, 1992 = 100								
	1999				Percentage change				
					1999[1]				Sept. 1998 to Sept. 1999
	June[r]	July[r]	Aug.[r]	Sept.[p]	June[r]	July[r]	Aug.[r]	Sept.[p]	
Total	**134.2**	**135.0**	**135.5**	**135.0**	**.2**	**.6**	**.4**	**–.3**	**2.4**
Previous estimate	134.2	135.2	135.6	. .	.2	.7	.3	. . .	. . .
Major market groups									
Products, total[2]	125.7	125.7	126.6	125.8	–.1	.0	.6	–.6	1.4
Consumer goods	116.2	115.9	116.8	116.1	.5	–.3	.8	–.6	1.2
Business equipment	171.0	172.1	173.9	172.9	–.3	.7	1.0	–.6	3.3
Construction supplies	131.4	132.7	132.4	132.1	–.5	1.0	–.2	–.2	4.1
Materials	148.1	150.3	150.2	150.3	.6	1.5	–.1	.1	4.1
Major industry groups									
Manufacturing	138.4	139.1	139.7	139.5	.0	.5	.5	–.2	3.2
Durable	165.6	167.4	168.4	167.6	.4	1.1	.6	–.5	5.0
Nondurable	111.3	111.0	111.3	111.5	–.4	–.3	.3	.2	.8
Mining	97.7	98.7	99.6	99.8	–.2	1.1	.9	.1	–2.6
Utilities	118.2	120.1	118.3	115.4	2.5	1.6	–1.5	–2.5	–4.0
	Capacity utilization, percent								MEMO Capacity, percentage change, Sept. 1998 to Sept. 1999
	Average, 1967–98	Low, 1982	High, 1988–89	1998	1999				
				Sept.	June[r]	July[r]	Aug.[r]	Sept.[p]	
Total	**82.1**	**71.1**	**85.4**	**81.3**	**80.3**	**80.6**	**80.7**	**80.3**	**3.8**
Previous estimate	. . .	. . .	. . .	. . .	80.3	80.7	80.8	. . .	. . .
Manufacturing	81.1	69.0	85.7	80.1	79.3	79.5	79.7	79.3	4.1
Advanced processing	80.5	70.4	84.2	79.5	78.3	78.4	78.6	78.2	4.9
Primary processing	82.4	66.2	88.9	82.1	82.4	82.8	82.9	82.8	2.2
Mining	87.5	80.3	88.0	85.2	80.5	81.3	82.1	82.1	1.0
Utilities	87.4	75.9	92.6	95.0	93.0	94.4	93.0	90.7	.6

NOTE. Data seasonally adjusted or calculated from seasonally adjusted monthly data.
1. Change from preceding month.
2. Contains components in addition to those shown.
r Revised.
p Preliminary.

0.4 percentage point, to 80.3 percent, in September but was little changed from the rates that had prevailed in the first half of the year.

MARKET GROUPS

The output of consumer goods fell back 0.6 percent, reversing most of the August gain. The output of durable consumer goods decreased 2.3 percent. The production of automotive products fell as a result of a 9 percent drop in light truck assemblies, which have fluctuated around a high level since June. The production of other consumer durables eased for a second month, with the output of household appliances and room air conditioners falling sharply from an elevated level. The production of nondurable consumer goods flattened, after having increased 0.3 percent in August. The output of the non-energy components of consumer nondurables advanced 0.2 percent. However, the increase was offset by another decline in the production of energy products, which eased for a second month as the residential sales of electricity and gas fell 2.4 percent.

The production of business equipment, which had increased about 1.7 percent over July and August, fell 0.6 percent. The decline was led by a drop of more than 3 percent in the output of transit equipment, which has declined 9.5 percent over the past twelve months because of substantial cutbacks in the production of commercial aircraft, ships, and related equipment. In September, the assembly of business trucks also slowed, and the output of industrial equipment eased. In contrast, the production of information processing equipment and other equipment advanced, with another strong gain in computing equipment. The production of defense and space equipment fell again; it has declined about 4 percent since September 1998.

The production of construction supplies decreased 0.2 percent for a second month but remained near the high level reached early in the year. The output of materials remained nearly flat for a second month. The output of durable goods materials, which had edged downward in August, increased 0.4 percent, supported by further strength in the production of semiconductors and computer parts. The output of nondurable goods materials advanced 0.3 percent, a rate in line with the modest gains of the preceding two months, but the production of energy materials slumped 1.3 percent, primarily because of the decline in the generation of electricity and secondarily because of declines in the production of crude oil and coal.

INDUSTRY GROUPS

Manufacturing output edged down 0.2 percent in September. Excluding the declines in motor vehicles, aircraft, and related parts, production in the rest of the manufacturing sector was essentially flat. The output of durables fell 0.5 percent, not only because of the 2 percent drop in the production of transportation equipment but also because of widespread easing among durables industries. Exceptions were the machinery and equipment industries, where the continued gains in the high-tech sector boosted output. The production in nondurable manufacturing advanced slowly for a second month, thereby mostly erasing the declines in June and July; within nondurable goods industries, the September gains were widespread, except for tobacco, apparel, and leather products, which experienced further substantial weakness.

The factory operating rate declined to 79.3 percent, with the easing concentrated in durable goods industries. With the drop in truck production, capacity utilization for autos and light trucks fell 5.0 percentage points, to 89.5 percent. The rate for aerospace and miscellaneous transportation equipment dropped 3.1 percentage points during August and September, to 73.2 percent, a rate 9.4 percentage points below that of September 1998.

The operating rate at electric utilities fell for a second month, to 93.9 percent—still a relatively high level. The operating rate for mining remained at 82.1 percent. Another month of recovery in oil and gas well drilling as well as an increase in metal mining about offset declines in the extraction of crude oil and coal.

REVISION OF INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

In November the Federal Reserve will publish revisions to its measures of industrial production (IP), capacity, capacity utilization, and industrial use of electric power. The revisions will begin with 1992 and will incorporate updated source data for more recent years.

This regular updating of source data for IP will include some annual data from the Bureau of the Census's *1997 Census of Manufactures* and from selected editions of its *1998 Current Industrial Reports*. Annual data from the U. S. Geological Survey on metallic and nonmetallic minerals (except fuels) for 1997 and 1998 will also be introduced. The updating will also include revisions to the monthly indicator for each industry (either physical product data, production-worker hours, or electric power usage) and revised seasonal factors. In addition, the revision will introduce improved measures of production for selected series.

Capacity and capacity utilization will be revised to incorporate preliminary data from the *1998 Survey of Plant Capacity* of the Bureau of the Census. The statistics on the industrial use of electric power will incorporate additional information received from utilities for the past few years and may include some data from the *1997 Census of Manufactures*.

Once the revision is published, it will also be made available on the IP area of the Board's web site (http://www.federalreserve.gov/releases/g17) and on diskettes from Publications Services (telephone 202-452-3245). The revised data will also be available through the STAT-USA web site of the Department of Commerce (http://www.stat-usa.gov). Further information on these revisions is available from the Board's Industrial Output Section (telephone 202-452-3197). □

Announcements

ROGER W. FERGUSON, JR.: APPOINTMENT AS VICE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Roger W. Ferguson, Jr., took office October 5, 1999, as Vice Chairman of the Board of Governors of the Federal Reserve System for a four-year term ending October 5, 2003. Dr. Ferguson originally took office on November 5, 1997, as a member of the Board to fill an unexpired term ending January 31, 2000. President Clinton announced his intention to nominate Dr. Ferguson to serve as Vice Chairman on August 6, 1999, and he was confirmed by the Senate on September 29, 1999. (For the text of the White House release announcing the nomination, see the October 1999 *Federal Reserve Bulletin*, page 670.)

Since July 1998, Dr. Ferguson has also served as Chairman of the Joint Year 2000 Council. The Council, supported by the Bank for International Settlements, was formed to address issues associated with the Year 2000 computer challenge within the global financial supervisory community.

Dr. Ferguson was born October 28, 1951, in Washington, D.C. He received a B.A. in economics (magna cum laude) in 1973, a J.D. in law (cum laude) 1979, and a Ph.D. in economics in 1981, all from Harvard University. In 1973–74 Dr. Ferguson was Frank Knox Fellow at Pembroke College, Cambridge University.

Before becoming a member of the Board, Dr. Ferguson was a Partner at McKinsey & Company, Inc., an international management consulting firm. He was based in New York City, and he managed a variety of studies for financial institutions from 1984 to 1997. Dr. Ferguson also served as Director of Research and Information Systems, overseeing a staff of 400 research professionals and managing the firm's investments in knowledge management technologies.

In 1981–84 Dr. Ferguson was an attorney at the New York City office of Davis Polk & Wardwell, where he worked with commercial banks, investment banks, and Fortune 500 corporations on syndicated loans, public offerings, mergers and acquisitions, and new product development.

He formerly was an elected member of the Board of Directors of the Harvard Alumni Association and Treasurer of the Friends of Education, a Trustees' Committee of The Museum of Modern Art, New York City.

Dr. Ferguson is married to Annette L. Nazareth, and they have two children.

APPOINTMENTS OF CHAIRMEN AND DEPUTY CHAIRMEN OF THE FEDERAL RESERVE BANKS FOR 2000

The Federal Reserve Board on September 20, 1999, announced the appointment of chairmen and deputy chairmen of the boards of directors of the twelve Federal Reserve Banks for 2000.

Each Reserve Bank has a board of directors of nine members. The Board of Governors in Washington appoints three of these directors and designates one of its appointees as chairman and a second as deputy chairman. Following are the names of the chairmen and deputy chairmen appointed by the Board for 2000:

Boston

William C. Brainard, Professor, Department of Economics, Yale University, New Haven, Conn., renamed Chairman.

William O. Taylor, Chairman Emeritus, *The Boston Globe*, Boston, Mass., renamed Deputy Chairman.

New York

Peter G. Peterson, Chairman, The Blackstone Group, New York, N.Y., named Chairman.

Deputy Chairman—To be announced.

Philadelphia

Joan Carter, President and Chief Operating Officer, UM Holdings Ltd., Haddonfield, N.J., renamed Chairman.

Charisse R. Lillie, Partner, Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pa., renamed Deputy Chairman.

Cleveland

David H. Hoag, Former Chairman, The LTV Corporation, Cleveland, Ohio, named Chairman.

Deputy Chairman—To be announced.

Richmond

Jeremiah J. Sheehan, Chairman and Chief Executive Officer, Reynolds Metals Company, Richmond, Va., named Chairman.

Richmond—Continued
Wesley S. Williams, Jr., Partner, Covington & Burling, Washington, D.C., named Deputy Chairman.

Atlanta
John F. Wieland, Chief Executive Officer and Chairman, John Wieland Homes and Neighborhoods, Inc., Atlanta, Ga., renamed Chairman.
Paula Lovell, President, Lovell Communications, Inc., Nashville, Tenn., renamed Deputy Chairman.

Chicago
Arthur C. Martinez, Chairman and Chief Executive Officer, Sears, Roebuck and Co., Hoffman Estates, Ill., named Chairman.
Robert J. Darnall, President and Chief Executive Officer, Ispat North America, Chicago, Ill., named Deputy Chairman.

St. Louis
Susan S. Elliott, Chairman and Chief Executive Officer, Systems Service Enterprises, Inc., St. Louis, Mo., renamed Chairman.
Charles W. Mueller, Chairman, President, and Chief Executive Officer, Ameren Corporation, St. Louis, Mo., renamed Deputy Chairman.

Minneapolis
James J. Howard, Chairman, President, and Chief Executive Officer, Northern States Power Company, Minneapolis, Minn., named Chairman.
Ronald N. Zwieg, President, United Food & Commercial Workers, Local 653, Plymouth, Minn., named Deputy Chairman.

Kansas City
Jo Marie Dancik, Area Managing Partner, Ernst & Young LLP, Minneapolis, Minn, renamed Chairman.
Terrence P. Dunn, President and Chief Executive Officer, J.E. Dunn Construction Company, Kansas City, Mo., renamed Deputy Chairman.

Dallas
Roger R. Hemminghaus, Chairman, Ultramar Diamond Shamrock Corp., San Antonio, Tex., renamed Chairman.
H.B. Zachry, Jr., Chairman and Chief Executive Officer, H.B. Zachry Company, San Antonio, Tex., named Deputy Chairman.

San Francisco
Gary G. Michael, Chairman and Chief Executive Officer, Albertson's, Inc., Boise, Idaho, renamed Chairman.
Nelson C. Rising, President and Chief Executive Officer, Catellus Development Corporation, San Francisco, Calif., renamed Deputy Chairman.

STATEMENT BY VICE CHAIRMAN ROGER W. FERGUSON, JR., ON THE CREATION OF THE FINANCIAL SERVICES INFORMATION SHARING AND ANALYSIS CENTER

Vice Chairman Roger W. Ferguson, Jr., issued the following statement on October 1, 1999:

The Federal Reserve supports the creation of the Financial Services Information Sharing and Analysis Center in response to the President's directive to protect our nation's banking and financial services from the threat of physical and cyber attacks.

The public and private sectors must work together to counter this threat. The center will foster private–public cooperation by permitting the timely analysis of and reliable exchange of information on computer attacks, threats, and security vulnerabilities.

The creation of the center couldn't be coming at a more opportune time. It builds on the close cooperation between financial service providers and their regulators that has characterized the preparation for the rollover to the Year 2000. By working on the century date change, we have a better understanding of the risks posed to mission-critical systems and the essential business processes that rely on these systems. We've learned to develop plans for maintaining business continuity and exchanging information if something goes wrong. This is exactly what we must do to protect the financial infrastructure so vital to our country's economic health from disruption by terrorists or criminals.

ISSUANCE OF EXAMINATION GUIDANCE ON CREDIT DISCIPLINE AT BANKS

The Federal Reserve on September 28, 1999, issued examination guidance cautioning against possible relaxation of credit discipline at banks. Although at this time loan portfolios remain sound overall, indications of departures from proven sound lending practices—in particular, overreliance on optimistic views of the borrowers' prospects and favorable economic and financial conditions—have been a recurring theme emerging from recent supervisory reviews of bank credit quality.

At the same time, over the past several quarters the volume of weak or potentially weak loans—that is, those falling into the classified or special mention categories used by supervisors—has risen at some institutions. Although the increases are generally attributable to industry-specific or global economic developments, these increases are significant because they have appeared despite the continued favorable economic and financial climate in the United States.

Supervisory reviews indicate that the vulnerability of these loans was heightened in some cases by weak underwriting practices. The guidance, contained in a supervisory letter sent to Federal Reserve bank examiners and supervisors as well as banking organizations supervised by the Federal Reserve, describes three key areas in which some banks may have strayed from historically sound lending practice:

• Approving loans based on a very optimistic assessment of a borrower's operating prospects or on the assumption that a borrower will always have ready access to financial markets

• Failing to perform meaningful stress tests—or if performed, to take such tests adequately into account—of a borrower's ability to withstand events such as unexpected shocks to operating revenue

• Weakening internal controls critical to maintaining the rigor and discipline of lending decisions.

"While loan portfolios are currently sound at the vast majority of banks, any trends toward laxity need to be reversed where they exist to ensure that the banking system remains strong and vibrant and retains the ability to lend to sound borrowers in good times and in bad," wrote Richard Spillenkothen, Director of the Federal Reserve's Division of Banking Supervision and Regulation.

The guidance instructs Federal Reserve examiners and supervisors to be alert for indications that undue reliance on favorable assumptions about borrowers or the economy and financial markets more generally has led banks to reduce the rigor of their credit decisions or delay recognition of emerging loan weakness. If examiners observe such undue reliance, delays in recognition of problem loans, or significant weakening of internal risk-management processes, they should carefully consider whether these developments warrant a downgrade in one or more elements of the bank's overall supervisory rating for safety and soundness.

Supervisory letters are the Federal Reserve's primary means of communicating key policy directives to its examiners, supervisory staff, and the banking industry. Supervisory letters can be viewed on the Board's World Wide Web home page at www.federalreserve.gov/boarddocs/srletters/

Meeting of the Consumer Advisory Council

The Federal Reserve Board announced on September 28, 1999, that the Consumer Advisory Council would hold its next meeting on Thursday, October 21. The council's function is to advise the Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

Joint Report on Y2K Progress

On September 16, 1999, with only 106 days remaining before the new century begins, leaders from the five federal agencies that regulate banks, thrift institutions, and credit unions (the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision) joined together to report to the nation that insured financial institutions are prepared for the Year 2000 date change.

The agency officials said that 99.7 percent of the nation's insured institutions are now rated satisfactory—the highest rating given for Y2K readiness. The few institutions that are not yet rated satisfactory are receiving very close regulatory attention, they added.

Appearing on September 16 at a press conference at the National Press Club to discuss financial industry readiness were the following: John D. Hawke, Jr., Comptroller of the Currency; Donna Tanoue, Chairman of the Federal Deposit Insurance Corporation; Edward W. Kelley, Jr., Member, Federal Reserve Board; Ellen Seidman, Director, Office of Thrift Supervision; and Norman E. D'Amours, Chairman, National Credit Union Administration.

The regulators stressed that they had closely evaluated the Y2K readiness of each insured financial institution.

"We're not just taking their word for it," said Mr. Hawke. "Federal examiners have conducted Y2K examinations in each insured financial institution at least twice, and in some cases, three, four or more times. The largest banks have received continuous Y2K oversight."

The results, Mr. Hawke said, show how effective the efforts of regulators and financial institutions have been. "Right now, 99.7 percent of all federally supervised financial institutions have finished their renovations and tests of their systems—not just the systems that house their personal records and run their elevators, but the systems that bank customers rely upon for access to their funds."

The remaining few, he said, "are receiving intensive, on-site supervision to ensure that they, too, will experience no disruptions of the systems their customers depend upon when the long anticipated day arrives."

Consumers can also rely upon the guarantees provided by the Federal Deposit Insurance Corporation (FDIC), which oversees the insurance funds that back deposits in banks and thrifts, and the National Credit Union Share Insurance Fund (NCUSIF), which protects credit union depositors.

"There are few guarantees in life, but the FDIC and NCUSIF offer one of them," said Ms. Tanoue. "No one has ever lost a cent in a federally insured account. And no one will."

Mr. Kelley explained the steps that the Federal Reserve has taken to ensure bank and thrift customers continuous access to their funds. Among them, the central bank has additional currency inventory, and it has created a special borrowing facility to ensure that banks and thrifts have access to funds if needed for their Y2K preparations.

"We have stressed that we see no need for the public to hold additional cash," Mr. Kelley said. "We feel strongly that the most sensible thing to do with your money is to leave it where it is, but our responsibility is to make sure the public knows that currency is readily available."

Ms. Seidman said that consumers can take steps "to ensure that their own personal financial transition into the new century is a smooth one," and to safeguard themselves in the event there are minor glitches.

Consumers should keep copies of financial records and balance their checkbooks regularly, the Office of Thrift Supervision Director said. They should keep up with news about Y2K, recognize scare stories for what they are, and separate fact from fiction. Consumers should also be realistic and withdraw only as much money from their financial institution as they would for any other holiday weekend. Ms. Seidman also urged consumers to be wary of Y2K scams.

"Be skeptical and tell friends and relatives to be skeptical if someone asks for account information, credit card numbers, social security numbers or your mother's maiden name," she said. "Be wary if promised that your money will be put into a Y2K safe account or told that your personal information is needed to make Y2K adjustments. Simply put, it isn't."

Mr. D'Amours noted that most banks, thrifts, and credit unions are already using Y2K-ready systems successfully and that operating those systems before January 1 provides evidence of how compliant systems will work after January 1.

"I want to tell you all where my money will be and where I've advised my mother to keep her money when the clock strikes midnight December 31, 1999," the National Credit Union Administration Chairman said. "My money, and if she takes my advice, my mother's money, will be where it is now, in our credit union, where it's safe and insured against loss by the U.S. Government."

Issuance of a Joint Statement on Temporary Balance Sheet Growth

The five federal banking agencies issued on September 28, 1999, the following joint statement that addresses the agencies' supervisory approach to possible temporary balance sheet growth due to potential unusual market responses around the century date change.

Joint Interagency Statement
September 28, 1999

Introduction

As part of their efforts to foster readiness for Year 2000, the Federal banking agencies have issued guidance to banking organizations calling for the development of contingency plans to address funding, liquidity, and other issues. In this regard, bank and thrift management are responsible for establishing realistic liquidity and funding plans and programs that are supported by the organization's financial strength, capital position, and risk management capabilities.

Unusual market responses to the century date change could lead to temporary balance sheet growth at some banking organizations during the century date change period. This growth could occur if a banking organization were to receive unusually large deposit inflows during the period. Similarly, such temporary asset growth could occur if corporate borrowers make unusual draws on their existing lines of credit, or request new lines, in response to a perceived need for extra liquidity during the century date change period. Absent other factors, large deposit inflows or increases in extensions of credit would likely result in an increase in total assets.

Supervisory Approach to Temporary Balance Sheet Growth

All banking organizations are responsible for managing prudently any temporary balance sheet growth that may occur. As part of the Federal banking agencies' Year 2000 supervisory program, supervisors will assess the development and content of banking organizations' contingency plans, including those that address funding and liquidity needs. These plans should address possible effects on the organization's balance sheet that may arise as a result of unusually large deposit inflows and significantly increased lending. It is likely that relatively few banking organizations will experience Year 2000-related asset growth that is significant in relation to their size, and any such asset growth is expected to be temporary. Some organizations that experience significant Year 2000-related asset growth may, despite prudent balance sheet management techniques, also experience a temporary decline in their regulatory capital ratios as a result of responding to customers' needs over the century date change period. Such a decline has the potential to result in certain consequences for the organization under statutes and regulations that the Federal banking agencies administer. If an organization believes such a situation could arise, management is urged to contact its primary supervisor to discuss options to address these issues. In assessing supervisory options, the Federal banking agencies will consider whether the institution exercises prudent and responsible measures to manage its balance sheet, maintains a fundamentally sound financial condition, and provides evidence that any drop in capital ratios is temporary.

Any questions on this issue should be directed to the banking organization's primary supervisor.

JOINT ISSUANCE OF HOST STATE LOAN-TO-DEPOSIT RATIOS FOR DETERMINING COMPLIANCE WITH THE INTERSTATE ACT

The Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation on September 3, 1999, issued the host state loan-to-deposit ratios that the banking agencies will use to determine compliance with section 109 of the Riegle–Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act). These ratios update data released on August 13, 1998.

Section 109 prohibits any bank from establishing or acquiring a branch or branches outside its home state under the Interstate Act primarily for the purpose of deposit production and provides a two-step process to test compliance with the statutory requirements.

The first step involves a loan-to-deposit ratio screen that compares a bank's statewide loan-to-deposit ratio to the host state loan-to-deposit ratio for banks in a particular state. The second step requires the banking agencies to determine if the bank is reasonably helping to meet the credit needs of the communities served by the bank's interstate branches. A bank that fails both steps is in violation of section 109 and is subject to sanctions by the banking agencies.

ENFORCEMENT ACTIONS

The Federal Reserve Board on September 8, 1999, announced the execution of a written agreement by and among First Security Bancshares, Inc., Lake Park, Iowa; the Security State Bank, Milford, Iowa; and the Federal Reserve Bank of Chicago.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against William Barber, an institution-affiliated party of the First Western Bank, Cooper City, Florida, a state member bank.

The individual, without admitting to any allegations, consented to the order to resolve allegations that he violated the Change in Bank Control Act in connection with his acquisition of beneficial ownership of the shares of the bank.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against William Carmichael, an institution-affiliated party of the First Western Bank, Cooper City, Florida, a state member bank.

The individual, without admitting to any allegations, consented to the order to resolve allegations that he violated the Change in Bank Control Act in connection with his acquisition of beneficial ownership of the shares of the bank.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against Richard Edwards, Vivian Edwards, and Jeremy Edwards, all institution-affiliated parties of the First Western Bank, Cooper City, Florida, a state member bank.

The individuals, without admitting to any allegations, consented to the order to resolve allegations that they violated the Change in Bank Control Act in connection with their acquisition of beneficial ownership of the shares of the bank.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against Grant Marant, an institution-affiliated party of the First Western Bank, Cooper City, Florida, a state member bank.

The individual, without admitting to any allegations, consented to the order to resolve allegations that he violated the Change in Bank Control Act in connection with his acquisition of beneficial ownership of the shares of the bank.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against Linda Marant, an institution-affiliated party of the First Western Bank, Cooper City, Florida, a state member bank.

The individual, without admitting to any allegations, consented to the order to resolve allegations that she violated the Change in Bank Control Act in connection with her acquisition of beneficial ownership of the shares of the bank.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against David Nieminen and Gay Lynn Nieminen, both institution-affiliated parties of the First Western Bank, Cooper City, Florida, a state member bank.

The individuals, without admitting to any allegations, consented to the order to resolve allegations that they violated the Change in Bank Control Act in connection with their acquisition of beneficial ownership of the shares of the bank.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against James Rouse and Jenene Rouse, both institution-affiliated parties of the First Western Bank, Cooper City, Florida, a state member bank.

The individuals, without admitting to any allegations, consented to the order to resolve allegations that they violated the Change in Bank Control Act in connection with their acquisition of beneficial ownership of the shares of the bank.

The Federal Reserve Board on October 1, 1999, announced the issuance of a consent order against H. Burns Warfield, an institution-affiliated party of the First Western Bank, Cooper City, Florida, a state member bank.

The individual, without admitting to any allegations, consented to the order to resolve allegations that he violated the Change in Bank Control Act in connection with his acquisition of beneficial ownership of the shares of the bank.

ERRATA: *FEDERAL RESERVE BULLETIN* ARTICLE

"The Launch of the Euro" in the October 1999 *Bulletin* contains the following errors. On page 656, the text states that the European Central Bank came into formal existence on July 1, 1998; in fact the date was June 1, 1998. On page 657 in table 3, the third item in the last column states that the rotation of four of the remaining eleven regional Federal Reserve Bank presidents is on a two-year basis; in fact, the rotation is on a one-year basis. On page 663, the text states that in the first quarter of 1999, the TARGET system processed a daily average of more than 150,000 transactions valued at 966 billion euros ($863 billion); in fact, the dollar value was $1,081 billion. Also on page 663, the text of note 14 states that alternative payment systems run frequent batch settlements throughout the day; these systems actually run net settlements.

The version of the article on the Board's public web site (http://www.federalreserve.gov) incorporates these corrections.

CHANGE IN BOARD STAFF

The Board of Governors announced that Lewis S. Alexander, Deputy Director, Division of International Finance, resigned in October 1999. □

Legal Developments

Final Rule—Amendment to Regulation D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions), to reflect the annual indexing of the low reserve tranche and the reserve requirement exemption for 2000, and announces the annual indexing of the deposit reporting cutoff levels that will be effective beginning in September 2000. The amendments decrease the amount of transaction accounts subject to a reserve requirement ratio of three percent in 2000, as required by section 19(b)(2)(C) of the Federal Reserve Act, from $46.5 million to $44.3 million of net transaction accounts. This adjustment is known as the low reserve tranche adjustment. The Board is increasing from $4.9 million to $5.0 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent in 2000. This action is required by section 19(b)(11)(B) of the Federal Reserve Act, and the adjustment is known as the reservable liabilities exemption adjustment. The Board is also increasing the deposit cutoff levels that are used in conjunction with the reservable liabilities exemption to determine the frequency of deposit reporting from $81.9 million to $84.5 million for nonexempt depository institutions and from $52.6 million to $54.3 million for exempt institutions. (Nonexempt institutions are those with total reservable liabilities exceeding the amount exempted from reserve requirements ($5.0 million) while exempt institutions are those with total reservable liabilities not exceeding the amount exempted from reserve requirements.) Thus, beginning in September 2000, nonexempt institutions with total deposits of $84.5 million or more will be required to report weekly while nonexempt institutions with total deposits less than $84.5 million may report quarterly, in both cases on form FR 2900. Similarly, exempt institutions with total deposits of $54.3 million or more will be required to report quarterly on form FR 2910q while exempt institutions with total deposits less than $54.3 million may report annually on form FR 2910a.

Effective November 3, 1999, 12 C.F.R. Part 204 is amended as follows:

Part 204—Reserve Requirements of Depository Institutions (Regulation D)

1. The authority citation for Part 204 continues to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

2. Section 204.9 is revised to read as follows:

Section 204.9—Reserve requirement ratios.

(a) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement corporations, and United States branches and agencies of foreign banks:

Category	Reserve requirement[1]
Net transaction accounts:	
$0 to $44.3 million	3 percent of amount.
Over $44.3 million	$1,329,000 plus 10 percent of amount over $44.3 million
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

1. Before deducting the adjustment to be made by the paragraph (b) of this section.

(b) *Exemption from reserve requirements.* Each depository institution, Edge or agreement corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a) of this section not in excess of $5.0 million determined in accordance with section 204.3(a)(3).

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Canadian Imperial Bank of Commerce
Toronto, Canada

The CIBC World Markets Corporation
Toronto, Canada

CIBC World Markets Inc.
Toronto, Canada

CIBC Delaware Holdings Inc.
New York, New York

Order Approving Formation of Bank Holding Companies and Acquisition of a Bank

Canadian Imperial Bank of Commerce ("CIBC"), The CIBC World Markets Corporation ("World Markets Corp."), and CIBC World Markets Inc. ("World Markets Inc."), all of Toronto, Canada, and CIBC Delaware Holdings Inc., New York, New York ("Holdings") (collectively, "Applicants"), have requested the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become bank holding companies by acquiring control of all the voting shares of CIBC National Bank, Maitland, Florida "Bank"), a *de novo* national bank that would deliver banking products to its customers solely through a variety of electronic delivery channels.[1] Holdings would be the direct parent of Bank.

Notice of the applications, affording interested persons an opportunity to comment, has been published (64 *Federal Register* 40,006 (1999)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act.

CIBC, with consolidated assets of $185 billion, is the largest banking organization headquartered in Canada.[2] CIBC operates a state-licensed branch in Chicago, Illinois; agencies in New York, New York; Atlanta, Georgia; and Los Angeles and San Francisco, California; and a representative office in Houston, Texas. CIBC also engages in a broad range of permissible nonbanking activities in the United States through subsidiaries, including a subsidiary engaged in underwriting and dealing in, to a limited extent, debt and equity securities.

Competitive Considerations

The Board previously has noted that the establishment of a *de novo* bank enhances competition in the relevant banking market and is a positive consideration in an application under section 3 of the BHC Act.[3] There is no evidence in this case that this transaction would lessen competition or create or further a monopoly in any relevant market. Accordingly, 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.[4]

Financial, Managerial, and Supervisory Considerations

The BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal and certain supervisory factors. The Board has reviewed information provided by CIBC, confidential supervisory and examination information, and publicly reported financial and other information in assessing the financial and managerial strength of CIBC and its subsidiaries. CIBC's capital ratios exceed the minimum levels that would be required under the Basle Capital Accord and are considered equivalent to the capital that would be required of a U.S. banking organization. The Board has reviewed the relevant factors in light of these and all other facts of record, and concludes that the financial and managerial resources and future prospects of Applicants and Bank are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

In addition, under section 3 of the BHC Act, the Board may not approve an application involving a foreign bank unless the bank is "subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country."[5] In this case, the Board notes that the home country supervisor of CIBC is the Office of the Superintendent of Financial Institutions ("OSFI"). The Board previously has determined that several other Canadian banks were subject to comprehensive consolidated supervision by the OSFI.[6] The Board finds that CIBC is supervised by the OSFI in substantially the same manner as those other banks. Based on this finding and all the facts of record, the Board concludes that CIBC is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The BHC Act also requires the Board to determine that the 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

1. The Office of the Comptroller of the Currency ("OCC") granted Bank a preliminary charter approval on July 9, 1999. *See* OCC Conditional Approval #313 (July 9, 1999). Holdings is 17 percent owned by CIBC and 83 percent owned by World Markets Inc., CIBC's Canadian broker-dealer subsidiary, which is in turn wholly owned by World Markets Corp., a holding company wholly owned by CIBC.

2. Asset data are as of April 30, 1999, and use exchange rates then in effect, and ranking data are as of October 31, 1998.

3. *See Wilson Bank Holding Company,* 82 *Federal Reserve Bulletin* 568 (1996).

4. After consummation of the proposal, Florida would be the home state of Applicants and Bank for purposes of the BHC Act and, accordingly, the proposed transaction it not barred by section 3(d) of the BHC Act. *See* 12 U.S.C. §§ 1841(o)(4), 1842(d). New York will remain the home state of CIBC for purposes of the International Banking Act ("IBA") (12 U.S.C. § 3101 *et seq.*) and Regulation K.

5. 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K. *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 and 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).

6. *See, e.g., Royal Bank of Canada,* 83 *Federal Reserve Bulletin* 442 (1997); *Bank of Montreal,* 80 *Federal Reserve Bulletin* 925 (1994).

Board deems appropriate to determine and enforce compliance with the BHC Act.[7] The Board has reviewed the restrictions on disclosure in jurisdictions where CIBC has material operations and has communicated with relevant government authorities concerning access to information. CIBC has committed that it will make available to the Board such information on the operations of CIBC and any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal law. CIBC also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable CIBC to make such information available to the Board. In light of these commitments and other facts of record, the Board has concluded that CIBC has provided adequate assurances of access to any appropriate information the Board may request.

Convenience and Needs Considerations

The Board also has carefully considered the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including a comment received from one individual ("Commenter") concerning the proper application of the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") to Bank. As part of this review, the Board has carefully considered Bank's cooperation with the OCC in the development of Bank's community reinvestment program and the record of performance under the CRA of Canadian Imperial Bank of Commerce (New York) ("CIBC(NY)"), a New York state bank subsidiary of CIBC that was operated by CIBC from 1951 until it was voluntarily dissolved in 1996.[8] In addition, CIBC operated Canadian Imperial Bank of Commerce California, a California state bank, from 1929 until it was voluntarily dissolved in 1991.

Commenter expressed concerns about the proposed business plan of Bank, under which it would deliver banking products and services to its customers through a combination of telephone, Internet, and automatic teller machine ("ATM") services. Bank would maintain pavilions at certain supermarkets in Florida and would operate at those locations under the name "Marketplace Bank."[9] Bank's business plan is modeled on banking services currently offered by CIBC in Canada in association with a major Canadian supermarket chain. The pavilions would include deposit-taking ATMs, telephones connected to Bank's call center, and computers with dedicated access to Bank's Internet site. The pavilions would be available to Bank's customers whenever the host supermarket was open, and would be staffed up to 14 hours a day by Bank customer service representatives to facilitate certain customer transactions. Service representatives would not be able to accept deposits, approve loans, negotiate interest rates, or otherwise commit Bank to any banking transaction or activity. Bank customers, whether at a pavilion or elsewhere, could use Bank's call center or Internet site to review account information, transfer funds, and pay certain bills. However, customers who wish to open an account, make a deposit, or apply for a loan would have to do so in person at a pavilion.[10]

Bank has defined its initial assessment area for CRA purposes to be the Orlando, Florida, Metropolitan Statistical Area ("MSA"). This is consistent with Bank's expressed intention to begin operations with several pavilions in the Orlando MSA.[11] CIBC has indicated that among Bank's initial product offerings would be no-fee checking accounts and unsecured consumer loans, and Bank would also offer access to home mortgages through a link to third-party bank. CIBC states that Bank has already contacted a number of local government and community groups in the Orlando area to help Bank identify the credit and other banking needs of the community. Bank intends to work closely with such groups, in Orlando and in other communities where Bank establishes pavilions. CIBC has also hired a CRA specialist and a Chief Risk Officer for Bank, each of whom has significant CRA experience.

CIBC is a large banking organization with a satisfactory record of complying with U.S. banking regulations and substantial financial and managerial resources that are sufficient to ensure compliance by Bank with all relevant regulatory requirements.[12] CIBC's record of operating in

7. *See* 12 U.S.C. § 1842(c)(3)(A).

8. The performance of CIBC(NY) under the CRA was last reviewed by the FDIC on March 14, 1994, and rated "outstanding." Since the dissolution of CIBC(NY), none of the operations of CIBC or its subsidiaries have been subject to the CRA.

9. Commenter also referred to the recent settlement of a lawsuit alleging racial and sexual discrimination against the supermarket chain that would host Bank's pavilions. That supermarket chain is not an entity within the Board's jurisdiction.

10. The assistance of a Bank service representative would be required to open an account or apply for a loan. Deposits could be made only through the ATMs at the pavilions.

11. Commenter expressed the view that the Orlando MSA alone might be an inappropriate assessment area for Bank, particularly if Bank operates nationally through the Internet. Although Bank would use computer technology and facilitate Internet access by its customers, Bank proposes at this time to focus its operations on the areas served by supermarket pavilions. For example, customers would be able to open accounts, apply for loans, or make deposits at Bank only through one of Bank's pavilions. On this basis, it is consistent with the regulations implementing the CRA for Bank to define its assessment area based on the location of its pavilions with deposit-taking ATMs. *See* 12 C.F.R. 25.41(c)(2) ("The assessment area(s) for a bank . . . must . . . [i]nclude the geographies in which the bank has . . . its deposit-taking ATMs.") *See also* 12 C.F.R. 228.41(c)(2).

Commenter questions whether Bank's pavilions should be considered branches. In granting preliminary approval for Bank's charter, the OCC considered this issue and determined that under the facts of this proposal the pavilions are not branches. As Bank's primary federal supervisor, the OCC's decision is accorded great weight by the Board, and nothing in the record indicates that it was not based on all relevant facts or is otherwise incorrect. Moreover, in the event that the pavilions were determined to be branches, they would be at locations where it would be permissible for Bank to maintain branches.

12. Commenter also raised a number of other matters, including rumors that the supermarket chain that would host Bank's pavilions may be sold, CIBC's mortgage-related activities in the United States, and concerns over CIBC's standards for purchasing mortgage-backed securities, that are unrelated to this proposal.

the United States, including its past record of performance under the CRA, and its dealings with federal banking supervisors indicate that CIBC may be relied on to implement fully the programs and policies it has committed to implement.

The Board has carefully considered the entire record in its review of the convenience and needs factor under section 3 of the BHC Act, including information provided by Commenter and CIBC. Based on all the facts of record and for the reasons discussed above, the Board concludes that, on balance, considerations relating to the convenience and needs factor are consistent with approval of the proposal.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of CIBC and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by CIBC or its affiliates with applicable federal statutes, the Board may require termination of any of CIBC's direct or indirect activities in the United States. The Board's approval is specifically conditioned on compliance by Applicants with all the commitments made in connection with the application. For the purpose of this action, the commitments relied on by the Board in reaching its decision 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 following the effective date of this order, or later than three months following the effective date of this order, unless such periods are extended for good cause by the Board or the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 20, 1999.

Voting for this action: Chairman Greenspan and Governors Kelley, Ferguson, and Gramlich. Absent and not voting: Governor Meyer.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

The Dai-Ichi Kangyo Bank, Limited Tokyo, Japan

Order Approving Notice to Engage in Nonbanking Activities

The Dai-Ichi Kangyo Bank, Limited ("DKB"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire through its subsidiary, the CIT Group, Inc., Livingston, New Jersey ("CIT"), all the outstanding voting shares of Newcourt Credit Group, Inc., Toronto, Canada ("Newcourt"), and thereby engage in the following activities:

(1) extending credit and servicing loans and activities related to extending credit pursuant to section 225.28(b)(1) and (b)(2) of Regulation Y (12 C.F.R. 225.28(b)(1) & (b)(2));
(2) leasing personal or real property or acting as agent, broker, or adviser in leasing such property pursuant to section 225.28(b)(3) of Regulation Y (12 C.F.R. 225.28(b)(3));
(3) providing financial and investment advisory services pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));
(4) providing agency transactional services for customer investments pursuant to section 225.28(b)(7) of Regulation Y (12 C.F.R. 225.28(b)(7)); and
(5) providing data processing and data transmission services pursuant to section 225.28(b)(14) of Regulation Y (12 C.F.R. 225.28(b)(14)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 49,015 (1999)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

DKB, with total consolidated assets of approximately $461 billion, is the second largest banking organization in Japan and the twelfth largest banking organization in the world.[1] In the United States, DKB owns and operates Dai-Ichi Kangyo Bank of California, a state-chartered bank with assets of $751 million, and Dai-Ichi Kangyo Trust Company of New York.[2] DKB also has branches in New York, New York and Chicago, Illinois and an agency in Los Angeles, California.

The Board previously has determined by regulation that extending credit, engaging in activities related to extending credit, and leasing; and that providing financial and investment advisory, agency transactional, and data processing services are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act. Notificant has committed that it will conduct these activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations relating to each of these activities.[3]

1. Asset data are as of March 31, 1999, unless otherwise indicated. Foreign ranking data are as of December 31, 1998, adjusted through August 1999 for significant mergers and acquisitions.

2. Asset data for the DKB subsidiary bank is as of June 30, 1999.

3. Newcourt also engages in certain leasing activities and holds certain investments in nonbanking companies that are not permissible for a bank holding company under section 4 of the BHC Act. DKB

In order to approve the proposal, the Board also must determine that performance of the proposed activities is a proper incident to banking, that is, that the performance of the proposed activities by DKB "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

As part of its evaluation of these factors, the Board considers the financial and managerial resources of the notificant and the effect of the transaction on those resources.[4] In this case, the acquisition of Newcourt would be made and funded by CIT and, therefore, would not require additional financial or managerial resources from DKB. The proposed transaction would not represent a significant expansion of DKB's U.S. operations but only a further development of existing business lines through CIT, which has a record of successfully managing similar activities. The most recently reported capital ratios of DKB exceed the relevant risk-based capital standards established under the Basle Accord, and the proposed transaction is not expected to have a material effect on the capital of the consolidated organization. The Board has also considered recent financial statements, including *pro forma* financial statements and other available information, and the condition of the U.S. operations of DKB. Based on these and other facts of record, including information regarding CIT's financial condition and managerial resources and relevant supervisory information, the Board has determined that financial and managerial considerations are consistent with approval.

The Board also has carefully considered the competitive effects of the proposed acquisition of Newcourt. DKB currently engages in most of the activities that Newcourt conducts. The Board notes that many of the markets for lending and leasing and other specialty financial services in which CIT and Newcourt compete are regional or national in scope. These markets are unconcentrated with numerous bank and nonbank providers. In addition, barriers to entry into markets for lending and leasing are low. There is also a high level of competition in the markets for the financial advisory and agency transactional services that Newcourt provides through its subsidiaries. Consummation of the proposal would have a limited effect on competition, and the Board has determined that the proposal would not have a significantly adverse effect on competition in any relevant market.

The Board expects that the proposed transaction would give DKB an increased ability to serve the needs of its customers and would allow DKB to provide existing and new customers with a broader range of products and services at lower costs. The Board also expects that combining the expertise of CIT and Newcourt would allow CIT to be a more effective competitor in the asset-based financing industry. In addition, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments are consistent, as in this case, with the relevant considerations under the BHC Act.

Based on the foregoing and all the other facts of record, including the commitments made by DKB, the Board has determined that the performance of the proposed activities by DKB can reasonably be expected to produce benefits to the public that would outweigh any possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on all the facts of record, including all the commitments and representations made by the notificant, and subject to all the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in the notice, including the commitments and conditions discussed in this order. The commitments and conditions relied on in reaching this decision shall be 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.

This proposal shall 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 the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 27, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

has committed that it will conform the leasing activities of Newcourt to the requirements of section 4 of the BHC Act and will restructure any impermissible investments to comply with the BHC Act within two years of consummation of the proposal.

4. *See* 12 C.F.R. 225.26; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerishe Vereinbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

Orders Issued Under Sections 3 and 4 of the Bank Holding Company Act

Firstar Corporation
Milwaukee, Wisconsin

Order Approving the Merger of Bank Holding Companies

Firstar Corporation ("Firstar"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Mercantile Bancorporation Inc. ("Mercantile"), and thereby acquire Mercantile's wholly owned registered bank holding company, Ameribanc, Inc. ("Ameribanc"), its lead subsidiary bank, Mercantile Bank National Association, all in St. Louis, Missouri, and Mercantile's other subsidiary banks.[1] Firstar also has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire the nonbanking subsidiaries of Mercantile.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 32,497 and 38,909 (1999)). 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 sections 3 and 4 of the BHC Act.

Firstar, with consolidated assets of approximately $38.5 billion, is the 23rd largest commercial banking organization in the United States.[3] Firstar is the fifth largest depository institution in Ohio and the second largest depository institution in Wisconsin, controlling deposits of $8.5 billion in Ohio and $8.4 billion in Wisconsin.[4] Firstar also operates subsidiary banks in Arizona, Illinois, Indiana, Iowa, Kentucky, Minnesota, and Tennessee, and engages in a number of permissible nonbanking activities nationwide.

Mercantile, with total consolidated assets of approximately $36 billion, is the 27th largest commercial banking organization in the United States. Mercantile is the largest depository institution in Missouri, controlling deposits of $15 billion in the state. Mercantile also operates subsidiary banks in Arkansas, Illinois, Iowa, Kansas, and Kentucky, and engages in a number of permissible nonbanking activities nationwide.

After consummation of the proposal, Firstar would become the 15th largest commercial banking organization in the United States, with consolidated assets of approximately $74.5 billion. Firstar would operate subsidiary banks in twelve states.

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.[5] For purposes of the BHC Act, the home state of Firstar is Wisconsin, and Firstar proposes to acquire banks that are located in Arkansas, Illinois, Iowa, Kansas, Kentucky, and Missouri.[6]

Section 3(d) of the BHC Act provides that the Board may not approve a proposal if, on consummation of the proposal, the applicant would control 30 percent or more of the total deposits of insured depository institutions in any state in which both the applicant and the organization to be acquired operate an insured depository institution, or such higher or lower percentage established by state law.[7] Firstar and Mercantile both operate insured depository institutions in Illinois, Kentucky, and Iowa. On consummation of the proposal, Firstar would control less than 30 percent of total deposits held by insured depository institutions in Illinois and Kentucky, which is the appropriate percentage established by applicable state law.[8]

Iowa law prohibits any bank holding company from acquiring a depository institution in the state if, as a result of the acquisition, the bank holding company would control more than 10 percent of the total deposits held by insured depository institutions in the state, as determined by the Iowa Superintendent of Banking on the basis of the most recent reports of insured depository institutions available at the time of the acquisition.[9] Based on call report data, as of June 30, 1999, filed by insured depository institutions in Iowa, supplemented by the most recently available summary of deposit data, Firstar would not exceed the Iowa deposit cap on consummation of the proposal and the Iowa Superintendent has advised the Board in writing that the proposal is consistent with Iowa law.[10]

1. All the subsidiary banks of Mercantile are listed in Appendix A. Firstar and Mercantile also have requested the Board's approval to hold and exercise options for Firstar to acquire up to 19.9 percent of Mercantile's voting shares and for Mercantile to acquire up to 9.9 percent of Firstar's voting shares. The options would expire on consummation of the proposal.

2. The nonbanking subsidiaries of Mercantile and their activities are listed in Appendix B.

3. Asset data are as of December 31, 1998, and deposit data are as of June 30, 1998. All data are adjusted to reflect subsequent acquisitions by Firstar. *See Firstar Corporation*, 84 *Federal Reserve Bulletin* 1083 (1998) ("*Firstar Order*").

4. In this context, depository institutions include commercial banks, savings banks, and savings associations.

5. *See* 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

6. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. *See* 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and (d)(2)(B).

7. 12 U.S.C. § 1842(d)(2)(B)-(D).

8. *See* 205 Ill. Comp. Stat. 5/21.3 (West 1999); Ky. Rev. Stat. Ann. § 287.920(4) (Michie 1999).

9. Iowa Code Ann. § 524.1802(1) (West 1999).

10. *See* Letter from Donald G. Senneff, General Counsel, Iowa Division of Banking, to Ellen Holmgren, Federal Reserve Bank of Chicago, dated August 26, 1999.

Based on all the facts of record, including the interpretation of the Iowa deposit cap provided by the Iowa Superintendent, the Board concludes that it is authorized to approve the proposal under section 3(d) of the BHC Act.[11] All other conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act also are met in this case.[12] In view of all the facts of record, and for the reasons discussed above, the Board is permitted to approve this proposal under section 3(d) of the BHC Act.

Competitive Factors

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the Board finds that the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[13]

Firstar and Mercantile compete directly in ten banking markets.[14] The Board has carefully reviewed the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the market, the share of total deposits in depository institutions in the market ("market deposits") controlled by each competitor in the market,[15] the concentration level of market deposits in the market and the increase in this level, as measured by the Herfindahl–Hirschman Index ("HHI"),[16] and other characteristics of the markets.

Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in six of the ten banking markets in which Firstar and Mercantile directly compete: Ames, Cedar Rapids, Des Moines, Omaha-Council Bluffs, and Rock Island-Davenport, each located in whole or in part in Iowa; and Clarksville-Hopkinsville, located in Tennessee and Kentucky.[17] In each of these markets, a large number of competitors relative to the size of the market would remain after consummation of the proposal. These banking markets, with the exception of the Des Moines and Omaha-Council Bluffs markets, also would remain moderately concentrated, as measured by the HHI, after consummation of the proposal.[18]

In the four remaining banking markets in which Firstar and Mercantile directly compete, the resulting HHI would exceed the DOJ Guidelines. To mitigate the potential anticompetitive effects of the proposal in three of these markets (Dubuque-East Dubuque, Mount Pleasant, and Waterloo, each located in whole or in part in Iowa), Firstar has committed to divest in these markets a total of seven branches that currently control a total of $137 million in deposits.[19] After accounting for the proposed divestitures, consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines in these three

11. The Board received a comment from Inner City Press, Bronx, New York ("ICP"), alleging that certain deposit transfers made by Firstar and Mercantile impermissibly circumvent the Iowa deposit cap. The Iowa statute prohibits an acquisition of an Iowa bank if, "upon the acquisition," the acquiror "would have" more than 10 percent of total state deposits. Firstar would not have more than 10 percent of total Iowa deposits when it acquires Mercantile, and this fact has been confirmed by the Iowa Superintendent.

12. Firstar is adequately capitalized and adequately managed as defined in section 3(d). 12 U.S.C. § 1842(d)(1)(A). Each bank subsidiary of Mercantile has been in existence and operated for the minimum period of time required by the law of the state in which it is located. 12 U.S.C. § 1842(d)(1)(B). On consummation, Firstar would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1842(d)(2)(A). All other requirements under section 3(d) of the BHC Act also would be met on consummation of the proposal.

13. *See* 12 U.S.C. § 1842(c).

14. These banking markets are described in Appendix C.

15. Market share data are based on calculations that include the deposits of thrift institutions, which include savings banks and savings associations, weighted at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

16. Under the Department of Justice Merger Guidelines ("DOJ Guidelines"), 49 *Federal Register* 26,923 (June 29, 1984), a market in which the post-merger HHI is more than 1800 is considered to be highly concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

17. The competitive effects of the proposal in these markets are summarized in Appendix D.

18. Additional factors suggest that the anticompetitive effects of the proposal in the Des Moines and Omaha-Council Bluffs markets would be limited. In the Des Moines market, for example, the HHI would increase to 1802, 26 competitors would remain in the market, and Firstar would control 12 percent of market deposits. In the Omaha-Council Bluffs market, the HHI would increase by 3 points to 1941, and Firstar would control 2.9 percent of market deposits and would be the seventh largest depository institution in the market.

19. The competitive effects of the proposal in the Dubuque-East Dubuque, Mount Pleasant, and Waterloo markets are summarized in Appendix D. Firstar has committed to execute, before consummation of the acquisition of Mercantile, sales agreements for the proposed divestitures in the Dubuque-East Dubuque, Mount Pleasant, and Waterloo banking markets with purchasers that would satisfy the DOJ Guidelines and to complete the divestiture within 180 days of consummation of the acquisition of Mercantile. Firstar also has committed that, if it is unsuccessful in completing any divestitures within the 180-day period, it will transfer the unsold branch(es) to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branch(es) promptly to one or more alternative purchasers acceptable to the Board. *See BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation,* 77 *Federal Reserve Bulletin* 484 (1991).

markets. In addition, other factors present in each of the three markets would tend to mitigate the anticompetitive effects of the proposal.[20]

Consummation of the proposal in the Clinton banking market, located in Iowa and Illinois, would exceed the DOJ Guidelines. In this market, the Board has considered whether other factors either mitigate the competitive effects of the proposal in the market or indicate that the proposal would have a significantly adverse effect on competition in the market.[21]

Firstar's bank subsidiary is the fourth largest depository institution in the Clinton banking market, controlling deposits of $82 million, representing approximately 11.2 percent of market deposits. Mercantile's bank subsidiary is the sixth largest depository institution in the market, controlling deposits of $71.1 million, representing approximately 9.7 percent of market deposits. After the proposed merger, Firstar's subsidiary bank would become the second largest depository institution in the market, controlling deposits of $153.1 million, representing approximately 20.9 percent of market deposits. The HHI would increase 218 points to 1835.

A number of factors indicate that the competitive effects of the proposal are not likely to be significantly adverse in this market. After consummation of the proposal, ten depository institutions would continue to operate in the market. One depository institution would control a larger percentage of market deposits than Firstar and five of the ten depository institutions in the market would each control more than 10 percent of market deposits.

The Department of Justice has reviewed the proposal, including its effect on competition in the Clinton banking market, and advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. The Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") also have been afforded an opportunity to comment and have not objected to consummation of the proposal.

After carefully reviewing all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the markets in which Firstar and Mercantile now compete or any other relevant market.

Convenience and Needs Factor

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the communities to be served. The Board has carefully considered the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including comments on the proposal submitted by the Wisconsin Rural Development Center, Inc., Ettrick, Wisconsin, and ICP ("Commenters"). Commenters opposed the merger proposal, alleging that Firstar has an inadequate record of meeting the banking and credit needs of the communities it serves, particularly in areas with predominantly low- and moderate-income ("LMI") and minority populations. Commenters also expressed concern about Firstar's record of lending on the basis of data submitted under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA"). One Commenter also expressed concern about Firstar's record of lending and providing services to rural and LMI communities in Wisconsin and its record of participation in state and federally guaranteed loan programs designed to assist LMI individuals, small businesses, and owners of small farms.

A. CRA Performance Examinations

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). As provided in the CRA, the Board has evaluated this factor in light of examinations of the CRA performance records of the relevant institutions by the appropriate federal financial supervisory agency.[22]

All of Firstar's subsidiary banks received "outstanding" or "satisfactory" ratings in the most recent examinations of their CRA performance. Firstar's lead subsidiary bank, Firstar Ohio, received an "outstanding" rating in its most recent CRA performance evaluation by the OCC, as of

20. For example, in the Dubuque-East Dubuque banking market, five competitors, including Firstar, each would control 5 percent or more of market deposits after consummation of the proposal, and two competitors would each have a larger market share than Firstar. As a result of the proposed divestitures in the Mount Pleasant banking market, consummation of the proposal would result in no change in market concentration. The Waterloo banking market appears to be attractive for entry and, in fact, two depository institutions have entered the market *de novo* in the past two years. The Waterloo Metropolitan Statistical Area ("MSA"), which approximates the Waterloo banking market, has a larger population and more deposits per banking office, and has experienced a larger percentage increase in total market deposits and per capita income, than any other MSA in Iowa.

21. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the level of concentration and magnitude of the increase in market concentration. *See NationsBank Corporation,* 84 *Federal Reserve Bulletin* 129 (1998).

22. The Interagency Questions and Answers Regarding Community Reinvestment provides that an institution's most recent CRA performance evaluation is an important and often controlling factor in the consideration of an institution's CRA record because it represents a detailed evaluation of the institution's overall record of performance under the CRA by the appropriate federal banking supervisor. 64 *Federal Register* 23,618 and 23,641 (1999). One Commenter expressed concern that the CRA performance evaluations of Firstar's subsidiary banks are outdated. The Board notes that it has not relied exclusively on the CRA performance evaluations to assess Firstar's CRA performance record. The Board also has relied on other information, including supervisory information and information provided by Firstar, concerning Firstar's CRA performance since the date of its most recent CRA performance evaluations.

December 1996.[23] Firstar's largest subsidiary bank in Wisconsin, Firstar Bank Milwaukee, National Association, Milwaukee, Wisconsin ("Firstar Milwaukee"), received a "satisfactory" rating in its most recent CRA performance evaluation by the OCC, as of November 1997.[24] The subsidiary banks of Mercantile also received "outstanding" or "satisfactory" ratings in the most recent examinations of their CRA performance.[25]

Firstar represents that it will retain its approach to meeting its responsibilities under the CRA after consummation of the proposal. Accordingly, the Board has paid particular attention to the CRA performance record of Firstar in considering the effect of the proposal on the convenience and needs factor.

B. Firstar's CRA Performance Record

Firstar Ohio. Examiners commended Firstar Ohio for its responsiveness to the credit needs in its assessment area, particularly the needs of LMI communities and borrowers. Between July 1, 1994, and June 30, 1996, Firstar Ohio made 18 percent of all its HMDA-reported loans, and 10 percent of the total dollar amount of these loans, in LMI areas. Examiners noted that the bank's penetration level in LMI areas compared favorably to the percentage of owner-occupied units in the assessment area that were located in LMI areas. Examiners also noted that 30 percent of the total dollar amount of home equity loans made by Firstar Ohio from January 1, 1995, through June 30, 1996, were made in LMI census tracts in the bank's assessment area.

Examiners noted that Firstar Ohio offered a variety of products and programs to assist in meeting the housing-related credit needs of LMI individuals and communities. The Home Advantage Program, for example, offers mortgages that feature lower down payments, flexible debt ratios, and no private mortgage insurance for qualified individuals. Examiners stated that, in 1995, Firstar Ohio originated more than 1,100 mortgage loans under the program, totaling $56.4 million, and more than 600 home improvement loans, totaling $4.9 million.

Examiners also favorably noted Firstar Ohio's distribution of loans among businesses and farms of different sizes. For example, examiners noted that 93 percent of Firstar Ohio's total number of farm loans made between January 1995 and June 1996, accounting for 67 percent of the total dollar amount of these loans, were made to farms with gross annual revenues of $1 million or less.

The CRA performance examination cited the high level of community development loans that Firstar Ohio had originated. For example, from January 1994 through July 1996, Firstar Ohio originated 21 loans, totaling $70 million, which resulted in the rehabilitation of 1,848 units of affordable rental housing. Examiners also noted a significant level of community development investments. Firstar Ohio made $2.5 million in investments between November 1994 and December 1996, and examiners characterized a large portion of these investments as complex and innovative.

Firstar Ohio appears to have continued its efforts to address the credit needs of the communities in its assessment areas based on bank reporting data and information provided by Firstar. Firstar Ohio made 18.7 percent of its HMDA-reportable loans in LMI census tracts in 1997 and 14.8 percent of its HMDA-reportable loans in LMI census tracts in 1998. For each year, the percentage of these loans by Firstar Ohio was more than the percentage of HMDA-reportable loans originated in LMI census tracts by lenders in the aggregate. In addition, Firstar represents that, in 1998, the bank originated 428 loans, totaling $25.6 million, under the Home Advantage Program.

In 1998, Firstar Ohio originated approximately 19 percent of its Ohio small business loans to businesses located in LMI census tracts that had gross annual revenues of less than $1 million. The percentage of such loans made by lenders in the aggregate was approximately 17 percent. Firstar states that Firstar Ohio also participates in the Ohio Agricultural Linked Deposit Program, under which Firstar Ohio provides low-interest loans to Ohio farmers that are funded by the State of Ohio. Firstar represents that Firstar Ohio made 30 loans, totaling approximately $4.6 million, under this program from January 1997 to June 1999.

In July 1999, Firstar announced the establishment of the Adopt-A-Block program to be implemented in all of its

23. Firstar Ohio was formerly named Star Bank, N.A., and was acquired by Firstar in 1998 through a merger with Star Banc Corporation, Cincinnati, Ohio ("SBC"). *See Firstar Order.* The most recent CRA performance evaluation for Firstar Ohio was conducted before the merger. After the merger, Firstar adopted SBC's CRA program. *See Firstar Order* at 1084.

24. In addition, Firstar Bank Wisconsin, Madison, Wisconsin ("Firstar Wisconsin"), received an "outstanding" rating in its most recent CRA performance evaluation by the Federal Reserve Bank of Chicago, as of April 1997; Firstar Bank of Minnesota, N.A., St. Paul, Minnesota, received a "satisfactory" rating in its most recent CRA performance evaluation by the OCC, as of December 1997; Firstar Bank U.S.A., N.A., Waukegan, Illinois, received a "satisfactory" rating in its most recent CRA performance evaluation by the OCC, as of November 1997; Firstar Bank Wausau, N.A., Wausau, Wisconsin, received an "outstanding" rating in its most recent CRA performance evaluation by the OCC, as of May 1995; Firstar Bank Burlington, National Association, Burlington, Iowa, received an "outstanding" rating in its most recent CRA performance evaluation by the OCC, as of April 1995; and Firstar Metropolitan Bank & Trust, Phoenix, Arizona, received a "satisfactory" rating in its most recent CRA performance evaluation by the FDIC, as of July 1996.

25. Mercantile Bank National Association received a "satisfactory" rating in its most recent CRA performance evaluation by the OCC, as of June 1997; Mercantile Bank of Arkansas National Association, North Little Rock, Arkansas, received a "satisfactory" rating in its most recent CRA performance evaluation by the OCC, as of November 1996; Mercantile Bank, Overland Park, Kansas, received an "outstanding" rating in its most recent CRA performance evaluation by the Federal Reserve Bank of Kansas City, as of September 1998; Mercantile Bank of Illinois, Springfield, Illinois, received a "satisfactory" rating in its most recent CRA performance evaluation by the FDIC, as of December 1997; Mercantile Bank of Kentucky, Paducah, Kentucky, received an "outstanding" rating in its most recent CRA performance evaluation by the FDIC, as of August 1996; Mercantile Bank Midwest, Des Moines, Iowa, received a "satisfactory" rating in its most recent CRA performance evaluation by the Federal Reserve Bank of Chicago, as of August 1997; and Mercantile Bank of Trenton, Trenton, Missouri, received an "outstanding" rating in its most recent CRA performance evaluation by the FDIC, as of August 1995.

subsidiary banks. Under the program, specific blocks or neighborhoods with special credit needs will be identified, and residents and small business in these communities will be offered low-cost loans and other banking services. For example, the program includes fixed-rate mortgage loans with no private mortgage insurance requirements and low downpayment requirements. Firstar represents that it has identified to date four communities for the program in Ohio, Kentucky, and Wisconsin. Firstar also indicates that, in the two years since its CRA performance examination, Firstar Ohio has sponsored over 100 financial training programs and seminars that offer training and support to LMI individuals in the areas of homeownership, obtaining credit, small business formation, low-income housing development, and nonprofit financing.

Firstar Milwaukee. Examiners found that Firstar Milwaukee was responsive to the credit needs of all segments of its service community. In particular, examiners commended the bank for the level of its home mortgage and home improvement lending in LMI census tracts. Examiners noted that, in 1996, Firstar Milwaukee made 10 percent of its housing-related loans in LMI census tracts, which almost equaled the 13 percent of owner-occupied housing in the bank's service communities that were in these census tracts. Examiners also commended Firstar Milwaukee for making 38 percent of its consumer loans to LMI borrowers, which exceeded the percentage of LMI borrowers in the general population in the bank's assessment area. Since that examination, Firstar represents that Firstar Milwaukee made approximately 14.6 percent of its housing-related loans in LMI census tracts in 1997, and approximately 43 percent of its housing-related loans in LMI census tracts in 1998.

Examiners commended Firstar Milwaukee for its lending to small businesses, including small businesses in LMI census tracts. Examiners noted that Firstar Milwaukee had introduced a small business line-of-credit program that offered a streamlined application process and was designed for emerging small businesses that needed to build a credit history. From the program's inception in 1996 through November 1997, examiners noted that Firstar Milwaukee originated 147 small business credit lines under this program, totaling more than $3.5 million.[26] In addition, Firstar indicates that, in 1998, Firstar Milwaukee originated 808 loans with principal amounts of $1 million or less, totaling $81.2 million, to businesses with gross annual revenues of $1 million or less. On a combined basis, the Firstar lending organizations operating in Wisconsin, which include Firstar Milwaukee, Firstar Wisconsin, and Firstar Home Mortgage Corporation ("FHMC"), originated 17.5 percent of their loans to businesses with gross annual revenues of less than $1 million in LMI census tracts in Wisconsin in 1998, compared to 12.5 percent made by lenders in the aggregate.

Examiners reported in the examination that Firstar Milwaukee offered a variety of low-cost checking accounts to consumers, small businesses, community groups, and nonprofit organizations. Firstar Milwaukee also cashed certain types of federal government benefit checks without charge for both customers and noncustomers of the bank, which examiners noted was unique in the bank's assessment area. In September 1998, Firstar introduced the Family Services Loan Program in Wisconsin, which offers low-income individuals small loans at a reduced rate of interest for the purpose of paying unexpected personal expenses. As of June 8, 1999, Firstar Milwaukee and Firstar Wisconsin had loaned approximately $44,000 of the $50,000 allocated to the program in amounts that averaged $2,200.

Firstar Wisconsin. The CRA examination of Firstar Wisconsin found that the bank had a strong record of small business and small farm lending. Examiners noted that, in 1996, Firstar Wisconsin made more than 3,600 small business loans and originated more than 230 small farm loans. Examiners stated that approximately 500 of the bank's small business and farm loans, totaling approximately $42 million, were made in LMI areas.[27] Firstar reports that, during 1998, Firstar Wisconsin originated 2,826 small business loans in Wisconsin in amounts of $100,000 or less, totaling $83.5 million.

The CRA performance examination concluded that Firstar Wisconsin offered a variety of governmentally insured, guaranteed, and subsidized loans to small businesses, small farms, and LMI borrowers. Examiners noted, for example, that during 1996 Firstar Wisconsin originated 149 Small Business Administration ("SBA") loans, totaling $35.4 million, and 69 Farm Service Agency ("FSA") loans, totaling $11.7 million. Examiners also commended the bank for participating in a lending program of the Department of Housing and Urban Development that offered nontraditional mortgage loans on real property located on the Lac Courte Oreille Reservation where conventional mortgage lending was difficult because borrowers often did not own the mortgaged real estate outright.

Firstar states that, since the CRA performance examination, Firstar Wisconsin has continued to participate actively in various government-guaranteed loan programs.

26. Firstar represents that, during 1998, Firstar Milwaukee originated 98 lines of credit under this program, representing a total commitment of $1.2 million.

27. One Commenter expressed concern about Firstar's commitment to agricultural lending in Wisconsin. The number of small farm loans originated by all of Firstar's subsidiary lending institutions in Wisconsin increased by 312 percent between 1996 and 1997 and decreased by 43 percent between 1997 and 1998. By contrast, lenders in the aggregate in Wisconsin increased their small farm loans only 3 percent between 1996 and 1997, and their lending decreased by 13 percent between 1997 and 1998. Although Firstar's small farm lending fluctuated more widely than it did among lenders in the aggregate, Firstar's small farm lending increased by 76 percent between 1996 and 1998 compared to a decrease of 11 percent among lenders in the aggregate. Firstar represents that it continues to be committed to agricultural lending in Wisconsin. According to Firstar, its Wisconsin bank subsidiaries employ local relationship managers with expertise in agricultural lending and lending authority, and it recently formed an "Ag Council," which includes community bank presidents in all the communities in which Firstar operates, to address specific lending needs of farmers in these communities.

For example, Firstar reports that Firstar Wisconsin made more than 130 SBA loans in 1997, totaling $37.8 million, and that the bank made 56 SBA loans in the first six months of 1998, totaling $15.2 million. Firstar also states that Firstar Wisconsin and its affiliates in Wisconsin continue to participate in various lending programs operated by the Wisconsin Housing and Economic Development Authority ("WHEDA"). Firstar reports that Firstar Wisconsin, Firstar Milwaukee, and FHMC together originated approximately 151 loans through WHEDA, totaling approximately $8.8 million in 1997 and approximately 117 such loans, totaling approximately $7.4 million in 1998.[28]

The CRA performance examination commended the bank's responsiveness to the credit needs of LMI individuals and areas. For example, according to the CRA performance examination, Firstar Wisconsin and FHMC made more than 10 percent of their housing-related loans in LMI census tracts and approximately 21 percent of their housing-related loans to LMI borrowers. Examiners favorably characterized the distribution of the bank's housing-related loans in LMI census tracts and to LMI borrowers. Firstar represents that FHMC originated 10 percent of its mortgage loans in 1997, and 9 percent of its mortgage loans in 1998, in LMI census tracts. This is generally consistent with the percentage of mortgage loans originated by lenders in the aggregate in LMI census tracts, which was 12 percent in 1997 and 10 percent in 1998.

Examiners noted that Firstar Wisconsin made extensive use of innovative and flexible lending practices and programs. For example, examiners cited favorably Firstar's continued participation in the AdvoCap program, a state sponsored program that provides mortgages with flexible underwriting standards to LMI families that are first-time homebuyers.

C. HMDA Data

The Board also has considered the lending record of Firstar's subsidiaries in light of the comments on their HMDA data. The most recent data available for 1998 generally indicate that Firstar's record of lending in Ohio and Wisconsin compare favorably to the record of lenders in the aggregate in these states. For example, Firstar Ohio originated a higher percentage of HMDA-reportable loans in Ohio in 1998 to African Americans, Hispanics, LMI borrowers, and LMI residents than lenders in the aggregate. In Wisconsin, Firstar originated the same or a higher percentage of its HMDA-reportable loans in 1998 to African Americans and Hispanics than did lenders in the aggregate.

The data for 1996, 1997, and 1998, however, reflect certain disparities in the rates of loan applications and denials among members of different racial groups and persons of different income levels.[29] The Board 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 that 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 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 the covered loans.[30] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board considered these data carefully in light of other information. The CRA performance examinations found no evidence of prohibited discrimination or illegal credit practices at Firstar's subsidiary banks. Examiners concluded that the banks solicited and accepted credit applications from all segments of their communities. Examiners also generally noted that loans made by the banks were reasonably distributed throughout the local communities served, including LMI areas, and that the banks served all members of these communities, including LMI individuals. In addition, examiners generally determined that the banks' delineations of the local communities they served were reasonable and did not arbitrarily exclude any LMI census tracts. Moreover, the programs and lending efforts that Firstar has designed to address the credit needs of all the communities served by Firstar do not indicate any prohibited discrimination or illegal credit practices at Firstar's subsidiary banks and the lending subsidiaries of these banks. The Board also notes that, in addition to offering home mortgage programs to LMI and minority individuals, Firstar has a number of programs, including the programs described above, designed to address the diverse credit needs of these individuals.

28. One Commenter expressed concern that Firstar has reduced its participation in WHEDA agricultural and home lending programs, and other government-supported loan programs that benefit farmers and rural communities in Wisconsin. Firstar has indicated that it remains an active participant in the WHEDA loan program, including the agricultural and home lending programs of WHEDA, and suggests that some borrowers eligible for loans under WHEDA may have obtained comparable financing through other Firstar programs.

29. Commenters criticized Firstar for lending disparities between minority and white applicants in the Chicago MSA and MSAs in Wisconsin.

30. 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.

D. Conclusion on the Convenience and Needs Factor

In its review of the convenience and needs factor under the BHC Act, the Board has carefully considered the entire record, including the CRA performance examinations of each of the insured depository institutions involved in this proposal, all the information provided by Commenters, recent data provided by the insured depository institutions in regulatory reports, and information provided by Firstar and Mercantile concerning recent efforts to address the convenience and needs of the communities served by the institutions.[31] Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant institutions, are consistent with approval of the proposal.

Financial, Managerial, and Other Supervisory Factors

The BHC Act also requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors. The Board has carefully considered the financial and managerial resources and future prospects of Firstar, Mercantile, and their respective subsidiary banks, and other supervisory factors in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and confidential financial information provided by Firstar. Based on these and all the other facts of record, the Board concludes that the financial and managerial resources and future prospects of Firstar, Mercantile, and their subsidiary banks are consistent with approval, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.[32]

Nonbanking Activities

Firstar also has filed a notice under section 4(c)(8) of the BHC Act to acquire Mercantile's nonbanking subsidiaries and thereby to engage in credit activities, trust company functions, credit insurance activities, and community development activities. The Board has determined by regulation that these activities are closely related to banking for purposes of the BHC Act.[33] Firstar has committed to conduct these nonbanking activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations governing each of these activities.[34]

In order to approve a notice under section 4(c)(8) of the BHC Act, the Board also must determine that the proposed activities are a proper incident to banking, that is, that the proposal "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[35] Firstar has indicated that, after consummation of the proposal, it would be able to provide more products and services with greater efficiency to current and future customers of Firstar and Mercantile. Firstar would achieve greater operational efficiencies, realize greater economies of scale, and eliminate redundant systems and technologies. These efficiencies would strengthen Firstar's ability to compete more effectively in the markets in which it operates. In addition, as the Board has previously noted, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments and actions are con-

31. The Commenters criticized Firstar for not entering into agreements with community-based organizations that would provide separate monetary goals for CRA performance in a particular geographic area and for not making CRA pledges for any community other than St. Louis, Missouri. The Board recognizes that communications by depository institutions with community groups provide a valuable method of assessing and determining how best to meet the credit needs of a community. Neither the CRA nor the CRA regulations of the federal supervisory agencies, however, require depository institutions to enter into agreements with any organization. The Board, therefore, has viewed such agreements and their enforceability as private contractual matters between the parties and has focused on the existing record of performance by the applicant and the programs that the applicant has in place to serve the credit needs of its communities. The Board notes that Firstar will have a responsibility to help serve the credit needs of its entire community after consummation of the proposal, including LMI neighborhoods, with or without private CRA agreements, and that its actual CRA performance will continue to be evaluated in on-site examinations.

32. A Commenter has asserted that the efforts of Firstar and Mercantile to plan for the integration of their organizations and operations after consummation of the proposal constitute the exercise by Firstar of a controlling influence over Mercantile without prior Board approval. Information provided by the Commenter and Firstar does not indicate that the actions taken in this case involve the actual integration of the two companies or other actions that would represent the exercise by Firstar of a controlling influence over the management or policies of Mercantile. Instead, Firstar and Mercantile have exchanged information and begun planning the manner in which certain operations could be integrated if the proposal receives all required regulatory approvals. The Board recognizes that it is necessary and appropriate for organizations that have agreed to merge to coordinate their integration efforts to ensure an orderly transition. Based on all the facts of record, the Board concludes that the actions of Firstar and Mercantile to coordinate their integration efforts are consistent with the BHC Act and with approval of the proposal.

33. *See* 12 C.F.R. 225.28(b)(1), (5), (11)(i), and (12).

34. Firstar also currently engages in insurance activities grandfathered under section 4(c)(8)(G) of the BHC Act (12 U.S.C. § 1843(c)(8)(G)) ("Exemption G"). The structure of the transaction, including the relative size and market capitalization of the parties; the relative share ownership of the surviving company by current Firstar and Mercantile shareholders; the management of the surviving company; and the fact that Firstar would be the legal entity surviving the proposed merger, indicates that Firstar would be the surviving company after consummation of the proposal for purposes of the BHC Act. Accordingly, based on all the facts of record in this case, the Board has determined that Firstar would retain its grandfathered rights to engage in Exemption G activities after consummation of the proposal.

35. 12 U.S.C. § 1843(c)(8).

sistent, as in this case, with the relevant considerations under the BHC Act.[36]

As part of its evaluation of these factors, the Board also considers the financial condition and managerial resources of the notificant and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

The Board also has considered the competitive effects of the proposed acquisition by Firstar of the nonbanking subsidiaries of Mercantile. Numerous competitors would remain in each of the nonbanking markets in which Firstar and Mercantile compete, and the market structure for providing each of these services would remain unconcentrated. Consummation of the proposal, therefore, would have a *de minimis* effect on competition in each of these markets. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisitions proposed in the transaction.

The Board also concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act is consistent with approval of Firstar's notice.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved.[37] The Board's approval is specifically conditioned on compliance by Firstar with all the commitments made in connection with this application and with the conditions stated or referred to in this order. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision 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 acquisition of Mercantile's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and the proposal shall 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 Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 1, 1999.

Voting for this action: Governors Kelley, Meyer, Ferguson, and Gramlich. Absent and not voting: Chairman Greenspan.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix A

Banking Subsidiaries of Mercantile

Mercantile Bank National Association, St. Louis, Missouri
Mercantile Bank of Trenton, Trenton, Missouri
Mercantile Bank, Overland Park, Kansas
Mercantile Bank of Arkansas National Association, North Little Rock, Arkansas
Mercantile Bank of Illinois, Springfield, Illinois
Mercantile Bank of Kentucky, Paducah, Kentucky
Mercantile Bank Midwest, Des Moines, Iowa

Appendix B

Nonbanking Subsidiaries of Mercantile

Mercantile Consumer Loan Company, Rock Island, Illinois, and thereby engage in making, acquiring, brokering, or servicing loans or other extensions of credit in accordance with section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));

FFG Trust, Inc., Springfield, Illinois, and Mercantile Trust Company National Association, St. Louis, Missouri, and thereby engage in trust company activities in accordance

36. *See, e.g., Banc One Corporation,* 84 *Federal Reserve Bulletin* 553 (1998); *First Union Corporation,* 84 *Federal Reserve Bulletin* 489 (1998).

37. Commenters requested that the Board extend the public comment period, and one Commenter requested that the Board delay approval of the proposal until the Board completes a comprehensive review of Firstar's CRA performance and lending record. The Board has accumulated a significant record in this case, including reports of examination, supervisory information, public reports and information, and public comment. In addition, the Commenters have had ample opportunity to submit their views and, in fact, have provided substantial written submissions that have been considered carefully by the Board in acting on the proposal. Based on a review of all the facts of record, the Board concludes that the record in this case is sufficient to warrant Board consideration and action on the proposal at this time, and that further delay of consideration of the proposal or an extension of the comment period is not warranted.

with section 225.28(b)(5) of Regulation Y (12 C.F.R. 225.28(b)(5));

Mississippi Valley Life Insurance Company, St. Louis, Missouri, and Mercantile Consumer Loan Company, Rock Island, Illinois, and thereby engage in acting as principal, agent, or broker for insurance in accordance with section 225.28(b)(11)(i) of Regulation Y (12 C.F.R. 225.28(b)(11)(i)); and

D.D. Development of Sterling, Sterling, Illinois, and thereby engage in community development activities in accordance with section 225.28(b)(12) of Regulation Y (12 C.F.R. 225.28(b)(12)).

Appendix C

Banking Markets in Which Firstar and Mercantile Directly Compete

Iowa

Ames

Boone County; Story County; and the townships of Clear Lake, Ellsworth, Lincoln, Lyon, Marion, and Scott in Hamilton County.

Cedar Rapids

Linn County and Jefferson township in Johnson County.

Clinton

Clinton County, except the townships of Bloomfield, Brookfield, and Sharon; York township in Carroll County; and the townships of Albany, Fulton, and Garden Plain in Whiteside County, Illinois.

Des Moines

Polk County and Linn township in Warren County.

Dubuque-East Dubuque

Dubuque County; Dunleith township in Jo Daviess County, Illinois; the townships of Hazel Green, Jamestown, Paris, and Smelser in Grant County, Wisconsin; and Benton township in Lafayette County, Wisconsin.

Mount Pleasant

Henry County and Cedar township in Lee County.

Omaha-Council Bluffs

Omaha-Council Bluffs Rand McNally Marketing Area; the contiguous areas east of the Elkhorn River in Douglas County, Nebraska; and Pottawattamie County, Iowa, except the eastern two tiers of townships.

Rock Island-Davenport

Scott County; Farmington township in Cedar County; Rock Island County, Illinois, except the townships of Drury and Buffalo Prairie; and the townships of Colona, Edford, Geneseo, Hanna, and Western in Henry County, Illinois.

Waterloo

Black Hawk County; the townships of Jefferson and Jackson in Bremer County; and Beaver township in Butler County.

Tennessee and Kentucky

Clarksville-Hopkinsville

Montgomery County and Stewart County in Tennessee and Christian County in Kentucky.

Appendix D

Summary of Market Structure

A. Banking Markets Without Divestitures

Ames

Firstar is the second largest depository institution in the market, controlling deposits of $114.8 million, representing approximately 9 percent of market deposits. Mercantile is the third largest depository institution in the market, controlling deposits of $96 million, representing approximately 7.5 percent of market deposits. After the proposed merger, Firstar would remain the second largest depository institution in the market, controlling deposits of $210.8 million, representing approximately 16.5 percent of market deposits. The HHI would increase 135 points to 1721.

Cedar Rapids

Firstar is the largest depository institution in the market, controlling deposits of $542.4 million, representing approximately 24.1 percent of market deposits. Mercantile is the fourth largest depository institution in the market, controlling deposits of $174.2 million, representing approximately 7.7 percent of market deposits. After the proposed merger, Firstar would remain the largest depository institution in the market, controlling deposits of $716.8 million, representing approximately 31.8 percent of market deposits. The HHI would increase 372 points to 1644.

Des Moines

Firstar is the fourth largest depository institution in the market, controlling deposits of $360.2 million, representing approximately 6.7 percent of market deposits. Mercantile is the eighth largest depository institution in the market, controlling deposits of $283.9 million, representing approximately 5.3 percent of market deposits. After the proposed merger, Firstar would become the second largest depository institution in the market, controlling deposits of $644.1 million, representing approximately 12 percent of market deposits. The HHI would increase 70 points to 1802.

Omaha-Council Bluffs

Firstar is the ninth largest depository institution in the market, controlling deposits of $181 million, representing approximately 2.1 percent of market deposits. Mercantile is the 15th largest depository institution in the market, controlling deposits of $75 million, representing less than 1 percent of market deposits. After the proposed merger, Firstar would become the seventh largest depository institution in the market, controlling deposits of $256 million, representing approximately 2.9 percent of market deposits. The HHI would increase 3 points to 1941.

Rock Island-Davenport

Firstar is the fifth largest depository institution in the market, controlling deposits of $214.6 million, representing approximately 5 percent of market deposits. Mercantile is the second largest depository institution in the market, controlling deposits of $595.3 million, representing approximately 13.9 percent of market deposits. After the proposed merger, Firstar would become the second largest depository institution in the market, controlling deposits of $809.9 million, representing approximately 18.9 percent of market deposits. The HHI would increase 140 points to 1061.

Clarksville-Hopkinsville

Firstar is the seventh largest depository institution in the Hopkinsville market, controlling deposits of $94.3 million, representing approximately 5.7 percent of market deposits. Mercantile is the tenth largest depository institution in the market, controlling deposits of $48.6 million, representing approximately 3 percent of market deposits. After the proposed merger, Firstar would become the sixth largest depository institution in the market, controlling deposits of $142.9 million, representing approximately 8.7 percent of market deposits. The HHI would increase 34 points to 1137.

B. Banking Markets With Divestitures, Except the Clinton Banking Market

Dubuque-East Dubuque

Firstar is the fourth largest depository institution in the market, controlling deposits of $130.9 million, representing approximately 9.3 percent of market deposits. Mercantile is the third largest depository institution in the market, controlling deposits of $235.5 million, representing approximately 16.7 percent of market deposits. Firstar proposes to divest two branches with total deposits of approximately $52.4 million. After the proposed merger and divestiture, Firstar would become the third largest depository institution in the market, controlling deposits of $313.9 million, representing approximately 22.3 percent of market deposits. Assuming that Firstar would sell the branches to a suitable out-of-market competitor, the HHI would increase 145 points to 2083.

Mount Pleasant

Firstar is the largest depository institution in the market, controlling deposits of $85.9 million, representing approximately 37.9 percent of market deposits. Mercantile is the second largest depository institution in the market, controlling deposits of $41.3 million, representing approximately 18.2 percent of market deposits. Firstar proposes to divest three branches with total deposits of approximately $41.3 million. After the proposed merger and divestiture, Firstar would remain the largest depository institution in the market, controlling deposits of $85.9 million, representing approximately 37.9 percent of market deposits. Thus, Firstar's market share would not increase in this market. Assuming that Firstar would sell branches to a suitable out-of-market competitor, the HHI would remain unchanged at 2105.

Waterloo

Firstar is the fourth largest depository institution in the market, controlling deposits of $96 million, representing approximately 5.9 percent of market deposits. Mercantile is the second largest depository institution in the market, controlling deposits of $435.2 million, representing approximately 26.7 percent of market deposits. Firstar proposes to divest two branches with total deposits of approximately $43 million. After the proposed merger and divestiture, Firstar would become the second largest depository institution in the market, controlling deposits of $488.2 million, representing approximately 30 percent of market deposits. Assuming that Firstar would sell the branches to a suitable out-of-market competitor, the HHI would increase 156 points to 2584.

Fleet Financial Group, Inc.
Boston, Massachusetts

BankBoston Corporation
Boston, Massachusetts

Order Approving the Merger of Bank Holding Companies

Fleet Financial Group, Inc. ("Fleet"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with BankBoston Corporation ("BankBoston") and thereby acquire BankBoston's subsidiary banks, including its lead subsidiary bank, BankBoston, N.A., Boston, Massachusetts.[1] Fleet also has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire the domestic nonbanking subsidiaries of BankBoston.[2] In addition, Fleet has filed applications and notices under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)), sections 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 601 *et seq.* and 611 *et seq.*), and the Board's Regulation K (12 C.F.R. 211) to acquire the foreign operations and Edge Act subsidiaries of BankBoston.[3]

Fleet, with total consolidated assets of approximately $104.4 billion, is the ninth largest commercial banking organization in the United States, controlling approximately 2.5 percent of total banking assets of insured commercial banks in the United States ("total banking assets").[4] Fleet operates depository institutions in Connecticut, Florida, Maine, Massachusetts, New Hampshire, New Jersey, New York, and Rhode Island. Fleet also engages in a broad range of permissible nonbanking activities nationwide.

BankBoston, with total consolidated assets of approximately $73.5 billion, is the 15th largest commercial banking organization in the United States, controlling approximately 1 percent of total banking assets. BankBoston operates subsidiary banks in Connecticut, Florida, Maine, Massachusetts, New Hampshire, and Rhode Island. BankBoston also engages nationwide in numerous permissible nonbanking activities.

As discussed more fully below, Fleet has proposed to divest branches controlling more than $13 billion in deposits and associated assets in connection with the proposal to address the potential effects of the proposal on competition in various markets in Massachusetts, Connecticut, and Rhode Island. After accounting for the proposed divestitures, the proposal would create a combined organization that would be the eighth largest commercial banking organization in the United States, with total consolidated assets of approximately $164.9 billion, representing approximately 3.5 percent of total banking assets. The combined organization would operate under the name Fleet Boston Corporation ("Fleet Boston"), and would have a significant presence in the northeastern United States.

Factors Governing Board Review of the Transaction

The BHC Act enumerates the factors the Board must consider when reviewing the merger of bank holding companies or the acquisition of banks. These factors are the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved in the transaction; the convenience and needs of the communities to be served, including the records of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") of the insured depository institutions involved in the transaction; and the availability of information needed to determine and enforce compliance with the BHC Act.[5] In cases involving interstate bank acquisitions, the Board also must consider the concentration of deposits nationwide and in certain individual states on consummation of the proposal, as well as compliance with other provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act").[6]

Public Comment on the Proposal

To give interested members of the public an opportunity to submit comments to the Board on the statutory factors that it is charged with reviewing, the Board published notice of the proposal and provided a period of time for public comment.[7] The Board extended the initial period for public comment to accommodate the public interest, providing interested parties more than 54 days to submit written comments on the proposal.

Because of public interest in the proposal, particularly in New England where the combined organization would be a significant competitor, the Board also held a public meeting on the proposal in Boston, Massachusetts, on July 7, 1999. The public meeting gave interested persons an opportunity to present oral testimony on the various factors the Board is charged with reviewing under the BHC Act. Approximately 150 people testified at the public meeting, and many persons who testified also submitted written comments.

In total, approximately 344 individuals and organizations submitted comments on the proposal through oral testimony, written comments, or both. Commenters included several members of the U.S. Congress; state and local government officials; community groups and educa-

1. Fleet also would acquire BankBoston's other subsidiary banks: BankBoston of Florida, N.A., Boca Raton, Florida; and BankBoston Maine, N.A., Portland, Maine.

2. The nonbanking activities of BankBoston for which Fleet has sought approval under section 4 of the BHC Act and the subsidiaries engaged in these activities are listed in Appendix A.

3. Fleet and BankBoston also have requested the Board's approval to hold and exercise stock purchase options that allow Fleet to purchase up to 19.9 percent of BankBoston's common stock and BankBoston to purchase up to 19.9 percent of Fleet's common stock if certain events occur. Fleet and BankBoston would not exercise these options if the merger is consummated.

4. Asset data and rankings are as of December 31, 1998.

5. In cases involving a foreign bank, the Board also must consider whether the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by appropriate authorities in the foreign bank's home country.

6. Pub. L. No. 103-328, 108 Stat. 2338 (1994).

7. Notice of the proposal was published in the *Federal Register* (64 *Federal Register* 27,990 (1999)) and in local newspapers in accordance with the Board's Rules of Procedure. *See* 12 C.F.R. 262.3(b). Notice of the proposal also was listed on the Board's website.

tional and nonprofit organizations; small business owners and groups concerned with business issues; customers of Fleet and BankBoston; organizations interested in purchasing divested assets; union representatives; and other interested organizations and individuals. Comments were submitted by organizations, individuals, and representatives from Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and other states. Commenters filed information and expressed views supporting and opposing the merger.

In evaluating the statutory factors under the BHC Act, the Board carefully considered the information and views presented by all commenters, including the testimony presented at the public meeting and the information submitted in writing. The Board also considered all the information presented in the application, notices, and supplemental filings by Fleet and BankBoston, and various reports filed by the relevant companies, publicly available information, and other reports. In addition, the Board reviewed confidential supervisory information, including examination reports regarding the bank holding companies and the depository institutions involved, and information provided by other federal banking agencies and the Department of Justice. After a careful review of all the facts of record, and for the reasons discussed in this order, the Board has concluded that the statutory factors it is required to consider under the BHC Act and other relevant banking statutes are consistent with approval of the proposal, subject to the conditions noted in this order.

Interstate Analysis

Section 3(d) of the BHC Act, as amended by section 101 of the Riegle-Neal 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 the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of Fleet is Rhode Island,[8] and BankBoston's subsidiary banks are located in Connecticut, Florida, Maine, Massachusetts, New Hampshire and Rhode Island.[9]

Section 3(d) of the BHC Act provides that the Board may not approve a proposal if, after consummation, the applicant would control more than 10 percent of the total deposits of insured depository institutions in the United States.[10] In addition, the Board may not approve a proposal if, on consummation of the proposal, the applicant would control 30 percent or more of the total deposits of insured depository institutions in any state in which both the applicant and the organization to be acquired operate an insured depository institution, or such higher or lower percentage established by state law.[11]

On consummation of the proposal, Fleet Boston would control approximately 2.8 percent of the total amount of deposits held by insured depository institutions in the United States. Fleet Boston would control less than 30 percent, or the appropriate percentage established by applicable state law, of total deposits held by insured depository institutions in Connecticut, Florida, Maine, Massachusetts and New Hampshire, the states in which Fleet currently operates a bank or branch and, on consummation of the proposal, would assume additional deposits.[12] All other requirements of section 3(d) of the BHC Act also would be met after consummation of the proposal.[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 Factors

Section 3 of the BHC Act prohibits the Board from approving an application if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. The BHC Act also prohibits the Board from approving a proposed combination that would substantially lessen competition or tend to create a monopoly in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[14]

The proposed merger of Fleet and BankBoston would combine two banking organizations that are among the largest providers of banking services in a number of markets in Connecticut, Massachusetts, New Hampshire, and Rhode Island. The Board has carefully analyzed the effect of the transaction on competition in the relevant banking

8. *See* 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

9. For purposes of the Riegle-Neal Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. *See* 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and (d)(2)(B).

10. 12 U.S.C. § 1842(d)(2)(A). For this purpose, insured depository institutions include all insured banks, savings banks, and savings associations.

11. 12 U.S.C. § 1842(d)(2)(B)-(D).

12. On consummation, Fleet Boston would control less than 30 percent of total deposits in insured depository institutions in Connecticut, Florida, Maine, and Massachusetts. *See* Conn. Gen. Stat. § 36a-411 (West 1999); Fla. Stat. Ann. § 658.295(8)(b) (West 1999); Me. Rev. Stat. Ann. Tit. 9B, § 375 (West 1999); Mass. Gen. Laws ch. 167A, § 2 (West 1999). The appropriate deposit cap in New Hampshire is set by New Hampshire state law at 20 percent, and Fleet Boston would not, on consummation of the proposal, exceed this limit. *See* N.H. Rev. Stat. Ann. § 384:58(II) (West 1999). In Fleet's home state of Rhode Island, Fleet proposes to divest the entire banking operations of BankBoston on consummation of the proposal, and thus its deposit share in the state would remain unchanged.

13. Fleet is adequately capitalized and adequately managed as defined in the Riegle-Neal Act. 12 U.S.C. § 1842(d)(1)(A). BankBoston's subsidiary banks have been in existence and operated for the minimum periods of time necessary to satisfy the minimum age requirements established by applicable state law. *See* 12 U.S.C. § 1842(d)(1)(B). The Board also has contacted the relevant state banking commissioners regarding, and considered Fleet's record of compliance with, applicable state community reinvestment laws.

14. 12 U.S.C. § 1842(c)(1).

markets in light of all the facts of record, including public comments on the proposal.

A number of commenters contended that the proposal would have a beneficial effect on competition in New England by preserving a large bank headquartered in New England, which these commenters believed would understand and be responsive to the needs of New England customers and would have the resources to offer sophisticated products and services in the region. Some commenters contended that the divestitures proposed by Fleet would assure adequate competition by creating an additional large competitor in New England and, especially to the extent divestitures were made to smaller banking organizations, also would strengthen competition in various local banking markets.

Other commenters asserted that the proposed merger would have significantly adverse effects on competition throughout New England. A number of commenters expressed concern that the merger would reduce the banking options available to consumers and businesses. Various commenters also feared that the combined organization would charge higher fees, offer fewer products and services, and provide less convenient access to banking services. Some commenters expressed particular concern that the combined organization would reduce its home mortgage and small business lending and that other competitors would not be available to compensate for that loss. Other commenters stressed the importance of using the divestiture process to ensure competition for loans to mid-sized businesses; these commenters often suggested that the appropriate geographic market for analyzing the effect of the merger on competition for such loans is statewide or regional in scope.

In order to address the competitive effects of the proposal, Fleet has proposed to divest more than 300 branches located in Massachusetts, Connecticut, and Rhode Island, controlling combined deposits of approximately $13 billion.[15] In several of the largest markets in which Fleet and BankBoston branches overlap, including Boston, Cape Cod, and Worcester, Massachusetts; Hartford, Connecticut; and Newport and Providence, Rhode Island, Fleet proposes to divest all or substantially all the branches of Fleet or Bank Boston, whichever has the smaller market share in the market.[16] If the divested branches were viewed as a stand-alone institution, they would constitute the third largest commercial bank in Massachusetts and in Rhode Island and the ninth largest commercial bank in Connecticut.[17] Fleet also would divest approximately 550 automated teller machines ("ATMs") located in Connecticut, Massachusetts, New Hampshire, and Rhode Island.

Fleet has proposed to transfer substantially all of the branches and ATMs to be divested to a single out-of-market competitor. Based on all the facts of record, it appears that the purchaser would have sufficient scale, expertise, and dedicated resources to compete effectively in serving the credit needs of large and mid-sized businesses, while also providing banking products and services to individuals and small businesses.

In addition, Fleet proposes to sell approximately 30 branches in Massachusetts to several smaller commercial banking organizations that currently operate in the area in which they would acquire the divested branches. Based on all the facts of record, these smaller purchasers also appear to be capable of competing effectively in the areas where their acquisitions would occur.[18] The sale of branches to these smaller competitors should not impede the ability of the larger purchaser to compete effectively with Fleet Boston for large and mid-sized business customers or retail customers.

A. Definition of Banking Markets

In order to determine the effect of a particular transaction on competition, it is necessary to designate the area of effective competition between the parties, which the courts have held is decided by reference to the relevant "line of commerce" or product market and a geographic market. As discussed above, some commenters suggested that the competitive analysis should focus on the impact of the merger on mid-sized businesses, small businesses, or other customers. Commenters also contended that the relevant geographic market for analyzing this merger should be variously defined as regional, statewide, multicity, or intracity.

Product Market. The Board and the courts consistently have recognized that the appropriate product market for analyzing the competitive effects of bank mergers and acquisitions is the cluster of products (various kinds of credit) and services (such as checking accounts and trust administration) offered by banking institutions.[19] According to the Supreme Court, the clustering of banking products and services facilitates convenient access to these products and services, and vests the cluster with economic significance beyond the individual products and services

15. Deposit data are as of June 30, 1998.

16. In general, Fleet would divest Fleet branches in Massachusetts and New Hampshire and BankBoston branches in Connecticut and Rhode Island.

17. Fleet proposes to divest 204 branches with $8.5 billion of deposits in Massachusetts; 50 branches with $2.2 billion of deposits in Rhode Island; 39 branches with $1.8 billion of deposits in Connecticut; and 13 branches with $500 million of deposits in New Hampshire.

18. Each of the acquiring financial institutions would be required to file an application with the appropriate federal financial supervisory authority, which would address the competitive effects of the proposed acquisition, the managerial and financial resources of the acquiror, the effect of the acquisition on the convenience and needs of the community to be served, and other relevant factors.

19. *See Chemical Banking Corporation,* 82 *Federal Reserve Bulletin* 239 (1996) ("*Chemical*"), and the cases and studies cited therein. The Supreme Court has emphasized that it is the cluster of products and services that, as a matter of trade reality, makes banking a distinct line of commerce. *See United States v. Philadelphia National Bank,* 374 U.S. 321, 357 (1963) ("*Philadelphia National*"); *accord United States v. Connecticut National Bank,* 418 U.S. 656 (1974); *United States v. Phillipsburg National Bank,* 399 U.S. 350 (1969) ("*Phillipsburg National*").

that constitute the cluster.[20] Several studies support the conclusion that both businesses and households continue to seek this cluster of services.[21] Consistent with these precedents and studies, and on the basis of the facts of record in this case, the Board concludes that the cluster of banking products and services represents the appropriate product market for analyzing the competitive effects of the proposal.

Geographic Market. In defining the relevant geographic market, the Board consistently has sought to identify the area in which the cluster of products and services is provided by competing institutions and in which purchasers of the products and services seek to obtain these products and services.[22] In applying these standards to bank acquisition proposals, the Board and the courts repeatedly have held that the geographic market for the cluster of banking products and services is local in nature.[23] In delineating the relevant geographic market in which to assess the competitive effects of a banking merger or acquisition, the Board reviews population density; worker commuting patterns; advertising patterns of financial institutions; the presence of shopping, employment, healthcare, and other necessities; and other indicia of economic intergration and the transmission of competitive forces among banks.[24]

In applying these principles, the Federal Reserve Bank of Boston (the "Reserve Bank") has employed a methodology that defines the retail banking market by identifying a market core as cities or counties that contain substantial employment opportunities and then grouping surrounding areas with significant patterns of commuting to and other indicia of economic integration with these market cores. The criteria for adding communities to the market delineation become more stringent as the counties become more remote from the core. Following this approach, the Reserve Bank has identified 18 local banking markets in six states in which Fleet and BankBoston compete.

Based on this analysis, and all the facts of record, including population density, commuting patterns, and other commercial patterns throughout the region in which Fleet and BankBoston compete, the Board concludes that the appropriate geographic markets for considering the competitive effects of the proposal are these 18 local banking markets, which are described in Appendix B.

20. *See Phillipsburg National,* 399 U.S. at 361.

21. *See* Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Households,* 78 *Federal Reserve Bulletin* 169 (1992); Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Small- and Medium-Sized Businesses,* 76 *Federal Reserve Bulletin* 726 (1990).

22. *See, e.g., Sunwest Financial Services, Inc.,* 73 *Federal Reserve Bulletin* 463 (1987); *Pikeville National Corporation,* 71 *Federal Reserve Bulletin* 240 (1985); *Wyoming Bancorporation,* 68 *Federal Reserve Bulletin* 313 (1982), *aff'd* 729 F.2d 687 (10th Cir. 1984).

23. *See Philadelphia National,* 374 U.S. at 357; *Phillipsburg National; First Union Corporation,* 84 *Federal Reserve Bulletin* 489 (1998); *Chemical; St. Joseph Valley Bank,* 68 *Federal Reserve Bulletin* 673 (1982) ("*St. Joseph*").

24. *See Crestar Bank,* 81 *Federal Reserve Bulletin* 200, 201 n.5 (1995); *Pennbancorp,* 69 *Federal Reserve Bulletin* 548 (1983); *St. Joseph; Chemical.*

B. Analysis of Local Banking Markets

The Board has carefully reviewed the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the characteristics of the markets and the projected increase in the concentration of total deposits in depository institutions in these markets ("market deposits"),[25] as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines").[26]

Banking Markets without Divestitures. Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in six banking markets: Fairfield Area and New London, Connecticut; West Palm Beach, Florida; Portland, Maine; Greenfield, Massachusetts; and Manchester, New Hampshire.[27] After consummation of the proposal, the Fairfield, New London, and West Palm Beach banking markets would remain moderately concentrated as measured by the HHI. In the Portland, Greenfield, and Manchester banking markets, banking resources would be highly concentrated as measured by the HHI, but the increase in concentration would be within the DOJ Guidelines and a large number of competitors would remain in each market. Moreover, all of the latter three markets are located in metropolitan areas that are regionally important and are considered generally attractive for entry.

Banking Markets with Proposed Divestitures. Fleet has proposed divestitures in the remaining twelve markets in which Fleet and BankBoston compete: Hartford, New Haven, Torrington, and Waterbury, Connecticut; Boston, Cape Cod, Fall River, New Bedford, Springfield, and Worcester, Massachusetts; and Newport and Providence, Rhode Island.[28] As discussed above, these divestitures include a

25. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data are based on calculations that include the deposits of thrift institutions at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

26. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market is considered unconcentrated if the post-merger HHI is less than 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI is more than 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other facts indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other nondepository financial institutions.

27. The effects of the proposal on the concentration of banking resources in these markets are described in Appendix C.

28. The effects of the proposed merger and divestitures on the concentration of banking resources in these markets are described in Appendix D.

total of more than 300 branches, which account for more than $13 billion in deposits.[29] In each of these markets, Fleet proposes to divest a significant portion of the holdings of either Fleet or BankBoston.[30] After accounting for the proposed divestitures, consummation of the proposal would be consistent with Board precedents and the DOJ Guidelines in all twelve markets in which Fleet has proposed divestitures. Moreover, a large number of competitors would remain in each of these markets, and the markets, many of which are in large metropolitan areas, are generally attractive for entry.

C. Views of Other Agencies and Conclusion

The Department of Justice has conducted a detailed review of the proposal and advised the Board that, in light of the proposed divestitures, consummation of the proposal likely would not have a significantly adverse effect on competition in any relevant banking market. The Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") have been afforded an opportunity to comment and have not objected to consummation of the proposal.

As discussed in this order, the Board has considered the competitive effects of the proposal in each banking market in light of a number of factors that measure or influence the likely competitive effects of the proposed transaction. These factors include the relative market share that would be controlled by the combined organization in each relevant banking market; the level of market concentration and change in concentration that would result from the transaction; the number, size, and relative resources of competitors remaining in each market; and the structure, characteristics, and attractiveness of each market. The Board also has carefully weighed the divestitures proposed by Fleet to address the potential competitive effects in various markets.

After carefully reviewing all the facts of record, including public comments on the competitive effects of the proposal, and for the reasons discussed in this order and its appendices, the Board concludes that consummation of the proposal would not be likely to result in a significantly adverse effect on competition or on the concentration of banking resources in any of the 18 markets in which Fleet and BankBoston both compete, or in any other relevant banking market.[31] Accordingly, based on all the facts of record and subject to completion of the proposed divestitures, the Board has determined that competitive factors are consistent with approval of the proposal.

Financial, Managerial, and Other Supervisory Factors

The Board has carefully considered the financial and managerial resources and future prospects of Fleet, BankBoston, and their respective subsidiary banks in light of all the facts of record. In considering the financial and managerial factors, the Board has reviewed relevant reports of examination and other information prepared by the Reserve Bank and other federal financial supervisory agencies. The Board also has reviewed information on the programs that Fleet and BankBoston have implemented to prepare their systems for the Year 2000, including confidential examination and supervisory information assessing the efforts of the two banking organizations to ensure Year 2000 readiness, both before and after consummation of the proposed transaction.

In evaluating financial factors in expansion proposals by bank holding companies, the Board consistently has considered capital adequacy to be an especially important factor.[32] The Board notes that Fleet and BankBoston and their subsidiary banks are well capitalized and would remain so on consummation of the proposal. Both institutions have reported strong earnings. The Board has considered that the proposed merger is structured as a stock-for-

29. In each market in which Fleet has committed to divest offices to mitigate the anticompetitive effects of the proposal, Fleet has committed to execute, before consummation of the proposal, sales agreements for the proposed divestitures with a purchaser determined by the Board to be competitively suitable, and to complete the divestitures within 180 days of consummation of the proposal. Fleet also has committed that, if it is unsuccessful in completing any divestiture within 180 days of consummation, it will transfer the unsold branch(es) to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branch(es) promptly to one or more alternative purchasers acceptable to the Board. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991). Fleet also has committed to submit to the Board, before consummation of the proposal, an executed trust agreement acceptable to the Board stating the terms of these divestitures.

30. Many commenters expressed concern about the divestiture process, particularly with regard to the role that community banks should play in that process. Numerous commenters believed that community banks should be allowed to purchase a portion of the divested branches in order to increase their market presence and ensure local control of lending and investment decisions. Other commenters believed that all the divested assets should be transferred to a large banking organization that could immediately serve as a viable competitor for the combined organization, especially with regard to competition for lending to mid-sized businesses. As noted above, the proposed divestitures involve the sale of a portion of the branches in Massachusetts to community banks and the sale of the vast majority of assets and branches to a large out-of-market competitor. The BHC Act charges the Board with reviewing and acting on the competitive effects of the proposal submitted by the applicant, without regard to whether alternative proposals might also meet the competitive standards in the Act.

31. One commenter expressed concern about the method by which the Board determines appropriate levels of divestitures and the Board's use of mitigating factors. The commenter presented an alternative approach to assess the competitive effects of the merger proposal, which the commenter has presented to the Board in other merger proposals. For the reasons previously stated by the Board, the Board concludes that its current approach provides a more complete economic analysis of the competitive effects of a proposal in a local banking market than the approach suggested by the commenter. *See NationsBank Corporation*, 84 *Federal Reserve Bulletin* 129 (1998); *see also Norwest Corporation*, 84 *Federal Reserve Bulletin* 1088 (1998).

32. *See, e.g., Banc One Corporation*, 84 *Federal Reserve Bulletin* 961 (1998); *see also, Norwest Corporation*, 84 *Federal Reserve Bulletin* 1088 (1998).

stock transaction and would not increase the debt service requirements of the combined company.

The Board also has considered the managerial resources of the entities involved and the proposed combined organization. Fleet, BankBoston, and their subsidiary depository institutions currently are well managed, and the combined organization would have appropriate risk management processes in place. Senior management of the combined organization would draw from the senior executives of Fleet and BankBoston, based on the individual management strengths of each company. Senior executives of the two companies also have formed a transition team to plan and manage the integration of the bank holding companies and their subsidiaries. Fleet and BankBoston have past experience with merger transactions and have indicated that they are devoting significant resources to address all aspects of the merger process.[33]

In addition, the Board has considered other aspects of the financial condition and managerial resources of the two organizations, including the Board's extensive supervisory experience with Fleet and BankBoston; recent revisions by BankBoston of its management of operating risks; plans for integration of the two companies; plans for achieving Year 2000 readiness; and records of compliance with relevant banking laws. Based on all the facts of record, including a careful review of the comments received, the Board concludes that considerations relating to the financial and managerial resources and future prospects of Fleet, BankBoston, and their respective subsidiaries are consistent with approval of the proposal, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.

Convenience and Needs Considerations

In acting on the proposal, the Board also must consider the convenience and needs of the communities to be served and take into account the records of the relevant 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 their safe and sound operation, and requires the appropriate federal supervisory authority, in evaluating bank expansion proposals, to take into account an institution's record of meeting the credit needs of the entire community, including low- and moderate-income ("LMI") neighborhoods. The Board has carefully considered the convenience and needs factor and the CRA performance records of the subsidiary depository institutions of Fleet and BankBoston in light of all the facts of record, including public comments on the proposal.

33. One commenter questioned whether Fleet has exercised due diligence in reviewing the operations of BankBoston. Based on all the facts of record, the Board considers the managerial resources of Fleet to be appropriate for Fleet to evaluate the proposed acquisition.

Summary of Public Comments Regarding the Convenience and Needs Factor

As noted above, the Board provided an extended public comment period and convened a public meeting in Boston to aid in the collection of information on the aspects of the proposed merger that the Board is required to consider under the BHC Act and other relevant statutes. Approximately 344 interested persons submitted written comments or testified at the public meeting about various aspects of the proposal and, in particular, the effect of the proposal on the convenience and needs of the affected communities and the CRA performance records of the depository institutions involved.

Approximately 97 commenters either expressed support for the proposal or commented favorably on the CRA-related activities of Fleet and BankBoston.[34] Many commenters commended Fleet and BankBoston for providing affordable home mortgages and home improvement loans; offering financial and technical support to small businesses, including small businesses and micro-enterprises owned by women and minorities; sponsoring and supporting a variety of community development activities and affordable housing initiatives; and participating in a number of programs designed to assist and benefit LMI communities and individuals. The commenters praised officers and employees of Fleet and BankBoston for the service and expertise that the staff members of the two banking organizations provide to civic and community groups as board members and volunteers.[35] Commenters also related favorable experiences

34. These commenters included:
(1) Three members of the Rhode Island delegation to the U.S. Congress;
(2) Various community groups, including Dorchester Bay Economic Development Corporation, Dorchester, Massachusetts; Pine Street Inn, Boston, Massachusetts; New York Housing Partnership Development Corporation, New York, New York; Tompkins County Economic Opportunity Corporation, Ithaca, New York; National Association for the Advancement of Colored People, Portland, Maine, chapter; Urban League of Rhode Island, Providence, Rhode Island; and Manchester Neighborhood Housing Services, Manchester, New Hampshire;
(3) Various groups supporting the development and growth of small businesses, including The Center for Women in Enterprise, Boston, Massachusetts; Mercer County Business Association, Mercer County, New Jersey; Association of Hispanic Entrepreneurs of New Britain, New Britain, Connecticut; New Hampshire Business Development Corporation, Manchester, New Hampshire; and New York State Small Business Development Center, Farmingdale, New York; and
(4) Representatives of other community, civic, and nonprofit organizations based in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, and Rhode Island.

35. Some commenters supported the proposal because it would result in a large banking organization headquartered in New England, which would provide local jobs and help maintain local control over banking and investment decisions relevant to the region.
These commenters included:
(1) Twelve members of the Massachusetts delegation to the U.S. Congress;
(2) A number of state and local government officials, including the governors of Massachusetts and New Hampshire; the state

with specific programs and services offered by Fleet and BankBoston. Several owners of small businesses stated that Fleet had offered credit and technical assistance to them when other financial institutions were unwilling to do so.

Approximately 247 commenters opposed the proposal or requested that the Board approve the merger subject to conditions suggested by the commenter.[36] These commenters either expressed specific concerns about the CRA performance records of Fleet and BankBoston, expressed general concerns regarding the effects of large merger proposals on the convenience and needs of the communities to be served, or expressed dissatisfaction with specific transactions involving the commenter and one of the banks involved in the proposal.[37]

A number of the commenters opposed to the merger proposal contended that Fleet has an inadequate record of performance under the CRA, particularly in serving the banking and credit needs of LMI and minority individuals and of census tracts with predominantly LMI and minority populations.[38] Commenters also criticized the lending record of Fleet, as reflected by data reported under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA"). Several commenters alleged that Fleet denied loan applications from minorities at a higher rate than it denied applications from white borrowers, and that outreach efforts by Fleet in LMI and minority communities did not account for this disparity.

Various commenters alleged that Fleet's lending, particularly its home mortgage lending to LMI and minority individuals, had declined in the past after Fleet acquired other banking organizations. Many of these commenters claimed that HMDA data indicated that Fleet's post-merger lending was significantly less than the pre-merger combined lending of Fleet and the institutions it acquired. These commenters feared that a similar decline in lending would occur after Fleet's proposed acquisition of BankBoston. Some commenters were further concerned, in view of the large share of housing-related lending in New England controlled by Fleet and BankBoston, that a decrease in lending by the combined organization would have a disproportionately harmful effect on the availability of loans to LMI and minority individuals and small businesses.

Many commenters also believed that BankBoston had a better record than Fleet of meeting the convenience and needs of the community, and expressed concern about the loss of the BankBoston organization and its expertise and products in CRA-related lending and investments. Several individual commenters were similarly concerned that Fleet would be less accommodating than BankBoston in providing customer service.

Numerous commenters expressed concern about the combined organization's CRA plans for the future.[39] Commenters also criticized Fleet's decision not to enter into community reinvestment agreements with specific community organizations and local government agencies.[40] These commenters asked the Board to require Fleet and BankBoston to provide specific details on how the combined organization would implement its CRA pledge to establish

treasurer of Connecticut; the attorneys general of Connecticut and Massachusetts; the mayors of Boston and Springfield, Massachusetts; Connecticut and Massachusetts state legislators; and members of the Boston City Council and the New York City Council;

(3) Various community groups, including the national office of the Association of Community Organization for Reform Now ("ACORN") and regional offices of ACORN in Dorchester, Mattapan, and Roslindale, Massachusetts; New York, New York; and Bridgeport, Connecticut; Massachusetts Affordable Housing Alliance, Dorchester, Massachusetts; various commenters affiliated with the Massachusetts Association of Community Development Corporations, Boston, Massachusetts; Rhode Island Community Reinvestment Association, Providence, Rhode Island; Inner City Press/Community on the Move, Bronx, New York; Delaware Community Reinvestment Action Council, Inc., Wilmington, Delaware; and representatives of other community and nonprofit organizations based in Connecticut, Florida, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Texas; and

(4) A number of individual customers, unions, and others.

36. These commenters included:

(1) Twelve members of the Massachusetts delegation to the U.S. Congress;

(2) A number of state and local government officials, including the governors of Massachusetts and New Hampshire; the state treasurer of Connecticut; the attorneys general of Connecticut and Massachusetts; the mayors of Boston and Springfield, Massachusetts; Connecticut and Massachusetts state legislators; and members of the Boston City Council and the New York City Council;

(3) Various community groups, including the national office of the Association of Community Organization for Reform Now ("ACORN") and regional offices of ACORN in Dorchester, Mattapan, and Roslindale, Massachusetts; New York, New York; and Bridgeport, Connecticut; Massachusetts Affordable Housing Alliance, Dorchester, Massachusetts; various commenters affiliated with the Massachusetts Association of Community Development Corporation, Boston, Massachusetts; Rhode Island Community Reinvestment Association, Providence, Rhode Island; Inner City Press/Community on the Move, Bronx, New York; Delaware Community Reinvestment Action Council, Inc., Wilmington, Delaware; and representatives of other community and nonprofit organizations based in Connecticut, Florida, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Texas; and

(4) A number of individual customers, unions, and others.

37. Some commenters claimed, for example, that large, multistate banking organizations engage in less community oriented lending, relative to their size and total lending activities, than small banks. Commenters also feared that the combined organization would charge higher fees for and reduce the availability of certain banking services.

38. Several commenters also expressed concern about Fleet's record of serving rural communities, and one commenter alleged that Fleet redlined rural areas of New Hampshire.

39. Commenters criticized Fleet's pledge to provide $14.6 billion toward community lending and development over the next five years as being inadequate compared to the historical level of combined community development and lending activities by Fleet and BankBoston and the asset size of the combined organization. Many commenters also asserted that Fleet's pledge lacked necessary detail and was not equitably distributed to communities outside Massachusetts.

40. Several commenters asserted that Fleet's lending and community development efforts in the past were inadequate except when Fleet worked with a community-based partner or was subject to an enforceable community reinvestment agreement.

a mechanism to enforce the CRA pledge that included community representation, and to enter into detailed, verifiable, and enforceable written agreements with local community groups.

Some commenters also expressed concerns about the impact of the proposed branch divestitures on the communities served by Fleet and BankBoston. Many of these commenters feared that the sale of these branches to a large out-of-state banking organization would result in the loss of local control over lending decisions, reduced sensitivity by bank management to community needs, decreased levels of service, and higher banking and credit-related fees.[41] Several commenters stated that certain branches that Fleet proposed to divest were critical in providing banking services to underserved LMI and minority communities or were subject to agreements to maintain services, and they sought assurances that the purchaser of these branches would not close them or reduce their services.[42] Other commenters feared job losses at the divested branches after their sale.

B. CRA Performance Examinations

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the CRA. As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations of the CRA performance records of the relevant institutions by the appropriate federal financial supervisory agency.[43]

All of Fleet's subsidiary banks received "satisfactory" ratings at the most recent examinations of their CRA performance.[44] In particular, Fleet National Bank, Providence, Rhode Island ("Fleet Bank"), which represents approximately 73 percent of the assets controlled by Fleet, received a "satisfactory" rating from the OCC, as of February 1998. BankBoston's lead subsidiary bank, BankBoston, N.A., Boston, Massachusetts, which represents approximately 90 percent of the assets controlled by BankBoston, received an "outstanding" rating from the OCC at its most recent examination, as of December 1996.[45] BankBoston's other subsidiary bank, Bank of Boston-Florida, N.A., Boca Raton, Florida, received a "satisfactory" rating for CRA performance from the OCC, as of December 1996.[46]

C. CRA Policies and Programs

Fleet has indicated that achieving outstanding CRA ratings for all of its subsidiary banks would be a corporate goal for the combined organization. To reach this goal, Fleet has indicated that the combined organization would maintain the respective strengths and adopt the best CRA policies, products, and practices, of Fleet and BankBoston and honor and reaffirm their respective commitments in CRA-related activities. For example, Fleet Boston proposes to adopt the community development policies and programs of BankBoston, including in particular the First Community Bank model for community banking and the BankBoston Development Company model for community development lending and investments. The Board expects that Fleet Boston would implement policies and programs that help to address the credit and banking needs of local communities, including LMI neighborhoods.

D. Fleet's CRA Performance Record

Fleet Bank Overview. Fleet Bank operates in Massachusetts, Connecticut, portions of upstate New York, and Rhode Island.[47] During 1996 and 1997, the bank made

41. Many of these commenters urged the Board to require Fleet to divest branches to community banks, and some commenters particularly recommended that a minority-owned banking organization be allowed to purchase divested branches.

42. Several commenters asserted that a seasonal branch of BankBoston located in Woods Hole, Massachusetts, did not provide adequate service, and requested that the Board require Fleet to divest the branch to a community bank or close the branch and allow another bank to operate full-time on the premises.

43. The Interagency Questions and Answers Regarding Community Reinvestment provide that an institution's most recent CRA performance evaluation is an 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 the appropriate federal financial supervisor. 64 *Federal Register* 23,618 and 23,641 (1999).

44. Fleet Bank, N.A., Jersey City, New Jersey ("Fleet-NJ"), was examined by the OCC for CRA performance, as of February 1998; Fleet Bank of New Hampshire, Manchester, New Hampshire ("Fleet-NH"), was examined by the Reserve Bank, as of April 1998; Fleet Bank of Maine, Portland, Maine, was examined by the Reserve Bank, as of April 1998; and Fleet Bank, F.S.B., Boca Raton, Florida, was examined by the Office of Thrift Supervision, as of April 1998. The OCC has not yet examined Fleet Bank-Rhode Island, N.A., Providence, Rhode Island, a credit card bank established by Fleet in November 1997.

45. At the time of this examination, the bank was named The First National Bank of Boston ("FNB Boston"). BankBoston changed the name of the bank and merged several banks into FNB Boston after this examination. Each bank that was merged into FNB Boston also had received an "outstanding" rating for CRA performance at its last examination before the merger. The names of the banks and the dates of their last examinations are: Bank of Boston Connecticut, Hartford, Connecticut ("BankBoston-CT"), examined by the FDIC, as of June 1994; Rhode Island Hospital Trust National Bank, Providence, Rhode Island ("Hospital Trust"), examined by the OCC, as of December 1996; BayBank, N.A., Boston, Massachusetts, examined by the OCC, as of March 1996; and BayBank NH, National Association, Nashua, New Hampshire, examined by the OCC, as of May 1994. The most recent CRA performance examinations for FNB Boston, BankBoston-CT, and Hospital Trust are discussed separately in this order. *See also Bank of Boston Corporation,* 82 *Federal Reserve Bulletin* 856, 859 (1996).

46. BankBoston Maine, N.A., Portland, Maine, provides only cash management services to customers of BankBoston, N.A.

47. At the time of its most recent CRA performance examination, the bank owned several subsidiaries, of which the most significant for purposes of considering its CRA performance was Fleet Mortgage Group, Inc., Columbia, South Carolina ("Fleet Mortgage"). In addition, Fleet owned Fleet Community Development Corporation, Providence, Rhode Island ("Fleet CDC"), which engaged in community development lending and investments. Home mortgage loans by Fleet Mortgage and loans and investments by Fleet CDC and Fleet Bank's affiliated banks that were made in Fleet Bank's assessment area were

53,305 HMDA-reported loans, totaling $4.4 billion, and 27,827 loans to small businesses in amounts less than $1 million ("small business loans"), totaling $4.2 billion, in its assessment area. Examiners considered Fleet Bank's lending performance to be particularly strong in making home purchase loans. In every state and in most metropolitan statistical areas ("MSAs") in its assessment area, the percentage of the bank's loans made in LMI census tracts was higher than the percentage of owner-occupied housing located in these census tracts and the percentage of home purchase loans made in these census tracts by lenders in the aggregate. The bank employed several programs to provide affordable home mortgage loans, including:

(1) Fleet's proprietary Affordable Housing program, which featured reduced downpayment requirements, flexible underwriting standards, and no mortgage insurance requirement for borrowers unable to meet traditional secondary market credit standards;

(2) Local partnership programs offered in cooperation with organizations such as ACORN, Neighborhood Assistance Corporation of America ("NACA"), and Hartford Areas Rally Together ("HART"), which were similar to Fleet's proprietary programs but offered more flexible underwriting standards and extensive financial and homebuyer counseling;[48]

(3) Federal government-supported secondary market programs, such as Federal Housing Administration ("FHA") and Veterans Administration ("VA") loans and the Federal National Mortgage Association ("Fannie Mae") Community Home Buyers program, which featured reduced downpayment requirements, flexible underwriting standards, and flexible financing of closing costs; and

(4) State and local government-supported programs, such as the Jumpstart program in Massachusetts, New York, and Rhode Island, which combined a first mortgage loan from a state housing finance authority with an unsecured loan from Fleet Bank at the same rate to cover down payment or closing costs.[49]

Consumer lending by Fleet Bank also was distributed in a manner that generally corresponded to the distribution of the population, including LMI borrowers, in the bank's service area.

For small business lending, examiners reported that Fleet Bank was particularly active in Massachusetts and Connecticut, where the percentage of the bank's small business loans in LMI census tracts was generally 3 percent to 4 percent higher than the comparable percentage for lenders in the aggregate. Through the Fleet INCITY Business and Entrepreneurial Services Group, established to support businesses in LMI areas, Fleet Bank offered small business loans featuring reduced documentation, flexible underwriting, and no minimum loan amount. Fleet CDC also supported small businesses through low-interest loans, longer-term loans, and equity investments in financial intermediaries and nonprofit organizations that focused their efforts on small businesses located in LMI areas. For example, in 1998, Fleet CDC made a $1 million investment in the Boston Community Venture Fund for equity investments in small businesses in LMI areas. Fleet Bank also was an active lender through Small Business Administration ("SBA") programs. Fleet was the largest SBA lender in New England overall in 1997 and the second largest in 1998. In 1999, Fleet reported that it began to offer a new SBA express approval loan program, and the bank made more SBA loans in the first six months of 1999 than it made in all of 1998.

Examiners also judged Fleet Bank's performance in making community development investments to be particularly strong. In 1996 and 1997, the bank made $253 million of qualified investments and grants and committed to make an additional $269 million. The bank's two largest forms of investment consisted of the purchase of $220 million of bond anticipation notes to assist state and local governments in funding efforts to revitalize and stabilize economically depressed areas and the purchase of $60 million of low-income housing tax credits. In addition, in 1997, Fleet Bank entered into an agreement with Neighborhood Housing Services of America ("NHSA") to purchase up to $10 million of affordable first and second mortgages and home improvement loans originated and underwritten by NHSA's local affiliates in Fleet's assessment area. Fleet Bank made an initial purchase under this program of $750,000 in 1998. The bank also committed to make grants of $1.4 million of working capital over three years to NHSA's affiliated NeighborWorks Organizations to support neighborhood revitalization and affordable housing development. In addition, in 1997 Fleet Bank made a grant of $200,000 payable over three years to Local Initiatives Support Corporation to support the participation of seven rural New England community development corporations in Maine, Massachusetts, New Hampshire, and upstate New York in its programs.

According to examiners, Fleet Bank's branch network and ATMs and its alternative delivery systems provided consistent service and reached consumers in all geographic areas, and the products and services that the bank offered were designed to serve all consumers, including LMI individuals. For example, the bank's Basic Checking program allowed up to eight transactions per month for a minimal opening deposit and small monthly fee. Approximately 600 companies participated in the bank's WorkPlace Bank-

included by Fleet Bank for CRA purposes, and thus were included by the OCC in its examination of Fleet Bank's CRA performance.

48. Several commenters affiliated with ACORN and NACA stated that their partnerships with Fleet and BankBoston had allowed underserved LMI and minority individuals to obtain mortgage loans, which in turn had promoted economic growth and stability in poorer neighborhoods. However, these individuals criticized Fleet's decision not to renew the ACORN and NACA partnerships, and opposed the proposal on this basis.

49. Under the Jumpstart program, Fleet Bank made 2,173 loans in 1998, totaling $254.1 million; 1,950 loans in 1997, totaling $202.7 million; and 3,338 loans in 1996, totaling $325.9 million.

ing program, which provided basic banking services at reduced cost to approximately 53,000 households, including LMI households.[50] Fleet Bank also offered multilingual services through its branches, ATMs, and telephone banking system, which enhanced access to services for certain minority communities, and offered seminars for first-time LMI homebuyers and small business owners.

Massachusetts. Examiners commended Fleet Bank for its HMDA-reported lending in LMI areas. During the examination period, the bank made 41 percent of its home purchase loans to LMI borrowers, which exceeded the percentage of LMI households in the general population. The bank's market share among LMI borrowers and in LMI areas significantly exceeded its overall market share. Fleet Bank's housing-related loans to LMI individuals fluctuated, however, decreasing 25.3 percent from 1996 to 1997, while its overall housing-related loans decreased 13.7 percent, and increasing 21.7 percent from 1997 to 1998 while its overall lending increased 48.7 percent.[51]

Examiners also found that Fleet Bank's distribution of small business loans compared favorably with that of other lenders. In 1996 and 1997, the bank made 10,414 small business loans, totaling $1.6 billion, including 6,827 loans, or 66 percent of the total, with principal amounts of less than $100,000. The bank also made 5,049 loans, totaling $345 million, to businesses with annual gross revenues of less than $1 million ("loans to small business"), including 4,403 loans, or 64 percent of the total, to businesses with annual gross revenues of less than $100,000. The percentage of loans to small business that the bank made in LMI areas corresponded closely to the percentage of small businesses located in these areas and exceeded the percentage of loans to these small businesses by lenders in the aggregate. In addition, Fleet Bank made 48 percent of its consumer loans to LMI households, while LMI households constituted 38 percent of all households in the state.

In Massachusetts, Fleet Bank made 19 community development loans during 1996 and 1997, totaling $157 million, including 11 loans, totaling $144.2 million, to support the development of affordable housing;[52] seven loans, totaling $11.6 million, to organizations that promote economic development by financing small businesses; and one loan for $1.2 million to help provide medical and social services to LMI individuals. Examiners also commended Fleet Bank for its qualified community development investment in the state. During 1996 and 1997, the bank invested $220.9 million and provided grants of $3.2 million, and committed to invest an additional $236.5 million and provide grants of an additional $3.5 million. In 1998, the bank made 24 community development loans, totaling $97 million, and several investments, including an investment of $41 million in the Massachusetts Housing Equity Fund, an equity investment pool managed by MHIC to invest in community development projects. Fleet also committed a total of $50 million in loans, grants, technical assistance, and services over 10 years to support the City of Boston Empowerment Zone designated by the Department of Housing and Urban Development ("HUD").

Examiners considered the distribution of Fleet Bank's branches among LMI census tracts to be good. The bank's products, services, and business hours were consistent at all locations, and the array of products and services helped to meet the needs of consumers and businesses across all geographic areas and income levels.[53]

Connecticut. Examiners found the distribution of Fleet Bank's housing-related, consumer, and small business lending in Connecticut to reflect a reasonable penetration of all areas of the state. Low-income and moderate-income borrowers received 8 percent and 17 percent, respectively, of the bank's HMDA-related loans, which closely matched lending to LMI borrowers by lenders in the aggregate. For home purchase lending, the bank's market share of loans to low-income borrowers and in low-income census tracts was twice the bank's overall share of home purchase loans, and its market share in moderate-income census tracts was 1.6 times its overall market share. Twenty-nine percent of Fleet Bank's home mortgage loans were made to moderate-income borrowers in 1996, and 23 percent in 1997, while moderate-income households constituted only 19 percent of total households in Connecticut.

50. Several commenters expressed concern that Fleet would increase fees for banking products and services or eliminate or alter banking products and services after consummation of the proposal. Fleet and BankBoston offer a full range of affordable banking products and services, and Fleet has indicated that it would offer products and services to its customers selected from the current offerings of both organizations. In addition, Fleet and BankBoston participate in the "Basic Banking for Massachusetts" program that offers low-cost checking and savings accounts to low-income customers, and Fleet has announced its goal to open 42,000 new accounts under this program over the next five years. Moreover, although the Board has recognized that banks help to serve the banking needs of communities by making basic services available at nominal or no charge, the CRA does not require an institution to provide any specific types of products or services or limit the fees it charges for them.

51. For lenders in the aggregate, lending to LMI individuals increased from 1996 to 1997 and exceeded Fleet's increase from 1997 to 1998.

52. In 1998, Fleet Bank renewed its $20.5 million participation in a $52 million loan pool managed by the Massachusetts Housing Investment Corporation ("MHIC") to support the purchase, rehabilitation, and new construction of rental, cooperative, and single-room-occupancy affordable housing.

53. Two commenters alleged that Fleet made home purchase and home improvement loans to minority and LMI borrowers in the Boston area in excess of the fair market value of the property, which resulted in excessive debt service and an increased risk of loan default and foreclosure. Fleet has replied that it has taken extensive measures to verify the fair market value of mortgaged property, including imposing strict qualification standards on independent appraisers and requiring loan underwriters to review all appraisals submitted. Fleet Bank also requires additional loan reviews and property inspections to verify the fair market value for all multi-family properties that are sold within two years of a prior sale for 20 percent more than the prior sale and for all multi-family properties regardless of price in certain Boston area neighborhoods. Other commenters requested the Board to consider predatory lending practices allegedly engaged in by Fleet's subprime lending subsidiaries in the past. The Board has considered these allegations in light of the entire record of this case and the findings on these matters made by the Board in previous cases. *See Fleet Financial Group, Inc.*, 82 *Federal Reserve Bulletin* 50 (1996).

In 1998, the bank's housing-related loans to LMI borrowers increased 13 percent. Fleet also increased its affordable mortgage lending in Connecticut in 1998. Affordable mortgage loans increased from 458 in 1997, totaling $42.6 million, to 534 in 1998, totaling $52.6 million. Fleet committed an additional $3 million in 1998, for a total commitment of $14 million, to the HART first-time homebuyers program, which offers below-market interest rate loans to low-income homebuyers. The bank also made 52 percent of its consumer loans in the state to LMI borrowers.

Examiners reported that Fleet Bank made 5,752 small business loans in Connecticut during 1996 and 1997, totaling $863 million, including 3,973 loans, or 71 percent of the total, with principal amounts of less than $100,000. The bank's loans to small business constituted 55 percent of all its commercial loans, compared with 43 percent for lenders in the aggregate. The bank also made a higher percentage of its small business loans in LMI census tracts than did lenders in the aggregate.[54] In 1998, the bank made 2,059 small business loans, totaling $186.2 million, including 414 loans totaling $36.3 million in LMI census tracts, which corresponded closely to the percentage of small business loans made by lenders in the aggregate in LMI census tracts.

The bank made eight community development loans in the state, including six loans, totaling $11 million, to support the development of affordable housing, and two loans, totaling $5.5 million, to help provide medical and social services to LMI individuals. Examiners commended Fleet Bank for the level of its investment in the state to support community development. The bank invested $5.5 million and committed to invest an additional $6.4 million, and made grants of $979,000 and committed to make grants of an additional $979,000. In 1998, Fleet Bank purchased $25 million of mortgage-backed, taxable revenue bonds issued by the Connecticut Housing Finance Authority to fund its affordable mortgage loans.[55]

Examiners found that the distribution of Fleet Bank's branches in LMI census tracts compared favorably with the percentage of LMI census tracts in the state and exceeded the percentage of the statewide population that resided in these areas.

Upstate New York.[56] Examiners considered Fleet Bank's volume of lending in upstate New York to be consistent with its size and scope of operations. During the examination period, it originated 17,117 HMDA-reported loans, totaling $953 million. Examiners reported, however, that between 1996 and 1997 the bank's HMDA-reported lending decreased by 39 percent, which was attributable in part to management and operational changes at Fleet Mortgage and the resulting turnover among loan originators.[57]

The geographic distribution of lending by Fleet Bank was considered reasonable by examiners. However, in several parts of upstate New York, the bank's market share of HMDA-reported loans to LMI borrowers was less than its market share of HMDA-reported loans to all borrowers.[58] Examiners also reported that the percentage of consumer loans that the bank made in LMI census tracts was lower than the percentage of the population residing in these areas.

During the examination period, the bank made 8,207 small business loans, totaling $1.2 billion. The number of small business loans decreased 15 percent from 1996 to 1997, but increased 23 percent from 1997 to 1998, and loans to small business increased 43 percent. Examiners found that the geographic distribution of these loans generally corresponded to the distribution of small businesses in upstate New York, and that the bank made a higher percentage of its small business loans in LMI census tracts than the comparable percentage for lenders in the aggregate.

Examiners commended Fleet Bank for its level of investment in upstate New York. The bank focused on identified credit needs and took a leadership role in many of the organizations it supported.[59] During the examination period, Fleet Bank made investments of $9.4 million and grants of $1.1 million, and committed to make additional investments of $9.5 million and additional grants of $1.3 million.[60]

54. Fleet states that during 1997 and 1998 Fleet Bank was the most active lender in the Connecticut Development Authority's Urbank program to provide small loans and technical assistance to small- and mid-sized businesses in urban areas.

55. Some commenters expressed concern that Fleet Bank did not offer a sweep feature on lawyers' trust accounts to permit the interest earned on these accounts to be collected to fund legal service organizations. Fleet stated that it will make this feature available in Connecticut in the future.

56. This assessment area includes the Albany, Buffalo, Duchess County, Elmira, Glens Falls, Jamestown, Newburgh, Rochester, Syracuse, and Utica Metropolitan Statistical Areas ("MSAs") and the non-MSA areas of Allegany, Cattaraugus, Clinton, Columbia, Cortland, Essex, Franklin, Fulton, Greene, Jefferson, Lewis, Otsego, Seneca, Schuyler, Steuben, Sullivan, St. Lawrence, Tompkins, Ulster, Wyoming, and Yates Counties.

57. Based on HMDA data reported by Fleet, Fleet Bank's total loan originations increased 56 percent from 1997 to 1998, and the percentage of the bank's loan originations to LMI borrowers and in LMI areas increased slightly. However, the percentage of the bank's housing-related loans to LMI borrowers and in LMI areas in 1998 remained lower than the percentage for lenders in the aggregate.

58. Examiners attributed this disparity to the bank's large volume of refinancing among middle- and upper-income borrowers and the scarcity in some areas of affordable housing and financial assistance programs. However, examiners also noted disparities in originating home improvement loans. For example, in the Buffalo MSA, Fleet Bank originated 10.8 percent of all home improvement loans in the market in 1996, but it originated only 2.6 percent in low-income census tracts and only 3.4 percent in moderate-income census tracts.

59. The bank committed $5.3 million to and is the largest investor in Capital Affordable Housing Funding Corporation, a partnership in Albany of banks, community organizations, and local government to help finance the construction of affordable housing and the purchase of affordable housing by LMI households.

60. The bank invested $200,000 during the examination period and invested an additional $100,000 in 1998 in Ibero-American Investors Corporation, a specialized small business investment company in Rochester that assists minority- and women-owned businesses. Fleet Bank also made a grant of $75,000 during the examination period and made a construction loan of $300,000 in 1998 to Frederick Douglass Community Development Corporation in Rochester to help fund the construction of 21 affordable single family homes and a senior citizen

Fleet Bank located 22 percent of its upstate New York branches in LMI census tracts, which approximated the percentage of LMI census tracts among all census tracts in the area and exceeded the percentage of the population residing in LMI census tracts.

Rhode Island.[61] Examiners found that Fleet Bank's housing-related and consumer lending was widely distributed and demonstrated a high level of responsiveness to the credit needs of the state. During 1996 and 1997, the bank originated or purchased 5,818 HMDA-reported loans, totaling $471 million, and the percentage of its home mortgage lending in LMI census tracts was consistent with the percentage of owner-occupied housing units in these areas. In 1996, the bank made 11 percent of all home purchase loans made in moderate-income census tracts by lenders in the aggregate, compared with the bank's market share of 7 percent for all home purchase loans. The bank also made 8.3 percent of its home purchase loans to low-income borrowers, compared with 3.9 percent for lenders in the aggregate, and 26.6 percent to moderate-income borrowers, compared with 17.3 percent for lenders in the aggregate.[62]

More recent HMDA data indicate a significant increase in housing-related lending by the bank. From 1997 to 1998, loan applications increased 66 percent. Affordable mortgage loans also increased from 260 loans originated in 1997, totaling $23.3 million, to 310 loans in 1998, totaling $31.3 million. In LMI census tracts, however, HMDA-reported applications decreased. Loans made in LMI census tracts decreased from 8.8 percent of the bank's housing-related loans in 1997 to 5.6 percent in 1998.

Examiners considered Fleet Bank's distribution of small business loans to be good. During 1996 and 1997, the bank made 2,980 small business loans, totaling $429 million. Approximately 60 percent of the bank's commercial loans were made to small businesses in 1996, compared with 52 percent by lenders in the aggregate. Fleet Bank also generally made a higher percentage of its small business loans and loans to small business to borrowers in LMI census tracts than lenders made in the aggregate. In 1998, the bank made 6.8 percent of its loans to small business in LMI census tracts, compared with 3.7 percent by lenders in the aggregate. The bank also made 37 SBA loans, totaling $11.8 million, in 1998.

Fleet Bank made three loans during the examination period, totaling $600,000, to support the development of affordable housing for LMI households in the Providence-Fall River MSA, and three loans, totaling $6.5 million, to organizations that promoted economic development by providing financing to small businesses. During the examination period, the bank also helped to establish the first low-income community-based credit union in Rhode Island, and made a special deposit of $200,000 for three years at a nominal interest rate to help fund its operations. The bank donated three parcels of real estate, valued at $562,000, to community development organizations and made additional grants to such groups of $424,000 and qualified investments of $10 million. In 1998, the bank made a $500,000 investment in the Business Development Company of Rhode Island to fund equity investments in start-up companies.

Overall, examiners noted that the bank's branches provided reasonable access to banking services in all geographical areas and to all income levels, including LMI census tracts and LMI individuals. The bank's distribution of branches was found by examiners to differ slightly, however, from the distribution of the population, with 19 percent of all branches in LMI census tracts compared with 26 percent of all census tracts designated as LMI areas and 22 percent of the population in the service area residing in these census tracts. Fleet Bank's branches in LMI census tracts had the same hours of operation as its branches in other census tracts in Rhode Island.

Fleet-NH. Examiners found that Fleet-NH was responsive to the credit needs of its assessment area in New Hampshire and had a satisfactory record of lending in all geographical areas, including LMI areas, and serving all borrowers, including LMI borrowers. During the examination period, the bank made 2,139 HMDA-reported loans, totaling $117.4 million, of which 23 percent were made to LMI households. The percentage of HMDA-reported loans that the bank made to LMI borrowers and in LMI census tracts approximated the percentage of LMI borrowers in the population statewide and the percentage of LMI census tracts in the state and also was consistent with the corresponding lending statistics for lenders in the aggregate.[63] In 1998, Fleet-NH made 1,892 HMDA-reported loans, a 79 percent increase from 1997. From 1997 to 1998, loans to

living center. In 1998, Fleet Bank also served as lead bank for a $1.8 million line of credit to support the redevelopment of a closed military base in Rome; made a $300,000 mortgage loan to fund the construction of a round-the-clock day care center and child care training center in Rochester; and made a $75,000 unsecured loan to Buffalo Neighborhood Housing Services to help fund a $300,000 revolving fund for the purchase, rehabilitation, and resale of affordable housing for low-income homebuyers.

61. The number and dollar amount of loans made during the examination period include a small number of loans in the Connecticut portion of the New London-Warwick MSA. Percentage calculations are based solely on loans in the Providence-Fall River MSA, which includes a small number of loans in the Massachusetts portion of this MSA.

62. Some commenters asserted that Fleet's mortgage servicing and collection practices in Rhode Island were inflexible and resulted in an unusually high default rate among LMI borrowers, as indicated by Fleet's loss mitigation record for FHA loans monitored by HUD. Fleet has noted that its loss mitigation record has improved each year since 1996, and that in 1997 it established Fleet Collection and Recovery Service ("FCRS") to manage its Affordable Housing program portfolio loans. According to Fleet, FCRS collectors are trained to work with LMI borrowers and are able to provide extensive financial counseling services and references to community organizations for additional assistance. Fleet also has stated that its record of transferring delinquent loans to third parties is consistent with lending industry standards.

63. Almost all the lending occurred in moderate-income census tracts because less than 1 percent of the state's population and only 180 owner-occupied housing units were in low-income census tracts.

LMI individuals increased 24 percent, and loans in LMI census tracts increased 60 percent.

Consumer lending also was reasonably distributed among borrowers and census tracts at all income levels. In 1997 and the first quarter of 1998, the percentage of consumer loans made by Fleet-NH to LMI households exceeded their percentage of the population in the service area.

Fleet-NH used the Fleet INCITY program, partnership programs, and government-sponsored programs to provide affordable home mortgage and consumer loans. Under the Fleet INCITY Affordable Housing program, the bank made 60 loans, totaling $4.7 million, during the examination period. The bank also funded 30 below-market interest rate loans to low-income borrowers, totaling $2.3 million, that were made by Manchester Neighborhood Housing Services ("Manchester NHS") and French Hill Neighborhood Housing Services ("French Hill NHS") as part of Fleet's $10 million commitment to NHSA. In 1998, the bank made 130 total affordable mortgage loans, totaling $12.5 million.

Fleet-NH made 1,029 small business loans, totaling $114.3 million, in the state during the examination period. Examiners found that the geographical distribution of these loans compared favorably with the percentage of the state's population that resided in LMI census tracts. Examiners favorably noted that all of Fleet-NH's business loans in the state were to small businesses, and that more than 76 percent of the bank's business loans were in principal amounts of less than $100,000, which was consistent with the examiners' profile of businesses in New Hampshire. In 1998, Fleet-NH made 919 small business loans, totaling $80.9 million. Although the number of small business loans declined from 1996 through 1998, the percentage of these loans made in LMI census tracts remained consistent with the percentage of LMI census tracts in the state and the percentage of small business loans in LMI census tracts by lenders in the aggregate.

Examiners also judged Fleet-NH to be an active community development lender. During the examination period, the bank made loans or entered into loan commitments, totaling $12 million, to support community development. Most of these funds were allocated to statewide affordable-housing loan pools and community partnerships. For example, the bank provided $6 million to a $30 million loan pool administered by the New Hampshire Community Reinvestment Coalition to help finance multifamily housing projects. At the time of the examination, the bank had contributed $3 million to the loan pool, which totaled $12 million, and had financed 11 affordable housing projects that had developed 342 units of affordable housing. An affiliate of Fleet-NH also provided construction financing for three of the projects. In addition, the bank extended a $500,000 line of credit to Manchester NHS to purchase and rehabilitate affordable housing units and a $100,000 line of credit to French Hill NHS for an affordable second mortgage program, and offered counseling to LMI homebuyers in partnership with these organizations.

Examiners considered the bank's qualified investments and grants to be responsive to the credit needs and economic development needs of the community it served. During the examination period, Fleet-NH committed to make qualified investments of $6 million. This included an investment of $2 million over two years in the New Hampshire Housing Equity Fund, a nonprofit corporation engaged in rehabilitating and constructing affordable multifamily rental housing for low-income households. Through this fund, Fleet-NH helped to finance four projects to develop 90 housing units.[64] Fleet-NH also invested in the Mariners Village project in Portsmouth, which developed 66 affordable housing units, and the Merrimack Place project in Manchester, which developed 16 affordable housing units. The bank contributed $12 million to a small business venture capital fund that made 26 investments during the examination period, including seven investments in companies in New Hampshire. In 1999, Fleet CDC invested $500,000 in an affiliate of the New Hampshire Business Development Corporation to be used to fund companies that are too small to attract private venture capital funds.

Fleet-NH's branch network was determined by examiners to be accessible throughout the bank's assessment area, including LMI census tracts. Over 20 percent of the bank's branches were located in LMI census tracts, and business hours, products, and services were comparable for all its branches. The bank's alternative delivery systems, including ATMs, 24-hour consumer and business telephone banking, and home banking through personal computers, further increased access. Several branches also offered bilingual teller assistance and ATM services in several languages.

Fleet-NJ.[65] Examiners found that Fleet-NJ lent throughout its assessment area, including LMI census tracts. During the examination period, Fleet-NJ made 13 percent of the total number of home mortgage loans made by all lenders in LMI census tracts in its assessment area, more than twice the market share of any other lender. The bank also had a commendable record of lending to LMI borrowers and, despite competition from much larger financial institutions in the market, was among the five largest lenders to LMI borrowers in the New York City CMSA during 1996 and 1997. Examiners also noted the bank's success in making consumer loans in LMI census tracts and to LMI borrowers.

Examiners reported that Fleet-NJ offered affordable home mortgage loans under proprietary and government-supported loans programs. For example, the bank's Home Mortgage Opportunity Loan program featured below-market interest rates, no points, a 5-percent down payment

64. In 1999, the bank invested an additional $3.1 million in the fund.

65. Fleet-NJ designated its assessment area as all of New Jersey, New York City, and Nassau, Suffolk, and Westchester Counties, all in New York. The New York portion of the service area and the 14 northernmost counties in New Jersey are part of the New York-New Jersey Consolidated MSA ("New York City CMSA") and accounted for 91 percent of the population in the bank's assessment area, 94 percent of the bank's HMDA-reported and small business lending, and 92 percent of the bank's consumer lending.

requirement, and no required private mortgage insurance for applicants with up to 100 percent of the area's median family income. In 1998, Fleet-NJ made 1,235 loans, totaling $86 million, under this program.[66] Another program featured a 5-percent down payment requirement, of which up to 2.5 percent could be provided by grants or gifts.[67]

Examiners considered Fleet-NJ to be very responsive in its small business lending to the credit needs of the communities it served, notwithstanding a decline in lending volume between 1996 and 1997. During this period, the bank made 12,975 small business loans, totaling $2 billion. Three percent of the bank's small business loans were in low-income census tracts, which corresponded to the percentage of small businesses in these areas and the percentage of small business loans by lenders in the aggregate. Lending by Fleet-NJ to small businesses also was consistent with lenders in the aggregate, with 43 percent of the bank's small business loans going to firms with annual gross revenues of less than $1 million and in principal amounts of less than $100,000.[68] Through the Fleet INCITY program, the bank offered small business loans featuring reduced documentation, flexible underwriting criteria, and no minimum loan amount.[69]

Examiners characterized Fleet-NJ as a very active community development lender, because during the examination period the bank made 30 qualified community development loans, totaling $129 million, which resulted in the construction or rehabilitation of 2,300 affordable housing units.[70] Examiners also commended Fleet-NJ for its community development investments. During the examination period, the bank made $41 million of qualified investments and grants and made commitments to provide an additional $74 million of qualified investments.[71]

Examiners found Fleet-NJ's branch network and alternative delivery systems, including proprietary ATMs, telephone banking, and WorkPlace Banking, to be reasonably accessible throughout the bank's assessment area and to persons of all income levels. Eighteen percent of the bank's branches were located in LMI census tracts, compared with the percentage of LMI census tracts and LMI households in the bank's service area, which is 26 percent of the area's census tracts and households. WorkPlace Banking, which offered reduced costs on checking and savings accounts, direct payroll deposit, and reduced rates on loans and ATM-based transactions, was used by 286 companies and approximately 47,700 households throughout the assessment area. Fleet-NJ also offered basic checking and savings accounts and offered to cash U.S. government benefit checks for customers and noncustomers.

E. BankBoston's CRA Performance Record

FNB Boston.[72] Examiners commended FNB Boston for the level of its HMDA-reported lending in LMI census tracts and to LMI borrowers, notwithstanding an overall decrease in HMDA-reported lending by the bank during the examination period that was comparable to a decrease by lenders in the aggregate.[73] During 1998, HMDA-reported lending by FNB Boston increased. The bank made 6,143 housing-related loans, an increase of 51 percent, including 1,694 loans, or 27.6 percent, to LMI borrowers, which exceeded the percentage of LMI borrowers in the state. In consumer lending, the percentage of loans that FNB Boston made in LMI census tracts in Boston and other populated areas of the state was two to three times higher than the percentage for lenders in the aggregate in these areas.

Examiners reported that FNB Boston offered proprietary programs, and participated with several community organizations and in several government-supported programs to provide affordable mortgages.[74] Under its First Step Mortgage program, which featured flexible underwriting for first-time homebuyers with moderate income, FNB Boston made 215 loans, totaling $19 million, in 1995, and 310 loans, totaling $34.4 million, during the first nine months of 1996. Under CommunityLink, a joint partnership with NACA in Lawrence and Bethuen, which featured no down-payment, no closing costs, and homebuyer counseling, the

66. In late 1998, Fleet-NJ modified this program to focus on low-income borrowers. Between September 1998 and February 1999, the bank made 438 loans, totaling more than $50 million, under the modified program.

67. In 1998, Fleet expanded its Down Payment Assistance Grant program to provide grants up to $4,000 to homebuyers who qualify for a VA loan or a loan to be purchased by Fannie Mae.

68. During 1998, in New Jersey, small business loans by Fleet-NJ increased 16 percent, and loans to small business increased 39 percent. The percentage of these loans in low- income census tracts and moderate-income census tracts was comparable to the percentage made by lenders in the aggregate.

69. In 1998 and early 1999, Fleet-NJ made $2 million of loans in New York Chinatown to small businesses that did not satisfy automated lending guidelines.

70. Included among these projects were a $13.1 million construction loan to renovate 12 apartment buildings in East Harlem, creating 133 affordable rental housing units; a $9.7 million construction loan to renovate six apartment buildings in West Harlem, creating 104 affordable rental housing units; an $8 million construction loan to rehabilitate 29 vacant city-owned brownstone residences in New York; a $3 million construction loan to a nonprofit entity to build a 61-unit apartment complex for the elderly in northern New Jersey; and a $3.5 million construction loan to build 128 units of affordable housing for elderly or disabled LMI individuals in Burlington County in southern New Jersey.

71. After the examination period, Fleet-NJ committed $50 million to fund the construction of affordable housing and $7.5 million for small business loans in the Harlem/South Bronx Empowerment Zone designated by HUD.

72. At the time of the examination, FNB Boston served all of Massachusetts, except some areas with small populations in the western part of the state.

73. During 1995 and the first nine months of 1996, the percentage of the bank's HMDA-reported loans in low-income census tracts was two to three times higher than the percentage for lenders in the aggregate, and the percentage of its loans in moderate-income census tracts was 1.5 to two times higher than the aggregate percentage. FNB Boston's HMDA-reported loans to LMI borrowers were similarly higher than the aggregate.

74. Affordable mortgage products constituted 33.6 percent, 30.5 percent, and 41.8 percent of all home mortgage loans made by FNB Boston during 1994, 1995, and the first nine months of 1996, respectively.

bank made 53 loans, totaling $4.7 million, in 1995, and 35 loans, totaling $2.6 million, during the first nine months of 1996. In 1998, the bank made 149 loans, totaling $14 million, under this program. FNB Boston also offered a homebuyer counseling program with ACORN for home purchase and refinance borrowers. In 1998, the bank made 272 loans, totaling $11.3 million, under this program. Under CityHOME, a partnership with the City of Boston to encourage municipal employees to purchase and rehabilitate residential properties in the city, the bank made 18 loans, totaling $1.7 million, in 1995. In 1996, the program was expanded to include the City of Worcester, and the bank made 20 loans, totaling $1.9 million, under the program during the first nine months of 1996. Nineteen loans, totaling $2.9 million, were made under this program in 1998. The bank also participated with the Massachusetts Housing Partnership and several local municipal governments in the Soft Second program to provide below-market interest rate second mortgages in combination with a conventional first mortgage. Under this program, FNB Boston made 275 loans, totaling $11.9 million, during 1995 and the first nine months of 1996. In 1998, the bank made 347 loans, totaling $32.5 million. The bank also made 161 FHA and VA loans, totaling $17.4 million, and 20 below-market interest rate loans through the Massachusetts Housing Finance Authority, totaling $18.4 million, during the examination period.

According to examiners, FNB Boston also provided strong support to small businesses. The bank made 3,108 small business loans, totaling $414 million, in 1995 and 3,352 small business loans, totaling $476 million, during the first nine months of 1996.[75] FNB Boston also was the most active SBA lender in the state and retained this ranking for the next two years. During 1995 and the first nine months of 1996, it made 325 SBA loans, totaling $24.6 million. During a 12-month period ending in September 1997, FNB Boston made 196 SBA loans, totaling $19.4 million. During the next 12 months, the bank made 142 SBA loans, totaling $9.7 million. The bank was designated an SBA preferred lender, which facilitated the review and approval of loan requests by the SBA, and was authorized under the FA$TRAK program to use the bank's documentation for certain loans up to $100,000. The bank made 103 FA$TRAK loans, totaling $3.7 million, during the first nine months of 1996. FNB Boston also participated in several local small business loan pools throughout the state, including the Massachusetts Business Development Corporation, which the bank managed. This program offered small business loans featuring flexible underwriting, and made 210 such loans, totaling $13.5 million, during 1995 and the first nine months of 1996.[76] In 1998, FNB Boston made four loans, totaling $581,000, at below-market interest rates to retain businesses in and attract new businesses to downtown New Bedford.

Examiners stated that FNB Boston promoted community development primarily through its business and real estate lending. Total advances and commitments by FNB Boston during 1995 and the first nine months of 1996 for community development were $213 million.[77] During this period, the bank financed or refinanced 16 multifamily housing projects, totaling $55.5 million, which produced 784 affordable housing units. In 1996, FNB Boston also converted its funding pledge to the Massachusetts Housing Partnership into a grant of $5 million to establish an equity fund to develop affordable housing. This equity fund has financed more than 40 affordable housing projects and provided more than 600 affordable housing units.[78] In 1998, BankBoston CDC made community development investments totaling almost $52 million, including direct investments in three businesses totaling $1.7 million; the direct purchase of $15 million of historic tax credits to help fund the Landmark Center in Boston; and a commitment to the Massachusetts Housing Equity Fund of $11.3 million to be used to purchase low-income housing tax credits.

Examiners concluded that the bank's branch network provided reasonable access for all segments of the community to products and services that addressed the community's credit needs. Twenty-eight percent of all branches were in LMI areas, and an additional 25 percent of all branches were within 1.5 miles of LMI areas. The bank offered a basic checking account for limited account activity, and customers over 65 years old were offered low-cost checking accounts and savings accounts with no minimum balance requirement. FNB Boston also developed a separate division, called First Community Bank, that operated 20 branches initially in neighborhoods with a significant minority population and concentration of LMI households, and that implemented a separate business and marketing plan to provide residents in these neighborhoods with products and services specifically designed for their credit and banking needs. FNB Boston now operates 42 First Community Bank branches in Massachusetts, Connecticut, and Rhode Island, with 137,000 customers and $1.6 billion

75. According to CRA data filed by FNB Boston after the examination, the bank made 5,991 small business loans in all of 1996, totaling $339 million; 6,627 loans in 1997, totaling $347 million; and 9,230 loans in 1998, totaling $404 million.

76. Under a co-lending program, BankBoston Development Company ("BankBoston CDC"), a subsidiary of FNB Boston, makes subordinated loans in amounts up to $250,000 to minority- and women-owned businesses, which the bank treats as equity for purposes of satisfying standard loan underwriting criteria. Through year-end 1998, BankBoston CDC made 23 subordinated loans, totaling $3.8 million, which facilitated the extension of additional senior loans by FNB Boston totaling $17.1 million.

77. Included among these projects were a $19 million construction loan for Lowell Square in the West End section of Boston to produce 184 units of mixed income housing and related retail space; a $3.4 million construction loan and permanent financing for the renovation of the Washington Park Mall in the Roxbury section of Boston; a $1.7 million construction loan to Union Hill Limited Partnership for the construction of 40 units of scattered site affordable housing in Worcester; and a $100 million commitment for working capital, lines of credit, and letters of credit to support the reconstruction and business survival of a major Merrimack Valley textile mill that was destroyed by fire.

78. The bank announced an additional grant of $5 million in 1999 to establish a second equity fund.

of deposits, and Fleet has stated that Fleet Boston would expand the program to 45 branches.

BankBoston-CT. Examiners reported that BankBoston-CT received more than 30 percent of its HMDA-reported loan applications from low-income applicants during the examination period, and the bank continued thereafter to successfully solicit applications from LMI borrowers. The bank received 33.5 percent of its housing-related loan applications from LMI individuals in 1996, 43.2 percent in 1997, and 35 percent in 1998. Loan originations showed a similar pattern. BankBoston-CT made 32.5 percent of its housing-related loans to LMI borrowers in 1996, 41.8 percent in 1997, and 32.5 percent in 1998.

BankBoston-CT also offered or participated in several programs that offered affordable home mortgages. The bank's First Step Mortgage program featured flexible underwriting, reduced downpayment requirements, and lower closing costs for first-time, low-income homebuyers. The bank also participated during the examination period in several programs sponsored by HART and committed to provide $3 million in affordable mortgage loans at below-market interest rates in selected neighborhoods in Hartford. BankBoston-CT made 13 loans in 1997, totaling $1.1 million, under this program and made 23 loans in 1998, totaling $1.4 million. The bank made an additional 21 loans, totaling $1.6 million, in 1998 under an identical program sponsored by the Urban League of Hartford. The bank also participated with the Waterbury Housing Authority to assist public housing tenants and other eligible borrowers in Waterbury by committing $750,000 for second mortgages that the bank would forgive after five years at the rate of 5 percent of the original principal amount per year.

Examiners described BankBoston-CT as an active small business lender. BankBoston-CT participated in the state's Urbank program to help meet the financing needs of small start-up and minority-owned businesses, and established its own small business division that offered microloans with principal amounts as small as $2,000. BankBoston's small business lending rapidly expanded after the examination period. The bank made 478 small business loans in 1996, totaling $57.9 million; 673 loans in 1997, totaling $65.7 million; and 1,563 loans in 1998, totaling $77.8 million. By comparison, both the number and dollar amount of small business loans by lenders in the aggregate decreased from 1996 to 1998. The percentage of the bank's small business loans in LMI census tracts also approximated the percentage of LMI census tracts in the bank's assessment area.

Examiners favorably noted BankBoston-CT's participation in community development projects. The bank made a leading commitment of $1.3 million to the Waterbury Housing Fund for the construction and rehabilitation of multifamily LMI housing, which supported the rehabilitation of 99 units of affordable rental housing, and it made a $2.5 million commitment to the Affordable Housing Fund of Connecticut, of which $1.3 million was invested in a project to develop 148 affordable housing units in downtown New Haven. An investment of $630,000 in the Asylum Hill Limited Partnership funded the development of 14 units of affordable housing in Hartford, and a loan commitment of $450,000 to the Capitol Housing Corporation supported work to complete 91 projects that provided 1,426 affordable housing units in the Hartford area. In 1999, BankBoston-CT entered into an agreement with Fannie Mae for the bank to provide up to $10 million of leveraged financing for affordable housing and neighborhood revitalization projects in the City of Hartford, and made a $1.9 million commitment for its first project loan under this program. BankBoston-CT also invested $1 million in the Connecticut Economic Development Fund to provide credit and technical assistance for small business expansions and relocations that would create significant additional employment opportunities in the state.

Examiners stated that BankBoston-CT provided a full range of credit products to serve its entire community. The bank's First Step products were specifically designed to meet the credit needs of LMI customers.[79] All BankBoston-CT branches cashed government checks for customers without charge and distributed food stamps. The bank conducted a "second look" review of all mortgage applications before a loan could be denied, and a third review of all mortgage loan applications under the First Step program and from all LMI applicants. Examiners found no evidence of prohibited discriminatory or other illegal credit practices and no practices or procedures intended to discourage applications.

Hospital Trust. Examiners commended Hospital Trust for the distribution of its home mortgage and consumer lending. The bank made 39 percent of all its home mortgage loans and 46 percent of all its consumer loans to LMI borrowers. The percentage of the bank's home mortgage loans originated to low-income borrowers was 2.2 times the comparable percentage for lenders in the aggregate in 1995, and 1.3 times the percentage in 1996. For moderate-income borrowers, the percentage of home mortgage loans originated by the bank was 1.5 times the comparable percentage for lenders in the aggregate in 1995 and 1.3 times the comparable percentage in 1996. Hospital Trust maintained its commitment to LMI borrowers after the examination period. In 1997, the bank made 38.6 percent of its housing-related loans to LMI borrowers, and 16.9 percent of such loans to residents of LMI census tracts, compared with 19.3 percent of residents of LMI census tracts in the total population of Rhode Island. In 1998, the bank's housing-related lending increased substantially, although lending to LMI borrowers was unchanged.

Examiners noted that Hospital Trust offered several mortgage products to address the need for affordable mortgage financing in its assessment area. Under the First Step

79. These products included a checking account featuring no monthly service charge with direct deposit, no minimum balance requirement, and six free transactions per month; an interest-bearing savings account featuring no minimum balance, unlimited deposit and withdrawal privileges, and a $1 monthly service charge; and a checking account for customers 60 years or older featuring no service charge, no minimum balance requirement, and no transaction charges.

program, Hospital Trust originated loans in the total amount of $14.4 million in 1995 and $8.4 million in the first nine months of 1996.[80] During this period, the bank also originated 316 FHA and VA loans, totaling $33 million, and 258 loans, totaling $21 million, under several programs sponsored by the Rhode Island Housing and Mortgage Finance Corporation ("RIHFMC"). During 1998 and 1999, Hospital Trust made 18 loans, totaling $1.7 million, under the Opening Doors program for first-time homebuyers sponsored by RIHFMC, which features 100-percent financing and financial counseling.

Hospital Trust also was commended by examiners for its small business lending. In 1995, the bank introduced a one-page form to simplify the application process and reduce the bank's response time for loans for principal amounts of less than $100,000. The volume of lending increased from $91 million during 1995 to $102 million during the first nine months of 1996. In 1997, the bank made 495 small business loans, totaling $46.6 million, and in 1998 its lending increased to 1,130 loans, totaling $57.9 million.[81] From 1995 to 1996, SBA lending doubled to 77 loans for $7.8 million.

Examiners found that Hospital Trust was an active participant in community development projects, with an emphasis on projects that provided affordable housing and supported economic development. During the first nine months of 1996, the bank made 46 percent of all its real estate development loan commitments to nonprofit organizations in LMI census tracts that supported affordable housing or supported economic development, and it helped to finance the development of 522 affordable housing units during the examination period.[82]

Several alternative delivery systems, including loan applications by telephone, provided additional access to the bank's products and services. The bank conducted a "second look" review of all home purchase, home improvement, and consumer loan applications before a loan could be denied and a third review for purchase mortgage applications by LMI applicants. Hospital Trust's conventional mortgage lending affiliate also employed second and third review programs for denied applications by LMI applicants.

80. Hospital Trust also made 287 First Step home improvement loans, totaling $5 million, during the examination period.

81. The bank's loans to small business increased at a similar rate, from 216 loans in 1996, totaling $9.7 million, to 250 loans in 1997, totaling $9.6 million, and 692 loans in 1998, totaling $18.6 million. Small business loans and loans to small businesses by lenders in the aggregate did not show similar increases.

82. These projects included a reduced-rate construction loan to Woonsocket Neighborhood Development Corporation for $510,000 to rehabilitate 14 buildings and create 44 units of affordable housing for very low-income households; a $900,000 revolving line of credit to the Providence Housing Authority to construct 25 new housing units at scattered sites for lease to low-income tenants; and a $925,000 loan to an affiliate of the Women's Development Corporation to acquire and renovate 14 single family homes in North Smithfield to be sold to low-income purchasers.

F. HMDA Data and Fair Lending

The Board has carefully considered the lending records of Fleet and BankBoston in light of comments on HMDA data reported by subsidiaries of the organizations. In particular, commenters alleged that HMDA data from Fleet's banking and nonbanking subsidiaries showed discrimination against minority and LMI credit applicants in violation of the fair lending laws. Commenters also asserted that a substantial overall decrease in housing-related lending has occurred after other acquisitions by Fleet and BankBoston. Commenters expressed concern that this decrease was evidence of a withdrawal by these organizations from housing-related lending, and that allowing consummation of the proposal would result in a substantial decrease in Fleet and BankBoston's lending in various New England markets.

Fleet and BankBoston deny allegations of illegal credit practices and have provided HMDA data and extensive information regarding their lending programs and efforts to serve minority and LMI communities. Fleet also has stated that Fleet Boston would continue to market a variety of products, including home mortgage products, that feature flexible terms and are selected from the current offerings of Fleet and BankBoston, to all segments of its service communities, and would seek to expand the combined organization's customer base through partnerships with community organizations.

The Board has carefully considered the 1996, 1997, and 1998 HMDA data reported by Fleet and BankBoston. The data indicate that both Fleet and BankBoston made a significant number and amount of housing-related loans in each of these years, including in LMI areas and to LMI individuals and minorities. The data generally show that housing-related lending by Fleet and BankBoston declined from 1996 to 1997. The data also show, however, that housing-related lending by Fleet and BankBoston increased from 1997 to 1998, exceeding 1996 levels in several assessment areas and reported loan categories.[83] Moreover, the data show that, although BankBoston withdrew in large part from conventional home mortgage lending during this period, the level of home mortgage lending that it provided to LMI and minority populations in Massachusetts, Connecticut, Rhode Island, and New Hampshire remained the same or increased, and in many cases exceeded lending levels to LMI individual and minorities by lenders in the aggregate. The data indicate a decrease in the percentage of loan applications received by Fleet from minority and LMI individuals. Importantly, the data generally do not indicate that either Fleet or BankBoston is excluding any geographic areas or population segments on a prohibited basis.

The data also reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial groups and persons at different

83. This increase was generally larger for Fleet than for BankBoston. BankBoston sold its remaining interest in a residential mortgage banking subsidiary in 1998.

income levels, both generally and in certain states and local areas. The Board is concerned when an institution's record indicates such disparities in lending, and believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound banking, 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 the data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[84] HMDA data, therefore, have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its communities' credit needs or has engaged in illegal discrimination in making lending decisions.

Because of the limitations of HMDA data, the Board has carefully considered the data in light of other information, including examination reports that provide an on-site evaluation of compliance by the subsidiary banks of Fleet and BankBoston with fair lending laws and the overall lending and community development activities of the banks, as well as fair lending examinations of Fleet Mortgage, which is a subsidiary of Fleet Bank. Examiners found no evidence of prohibited discrimination or illegal credit practices at the subsidiary banks of Fleet or at Fleet Mortgage. Fleet Mortgage's fair lending policies, procedures, training programs, and internal monitoring programs were all considered to be satisfactory.

Examiners also conducted a fair lending examination of FNB Boston's mortgage lending division and the bank's conventional home mortgage lending affiliate in connection with the bank's CRA performance examination. These operations were found to comply with the substantive provisions of antidiscrimination laws and regulations and no evidence of discriminatory credit practices or illegal discrimination was found. Examiners also noted that these operations conducted second and third reviews of loan applications by LMI individuals before they could be denied in order to detect and prevent disparate treatment.

The Board also considered the HMDA data in light of the overall lending records of Fleet and BankBoston, including the lending and other programs outlined above. As the discussion illustrates, both Fleet and BankBoston have implemented a wide variety of programs that help to meet the credit needs of the community in areas apart from home mortgage lending, including, in particular, small business loans and consumer credit.

84. 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. Fleet also has cited increased management and staffing changes at Fleet Mortgage as factors affecting its mortgage lending performance.

As noted above, although HMDA data for Fleet and BankBoston show some fluctuation in their levels of home mortgage lending, a loan product that both organizations consider to be part of their normal business, the data reveal substantial mortgage lending by these organizations throughout the period and a subsequent increase in home mortgage lending that typically equaled or exceeded temporary decreases in home mortgage lending. Importantly, the examinations during this period do not reveal any prohibited discriminatory behavior or illegal credit practices at either organization and confirm that both organizations have made significant efforts to lend in all communities within their assessment areas. Viewed in light of the entire record, the Board does not believe that the HMDA data indicate that Fleet's or BankBoston's records of performance in helping to serve the credit needs of its communities are inconsistent with approval of the proposal.

G. Fleet CRA Pledge

In connection with the proposal, Fleet has announced a five-year, $14.6 billion CRA pledge for all the states served by the combined organization.[85] According to Fleet, this program reflects an increase of approximately 8 percent to the current amounts of CRA-related lending, investments, and charitable contributions by Fleet and BankBoston on a combined basis, after adjusting for the proposed divestitures.[86]

The CRA requires the Board, in considering Fleet's application to acquire BankBoston, to review carefully the actual record of past performance of the insured depository institutions controlled by Fleet and BankBoston in helping to meet the credit needs of all their communities.[87] Consistent with this mandate, the Board previously has held that, to gain approval of a proposal to acquire an insured depository institution, an applicant must demonstrate a satisfactory record of performance under the CRA without reliance on plans or commitments for future action.[88]

The Board has considered the Fleet CRA pledge in this light as an indication of the intent of Fleet and BankBoston to maintain and strengthen their current commitment to

85. The Fleet CRA pledge includes the following primary elements:
(1) $4 billion in affordable home purchase loans for LMI borrowers;
(2) $7.5 billion in small business loans; and
(3) $2 billion in community development loans and investments in LMI areas.

Fleet also indicates that Fleet Boston would maintain the combined annual charitable contributions of Fleet and BankBoston of $25 million for five years. The distribution of funds under the pledge would generally reflect the relative distribution of Fleet Boston's branches among the states served by the organization. In states where BankBoston does not have branches, Fleet expects that its current level of activity would be maintained.

86. As indicated above, commenters criticized the Fleet CRA pledge and various features of the pledge.

87. A number of commenters contended that the Board should not consider the CRA pledge in its review of the proposal.

88. *See Totalbank Corporation of Florida*, 81 *Federal Reserve Bulletin* 876 (1995); *First Interstate Bank Systems of Montana, Inc.*, 77 *Federal Reserve Bulletin* 1007 (1991).

serving the convenience and needs of their communities.[89] The Board notes, moreover, that the future activities of Fleet Boston, including any lending and community development activities in which the subsidiary banks of Fleet Boston might engage under the announced CRA pledge, will be reviewed by the appropriate federal supervisors of those institutions in future performance examinations as the pledge is implemented, and that Fleet Boston's CRA performance record will be considered by the Board in future applications by Fleet Boston to acquire a depository institution.

H. Branch Closures

In view of the extensive branch divestitures that Fleet has proposed, it has not developed definitive plans to close, consolidate, or relocate any branches of Fleet or BankBoston after consummation of the proposal.[90] Nevertheless, commenters expressed concern that the proposal would result in additional branch closings, particularly in LMI areas. The Board has carefully considered the public comments about potential branch closings in light of all the facts of record, including information provided by Fleet.

The Board also has carefully considered the records of Fleet and BankBoston in opening and closing branches and the branch closing policies of Fleet and BankBoston. Examiners have reviewed the performance of both organizations under their branch closing policies on several occasions as part of their review of the banks' CRA performance. The most recent CRA performance examinations of Fleet's subsidiary banks, including Fleet Bank, Fleet-NH, and Fleet-NJ, found that the banks had a satisfactory record of opening and closing branches and provided reasonable access to services for all segments of the bank's communities. These examinations generally noted no materially adverse effects on LMI neighborhoods from branch closings. Examiners also concluded that the branch and ATM networks and alternative delivery systems of Fleet's subsidiary banks reasonably served the credit needs of all segments of their communities, including LMI areas. Examiners also reviewed the branch closing policy and record of branch closings of BankBoston and concluded that its subsidiary banks had a good record of opening and closing branches.

The Board expects that the subsidiary banks of the combined organization would continue to use their respective branch closing policies for any branch closing that may result from the proposal.[91] To permit the Board to assess the effectiveness of the branch closing policy of Fleet, the Board conditions its action on the proposal on the requirement that Fleet report semiannually to the Federal Reserve System during the two-year period after consummation of the proposal all branch closings, including consolidations, that occur as a result of the proposal. For branches closed in LMI census tracts, Fleet also should indicate the proximity of the closed branch to the nearest Fleet branch and the steps that Fleet took to mitigate the impact of the branch closure.[92]

Conclusion on Convenience and Needs Factor

The proposed merger would create a large banking organization that would have a significant presence in New England and in other parts of the country. Accordingly, the Board has carefully reviewed the proposal and its effects on the convenience and needs of all the communities to be served by the combined organization.

In conducting its review, the Board has carefully considered all the comments on the convenience and needs factor. A significant number of commenters expressed support for the proposal based on the records of Fleet and BankBoston in helping to serve the banking and, in particular, the lending needs of their entire communities, including LMI areas. Other commenters questioned whether Fleet has been, and Fleet Boston would be, responsive to the banking and credit needs of all their communities. The Board has carefully considered these concerns and weighed them against the overall CRA records of Fleet and BankBoston, reports of examination of CRA performance, and information provided by the two banking organizations, including Fleet's and BankBoston's responses to the comments.

As discussed in this order, the record in this case demonstrates that Fleet and BankBoston have established records of satisfactory or better performance in helping to meet the convenience and needs of the communities they serve. The record illustrates that there are strengths and weaknesses in the CRA performance record of both organizations, and

89. A number of commenters criticized Fleet for not negotiating agreements with community organizations and stated that Fleet should be required to negotiate CRA agreements with the political leaders and organizations in areas affected by the proposal. The Board previously has noted that, although communications by depository institutions with community groups provide a valuable method of assessing and determining how an institution may best address the credit needs of the community, neither the CRA nor the CRA regulations of the federal financial supervisory agencies require depository institutions to enter into agreements with any organization. *See Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994).

90. Fleet has indicated that there are no immediate plans to consolidate the Fleet and BankBoston subsidiary banks.

91. The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal financial regulatory agency before closing a branch. *See* 12 U.S.C. § 1831r-1; *see also* Interagency Policy Statement on Branch Closings (64 *Federal Register* 34,844 (1999)). The law does not authorize federal regulators to prevent the closing of a branch. Any branch closings resulting from the proposal will be considered by the appropriate federal financial regulatory agency at the next CRA performance examination of the relevant insured depository institution.

92. Several commenters expressed concern that the merger would result in the loss of jobs. The effect of a proposal on employment in a community is not among the factors included in the BHC Act, and the federal banking agencies, courts, and Congress consistently have interpreted the convenience and needs factor to relate to the effect of a proposal on the availability and quality of banking services in the community. *See, e.g., Wells Fargo & Company*, 82 *Federal Reserve Bulletin* 445, 457 (1996).

that both organizations have taken steps to address weaknesses that may emerge in CRA performance. On balance, and based on a review of the entire record, the Board concludes that convenience and needs considerations, including the records of CRA performance by both organizations' subsidiary depository institutions, are consistent with approval of the proposal. The Board expects Fleet Boston to demonstrate no less commitment to helping to serve the banking needs of its communities, including LMI neighborhoods, following consummation of the proposal, than Fleet and BankBoston have demonstrated to date. The Board believes that Fleet's decision to draw on the best CRA policies, practices, and programs of both organizations, with a particular emphasis on implementing the strong community development programs and policies of BankBoston, will help Fleet Boston to demonstrate that commitment.

Nonbanking Activities

Fleet also has filed a notice under section 4(c)(8) of the BHC Act to acquire BankBoston's nonbanking companies and thereby engage in a number of nonbanking activities, including underwriting and dealing to a limited extent in all types of equity and debt securities ("bank-ineligible securities"). The nonbanking activities for which Fleet has requested approval are listed in Appendix A.

A. Activities Approved by Regulation

The Board has determined by regulation that extending credit and servicing loans; activities related to extending credit; leasing personal or real property; providing financial and investment advisory services; providing agency transactional services for customer investments; engaging in investment transactions as principal; certain insurance agency and underwriting activities; and community development activities are all closely related to banking for purposes of the BHC Act.[93] Moreover, the Federal Reserve System previously has approved applications by BankBoston to engage in all the proposed activities. Fleet has committed that, after consummation of the proposal, the combined organization would conduct these nonbanking activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations.

B. Underwriting and Dealing in Bank-Ineligible Securities

Fleet currently is engaged in underwriting and dealing in bank-ineligible securities, to a limited extent, through Fleet Securities, Inc. ("FSI"). BankBoston also currently is engaged in underwriting and dealing in bank ineligible securities, to a limited extent, through BancBoston Robertson Stephens Inc., Boston, Massachusetts ("BBRS"). FSI and BBRS are, and would continue to be, broker-dealers registered with the Securities and Exchange Commission ("SEC") and members of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, both entities would remain subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

The Board has determined that, subject to the framework of prudential limitations established in previous decisions to address the potential for conflicts of interests, unsound banking practices, or other adverse effects, underwriting and dealing in bank-ineligible securities is so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.[94] The Board also has determined that underwriting and dealing in bank-ineligible securities is consistent with section 20 of the Glass–Steagall Act (12 U.S.C. § 377), provided that the company engaged in the activities derives no more than 25 percent of its gross revenues from underwriting and dealing in bank-ineligible securities over a two-year period.[95] Fleet has committed that, after consummation of the transaction, FSI and BBRS each would conduct its bank-ineligible securities underwriting and dealing activities subject to the revenue and prudential limitations previously established by the Board. This order is conditioned on compliance by the combined organization with the revenue restrictions and Operating Standards established for section 20 subsidiaries.[96]

C. Proper Incident to Banking

In order to approve Fleet's notice to engage in nonbanking activities, the Board must determine that the acquisition of

93. *See* 12 C.F.R. 225.28(b)(1), (2), (3), (6), (7), (8), (11)(i), and (12).

94. *See J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 900 F.2d 360 (D.C. Cir. 1990); *Citicorp, et al.*, 73 *Federal Reserve Bulletin* 473 (1987), *aff'd sub nom. Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 839 F.2d 47 (2d Cir.), *cert. den.*, 486 U.S. 1059 (1988) ("*Citicorp*"); as modified by *Review of Restrictions on Director, Officer and Employee Interlocks, Cross-Marketing Activities, and the Purchase and Sale of Financial Assets Between a Section 20 Subsidiary and an Affiliated Bank or Thrift*, 61 *Federal Register* 57,679 (1996), *Amendments to Restrictions in the Board's Section 20 Orders*, 62 *Federal Register* 45,295 (1997); and *Clarification to the Board's Section 20 Orders*, 63 *Federal Register* 14,803 (1998) (collectively, "Section 20 Orders").

95. *See* Section 20 Orders. Compliance with the revenue limitation shall be calculated in accordance with the method stated in the Section 20 Orders, as modified by the *Order Approving Modifications to the Section 20 Orders*, 75 *Federal Reserve Bulletin* 751 (1989); *10 Percent Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities*, 61 *Federal Register* 48,953 (1996); and *Revenue Limit on Bank-Ineligible Activities of Subsidiaries of Bank Holding Companies Engaged in Underwriting and Dealing in Securities*, 61 *Federal Register* 68,750 (1996) (collectively, "Modification Orders").

96. 12 C.F.R 225.200. As long as FSI and BBRS operate as separate corporate entities, both companies will be independently subject to the 25-percent revenue limitation on underwriting and dealing in bank-ineligible securities. *See Citicorp* at 486 n.45.

the nonbanking subsidiaries of BankBoston and the performance of those activities by the combined organization is a proper incident to banking; that is, the Board must determine that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[97]

As part of its evaluation of these factors, the Board considers the financial condition and managerial resources of Fleet and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

The Board also has reviewed the capitalization of the combined organization, FSI, and BBRS in light of the standards set forth in the Section 20 Orders. The Board finds the capitalization of each to be consistent with approval of the proposal and the Section 20 Orders. The Board's determination is based on all the facts of record, including the projections of the volume of bank-ineligible securities underwriting and dealing activities to be conducted by FSI and BBRS. The Board also has considered that Fleet and BankBoston have established policies and procedures to ensure compliance with this order and the Section 20 Orders, including computer, audit, and accounting systems, internal risk management controls, and the necessary operational and managerial infrastructure.

The Board also has considered the competitive effects of the proposed acquisition by Fleet of the nonbanking subsidiaries of BankBoston in light of all the facts of record, including the public comments received. Each of the markets in which the nonbanking subsidiaries of Fleet and BankBoston compete are national or regional and are unconcentrated, and there are numerous providers of each of these services. As a result, the Board expects that consummation of the proposal would have a *de minimis* effect on competition for these services. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisitions proposed in this transaction.

Fleet has indicated that by combining the resources and operations of Fleet and BankBoston, Fleet Boston would be able to provide better products and services more efficiently to the current customers of Fleet and BankBoston and the future customers of Fleet Boston. Fleet has represented that the combined organization would draw on the product strengths of each of its predecessor bank holding companies and offer a greater range of products in a larger number of locations than Fleet and BankBoston could offer separately. Fleet also has maintained that the merger of Fleet and BankBoston would help to ensure the presence of a strong, locally based institution in New England. In addition, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments and actions are consistent, as in this case, with the relevant considerations under the BHC Act.

The Board also believes that the conduct of the proposed nonbanking activities within the framework established by this order, prior orders, and Regulation Y is not likely to result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act is favorable and consistent with approval of Fleet's notice.

Fleet also has provided notice, in accordance with section 4(c)(13) of the BHC Act and section 211.5(c) of the Board's Regulation K (12 C.F.R. 211.5(c)), to acquire BankBoston's foreign banking and nonbanking operations. In addition, Fleet has applied as required by sections 25 and 25A of the Federal Reserve Act and section 211.5(c) of Regulation K to acquire BankBoston International and Boston Overseas Financial Corporation, both of which are organized under section 25A of the Federal Reserve Act. The Board concludes that all the factors it is required to consider under the Federal Reserve Act, the BHC Act, and the Board's Regulation K in connection with the foregoing notices are consistent with approval of the proposal.

Requests for Additional Public Meetings

A number of commenters requested that the Board hold additional public meetings or hearings on the proposal in areas that may be affected by the merger, including communities in Massachusetts, Connecticut, and Rhode Island. The Board has carefully considered these requests in light of the BHC Act, the Board's Rules of Procedure, and the substantial record developed in this case.[98]

As explained above, the Board held a public meeting on the proposal in Boston to clarify issues related to the applications and notices and to provide an opportunity for members of the public to testify.[99] The Board considered Boston the appropriate location for the public meeting because Fleet Boston would be headquartered there, and because Boston was a reasonably central location in the region in which the new bank holding company would

97. 12 U.S.C. § 1843(c)(8).

98. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. 12 U.S.C. § 1842(b). In this case, the Board has not received such a recommendation from any state or federal supervisory authority.

99. *See* 12 C.F.R. 262.3(e) and 262.25(d).

have its most significant geographic presence. Approximately 150 interested persons appeared and provided oral testimony at the public meeting, including elected representatives, the attorneys general of Massachusetts and Connecticut, members of community groups from cities and towns throughout New England, and representatives of businesses and business groups throughout New England. In addition, the public comment period provided more than 54 days for interested persons to submit written comments on the proposal, and the Board received and considered written comments from approximately 200 interested persons who did not testify at the public meeting.

In the Board's view, all interested persons had ample opportunity to submit their views either in writing or orally at the public meeting in Boston. Numerous commenters, in fact, submitted substantial materials that have been carefully considered by the Board in acting on the proposal. Commenters requesting additional public meetings have failed to show why their written comments do not adequately present their views, evidence, and allegations. They also have not shown why the public meeting in Boston and the 54-day comment period did not provide an adequate opportunity for all interested parties to present their views and voice their concerns. For these reasons, and based on all the facts of record, the Board has determined that additional public meetings or hearings are not required and are not necessary or warranted to clarify the factual record on the proposal. Accordingly, the requests for additional public meetings or hearings on the proposal are hereby denied.[100]

100. A number of commenters requested that the Board delay action on the proposal or extend the comment period until:
(1) Fleet provided more detail about its $14.6 billion, five-year community development pledge;
(2) Fleet entered into a written, detailed, and publicly verifiable CRA agreement produced through negotiations with community groups;
(3) Fleet agreed to renew its home mortgage partnership agreements, particularly those with ACORN and NACA; or
(4) Fleet entered into new CRA agreements with local community groups.

The Board believes that the record in this case does not warrant postponement of the Board's consideration of the proposal. The Board has accumulated a significant record in this case, including reports of examination, supervisory information, public reports and information, and considerable public comment. Moreover, as discussed more fully above, the CRA requires the Board to consider the existing record of performance of an organization and does not require that an organization enter into contracts or agreements with others to implement the organization's CRA programs. For the reasons discussed above, the Board believes that commenters have had ample opportunity to submit their views and, in fact, they have provided substantial written submissions and oral testimony that have been considered carefully by the Board in acting on the proposal. Based on a review of all the facts of record, the Board concludes that the record in this case is sufficient to warrant Board consideration and action on the proposal at this time, and further delay of consideration of the proposal, another extension of the comment period, or denial of the proposal on the grounds discussed above, including on the basis of informational insufficiency, is not warranted.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications and notices should be, and hereby are, approved. In reaching this conclusion, the Board has carefully considered all oral testimony and the written comments regarding the proposal in light of the factors it is required to consider under the BHC Act and other applicable statutes.

Approval of the applications and notices is specifically conditioned on compliance by Fleet with all the commitments made in connection with the proposal and with the conditions stated or referred to in this order, including Fleet's divestiture commitments and the requirement that Fleet Boston file periodic branch closing reports. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this transaction, the commitments and conditions referred to in this order and in the applications and notices shall be 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. Underwriting and dealing in any manner other than as approved in this order and the Section 20 Orders (as modified by the Modification Orders) is not within the scope of the Board's approval and is not authorized for Fleet Boston.

The acquisition of BankBoston's subsidiary banks shall not be consummated before the fifteenth calendar day following the effective date of this order, and no part of the proposal shall 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 September 7, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix A

Nonbanking Activities of BankBoston

(1) Extending credit and servicing loans in accordance with section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1)), through BancBoston Robertson Stephens Inc. ("BBRS"), BancBoston Investments Inc.,

and BancBoston Real Estate Capital Corporation, all of Boston, Massachusetts; and Back Bay Capital Funding LLC, Wilmington, Delaware.

(2) Activities related to extending credit in accordance with section 225.28(b)(2) of Regulation Y (12 C.F.R. 225.28(b)(2)), through BBRS.

(3) Engaging in leasing personal or real property in accordance with section 225.28(b)(3) of Regulation Y (12 C.F.R. 225.28(b)(3)), through Bank Boston Leasing Investments Inc., Boston, Massachusetts ("BBLI").

(4) Providing financial and investment advisory services in accordance with section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6)), through BBRS.

(5) Providing agency transactional services for customer investments in accordance with section 225.28(b)(7) of Regulation Y (12 C.F.R. 225.28(b)(7)), through BBRS.

(6) Engaging in investment transactions as principal in accordance with section 225.28(b)(8) of Regulation Y (12 C.F.R. 225.28(b)(8)), through BBRS.

(7) Engaging in insurance agency and underwriting activities in accordance with section 225.28(b)(11)(i) of Regulation Y (12 C.F.R. 225.28(b)(11)(i)), through RIHT Life Insurance Company, Phoenix, Arizona.

(8) Engaging in community development activities in accordance with section 225.28(b)(12) of Regulation Y (12 C.F.R. 225.28(b)(12)), through BBLI.

Appendix B

Definitions of Banking Markets in which Fleet and BankBoston Directly Compete

A. Connecticut Banking Markets

Fairfield Area: Connecticut portion of the Metropolitan New York City Rand McNally Marketing Area ("RMA") and the townships of Kent, Roxbury, Warren, and Washington in Litchfield County.
Hartford: Hartford RMA and the townships of Hampton and Scotland in Windham County; Hartland in Hartford County; and Union in Tolland County.
New Haven: New Haven RMA.
New London: New London RMA and the townships of Sterling in Windham County and Lyme and Voluntown in New London County.
Torrington: Torrington RMA and the townships of Colebrook, Goshen, and Norfolk in Litchfield County.
Waterbury: Waterbury RMA.

B. Florida Banking Market

West Palm Beach: Palm Beach County east of Loxahatchee and the towns of Indiantown and Hobe Sound in Martin County.

C. Maine Banking Market

Portland: Portland RMA and the townships of Baldwin, Naples, Pownal, and Sebago in Cumberland County; Dayton, Hollis, Kennebunkport, Lyman, and North Kennebunkport in York County: and the city of Biddeford in York County.

D. Massachusetts Banking Markets

Boston: Boston RMA and the town of Lyndeboro in New Hampshire.
Cape Cod: Barnstable County.
Fall River: Fall River RMA.
Greenfield: Franklin County, excluding the towns of Deerfield, Leverrett, Monroe, New Salem, Orange, Shutesbury, Sunderland, Warwick, and Whately.
New Bedford: New Bedford RMA.
Springfield: Springfield RMA and the towns of Otis in Berkshire County; Deerfield, Leverett, Shutesbury, and Whately in Franklin County; Blanford, Chester, Granville, and Tolland in Hampden County; Chesterfield, Cummington, Goshen, Pelham, Plainfield, Westhampton, and Worthington in Hampshire County; and Hardwick and Warren in Worcester County.
Worcester: Worcester RMA and the towns of Brimfield and Wales in Hampton County and Hubbardston in Worcester County.

E. New Hampshire Banking Market

Manchester: Manchester RMA and the towns of Deerfield in Rockingham County and New Boston in Hillsborough County.

F. Rhode Island Banking Markets

Newport: Newport RMA.
Providence: Providence-Warwick RMA.

Appendix C

Banking Markets With No Divestitures

A. Connecticut Banking Markets

Fairfield Area - Fleet is the largest depository institution in the market, controlling deposits of $3.2 billion, representing approximately 23.1 percent of market deposits.

BankBoston is the 10th largest depository institution in the market, controlling deposits of $260 million, representing 1.9 percent of market deposits. On consummation of the proposal, Fleet would remain the largest of 38 depository institutions in the market, controlling deposits of $3.4 billion, representing 25 percent of market deposits. The HHI would increase 87 points to 1283.
New London - Fleet is the second largest depository institution in the market, controlling deposits of $510 million, representing 21.1 percent of market deposits.

BankBoston is the 14th largest depository institution in the market, controlling deposits of $3.8 million, representing less than 1 percent of market deposits. On consummation of the proposal, Fleet would remain the second largest of 13 depository institutions in the market, controlling deposits of $514 million, representing 21.3 percent of market deposits. The HHI would increase 7 points to 1724.

B. Florida Banking Market

West Palm Beach - Fleet is the 24th largest depository institution in the market, controlling deposits of $76 million, representing less than 1 percent of market deposits.

BankBoston in the 37th largest depository institution in the market, controlling deposits of $17 million, also representing less than 1 percent of market deposits. On consummation of the proposal, Fleet would remain the 24th largest depository institution in the market, controlling deposits of $93 million, representing less than 1 percent of market deposits. The HHI would remain unchanged at 1115.

C. Maine Banking Market

Portland - Fleet is the second largest depository institution in the market, controlling deposits of $778 million, representing 24.2 percent of market deposits.

BankBoston is the 11th largest depository institution in the market, controlling deposits of $26 million, representing less than 1 percent of market deposits. On consummation of the proposal, Fleet would remain the second largest of 14 depository institutions in the market, controlling deposits of $804 million, representing 25 percent of market deposits. The HHI would increase 39 points to 2448.

D. Massachusetts Banking Market

Greenfield - Fleet is the third largest depository institution in the market, controlling deposits of $67 million, representing 15.1 percent of market deposits.

BankBoston is the sixth largest depository institution in the market, controlling deposits of $20 million, representing 4.4 percent of market deposits. On consummation of the proposal, Fleet would remain the third largest of 5 depository institutions in the market, controlling deposits of $87 million, representing 19.5 percent of market deposits. The HHI would increase 133 points to 2568.

E. New Hampshire Banking Market

Manchester - Fleet is the second largest depository institution in the market, controlling deposits of $589 million, representing 25.2 percent of market deposits.

BankBoston is the fourth largest depository institution in the market, controlling deposits of $70 million, representing 3 percent of market deposits. On consummation of the proposal, Fleet would remain the second largest of eight depository institutions in the market, controlling deposits of $659 million, representing 28.2 percent of market deposits. The HHI would increase 150 points to 3241.

Appendix D

Banking Markets With Divestitures

A. Connecticut Banking Markets

Hartford - Fleet is the largest depository institution in the market, controlling deposits of $9.8 billion, representing 49.8 percent of market deposits.

BankBoston is the third largest depository institution in the market, controlling deposits of $1.5 billion, representing 7.4 percent of market deposits. Fleet proposes to divest 32 branches, controlling total deposits of $1.5 billion, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would remain the largest of 34 depository institutions in the market, controlling deposits of $9.8 billion, representing 49.8 percent of market deposits. The HHI would remain unchanged at 2824.

New Haven - Fleet is the third largest depository institution in the market, controlling deposits of $1 billion, representing 17.1 percent of market deposits.

BankBoston is the fifth largest depository institution in the market, controlling deposits of $540 million, representing 9 percent of market deposits. Fleet proposes to divest three branches, controlling total deposits of $97 million, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would become the largest of 14 depository institutions in the market, controlling deposits of $1.5 billion, representing 24.5 percent of market deposits. The HHI would increase 229 points to 1594.

Torrington - Fleet is the third largest depository institution in the market, controlling deposits of $102.6 million, representing 15.1 percent of market deposits.

BankBoston is the fifth largest depository institution in the market, controlling deposits of $69 million, representing 10.2 percent of market deposits. Fleet proposes to divest one branch, controlling deposits of $69 million, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would remain the third largest of 10 depository institutions in the market, controlling deposits of $102.6 million, representing 15.1 percent of market deposits. The HHI would remain unchanged at 1706.

Waterbury - Fleet is the fifth largest depository institution in the market, controlling deposits of $141 million, representing 5.6 percent of market deposits.

BankBoston is the third largest depository institution in the market, controlling deposits of $416 million, representing 16.4 percent of market deposits. Fleet proposes to divest three branches, controlling total deposits of $185 million. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would become the third largest of 15 depository institutions in the market, controlling deposits of $372 million, representing 14.6 percent of market deposits. The HHI would decrease by 32 points to 1463.

B. Massachusetts Banking Markets

Boston - Fleet is the second largest depository institution in the market, controlling deposits of $12.6 billion, representing 15.2 percent of market deposits.

BankBoston is the largest depository institution in the market, controlling deposits of $24 billion, representing 28.7 percent of market deposits. Fleet proposes to divest 153 branches, controlling total deposits of $6.7 billion, to an out-of-market competitor, and a total of 14 branches, controlling total deposits of $490 million, to competitively suitable in-market competitors. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would become the largest of 182 depository institutions in the market, controlling deposits of $29.2 billion, representing 35.3 percent of market deposits. The HHI would increase 261 points to 1636.

Cape Cod - Fleet is the fourth largest depository institution in the market, controlling deposits of $331 million, representing 11.8 percent of market deposits.

BankBoston is the second largest depository institution in the market, controlling deposits of $585 million, representing 20.9 percent of market deposits. Fleet proposes to divest one branch, controlling deposits of $12.7 million, to an out-of-market competitor, and a total of 14 branches, controlling total deposits of $281 million, to competitively suitable in-market competitors. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would become the second largest of 11 depository institutions in the market, controlling deposits of $585 million, representing 20.9 percent of market deposits. The HHI would increase 37 points to 1622.

Fall River - Fleet is the sixth largest depository institution in the market, controlling deposits of $123 million, representing 11 percent of market deposits.

BankBoston is the largest depository institution in the market, controlling deposits of $212 million, representing 19 percent of market deposits. Fleet proposes to divest three branches, controlling total deposits of $50.8 million, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would become the largest of nine depository institutions in the market, controlling deposits of $285 million, representing 25.5 percent of market deposits. The HHI would increase 187 points to 1501.

New Bedford - Fleet is the largest depository institution in the market, controlling deposits of $415 million, representing 28.5 percent of market deposits.

BankBoston is the fourth largest depository institution in the market, controlling deposits of $167 million, representing 11.5 percent of market deposits. Fleet proposes to divest two branches, controlling total deposits of $105 million, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would remain the largest of ten depository institutions in the market, controlling deposits of $477 million, representing 32.8 percent of market deposits. The HHI would increase 183 points to 2058.

Springfield - Fleet is the third largest depository institution in the market, controlling deposits of $897 million, representing 15.8 percent of market deposits.

BankBoston is the largest depository in the market, controlling deposits of $1.1 billion, representing 20 percent of market deposits. Fleet proposes to divest four branches, controlling total deposits of $208 million, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would become the largest depository institution in the market, controlling deposits of $1.8 billion, representing 32.4 percent of market deposits. The HHI would increase 407 points to 1603.

Worcester - Fleet is the second largest depository institution in the market, controlling deposits of $1.1 billion, representing 24.6 percent of market deposits.

BankBoston is the largest depository institution in the market, controlling deposits of $1.4 billion, representing 32.3 percent of market deposits. Fleet proposes to divest 23 branches, controlling total deposits of $1.1 billion, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would become the largest of 25 depository institutions in the market, controlling deposits of $1.4 billion, representing 32.3 percent of market deposits. The HHI would remain unchanged at 1833.

C. Rhode Island Banking Markets

Newport - Fleet is the fourth largest depository institution in the market, controlling deposits of $55 million, representing 12.6 percent of market deposits.

BankBoston is the third largest depository institution in the market, controlling deposits of $86 million, representing 19.6 percent of market deposits. Fleet proposes to divest three branches, controlling total deposits of $86 million, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would remain the fourth largest of five depository institutions in the market, controlling deposits of $55 million, representing 12.6 percent of market deposits. The HHI would remain unchanged at 2437.

Providence - Fleet is the largest depository institution in the market, controlling deposits of $8.6 billion, representing 50 percent of market deposits.

BankBoston is the third largest depository institution in the market, controlling deposits of $2.3 billion, representing 13.6 percent of market deposits. Fleet proposes to divest 49 branches, controlling total deposits of $2.5 billion, to an out-of-market competitor. On consummation of the proposal, and after accounting for the proposed divestitures, Fleet would remain the largest of 18 depository institutions in the market, controlling deposits of $8.6 billion, representing 50.2 percent of market deposits. The HHI would increase 12 points to 3465.

ORDERS ISSUED UNDER BANK MERGER ACT

United Bank of Philadelphia
Philadelphia, Pennsylvania

Order Approving Acquisition and Establishment of Branches

United Bank of Philadelphia ("United"), a state member bank,[1] has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to acquire four branches of First Union National Bank, Charlotte, North Carolina ("First Union") Philadelphia, Pennsylvania. United also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branches at the locations of the branches to be acquired, as described in the Appendix.

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the acquisitions were requested from the United States Attorney General and the other federal banking agencies. The time for filing comments has expired, and the Board has considered the application and all facts of record in light of the factors set forth in the Bank Merger Act and section 9 of the Federal Reserve Act.

The Bank Merger Act prohibits the Board from approving an application if the proposal would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking.[2] The Bank Merger Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any relevant market, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effects of the transaction in meeting the convenience and needs of the community to be served.[3]

United is the 58th largest depository institution in the Philadelphia market,[4] controlling deposits of $107.5 million, representing less than 1 percent of total deposits controlled by depository institutions in the market ("market deposits").[5] First Union is the largest depository institution in the market, controlling deposits of $25.6 billion, representing approximately 37.6 percent of market deposits. The four branches that United proposes to acquire control approximately $61.1 million of deposits, representing less than 1 percent of market deposits. On consummation of the proposal, United would become the 40th largest depository institution in the Philadelphia banking market, controlling deposits of $168.6 million, representing less than 1 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would not increase and would be 1767 after consummation of the proposal. The proposal would be consistent with the Department of Justice Merger Guidelines ("DOJ Guidelines"),[6] and the Department has advised the Board that consummation of the proposal would not likely have a significant adverse effect on competition in any relevant banking market. The other federal banking agencies also have been afforded an opportunity to comment and have not objected to consummation of the proposal.

After carefully reviewing these and all other facts of record, the Board concludes that consummation of the proposed transaction would not be likely to result in a significantly adverse effect on competition or on the concentration of banking resources in the Philadelphia banking market or any other relevant banking market. Accordingly, the Board has determined that competitive factors are consistent with approval.

In reviewing this proposal under the Bank Merger Act and section 9 of the Federal Reserve Act, the Board also has considered the financial and managerial resources and future prospects of United. The Board has reviewed these factors in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of the bank.

The Board has stated and continues to believe that capital adequacy is an especially important factor in analyzing the expansion proposals of banking organizations.[7] The Board notes that United has raised additional capital in anticipation of and as part of the proposal and would remain well capitalized on consummation of the proposal. The Board also has carefully considered projections pro-

1. United is a wholly owned subsidiary of United Bancshares, Inc., Philadelphia, Pennsylvania.

2. 12 U.S.C. § 1828(c)(5)(A).

3. 12 U.S.C. § 1828(c)(5)(B).

4. The Philadelphia banking market comprises Philadelphia, Bucks, Chester, Delaware, and Montgomery Counties, in Pennsylvania; and Burlington, Camden, Gloucester, and Salem Counties and the southwestern portion of Mercer County, in New Jersey.

5. In this context, depository institutions include community banks, savings banks, and savings associations. All deposit data are as of June 30, 1998, and are adjusted for structural changes since that date. Market share data are based on calculations that include the deposits of thrift institutions at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

6. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal thresholds for an increase in the HHI when screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

7. *See, e.g., Deutsche Bank AG,* 85 *Federal Reserve Bulletin* 509, 511 (1999); *Chemical Banking Corporation,* 82 *Federal Reserve Bulletin* 239, 243 (1996); *BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338, 343 (1992).

vided by United of the financial benefits that are expected to result from the proposal, including projected operating revenues and expenses. Based on all the facts of record, including the commitments provided by United in connection with this case, the Board concludes that considerations relating to the financial and managerial resources and future prospects of United are consistent with approval.

The Bank Merger Act also requires the Board to consider the convenience and needs of the communities to be served. In considering this factor, the Board has reviewed United's record of performance under the Community Reinvestment Act, 12 U.S.C. § 2901 *et seq.* ("CRA"). United received an "outstanding" rating at its most recent examination for CRA performance by the Federal Reserve Bank of Philadelphia, as of March 1997.

The Board also notes United's role in serving the banking and credit needs of low-income individuals and minority individuals in Philadelphia. Sixty-six percent of the census tracts in United's service area are designated as low-income. United offers products and services tailored to meet the needs of the community it serves, including checking accounts with no monthly service charges for customers who maintain a $100 minimum balance. United and its affiliates also provide traditionally underserved individuals with credit counseling and financial workshops that address such subjects as personal finances, small business financial management, and the fundamentals of maintaining a banking relationship. Based on its review, and for the reasons discussed above, the Board concludes that convenience and needs considerations, including the CRA performance records of the institutions involved, are consistent with approval.

As part of its review of the proposal under section 9 of the Federal Reserve Act, the Board also has considered the location of each of the branches to be established by United. As a state member bank, United is authorized to establish a branch at the location of each branch it proposes to acquire. The proposal also is consistent with all other provisions of section 9 of the Federal Reserve Act and the Board's regulations thereunder.[8]

Based on the foregoing and all the facts of record, the Board has determined that the proposal should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by United with all the commitments made in connection with the applications. For purposes of this action, the commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisition of the branches may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended by the Board or by the Federal Reserve Bank of Philadelphia, acting pursuant to delegated authority.

8. *See* 12 C.F.R. 208.6.

By order of the Board of Governors, effective September 7, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix

Branch locations to be acquired by United Bank of Philadelphia, all in Philadelphia, Pennsylvania

(1) 1620 Wadsworth Avenue.
(2) 2836 West Girard Avenue.
(3) 3945–49 Chestnut Street.
(4) 1501 North Broad Street.

Orders Issued Under International Banking Act

Caixa Geral de Depósitos S.A.
Lisbon, Portugal

Order Approving Establishment of a Branch

Caixa Geral de Depósitos S.A. ("Bank"), Lisbon, Portugal, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch 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 New York, New York (*The New York Times*, April 7, 1999). The time for filing comments has expired, and all comments have been considered.

Bank, with assets of approximately $57 billion as of year-end 1998, is the largest banking organization in Portugal. Founded in 1876 to serve as the tax collector for the State of Portugal, Bank is now a full-service financial institution that is wholly owned by the Portuguese State. Within Portugal, Bank has one bank subsidiary, several nonbank subsidiaries, and more than 500 branches. Outside Portugal, Bank has branches in France, Luxembourg, and Cape Verde and representative offices in several countries. Bank also controls three banks in Spain, two in Brazil, and one in each of Mozambique and France. One of Bank's Brazilian subsidiaries, Banco Bandeirantes S.A., has a branch in New York and a representative office in Miami. Bank has no other banking or nonbanking operations in the United States.

Through the proposed branch, Bank intends to provide services to companies seeking to do business with a Portuguese bank in New York and to banks in Portuguesespeaking countries that do not have a U.S. presence. The branch also would provide U.S.-dollar products and services to Bank's affiliates.

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside the United States and has furnished to the Board the information it needs to assess the application adequately. The Board generally also must determine that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.[1] The Board also may take into account additional standards as set forth in the IBA and Regulation K.[2]

Bank engages directly in the business of banking outside the United States through its banking operations in Portugal and elsewhere. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

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 and 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.[3] The Board has made the following findings with regard to the supervision of Bank.

Supervision of Portuguese credit institutions, including Bank, is the responsibility of the Bank of Portugal, Portugal's central bank. The Bank of Portugal requires Bank to submit a semiannual consolidated financial statement and an annual report on a consolidated and nonconsolidated basis. Bank also must submit monthly and/or quarterly information on solvency and liquidity, risk exposure, administrative organization, and foreign branches. The Bank of Portugal conducts on-site inspections of Bank and its domestic financial subsidiaries.[4] Previous examinations of Bank have included reviews of risk concentration, risk management, credit quality, credit approval systems, internal audit procedures, accounting control, and capital ratios.

Control of Bank's operations, implemented through borrower, counterparty, issuer, and country limits, is subject to oversight by Bank's head office. Meetings between head office management and management of Bank's subsidiaries and foreign offices occur on a regular basis, and the head office also monitors the budgetary outlay for these operations. Bank's central auditing department annually prepares an auditing plan to which all offices and subsidiaries must conform. The results of all internal audits are provided to the Bank of Portugal in an annual report on Bank's internal control systems, which is supplemented by ongoing contact between Bank's management and staff of the Bank of Portugal.

Bank's total exposure to its affiliates or to any particular client or group of connected clients may not exceed a certain percentage of Bank's capital. Such large exposures must be reported to the Bank of Portugal.

An annual audit is conducted by independent external auditors on Bank's activities and policies, both domestic and foreign. In addition, Bank has a statutory auditor that issues a monthly opinion on Bank's accounts. These external audit reports are made available to the Bank of Portugal, and external auditors are under a statutory duty to report to the Bank of Portugal any facts that might constitute a serious breach of the law, affect the continuous functioning of the credit institution, or lead the auditor to express reservations on or to refuse to certify the accounts.

Bank also is subject to an annual inspection conducted by the Tribunal de Contas, an independent court that is part of the judicial branch of the Portuguese government. The Tribunal de Contas reviews and audits state-owned companies and state holdings in private limited companies. The aim of the Tribunal de Contas is to safeguard against any impropriety involving the use of state funds and to guarantee the application of sound management practices and internal control procedures.

Based on all the facts of record, the Board concludes that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has taken into account the additional standards set forth in the IBA and in Regulation K.[5] Bank has provided the Board with the information necessary to assess the application through submissions that address the relevant issues. In addition, the Bank of Portugal has granted Bank approval to establish the proposed branch.

Portugal's risk-based capital standards conform to E.U. capital standards which are consistent with those established by the Basle Capital Accord. Bank's capital exceeds

1. *See* 12 U.S.C. § 3105(d)(2).

2. *See* 12 U.S.C. § 3105(d)(3), (4); 12 C.F.R. 211.24(c).

3. *See* 12 C.F.R. 211.24(c)(1). 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, 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. Foreign subsidiaries of Bank are directly supervised by the competent authorities in their respective host states. Bank's domestic insurance subsidiary is supervised by the Portuguese Insurance Institute, which is required by law to submit to the Bank of Portugal any information necessary for the consolidated supervision of Bank.

5. *See* 12 U.S.C. § 3105(d)(3), (4); 12 C.F.R. 211.24(c)(2).

the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. In addition, Bank has established controls and procedures in the branch to ensure compliance with applicable U.S. law, and controls and procedures for its worldwide operations generally.

Finally, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities about access to information. Bank has committed to make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information may be prohibited or impeded 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 in connection with disclosure of certain information. In addition, subject to certain conditions, the Bank of Portugal 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, the Board has concluded that Bank has provided adequate assurances of access to any necessary information 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, the Board has determined that Bank's application to establish a state-licensed branch in New York should be, and hereby is, approved. 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 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 or indirect activities in the United States. Approval of this application also is specifically conditioned on Bank's compliance with the commitments made in connection with this application and with the conditions in this order.[6] 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, its offices, and its affiliates under applicable law.

By order of the Board of Governors, effective September 27, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

6. The Board's authority to approve the establishment of the proposed office parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York and its agent, the New York State Banking Department, to license the proposed office of Bank in accordance with any terms or conditions that the New York State Banking Department may impose.

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
Alta Vista Bancshares, Inc., Alta Vista, Kansas	Alta Vista State Bank, Alta Vista, Kansas	Kansas City	September 28, 1999
AmericasBank Corp., Baltimore, Maryland	AmericasBank, Baltimore, Maryland	Richmond	September 2, 1999
Bank On It, Inc., Stockton, California	Community Bank of San Joaquin, Stockton, California	San Francisco	September 2, 1999
Boiling Springs, MHC, Rutherford, New Jersey Boiling Springs Bancorp, Rutherford, New Jersey	Boiling Springs Savings Bank, Rutherford, New Jersey	New York	September 22, 1999
Buckeye Bancshares, Inc., Lorain, Ohio	Buckeye Community Bank, Lorain, Ohio	Cleveland	September 13, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Capitol Bancorp Ltd., Lansing, Michigan Indiana Community Bancorp Limited, Goshen, Indiana	Elkhart Community Bank, Elkhart, Indiana	Chicago	August 19, 1999
Central of Kansas, Inc., Junction City, Kansas	FSB, Inc., Superior, Nebraska Farmers State Bank and Trust Company, Superior, Nebraska Farmers State Bank, Mankato, Kansas	Kansas City	September 13, 1999
Community Bancshares of Mississippi, Inc., Brandon, Mississippi	Community Bank, Meridian, Mississippi	Atlanta	September 27, 1999
Community National Bancorporation, Ashburn, Georgia	Cumberland National Bank, St. Marys, Georgia	Atlanta	September 16, 1999
Community One Bancshares, Inc., Bartow, Florida	Community National Bank at Bartow, Bartow, Florida	Atlanta	September 24, 1999
Delta Trust & Banking Corporation, Little Rock, Arkansas	SEA Bancshares, Inc., Parkdale, Arkansas Southeast Arkansas Bank, Parkdale, Arkansas	St. Louis	September 8, 1999
DFC Acquisition Corporation Two, Kansas City, Missouri	Dickinson Financial Corporation, Kansas City, Missouri Armed Forces Bank of California, N.A., San Diego, California	Kansas City	September 22, 1999
Doss, Ltd., Weatherford, Texas	M & F Bancshares, Inc., Weatherford, Texas	Dallas	September 23, 1999
Durant Bancorp, Inc., Durant, Oklahoma	Oklahoma State Bancorporation, Ada, Oklahoma Oklahoma State Bank, Ada, Oklahoma First United Bank and Trust Company, Durant, Oklahoma	Kansas City	September 13, 1999
EverTrust Financial Group, Inc., Everett, Washington	Everett Mutual Bank, Everett, Washington Commercial Bank of Everett, Everett, Washington	San Francisco	August 25, 1999
Fifth Third Bancorp, Cincinnati, Ohio	Peoples Bank Corporation of Indianapolis, Indianapolis, Indiana	Cleveland	September 20, 1999
First Security Group, Inc., Dalton, Georgia	Dalton Whitfield Bank, Dalton, Georgia	Atlanta	August 30, 1999
FLAG Financial Corporation, LaGrange, Georgia	Abbeville Capital Corporation, Abbeville, South Carolina Bank of Abbeville, Abbeville, South Carolina	Atlanta	September 1, 1999
FLAG Financial Corporation, LaGrange, Georgia	Hogansville Bankshares, Inc., Hogansville, Georgia The Citizens Bank, Hogansville, Georgia	Atlanta	September 14, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Florida Business BancGroup, Inc., Tampa, Florida	Bay Cities Bank, Tampa, Florida	Atlanta	September 20, 1999
Gilmer National Bancshares, Inc., Gilmer, Texas Gilmer National Bancshares of Delaware, Inc., Wilmington, Delaware	Gilmer National Bank, Gilmer, Texas	Dallas	August 19, 1999
Harbor Bancorp, Inc., Aberdeen, Washington	Pacific Financial Corporation, Long Beach, Washington Bank of the Pacific, Long Beach, Washington	San Francisco	September 15, 1999
Imperial Bank, Inglewood, California	Imperial Mutual Savings Bank, Kirkland, Washington	San Francisco	August 23, 1999
InterWest Bancorp, Inc., Oak Harbor, Washington	NBT Northwest Bancorp, Tukwila, Washington National Bank of Tukwila, Tukwila, Washington	San Francisco	September 2, 1999
Kercheval Limited Partnership, Largo, Florida	Montezuma State Bank, Montezuma, Iowa	Chicago	September 9, 1999
Mille Lacs Bancorporation, Inc., Onamia, Minnesota	Rural American Bank - Hinckley, Hinckley, Minnesota	Minneapolis	September 10, 1999
Old Mission Bancorp, Inc., Sault Ste. Marie, Michigan	Old Mission Bank, Sault Ste. Marie, Michigan	Minneapolis	September 15, 1999
Olney Bancshares of Texas, Inc., Olney, Texas First State Bank of Canadian, Canadian, Texas	Follett Bancshares, Inc., Follett, Texas Follett Delaware Financial Corporation, Wilmington, Delaware Follett National Bank, Follett, Texas	Dallas	September 17, 1999
Parkway National Bancshares, Inc., Plano, Texas	Parkway Bank, National Association, Plano, Texas	Dallas	September 29, 1999
Patriot National Bancorp, Inc., Stamford, Connecticut	Patriot National Bank, Stamford, Connecticut	New York	September 10, 1999
Pinnacle Bancorp, Inc., Central City, Nebraska	Austin Bancshares, Waverly, Missouri Waverly Bank, Waverly, Missouri	Kansas City	September 24, 1999
Premier Bancshares, Inc., Atlanta, Georgia	Farmers & Merchants Bank, Summerville, Georgia	Atlanta	September 13, 1999
Rae Valley Financials, Inc., Petersburg, Nebraska	Petersburg State Bank, Petersburg, Nebraska	Kansas City	September 1, 1999
Satilla Financial Services, Inc., St. Marys, Georgia	Satilla Community Bank, St. Marys, Georgia	Atlanta	September 22, 1999
Southern Financial Bancorp, Inc., Warrenton, Virginia	The Horizon Bank of Virginia, Merrifield, Virginia	Richmond	September 15, 1999
Synovus Financial Corp., Columbus, Georgia TB&C Bancshares, Inc., Columbus, Georgia	Ready Bank of Fort Walton Beach Holding Company, Fort Walton Beach, Florida Ready Bank of West Florida, Fort Walton Beach, Florida	Atlanta	September 2, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
UMB Financial Corporation, Kansas City, Missouri First Sooner Bancshares, Inc., Oklahoma City, Oklahoma	Charter Bancshares, Inc., Oklahoma City, Oklahoma Charter National Bank, Oklahoma City, Oklahoma	Kansas City	September 28, 1999
Village Bancorp, St. George, Utah	The Village Bank, St. George, Utah	San Francisco	September 1, 1999

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Brookline Bancorp, M.H.C., Brookline, Massachusetts Brookline Bancorp, Inc., Brookline, Massachusetts	Eastern Funding, LLC, New York, New York	Boston	September 29, 1999
Central Illinois Bancorp, Inc., Pewaukee, Wisconsin	Marine Bank, Omaha, Nebraska	Chicago	September 2, 1999
Citigroup, Inc., New York, New York Citicorp, New York, New York Citicorp Strategic Technology Corporation, New York, New York	GlobeSet, Inc., Austin, Texas	New York	September 14, 1999
First Busey Corporation, Urbana, Illinois	Eagle BancGroup, Inc., Bloomington, Illinois First Federal Savings and Loan Association of Bloomington, Bloomington, Illinois FFS Investment Services, Bloomington, Illinois	Chicago	September 10, 1999
First M & F Corporation, Kosciusko, Mississippi	Community Federal Bancorp, Inc., Tupelo, Mississippi Community Federal Bank, Tupelo, Mississippi	St. Louis	September 9, 1999
First Union Corporation, Charlotte, North Carolina	EVEREN Capital Corporation, Chicago, Illinois EVEREN Securities, Inc., Chicago, Illinois	Richmond	September 3, 1999
James River Bankshares, Inc., Suffolk, Virginia	Colonial Loans, Inc., Fredericksburg, Virginia	Richmond	September 21, 1999
Marquette Bancshares, Inc., Minneapolis, Minnesota	Itasca Business Credit, Inc., Minneapolis, Minnesota Itasca Business Credit, LLC, Minneapolis, Minnesota	Minneapolis	September 21, 1999
Marshall & Ilsley Corporation, Milwaukee, Wisconsin M&I Data Services, Inc., Milwaukee, Wisconsin	Cardpro Services, Inc., Willowbrook, Illinois	Chicago	September 10, 1999

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
National Bancshares Corporation of Texas, San Antonio, Texas	NBC Financial, Inc., San Antonio, Texas	Dallas	September 2, 1999
Oakland Financial Services, Inc., Oakland, Tennessee	Oak Tree Title, Oakland, Tennessee	St. Louis	September 1, 1999
Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands ABN AMRO Holding N.V., Amsterdam, The Netherlands ABN AMRO Bank N.V., Amsterdam, The Netherlands	ABN AMRO Advisory, Inc., New York, New York	Chicago	September 9, 1999
Synovus Financial Corp., Columbus, Georgia	Wallace & DeMayo, Inc., Norcross, Georgia	Atlanta	September 7, 1999
U.S. Bancorp, Minneapolis, Minnesota	The John Nuveen Company, Chicago, Illinois	Minneapolis	August 30, 1999
Wells Fargo & Company, San Francisco, California Norwest Mortgage, Inc., Des Moines, Iowa Southwest Partners, Inc., Des Moines, Iowa	Gold Coast Mortgage, San Diego, California	San Francisco	August 30, 1999
Wells Fargo & Company, San Francisco, California Norwest Mortgage, Inc., Des Moines, Iowa Southwest Partners, Inc., Des Moines, Iowa	United Mortgage Group, San Diego, California Mar-Chris Investment Corporation, San Diego, California RAS Financial Company, San Diego, California	San Francisco	August 30, 1999

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Fifth Third Bancorp, Cincinnati, Ohio	CNB Bancshares, Inc., Evansville, Indiana	Cleveland	September 14, 1999
Norway Bancorp, MHC, Norway, Maine Norway Bancorp, Inc., Norway, Maine	Norway Savings Bank, Norway, Maine Financial Institutions Service Corp., Lewiston, Maine	Boston	September 17, 1999

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
Citizens Bank & Trust Company, Okmulgee, Oklahoma	Bank of Oklahoma, N. A., Tulsa, Oklahoma	Kansas City	September 14, 1999
Cumberland Bank, Carthage, Tennessee	American City Bank, Tullahoma, Tennessee	Atlanta	September 3, 1999
The Ohio Bank, Findlay, Ohio	National City Bank, Cleveland, Ohio	Cleveland	September 15, 1999
Sky Bank, Salineville, Ohio	National City Bank, Cleveland, Ohio	Cleveland	September 15, 1999
Southern Financial Bank, Warrenton, Virginia	The Horizon Bank of Virginia, Warrenton, Virginia	Richmond	September 15, 1999

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.

Artis v. Greenspan, No. 1:99CV02073 (EGS) (D.D.C., filed August 3, 1999). Employment discrimination action.

Sheriff Gerry Ali v. U.S. State Department, No. 99-7438 (C.D. Cal., filed July 21, 1999). Action relating to impounded bank drafts.

Sedgwick v. Board of Governors, No. Civ. 99-0702 (D. Arizona, filed April 14, 1999). Action under Federal Tort Claims Act alleging violation of bank supervision requirements. The Board filed a motion to dismiss on June 15, 1999.

Hunter v. Board of Governors, No. 1:98CV02994 (TFH) (D.D.C., filed December 9, 1998). Action under the Freedom of Information Act and the Privacy Act. The Board filed a motion to dismiss or for summary judgment on July 22, 1999.

Folstad v. Board of Governors, No. 1:99 CV 124 (W.D. Mich., filed February 17, 1999). Freedom of Information Act complaint. On March 23, 1999, the Board filed a motion to dismiss or for summary judgment.

Nelson v. Greenspan, No. 1:99CV00215 (EGS) (D.D.C., filed January 28, 1999). Employment discrimination complaint. On March 29, 1999, the Board filed a motion to dismiss the action.

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.

Independent Community Bankers of America v. Board of Governors, No. 98–1482 (D.C. Cir., filed October 21, 1998). Petition for review of a Board order dated September 23, 1998, conditionally approving the applications of Travelers Group, Inc., New York, New York, to become a bank holding company by acquiring Citicorp, New York, New York, and its bank and nonbank subsidiaries. Oral argument was heard on October 1, 1999.

Board of Governors v. Carrasco, No. 98 Civ. 3474 (LAK) (S.D.N.Y., filed May 15, 1998). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On May 26, 1998, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets and appointing the Federal Reserve Bank of New York as receiver for those assets.

Board of Governors v. Pharaon, No. 98–6101 (2d Cir., filed May 4, 1998). Appeal and cross-appeal of district court order granting in part and denying in part the Board's motion for summary judgment seeking prejudgment interest and a statutory surcharge in connection with a civil money penalty assessed by the Board. On February 24, 1999, the court granted the Board's appeal and denied the cross-appeal, and remanded the matter to the district court for determination of prejudgment interest due to the Board.

Fenili v. Davidson, No. C-98–01568-CW (N.D. California, filed April 17, 1998). Tort and constitutional claim arising out of return of a check. On June 5, 1998, the Board filed its motion to dismiss.

Logan v. Greenspan, No. 1:98CV00049 (EGS) (D.D.C., filed January 9, 1998). Employment discrimination complaint. On September 29, 1999, the case was dismissed without prejudice.

Goldman v. Department of the Treasury, No. 98–9451 (11th Circuit, filed November 10, 1998). Appeal from a District Court order dismissing an action challenging Federal Reserve notes as lawful money.

Kerr v. Department of the Treasury, No. CV-S-97–01877-DWH (D. Nev., filed December 22, 1997). Challenge to income taxation and Federal Reserve notes. On September 3, 1998, a motion to dismiss was filed on behalf of all federal defendants. The court dismissed the action on March 31, 1999, and on April 28, 1999, the plaintiff filed a notice of appeal.

Bettersworth v. Board of Governors, No. 97-CA-624 (W.D. Tex., filed August 21, 1997). Privacy Act case. On June 1, 1999, the Board filed a motion for summary judgment.

Written Agreements Approved by Federal Reserve Banks

First Security Bancshares, Inc.
Lake Park, Iowa

The Federal Reserve Board announced on September 8, 1999, the execution of a Written Agreement by and among First Security Bancshares, Inc., Lake Park, Iowa; the Security State Bank, Milford, Iowa; and the Federal Reserve Bank of Chicago.

Membership of the Board of Governors of the Federal Reserve System, 1913–99

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	
Edward M. Gramlich	Richmond	Nov. 5, 1997	

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 Tabular Presentation

Symbols and Abbreviations

c	Corrected
e	Estimated
n.a.	Not available
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
CRA	Community Reinvestment Act of 1977
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
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PMI	Private mortgage insurance
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RHS	Rural Housing Service
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
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 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	1998		1999		1999				
	Q3	Q4	Q1[r]	Q2	Apr.[r]	May[r]	June	July	Aug.
Reserves of depository institutions[2]									
1 Total	−7.7	−1.8	−1.2	−6.6	7.2	10.4	−40.4	−24.9	2.6
2 Required	−8.9	−2.5	1.0	−5.6	11.5	8.0	−41.7	−20.3	1.1
3 Nonborrowed	−8.6	−.6	−1.3	−6.7	4.4	11.5	−41.0	−29.6	1.6
4 Monetary base[3]	6.9	8.7	9.1	10.1	10.3	13.9	6.2	8.0	7.0
Concepts of money and debt[4]									
5 M1	−2.0	5.0	2.8	3.5	7.0	−4.0	−3.9	−1.7	2.9
6 M2	6.8[r]	11.0	7.2	5.6	8.8	4.5	4.2	5.4	5.5
7 M3	8.6	12.9[r]	7.6	5.4	8.5	4.9	5.6	4.8	4.9
8 Debt	6.4[r]	6.3	6.5	6.8	7.5	5.1	5.4	5.1	n.a.
Nontransaction components									
9 In M2[5]	9.9	13.0	8.7	6.4	9.4	7.3	6.8	7.6	6.3
10 In M3 only[6]	13.6[r]	18.4[r]	8.6	4.7	7.9	6.1	9.5	3.2	3.4
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	15.8	17.6	11.6	9.7	17.7	8.0	12.1	13.7	7.6
12 Small time[7]	.1	.3	−5.5	−3.3	−3.1	−1.8	−2.0	1.0	3.1
13 Large time[8,9]	3.5	3.8	−.3	−3.2	14.3	−2.5	−7.4	21.0	−9.1
Thrift institutions									
14 Savings, including MMDAs	9.0	10.1	12.8	14.6	9.3	27.0	18.2	19.6	4.0
15 Small time[7]	−7.3	−6.7	−6.5	−7.9	−5.2	−9.4	−14.4	−4.6	1.5
16 Large time[8]	.5	10.4	7.6	−7.0	4.1	−14.8	−1.4	10.9	6.8
Money market mutual funds									
17 Retail	18.8[r]	28.5[r]	20.5	10.2	12.4	9.1	7.8	1.5	9.9
18 Institution-only	26.6	41.8	17.9	14.5	21.1	13.8	7.7	−4.6	22.9
Repurchase agreements and Eurodollars									
19 Repurchase agreements[10]	12.5[r]	18.9[r]	14.1	−2.7	−32.6	23.2	53.2	−.4	6.2
20 Eurodollars[10]	21.7	3.2	−.8	20.4	21.1	−11.8	−1.5	−26.9	−28.3
Debt components[4]									
21 Federal	−.6[r]	−2.8[r]	−3.1	−2.3	−1.7	−5.1	.3	.8	n.a.
22 Nonfederal	8.6[r]	9.2[r]	9.4	9.5	10.2	8.1	6.8	6.3	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						
	1999			1999						
	June	July	Aug.	July 14	July 21	July 28	Aug. 4	Aug 11	Aug. 18	Aug. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	522,071	525,806	528,020	527,196	523,374	526,201	527,512	527,801	527,977	527,445
U.S. government securities[2]										
2 Bought outright—System account[3]	484,748	486,633	487,746	486,856	486,839	487,190	485,555	486,151	487,185	489,467
3 Held under repurchase agreements	2,017	1,718	1,296	1,355	1,607	2,190	2,733	2,186	1,052	642
Federal agency obligations										
4 Bought outright	276	255	247	257	254	252	249	249	249	247
5 Held under repurchase agreements	2,514	3,451	4,751	5,093	1,239	2,637	3,630	4,414	5,647	4,527
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	18	75	84	225	16	18	74	217	25	36
8 Seasonal credit	126	226	273	205	241	257	265	261	267	279
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	281	388	430	285	252	281	759	−64	341	195
11 Other Federal Reserve assets	32,090	33,061	33,193	32,920	32,927	33,376	34,247	34,387	33,210	32,052
12 Gold stock	11,047	11,046	11,047	11,045	11,046	11,047	11,047	11,047	11,047	11,047
13 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
14 Treasury currency outstanding	26,950	27,084	27,180	27,062	27,092	27,121	27,151	27,165	27,179	27,193
ABSORBING RESERVE FUNDS										
15 Currency in circulation	528,619	533,769	536,032	534,748	533,058	532,879	534,495	535,864	536,357	536,133
16 Treasury cash holdings	108	70	69	87	56	53	57	58	62	83
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,929	5,221	5,076	5,264	5,056	4,901	5,105	5,100	5,080	4,851
18 Foreign	214	213	196	235	198	205	220	173	207	180
19 Service-related balances and adjustments	6,961	7,110	7,020	7,030	7,215	7,311	7,010	7,113	7,005	7,033
20 Other	232	271	274	276	287	274	250	293	267	282
21 Other Federal Reserve liabilities and capital	17,638	17,611	18,110	17,584	17,462	17,650	18,272	18,256	17,860	18,044
22 Reserve balances with Federal Reserve Banks[4]	8,566	7,872	7,668	8,281	6,379	9,296	8,500	7,356	7,564	7,279

	End-of-month figures			Wednesday figures						
	June	July	Aug.	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	532,865	527,785	534,796	532,139	520,437	527,669	526,722	534,827	526,596	532,627
U.S. government securities[2]										
2 Bought outright—System account[3]	484,866	486,103	490,198	487,411	486,677	487,589	484,987	486,465	488,290	490,096
3 Held under repurchase agreements	9,100	3,195	2,575	3,172	415	2,355	440	5,660	665	1,195
Federal agency obligations										
4 Bought outright	259	249	238	254	254	249	249	249	249	238
5 Held under repurchase agreements	5,179	3,280	9,195	6,986	1,170	4,135	4,800	6,320	4,900	8,250
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	56	82	53	2	67	12	36	1,343	20	33
8 Seasonal credit	164	266	285	215	252	265	259	270	282	289
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	272	81	−291	916	−1,445	−508	1,796	−463	599	222
11 Other Federal Reserve assets	32,968	34,529	32,544	33,182	33,045	33,572	34,156	34,982	31,590	32,304
12 Gold stock	11,046	11,048	11,045	11,045	11,047	11,047	11,047	11,047	11,047	11,046
13 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
14 Treasury currency outstanding	27,004	27,151	27,207	27,062	27,092	27,121	27,151	27,165	27,179	27,193
ABSORBING RESERVE FUNDS										
15 Currency in circulation	532,026	533,517	538,374	534,634	533,563	534,600	536,277	537,250	537,091	537,237
16 Treasury cash holdings	90	57	84	56	53	57	58	59	83	84
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,720	4,984	5,559	5,491	4,566	5,311	5,622	5,427	4,903	5,401
18 Foreign	410	257	166	265	169	321	167	165	241	164
19 Service-related balances and adjustments	7,215	7,010	6,923	7,030	7,216	7,311	7,010	7,113	7,005	7,032
20 Other	241	229	225	276	289	232	272	465	263	266
21 Other Federal Reserve liabilities and capital	17,662	18,389	18,728	17,422	17,125	17,437	17,987	17,830	17,525	17,934
22 Reserve balances with Federal Reserve Banks[4]	14,749	9,739	11,190	13,271	3,794	8,766	5,726	12,930	5,911	10,948

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. 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									
	1996	1997	1998	1999						
	Dec.	Dec.	Dec.	Feb.	Mar.	Apr.	May[r]	June	July	Aug.
1 Reserve balances with Reserve Banks[2]	13,330	10,664	9,021	8,578	8,851	9,238	10,070	8,539	7,797	7,802
2 Total vault cash[3]	44,525	44,740	44,305	46,468	42,898	42,164[r]	42,459	42,632	44,059	44,664
3 Applied vault cash[4]	37,844	37,255	35,997	36,660	34,270	34,407	34,805	33,856	34,005	34,070
4 Surplus vault cash[5]	6,681	7,485	8,308	9,809	8,628	7,757[r]	7,654	8,776	10,054	10,594
5 Total reserves[6]	51,174	47,920	45,018	45,237	43,121	43,645	44,875	42,394	41,802	41,871
6 Required reserves	49,758	46,235	43,435	44,022	41,816	42,486	43,619	41,133	40,726	40,744
7 Excess reserve balances at Reserve Banks[7]	1,416	1,685	1,583	1,215	1,305	1,159	1,256	1,261	1,076	1,127
8 Total borrowings at Reserve Banks[8]	155	324	117	116	65	166	127	145	309	344
9 Seasonal borrowings	68	79	15	9	18	39	89	127	226	271
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

Reserve classification	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1999									
	May 5	May 19	June 2[r]	June 16	June 30	July 14	July 28	Aug. 11	Aug. 25	Sept. 8
1 Reserve balances with Reserve Banks[2]	10,547	9,878	10,096	8,546	8,309	7,526	8,041	7,923	7,421	8,470
2 Total vault cash[3]	41,595[r]	42,563[r]	42,697	41,829	43,426	44,019	43,899	44,994	44,786	43,774
3 Applied vault cash[4]	34,586	34,749	34,962	33,492	34,062	33,788	34,198	34,123	34,003	34,128
4 Surplus vault cash[5]	7,010[r]	7,814[r]	7,736	8,337	9,365	10,231	9,702	10,871	10,783	9,646
5 Total reserves[6]	45,133	44,626	45,058	42,037	42,371	41,314	42,238	42,046	41,423	42,598
6 Required reserves	43,852	43,533	43,623	40,883	41,027	40,303	41,098	40,967	40,289	41,397
7 Excess reserve balances at Reserve Banks[7]	1,281	1,093	1,434	1,154	1,343	1,011	1,140	1,078	1,134	1,201
8 Total borrowings at Reserve Banks[8]	223	103	117	114	180	331	266	409	304	318
9 Seasonal borrowings	59	85	106	100	158	196	249	263	273	284
10 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 thrifts 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. Also includes adjustment credit.
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]			Special Liquidity Facility credit[4]		
	On 10/8/99	Effective date	Previous rate	On 10/8/99	Effective date	Previous rate	On 10/8/99	Effective date	Previous rate	On 10/8/99	Effective date	Previous rate
Boston	4.75	8/24/99	4.50	5.55	10/7/99	5.30	6.05	10/7/99	5.80	6.75	10/1/99	n.a.
New York		8/24/99										
Philadelphia		8/24/99										
Cleveland		8/24/99										
Richmond		8/24/99										
Atlanta		8/24/99										
Chicago		8/24/99										
St. Louis		8/24/99										
Minneapolis		8/25/99										
Kansas City		8/24/99										
Dallas		8/26/99										
San Francisco	4.75	8/24/99	4.50	5.55	10/7/99	5.30	6.05	10/7/99	5.80	6.75	10/1/99	n.a.

Range of rates for adjustment credit in recent years[5]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
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
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. 5	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
In effect Oct 8, 1999	4.75	4.75

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. Available in the period between October 1, 1999, and April 7, 2000, to help depository institutions in sound financial condition meet unusual needs for funds in the period around the century date change. The interest rate on loans from the special facility is the Federal Open Market Committee's intended federal funds rate plus 150 basis points.

5. 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*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment-credit borrowings by institutions with deposits of $500 million or more that had borrowed in successive weeks or in more than four weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. A surcharge of 2 percent was reimposed on Nov. 17, 1980; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12, 1981. As of Oct. 1, 1981, the formula for applying the surcharge was changed from a calendar quarter to a moving thirteen-week period. The surcharge was eliminated on Nov. 17, 1981.

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$46.5 million[3]	3	12/31/98
2 More than $46.5 million[4]	10	12/31/98
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 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the amount was decreased from $47.8 million to $46.5 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 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the exemption was raised from $4.7 million to $4.9 million.

4. The reserve requirement 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 1½ years was reduced from 3 percent to 1½ 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 1½ years was reduced from 3 percent to zero on Jan. 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1½ 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 1½ years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1996	1997	1998	1999						
				Jan.	Feb.	Mar.	Apr.	May	June	July
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	9,901	9,147	3,550	0	0	0	0	0	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	426,928	436,257	450,835	35,069	36,862	35,065	48,142	37,107	35,045	42,037
4 For new bills	426,928	435,907	450,835	35,069	36,862	35,065	48,142	37,107	35,045	42,037
5 Redemptions	0	0	2,000	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	524	5,549	6,297	0	2,103	1,060	1,677	1,421	880	951
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	30,512	41,716	46,062	2,865	5,578	3,015	3,768	3,768	2,740	3,279
9 Exchanges	−41,394	−27,499	−49,434	−400	−7,458	−5,956	−3,370	−4,607	−5,540	−368
10 Redemptions	2,015	1,996	2,676	492	0	0	726	0	0	41
One to five years										
11 Gross purchases	3,898	20,080	12,901	0	2,752	2,428	3,362	4,442	948	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−25,022	−37,987	−37,777	−2,865	−4,928	−3,015	−3,768	−3,768	−2,740	−3,279
14 Exchanges	31,459	20,274	37,154	0	4,778	5,956	3,020	2,562	5,540	0
Five to ten years										
15 Gross purchases	1,116	3,449	2,294	0	335	346	945	1,584	65	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,469	−1,954	−5,908	0	−650	0	0	0	0	0
18 Exchanges	6,666	5,215	7,439	400	1,340	0	0	2,045	0	373
More than ten years										
19 Gross purchases	1,655	5,897	4,884	615	0	2,404	262	2,890	0	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−20	−1,775	−2,377	0	0	0	0	0	0	0
22 Exchanges	3,270	2,360	4,842	0	1,340	0	350	0	0	0
All maturities										
23 Gross purchases	17,094	44,122	29,926	615	5,190	6,238	6,246	10,337	1,893	951
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,015	1,996	4,676	492	0	0	726	0	0	41
Matched transactions										
26 Gross purchases	3,092,399	3,577,954	4,395,430	365,779	324,078	393,267	366,838	356,960	380,872	347,067
27 Gross sales	3,094,769	3,580,274	4,399,330	363,604	322,669	394,865	364,476	358,362	380,464	346,747
Repurchase agreements										
28 Gross purchases	457,568	810,485	512,671	21,968	26,098	62,878	45,067	27,605	17,710	27,707
29 Gross sales	450,359	809,268	514,186	37,157	27,025	53,706	48,867	30,531	14,614	33,612
30 Net change in U.S. Treasury securities	19,919	41,022	19,835	−12,891	5,672	13,812	4,082	6,008	5,397	−4,675
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	25	0	0	0	0	0	0	0
33 Redemptions	409	1,540	322	2	0	25	0	0	52	10
Repurchase agreements										
34 Gross purchases	75,354	160,409	284,316	23,577	37,416	35,731	20,623	38,167	32,786	46,941
35 Gross sales	74,842	159,369	276,266	31,744	36,067	34,009	22,937	36,962	32,104	48,840
36 Net change in federal agency obligations	103	−500	7,703	−8,169	1,349	1,697	−2,314	1,205	630	−1,909
37 **Total net change in System Open Market Account**	**20,021**	**40,522**	**27,538**	**−21,060**	**7,021**	**15,509**	**1,768**	**7,213**	**6,028**	**−6,584**

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 Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	1999					1999		
	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25	June 30	July 31	Aug. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,047	11,047	11,047	11,047	11,046	11,046	11,048	11,045
2 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
3 Coin	300	305	300	302	302	311	322	294
Loans								
4 To depository institutions	276	295	1,614	302	321	220	348	338
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	249	249	249	249	238	259	249	238
8 Held under repurchase agreements	4,135	4,800	6,320	4,900	8,250	5,179	3,280	9,195
9 **Total U.S. Treasury securities**	**489,944**	**485,427**	**492,125**	**488,955**	**491,291**	**493,966**	**489,298**	**492,773**
10 Bought outright[2]	487,589	484,987	486,465	488,290	490,096	484,866	486,103	490,198
11 Bills	199,934	197,331	198,810	199,758	199,218	198,127	198,447	199,320
12 Notes	209,771	209,771	209,771	209,573	210,829	208,855	209,771	210,829
13 Bonds	77,884	77,884	77,884	78,959	80,049	77,884	77,884	80,049
14 Held under repurchase agreements	2,355	440	5,660	665	1,195	9,100	3,195	2,575
15 **Total loans and securities**	**494,605**	**490,771**	**500,308**	**494,407**	**500,101**	**499,624**	**493,175**	**502,544**
16 Items in process of collection	6,692	9,302	6,955	7,081	7,130	7,765	5,087	9,328
17 Bank premises	1,329	1,327	1,323	1,323	1,330	1,321	1,327	1,332
Other assets								
18 Denominated in foreign currencies[3]	14,814	15,501	15,505	15,509	15,513	14,799	15,498	15,845
19 All other[4]	17,502	17,378	18,171	14,855	15,541	16,898	17,723	15,445
20 **Total assets**	**554,488**	**553,830**	**561,808**	**552,725**	**559,163**	**559,964**	**552,378**	**564,033**
LIABILITIES								
21 Federal Reserve notes	507,836	509,489	510,443	510,297	510,430	505,423	506,746	511,545
22 **Total deposits**	**22,528**	**18,763**	**26,674**	**17,875**	**24,206**	**29,527**	**22,112**	**24,750**
23 Depository institutions	16,663	12,701	20,617	12,467	18,375	22,156	16,642	18,800
24 U.S. Treasury—General account	5,311	5,622	5,427	4,903	5,401	6,720	4,984	5,559
25 Foreign—Official accounts	321	167	165	241	164	410	257	166
26 Other	232	272	465	263	266	241	229	225
27 Deferred credit items	6,686	7,591	6,861	7,028	6,593	7,352	5,131	9,011
28 Other liabilities and accrued dividends[5]	4,337	4,219	4,528	4,186	4,558	4,654	4,402	4,605
29 **Total liabilities**	**541,387**	**540,063**	**548,505**	**539,386**	**545,788**	**546,956**	**538,391**	**549,911**
CAPITAL ACCOUNTS								
30 Capital paid in	6,296	6,300	6,295	6,297	6,302	6,282	6,296	6,308
31 Surplus	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952
32 Other capital accounts	853	1,515	1,056	1,089	1,121	775	1,739	1,863
33 **Total liabilities and capital accounts**	**554,488**	**553,830**	**561,808**	**552,725**	**559,163**	**559,964**	**552,378**	**564,033**
MEMO								
34 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							
35 Federal Reserve notes outstanding (issued to Banks)	744,902	751,635	759,846	767,675	774,639	726,892	746,929	780,358
36 LESS: Held by Federal Reserve Banks	237,066	242,145	249,403	257,379	264,208	221,469	240,184	268,813
37 Federal Reserve notes, net	507,836	509,489	510,443	510,297	510,430	505,423	506,746	511,545
Collateral held against notes, net								
38 Gold certificate account	11,047	11,047	11,047	11,047	11,046	11,046	11,048	11,045
39 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	488,589	490,243	491,197	491,049	491,184	486,177	487,498	492,300
42 **Total collateral**	**507,836**	**509,489**	**510,443**	**510,297**	**510,430**	**505,423**	**506,746**	**511,545**

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. 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.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
5. 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		
	1999					1999		
	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25	June 30	July 31	Aug. 31
1 **Total loans**	**277**	**295**	**478**	**302**	**315**	**193**	**348**	**338**
2 Within fifteen days[1]	245	110	288	278	288	159	228	189
3. Sixteen days to ninety days	32	185	190	24	28	34	120	149
4 **Total U.S. Treasury securities**[2]	**489,944**	**485,427**	**486,465**	**488,955**	**491,291**	**493,966**	**489,298**	**492,763**
5 Within fifteen days[1]	14,331	15,333	21,206	18,796	13,846	24,353	7,883	11,187
6 Sixteen days to ninety days	101,194	94,861	95,431	99,333	99,148	92,490	107,061	100,038
7 Ninety-one days to one year	139,542	140,125	140,380	135,094	140,219	142,621	139,477	144,224
8 One year to five years	122,393	122,624	122,624	122,286	123,110	115,147	122,393	122,346
9 Five years to ten years	49,861	49,861	49,861	49,748	50,195	49,487	49,861	50,195
10 More than ten years	62,623	62,623	62,623	63,698	64,773	62,623	62,623	64,773
11 **Total federal agency obligations**	**4,384**	**5,049**	**6,569**	**5,149**	**8,488**	**5,438**	**3,529**	**5,168**
12 Within fifteen days[1]	4,135	4,800	6,331	4,911	8,250	5,184	3,280	4,930
13 Sixteen days to ninety days	31	31	20	27	27	16	31	27
14 Ninety-one days to one year	48	48	48	41	41	68	48	41
15 One year to five years	20	20	20	20	20	20	20	20
16 Five years to ten years	150	150	150	150	150	150	150	150
17 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	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June	1999 July	1999 Aug.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	56.45	50.16	46.86	44.90	45.13	44.55	43.72	43.98	44.36	42.87	41.98	42.07
2 Nonborrowed reserves[4]	56.20	50.01	46.54	44.79	44.92	44.44	43.65	43.81	44.23[r]	42.72	41.67	41.72
3 Nonborrowed reserves plus extended credit[5]	56.20	50.01	46.54	44.79	44.92	44.44	43.65	43.81	44.23[r]	42.72	41.67	41.72
4 Required reserves	55.16	48.75	45.18	43.32	43.59	43.34	42.41	42.82	43.11	41.61	40.90	40.94
5 Monetary base[6]	434.10	451.37	478.88	512.32	516.81	520.84	524.23	528.74	534.86[r]	537.63	541.20	544.37
	Not seasonally adjusted											
6 Total reserves[7]	58.02	51.45	48.01	45.12	46.34	45.25	43.14	43.67	44.91	42.43	41.85	41.92
7 Nonborrowed reserves	57.76	51.30	47.69	45.00	46.14	45.13	43.08	43.50	44.78[r]	42.29	41.54	41.58
8 Nonborrowed reserves plus extended credit[5]	57.76	51.30	47.69	45.00	46.14	45.13	43.08	43.50	44.78[r]	42.29	41.54	41.58
9 Required reserves[8]	56.73	50.04	46.33	43.54	44.81	44.03	41.84	42.51	43.65	41.17	40.77	40.80
10 Monetary base[9]	439.03	456.63	484.98	518.28	520.01	519.70	523.35	526.77	533.12[r]	535.88	540.98	543.82
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	57.90	51.17	47.92	45.02	46.35	45.24	43.12	43.65	44.88	42.39	41.80	41.87
12 Nonborrowed reserves	57.64	51.02	47.60	44.90	46.14	45.12	43.06	43.48	44.75	42.25	41.49	41.53
13 Nonborrowed reserves plus extended credit[5]	57.64	51.02	47.60	44.90	46.14	45.12	43.06	43.48	44.75	42.25	41.49	41.53
14 Required reserves	56.61	49.76	46.24	43.44	44.81	44.02	41.82	42.49	43.62	41.13	40.73	40.74
15 Monetary base[12]	444.45	463.40	491.79	525.06	527.59	526.85	530.30	533.49	539.98[r]	542.82	548.06	550.82
16 Excess reserves[13]	1.29	1.42	1.69	1.58	1.53	1.22	1.31	1.16	1.26	1.26	1.08	1.13
17 Borrowings from the Federal Reserve	.26	.16	.32	.12	.21	.12	.07	.17	.13	.15	.31	.34

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	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 May[r]	1999 June	1999 July	1999 Aug.
	Seasonally adjusted							
Measures[2]								
1 M1	1,126.7	1,081.3	1,074.9	1,093.4	1,104.7	1,101.1	1,099.5	1,102.2
2 M2	3,649.1	3,823.9	4,046.4[r]	4,401.0[r]	4,505.1	4,520.8	4,541.0	4,561.9
3 M3	4,618.5	4,955.6	5,403.4[r]	5,995.8[r]	6,127.5	6,156.1	6,180.7	6,206.1
4 Debt	13,716.1[r]	14,460.8[r]	15,224.0[r]	16,244.9[r]	16,701.8	16,776.4	16,847.2	n.a.
M1 components								
5 Currency[3]	372.3	394.1	424.5	459.2	480.9	484.1	487.3	490.9
6 Travelers checks[4]	8.3	8.0	7.7	7.8	7.8	8.2	8.6	8.5
7 Demand deposits[5]	389.4	403.0	396.5	377.5	369.4	362.9	362.6	363.1
8 Other checkable deposits[6]	356.7	276.2	246.2	248.8	246.5	245.9	241.0	239.7
Nontransaction components								
9 In M2[7]	2,522.4	2,742.6	2,971.5[r]	3,307.6[r]	3,400.4	3,419.8	3,441.5	3,459.7
10 In M3 only[8]	969.4	1,131.7	1,357.0[r]	1,594.8[r]	1,622.4	1,635.3	1,639.7	1,644.3
Commercial banks								
11 Savings deposits, including MMDAs	775.3	905.2	1,022.9	1,189.8	1,233.9	1,246.3	1,260.5	1,268.5
12 Small time deposits[9]	575.0	593.7	626.1	626.0	613.5	612.5	613.0	614.6
13 Large time deposits[10, 11]	346.6	414.8	490.2	541.0	533.5	530.2	539.5	535.4
Thrift institutions								
14 Savings deposits, including MMDAs	359.8	367.1	377.3	415.2	441.1	447.8	455.1	456.6
15 Small time deposits[9]	356.7	353.8	343.2	325.9	316.7	312.9	311.7	312.1
16 Large time deposits[10]	74.5	78.4	85.9	89.1	88.0	87.9	88.7	89.2
Money market mutual funds								
17 Retail	455.5	522.8	602.0[r]	750.7[r]	795.1	800.3	801.3	807.9
18 Institution-only	255.9	313.3	379.9	516.2	544.6	548.1	546.0	556.4
Repurchase agreements and Eurodollars								
19 Repurchase agreements[12]	198.7	211.3	251.7[r]	297.8[r]	295.6	308.7	308.6	310.2
20 Eurodollars[12]	93.7	113.9	149.3[r]	150.7	160.6	160.4	156.8	153.1
Debt components								
21 Federal debt	3,639.1[r]	3,781.3[r]	3,800.3[r]	3,750.8[r]	3,702.8	3,703.6	3,706.2	n.a.
22 Nonfederal debt	10,077.0[r]	10,679.5[r]	11,423.7[r]	12,494.2[r]	12,999.1	13,072.8	13,141.0	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,152.4	1,104.9	1,097.4	1,115.3	1,096.7	1,098.3	1,098.0	1,097.4
24 M2	3,671.7	3,843.7	4,064.6[r]	4,417.8[r]	4,484.5	4,508.7	4,531.2	4,556.3
25 M3	4,638.0	4,972.5	5,419.6[r]	6,011.9[r]	6,112.6	6,139.6	6,151.5	6,189.2
26 Debt	13,716.6[r]	14,459.3[r]	15,221.1[r]	16,241.8[r]	16,651.9	16,724.7	16,781.6	n.a.
M1 components								
27 Currency[3]	376.2	397.9	428.9	464.2	479.9	483.2	487.8	490.2
28 Travelers checks[4]	8.5	8.3	7.9	8.0	7.9	8.1	8.3	8.2
29 Demand deposits[5]	407.2	419.9	412.3	392.4	363.6	361.3	362.6	361.7
30 Other checkable deposits[6]	360.5	278.8	248.3	250.7	245.3	245.7	239.4	237.4
Nontransaction components								
31 In M2[7]	2,519.3	2,738.9	2,967.2[r]	3,302.5[r]	3,387.8	3,410.4	3,433.2	3,458.8
32 In M3 only[8]	966.4	1,128.8	1,355.0[r]	1,594.1[r]	1,628.2	1,630.9	1,620.3	1,633.0
Commercial banks								
33 Savings deposits, including MMDAs	774.1	903.3	1,020.4	1,186.8	1,235.2	1,249.8	1,261.4	1,267.7
34 Small time deposits[9]	573.8	592.7	625.3	625.4	612.3	611.1	612.8	614.2
35 Large time deposits[10, 11]	345.8	413.3	487.7	537.4	539.3	535.7	539.3	535.6
Thrift institutions								
36 Savings deposits, including MMDAs	359.2	366.3	376.4	414.1	441.6	449.1	455.4	456.3
37 Small time deposits[9]	355.9	353.2	342.8	325.6	316.0	312.2	311.6	311.9
38 Large time deposits[10]	74.3	78.1	85.4	88.5	89.0	88.8	88.7	89.2
Money market mutual funds								
39 Retail	456.1	523.2	602.3[r]	750.6[r]	782.7	788.2	792.1	808.8
40 Institution-only	257.7	316.0	384.5	523.3	538.3	540.6	533.4	548.0
Repurchase agreements and Eurodollars								
41 Repurchase agreements[12]	193.8	205.7	245.1[r]	290.5[r]	302.1	308.6	305.9	308.4
42 Eurodollars[12]	94.9	115.7	152.3	154.5	159.5	157.3	153.1	151.8
Debt components								
43 Federal debt	3,645.9	3,787.9	3,805.8	3,754.9	3,674.2	3,662.8	3,652.3	n.a.
44 Nonfederal debt	10,070.7[r]	10,671.4[r]	11,415.3[r]	12,486.8[r]	12,977.7	13,061.9	13,129.3	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 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).

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			
	1998	1999							1999			
	Aug.	Feb.	Mar.	Apr.	May	June r	July r	Aug.	Aug. 4	Aug. 11	Aug. 18	Aug. 25
	Seasonally adjusted											
Assets												
1 Bank credit	4,344.5r	4,520.4r	4,489.8r	4,500.0r	4,509.7r	4,546.5	4,544.3	4,580.3	4,566.3	4,576.5	4,569.4	4,588.8
2 Securities in bank credit	1,159.4	1,205.3	1,186.9	1,188.3	1,188.0	1,205.8	1,223.0	1,239.0	1,240.4	1,239.5	1,235.5	1,241.7
3 U.S. government securities	776.0	791.6	799.1	800.1	798.4	811.9	813.8	819.4	818.2	817.2	816.4	825.8
4 Other securities	383.4	413.7	387.8	388.3	389.6	393.9	409.2	419.6	422.2	422.3	419.2	415.9
5 Loans and leases in bank credit[2]	3,185.0r	3,315.1r	3,302.9r	3,311.6r	3,321.7r	3,340.7	3,321.2	3,341.3	3,325.8	3,337.0	3,333.9	3,347.1
6 Commercial and industrial	914.2r	952.2r	956.2r	960.7r	956.3r	962.3	963.7	971.8	966.7	967.7	967.2	976.7
7 Real estate	1,291.9r	1,347.1r	1,348.3r	1,350.8r	1,360.3r	1,365.9	1,367.3	1,379.5	1,375.0	1,379.0	1,381.1	1,378.8
8 Revolving home equity	103.3	101.8	102.0	103.0	104.3	103.7	97.9	98.6	98.2	98.4	98.6	98.7
9 Other	1,188.6r	1,245.2r	1,246.3r	1,247.7r	1,256.0r	1,262.2	1,269.4	1,280.9	1,276.8	1,280.6	1,282.5	1,280.1
10 Consumer	488.5	499.4	498.7	499.5	495.9	491.6	483.6	483.3	480.6	482.4	483.9	484.8
11 Security[3]	136.5r	138.9r	118.9r	122.0r	126.6r	130.6	122.1	122.3	122.3	125.7	119.2	122.8
12 Other loans and leases	353.9r	377.6r	380.8r	378.6r	382.6r	390.3	384.5	384.3	381.3	382.3	382.6	383.9
13 Interbank loans	206.1	227.7	221.2	217.4	227.5	224.5	224.0	215.0	213.8	212.4	212.9	225.2
14 Cash assets[4]	249.5	254.0	256.2	257.8	259.9	261.0	259.5	254.3	243.7	266.6	247.8	262.4
15 Other assets[5]	320.2	356.9	354.5	344.8	347.2	348.6	349.7	347.1	336.2	350.2	346.2	352.9
16 **Total assets[6]**	**5,063.1r**	**5,300.7r**	**5,263.1r**	**5,261.4r**	**5,285.5r**	**5,322.0**	**5,319.3**	**5,338.1**	**5,301.6**	**5,347.1**	**5,317.8**	**5,370.7**
Liabilities												
17 Deposits	3,242.4	3,376.2	3,367.9	3,376.5	3,374.9	3,377.2	3,392.3	3,387.0	3,394.4	3,391.9	3,370.8	3,391.8
18 Transaction	669.2	655.8	660.9	656.6	649.6	655.7	649.9	640.2	632.0	644.4	635.5	660.5
19 Nontransaction	2,573.2	2,720.4	2,706.9	2,719.9	2,725.2	2,721.5	2,742.4	2,746.8	2,762.4	2,747.5	2,735.3	2,731.3
20 Large time	698.1	729.9	721.2	725.7	723.6	718.8	721.8	718.2	720.9	718.5	717.8	715.0
21 Other	1,875.0	1,990.5	1,985.7	1,994.2	2,001.7	2,002.7	2,020.6	2,028.6	2,041.6	2,029.0	2,017.6	2,016.3
22 Borrowings	915.8	990.8	987.8	983.7	997.8	1,020.5	1,019.3	1,023.9	1,006.7	1,030.3	1,013.5	1,034.5
23 From banks in the U.S.	296.0	316.4	319.3	312.1	324.6	338.8	338.9	338.1	331.7	337.3	331.8	343.3
24 From others	619.8	674.3	668.5	671.6	673.2	681.7	680.4	685.8	675.1	692.9	681.7	691.2
25 Net due to related foreign offices	207.6	214.0	210.6	210.4	204.1	215.3	212.3	222.2	220.7	221.4	240.0	221.5
26 Other liabilities	295.2	295.8	271.7	273.2	270.4	274.9	274.4	280.9	275.3	281.5	275.5	278.6
27 **Total liabilities**	**4,661.0**	**4,876.7**	**4,838.0**	**4,843.7**	**4,847.2**	**4,887.8**	**4,898.4**	**4,914.0**	**4,897.1**	**4,925.0**	**4,899.8**	**4,926.3**
28 Residual (assets less liabilities)[7]	402.1r	424.0r	425.2r	417.7r	438.3r	434.2	421.0	424.1	404.5	422.1	418.0	444.3
	Not seasonally adjusted											
Assets												
29 Bank credit	4,326.6r	4,518.1r	4,488.4r	4,508.3r	4,512.5r	4,540.8	4,528.5	4,559.5	4,553.2	4,554.4	4,551.1	4,557.0
30 Securities in bank credit	1,149.3	1,210.8	1,193.5	1,197.0	1,193.5	1,202.5	1,211.9	1,226.2	1,229.4	1,226.2	1,222.7	1,226.3
31 U.S. government securities	766.3	795.8	805.5	810.0	806.5	811.4	806.0	807.6	808.8	805.6	804.6	811.7
32 Other securities	383.0	415.0	388.0	387.0	386.9	391.1	405.9	418.6	420.6	420.6	418.1	414.6
33 Loans and leases in bank credit[2]	3,177.3r	3,307.3r	3,294.8r	3,311.3r	3,319.0r	3,338.2	3,316.6	3,333.3	3,323.8	3,328.3	3,328.4	3,330.7
34 Commercial and industrial	906.4	953.6r	959.8r	967.3r	960.7r	962.6	961.3	963.1	962.6	959.4	959.7	964.6
35 Real estate	1,294.3r	1,341.3r	1,341.7r	1,347.4r	1,359.7r	1,366.5	1,368.3	1,382.1	1,376.5	1,383.4	1,383.5	1,380.2
36 Revolving home equity	103.4	101.4	101.1	102.4	103.9	103.3	97.7	98.8	98.1	98.4	98.8	98.9
37 Other	1,190.9r	1,239.9r	1,240.6r	1,245.1r	1,255.8r	1,263.2	1,270.6	1,283.3	1,278.4	1,284.9	1,284.7	1,281.3
38 Consumer	489.4	499.2	493.9	496.0	493.4	488.9	481.2	484.5	479.5	481.9	485.0	487.2
39 Security[3]	132.3r	138.5r	122.4r	123.9r	126.4r	130.0	120.1	118.6	121.4	122.1	116.2	116.4
40 Other loans and leases	354.8r	374.6r	377.0r	376.5r	378.7r	390.3	385.7	385.1	383.7	381.4	384.0	382.4
41 Interbank loans	199.0	227.4	224.4	222.4	223.3	221.8	217.7	207.2	210.9	202.9	208.6	208.6
42 Cash assets[4]	238.7	255.1	248.8	255.5	257.6	256.6	251.6	243.8	240.8	246.9	239.6	239.2
43 Other assets[5]	323.0	353.6	349.8	347.8	348.7	354.5	352.5	349.9	343.1	352.6	348.8	349.8
44 **Total assets[6]**	**5,030.0r**	**5,296.0r**	**5,252.9r**	**5,275.6r**	**5,283.3r**	**5,314.8**	**5,292.0**	**5,301.5**	**5,289.3**	**5,298.0**	**5,289.2**	**5,295.8**
Liabilities												
45 Deposits	3,226.5	3,353.2	3,362.6	3,387.2	3,365.5	3,375.2	3,376.0	3,373.0	3,394.9	3,372.3	3,361.7	3,347.7
46 Transaction	651.6	651.0	654.5	664.2	640.6	650.8	639.2	623.7	630.8	619.6	623.8	618.4
47 Nontransaction	2,574.8	2,702.3	2,708.1	2,723.0	2,724.9	2,724.4	2,736.8	2,749.2	2,764.1	2,752.6	2,737.9	2,729.3
48 Large time	695.7	730.6	723.2	722.6	724.8	716.1	715.1	715.6	716.3	713.7	713.9	714.8
49 Other	1,879.1	1,971.7	1,984.9	2,000.3	2,000.1	2,008.3	2,021.7	2,033.7	2,047.8	2,038.9	2,024.0	2,014.5
50 Borrowings	897.1	993.4	981.2	983.5	1,006.0	1,024.1	1,010.0	1,000.4	988.9	999.3	995.1	1,005.9
51 From banks in the U.S.	289.8	316.8	318.9	312.8	325.5	338.6	334.3	330.9	325.8	327.4	326.9	334.6
52 From others	607.3	676.6	662.3	670.7	680.5	685.4	675.7	669.5	663.1	671.9	668.2	671.2
53 Net due to related foreign offices	203.6	223.7	208.8	203.3	210.3	209.5	204.6	217.2	204.5	213.4	225.7	231.4
54 Other liabilities	295.2	298.2	272.4	272.8	270.1	274.2	273.5	280.8	274.7	281.8	275.4	278.4
55 **Total liabilities**	**4,622.3**	**4,868.5**	**4,824.9**	**4,846.8**	**4,851.9**	**4,882.9**	**4,864.1**	**4,871.4**	**4,863.0**	**4,866.8**	**4,857.9**	**4,863.4**
56 Residual (assets less liabilities)[7]	407.7r	427.5r	428.0r	428.8r	431.4r	431.9	427.9	430.2	426.3	431.2	431.2	432.4
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	97.4	107.4	85.8	86.0	85.4	85.4	91.1	96.0	99.6	97.8	95.2	92.5
58 Revaluation losses on off-balance-sheet items[8]	98.5	105.9	85.1	87.3	86.7	86.9	92.1	99.4	103.1	101.5	97.2	94.1

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			
	1998	1999							1999			
	Aug.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.	Aug. 4	Aug. 11	Aug. 18	Aug. 25
	Seasonally adjusted											
Assets												
1 Bank credit	3,750.3[r]	3,954.5[r]	3,940.0[r]	3,951.1[r]	3,970.8[r]	4,015.2[r]	4,025.2	4,057.8	4,039.9	4,053.7	4,048.2	4,068.7
2 Securities in bank credit	942.2	1,002.5	990.2	988.9	992.8	1,010.7	1,033.5	1,049.1	1,046.0	1,048.9	1,046.3	1,054.3
3 U.S. government securities	680.2	708.5	715.1	712.3	712.7	724.5	728.1	735.4	730.9	732.8	734.0	743.4
4 Other securities	262.0	294.0	275.0	276.6	280.1	286.2	305.4	313.7	315.1	316.1	312.2	310.9
5 Loans and leases in bank credit[2]	2,808.1[r]	2,952.0[r]	2,949.9[r]	2,962.2[r]	2,978.0[r]	3,004.5[r]	2,991.6	3,008.7	2,993.8	3,004.8	3,001.9	3,014.4
6 Commercial and industrial	699.9	740.4[r]	746.3[r]	752.4[r]	755.5[r]	766.8[r]	772.2	777.3	772.7	773.6	773.8	781.8
7 Real estate	1,268.0[r]	1,326.6[r]	1,328.4[r]	1,331.0[r]	1,340.5[r]	1,346.7[r]	1,348.9	1,361.9	1,357.0	1,361.3	1,363.5	1,361.3
8 Revolving home equity	103.3	101.8	102.0	103.0	104.3	103.7	97.9	98.6	98.2	98.4	98.6	98.7
9 Other	1,164.7[r]	1,224.7[r]	1,226.4[r]	1,228.0[r]	1,236.2[r]	1,243.0[r]	1,251.0	1,263.4	1,258.8	1,262.9	1,264.9	1,262.6
10 Consumer	488.5	499.4	498.7	499.5	495.9	491.6	483.6	483.3	480.6	482.4	483.9	484.8
11 Security[3]	72.5	79.3	68.1	70.1	73.4	79.0	69.6	67.5	68.3	70.9	63.6	68.4
12 Other loans and leases	279.2[r]	306.3[r]	308.4[r]	309.1[r]	312.7[r]	320.4[r]	317.4	318.7	315.3	316.5	317.1	318.2
13 Interbank loans	186.1	196.2	195.6	192.0	200.9	200.0	196.6	189.4	185.5	187.5	185.9	199.3
14 Cash assets[4]	215.4	220.3	222.1	223.2	223.9	227.5	224.4	216.3	209.6	228.5	209.1	223.6
15 Other assets[5]	284.3	319.2	317.0	307.3	311.3	315.1	317.6	318.1	308.0	321.8	317.1	322.7
16 **Total assets**[6]	**4,379.1**[r]	**4,632.2**[r]	**4,616.4**[r]	**4,615.3**[r]	**4,648.5**[r]	**4,699.4**[r]	**4,705.8**	**4,723.1**	**4,684.8**	**4,733.1**	**4,701.9**	**4,756.0**
Liabilities												
17 Deposits	2,935.4	3,056.5	3,057.7	3,064.6	3,064.4	3,071.5	3,082.4	3,078.3	3,085.8	3,079.2	3,062.2	3,087.0
18 Transaction	656.9	644.0	650.4	646.5	639.1	644.8	639.0	629.2	621.0	633.1	624.3	649.7
19 Nontransaction	2,278.6	2,412.5	2,407.3	2,418.1	2,425.3	2,426.6	2,443.3	2,449.1	2,464.8	2,446.1	2,437.9	2,437.3
20 Large time	405.2	423.3	422.7	425.5	425.6	426.2	425.6	424.4	426.7	420.5	423.8	425.3
21 Other	1,873.4	1,989.3	1,984.6	1,992.6	1,999.7	2,000.5	2,017.7	2,024.6	2,038.1	2,025.5	2,014.0	2,012.1
22 Borrowings	724.1	811.0	814.3	811.6	825.1	839.6	847.4	852.0	832.5	860.8	844.9	865.7
23 From banks in the U.S.	274.7	298.5	295.2	290.8	302.9	311.9	314.3	314.5	307.5	317.9	310.8	320.1
24 From others	449.4	512.5	519.1	520.8	522.3	527.7	533.0	537.5	525.1	542.9	534.1	545.5
25 Net due to related foreign offices	98.2	117.3	117.7	115.4	118.7	145.6	145.0	150.3	143.5	151.4	161.2	149.0
26 Other liabilities	221.5	225.9	204.4	206.6	211.1	214.1	210.9	219.3	213.1	221.2	213.2	216.1
27 **Total liabilities**	**3,979.3**	**4,210.8**	**4,194.0**	**4,198.2**	**4,219.4**	**4,270.7**	**4,285.7**	**4,299.8**	**4,274.9**	**4,312.5**	**4,281.5**	**4,317.8**
28 Residual (assets less liabilities)[7]	399.8[r]	421.5[r]	422.4[r]	417.1[r]	429.1[r]	428.7[r]	420.2	423.3	409.8	420.6	420.3	438.2
	Not seasonally adjusted											
Assets												
29 Bank credit	3,735.8[r]	3,948.5[r]	3,936.9[r]	3,962.2[r]	3,978.8[r]	4,012.5[r]	4,012.6	4,040.7	4,030.2	4,036.5	4,032.0	4,042.0
30 Securities in bank credit	932.8	1,006.3	995.7	999.1	999.9	1,008.3	1,024.0	1,037.5	1,036.9	1,037.3	1,034.2	1,040.3
31 U.S. government securities	671.2	712.4	720.7	722.6	720.1	723.6	720.8	724.6	723.1	722.1	722.7	730.4
32 Other securities	261.6	294.0	275.0	276.5	279.8	284.7	303.2	312.8	313.9	315.2	311.4	309.9
33 Loans and leases in bank credit[2]	2,803.0[r]	2,942.2[r]	2,941.2[r]	2,963.1[r]	2,978.9[r]	3,004.2[r]	2,988.6	3,003.3	2,993.2	2,999.2	2,997.8	3,001.6
34 Commercial and industrial	693.8	740.0[r]	749.6[r]	760.6[r]	762.6[r]	768.7[r]	770.6	770.3	769.8	767.1	767.2	771.9
35 Real estate	1,270.6[r]	1,320.5[r]	1,321.7[r]	1,327.9[r]	1,340.1[r]	1,347.5[r]	1,350.1	1,364.6	1,358.8	1,365.9	1,366.0	1,362.8
36 Revolving home equity	103.4	101.4	101.1	102.4	103.9	103.3	97.7	98.8	98.1	98.4	98.8	98.9
37 Other	1,167.2[r]	1,219.0[r]	1,220.6[r]	1,225.5[r]	1,236.3[r]	1,244.2[r]	1,252.4	1,265.9	1,260.7	1,267.4	1,267.2	1,263.9
38 Consumer	489.4	499.2	493.9	496.0	493.4	488.9	481.2	484.5	479.5	481.9	485.0	487.2
39 Security[3]	68.4	79.4	70.9	72.1	73.5	78.2	67.9	63.7	67.1	67.7	60.3	62.2
40 Other loans and leases	280.8[r]	303.1[r]	305.2[r]	306.5[r]	309.1[r]	320.9[r]	318.7	320.2	318.0	316.7	319.3	317.6
41 Interbank loans	179.0	195.9	198.7	197.0	196.7	197.3	190.3	181.6	182.5	178.0	181.6	182.6
42 Cash assets[4]	204.8	222.1	215.7	222.0	222.0	222.2	216.6	206.1	206.7	209.3	201.0	200.9
43 Other assets[5]	286.5	314.8	311.8	312.0	313.5	322.1	321.0	320.3	314.5	323.9	319.1	318.9
44 **Total assets**[6]	**4,349.0**[r]	**4,623.4**[r]	**4,604.9**[r]	**4,635.2**[r]	**4,652.5**[r]	**4,695.6**[r]	**4,682.5**	**4,690.0**	**4,675.5**	**4,689.0**	**4,675.1**	**4,685.9**
Liabilities												
45 Deposits	2,922.1	3,034.8	3,049.1	3,075.9	3,052.7	3,068.8	3,068.5	3,066.8	3,088.7	3,063.2	3,056.5	3,044.1
46 Transaction	639.4	639.3	643.8	654.3	630.3	640.1	628.4	612.8	620.0	608.6	612.7	607.8
47 Nontransaction	2,282.7	2,395.4	2,405.3	2,421.6	2,422.4	2,428.6	2,440.1	2,454.0	2,468.7	2,454.6	2,443.8	2,436.3
48 Large time	403.5	425.7	422.5	423.4	424.5	422.6	420.7	422.6	423.1	417.9	422.1	424.1
49 Other	1,879.2	1,969.7	1,982.8	1,998.2	1,997.9	2,006.0	2,019.4	2,031.4	2,045.5	2,036.6	2,021.7	2,012.2
50 Borrowings	705.4	813.7	807.7	811.4	833.3	843.1	838.0	828.5	814.7	829.8	826.5	837.1
51 From banks in the U.S.	268.6	298.9	294.8	291.4	303.8	311.7	309.7	307.4	301.5	308.0	305.9	311.5
52 From others	436.8	514.8	512.9	519.9	529.5	531.4	528.3	521.2	513.1	521.8	520.6	525.6
53 Net due to related foreign offices	96.7	123.4	117.6	114.0	126.7	141.2	139.8	147.3	134.5	145.3	149.7	158.8
54 Other liabilities	221.3	226.8	205.0	207.3	211.3	213.9	211.0	219.0	213.0	221.3	212.9	215.7
55 **Total liabilities**	**3,945.5**	**4,198.6**	**4,179.4**	**4,208.6**	**4,224.1**	**4,267.0**	**4,257.3**	**4,261.7**	**4,250.9**	**4,259.5**	**4,245.6**	**4,255.6**
56 Residual (assets less liabilities)[7]	403.5[r]	424.8[r]	425.5[r]	426.6[r]	428.5[r]	428.6[r]	425.2	428.3	424.7	429.5	429.5	430.2
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	53.3	64.9	46.8	48.3	50.6	51.0	53.8	57.9	60.7	60.3	56.5	54.3
58 Revaluation losses on off-balance-sheet items[8]	56.3	65.4	46.7	49.3	52.5	53.4	55.7	63.1	65.7	65.4	60.8	57.7
59 Mortgage-backed securities[9]	301.2	341.6	336.9	335.7	335.5	332.1	330.7	334.6	333.3	332.4	331.9	336.9

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			
	1998	1999r							1999			
	Aug.	Feb.	Mar	Apr.	May	June	July	Aug.	Aug. 4	Aug. 11	Aug. 18	Aug 25
	Seasonally adjusted											
Assets												
1 Bank credit	2,331.9	2,439.3	2,412.1	2,416.4	2,424.8	2,452.8	2,448.4	2,466.1	2,456.7	2,465.8	2,456.8	2,473.9
2 Securities in bank credit	536.2	562.8	546.4	543.5	543.3	553.7	572.6	586.1	583.9	586.4	583.3	591.1
3 U.S. government securities	369.7	378.6	382.2	378.4	376.5	382.7	382.9	389.9	385.2	387.3	388.7	397.8
4 Trading account	22.1	17.9	22.5	25.9	22.3	25.1	22.7	22.8	21.0	21.2	23.0	27.5
5 Investment account	347.6	360.7	359.7	352.5	354.1	357.6	360.1	367.1	364.2	366.1	365.6	370.2
6 Other securities	166.5	184.2	164.2	165.1	166.8	170.9	189.7	196.2	198.7	199.1	194.7	193.4
7 Trading account	79.2	87.5	66.7	66.1	68.3	67.5	73.0	76.9	80.8	80.8	75.9	73.2
8 Investment account	87.3	96.7	97.5	99.0	98.6	103.4	116.7	119.3	117.9	118.3	118.7	120.2
9 State and local government	22.9	24.7	24.9	24.6	24.8	25.3	25.4	25.7	25.7	25.6	25.9	25.8
10 Other	64.4	72.0	72.7	74.4	73.8	78.2	91.3	93.5	92.2	92.7	92.8	94.4
11 Loans and leases in bank credit[2]	1,795.7	1,876.5	1,865.7	1,873.0	1,881.5	1,899.1	1,875.8	1,880.0	1,872.8	1,879.4	1,873.4	1,882.8
12 Commercial and industrial	515.6	543.2	548.1	552.6	552.7	561.2	563.8	567.1	563.3	564.0	564.0	570.9
13 Bankers acceptances	1.3	1.2	1.1	1.1	1.0	1.0	1.0	1.1	1.0	1.0	1.1	1.1
14 Other	514.4	542.1	547.0	551.5	551.7	560.2	562.8	566.0	562.4	563.0	562.9	569.8
15 Real estate	710.3	722.6	718.5	718.4	721.9	721.3	716.2	721.0	719.4	722.3	722.7	719.1
16 Revolving home equity	74.8	73.4	73.4	74.2	75.0	74.1	68.1	68.8	68.3	68.5	68.8	69.0
17 Other	635.5	649.2	645.1	644.2	646.9	647.2	648.0	652.3	651.1	653.9	653.9	650.1
18 Consumer	294.1	301.6	299.1	297.6	294.8	290.2	282.8	279.8	280.7	279.7	279.8	279.7
19 Security[3]	66.7	73.6	62.3	64.6	68.3	73.8	64.3	62.2	62.9	65.7	58.4	63.2
20 Federal funds sold to and repurchase agreements with broker–dealers	49.0	57.8	46.3	47.9	51.4	55.6	46.9	45.3	45.5	47.6	41.4	46.8
21 Other	17.7	15.8	16.0	16.6	16.8	18.2	17.4	16.9	17.3	18.2	17.0	16.4
22 State and local government	11.2	11.3	11.3	11.4	11.4	11.4	11.7	11.9	11.8	11.9	11.8	12.0
23 Agricultural	8.9	9.0	8.9	8.9	8.6	8.6	8.5	8.8	8.7	8.7	8.7	8.8
24 Federal funds sold to and repurchase agreements with others	10.2	12.3	12.2	11.6	14.2	38.1	32.3	30.0	30.5	29.8	29.4	30.1
25 All other loans	80.7	89.8	89.5	90.1	90.3	74.5	74.6	76.1	72.9	74.7	75.7	76.1
26 Lease-financing receivables	97.8	113.2	115.7	117.9	119.3	120.0	121.7	123.2	122.5	122.5	123.0	123.0
27 Interbank loans	119.5	131.6	133.8	131.6	143.2	144.6	139.7	134.7	129.8	134.9	131.7	143.4
28 Federal funds sold to and repurchase agreements with commercial banks	66.7	81.8	84.9	81.1	88.0	87.0	89.6	86.0	82.0	86.6	80.6	95.4
29 Other	52.8	49.7	48.9	50.6	55.2	57.6	50.1	48.7	47.8	48.4	51.1	48.0
30 Cash assets[4]	149.2	151.1	152.6	154.9	152.6	155.8	151.5	143.6	138.3	153.1	139.3	148.3
31 Other assets[5]	223.3	243.7	240.3	230.2	232.7	235.9	234.4	232.4	223.1	235.2	232.2	236.2
32 **Total assets[6]**	**2,786.2**	**2,927.1**	**2,900.1**	**2,894.7**	**2,914.8**	**2,950.6**	**2,935.8**	**2,938.6**	**2,909.6**	**2,950.8**	**2,921.7**	**2,963.5**
Liabilities												
33 Deposits	1,661.6	1,692.4	1,690.7	1,697.8	1,692.5	1,692.7	1,691.7	1,679.9	1,690.5	1,683.2	1,669.1	1,682.3
34 Transaction	375.3	357.9	361.5	363.9	355.0	356.7	351.4	340.3	336.4	346.5	337.9	349.5
35 Nontransaction	1,286.3	1,334.5	1,329.2	1,333.9	1,337.5	1,336.0	1,340.2	1,339.6	1,354.2	1,336.7	1,331.2	1,332.8
36 Large time	222.5	230.5	227.8	228.6	225.6	227.5	228.5	224.6	227.8	221.5	223.9	224.8
37 Other	1,063.8	1,103.9	1,101.3	1,105.3	1,111.9	1,108.4	1,111.7	1,115.0	1,126.3	1,115.2	1,107.4	1,108.0
38 Borrowings	562.5	625.8	623.0	622.1	629.7	639.5	637.0	640.0	624.0	650.8	633.2	651.3
39 From banks in the U.S.	198.6	213.8	208.6	205.8	214.3	219.3	216.0	217.6	212.0	220.3	214.2	221.9
40 From others	363.9	412.0	414.4	416.2	415.4	420.2	420.9	422.4	412.0	430.5	419.0	429.4
41 Net due to related foreign offices	94.5	114.1	113.1	110.5	113.6	141.5	140.8	146.8	139.7	147.2	158.0	145.8
42 Other liabilities	193.2	195.7	173.9	175.2	178.9	180.9	178.2	183.4	178.3	185.4	177.3	179.7
43 **Total liabilities**	**2,511.7**	**2,628.0**	**2,600.7**	**2,605.5**	**2,614.8**	**2,654.6**	**2,647.6**	**2,650.1**	**2,632.5**	**2,666.7**	**2,637.6**	**2,659.2**
44 Residual (assets less liabilities)[7]	274.5	299.1	299.4	289.2	300.0	296.0	288.1	288.5	277.0	284.1	284.1	304.3

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

Account	Monthly averages								Wednesday figures			
	1998	1999							1999			
	Aug.	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.	Aug. 4	Aug. 11	Aug. 18	Aug. 25
	Not seasonally adjusted											
Assets												
45 Bank credit	2,315.2	2,444.0	2,414.7	2,422.5	2,422.6	2,443.0	2,434.5	2,446.9	2,446.3	2,446.0	2,438.8	2,444.2
46 Securities in bank credit	528.2	568.8	550.4	548.8	545.1	549.5	564.8	576.1	576.9	575.7	573.4	578.2
47 U.S. government securities	362.2	384.0	386.2	384.4	379.3	379.9	377.1	381.0	379.5	377.8	379.8	386.1
48 Trading account	21.2	18.6	23.4	25.2	20.8	23.5	20.9	21.7	20.5	19.8	23.0	25.2
49 Investment account	341.1	365.5	362.8	359.2	358.6	356.4	356.1	359.2	359.0	358.1	356.8	360.9
50 Mortgage-backed securities	228.8	251.2	244.6	241.8	238.7	234.4	233.1	237.2	236.2	235.3	234.7	239.2
51 Other	112.3	114.3	118.2	117.4	119.8	122.1	123.0	122.0	122.9	122.7	122.1	121.7
52 One year or less	29.7	26.2	24.4	24.8	24.2	25.2	25.2	24.8	24.6	25.1	25.0	24.5
53 One to five years	50.1	47.9	53.3	53.9	55.6	57.4	58.5	58.2	58.3	59.0	58.0	57.9
54 More than five years	32.6	40.2	40.5	38.7	40.0	39.6	39.3	39.1	40.0	38.6	39.1	39.2
55 Other securities	165.9	184.8	164.2	164.4	165.8	169.5	187.7	195.1	197.4	197.8	193.6	192.2
56 Trading account	79.2	87.5	66.7	66.1	68.3	67.5	73.0	76.9	80.8	80.8	75.9	73.2
57 Investment account	86.7	97.3	97.5	98.2	97.5	102.0	114.7	118.2	116.6	117.1	117.7	119.0
58 State and local government	22.7	24.8	24.9	24.7	24.9	25.1	24.9	25.4	25.2	25.2	25.5	25.5
59 Other	64.0	72.5	72.6	73.5	72.6	76.9	89.8	92.8	91.4	91.9	92.2	93.5
60 Loans and leases in bank credit[2]	1,787.0	1,875.2	1,864.4	1,873.7	1,877.5	1,893.6	1,869.8	1,870.8	1,869.4	1,870.3	1,865.5	1,865.9
61 Commercial and industrial	510.7	543.2	550.8	558.6	557.2	561.2	562.3	561.3	561.4	558.6	558.5	562.4
62 Bankers acceptances	1.3	1.2	1.1	1.1	1.0	1.0	1.0	1.1	1.0	1.0	1.1	1.1
63 Other	509.4	542.0	549.6	557.6	556.3	560.2	561.4	560.2	560.5	557.6	557.5	561.3
64 Real estate	710.9	721.2	715.5	715.5	719.2	719.3	715.3	721.6	719.7	724.7	723.2	718.3
65 Revolving home equity	75.1	73.1	72.7	73.7	74.7	73.9	68.2	69.1	68.5	68.7	69.1	69.3
66 Other	397.2	399.3	392.4	390.4	392.2	392.9	394.0	398.1	397.8	401.9	400.1	393.6
67 Commercial	238.5	248.9	250.4	251.4	252.2	252.5	253.1	254.4	253.4	254.1	254.0	255.3
68 Consumer	294.8	302.0	296.5	295.2	292.6	288.3	281.0	280.4	279.5	279.0	280.4	281.2
69 Security[3]	62.6	73.6	65.1	66.5	68.3	73.0	62.6	58.4	61.7	62.5	55.1	57.0
70 Federal funds sold to and repurchase agreements with broker–dealers	45.3	58.3	48.9	49.8	51.2	54.1	45.3	41.8	44.6	45.2	38.4	40.6
71 Other	17.4	15.3	16.2	16.7	17.2	18.9	17.3	16.6	17.1	17.2	16.6	16.4
72 State and local government	11.3	11.3	11.2	11.3	11.3	11.3	11.6	11.9	11.8	11.9	11.9	12.1
73 Agricultural	9.1	8.7	8.6	8.6	8.6	8.7	8.8	9.0	8.9	9.0	9.0	9.0
74 Federal funds sold to and repurchase agreements with others	10.2	12.3	12.2	11.6	14.2	38.1	32.3	30.0	30.5	29.8	29.4	30.1
75 All other loans	80.1	88.4	87.9	88.2	86.9	73.4	74.5	75.5	73.8	72.8	75.5	73.6
76 Lease-financing receivables	97.3	114.5	116.6	118.1	119.2	120.2	121.3	122.6	122.0	122.1	122.5	122.3
77 Interbank loans	115.9	131.4	133.9	135.7	143.3	145.0	137.5	129.4	127.4	127.0	129.7	132.7
78 Federal funds sold to and repurchase agreements with commercial banks	63.3	82.4	84.6	83.7	87.1	86.2	86.0	81.0	78.9	79.1	79.1	85.1
79 Other	52.6	49.0	49.3	52.0	56.3	58.8	51.5	48.4	48.5	47.8	50.7	47.6
80 Cash assets[4]	141.7	151.9	147.7	153.8	151.1	151.6	145.5	136.6	136.7	139.3	134.0	132.6
81 Other assets[5]	225.0	240.6	236.5	234.5	235.0	241.2	236.6	234.0	226.8	236.2	234.1	234.3
82 **Total assets**[6]	**2,759.7**	**2,929.4**	**2,894.2**	**2,908.3**	**2,913.5**	**2,942.2**	**2,915.9**	**2,908.4**	**2,898.6**	**2,909.9**	**2,898.2**	**2,905.4**
Liabilities												
83 Deposits	1,650.7	1,688.2	1,689.1	1,703.9	1,678.1	1,686.6	1,680.4	1,669.8	1,689.3	1,668.6	1,664.3	1,651.5
84 Transaction	364.7	355.0	356.3	368.0	348.5	353.1	344.7	330.8	336.2	330.4	332.8	323.6
85 Nontransaction	1,286.0	1,333.1	1,332.9	1,335.9	1,329.6	1,333.5	1,335.6	1,339.0	1,353.2	1,338.1	1,331.5	1,327.8
86 Large time	220.9	233.0	227.6	226.5	224.5	224.0	223.7	222.8	224.2	218.9	222.1	223.6
87 Other	1,065.1	1,100.1	1,105.3	1,109.4	1,105.2	1,109.5	1,112.0	1,116.2	1,128.9	1,119.2	1,109.4	1,104.2
88 Borrowings	543.9	631.1	622.0	624.5	637.5	641.9	627.9	616.5	607.8	620.4	614.1	622.3
89 From banks in the U.S.	193.0	215.4	210.6	208.2	215.4	219.0	212.3	211.2	207.7	211.5	209.6	213.8
90 From nonbanks in the U.S.	350.8	415.7	411.4	416.3	422.1	422.9	415.6	405.3	400.1	409.0	404.5	408.5
91 Net due to related foreign offices	92.9	120.2	113.1	109.0	121.7	137.1	135.5	143.9	130.7	141.1	146.4	155.7
92 Other liabilities	193.2	195.7	173.9	175.2	178.9	180.9	178.2	183.4	178.3	185.4	177.3	179.7
93 **Total liabilities**	**2,480.6**	**2,635.1**	**2,598.1**	**2,612.6**	**2,616.3**	**2,646.5**	**2,622.0**	**2,613.6**	**2,606.1**	**2,615.6**	**2,602.1**	**2,609.1**
94 Residual (assets less liabilities)[7]	279.0	294.2	296.1	295.7	297.2	295.7	293.9	294.8	292.4	294.4	296.1	296.3
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	53.3	64.9	46.8	48.3	50.6	51.0	53.8	57.9	60.7	60.3	56.5	54.3
96 Revaluation losses on off-balance-sheet items[8]	56.3	65.4	46.6	49.3	52.5	53.4	55.7	63.1	65.7	65.4	60.8	57.7
97 Mortgage-backed securities[9]	252.4	279.9	272.9	270.2	266.2	261.6	260.0	264.3	262.8	262.1	261.6	266.7
98 Pass-through securities	163.8	190.2	183.1	180.2	177.4	174.1	173.7	177.4	176.0	175.4	175.4	180.0
99 CMOs, REMICs, and other mortgage-backed securities	88.6	89.7	89.8	90.0	88.7	87.5	86.3	86.9	86.8	86.7	86.2	86.7
100 Net unrealized gains (losses) on available-for-sale securities[10]	3.1	2.3	.6	.9	.6	.0	−3.3	−4.2	−4.3	−4.3	−3.9	−3.8
101 Offshore credit to U.S. residents[11]	35.6	38.9	39.0	37.9	37.7	37.0	36.3	32.2	35.1	34.4	33.3	29.7

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			
	1998	1999[r]							1999			
	Aug.	Feb.	Mar.	Apr.	May	June	July	Aug.	Aug. 4	Aug. 11	Aug. 18	Aug. 25
	Seasonally adjusted											
Assets												
1 Bank credit	1,418.3	1,515.3	1,528.0	1,534.6	1,546.0	1,562.4	1,576.8	1,591.7	1,583.2	1,587.9	1,591.4	1,594.8
2 Securities in bank credit	406.0	439.7	443.8	445.4	449.5	457.0	460.9	463.0	462.1	462.5	462.9	463.2
3 U.S. government securities	310.5	329.9	333.0	334.0	336.2	341.8	345.2	345.5	345.7	345.5	345.3	345.7
4 Other securities	95.5	109.8	110.8	111.5	113.2	115.2	115.7	117.5	116.5	117.0	117.6	117.5
5 Loans and leases in bank credit[2]	1,012.4	1,075.5	1,084.2	1,089.2	1,096.6	1,105.4	1,115.8	1,128.7	1,121.1	1,125.4	1,128.5	1,131.6
6 Commercial and industrial	184.2	197.2	198.2	199.8	202.8	205.6	208.4	210.2	209.3	209.6	209.8	211.0
7 Real estate	557.7	604.0	609.8	612.6	618.6	625.4	632.7	640.9	637.6	639.0	640.8	642.1
8 Revolving home equity	28.5	28.4	28.6	28.8	29.2	29.5	29.7	29.8	29.9	29.9	29.8	29.7
9 Other	529.2	575.6	581.3	583.8	589.4	595.8	603.0	611.1	607.7	609.1	611.0	612.5
10 Consumer	194.4	197.8	199.6	201.9	201.1	201.3	200.8	203.5	199.9	202.7	204.1	205.1
11 Security[3]	5.8	5.7	5.8	5.6	5.2	5.2	5.3	5.3	5.4	5.2	5.2	5.2
12 Other loans and leases	70.3	70.8	70.8	69.4	68.9	67.9	68.6	68.8	68.8	68.9	68.6	68.2
13 Interbank loans	66.6	64.6	61.8	60.4	57.7	55.4	56.9	54.7	55.7	52.6	54.2	55.9
14 Cash assets[4]	66.2	69.2	69.5	68.3	71.3	71.8	72.9	72.6	71.3	75.4	69.8	75.3
15 Other assets[5]	60.9	75.5	76.7	77.2	78.6	79.3	83.2	85.6	84.9	86.6	84.9	86.6
16 **Total assets**[6]	**1,592.9**	**1,705.1**	**1,716.3**	**1,720.6**	**1,733.7**	**1,748.8**	**1,770.1**	**1,784.5**	**1,775.2**	**1,782.4**	**1,780.1**	**1,792.4**
Liabilities												
17 Deposits	1,273.8	1,364.1	1,367.0	1,366.8	1,372.0	1,378.8	1,390.7	1,398.4	1,395.3	1,395.9	1,393.1	1,404.7
18 Transaction	281.6	286.0	288.9	282.6	284.2	288.1	287.6	288.9	284.7	286.6	286.5	300.2
19 Nontransaction	992.2	1,078.1	1,078.1	1,084.2	1,087.8	1,090.7	1,103.1	1,109.5	1,110.6	1,109.4	1,106.7	1,104.5
20 Large time	182.6	192.8	194.9	196.9	200.0	198.6	197.0	199.9	198.9	199.0	200.0	200.4
21 Other	809.6	885.3	883.2	887.3	887.8	892.1	906.0	909.6	911.7	910.3	906.7	904.0
22 Borrowings	161.6	185.2	191.3	189.5	195.4	200.1	210.4	212.0	208.5	210.0	211.7	214.3
23 From banks in the U.S.	76.2	84.7	86.6	85.0	88.6	92.5	98.3	96.9	95.4	97.5	96.6	98.2
24 From others	85.5	100.5	104.7	104.5	106.8	107.5	112.1	115.1	113.1	112.4	115.1	116.1
25 Net due to related foreign offices	3.7	3.2	4.5	4.9	5.0	4.1	4.3	3.5	3.8	4.1	3.3	3.1
26 Other liabilities	28.3	30.3	30.5	31.4	32.2	33.2	32.7	35.9	34.8	35.8	35.8	36.4
27 **Total liabilities**	**1,467.5**	**1,582.8**	**1,593.3**	**1,592.7**	**1,604.6**	**1,616.1**	**1,638.0**	**1,649.7**	**1,642.4**	**1,645.8**	**1,643.9**	**1,658.6**
28 Residual (assets less liabilities)[7]	125.4	122.3	123.0	127.9	129.1	132.7	132.0	134.8	132.8	136.5	136.2	133.9
	Not seasonally adjusted											
Assets												
29 Bank credit	1,420.6	1,504.5	1,522.2	1,539.7	1,556.2	1,569.5	1,578.0	1,593.9	1,583.8	1,590.5	1,593.2	1,597.8
30 Securities in bank credit	404.6	437.5	445.3	450.4	454.8	458.9	459.2	461.4	460.0	461.7	460.8	462.1
31 U.S. government securities	308.9	328.3	334.5	338.2	340.8	343.7	343.7	343.7	343.5	344.3	343.0	344.3
32 Other securities	95.7	109.2	110.8	112.2	114.0	115.2	115.5	117.7	116.5	117.4	117.8	117.8
33 Loans and leases in bank credit[2]	1,016.0	1,067.0	1,076.9	1,089.4	1,101.3	1,110.6	1,118.8	1,132.5	1,123.8	1,128.9	1,132.3	1,135.7
34 Commercial and industrial	183.1	196.8	198.8	201.9	205.4	207.5	208.3	209.0	208.4	208.5	208.7	209.5
35 Real estate	559.7	599.2	606.2	612.4	621.0	628.2	634.8	643.0	639.1	641.2	642.8	644.5
36 Revolving home equity	28.4	28.4	28.4	28.7	29.2	29.4	29.5	29.7	29.6	29.7	29.7	29.6
37 Other	531.4	570.9	577.8	583.7	591.8	598.8	605.3	613.3	609.4	611.5	613.1	614.9
38 Consumer	194.7	197.2	197.4	200.8	200.8	200.6	200.2	204.1	200.0	202.9	204.6	206.0
39 Security[3]	5.8	5.7	5.8	5.6	5.2	5.2	5.3	5.3	5.4	5.2	5.2	5.2
40 Other loans and leases	72.7	68.0	68.7	68.7	68.9	69.1	70.2	71.1	70.9	71.1	71.1	70.5
41 Interbank loans	63.1	64.6	64.8	61.3	53.4	52.3	52.7	52.1	55.1	51.0	51.8	49.9
42 Cash assets[4]	63.2	70.2	68.0	68.2	70.9	70.7	71.1	69.5	70.0	69.9	67.0	68.2
43 Other assets[5]	61.5	74.2	75.3	77.5	78.6	80.9	84.4	86.3	87.8	87.7	85.0	84.6
44 **Total assets**[6]	**1,589.3**	**1,694.0**	**1,710.7**	**1,726.9**	**1,739.1**	**1,753.4**	**1,766.6**	**1,781.7**	**1,777.0**	**1,779.1**	**1,776.8**	**1,780.4**
Liabilities												
45 Deposits	1,271.5	1,346.6	1,360.0	1,372.0	1,374.6	1,382.1	1,388.1	1,397.0	1,399.3	1,394.6	1,392.2	1,392.6
46 Transaction	274.7	284.3	287.6	286.3	281.8	287.0	283.7	282.0	283.8	278.2	279.9	284.2
47 Nontransaction	996.7	1,062.3	1,072.4	1,085.7	1,092.8	1,095.1	1,104.4	1,115.0	1,115.5	1,116.4	1,112.3	1,108.5
48 Large time	182.6	192.8	194.9	196.9	200.0	198.6	197.0	199.9	198.9	199.0	200.0	200.4
49 Other	814.1	869.5	877.5	888.8	892.8	896.5	907.4	915.2	916.6	917.4	912.3	908.0
50 Borrowings	161.5	182.6	185.7	186.9	195.8	201.2	210.2	212.0	206.9	209.4	212.4	214.8
51 From banks in the U.S.	75.5	83.5	84.2	83.3	88.4	92.8	97.4	96.2	93.8	96.5	96.3	97.7
52 From others	86.0	99.0	101.5	103.6	107.3	108.4	112.8	115.8	113.0	112.9	116.1	117.1
53 Net due to related foreign offices	3.7	3.2	4.5	4.9	5.0	4.1	4.3	3.5	3.8	4.1	3.3	3.1
54 Other liabilities	28.2	31.1	31.1	32.1	32.4	33.0	32.7	35.6	34.7	35.9	35.5	36.0
55 **Total liabilities**	**1,464.9**	**1,563.5**	**1,581.3**	**1,596.0**	**1,607.8**	**1,620.5**	**1,635.3**	**1,648.1**	**1,644.7**	**1,644.0**	**1,643.5**	**1,646.5**
56 Residual (assets less liabilities)[7]	124.5	130.6	129.5	130.9	131.3	132.9	131.3	133.5	132.3	135.1	133.4	133.9
MEMO												
57 Mortgage-backed securities[9]	48.8	61.7	64.0	65.5	69.3	70.5	70.7	70.3	70.6	70.3	70.3	70.2

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			
	1998	1999							1999			
	Aug.	Feb.	Mar.	Apr.	May[r]	June[r]	July[r]	Aug.	Aug. 4	Aug. 11	Aug. 18	Aug. 25
	Seasonally adjusted											
Assets												
1 Bank credit	594.2	565.9	549.8[r]	548.9[r]	538.9	531.4	519.1	522.5	526.4	522.9	521.3	520.0
2 Securities in bank credit	217.3	202.8	196.7	199.5	195.2	195.1	189.5	190.0	194.4	190.6	189.3	187.4
3 U.S. government securities	95.9	83.1	84.0	87.8	85.6	87.4	85.7	84.0	87.3	84.4	82.4	82.4
4 Other securities	121.4	119.7	112.8	111.7	109.6	107.7	103.8	106.0	107.0	106.2	106.9	105.0
5 Loans and leases in bank credit[2]	377.0[r]	363.0[r]	353.1[r]	349.4[r]	343.7	336.2	329.6	332.5	332.0	332.2	332.0	332.6
6 Commercial and industrial	214.4	211.8	209.9	208.3	200.8	195.6	191.5	194.5	194.0	194.1	193.4	194.9
7 Real estate	23.9	20.5	19.9	19.8	19.8	19.2	18.4	17.6	18.0	17.6	17.6	17.5
8 Security[3]	64.0[r]	59.5[r]	50.8[r]	51.9[r]	53.2	51.6	52.6	54.9	54.0	54.8	55.5	54.5
9 Other loans and leases	74.7[r]	71.3[r]	72.4[r]	69.5[r]	69.9	69.9	67.1	65.6	66.1	65.8	65.5	65.7
10 Interbank loans	20.0	31.5	25.7	25.4	26.6	24.5	27.4	25.7	28.3	24.9	27.0	26.0
11 Cash assets[4]	34.1	33.7	34.1	34.6	35.9	33.5	35.1	38.1	34.1	38.1	38.8	38.8
12 Other assets[5]	35.9	37.7	37.5	37.5	35.9	33.4	32.2	29.0	28.3	28.3	29.1	30.2
13 **Total assets**[6]	**684.0**[r]	**668.4**[r]	**646.7**[r]	**646.1**[r]	**637.0**	**622.6**	**613.5**	**615.0**	**616.9**	**614.0**	**616.0**	**614.7**
Liabilities												
14 Deposits	306.9	319.7	310.2	311.9	310.4	305.7	310.0	308.7	308.6	312.7	308.6	304.8
15 Transaction	12.3	11.8	10.5	10.1	10.5	10.9	10.9	11.0	11.0	11.3	11.2	10.8
16 Nontransaction	294.6	307.9	299.6	301.8	299.9	294.8	299.1	297.7	297.6	301.4	297.4	294.0
17 Borrowings	191.7	179.8	173.5	172.1	172.7	180.9	171.9	171.9	174.2	169.5	168.6	168.8
18 From banks in the U.S.	21.2	17.9	24.1	21.3	21.7	26.9	24.6	23.6	24.2	19.5	21.0	23.1
19 From others	170.4	161.9	149.4	150.8	151.0	154.0	147.3	148.3	150.0	150.0	147.6	145.7
20 Net due to related foreign offices	109.4	96.7	92.9	95.0	85.4	69.6	67.3	71.9	77.2	70.0	78.8	72.5
21 Other liabilities	73.7	69.8	67.3	66.5	59.3	60.8	63.5	61.7	62.2	60.3	62.3	62.4
22 **Total liabilities**	**681.7**	**666.0**	**644.0**	**645.5**	**627.8**	**617.1**	**612.7**	**614.2**	**622.2**	**612.5**	**618.3**	**608.6**
23 Residual (assets less liabilities)[7]	2.2	2.5[r]	2.7[r]	.6[r]	9.2	5.5	.8	.8	−5.3	1.5	−2.3	6.2
	Not seasonally adjusted											
Assets												
24 Bank credit	590.9[r]	569.6	551.4[r]	546.0[r]	533.7	528.3	515.9	518.8	523.0	517.9	519.1	515.1
25 Securities in bank credit	216.6	204.5	197.8	197.9	193.5	194.2	187.9	188.7	192.4	188.8	188.5	186.0
26 U.S. government securities	95.2	83.4	84.8	87.4	86.4	87.8	85.2	83.0	85.8	83.5	81.9	81.3
27 Trading account	31.0	18.0	19.1	20.4	17.6	19.9	19.0	16.5	18.3	15.9	15.4	16.1
28 Investment account	64.1	65.4	65.7	67.0	68.8	67.9	66.2	66.5	67.5	67.6	66.5	65.3
29 Other securities	121.4	121.0	113.0	110.5	107.1	106.4	102.7	105.7	106.7	105.4	106.6	104.7
30 Trading account	76.5	73.6	69.1	67.4	65.7	63.4	61.0	65.2	64.8	64.3	65.7	65.1
31 Investment account	44.9	47.4	43.9	43.1	41.4	43.0	41.7	40.5	41.9	41.1	40.9	39.5
32 Loans and leases in bank credit[2]	374.3	365.1[r]	353.6[r]	348.2	340.1[r]	334.0	328.0	330.1	330.6	329.1	330.6	329.1
33 Commercial and industrial	212.6	213.6	210.3	206.8	198.1	193.9	190.7	192.8	192.8	192.4	192.5	192.7
34 Real estate	23.7	20.9	20.0	19.5	19.5	19.0	18.2	17.5	17.7	17.5	17.5	17.4
35 Security[3]	63.9[r]	59.2[r]	51.5[r]	51.9[r]	52.9[r]	51.8	52.2	54.9	54.4	54.5	55.9	54.2
36 Other loans and leases	74.0[r]	71.5[r]	71.8[r]	70.0[r]	69.6[r]	69.4	67.0	64.9	65.6	64.7	64.7	64.8
37 Interbank loans	20.0	31.5	25.7	25.4	26.6	24.5	27.4	25.7	28.3	24.9	27.0	26.0
38 Cash assets[4]	33.8	33.0	33.1	33.5	35.6	34.3	35.0	37.7	34.1	37.6	38.6	38.3
39 Other assets[5]	36.5	38.8	38.1	35.7	35.2	32.4	31.4	29.6	28.5	28.7	29.7	30.9
40 **Total assets**[6]	**681.0**[r]	**672.6**[r]	**648.0**[r]	**640.4**	**630.7**[r]	**619.2**	**609.5**	**611.5**	**613.7**	**609.0**	**614.1**	**609.9**
Liabilities												
41 Deposits	304.3	318.5	313.5	311.3	312.8	306.4	307.5	306.1	306.3	309.1	305.2	303.7
42 Transaction	12.2	11.6	10.7	9.9	10.3	10.7	10.8	10.9	10.8	11.1	11.1	10.7
43 Nontransaction	292.1	306.9	302.8	301.4	302.5	295.7	296.7	295.2	295.5	298.1	294.1	293.0
44 Borrowings	191.7	179.8	173.5	172.1	172.7	180.9	171.9	171.9	174.2	169.5	168.6	168.8
45 From banks in the U.S.	21.2	17.9	24.1	21.3	21.7	26.9	24.6	23.6	24.2	19.5	21.0	23.1
46 From others	170.4	161.9	149.4	150.8	151.0	154.0	147.3	148.3	150.0	150.0	147.6	145.7
47 Net due to related foreign offices	106.9	100.3	91.2	89.4	83.6	68.3	64.8	69.8	70.0	68.1	76.0	72.6
48 Other liabilities	73.9	71.4	67.4	65.4	58.8	60.3	62.6	61.8	61.6	60.5	62.6	62.7
49 **Total liabilities**	**676.8**	**669.9**	**645.5**	**638.2**	**627.8**	**616.0**	**606.8**	**609.7**	**612.1**	**607.2**	**612.4**	**607.8**
50 Residual (assets less liabilities)[7]	4.2[r]	2.7[r]	2.5[r]	2.1[r]	2.9[r]	3.3	2.7	1.8	1.6	1.7	1.7	2.2
MEMO												
51 Revaluation gains on off-balance-sheet items[8]	44.2	42.5	39.0	37.7	34.8	34.4	37.3	38.1	38.9	37.5	38.7	38.2
52 Revaluation losses on off-balance-sheet items[8]	42.2	40.5	38.5	38.0	34.2	33.5	36.4	36.3	37.3	36.1	36.4	36.4

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

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.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					1999					
	1994	1995	1996	1997	1998	Feb.	Mar.	Apr.	May	June	July
1 **All issuers**	**595,382**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,178,303**	**1,204,627**	**1,219,789**	**1,230,009**	**1,221,020**	**1,242,107**
Financial companies[1]											
2 Dealer-placed paper, total[2]	223,038	275,815	361,147	513,307	614,142	615,053	684,616	697,030	710,857	705,603	712,718
3 Directly placed paper, total[3]	207,701	210,829	229,662	252,536	322,030	320,468	276,424	276,721	268,129	272,014	277,570
4 Nonfinancial companies[4]	164,643	188,260	184,563	200,857	227,132	242,782	243,587	246,038	251,023	243,404	251,819

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.

B. Bankers Dollar Acceptances[1]

Millions of dollars, not seasonally adjusted, year ending September[2]

Item	1995	1996	1997	1998
1 **Total amount of reporting banks' acceptances in existence**	**29,242**	**25,832**	**25,774**	**14,363**
2 Amount of other banks' eligible acceptances held by reporting banks	1,249	709	736	523
3 Amount of own eligible acceptances held by reporting banks (included in item 1)	10,516	7,770	6,862	4,884
4 Amount of eligible acceptances representing goods stored in, or shipped between, foreign countries (included in item 1)	11,373	9,361	10,467	5,413

1. Includes eligible, dollar-denominated bankers acceptances legally payable in the United States. Eligible acceptances are those that are eligible for discount by Federal Reserve Banks; that is, those acceptances that meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. §372).
2. Data on bankers dollar acceptances are gathered from approximately 65 institutions; includes U.S. chartered commerical banks (domestic and foreign offices), U.S. branches and agencies of foreign banks, and Edge and agreement corporations. The reporting group is revised every year.

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
1996—Jan. 1	8.50	1996	8.27	1997—Jan.	8.25	1998—July	8.50
Feb. 1	8.25	1997	8.44	Feb.	8.25	Aug.	8.50
		1998	8.35	Mar.	8.30	Sept.	8.49
1997—Mar. 26	8.50			Apr.	8.50	Oct.	8.12
		1996—Jan.	8.50	May	8.50	Nov.	7.89
1998—Sept. 30	8.25	Feb.	8.25	June	8.50	Dec.	7.75
Oct. 16	8.00	Mar.	8.25	July	8.50		
Nov. 18	7.75	Apr.	8.25	Aug.	8.50	1999—Jan.	7.75
		May	8.25	Sept.	8.50	Feb.	7.75
1999—July 1	8.00	June	8.25	Oct.	8.50	Mar.	7.75
Aug. 25	8.25	July	8.25	Nov.	8.50	Apr.	7.75
		Aug.	8.25	Dec.	8.50	May	7.75
		Sept.	8.25			June	7.75
		Oct.	8.25	1998—Jan.	8.50	July	8.00
		Nov.	8.25	Feb.	8.50	Aug.	8.06
		Dec.	8.25	Mar.	8.50	Sept.	8.25
				Apr.	8.50		
				May	8.50		
				June	8.50		

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	1996	1997	1998	1999				1999, week ending				
				May	June	July	Aug.	July 30	Aug. 6	Aug. 13	Aug. 20	Aug. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.30	5.46	5.35	4.74	4.76	4.99	5.07	5.01	5.06	4.96	5.03	5.02
2 Discount window borrowing[2,4]	5.02	5.00	4.92	4.50	4.50	4.50	4.56	4.50	4.50	4.50	4.50	4.57
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	n.a.	5.57	5.40	4.79	4.95	5.06	5.18	5.07	5.11	5.14	5.18	5.23
4 2-month	n.a	5.57	5.38	4.80	4.98	5.08	5.23	5.09	5.16	5.20	5.24	5.28
5 3-month	n.a.	5.56	5.34	4.81	4.98	5.11	5.25	5.12	5.18	5.24	5.27	5.30
Financial												
6 1-month	n.a.	5.59	5.42	4.80	4.96	5.08	5.20	5.09	5.13	5.17	5.20	5.26
7 2-month	n.a.	5.59	5.40	4.82	5.00	5.10	5.24	5.10	5.18	5.22	5.25	5.30
8 3-month	n.a.	5.60	5.37	4.83	5.04	5.14	5.28	5.14	5.21	5.27	5.32	5.32
Commercial paper (historical)[3,5,7]												
9 1-month	5.43	5.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	5.41	5.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	5.42	5.62	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	5.31	5.44	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	5.29	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	5.21	5.48	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	5.31	5.54	5.39	4.86	5.04	5.16	5.30	5.17	5.20	5.29	5.33	5.36
16 6-month	5.31	5.57	5.30	4.89	5.14	5.42	5.64	5.46	5.51	5.62	5.68	5.70
Certificates of deposit, secondary market[3,10]												
17 1-month	5.35	5.54	5.49	4.84	5.01	5.13	5.25	5.14	5.17	5.23	5.28	5.30
18 3-month	5.39	5.62	5.47	4.92	5.13	5.24	5.41	5.27	5.35	5.41	5.43	5.42
19 6-month	5.47	5.73	5.44	5.03	5.31	5.58	5.83	5.64	5.75	5.85	5.86	5.86
20 Eurodollar deposits, 3-month[3,11]	5.38	5.61	5.45	4.90	5.09	5.21	5.36	5.20	5.25	5.38	5.40	5.39
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.01	5.06	4.78	4.50	4.57	4.55	4.72	4.59	4.65	4.72	4.65	4.81
22 6-month	5.08	5.18	4.83	4.56	4.82	4.58	4.87	4.61	4.78	4.90	4.88	4.89
23 1-year	5.22	5.32	4.80	4.60	4.82	4.75	4.91	4.80	4.85	4.94	4.91	4.91
Auction high[3,5,12]												
24 3-month	5.02	5.07	4.81	4.51	4.59	4.60	4.76	4.54	4.70	4.79	4.68	4.85
25 6-month	5.09	5.18	4.85	4.55	4.81	4.62	4.88	4.52	4.75	4.92	4.90	4.95
26 1-year	5.23	5.36	4.85	4.63	4.89	4.71	4.95	n.a.	n.a.	n.a.	4.95	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.52	5.63	5.05	4.85	5.10	5.03	5.20	5.07	5.13	5.23	5.20	5.19
28 2-year	5.84	5.99	5.13	5.25	5.62	5.55	5.68	5.59	5.64	5.77	5.68	5.61
29 3-year	5.99	6.10	5.14	5.33	5.70	5.62	5.77	5.65	5.73	5.87	5.75	5.69
30 5-year	6.18	6.22	5.15	5.44	5.81	5.68	5.84	5.75	5.86	5.97	5.81	5.71
31 7-year	6.34	6.33	5.28	5.64	6.05	5.94	6.15	6.03	6.14	6.31	6.12	6.02
32 10-year	6.44	6.35	5.26	5.54	5.90	5.79	5.94	5.86	5.95	6.08	5.91	5.81
33 20-year	6.83	6.69	5.72	6.08	6.36	6.28	6.43	6.34	6.42	6.52	6.43	6.35
34 30-year	6.71	6.61	5.58	5.81	6.04	5.98	6.07	6.05	6.12	6.19	6.03	5.93
Composite												
35 More than 10 years (long-term)	6.80	6.67	5.69	6.04	6.31	6.22	6.37	6.29	6.37	6.47	6.36	6.28
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.52	5.32	4.93	5.05	5.22	5.24	5.47	5.27	5.38	5.49	5.52	5.49
37 Baa	5.79	5.50	5.14	5.43	5.59	5.64	5.93	5.71	5.80	5.95	6.00	5.95
38 *Bond Buyer* series[15]	5.76	5.52	5.09	5.18	5.37	5.36	5.58	5.41	5.49	5.57	5.65	5.61
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.66	7.54	6.87	7.32	7.62	7.57	7.77	7.67	7.75	7.89	7.75	7.67
Rating group												
40 Aaa	7.37	7.27	6.53	6.93	7.23	7.19	7.40	7.29	7.38	7.53	7.37	7.29
41 Aa	7.55	7.48	6.80	7.23	7.52	7.48	7.68	7.58	7.67	7.81	7.66	7.58
42 A	7.69	7.54	6.93	7.40	7.69	7.65	7.84	7.75	7.82	7.96	7.82	7.74
43 Baa	8.05	7.87	7.22	7.72	8.02	7.95	8.15	8.04	8.13	8.27	8.14	8.06
MEMO												
Dividend-price ratio[17]												
44 Common stocks	2.19	1.77	1.49	1.24	1.25	1.20	1.25	1.22	1.28	1.27	1.25	1.20

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 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.

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.

1.36 STOCK MARKET Selected Statistics

Indicator	1996	1997	1998	1998 Dec.	1999 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	357.98	456.99	550.65	576.05	595.43	588.70	603.69	627.75	635.62	629.53	648.83	621.03
2 Industrial	453.57	574.97	684.35	717.14	741.43	736.20	751.93	780.84	791.72	783.96	809.33	778.82
3 Transportation	327.30	415.08	468.61	456.70	479.72	477.47	491.25	523.08	537.88	520.66	528.72	492.13
4 Utility	126.36	143.87	190.52	215.57	224.75	218.24	218.11	228.48	242.98	241.36	250.50	241.84
5 Finance	303.94	424.84	516.65	510.31	523.38	514.75	544.08	564.99	562.66	546.43	557.92	521.59
6 Standard & Poor's Corporation (1941–43 = 10)[2]	670.49	873.43	1,085.50	1,190.05	1,248.77	1,246.58	1,281.66	1,334.76	1,332.07	1,322.55	1,380.99	1,327.49
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	570.86	628.34	682.69	660.76	704.22	699.15	711.08	748.29	787.02	772.01	803.75	781.33
Volume of trading (thousands of shares)												
8 New York Stock Exchange	409,740	523,254	666,534	680,397	847,135	756,932	776,538	874,818	785,778	723,025	721,294	709,569
9 American Stock Exchange	22,567	24,390	28,870	28,756	31,015	31,774	29,563	38,895	35,241	28,806	25,754	27,795
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[4]	**97,400**	**126,090**	**140,980**	**140,980**	**153,240**	**151,530**	**156,440**	**172,880**	**177,984**	**176,930**	**178,360**	**176,390**
Free credit balances at brokers[5]												
11 Margin accounts[6]	22,540	31,410	40,250	40,250	36,880	38,850	40,120	41,200	41,250	42,865	44,330	44,230
12 Cash accounts	40,430	52,160	62,450	62,450	59,600	57,910	59,435	60,870	61,665	64,100	60,000	62,600

Margin requirements (percent of market value and effective date)[7]

Indicator	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. Daily data on prices are available upon request to the Board of Governors. For ordering address, see inside front cover.
2. 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.
3. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
4. 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.
5. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
6. Series initiated in June 1984.
7. 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					
				1999					
	1996	1997	1998	Mar.	Apr.	May	June	July	Aug.
U.S. budget[1]									
1 Receipts, total	1,453,062	1,579,292	1,721,798	130,292	266,142	98,587	199,479	121,905	126,314
2 On-budget	1,085,570	1,187,302	1,305,999	92,425	219,403	62,646	156,901	87,941	91,544
3 Off-budget	367,492	391,990	415,799	37,867	46,739	35,941	42,578	33,964	34,770
4 Outlays, total	1,560,512	1,601,235	1,652,552	152,701	152,683	122,556	145,911	147,068	128,827
5 On-budget	1,259,608	1,290,609	1,335,948	121,999	123,376	91,358	136,113	117,634	97,684
6 Off-budget	300,904	310,626	316,604	30,702	29,307	31,197	9,799	29,434	31,143
7 Surplus or deficit (−), total	−107,450	−21,943	69,246	−22,409	113,459	−23,969	53,568	−25,164	−2,513
8 On-budget	−174,038	−103,307	−29,949	−29,574	96,027	−28,712	20,788	−29,693	−6,140
9 Off-budget	66,588	81,364	99,195	7,165	17,432	4,744	32,779	4,530	3,627
Source of financing (total)									
10 Borrowing from the public	129,712	38,171	−51,049	37,013	−85,208	−551	−22,246	1,193	26,470
11 Operating cash (decrease, or increase (−))	−6,276	604	4,743	−16,988	−36,512	32,495	−27,459	13,553	3,160
12 Other[2]	−15,986	−16,832	−22,940	2,384	8,261	−7,975	−3,863	10,418	−27,117
MEMO									
13 Treasury operating balance (level, end of period)	44,225	43,621	38,878	21,626	58,138	25,643	53,102	39,549	36,389
14 Federal Reserve Banks	7,700	7,692	4,952	5,374	10,040	5,506	6,720	4,984	5,559
15 Tax and loan accounts	36,525	35,930	33,926	16,252	48,098	20,586	46,382	34,565	30,831

1. Since 1990, off-budget items have been the social security trust funds (federal old-age survivors insurance and federal 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*; fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government*.

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

Millions of dollars

Source or type	Fiscal year 1997	Fiscal year 1998	Calendar year 1997 H2	1998 H1	1998 H2	1999 H1	1999 June	1999 July	1999 Aug.
RECEIPTS									
1 **All sources**	**1,579,292**	**1,721,798**	**773,810**	**922,630**	**825,057**	**965,636**	**199,479**	**121,905**	**126,314**
2 Individual income taxes, net	737,466	828,586	354,072	447,514	392,332	481,527	92,993	59,975	60,709
3 Withheld	580,207	646,483	306,865	316,309	339,144	351,068	57,716	59,717	57,476
4 Nonwithheld	250,753	281,527	58,069	219,136	65,204	240,278	37,706	3,262	5,163
5 Refunds	93,560	99,476	10,869	87,989	12,032	109,875	2,438	3,006	1,931
Corporation income taxes									
6 Gross receipts	204,493	213,249	104,659	109,353	104,163	106,861	40,610	5,303	5,115
7 Refunds	22,198	24,593	10,135	14,220	14,250	17,092	1,346	1,898	1,418
8 Social insurance taxes and contributions, net	539,371	571,831	260,795	312,713	268,466	324,831	55,144	46,368	49,389
9 Employment taxes and contributions[2]	506,751	540,014	247,794	293,520	256,142	306,235	54,380	44,392	44,960
10 Unemployment insurance	28,202	27,484	10,724	17,080	10,121	16,378	370	1,573	4,085
11 Other net receipts[3]	4,418	4,333	2,280	2,112	2,202	2,216	393	403	344
12 Excise taxes	56,924	57,673	31,133	29,922	33,366	31,015	5,880	5,723	5,397
13 Customs deposits	17,928	18,297	9,679	8,546	9,838	8,440	1,599	1,725	1,814
14 Estate and gift taxes	19,845	24,076	10,262	12,971	12,359	14,915	1,857	1,938	2,175
15 Miscellaneous receipts[4]	25,465	32,658	13,348	15,829	18,735	15,140	2,742	2,771	3,131
OUTLAYS									
16 **All types**	**1,601,235**	**1,652,552**	**824,368**	**815,884**	**877,412**	**816,828**	**145,911**	**147,068**	**128,827**
17 National defense	270,473	268,456	140,873	129,351	140,196	134,414	24,122	26,153	20,867
18 International affairs	15,228	13,109	9,420	4,610	8,297	6,879	1,053	569	530
19 General science, space, and technology	17,174	18,219	10,040	9,426	10,142	9,319	1,800	1,597	1,681
20 Energy	1,483	1,270	411	957	699	797	557	−13	26
21 Natural resources and environment	21,369	22,396	11,106	10,051	12,671	10,351	1,906	1,935	1,961
22 Agriculture	9,032	12,206	10,590	2,387	16,757	9,803	2,591	489	726
23 Commerce and housing credit	−14,624	1,014	−3,526	−2,483	4,046	−1,629	−116	64	−1,386
24 Transportation	40,767	40,332	20,414	16,196	20,836r	17,082	3,882	3,375	3,838
25 Community and regional development	11,005	9,720	5,749	4,863	6,972	5,368	1,201	755	879
26 Education, training, employment, and social services	53,008	54,919	26,851	25,928	27,760	29,003	4,143	3,980	4,363
27 Health	123,843	131,440	63,552	65,053	67,836	69,320	12,307	11,685	11,959
28 Social security and Medicare	555,273	572,047	283,109	286,305	316,809	261,146	52,990	51,157	45,607
29 Income security	230,886	233,202	106,353	125,196	109,481	126,144	14,574	20,514	16,495
30 Veterans benefits and services	39,313	41,781	22,077	19,615	22,750	20,105	3,619	5,130	1,895
31 Administration of justice	20,197	22,832	10,212	11,287	12,041	13,149	2,536	1,935	2,349
32 General government	12,768	13,444	7,302	6,139	9,136	6,650	3,508	1,360	200
33 Net interest[5]	244,013	243,359	122,620	122,345	116,954	116,655	18,518	19,598	19,931
34 Undistributed offsetting receipts[6]	−49,973	−47,194	−22,795	−21,340	−25,795	−17,724	−3,278	−3,214	−3,095

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 2000*; 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	1997			1998				1999	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**5,410**	**5,446**	**5,536**	**5,573**	**5,578**	**5,556**	**5,643**	**5,681**	**5,668**
2 Public debt securities	5,376	5,413	5,502	5,542	5,548	5,526	5,614	5,652	5,639
3 Held by public	3,805	3,815	3,847	3,872	3,790	3,761	3,787	3,795	3,685
4 Held by agencies	1,572	1,599	1,656	1,670	1,758	1,766	1,827	1,857	1,954
5 Agency securities	34	33	34	31	30	29	29	29	29
6 Held by public	26	26	27	26	26	26	29	28	28
7 Held by agencies	7	7	7	5	4	4	1	1	1
8 **Debt subject to statutory limit**	**5,290**	**5,328**	**5,417**	**5,457**	**5,460**	**5,440**	**5,530**	**5,566**	**5,552**
9 Public debt securities	5,290	5,328	5,416	5,456	5,460	5,439	5,530	5,566	5,552
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,500	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950

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 *Treasury Bulletin*.

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1995	1996	1997	1998	1998		1999	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**4,988.7**	**5,323.2**	**5,502.4**	**5,614.2**	**5,526.2**	**5,614.2**	**5,651.6**	**5,638.8**
By type								
2 Interest-bearing	4,964.4	5,317.2	5,494.9	5,605.4	5,518.7	5,605.4	5,643.1	5,629.5
3 Marketable	3,307.2	3,459.7	3,456.8	3,355.5	3,331.0	3,355.5	3,361.3	3,248.5
4 Bills	760.7	777.4	715.4	691.0	637.7	691.0	725.5	647.8
5 Notes	2,010.3	2,112.3	2,106.1	1,960.7	2,009.1	1,960.7	1,912.0	1,868.5
6 Bonds	521.2	555.0	587.3	621.2	610.4	621.2	632.5	632.5
7 Inflation-indexed notes and bonds[1]	n.a.	n.a.	33.0	50.6	41.9	50.6	59.2	59.9
8 Nonmarketable[2]	1,657.2	1,857.5	2,038.1	2,249.9	2,187.7	2,249.9	2,281.8	2,381.0
9 State and local government series	104.5	101.3	124.1	165.3	164.4	165.3	167.5	172.6
10 Foreign issues[3]	40.8	37.4	36.2	34.3	35.1	34.3	33.5	30.9
11 Government	40.8	47.4	36.2	34.3	35.1	34.3	33.5	30.9
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	181.9	182.4	181.2	180.3	180.8	180.3	180.6	180.0
14 Government account series[4]	1,299.6	1,505.9	1,666.7	1,840.0	1,777.3	1,840.0	1,870.2	1,967.5
15 Non-interest-bearing	24.3	6.0	7.5	8.8	7.5	8.8	8.5	9.3
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,304.5	1,497.2	1,655.7	1,826.8	1,765.6	1,826.8	1,857.1	n.a.
17 Federal Reserve Banks	391.0	410.9	451.9	471.7	458.1	471.7	464.5	n.a.
18 Private investors	3,307.7	3,431.2	3,414.6	3,334.0	3,313.2	3,334.0	3,327.6	3,199.3
19 Depository institutions	315.4	296.6	300.3	237.4	244.4	237.4	247.6	n.a.
20 Mutual funds	286.4	315.8	321.3	339.5	319.1	339.5	341.3	n.a.
21 Insurance companies	241.5	214.1	176.6	144.6	150.7	144.6	137.7	n.a.
22 State and local treasuries[6]	289.8	257.0	239.3	269.3	266.4	269.3	266.6	n.a.
Individuals								
23 Savings bonds	185.0	187.0	186.5	186.7	186.0	186.6	186.7	186.6
24 Pension funds	474.5	505.1	539.1	547.0	537.9	547.0	544.9	n.a.
25 Private	298.7	314.6	334.3	345.4	341.4	345.4	347.3	n.a.
26 State and Local	175.8	190.5	204.8	201.6	196.5	201.6	197.6	n.a.
27 Foreign and international[7]	835.2	1,102.1	1,241.6	1,278.7	1,224.2	1,278.7	1,270.8	1,257.3
28 Other miscellaneous investors[6,8]	679.8	553.5	409.9	330.8	384.5	330.8	332.1	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. 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.
7. 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.
8. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

SOURCE. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States;* data by holder, *Treasury Bulletin.*

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	1999			1999, week ending								
	May	June	July	June 30	July 7	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18	Aug. 25
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	30,791	28,954	24,009	25,325	27,182	22,184	25,392	21,697	22,956	20,259	25,938	25,259
Coupon securities, by maturity												
2 Five years or less	109,736	98,738	93,047	96,184	88,369	92,147	96,071	95,315	93,758	109,543	96,467	97,441
3 More than five years	76,896	61,981	53,586	59,964	51,859	58,826	48,561	52,692	59,602	82,361	78,109	57,413
4 Inflation-indexed	1,147	1,278	1,372	1,154	2,719	1,831	301	934	630	1,011	882	558
Federal agency												
5 Discount notes	42,161	44,580	43,320	46,320	52,486	40,079	40,327	40,365	43,379	42,671	45,086	49,259
Coupon securities, by maturity												
6 One year or less	1,194	677	652	505	649	681	413	810	788	475	930	885
7 More than one year, but less than or equal to five years	5,966	5,526	4,592	7,127	3,729	5,195	3,456	5,780	5,109	6,285	5,273	3,076
8 More than five years	4,333	4,256	4,278	2,524	2,266	4,990	5,405	3,835	5,814	7,213	3,870	2,400
9 Mortgage-backed	73,553	72,636	69,129	55,947	75,744	103,433	50,217	49,315	63,647	95,043	66,965	49,728
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	118,422	103,512	93,223	96,074	89,684	97,134	92,603	93,702	92,648	118,908	108,038	97,926
11 Federal agency	4,202	3,636	3,677	3,373	2,998	3,644	4,026	3,509	5,008	4,831	4,854	2,494
12 Mortgage-backed	26,585	26,565	25,013	21,558	25,896	32,366	19,405	23,394	22,485	30,892	27,936	20,003
With other												
13 U.S. Treasury	100,149	87,439	78,790	86,552	80,445	77,853	77,722	76,936	84,297	94,267	93,358	82,745
14 Federal agency	49,452	51,402	49,164	53,103	56,132	47,301	45,575	47,281	50,082	51,813	50,305	53,126
15 Mortgage-backed	46,968	46,072	44,117	34,389	49,849	71,067	30,812	25,921	41,162	64,152	39,028	29,725
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	n.a.	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
17 Five years or less	3,921	3,813	2,469	2,272	2,670	2,428	1,460	2,851	3,640	4,586	4,381	6,014
18 More than five years	18,045	14,278	12,348	12,802	12,078	14,767	10,616	11,915	12,391	15,454	14,282	15,022
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,434	1,725	951	1,453	1,422	493	967	933	923	1,978	883	994
27 More than five years	6,556	4,992	3,892	0	3,450	4,716	3,720	3,780	3,647	6,026	4,592	4,868
28 Inflation-indexed	0	0	0	0	0	0	0	n.a.	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	0	0	0	0	n.a.	n.a.	0	0	0	0	0	0
32 More than five years	0	0	0	0	0	0	0	0	n.a.	0	n.a.	0
33 Mortgage-backed	827	779	1,175	0	1,911	1,162	740	1,033	810	1,526	782	888

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Monthly averages are based on the number of trading days in the month. Transactions are assumed to be evenly distributed among the trading days of the report week. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. Outright transactions include immediate and forward transactions. Immediate delivery refers to purchases or sales of securities (other than mortgage-backed federal agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

4. Options transactions are purchases or sales of put and call options, whether arranged on an organized exchange or in the over-the-counter market, and include options on futures contracts on U.S. Treasury and federal agency securities.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	1999			1999, week ending							
	May	June	July	June 30	July 7	July 14	July 21	July 28	Aug. 4	Aug. 11	Aug. 18
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	6,146	3,929	4,005	718	2,005	2,231	6,403	5,990	2,580	82	−105
Coupon securities, by maturity											
2 Five years or less	−33,183	−30,024	−25,332	−23,830	−26,206	−20,426	−26,617	−25,421	−31,534	−32,317	−33,271
3 More than five years	−11,576	−15,615	−14,263	−16,523	−16,843	−16,676	−14,005	−10,817	−11,258	−6,537	−8,053
4 Inflation-indexed	2,523	2,036	3,202	1,701	3,250	3,051	2,983	3,570	3,095	3,328	3,286
Federal agency											
5 Discount notes	19,406	16,953	21,732	13,845	23,313	24,717	16,857	21,611	22,734	25,937	26,270
Coupon securities, by maturity											
6 One year or less	2,439	2,518	3,233	2,505	2,991	3,282	3,229	3,160	3,867	4,051	3,406
7 More than one year, but less than or equal to five years	6,001	6,288	7,633	7,273	8,095	8,614	7,655	7,135	5,376	5,924	6,975
8 More than five years	6,705	6,450	2,882	4,389	3,810	3,618	3,470	1,715	347	331	1,978
9 Mortgage-backed	16,251	14,787	18,844	13,294	21,758	20,409	19,606	15,746	13,840	20,397	18,723
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	n.a.	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
11 Five years or less	7,117	8,731	7,576	8,162	7,599	6,368	6,354	8,023	12,151	13,851	12,925
12 More than five years	−4,873	−827	−4,401	−336	−1,797	−4,517	−9,047	−3,180	−2,218	−3,923	−6,173
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	0	0	0	0	0	0	0	0	0	0	0
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	−142	−2,266	−2,059	−3,348	−3,163	−2,221	−983	−1,906	−1,972	−3,326	−2,192
21 More than five years	−1,581	−1,000	89	−1,410	−833	−409	−259	1,586	725	1,748	−307
22 Inflation-indexed	n.a.	0	0	0	0	n.a.	0	n.a.	n.a.	0	0
Federal agency											
23 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
24 One year or less	0	0	0	0	0	0	0	0	0	0	0
25 More than one year, but less than or equal to five years	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 More than five years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27 Mortgage-backed	7,992	5,880	2,070	2,765	2,433	2,964	943	1,233	3,716	3,533	2,464
	Financing[5]										
Reverse repurchase agreements											
28 Overnight and continuing	262,314	272,933	258,349	294,893	277,344	262,182	245,999	248,771	256,246	265,179	284,331
29 Term	806,177	790,804	821,067	702,127	778,711	806,537	835,362	848,690	855,989	905,104	703,068
Securities borrowed											
30 Overnight and continuing	226,515	244,326	254,405	251,029	259,881	256,145	253,568	248,818	252,560	250,398	260,815
31 Term	97,977	91,955	90,588	90,872	88,437	89,560	91,383	92,555	91,564	90,094	88,964
Securities received as pledge											
32 Overnight and continuing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.
33 Term	0	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Repurchase agreements											
34 Overnight and continuing	660,275	651,952	675,629	643,332	675,783	686,633	671,765	668,449	675,359	686,176	700,660
35 Term	693,158	674,583	688,157	603,027	651,619	675,913	691,902	718,720	721,927	764,896	580,375
Securities loaned											
36 Overnight and continuing	10,819	13,306	11,458	17,599	11,098	11,956	11,249	11,455	11,626	9,344	9,109
37 Term	6,566	5,886	6,991	5,190	6,732	6,184	7,307	7,593	7,337	7,461	7,317
Securities pledged											
38 Overnight and continuing	47,279	49,670	55,853	57,683	56,751	56,164	55,411	55,191	55,603	52,507	56,013
39 Term	9,702	9,290	9,530	9,491	9,512	9,814	9,456	9,364	9,467	9,294	7,145
Collateralized loans											
40 Total	16,223	14,760	17,509	9,512	13,496	17,095	17,096	21,564	19,340	15,807	19,308

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. Securities positions are reported at market value.

3. Net outright positions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1995	1996	1997	1998	1999				
					Feb.	Mar.	Apr.	May	June
1 **Federal and federally sponsored agencies**	**844,611**	**925,823**	**1,022,609**	**1,296,477**	**1,324,812**	**1,347,872**	**1,377,524**	**1,404,576**	**1,425,396**
2 Federal agencies	37,347	29,380	27,792	26,502	26,180	26,243	26,100	26,094	26,370
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	2,050	1,447	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	97	84	102	205	69	80	84	88	99
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]	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	29,429	27,853	27,786	26,496	26,174	26,237	26,094	26,088	26,364
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]	807,264	896,443	994,817	1,269,975	1,298,632	1,321,629	1,351,424	1,378,482	1,399,026
11 Federal Home Loan Banks	243,194	263,404	313,919	382,131	383,769	402,364	415,602	421,655	437,109
12 Federal Home Loan Mortgage Corporation	119,961	156,980	169,200	287,396	299,171	299,196	310,387	317,533	314,412
13 Federal National Mortgage Association	299,174	331,270	369,774	460,291	471,300	475,418	478,994	492,913	499,897
14 Farm Credit Banks[8]	57,379	60,053	63,517	63,488	66,622	66,529	67,527	66,608	67,749
15 Student Loan Marketing Association[9]	47,529	44,763	37,717	35,399	36,464	36,762	37,660	38,129	37,959
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]	**78,681**	**58,172**	**49,090**	**44,129**	**43,151**	**41,454**	**41,637**	**41,131**	**40,585**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	2,044	1,431	552	↑	↑	↑	↑	↑	↑
21 Postal Service[6]	5,765	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	3,200	n.a.	n.a.						
24 United States Railway Association[6]	n.a.	n.a.	n.a.	↓	↓	↓	↓	↓	↓
Other lending[14]									
25 Farmers Home Administration	21,015	18,325	13,530	9,500	9,090	8,715	8,550	8,275	7,935
26 Rural Electrification Administration	17,144	16,702	14,898	14,091	14,100	13,980	13,999	13,997	13,877
27 Other	29,513	21,714	20,110	20,538	19,961	18,759	19,088	18,859	18,773

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 Agricultural 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	1996	1997	1998	1999 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **All issues, new and refunding**[1]	**171,222**	**214,694**	**262,342**	**16,926**	**16,233**	**24,323**	**15,758**	**16,234**	**23,428**	**18,671**	**15,746**
By type of issue											
2 General obligation	60,409	69,934	87,015	6,925	6,786	8,323	6,443	5,294	10,997	6,206	4,268
3 Revenue	110,813	134,989	175,327	10,001	9,446	16,000	9,315	10,941	12,431	12,465	11,478
By type of issuer											
4 State	13,651	18,237	23,506	318	1,837	1,895	907	1,220	1,236	2,194	911
5 Special district or statutory authority[2]	113,228	134,919	178,421	12,929	11,145	14,604	10,010	11,279	18,414	13,572	11,578
6 Municipality, county, or township	44,343	70,558	60,173	3,679	3,251	7,825	4,841	3,735	3,779	2,906	3,257
7 **Issues for new capital**	**112,298**	**135,519**	**160,568**	**11,917**	**10,674**	**16,201**	**10,474**	**12,149**	**19,509**	**12,172**	**12,530**
By use of proceeds											
8 Education	26,851	31,860	36,904	2,936	3,751	3,537	2,734	2,795	3,793	3,415	2,842
9 Transportation	12,324	13,951	19,926	1,706	628	1,640	1,107	1,791	1,650	1,264	1,955
10 Utilities and conservation	9,791	12,219	21,037	672	394	2,839	1,372	603	1,594	535	1,038
11 Social welfare	24,583	27,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	6,287	6,667	8,594	452	343	1,084	618	1,058	739	850	585
13 Other purposes	32,462	35,095	42,450	4,439	3,207	3,918	2,592	3,760	7,195	2,729	3,255

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	1996	1997	1998	1998 Dec.	1999 Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues**[1]	**773,110**	**929,256**	**1,128,491**r	**82,317**r	**93,665**	**103,175**	**126,161**	**85,862**	**110,475**	**96,608**	**96,340**
2 **Bonds**[2]	**651,104**	**811,376**	**1,001,736**r	**73,647**r	**86,529**	**92,885**	**116,440**	**76,721**	**94,713**	**88,338**	**83,744**
By type of offering											
3 Sold in the United States	567,671	708,188	923,771r	70,386r	76,511	82,871	101,024	65,886	86,730	79,031	68,815
4 Sold abroad	83,433	103,188	77,965	3,261	10,018	10,014	15,416	10,834	7,983	9,306	14,929
MEMO											
5 Private placements, domestic	43,688	54,990	37,845	3,874	684	648	1,224	n.a.	n.a.	n.a.	n.a.
By industry group											
6 Nonfinancial	167,904	222,603	307,935r	25,008	21,193	23,131	39,818	30,676	32,843	24,531	26,152
7 Financial	483,200	588,773	693,801r	48,639r	65,336	69,754	76,623	46,045	61,870	63,807	57,592
8 **Stocks**[3]	**122,006**	**117,880**	**126,755**	**8,670**	**7,136**	**10,290**	**9,721**	**9,141**	**15,762**	**8,270**	**12,596**
By type of offering											
9 Public	122,006	117,880	126,755	8,670	7,136	10,290	9,721	9,141	15,762	8,270	12,596
10 Private placement[4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	80,460	60,386	74,113	7,559	3,701	8,911	8,534	7,640	10,425	6,436	11,128
12 Financial	41,546	57,494	52,642	1,111	3,435	1,379	1,187	1,501	5,337	1,834	1,468

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	1997	1998	1999 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **Sales of own shares**[2]	**1,190,900**	**1,461,430**	**161,889**	**132,199**	**164,290**	**166,324**	**140,422**	**138,502**	**140,926**	**133,167**
2 Redemptions of own shares	918,728	1,217,022	135,713	128,125	146,479	139,035	127,800	117,953	128,173	125,881
3 Net sales[3]	272,172	244,408	26,176	4,074	17,811	27,288	12,622	20,550	12,754	7,286
4 **Assets**[4]	**3,409,315**	**4,173,531**	**4,298,071**	**4,180,115**	**4,328,150**	**4,505,237**	**4,442,880**	**4,650,385**	**4,585,131**	**4,550,455**
5 Cash[5]	174,154	191,393	203,470	198,134	198,741	211,243	211,580	214,779	209,061	209,550
6 Other	3,235,161	3,982,138	4,094,601	3,981,982	4,129,409	4,293,994	4,231,300	4,435,607	4,376,070	4,340,905

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	1996	1997	1998	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
1 Profits with inventory valuation and capital consumption adjustment	750.4	817.9	824.6	840.9	820.8	829.2	820.6	827.0	821.7	868.8	859.6
2 Profits before taxes	680.2	734.4	717.8	758.9	736.4	719.1	723.5	720.5	708.1	752.6	768.2
3 Profits-tax liability	226.1	246.1	240.1	254.2	249.3	239.9	241.6	243.2	235.6	250.7	257.5
4 Profits after taxes	454.1	488.3	477.7	504.7	487.1	479.2	481.8	477.3	472.5	501.9	510.7
5 Dividends	261.9	275.1	279.2	275.1	276.4	277.3	278.1	279.0	282.3	285.6	289.7
6 Undistributed profits	192.3	213.2	198.5	229.5	210.6	201.8	203.7	198.3	190.2	216.4	221.0
7 Inventory valuation	−1.2	6.9	14.5	4.8	4.3	25.3	7.8	11.7	13.4	11.6	−17.1
8 Capital consumption adjustment	71.4	76.6	92.3	77.2	80.1	84.9	89.4	94.8	100.2	104.6	108.6

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	1996	1997	1998	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1[r]	1999 Q2
ASSETS										
1 Accounts receivable, gross[2]	637.1	663.3	711.7	663.3	667.2	676.0	687.6	711.7	733.8	756.5
2 Consumer	244.9	256.8	261.8	256.8	251.7	251.3	254.0	261.8	261.7	269.2
3 Business	309.5	318.5	347.5	318.5	325.9	334.9	335.1	347.5	362.8	373.7
4 Real estate	82.7	87.9	102.3	87.9	89.6	89.9	98.5	102.3	109.2	113.5
5 LESS: Reserves for unearned income	55.6	52.7	56.3	52.7	52.1	53.2	52.4	56.3	52.9	53.4
6 Reserves for losses	13.1	13.0	13.8	13.0	13.1	13.2	13.2	13.8	13.4	13.4
7 Accounts receivable, net	568.3	597.6	641.6	597.6	601.9	609.6	622.0	641.6	667.6	689.7
8 All other	290.0	312.4	337.9	312.4	329.7	340.1	313.7	337.9	363.3	373.2
9 **Total assets**	**858.3**	**910.0**	**979.5**	**910.0**	**931.6**	**949.7**	**935.7**	**979.5**	**1,030.8**	**1,062.9**
LIABILITIES AND CAPITAL										
10 Bank loans	19.7	24.1	26.3	24.1	22.0	22.3	24.9	26.3	24.8	25.1
11 Commercial paper	177.6	201.5	231.5	201.5	211.7	225.9	226.9	231.5	222.9	231.0
Debt										
12 Owed to parent	60.3	64.7	61.8	64.7	64.6	60.0	58.3	61.8	64.6	65.4
13 Not elsewhere classified	332.5	328.8	339.7	328.8	338.2	348.7	337.6	339.7	366.7	383.1
14 All other liabilities	174.7	189.6	203.2	189.6	193.1	188.9	185.4	203.2	220.3	226.1
15 Capital, surplus, and undivided profits	93.5	101.3	117.0	101.3	102.1	103.9	103.6	117.0	131.5	132.2
16 **Total liabilities and capital**	**858.3**	**910.0**	**979.5**	**910.0**	**931.6**	**949.7**	**936.6**	**979.5**	**1,030.8**	**1,062.9**

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.

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1996	1997	1998	1999					
				Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted								
1 **Total**	**761.9**	**809.8**	**874.9**	**898.4**	**911.3**	**919.5^r**	**931.9^r**	**938.1^r**	**954.6**
2 Consumer	307.7	327.7	352.5	360.7	363.4	363.2^r	369.5^r	372.4^r	375.9
3 Real estate	111.9	121.1	131.4	135.7	137.5	141.2^r	142.8	141.2	144.2
4 Business	342.4	361.0	391.0	402.0	410.4	415.2^r	419.5	424.5^r	434.5
	Not seasonally adjusted								
5 **Total**	**769.7**	**818.1**	**884.0**	**897.8**	**911.9**	**919.4^r**	**931.6**	**942.9**	**948.8**
6 Consumer	310.6	330.9	356.1	357.4	359.7	360.9^r	368.3	374.6	378.1
7 Motor vehicles loans	86.7	87.0	103.1	105.0	104.7	106.8	105.1	108.6	108.5
8 Motor vehicle leases	92.5	96.8	93.3	94.5	93.9	94.8	95.3	95.6	97.0
9 Revolving[2]	32.5	38.6	32.3	31.5	31.2	31.5	31.7	32.4	32.8
10 Other[3]	33.2	34.4	33.1	32.5	32.0	32.0	32.0	32.6	32.0
Securitized assets[4]									
11 Motor vehicle loans	36.8	44.3	54.8	54.9	59.0	57.8	65.8	65.3	68.3
12 Motor vehicle leases	8.7	10.8	12.7	12.3	12.0	11.8	11.6	11.3	11.1
13 Revolving	0	.0	8.7	8.7	9.1	8.8	8.6	9.7	9.7
14 Other	20.1	19.0	18.1	18.1	17.8	17.6	18.3	19.0	18.6
15 Real estate	111.9	121.1	131.4	135.7	137.5	141.2^r	143.2	141.2	144.2
16 One- to four-family	52.1	59.0	75.7	80.3	77.7	81.7	83.6	80.5	83.6
17 Other	30.5	28.9	26.6	27.1	31.6	31.6	31.9	33.0	33.1
Securitized real estate assets[4]									
18 One- to four-family	28.9	33.0	29.0	28.3	28.0	27.6^r	27.4	27.5	27.2
19 Other	.4	.2	.1	.1	.3	.3	.3	.2	.2
20 Business	347.2	366.1	396.5	404.6	414.8	416.3	418.2	427.1	426.6
21 Motor vehicles	67.1	63.5	79.6	82.1	84.8	86.2	84.4	82.8	78.8
22 Retail loans	25.1	25.6	28.1	28.9	30.0	30.7	31.6	30.9	31.7
23 Wholesale loans[5]	33.0	27.7	32.8	34.3	36.0	36.5	33.8	32.7	27.9
24 Leases	9.0	10.2	18.7	18.9	18.8	18.9	19.0	19.2	19.3
25 Equipment	194.8	203.9	198.0	200.7	202.3	203.1	203.7	208.3	208.4
26 Loans	59.9	51.5	50.4	51.0	51.6	52.0	51.7	53.3	52.9
27 Leases	134.9	152.3	147.6	149.8	150.7	151.0	152.0	155.1	155.5
28 Other business receivables[6]	47.6	51.1	69.9	73.3	75.7	75.8	76.7	82.6	89.2
Securitized assets[4]									
29 Motor vehicles	24.0	33.0	29.2	28.8	31.0	30.5	32.0	32.1	28.4
30 Retail loans	2.7	2.4	2.6	2.4	2.4	2.4	2.2	2.9	2.8
31 Wholesale loans	21.3	30.5	24.7	24.6	26.6	26.2	27.8	27.2	23.5
32 Leases	.0	.0	1.9	1.9	1.9	1.9	1.9	2.0	2.0
33 Equipment	11.3	10.7	13.0	12.9	12.8	12.5	13.2	13.3	13.8
34 Loans	4.7	4.2	6.6	6.2	6.1	5.8	6.5	6.7	7.1
35 Leases	6.6	6.5	6.4	6.7	6.7	6.6	6.6	6.6	6.7
36 Other business receivables[6]	2.4	4.0	6.8	6.8	8.2	8.3	8.3	8.0	7.9

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 reclassification 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	1996	1997	1998	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June	1999 July	1999 Aug.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	182.4	180.1	195.2	204.1	211.0	209.4	207.5	211.0	207.6	213.8
2 Amount of loan (thousands of dollars)	139.2	140.3	151.1	155.4	162.9	162.4	161.6	162.0	158.2	163.1
3 Loan-to-price ratio (percent)	78.2	80.4	80.0	78.2	79.4	79.5	79.8	79.0	78.6	78.3
4 Maturity (years)	27.2	28.2	28.4	28.7	28.8	28.9	28.7	28.6	28.5	28.5
5 Fees and charges (percent of loan amount)[2]	1.21	1.02	.89	.92	.82	.77	.69	.72	.83	.68
Yield (percent per year)										
6 Contract rate[1]	7.56	7.57	6.95	6.78	6.74	6.74	6.78	6.92	7.16	6.99
7 Effective rate[1,3]	7.77	7.73	7.08	6.92	6.86	6.85	6.89	7.03	7.29	7.09
8 Contract rate (HUD series)[4]	8.03	7.76	7.00	7.02	7.03	6.93	7.17	7.59	7.75	7.87
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.19	7.89	7.04	7.10	7.07	7.08	7.58	8.13	8.00	8.10
10 GNMA securities[6]	7.48	7.26	6.43	6.42	6.58	6.50	6.79	7.21	7.28	7.53
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	287,052	316,678	414,515	431,836	440,139	446,025	464,530	473,315r	480,651	495,302
12 FHA/VA insured	30,592	31,925	33,770	34,000	34,870	36,158	38,938	41,143	44,132	47,846
13 Conventional	256,460	284,753	380,745	397,836	405,269	409,867	425,592	432,172	436,519	447,456
14 Mortgage transactions purchased (during period)	68,618	70,465	188,448	22,029	16,923	14,225	25,640	15,934	14,004	21,094
Mortgage commitments (during period)										
15 Issued[7]	65,859	69,965	193,795	26,509	16,891	20,192	12,517	19,507	12,966	18,153
16 To sell[8]	130	1,298	1,880	0	266	75	178	351	260	478
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	137,755	164,421	255,010	262,921	277,624	284,006	285,881	299,184	300,093	306,214
18 FHA/VA insured	220	177	785	755	754	1,613	1,610	1,726r	1,735	1,708
19 Conventional	137,535	164,244	254,225	262,166	276,870	282,393	284,271	297,458r	298,358	304,506
Mortgage transactions (during period)										
20 Purchases	125,103	117,401	267,402	25,225	29,921	26,473	22,503	21,950	17,602	18,674
21 Sales	119,702	114,258	250,565	24,231	28,740	25,464	21,972	20,349	16,835	17,468
22 Mortgage commitments contracted (during period)[9]	128,995	120,089	281,899	24,829	32,546	24,050	20,052	21,610	14,988	18,951

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 FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1995	1996	1997	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
1 **All holders**	**4,603,384[r]**	**4,898,661[r]**	**5,212,073[r]**	**5,434,008[r]**	**5,568,417[r]**	**5,722,421[r]**	**5,861,070[r]**	**6,013,592**
By type of property								
2 One- to four-family residences	3,509,721[r]	3,719,010[r]	3,954,854[r]	4,117,231[r]	4,217,417[r]	4,322,453[r]	4,414,500[r]	4,527,176
3 Multifamily residences	277,002[r]	294,783[r]	310,456[r]	323,324[r]	330,595[r]	340,782[r]	351,652[r]	359,796
4 Nonfarm, nonresidential	732,100[r]	797,734[r]	856,464[r]	900,453[r]	926,039[r]	962,680[r]	997,514[r]	1,026,903
5 Farm	84,561	87,134	90,299	93,001[r]	94,367[r]	96,506[r]	97,403[r]	99,717
By type of holder								
6 Major financial institutions	1,900,089	1,981,885	2,083,978	2,121,961[r]	2,137,438[r]	2,195,376[r]	2,202,494[r]	2,243,008
7 Commercial banks[2]	1,090,189	1,145,389	1,245,315	1,281,870[r]	1,295,828[r]	1,337,772[r]	1,337,218[r]	1,361,947
8 One- to four-family	646,545	677,603	745,510	770,116[r]	770,340[r]	797,533[r]	782,441[r]	790,465
9 Multifamily	42,521	45,451	49,670	51,227[r]	52,205[r]	52,871[r]	56,170[r]	58,572
10 Nonfarm, nonresidential	377,293	397,452	423,148	432,208[r]	444,596[r]	458,333[r]	469,095[r]	482,367
11 Farm	23,830	24,883	26,986	28,319	28,688	29,035[r]	29,512	30,544
12 Savings institutions[3]	596,763	628,335	631,822	632,359	634,251[r]	643,964[r]	646,213[r]	656,383
13 One- to four-family	482,353	513,712	520,672	522,088	525,844[r]	533,792[r]	534,494[r]	544,659
14 Multifamily	61,987	61,570	59,543	58,908	56,696[r]	56,825[r]	56,763[r]	55,002
15 Nonfarm, nonresidential	52,135	52,723	51,252	50,978	51,312[r]	52,930[r]	54,521[r]	56,279
16 Farm	288	331	354	386	399	417	435	444
17 Life insurance companies	213,137	208,161	206,841	207,732	207,359	213,640	219,063[r]	224,677
18 One- to four-family	8,890	6,977	7,187	6,814	6,594	6,590	6,956[r]	7,285
19 Multifamily	28,714	30,750	30,402	30,618	30,565	31,522	31,528[r]	32,321
20 Nonfarm, nonresidential	165,876	160,314	158,780	159,456	159,189	164,004	168,862[r]	173,106
21 Farm	9,657	10,120	10,472	10,844	11,011	11,524	11,717[r]	11,965
22 Federal and related agencies	308,757	295,192	286,167	287,161	287,125	292,636	288,313[r]	288,235
23 Government National Mortgage Association	2	2	8	8	7	7	6[r]	8
24 One- to four-family	2	2	8	8	7	7	6[r]	8
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,791	41,596	41,195	40,921	40,907	40,851	40,691	40,691
27 One- to four-family	17,705	17,303	17,253	17,059	17,025	16,895	16,777	16,777
28 Multifamily	11,617	11,685	11,720	11,722	11,736	11,739	11,731	11,731
29 Nonfarm, nonresidential	6,248	6,841	7,370	7,497	7,566	7,705	7,769	7,769
30 Farm	6,221	5,768	4,852	4,644	4,579	4,513	4,413	4,413
31 Federal Housing and Veterans' Administrations	9,809	6,244	3,821	3,631	3,405	3,674	3,675	3,684
32 One- to four-family	5,180	3,524	1,767	1,610	1,550	1,849	1,850	1,818
33 Multifamily	4,629	2,719	2,054	2,021	1,855	1,825	1,825	1,867
34 Resolution Trust Corporation	1,864	0	0	0	0	0	0	0
35 One- to four-family	691	0	0	0	0	0	0	0
36 Multifamily	647	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	525	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	4,303	2,431	724	564	482	361	315	189
40 One- to four-family	492	365	109	85	72	54	47	28
41 Multifamily	428	413	123	96	82	61	54	32
42 Nonfarm, nonresidential	3,383	1,653	492	384	328	245	214	129
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	178,807	168,813	161,308	159,816	159,104	157,675	157,185	155,637
45 One- to four-family	163,648	155,008	149,831	149,383	149,069	147,594	147,063	145,033
46 Multifamily	15,159	13,805	11,477	10,433	10,035	10,081	10,122	10,604
47 Federal Land Banks	28,428	29,602	30,657	31,352	32,009	32,983	33,128	33,744
48 One- to four-family	1,673	1,742	1,804	1,845	1,883	1,941	1,949	1,985
49 Farm	26,755	27,860	28,853	29,507	30,126	31,042	31,179	31,758
50 Federal Home Loan Mortgage Corporation	43,753	46,504	48,454	50,869	51,211	57,085	53,313[r]	54,282
51 One- to four-family	39,901	41,758	42,629	44,597	44,254	49,106	44,140[r]	43,574
52 Multifamily	3,852	4,746	5,825	6,272	6,957	7,979	9,173	10,708
53 Mortgage pools or trusts[5]	1,863,210	2,064,882	2,273,022[r]	2,442,715[r]	2,548,301[r]	2,632,839[r]	2,762,770[r]	2,861,430
54 Government National Mortgage Association	472,283	506,340	536,879[r]	537,743[r]	541,540[r]	537,446[r]	543,306[r]	553,316
55 One- to four-family	461,438	494,158	523,225[r]	523,400[r]	527,043[r]	522,498[r]	527,912[r]	537,407
56 Multifamily	10,845	12,182	13,654	14,343	14,497	14,948	15,395[r]	15,909
57 Federal Home Loan Mortgage Corporation	515,051	554,260	579,385	609,791	635,726	646,459	687,179	718,085
58 One- to four-family	512,238	551,513	576,846	607,469	633,124	643,465	684,240	714,844
59 Multifamily	2,813	2,747	2,539	2,322	2,602	2,994	2,939	3,241
60 Federal National Mortgage Association	582,959	650,780	709,582	761,359	798,460	834,518	881,815	911,435
61 One- to four-family	569,724	633,210	687,981	737,631	770,979	804,205	849,513	877,863
62 Multifamily	13,235	17,570	21,601	23,728	27,481	30,313	32,302	33,572
63 Farmers Home Administration[4]	11	3	2	2	2	1	1	1
64 One- to four-family	2	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	5	0	0	0	0	0	0	0
67 Farm	4	3	2	2	2	1	1	1
68 Private mortgage conduits	292,906	353,499	447,173	533,820	572,573	614,416[r]	650,469[r]	678,594
69 One- to four-family[6]	227,800	261,900	318,000	364,316	391,736	410,900	430,653	447,938
70 Multifamily	15,584	21,967	29,218	38,098	40,895	44,654	48,403	50,713
71 Nonfarm, nonresidential	49,522	69,633	99,955	131,406	139,942	158,862[r]	171,413[r]	179,942
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	531,329[r]	556,702[r]	568,907[r]	582,171[r]	595,552[r]	601,570[r]	607,493[r]	620,919
74 One- to four-family	371,440[r]	360,235[r]	362,033[r]	370,811[r]	377,896[r]	386,025[r]	386,458[r]	397,491
75 Multifamily	64,970[r]	69,179[r]	72,629[r]	73,536[r]	74,987[r]	74,971[r]	75,249[r]	75,524
76 Nonfarm, nonresidential	77,112[r]	109,119[r]	115,467[r]	118,525[r]	123,107[r]	120,600[r]	125,640[r]	127,312
77 Farm	17,806	18,169	18,779	19,299[r]	19,562[r]	19,974[r]	20,147[r]	20,592

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	1996	1997	1998	1999 Feb.	Mar.	Apr.[r]	May[r]	June	July
	Seasonally adjusted								
1 **Total**	**1,182,439**	**1,234,122**	**1,300,491**	**1,325,101**	**1,332,139**	**1,331,798**	**1,342,247**	**1,345,451**	**1,354,323**
2 Revolving	499,532	531,295[r]	560,653	566,858	567,283	570,084	572,236	577,743	583,570
3 Nonrevolving[2]	682,907	702,828	739,838	758,244	764,857	761,715	770,011	767,708	770,753
	Not seasonally adjusted								
4 **Total**	**1,211,590**	**1,264,103**	**1,331,742**	**1,318,872**	**1,318,611**	**1,321,162**	**1,330,096**	**1,338,045**	**1,347,522**
By major holder									
5 Commercial banks	526,769	512,563	508,932	500,429	494,039	494,663	492,852	477,774	478,084
6 Finance companies	152,391	160,022	168,491	169,013	167,815	170,145	168,490	173,617	173,374
7 Credit unions	144,148	152,362	155,406	155,203	155,110	155,933	156,924	156,658	158,299
8 Savings institutions	44,711	47,172	51,611	52,953	53,623	54,803	55,982	57,161	58,340
9 Nonfinancial business	77,745	78,927	74,877	67,948	67,138	67,117	68,058	68,050	68,236
10 Pools of securitized assets[3]	265,826	313,057	372,425	373,326	380,886	378,501	387,790	404,785	411,189
By major type of credit[4]									
11 Revolving	522,860	555,858	586,528	567,549	561,542	564,128	566,295	571,684	575,757
12 Commercial banks	228,615	219,826	210,346	197,623	190,028	191,295	190,216	178,031	177,098
13 Finance companies	32,493	38,608	32,309	31,544	31,197	31,327	31,296	32,408	32,846
14 Credit unions	17,826	19,552	19,930	19,202	18,894	19,044	19,008	19,189	19,385
15 Savings institutions	10,313	11,441	12,450	12,399	12,373	12,507	12,641	12,775	12,909
16 Nonfinancial business	44,901	44,966	39,166	34,337	33,754	33,726	34,446	34,618	34,794
17 Pools of securitized assets[3]	188,712	221,465	272,327	272,444	275,296	276,229	278,688	294,663	298,725
18 Nonrevolving credit	688,730	708,245	745,214	751,323	757,069	757,034	763,801	766,361	771,765
19 Commercial banks	298,154	292,737	298,586	302,806	304,011	303,368	302,636	299,743	300,986
20 Finance companies	119,898	121,414	136,182	137,469	136,618	138,818	137,194	141,209	140,528
21 Credit unions	126,322	132,810	135,476	136,001	136,216	136,889	137,916	137,469	138,914
22 Savings institutions	34,398	35,731	39,161	40,554	41,250	42,296	43,341	44,386	45,431
23 Nonfinancial business	32,844	33,961	35,711	33,611	33,384	33,391	33,612	33,432	33,442
24 Pools of securitized assets[3]	77,114	91,592	100,098	100,882	105,590	102,272	109,102	110,122	112,464

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. 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	1996	1997	1998	1998 Dec.	1999 Feb.	Mar.	Apr.	May	June	July
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.05	9.02	8.72	n.a.	8.34	n.a.	n.a.	8.30	n.a.	n.a.
2 24-month personal	13.54	13.90	13.74	n.a.	13.41	n.a.	n.a.	13.26	n.a.	n.a.
Credit card plan										
3 All accounts	15.63	15.77	15.71	n.a.	15.41	n.a.	n.a.	15.21	n.a.	n.a.
4 Accounts assessed interest	15.50	15.57	15.59	n.a.	14.73	n.a.	n.a.	14.94	n.a.	n.a.
Auto finance companies										
5 New car	9.84	7.12	6.30	6.22	6.43	6.31	6.52	6.57	6.60	6.70
6 Used car	13.53	13.27	12.64	11.81	12.08	12.09	12.17	12.16	12.31	12.69
OTHER TERMS[3]										
Maturity (months)										
7 New car	51.6	54.1	52.1	52.1	53.4	53.0	52.8	52.4	52.3	52.0
8 Used car	51.4	51.0	53.5	56.0	55.9	56.0	56.0	56.1	56.0	56.1
Loan-to-value ratio										
9 New car	91	92	92	92	92	91	92	92	92	92
10 Used car	100	99	99	99	99	99	99	99	99	100
Amount financed (dollars)										
11 New car	16,987	18,077	19,083	19,628	19,304	19,339	19,435	19,539	19,722	19,874
12 Used car	12,182	12,281	12,691	13,497	13,604	13,653	13,647	13,700	13,816	13,604

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	1993	1994	1995	1996	1997	1997	1998[r]				1999	
						Q4[r]	Q1	Q2	Q3	Q4	Q1[r]	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**584.4[r]**	**575.8[r]**	**720.4[r]**	**743.0[r]**	**785.3[r]**	**912.0**	**1,075.5**	**1,042.4**	**899.2**	**1,072.8**	**1,248.1**	**865.6**
By sector and instrument												
2 Federal government	256.1	155.8[r]	144.4	145.0	23.1	−5.5	−14.5	−28.4	−113.5	−54.1	−75.2	−112.2
3 Treasury securities	248.3	155.7	142.9	146.6	23.2	−7.3	−12.1	−26.9	−113.1	−66.3	−73.7	−112.8
4 Budget agency securities and mortgages	7.8	.2	1.5	−1.6	−.1	1.7	−2.4	−1.4	−.4	12.2	−1.5	.6
5 Nonfederal	328.3[r]	420.0[r]	576.0[r]	598.0[r]	762.2[r]	917.5	1,090.0	1,070.8	1,012.6	1,127.0	1,323.3	977.8
By instrument												
6 Commercial paper	10.0	21.4	18.1	−.9	13.7	12.8	51.1	3.8	85.6	−43.0	64.4	3.4
7 Municipal securities and loans	74.8	−35.9	−48.2	2.6	71.4	99.9	113.5	101.3	82.9	89.6	100.7	48.0
8 Corporate bonds	75.2	23.3	91.1[r]	116.3[r]	150.5[r]	163.6	278.8	294.8	108.0	193.2	274.0	260.8
9 Bank loans n.e.c.	6.4	75.2	103.7[r]	70.5[r]	106.5[r]	178.1	35.0	169.2	107.8	120.9	70.0	21.8
10 Other loans and advances	−18.9	34.0	67.2	33.5[r]	69.1[r]	141.4	76.3	40.8	77.7	102.5	114.1	−5.3
11 Mortgages	122.4[r]	177.0	205.1	287.4[r]	298.4[r]	278.6	476.4	398.9	471.1	593.8	573.4	595.7
12 Home	160.1[r]	183.4[r]	179.8[r]	243.0	235.8	188.8	376.5	287.3	373.7	427.8	414.6	424.2
13 Multifamily residential	−5.1	−2.1	7.6	11.5	10.8	18.3	21.6	21.1	16.1	30.6	35.9	36.8
14 Commercial	−33.6	−6.5	16.2	30.4[r]	48.7[r]	68.6	74.1	83.8	75.9	126.8	119.3	125.4
15 Farm	1.0	2.2	1.6	2.6	3.2	2.9	4.1	6.7	5.5	8.6	3.6	9.3
16 Consumer credit	58.4[r]	124.9	138.9	88.8	52.5	43.1	58.9	62.1	79.6	69.9	126.6	53.2
By borrowing sector												
17 Household	209.4[r]	316.3[r]	350.3[r]	351.7[r]	325.5[r]	311.1	463.3	418.5	471.9	527.3	553.3	511.0
18 Nonfinancial business	52.7	150.0	277.2[r]	253.2[r]	380.6[r]	520.3	532.5	570.3	470.7	524.6	682.6	431.1
19 Corporate	46.9	142.3[r]	243.7[r]	164.6[r]	297.0[r]	425.0	426.9	467.4	365.8	413.7	574.4	320.6
20 Nonfarm noncorporate	3.2	3.3	30.6	83.8	77.4	86.6	97.1	95.4	97.6	103.3	101.6	111.2
21 Farm	2.6	4.4	2.9	4.8	6.2	8.6	8.4	7.5	7.3	7.5	6.6	−.7
22 State and local government	66.2	−46.2	−51.5	−6.8	56.1	86.2	94.2	82.0	70.0	75.1	87.4	35.7
23 Foreign net borrowing in United States	69.8	−13.9[r]	71.1	77.2[r]	57.6[r]	44.8	95.0	97.9	−19.6	−38.9	17.3	−43.3
24 Commercial paper	−9.6	−26.1	13.5	11.3	3.7	.7	55.3	−25.5	6.2	−4.7	18.3	−27.1
25 Bonds	82.9	12.2	49.7	55.8	47.2[r]	34.2	42.5	119.2	−27.2	−34.2	.9	−19.1
26 Bank loans n.e.c.	.7	1.4	8.5	9.1	8.5	15.7	5.2	8.4	3.6	9.8	.9	5.7
27 Other loans and advances	−4.2	−1.4[r]	−.5	1.0[r]	−1.8[r]	−5.8	−8.0	−4.2	−2.2	−9.7	−2.8	−2.7
28 **Total domestic plus foreign**	**654.2[r]**	**561.9[r]**	**791.5[r]**	**820.3[r]**	**842.9[r]**	**956.8**	**1,170.4**	**1,140.3**	**879.5**	**1,034.0**	**1,265.4**	**822.4**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**294.4**	**468.4**	**453.9[r]**	**548.9[r]**	**652.2[r]**	**961.5**	**931.3**	**988.9**	**1,056.3**	**1,298.7**	**1,216.0**	**1,014.1**
By instrument												
30 Federal government-related	165.3	287.5	204.1	231.5	212.8	290.9	249.2	405.4	555.8	673.3	592.3	579.3
31 Government-sponsored enterprise securities	80.6	176.9	105.9	90.4	98.4	157.9	142.5	166.4	294.0	510.5	193.0	304.7
32 Mortgage pool securities	84.7	115.4	98.2	141.1	114.5[r]	133.0	106.7	239.0	261.7	162.8	399.3	274.6
33 Loans from U.S. government	.0	−4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	129.1	180.9	249.8[r]	317.5[r]	439.4[r]	670.7	682.1	583.5	500.5	625.4	623.7	434.8
35 Open market paper	−5.5	40.5	42.7	92.2	166.7	244.7	236.7	135.6	141.0	130.7	78.3	57.8
36 Corporate bonds	123.1	121.8	195.9	176.9	209.0	348.8	346.3	361.8	177.4	281.9	492.5	260.8
37 Bank loans n.e.c.	−14.4	−13.7	2.5[r]	12.6[r]	13.2[r]	−4.7	57.3	−9.7	60.2	12.4	−8.8	10.5
38 Other loans and advances	22.4	22.6	3.4	27.9	35.6	61.7	32.7	76.0	82.3	169.9	41.6	117.9
39 Mortgages	3.6	9.8	5.3	7.9	14.9	20.1	9.1	19.9	39.6	30.6	20.1	−12.3
By borrowing sector												
40 Commercial banking	13.4	20.1	22.5	13.0	46.1	61.4	82.8	80.8	61.7	66.3	31.1	61.6
41 Savings institutions	11.3	12.8	2.6	25.5	19.7	41.7	10.6	31.2	63.7	103.2	58.0	58.6
42 Credit unions	.2	.2	−.1	.1	.1	.3	.5	.2	1.0	.4	1.5	1.4
43 Life insurance companies	.2	.3	−.1	1.1	.2	−.3	.0	−.6	1.6	1.8	3.3	3.0
44 Government-sponsored enterprises	80.6	172.1	105.9	90.4	98.4	157.9	142.5	166.4	294.0	510.5	193.0	304.7
45 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.5[r]	133.0	106.7	239.0	261.7	162.8	399.3	274.6
46 Issuers of asset-backed securities (ABSs)	85.4	76.5	142.4	153.9	200.7	374.8	283.0	352.4	294.2	335.7	302.2	318.3
47 Finance companies	−1.4	48.7	50.2	45.9	48.7	70.7	74.6	91.9	−12.0	17.8	71.2	88.4
48 Mortgage companies	.0	−11.5	−2.2[r]	4.1[r]	−4.6[r]	−46.8	29.4	−28.2	2.3	3.0	−4.6	5.1
49 Real estate investment trusts (REITs)	1.7	10.2	4.5	11.9	39.6	66.0	63.1	64.4	79.3	44.0	25.6	−19.7
50 Brokers and dealers	12.0	.5	−5.0	−2.0	8.1	7.0	−1.0	20.0	−2.6	12.4	−31.1	−18.3
51 Funding corporations	6.3	23.1	34.9	64.1	80.7	95.9	139.2	−28.6	11.2	40.9	166.5	−63.4

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1993	1994	1995	1996	1997	1997	1998[r]				1999	
						Q4[r]	Q1	Q2	Q3	Q4	Q1[r]	Q2
	All sectors											
52 **Total net borrowing, all sectors**	**948.6[r]**	**1,030.3[r]**	**1,245.4[r]**	**1,369.2[r]**	**1,495.1[r]**	**1,918.3**	**2,101.7**	**2,129.3**	**1,935.8**	**2,332.7**	**2,481.3**	**1,836.4**
53 Open market paper	−5.1	35.7	74.3	102.6	184.1	258.2	343.0	113.8	232.7	83.0	161.1	34.1
54 U.S. government securities	421.4	448.1	348.5	376.5	235.9	285.3	234.7	377.1	442.3	619.1	517.1	467.1
55 Municipal securities	74.8	−35.9	−48.2	2.6	71.4	99.9	113.5	101.3	82.9	89.6	100.7	48.0
56 Corporate and foreign bonds	281.2	157.3	336.7[r]	348.9[r]	406.7[r]	546.5	667.6	775.8	258.2	440.9	767.4	502.5
57 Bank loans n.e.c.	−7.2	62.9	114.7	92.1	128.2	189.2	97.6	167.9	171.6	143.0	62.1	38.0
58 Other loans and advances	−.8	50.4[r]	70.1[r]	62.5[r]	102.8[r]	197.4	101.0	112.5	157.8	262.7	152.9	110.0
59 Mortgages	126.0[r]	186.8[r]	210.5[r]	295.3[r]	313.3[r]	298.7	485.5	418.7	510.7	624.4	593.5	583.5
60 Consumer credit	58.4[r]	124.9	138.9	88.8	52.5	43.1	58.9	62.1	79.6	69.9	126.6	53.2
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**429.7**	**125.2**	**144.3**	**228.9**	**188.4[r]**	**160.9**	**213.5**	**268.5**	**−147.2**	**18.3**	**140.6**	**6.4**
62 Corporate equities	137.7	24.6	−3.1	−8.6[r]	−76.7[r]	−100.0	−108.8	−109.3	−320.6	−206.5	−114.7	−241.5
63 Nonfinancial corporations	21.3	−44.9	−58.3	−69.5	−114.4	−143.3	−139.2	−129.1	−308.4	−491.3	−65.7	−354.0
64 Foreign shares purchased by U.S. residents	63.4	48.1	50.4	60.0	42.0[r]	1.7	14.0	12.3	−32.8	317.4	−33.4	124.7
65 Financial corporations	53.0	21.4	4.8	.8	−4.3[r]	41.6	16.4	7.5	20.5	−32.7	−15.6	−12.2
66 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	260.9	322.3	377.8	173.4	224.8	255.3	247.9

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.4. 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	1993	1994	1995	1996	1997	1997	1998				1999	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**948.6**	**1,030.3**	**1,245.4**	**1,369.2**	**1,495.1**	**1,918.3**	**2,101.7**	**2,129.3**	**1,935.8**	**2,332.7**	**2,481.3**	**1,836.4**
2 Domestic nonfederal nonfinancial sectors	30.0	231.2	−90.0	22.5	−88.9	48.1	−49.7	512.7	94.9	−318.3	307.5	347.9
3 Household	−10.6	268.0	5.5	61.4	−86.2	7.5	−64.2	385.2	−44.8	−424.1	244.9	255.1
4 Nonfinancial corporate business	9.1	17.7	−8.8	−.8	−2.3	−13.0	8.4	−46.9	14.0	14.1	10.4	39.5
5 Nonfarm noncorporate business	−1.1	.6	4.7	−4.3	−.6	−.6	.0	.0	.0	.0	.0	.0
6 State and local governments	32.6	−55.0	−91.4	−33.7	.1	54.2	6.1	174.3	125.7	91.7	52.2	53.3
7 Federal government	−18.4	−27.4	−.2	−7.4	5.1	9.2	15.7	12.9	13.8	11.7	17.5	6.5
8 Rest of the world	129.3	132.3	273.9	414.4	310.7	203.9	223.8	321.8	60.8	390.7	213.3	51.6
9 Financial sectors	807.8	694.1	1,061.7	939.7	1,268.1	1,657.1	1,912.0	1,281.9	1,766.3	2,248.6	1,943.0	1,430.5
10 Monetary authority	36.2	31.5	12.7	12.3	38.3	54.3	27.6	11.5	41.6	3.5	71.8	62.4
11 Commercial banking	142.2	163.4	265.9	187.5	324.3	447.4	306.7	132.7	250.1	531.5	68.9	135.0
12 U.S.-chartered banks	149.6	148.1	186.5	119.6	274.9	357.6	268.4	130.0	309.2	540.2	134.1	231.5
13 Foreign banking offices in United States	−9.8	11.2	75.4	63.3	40.2	69.3	17.5	15.2	−68.1	−12.1	−54.9	−105.8
14 Bank holding companies	.0	.9	−.3	3.9	5.4	19.4	15.3	−17.6	6.0	−7.4	−6.0	.1
15 Banks in U.S.-affiliated areas	2.4	3.3	4.2	.7	3.7	1.1	5.5	5.1	2.9	10.7	−4.4	9.2
16 Savings institutions	−23.3	6.7	−7.6	19.9	−4.7	8.9	11.8	2.1	17.9	113.3	102.7	88.8
17 Credit unions	21.7	28.1	16.2	25.5	16.8	6.5	16.1	22.7	21.0	16.0	37.7	34.7
18 Bank personal trusts and estates	9.5	7.1	−8.3	−7.7	7.6	8.8	2.4	3.1	2.0	3.9	3.1	2.2
19 Life insurance companies	100.4	72.0	100.0	69.6	94.3	34.1	92.1	63.4	65.6	86.0	72.6	89.0
20 Other insurance companies	27.7	24.9	21.5	22.5	25.2	34.7	23.4	−1.5	−7.7	67.5	−19.7	5.0
21 Private pension funds	50.2	46.1	56.0	52.3	65.5	79.5	74.5	130.1	95.6	174.4	60.5	150.0
22 State and local government retirement funds	24.7	30.9	33.6	37.3	63.8	42.7	67.4	78.4	65.6	48.5	74.3	37.4
23 Money market mutual funds	20.4	30.0	86.5	88.8	87.5	141.8	159.3	208.1	255.5	353.1	227.6	−92.6
24 Mutual funds	159.5	−7.1	52.5	48.9	80.9	64.8	156.4	146.4	92.9	103.5	101.5	98.8
25 Closed-end funds	20.0	−3.7	10.5	4.7	−2.9	−2.9	4.5	4.5	4.5	4.5	4.4	4.4
26 Government-sponsored enterprises	87.8	117.8	86.7	84.2	94.3	158.1	198.3	150.6	264.7	429.5	157.2	259.5
27 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.5	133.0	106.7	239.0	261.7	162.8	399.3	274.6
28 Asset-backed securities issuers (ABSs)	82.8	69.4	120.6	123.6	162.3	321.9	223.9	321.4	248.7	312.7	284.6	301.5
29 Finance companies	−20.9	48.3	49.9	18.4	21.9	−19.7	28.7	24.0	79.5	75.3	92.2	79.6
30 Mortgage companies	0	−24.0	−3.4	8.2	−9.1	−93.6	58.8	−56.4	4.5	6.0	−9.1	10.2
31 Real estate investment trusts (REITs)	.4	−.7	1.4	4.4	20.2	38.9	25.6	6.1	−11.3	−40.8	1.7	−2.2
32 Brokers and dealers	14.8	−44.2	90.1	−15.7	14.9	71.7	245.8	−183.1	77.0	−209.1	184.5	−204.5
33 Funding corporations	−31.0	−17.8	−21.2	14.0	52.7	126.2	82.0	−21.4	−63.3	6.4	27.1	96.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**948.6**	**1,030.3**	**1,245.4**	**1,369.2**	**1,495.1**	**1,918.3**	**2,101.7**	**2,129.3**	**1,935.8**	**2,332.7**	**2,481.3**	**1,836.4**
Other financial sources												
35 Official foreign exchange	.8	−5.8	8.8	−6.3	.7	17.5	1.0	8.1	8.9	8.6	−14.0	−5.4
36 Special drawing rights certificates	.0	.0	2.2	−.5	−.5	.0	.0	.0	.0	.0	−4.0	.0
37 Treasury currency	.4	.7	.6	.1	.0	−1.9	.3	.2	1.7	−2.3	.0	.7
38 Foreign deposits	−18.5	52.9	35.3	85.9	106.8	100.6	−46.5	92.9	84.9	−131.9	127.7	114.5
39 Net interbank transactions	50.5	89.8	10.0	−51.6	−19.7	54.3	−95.2	39.8	44.2	−122.9	49.1	68.2
40 Checkable deposits and currency	117.3	−9.7	−12.7	15.8	41.5	72.1	52.6	90.1	−24.9	72.8	61.7	10.3
41 Small time and savings deposits	−70.3	−39.9	96.6	97.2	97.1	136.7	99.0	84.9	144.7	281.2	−63.8	104.0
42 Large time deposits	−23.5	19.6	65.6	114.0	122.5	59.2	187.8	−5.6	81.8	104.4	−5.9	42.6
43 Money market fund shares	20.2	43.3	142.3	145.8	157.6	149.9	213.6	247.2	367.9	313.1	204.9	100.5
44 Security repurchase agreements	71.3	78.2	110.5	41.4	120.9	103.3	250.3	−100.8	231.1	−170.3	408.2	−65.6
45 Corporate equities	137.7	24.6	−3.1	−8.6	−76.7	−100.0	−108.8	−109.3	−320.6	−206.5	−114.7	−241.5
46 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	260.9	322.3	377.8	173.4	224.8	255.3	247.9
47 Trade payables	52.2	94.0	101.6	86.1	96.2	122.6	108.3	−57.4	34.6	−86.8	155.5	98.4
48 Security credit	61.4	−.1	26.7	52.4	111.0	128.0	159.3	134.3	167.0	−27.2	−86.9	89.3
49 Life insurance reserves	37.1	35.5	45.8	44.5	54.3	37.4	49.3	53.3	51.7	59.0	40.8	65.9
50 Pension fund reserves	268.0	254.7	235.1	246.9	304.0	304.1	294.7	272.9	279.5	313.8	284.3	316.4
51 Taxes payable	11.4	2.6	6.2	16.0	16.8	3.9	12.2	.9	27.3	11.7	−10.3	27.2
52 Investment in bank personal trusts	.9	17.8	4.0	−8.6	75.0	78.4	50.3	57.5	47.8	67.1	64.1	53.0
53 Noncorporate proprietors' equity	24.1	53.6	60.3	−.6	6.1	−43.5	−11.0	−5.4	−61.2	3.2	−2.5	12.3
54 Miscellaneous	356.0	245.6	444.6	498.3	513.3	222.2	980.1	376.5	712.6	702.0	238.7	1,092.8
55 **Total financial sources**	**2,337.6**	**2,088.3**	**2,773.2**	**2,975.1**	**3,487.1**	**3,624.1**	**4,621.2**	**3,687.3**	**3,988.1**	**3,746.3**	**4,069.6**	**3,968.0**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.2	−.5	−.9	−.6	−2.4	−.2	−.3	1.1	−3.4	−1.5	−.4
57 Foreign deposits	−5.7	43.0	25.1	59.6	106.8	145.5	−95.7	119.9	69.9	−156.5	62.0	73.5
58 Net interbank liabilities	4.2	−2.7	−3.1	−3.3	−19.9	−38.1	35.1	8.9	22.3	−52.8	58.7	−1.7
59 Security repurchase agreements	50.5	67.7	20.2	4.5	62.3	185.1	120.8	−170.0	110.2	.2	362.2	−14.8
60 Taxes payable	15.8	16.6	21.1	20.4	18.8	14.4	9.4	2.8	24.2	17.4	−22.4	−15.0
61 Miscellaneous	−158.5	−160.1	−221.4	−66.9	−254.9	−640.7	61.0	−225.9	−106.7	−43.9	−568.0	−390.0
Floats not included in assets (−)												
62 Federal government checkable deposits	−1.5	−4.8	−6.0	.5	−2.7	−10.0	8.3	−44.4	32.4	14.0	−1.8	−41.4
63 Other checkable deposits	−1.3	−2.8	−3.8	−4.0	−3.9	−5.0	−4.0	−2.9	−3.6	−1.8	−1.9	−1.0
64 Trade credit	−4.0	1.5	−11.7	−49.9	3.6	15.7	41.9	−150.7	−94.5	−31.1	55.7	−6.9
65 **Total identified to sectors as assets**	**2,438.2**	**2,130.1**	**2,953.4**	**3,015.2**	**3,577.6**	**3,959.6**	**4,444.8**	**4,150.0**	**3,932.8**	**4,004.0**	**4,126.5**	**4,365.7**

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	1994	1995	1996	1997	1997	1998				1999	
					Q4	Q1[r]	Q2	Q3	Q4	Q1[r]	Q2
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,013.9[r]**	**13,734.3[r]**	**14,477.4[r]**	**15,261.1[r]**	**15,261.1[r]**	**15,522.2**	**15,742.1[r]**	**15,956.2[r]**	**16,283.6[r]**	**16,588.0**	**16,758.7**
By sector and instrument											
2 Federal government	3,492.3	3,636.7	3,781.8	3,804.9	3,804.9	3,830.8	3,749.0	3,720.2	3,752.2	3,759.7	3,651.7
3 Treasury securities	3,465.6	3,608.5	3,755.1	3,778.3	3,778.3	3,804.8	3,723.4	3,694.7	3,723.7	3,731.6	3,623.4
4 Budget agency securities and mortgages	26.7	28.2	26.6	26.5	26.5	25.9	25.6	25.5	28.5	28.1	28.3
5 Nonfederal	9,521.6[r]	10,097.6[r]	10,695.6[r]	11,456.3[r]	11,456.3[r]	11,691.4	11,993.2[r]	12,236.0[r]	12,531.4[r]	12,828.3	13,107.0
By instrument											
6 Commercial paper	139.2	157.4	156.4	168.6	168.6	193.1	202.5	216.9	193.0	223.9	232.4
7 Municipal securities and loans	1,341.7	1,293.5	1,296.0	1,367.5	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0
8 Corporate bonds	1,253.0	1,344.1[r]	1,460.4[r]	1,610.9[r]	1,610.9[r]	1,680.6	1,754.3[r]	1,781.3[r]	1,829.6[r]	1,898.1	1,963.3
9 Bank loans n.e.c.	759.9	863.6[r]	934.1[r]	1,040.5[r]	1,040.5[r]	1,047.9	1,097.6[r]	1,120.6[r]	1,148.8[r]	1,165.2	1,178.4
10 Other loans and advances	669.6	736.9	770.4[r]	839.5	839.5	863.5	873.1[r]	886.8[r]	913.8[r]	947.5	945.8
11 Mortgages	4,374.2[r]	4,579.4[r]	4,866.8[r]	5,165.2[r]	5,165.2[r]	5,273.3	5,379.7[r]	5,504.0[r]	5,650.3[r]	5,784.1	5,939.2
12 Home	3,330.0[r]	3,509.8[r]	3,719.0[r]	3,954.8[r]	3,954.8[r]	4,037.9	4,116.4[r]	4,216.4[r]	4,321.1[r]	4,413.8	4,526.0
13 Multifamily residential	261.5	269.1	284.3	295.0[r]	295.0[r]	300.4	305.7[r]	309.7[r]	317.4[r]	326.6	335.8
14 Commercial	699.8	716.0	776.4[r]	825.1[r]	825.1[r]	843.6	864.6[r]	883.6[r]	915.3[r]	946.3	977.7
15 Farm	83.0	84.6	87.1	90.3	90.3	91.3	93.0[r]	94.4[r]	96.5[r]	97.4	99.7
16 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6	1,338.0
By borrowing sector											
17 Household	4,427.0[r]	4,782.2[r]	5,105.1[r]	5,433.3[r]	5,433.3[r]	5,494.5	5,613.2[r]	5,746.1[r]	5,903.6[r]	5,985.9	6,128.1
18 Nonfinancial business	3,972.9	4,245.2[r]	4,527.1[r]	4,903.5[r]	4,903.5[r]	5,052.6	5,209.2[r]	5,311.1[r]	5,428.0[r]	5,619.2	5,740.7
19 Corporate	2,708.9	2,947.7[r]	3,141.0[r]	3,433.8[r]	3,433.8[r]	3,559.4	3,686.4[r]	3,762.5[r]	3,852.2[r]	4,019.2	4,107.9
20 Nonfarm noncorporate	1,121.8	1,152.4	1,236.1	1,313.6	1,313.6	1,337.9	1,361.8	1,385.5	1,411.9	1,437.6	1,466.7
21 Farm	142.2	145.1	149.9	156.1	156.1	155.3	161.0[r]	163.1[r]	163.8[r]	162.4	166.2
22 State and local government	1,121.7	1,070.2	1,063.4	1,119.5	1,119.5	1,144.3	1,170.8	1,178.8	1,199.8	1,223.2	1,238.2
23 **Foreign credit market debt held in United States**	**370.3[r]**	**441.4[r]**	**518.7[r]**	**570.1[r]**	**570.1[r]**	**591.6**	**617.1[r]**	**612.8[r]**	**603.7[r]**	**607.8**	**596.5**
24 Commercial paper	42.7	56.2	67.5	65.1	65.1	76.7	71.4	74.0	72.9	77.2	70.1
25 Bonds	242.3	291.9	347.7	394.9[r]	394.9[r]	405.6	435.4[r]	428.6[r]	420.0[r]	420.2	415.4
26 Bank loans n.e.c.	26.1	34.6	43.7	52.1	52.1	53.4	55.5	56.4	58.9	59.1	60.5
27 Other loans and advances	59.3[r]	58.8[r]	59.8[r]	58.0	58.0	55.9	54.8	53.8	52.0	51.3	50.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**13,384.2[r]**	**14,175.8[r]**	**14,996.0[r]**	**15,831.2[r]**	**15,831.2[r]**	**16,113.8**	**16,359.2[r]**	**16,568.9[r]**	**16,887.3[r]**	**17,195.8**	**17,355.2**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**3,822.2**	**4,278.8[r]**	**4,827.7[r]**	**5,446.8[r]**	**5,446.8[r]**	**5,670.1**	**5,926.8[r]**	**6,195.5[r]**	**6,515.6[r]**	**6,809.7**	**7,073.6**
By instrument											
30 Federal government-related	2,172.7	2,376.8	2,608.3	2,821.1[r]	2,821.1[r]	2,878.0	2,981.4[r]	3,121.7[r]	3,292.0	3,434.1	3,580.8
31 Government-sponsored enterprise securities	700.6	806.5	896.9	995.3	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0
32 Mortgage pool securities	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9[r]	1,975.7[r]	2,018.4	2,112.3	2,182.8
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,649.5	1,901.9[r]	2,219.4[r]	2,625.7[r]	2,625.7[r]	2,792.1	2,945.4[r]	3,073.8[r]	3,223.6[r]	3,375.6	3,492.7
35 Open market paper	441.6	486.9	579.1	745.7	745.7	804.9	838.9	874.2	906.7	926.4	940.9
36 Corporate bonds	1,008.8	1,204.7	1,381.5	1,557.5	1,557.5	1,640.8	1,738.7	1,786.2	1,849.4	1,969.3	2,042.9
37 Bank loans n.e.c.	48.9	51.4[r]	64.0[r]	77.2[r]	77.2[r]	90.6	88.2[r]	103.2[r]	107.2[r]	104.1	106.8
38 Other loans and advances	131.6	135.0	162.9	198.5	198.5	206.6	225.6	246.2	288.7	299.1	328.6
39 Mortgages	18.7	24.1	31.9	46.8	46.8	49.1	54.1	64.0	71.6	76.6	73.6
By borrowing sector											
40 Commercial banks	94.5	102.6	113.6	140.6	140.6	148.7	159.6	169.6	188.6	187.5	202.7
41 Bank holding companies	133.6	148.0	150.0	168.6	168.6	181.2	190.5	196.1	193.5	202.6	202.7
42 Savings institutions	112.4	115.0	140.5	160.3	160.3	162.9	170.7	186.6	212.4	226.9	241.6
43 Credit unions	.5	.4	.4	.6	.6	.7	.8	1.0	1.1	1.5	1.8
44 Life insurance companies	.6	.5	1.6	1.8	1.8	1.8	1.6	2.0	2.5	3.3	4.0
45 Government-sponsored enterprises	700.6	806.5	896.9	995.3	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0
46 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9[r]	1,975.7[r]	2,018.4	2,112.3	2,182.8
47 Issuers of asset-backed securities (ABSs)	570.1	712.5	866.4	1,078.2	1,078.2	1,142.9	1,230.4	1,307.0	1,394.6	1,463.8	1,542.9
48 Brokers and dealers	34.3	29.3	27.3	35.3	35.3	35.1	40.1	39.4	42.5	34.8	30.2
49 Finance companies	433.7	483.9	529.8	554.5	554.5	571.9	596.9	589.4	597.5	614.4	639.2
50 Mortgage companies	18.7	16.5[r]	20.6[r]	16.0[r]	16.0[r]	23.4	16.3[r]	16.9[r]	17.7[r]	16.5	17.8
51 Real estate investment trusts (REITs)	40.0	44.6	56.5	96.1	96.1	111.9	128.0	147.8	158.8	165.2	160.3
52 Funding corporations	211.0	248.6	312.7	373.7	373.7	411.6	410.5	417.9	414.4	459.1	449.6
					All sectors						
53 **Total credit market debt, domestic and foreign**	**17,206.4[r]**	**18,454.5[r]**	**19,823.7[r]**	**21,278.1[r]**	**21,278.1[r]**	**21,783.9**	**22,286.0[r]**	**22,764.5[r]**	**23,402.9[r]**	**24,005.5**	**24,428.7**
54 Open market paper	623.5	700.4	803.0	979.4	979.4	1,074.8	1,112.7	1,165.1	1,172.6	1,227.6	1,243.3
55 U.S. government securities	5,665.0	6,013.6	6,390.0	6,626.0[r]	6,626.0[r]	6,708.7	6,730.3[r]	6,841.9[r]	7,044.3[r]	7,193.8	7,232.5
56 Municipal securities	1,341.7	1,293.5	1,296.0	1,367.5	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0
57 Corporate and foreign bonds	2,504.0	2,840.7[r]	3,189.6[r]	3,563.3[r]	3,563.3[r]	3,727.0	3,928.3[r]	3,996.0[r]	4,098.9[r]	4,287.6	4,421.6
58 Bank loans n.e.c.	834.9	949.6	1,041.7	1,169.8	1,169.8	1,191.9	1,241.3	1,280.3	1,314.9[r]	1,328.3	1,345.6
59 Other loans and advances	860.5[r]	930.6[r]	993.1[r]	1,095.9	1,095.9	1,126.1	1,153.6[r]	1,186.8[r]	1,254.4[r]	1,297.8	1,324.8
60 Mortgages	4,393.0[r]	4,603.4[r]	4,898.7[r]	5,212.0[r]	5,212.0[r]	5,322.4	5,433.7[r]	5,568.0[r]	5,721.9[r]	5,860.7	6,012.7
61 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6	1,338.0

1. Data in this table also 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	1994	1995	1996	1997	1997	1998				1999	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**17,206.4**	**18,454.5**	**19,823.7**	**21,278.1**	**21,278.1**	**21,783.9**	**22,286.0**	**22,764.5**	**23,402.9**	**24,005.5**	**24,428.7**
2 Domestic nonfederal nonfinancial sectors	2,988.8	2,856.8	2,924.6	2,781.4	2,781.4	2,761.2	2,847.0	2,876.6	2,813.0	2,875.4	2,915.9
3 Household	1,932.1	1,895.5	2,011.6	1,871.1	1,871.1	1,868.2	1,919.2	1,913.4	1,805.8	1,874.9	1,889.2
4 Nonfinancial corporate business	289.2	280.4	270.2	268.0	268.0	249.6	238.7	244.7	265.4	246.1	257.0
5 Nonfarm noncorporate business	37.6	42.3	38.0	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4
6 State and local governments	729.9	638.6	604.8	605.0	605.0	606.0	651.6	681.1	704.4	717.1	732.3
7 Federal government	202.9	202.7	195.3	200.4	200.4	204.3	207.5	210.9	213.9	218.3	219.9
8 Rest of the world	1,216.0	1,531.1	1,926.6	2,256.8	2,256.8	2,317.1	2,396.0	2,412.2	2,534.3	2,591.8	2,603.3
9 Financial sectors	12,798.8	13,863.9	14,777.2	16,039.5	16,039.5	16,501.3	16,835.5	17,264.8	17,841.7	18,320.0	18,689.7
10 Monetary authority	368.2	380.8	393.1	431.4	431.4	433.8	440.3	446.5	452.5	466.0	485.1
11 Commercial banking	3,254.3	3,520.1	3,707.7	4,031.9	4,031.9	4,093.4	4,136.4	4,195.7	4,335.7	4,338.4	4,383.3
12 U.S.-chartered banks	2,869.6	3,056.1	3,175.8	3,450.7	3,450.7	3,505.1	3,543.6	3,616.2	3,761.2	3,782.9	3,847.6
13 Foreign banking offices in United States	337.1	412.6	475.8	516.1	516.1	517.9	525.6	510.1	504.2	487.8	465.7
14 Bank holding companies	18.4	18.0	22.0	27.4	27.4	31.2	26.8	28.3	26.5	25.0	25.0
15 Banks in U.S.-affiliated areas	29.2	33.4	34.1	37.8	37.8	39.2	40.4	41.1	43.8	42.7	45.0
16 Savings institutions	920.8	913.3	933.2	928.5	928.5	931.3	930.8	939.3	964.8	990.8	1,011.4
17 Credit unions	246.8	263.0	288.5	305.3	305.3	306.7	315.1	320.5	324.2	331.0	342.5
18 Bank personal trusts and estates	248.0	239.7	232.0	239.5	239.5	240.1	240.9	241.4	242.4	243.1	243.7
19 Life insurance companies	1,487.5	1,587.5	1,657.0	1,751.3	1,751.3	1,777.3	1,793.2	1,810.6	1,828.0	1,853.7	1,876.0
20 Other insurance companies	446.4	468.7	491.2	515.3	515.3	521.1	520.8	518.9	535.7	530.8	532.1
21 Private pension funds	660.9	716.9	769.2	834.7	834.7	853.4	885.9	909.8	953.4	968.5	1,006.0
22 State and local government retirement funds	497.4	531.0	568.2	632.0	632.0	648.9	668.5	684.9	697.0	715.6	724.9
23 Money market mutual funds	459.0	545.5	634.3	721.9	721.9	775.0	815.9	869.9	965.9	1,036.2	1,001.8
24 Mutual funds	718.8	771.3	820.2	901.1	901.1	940.0	979.1	1,005.9	1,025.9	1,050.5	1,078.1
25 Closed-end funds	86.0	96.4	101.1	98.3	98.3	99.4	100.5	101.7	102.8	103.9	105.0
26 Government-sponsored enterprises	663.3	750.0	807.9	902.2	902.2	951.4	989.4	1,055.4	1,163.0	1,201.9	1,267.1
27 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,825.8	1,847.1	1,908.9	1,975.7	2,018.4	2,112.3	2,182.8
28 Asset-backed securities issuers (ABSs)	532.8	653.4	777.0	939.3	939.3	989.2	1,068.9	1,134.2	1,216.0	1,280.8	1,355.7
29 Finance companies	476.2	526.2	544.5	566.4	566.4	572.0	579.0	592.7	618.4	639.9	660.9
30 Mortgage companies	36.5	33.0	41.2	32.1	32.1	46.8	32.7	33.8	35.3	33.0	35.6
31 Real estate investment trusts (REITs)	24.6	26.0	30.4	50.6	50.6	57.0	58.5	55.7	45.5	45.9	45.3
32 Brokers and dealers	93.3	183.4	167.7	182.6	182.6	244.0	198.3	217.5	165.2	211.4	160.2
33 Funding corporations	106.0	87.4	101.4	149.4	149.4	173.5	172.6	155.1	151.7	166.4	192.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**17,206.4**	**18,454.5**	**19,823.7**	**21,278.1**	**21,278.1**	**21,783.9**	**22,286.0**	**22,764.5**	**23,402.9**	**24,005.5**	**24,428.7**
Other liabilities											
35 Official foreign exchange	53.2	63.7	53.7	48.9	48.9	48.2	50.1	54.5	60.1	53.6	50.9
36 Special drawing rights certificates	8.0	10.2	9.7	9.2	9.2	9.2	9.2	9.2	9.2	8.2	8.2
37 Treasury currency	17.6	18.2	18.3	18.3	18.3	18.4	18.4	18.8	18.3	18.3	18.5
38 Foreign deposits	373.9	418.8	516.1	618.8	618.8	607.2	630.4	651.7	639.9	671.8	700.4
39 Net interbank liabilities	280.1	290.7	240.8	219.4	219.4	179.6	189.1	198.7	187.7	180.5	196.4
40 Checkable deposits and currency	1,242.0	1,229.3	1,245.1	1,286.6	1,286.6	1,259.2	1,320.7	1,282.3	1,334.2	1,311.5	1,354.3
41 Small time and savings deposits	2,183.2	2,279.7	2,377.0	2,474.1	2,474.1	2,525.4	2,531.0	2,553.8	2,626.5	2,638.6	2,646.6
42 Large time deposits	411.2	476.9	590.9	713.4	713.4	760.9	754.0	776.5	805.5	804.3	809.0
43 Money market fund shares	602.9	745.3	891.1	1,048.7	1,048.7	1,130.7	1,153.7	1,249.7	1,334.2	1,416.0	1,398.1
44 Security repurchase agreements	549.5	660.0	701.5	822.4	822.4	889.3	861.5	918.9	875.0	980.3	961.4
45 Mutual fund shares	1,477.3	1,852.8	2,342.4	2,989.4	2,989.4	3,339.3	3,438.4	3,137.3	3,610.5	3,760.8	4,029.9
46 Security credit	279.0	305.7	358.1	469.1	469.1	505.3	540.6	579.0	577.4	552.7	576.7
47 Life insurance reserves	520.3	566.2	610.6	665.0	665.0	677.3	690.6	703.5	718.3	730.9	747.4
48 Pension fund reserves	4,948.1	5,767.8	6,642.5	7,894.4	7,894.4	8,583.1	8,730.8	8,194.6	9,160.7	9,335.8	9,770.1
49 Trade payables	1,140.6	1,242.3	1,328.4	1,424.6	1,424.6	1,419.2	1,405.0	1,418.3	1,424.3	1,430.4	1,454.6
50 Taxes payable	101.4	107.6	123.6	140.4	140.4	151.7	144.4	154.7	153.4	159.6	158.4
51 Investment in bank personal trusts	699.4	803.0	871.7	1,082.8	1,082.8	1,179.5	1,204.9	1,118.9	1,274.2	1,317.0	1,402.7
52 Miscellaneous	5,287.2	5,634.7	6,098.8	6,663.5	6,663.5	6,737.3	6,807.2	7,024.1	7,094.4	7,087.4	7,184.8
53 **Total liabilities**	**37,381.6**	**40,927.2**	**44,843.8**	**49,867.0**	**49,867.0**	**51,804.7**	**52,765.9**	**52,809.1**	**55,306.8**	**56,463.3**	**57,897.0**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	22.1	21.4	21.1	21.1	21.2	21.0	21.2	21.6	20.7	20.8
55 Corporate equities	6,237.9	8,331.3	10,062.4	12,776.0	12,776.0	14,397.6	14,556.1	12,758.4	15,437.7	15,970.3	17,137.5
56 Household equity in noncorporate business	3,410.5	3,658.3	3,864.5	4,213.4	4,213.4	4,039.4	4,255.1	4,265.5	4,288.4	4,293.4	4,257.7
Liabilities not identified as assets (−)											
57 Treasury currency	−5.4	−5.8	−6.7	−7.3	−7.3	−7.4	−7.4	−7.2	−8.0	−8.4	−8.5
58 Foreign deposits	325.4	360.2	431.4	534.0	534.0	510.1	540.1	557.6	539.7	555.1	573.5
59 Net interbank transactions	−6.5	−9.0	−10.6	−32.2	−32.2	−21.2	−17.1	−15.4	−27.0	−11.3	−10.5
60 Security repurchase agreements	66.2	86.4	90.9	153.1	153.1	187.4	140.9	175.2	168.4	263.0	255.6
61 Taxes payable	48.8	62.4	76.7	93.5	93.5	89.6	95.6	101.9	103.9	90.6	108.2
62 Miscellaneous	−948.1	−1,350.8	−1,714.9	−2,087.0	−2,087.0	−2,259.2	−2,311.2	−2,449.9	−2,719.9	−2,953.5	−2,998.9
Floats not included in assets (−)											
63 Federal government checkable deposits	3.4	3.1	−1.6	−8.1	−8.1	−10.4	−16.1	−12.0	−3.9	−7.2	−12.4
64 Other checkable deposits	38.0	34.2	30.1	26.2	26.2	21.4	24.2	15.7	23.1	18.9	22.1
65 Trade credit	−245.9	−257.5	−307.7	−314.5	−314.5	−358.1	−412.2	−440.1	−373.7	−415.3	−432.3
66 **Total identified to sectors as assets**	**47,775.0**	**54,015.9**	**60,204.6**	**68,519.7**	**68,519.7**	**72,110.7**	**73,561.4**	**71,928.4**	**77,351.9**	**79,215.7**	**81,816.2**

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	1996	1997	1998	1998	1999							
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Industrial production**[1]	**119.5**	**126.8**	**131.3**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**	**135.2**	**135.6**
Market groupings												
2 Products, total	114.4	119.6	123.5	124.4	124.5	124.6	125.2	125.6	125.8	125.6[r]	126.0	126.4
3 Final, total	115.5	121.1	125.4	125.9	125.8	125.9	126.5	126.8	127.2	127.1[r]	127.4	128.2
4 Consumer goods	111.3	114.1	115.2	114.9	115.2	115.3	115.3	115.5	115.6[r]	115.9	115.7	116.6
5 Equipment	122.7	133.9	144.2	145.6	145.0	145.1	146.7	147.2	148.0[r]	147.3[r]	148.6	149.1
6 Intermediate	110.9	115.2	118.0	119.8	120.3	120.4	121.0	121.5	121.4[r]	121.0[r]	121.5	121.0
7 Materials	127.8	138.2	144.0	145.2	144.9	145.3	146.7	146.9	147.3	148.2	150.4	150.8
Industry groupings												
8 Manufacturing	121.4	129.7	135.1	136.7	136.4	136.9	137.5	138.0	138.4	138.5[r]	139.3	139.9
9 Capacity utilization, manufacturing (percent)[2]	81.4	82.0	80.8	80.0	79.5	79.5	79.5	79.6	79.5	79.4	79.6	79.8
10 Construction contracts[3]	130.9	142.9[r]	157.1[r]	168.0[r]	178.0[r]	167.0	163.0[r]	168.0	169.0[r]	174.0[r]	164.0	147.0
11 Nonagricultural employment, total[4]	117.3	120.3	123.4	124.8	124.9	125.3	125.4	125.7	125.7	126.0	126.3	126.4
12 Goods-producing, total	2.4	2.4	2.3	102.8	102.6	102.7	102.5	102.5	102.1	102.1	102.3	101.9
13 Manufacturing, total	97.4	98.2	98.5	98.0	97.8	97.6	97.4	97.2	97.0	96.8	97.1	96.8
14 Manufacturing, production workers	98.6	99.6	99.6	98.8	98.6	98.3	98.2	98.0	97.8	97.5	98.0	97.6
15 Service-producing	123.1	126.5	130.1	131.8	132.1	132.5	132.7	133.1	133.2	133.6	134.0	134.3
16 Personal income, total	165.7[r]	174.9[r]	183.8[r]	187.7[r]	188.8[r]	189.6[r]	190.2[r]	191.0[r]	191.7[r]	193.1[r]	193.5	n.a.
17 Wages and salary disbursements	159.8	171.2	182.6	187.6	189.0	190.2	190.6	191.7	192.6	193.6	195.0	n.a.
18 Manufacturing	135.7	144.7	151.1	151.7	152.4	152.8	152.9	153.5	154.4	155.1	156.4	n.a.
19 Disposable personal income[5]	164.5[r]	172.3[r]	179.2[r]	182.7[r]	183.8[r]	184.5[r]	185.2[r]	186.0[r]	186.4[r]	187.7	188.0	n.a.
20 Retail sales[5]	162.5	170.1	178.5	184.7	186.8	190.0	189.8	190.9	192.8	192.6[r]	194.6	196.8
Prices[6]												
21 Consumer (1982–84=100)	156.9	160.5	163.0	163.9	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1
22 Producer finished goods (1982=100)	131.3	131.8	130.7	131.1	131.4	130.8	131.1[r]	131.9[r]	132.4	132.7	132.9	133.7

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 1998. The recent annual revision is described in an article in the January 1999 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. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, 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	1996	1997	1998	1999							
				Jan.	Feb.	Mar.	Apr.[r]	May[r]	June	July	Aug.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	133,943	136,297	137,673	139,347	139,271	138,816	139,091	139,019	139,408	139,254	139,264
Employment											
2 Nonagricultural industries[3]	123,264	126,159	128,085	130,097	129,817	129,752	129,685	129,929	130,078	130,015	130,192
3 Agriculture	3,443	3,399	3,378	3,299	3,328	3,281	3,384	3,295	3,354	3,292	3,219
Unemployment											
4 Number	7,236	6,739	6,210	5,950	6,127	5,783	6,022	5,795	5,975	5,947	5,853
5 Rate (percent of civilian labor force)	5.4	4.9	4.5	4.3	4.4	4.2	4.3	4.2	4.3	4.3	4.2
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**119,608**	**122,690**	**125,833**	**127,378**	**127,730**	**127,813**	**128,134**	**128,162**	**128,443**	**128,781**	**128,905**
7 Manufacturing	18,495	18,657	18,716	18,585	18,538	18,503	18,473	18,429	18,396	18,447	18,384
8 Mining	580	592	575	560	553	550	538	531	526	529	526
9 Contract construction	5,418	5,686	5,965	6,170	6,238	6,232	6,277	6,239	6,258	6,272	6,243
10 Transportation and public utilities	6,253	6,395	6,551	6,708	6,723	6,732	6,750	6,758	6,781	6,797	6,809
11 Trade	28,079	28,659	29,299	29,480	29,585	29,558	29,689	29,725	29,789	29,906	29,923
12 Finance	6,911	7,091	7,341	7,570	7,581	7,595	7,611	7,621	7,636	7,644	7,655
13 Service	34,454	36,040	37,525	38,313	38,458	38,556	38,697	38,782	38,952	39,030	39,162
14 Government	19,419	19,570	19,862	19,992	20,054	20,087	20,099	20,077	20,105	20,156	20,203

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	1998 Q3	1998 Q4	1999 Q1[r]	1999 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2[r]
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**131.6**	**132.3**	**132.7**	**134.0**	**161.5**	**163.5**	**165.2**	**166.7**	**81.5**	**80.9**	**80.3**	**80.4**
2 Manufacturing	134.8	136.4	136.9	138.3	168.1	170.3	172.3	174.0	80.2	80.1	79.5	79.5
3 Primary processing[3]	120.2	120.6	121.7	121.8	145.1	146.1	146.9	147.7	82.9	82.5	82.8	82.5
4 Advanced processing[4]	142.1	144.4	144.6	146.6	179.2	182.0	184.5	186.7	79.3	79.3	78.3	78.5
5 Durable goods	157.9	161.2	162.1	164.9	197.5	201.2	204.4	207.4	79.9	80.1	79.3	79.5
6 Lumber and products	117.7	119.2	121.6	121.6	143.9	144.9	146.0	147.1	81.8	82.3	83.3	82.7
7 Primary metals	122.4	119.3	120.4	123.4	143.2	144.4	145.4	145.9	85.5	82.6	82.8	84.6
8 Iron and steel	118.7	112.9	115.5	120.4	144.6	146.5	147.9	148.8	82.1	77.0	78.1	80.9
9 Nonferrous	126.8	126.9	126.3	127.1	141.3	141.7	142.1	142.4	89.7	89.6	88.9	89.3
10 Industrial machinery and equipment	207.9	211.7	214.6	219.5	242.9	251.6	259.8	266.9	85.6	84.1	82.6	82.2
11 Electrical machinery	292.7	304.8	310.3	326.9	381.6	396.6	411.0	424.9	76.7	76.9	75.5	76.9
12 Motor vehicles and parts	137.2	148.5	147.5	151.1	184.9	186.0	186.7	187.1	74.2	79.8	79.0	80.8
13 Aerospace and miscellaneous transportation equipment	106.6	105.8	103.1	100.2	128.0	128.5	128.8	128.7	83.3	82.4	80.1	77.9
14 Nondurable goods	111.3	111.4	111.6	111.6	137.5	138.4	139.1	139.6	80.9	80.5	80.2	79.9
15 Textile mill products	112.1	110.2	109.7	111.2	135.1	135.2	135.0	134.7	83.0	81.5	81.2	82.5
16 Paper and products	115.0	114.3	116.3	114.9	132.5	133.4	134.2	135.0	86.8	85.7	86.7	85.1
17 Chemicals and products	114.4	114.0	114.0	115.1	148.9	149.7	150.3	150.8	76.8	76.1	75.8	76.3
18 Plastics materials	128.4	131.9	129.6	131.0	141.9	143.2	144.4	145.6	90.5	92.1	89.8	89.9
19 Petroleum products	112.7	111.9	115.4	112.9	116.8	117.1	117.4	117.7	96.5	95.6	98.3	95.9
20 Mining	103.6	100.7	98.8	97.9	120.1	120.6	120.9	121.2	86.2	83.5	81.7	80.8
21 Utilities	119.6	112.9	114.3	116.3	126.5	126.7	126.9	127.1	94.6	89.2	90.0	91.5
22 Electric	121.2	116.7	116.4	118.7	124.0	124.3	124.5	124.7	97.7	93.9	93.5	95.2

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1998 Aug.	1999 Mar.	1999 Apr.	1999 May[r]	1999 June[r]	1999 July[r]	1999 Aug.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**82.0**	**80.5**	**80.4**	**80.4**	**80.3**	**80.7**	**80.8**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	80.7	79.5	79.6	79.5	79.4	79.6	79.8
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	83.1	82.7	82.5	82.5	82.4	82.8	82.7
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.9	78.4	78.6	78.6	78.4	78.6	78.9
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	80.9	79.4	79.5	79.5	79.5	80.2	80.5
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	82.3	82.5	82.1	83.6	82.5	82.6	81.5
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	86.9	83.8	83.9	84.1	85.6	87.1	87.4
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	84.7	79.0	80.0	80.4	82.3	84.2	84.6
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	89.7	89.9	88.9	88.9	90.0	90.9	91.1
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	85.2	83.0	82.9	82.1	81.6	81.6	81.9
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	76.2	75.3	76.7	76.9	77.2	79.9	80.1
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	83.4	79.8	79.9	80.6	81.8	81.7	85.3
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	83.5	79.5	78.5	77.9	77.2	76.8	75.9
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	80.9	80.2	80.2	80.0	79.6	79.5	79.5
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	82.8	80.8	82.6	82.4	82.6	83.6	82.8
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	87.0	86.6	85.1	84.6	85.7	84.9	85.2
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	76.7	76.5	76.4	76.5	76.0	75.5	76.2
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	92.9	89.4	90.0	90.4	89.5	88.5	87.7
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	97.7	96.2	97.2	96.0	94.5	97.2	96.4
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	86.3	81.8	81.1	80.8	80.5	81.2	81.7
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	95.1	91.9	91.1	90.8	92.5	94.6	93.1
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	97.8	95.4	94.9	94.5	96.4	99.1	97.1

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 1998. The recent annual revision is described in an article in the January 1999 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 manufactures.

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	1998 avg.	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.[r]	1999 May[r]	1999 June[r]	1999 July[r]	1999 Aug.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**131.3**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**	**135.2**	**135.6**
2 Products	60.5	123.5	124.9	124.1	124.9	124.5	124.4	124.5	124.6	125.2	125.6	125.8	125.6	126.0	126.4
3 Final products	46.3	125.4	126.8	126.0	126.7	126.1	125.9	125.8	125.9	126.5	126.8	127.2	127.1	127.4	128.2
4 Consumer goods, total	29.1	115.2	116.1	114.8	115.2	114.8	114.9	115.2	115.3	115.3	115.5	115.6	115.9	115.7	116.6
5 Durable consumer goods	6.1	135.7	140.1	137.4	140.5	138.9	139.8	141.5	143.3	142.2	144.9	146.7	147.7	146.2	150.9
6 Automotive products	2.6	132.9	141.7	136.4	141.1	139.6	139.8	141.7	140.4	138.4	140.9	144.8	146.8	140.1	151.5
7 Autos and trucks	1.7	137.8	151.4	143.4	150.6	149.1	147.7	149.4	149.3	147.5	150.1	154.6	158.8	146.7	166.7
8 Autos, consumer	.9	109.2	124.4	128.3	119.9	113.7	115.5	111.7	109.0	110.8	112.8	108.8	112.4	107.2	115.9
9 Trucks, consumer	.7	166.2	178.9	161.1	181.0	183.2	179.1	185.2	187.2	182.5	185.7	197.2	202.0	184.0	213.6
10 Auto parts and allied goods	.9	125.0	127.6	125.9	127.4	125.9	128.2	130.5	127.5	125.3	127.7	130.7	129.8	130.0	130.3
11 Other	3.5	137.8	138.5	138.0	139.7	137.9	139.5	141.0	145.4	145.0	147.9	147.9	148.0	151.0	150.1
12 Appliances, televisions, and air conditioners	1.0	206.2	209.4	209.9	215.2	222.5	226.0	229.6	241.4	241.7	251.5	248.0	251.2	262.9	260.0
13 Carpeting and furniture	.8	117 1	116.7	116.3	120.3	117.5	116.8	120.7	123.1	117.8	119.0	120.3	121.2	125.1	123.8
14 Miscellaneous home goods	1.6	114.7	115.3	114.5	113.6	109.5	111.4	110.9	113.5	115.5	116.7	117.3	115.9	115.5	115.5
15 Nondurable consumer goods	23.0	110.1	110.3	109.3	109.1	109.0	108.9	108.9	108.6	108.8	108.5	108.3	108.3	108.4	108.4
16 Foods and tobacco	10.3	109.0	107.5	106.9	108.0	109.6	109.6	110.0	110.2	109.6	109.0	108.4	107.9	107.1	106.8
17 Clothing	2.4	97.8	97.7	97.1	95.4	94.5	94.6	93.4	92.6	92.3	92.9	91.5	91.3	89.9	88.9
18 Chemical products	4.5	120.5	119.0	118.0	117.2	119.3	118.7	115.3	117.4	117.3	116.8	117.4	117.5	117.7	119.1
19 Paper products	2.9	105.8	106.6	105.9	105.2	104.1	103.6	102.0	101.0	99.5	100.4	101.0	102.4	102.9	104.0
20 Energy	2.9	112.2	120.1	116.8	115.0	106.5	107.1	113.3	108.9	115.3	114.0	113.5	114.9	118.4	117.2
21 Fuels	.8	110.5	112.1	108.3	108.4	109.1	109.6	112.2	113.3	110.5	112.0	111.5	110.1	113.9	114.3
22 Residential utilities	2.1	112.3	123.7	120.7	117.8	104.5	105.2	113.3	106.0	117.2	114.4	114.0	116.9	120.1	118.1
23 Equipment	17.2	144.2	146.0	146.2	147.5	146.5	145.6	145.0	145.1	146.7	147.2	148.0	147.3	148.6	149.1
24 Business equipment	13.2	163.5	166.6	167.4	169.0	168.1	167.9	167.3	167.6	169.3	170.6	171.4	170.8	172.3	172.7
25 Information processing and related	5.4	209.9	213.1	217.3	219.0	219.7	220.8	222.0	222.1	226.6	232.6	240.1	240.7	248.7	250.5
26 Computer and office equipment	1.1	646.0	671.6	693.6	716.7	745.2	759.9	777.0	787.2	824.8	852.8	870.1	890.2	918.7	946.2
27 Industrial	4.0	140.0	142.3	139.5	141.6	139.9	141.3	139.9	137.9	138.5	139.4	137.2	136.8	137.3	136.0
28 Transit	2.5	133.7	141.6	140.1	141.6	140.5	139.6	137.6	137.7	137.2	137.3	135.9	134.6	132.9	132.7
29 Autos and trucks	1.2	124.6	136.9	135.6	136.1	136.4	136.0	134.8	133.2	135.0	137.9	137.7	139.2	138.5	143.2
30 Other	1.3	138.9	132.6	140.9	141.1	138.5	131.7	131.5	140.2	142.8	135.7	133.3	129.9	126.1	129.6
31 Defense and space equipment	3.3	75.7	76.5	75.5	76.4	75.7	74.6	74.4	74.8	74.9	74.5	74.8	73.9	74.2	74.2
32 Oil and gas well drilling	.6	134.7	127.7	123.4	119.4	115.2	103.2	99.2	97.4	104.2	97.2	100.3	100.4	103.1	108.2
33 Manufactured homes	.2	149.2	145.7	147.8	150.9	154.6	156.6	159.1	154.1	152.8	148.0	145.2	142.8	141.8	141.8
34 Intermediate products, total	14.2	118.0	119.1	118.3	119.0	119.3	119.8	120.3	120.4	121.0	121.5	121.4	121.0	121.5	121.0
35 Construction supplies	5.3	127.2	128.0	126.9	128.4	129.6	131.0	132.4	132.7	131.7	132.0	132.1	131.4	132.8	131.9
36 Business supplies	8.9	112.6	113.8	113.3	113.5	113.2	113.3	113.1	113.1	114.7	115.2	115.0	114.9	114.8	114.6
37 Materials	39.5	144.0	144.4	144.4	144.5	144.6	145.2	144.9	145.3	146.7	146.9	147.3	148.2	150.4	150.8
38 Durable goods materials	20.8	176.4	177.4	177.7	178.8	179.9	180.4	180.1	180.0	182.6	183.3	184.0	185.6	189.6	190.6
39 Durable consumer parts	4.0	144.0	149.6	147.7	146.2	145.6	144.8	141.9	145.4	147.7	145.7	145.5	147.0	152.5	151.2
40 Equipment parts	7.6	277.4	278.0	282.7	287.0	289.9	292.6	293.2	292.5	297.0	302.5	305.5	309.7	318.8	323.5
41 Other	9.2	129.0	128.3	127.7	128.4	129.3	129.3	129.8	128.6	130.2	130.0	130.0	130.5	131.7	132.0
42 Basic metal materials	3.1	121.2	121.9	118.2	118.3	117.3	116.3	118.4	116.1	118.4	119.2	118.6	119.9	122.2	122.3
43 Nondurable goods materials	8.9	113.5	113.1	112.0	111.7	112.2	112.5	112.0	113.2	113.0	112.7	112.9	113.6	113.3	113.3
44 Textile materials	1.1	108.7	107.7	107.6	108.8	103.0	102.5	99.0	101.1	101.8	103.1	102.7	102.3	102.5	102.2
45 Paper materials	1.8	116.0	116.4	115.0	115.8	112.7	114.7	116.5	116.0	116.9	116.3	114.6	118.5	116.9	117.5
46 Chemical materials	3.9	114.5	113.6	111.8	111.1	113.7	113.0	112.8	114.0	113.7	113.7	114.3	114.6	114.0	114.3
47 Other	2.1	111.5	111.6	111.5	110.4	113.2	114.4	112.5	114.8	113.1	112.0	113.6	112.2	113.8	112.7
48 Energy materials	9.7	103.5	104.4	105.2	103.7	101.5	102.6	102.6	102.6	103.4	103.4	103.1	103.0	104.4	104.0
49 Primary energy	6.3	101.2	101.2	102.3	102.6	99.8	100.3	100.4	101.2	100 4	98.7	99.3	101.0	102.5	102.1
50 Converted fuel materials	3.3	108.1	110.7	110.9	106.1	104.9	107.2	107.1	105.6	109.2	112.4	110.5	107.1	108.1	107.8
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	131.3	132.1	131.7	132.1	131.9	132.1	132.0	132.3	133.2	133.4	133.6	133.8	135.0	135.1
52 Total excluding motor vehicles and parts	95.1	130.8	131.3	131.0	131.5	131 4	131.7	131.7	131.7	132.6	132.9	133.2	133.3	134.3	134.4
53 Total excluding computer and office equipment	98.2	127.1	128.0	127.4	127.8	127.4	127.5	127.4	127.6	128.2	128.4	128.6	128.8	129.6	130.0
54 Consumer goods excluding autos and trucks	27.4	113.9	114.3	113.2	113.4	113.0	113.2	113.4	113.5	113.6	113.7	113.6	113.7	114.0	114.0
55 Consumer goods excluding energy	26.2	115.5	115.7	114.6	115.3	115.8	115.8	115.4	116.0	115.3	115.7	115.9	116.0	115.4	116.5
56 Business equipment excluding autos and trucks	12.0	167.9	169.9	171.0	172.7	171.6	171.5	170.9	171.5	173.1	174.3	175.2	174.3	176.1	176.0
57 Business equipment excluding computer and office equipment	12.1	142.4	144.8	145.1	146.2	144.6	144.1	143.1	143.2	144.0	144.7	145.1	144.1	145.0	144.9
58 Materials excluding energy	29.8	156.7	156.9	156.7	157.3	158.2	158.6	158.2	158.6	160.2	160.6	161.1	162.4	164.9	165.5

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Group	SIC code[2]	1992 proportion	1998 avg.	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.[r]	1999 May[r]	1999 June[r]	1999 July[r]	1999 Aug.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	.	**100.0**	**131.3**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**	**135.2**	**135.6**
60 Manufacturing	. .	85.4	135.1	135.7	135.2	136.1	136.4	136.7	136.4	136.9	137.5	138.0	138.4	138.5	139.3	139.9
61 Primary processing	.	26.5	120.7	120.6	119.3	120.1	120.3	121.3	121.8	121.6	121.7	121.7	121.8	121.9	122.7	122.7
62 Advanced processing	.	58.8	142.1	143.3	143.2	144.2	144.6	144.4	143.8	144.6	145.4	146.2	146.7	146.8	147.7	148.7
63 Durable goods	.	45.0	157.5	159.8	159.6	161.2	161.0	161.5	161.4	161.7	163.1	164.1	165.0	165.6	167.7	168.9
64 Lumber and products	24	2.0	117.0	118.5	117.0	118.0	118.3	121.4	122.0	122.1	120.7	120.4	122.9	121.6	122.2	120.8
65 Furniture and fixtures	25	1.4	121.4	120.1	121.6	124.5	123.6	122.9	122.5	124.5	126.1	123.6	123.5	124.6	126.0	126.2
66 Stone, clay, and glass products	32	2.1	126.2	127.0	126.6	128.3	130.5	131.6	133.5	132.2	131.1	128.8	128.3	128.4	129.5	129.9
67 Primary metals	33	3.1	123.8	124.4	120.1	120.6	118.7	118.6	120.7	118.5	122.0	122.4	122.8	125.1	127.4	127.9
68 Iron and steel	331,2	1.7	121.1	122.5	113.4	114.4	109.7	114.6	116.7	112.6	117.1	118.9	119.6	122.6	125.6	126.3
69 Raw steel	331PT	.1	115.7	120.3	112.6	109.7	100.2	102.0	106.6	106.6	109.1	110.5	113.4	110.9	112.6	115.2
70 Nonferrous	333–6,9	1.4	127.0	126.7	128.1	128.0	129.3	123.4	125.4	125.6	127.9	126.6	126.5	128.2	129.6	129.9
71 Fabricated metal products	34	5.0	127.3	126.3	126.2	126.9	127.7	128.7	127.6	126.7	127.5	127.6	126.9	127.8	128.5	128.3
72 Industrial machinery and equipment	35	8.0	203.7	207.0	207.7	211.2	211.1	212.7	212.3	213.9	217.6	219.5	219.3	219.8	221.2	223.6
73 Computer and office equipment	357	1.8	649.1	673.6	695.5	718.5	746.9	761.6	778.9	789.3	828.3	859.3	878.6	898.1	927.5	955.0
74 Electrical machinery	36	7.3	291.9	290.8	297.7	302.4	304.8	307.3	308.7	309.2	313.1	322.2	326.9	331.5	346.2	350.2
75 Transportation equipment	37	9.5	123.0	130.3	127.6	128.4	127.1	125.6	124.0	125.6	125.5	124.9	125.1	125.7	125.4	127.9
76 Motor vehicles and parts	371	4.9	141.1	154.2	149.9	150.2	148.8	146.6	145.3	147.9	149.2	149.4	150.7	153.1	153.0	159.8
77 Autos and light trucks	371PT	2.6	128.5	142.0	136.5	140.4	138.1	137.3	137.9	137.3	136.3	138.7	141.4	145.3	134.9	152.2
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	104.9	106.9	105.8	106.9	105.7	104.8	103.2	103.7	102.4	101.1	100.3	99.3	98.8	97.5
79 Instruments	38	5.4	113.0	113.0	114.2	114.6	114.1	113.9	114.3	113.8	114.6	115.6	117.9	116.0	117.0	116.0
80 Miscellaneous	39	1.3	117.7	117.7	117.0	115.9	114.1	115.4	114.8	115.8	116.7	118.2	119.4	118.4	119.0	119.7
81 Nondurable goods	. . .	40.4	111.9	111.3	110.6	110.9	111.6	111.7	111.3	111.9	111.7	111.8	111.7	111.3	111.1	111.2
82 Foods	20	9.4	109.6	107.9	107.7	109.1	111.3	111.1	112.0	112.3	111.4	111.4	110.8	110.1	109.0	108.8
83 Tobacco products	21	1.6	106.0	107.0	104.2	101.9	99.8	100.0	96.9	97.4	97.3	96.0	97.2	96.3	97.8	96.2
84 Textile mill products	22	1.8	112.2	111.8	111.2	112.4	108.8	109.4	109.3	110.6	109.0	111.4	111.0	111.1	112.3	111.1
85 Apparel products	23	2.2	99.2	99.2	98.3	97.3	95.5	95.3	94.1	93.6	93.3	94.0	93.1	92.3	91.3	89.8
86 Paper and products	26	3.6	115.0	115.3	113.9	115.4	112.3	115.3	116.2	116.4	116.5	114.6	114.2	115.9	115.1	115.8
87 Printing and publishing	27	6.7	105.1	104.9	104.6	104.2	105.4	105.1	103.6	103.8	103.7	104.3	104.2	104.1	103.9	104.4
88 Chemicals and products	28	9.9	115.5	114.3	113.3	113.1	114.7	114.0	112.5	114.4	115.1	115.1	115.4	114.7	114.1	115.2
89 Petroleum products	29	1.4	112.0	114.1	110.7	110.4	112.8	112.5	116.7	116.4	113.1	114.3	113.0	111.3	114.6	113.8
90 Rubber and plastic products	30	3.5	132.6	132.2	132.6	133.4	135.0	136.0	135.4	135.2	135.4	136.2	137.6	136.5	138.3	137.9
91 Leather and products	31	.3	75.3	74.0	73.5	72.8	74.3	73.0	70.9	70.5	70.7	70.3	70.6	70.6	70.2	68.2
92 Mining	. . .	6.9	104.0	103.7	102.4	102.0	101.1	99.0	98.5	98.9	98.9	98.3	97.9	97.7	98.6	99.2
93 Metal	10	.5	110.0	109.0	106.4	113.6	110.7	108.3	110.1	108.4	104.1	105.2	98.6	93.1	94.3	92.2
94 Coal	12	1.0	109.7	109.7	115.8	110.8	108.6	114.5	107.7	109.1	103.4	106.8	106.1	106.5	109.6	110.6
95 Oil and gas extraction	13	4.8	99.6	99.2	96.8	96.8	94.2	91.0	91.5	91.7	93.3	91.8	92.4	93.0	93.6	94.5
96 Stone and earth minerals	14	.6	124.7	124.3	120.3	118.8	132.1	125.6	126.9	127.7	129.1	126.7	124.1	121.6	121.1	120.8
97 Utilities	. . .	7.7	113.9	120.2	120.3	116.5	110.6	111.8	114.7	111.3	116.7	115.8	115.4	117.6	120.4	118.4
98 Electric	491,493PT	6.2	117.2	121.2	122.6	120.3	114.6	115.2	116.2	114.1	118.9	118.2	117.8	120.2	123.7	121.2
99 Gas	492,493PT	1.6	101.9	115.7	109.7	98.7	92.0	96.0	108.4	98.6	106.9	104.5	104.3	105.7	105.0	105.6
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	.	80.5	134.7	134.6	134.4	135.3	135.7	136.2	136.0	136.3	136.8	137.4	137.7	137.6	138.6	138.8
101 Manufacturing excluding computer and office equipment		83.6	130.2	130.6	130.0	130.8	130.9	131.1	130.8	131.2	131.5	131.9	132.2	132.2	132.9	133.4
102 Computers, communications equipment, and semiconductors	. .	5.9	515.6	522.5	538.3	552.1	562.8	571.2	576.6	580.0	597.8	620.1	636.7	652.3	684.1	700.8
103 Manufacturing excluding computers and semiconductors	.	81.1	120.1	120.6	119.9	120.4	120.4	120.5	120.1	120.5	120.7	120.8	120.9	120.7	121.1	121.4
104 Manufacturing excluding computers, communications equipment, and semiconductors	. .	79.5	118.5	119.0	118.1	118.7	118.8	118.9	118.5	118.9	119.0	119.0	119.0	118.7	119.0	119.3
				Gross value (billions of 1992 dollars, annual rates)												
Major Markets																
105 **Products, total**	.	**2,001.9**	**2,489.8**	**2,525.1**	**2,501.0**	**2,519.7**	**2,511.6**	**2,513.9**	**2,527.3**	**2,527.2**	**2,536.0**	**2,547.5**	**2,549.8**	**2,549.7**	**2,554.5**	**2,569.5**
106 Final	. . .	1,552.1	1,958.0	1,985.9	1,966.4	1,982.3	1,973.4	1,972.7	1,982.5	1,982.7	1,989.4	1,997.8	2,000.0	2,002.2	2,003.7	2,022.2
107 Consumer goods	. .	1,049.6	1,212.3	1,227.4	1,208.2	1,217.1	1,212.6	1,215.0	1,227.4	1,227.0	1,226.3	1,230.6	1,230.9	1,235.4	1,231.8	1,245.2
108 Equipment	.	502.5	746.9	762.5	762.7	769.8	765.2	762.0	758.8	759.5	767.3	771.5	773.5	770.9	776.5	781.5
109 Intermediate	.	449.9	533.6	540.3	535.7	538.7	539.1	541.9	545.4	545.1	547.1	550.2	550.3	548.4	551.3	548.8

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 1998. The recent annual revision is described in an article in the January 1999 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	1996	1997	1998	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.[r]	1999 Apr.[r]	1999 May	1999 June	1999 July
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,426	1,441	1,604	1,726	1,688	1,708	1,778	1,738	1,654	1,572	1,591	1,641	1,641
2 One-family	1,070	1,062	1,184	1,210	1,254	1,296	1,275	1,306	1,242	1,214	1,243	1,241	1,247
3 Two-family or more	356	379	421	516	434	412	503	432	412	358	348	400	394
4 Started	1,477	1,474	1,617	1,698	1,654	1,750	1,820	1,752	1,746	1,577	1,668	1,607	1,670
5 One-family	1,161	1,134	1,271	1,298	1,375	1,383	1,393	1,380	1,394	1,260	1,389	1,305	1,321
6 Two-family or more	316	340	346	400	279	367	427	372	352	317	279	302	349
7 Under construction at end of period[1]	819	834	935	968	971	999	1,011	1,032	1,036	1,031	1,029	1,018	1,019
8 One-family	584	570	638	659	667	688	697	712	714	708	708	701	702
9 Two-family or more	235	264	297	309	304	311	314	320	322	323	321	317	317
10 Completed	1,406	1,406	1,473	1,455	1,600	1,440	1,648	1,528	1,700	1,633	1,650	1,668	1,599
11 One-family	1,123	1,120	1,158	1,164	1,254	1,150	1,292	1,246	1,357	1,324	1,344	1,337	1,266
12 Two-family or more	283	285	315	291	346	290	356	282	343	309	306	331	333
13 Mobile homes shipped	361	354	372	352	389	382	390	381	383	368	365	355	336
Merchant builder activity in one-family units													
14 Number sold	757	804	886	903	985	958	908	909	885	952	912	979	980
15 Number for sale at end of period[1]	326	287	300	293	292	295	295	297	300	300	305	307	311
Price of units sold (thousands of dollars)[2]													
16 Median	140.0	146.0	152.5	154.5	151.0	152.5	152.5	159.9	155.0	160.0	151.2	155.0	156.0
17 Average	166.4	176.2	181.9	182.8	178.6	183.3	182.8	191.4	189.4	191.4	186.4	190.7	186.0
EXISTING UNITS (one-family)													
18 Number sold	4,196	4,381	4,970	4,940	5,020	5,340	5,060	5,140	5,420	5,250	5,000	5,630	5,400
Price of units sold (thousands of dollars)[2]													
19 Median	115.8	121.8	128.4	128.1	129.4	128.5	130.3	128.1	129.6	130.7	132.8	136.9	136.0
20 Average	141.8	150.5	159.1	157.7	159.9	159.6	162.8	159.6	162.3	163.8	167.4	174.2	171.9
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**581,920[r]**	**617,877[r]**	**664,451[r]**	**674,253[r]**	**680,117[r]**	**690,462[r]**	**697,858[r]**	**710,657[r]**	**715,396**	**705,492**	**699,498**	**699,149**	**695,678**
22 Private	447,593[r]	474,842[r]	518,987[r]	528,694[r]	534,743[r]	541,591[r]	543,471[r]	548,682[r]	555,362	549,005	548,249	548,925	545,008
23 Residential	255,577[r]	265,908[r]	293,569[r]	302,056[r]	306,299[r]	310,261[r]	315,828[r]	318,483[r]	323,133	322,297	322,090	321,718	318,971
24 Nonresidential	192,017[r]	208,933[r]	225,418[r]	226,638[r]	228,444[r]	231,330[r]	227,643[r]	230,199[r]	232,229	226,708	226,159	227,207	226,037
25 Industrial buildings	32,644[r]	31,355[r]	32,308[r]	30,928[r]	30,845[r]	30,327[r]	29,895[r]	28,967[r]	29,052	26,298	25,102	25,389	24,571
26 Commercial buildings	75,829[r]	86,190[r]	95,252[r]	97,705[r]	99,831[r]	101,605[r]	100,164[r]	102,802[r]	103,983	102,318	104,352	104,858	105,206
27 Other buildings	30,648[r]	37,198[r]	39,438[r]	38,749[r]	39,744[r]	42,354[r]	38,833[r]	40,449[r]	39,840	39,718	38,895	37,794	38,166
28 Public utilities and other	52,896[r]	54,190[r]	58,421[r]	59,256[r]	58,024[r]	57,044[r]	58,751[r]	57,981[r]	59,354	58,374	57,810	59,166	58,094
29 Public	134,326[r]	143,035[r]	145,464[r]	145,559[r]	145,374[r]	148,871[r]	154,387[r]	161,975[r]	160,033	156,487	151,249	150,224	150,671
30 Military	2,604[r]	2,559[r]	2,588[r]	2,407[r]	2,296[r]	2,306[r]	1,881[r]	2,636[r]	2,223	2,290	2,170	2,189	2,520
31 Highway	39,883[r]	44,295[r]	45,067[r]	46,301[r]	43,929[r]	44,583[r]	50,538[r]	54,880[r]	53,099	50,586	48,354	45,077	46,085
32 Conservation and development	5,827[r]	5,576[r]	5,487[r]	5,321[r]	5,639[r]	5,406[r]	6,018[r]	6,271[r]	6,194	6,020	5,129	5,839	5,689
33 Other	86,012[r]	90,605[r]	92,322[r]	91,530[r]	93,510[r]	96,576[r]	95,950[r]	98,188[r]	98,517	97,591	95,596	97,119	96,377

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, Aug. 1999[1]
	1998 Aug.	1999 Aug.	1998		1999		1999					
			Sept.	Dec.	Mar.	June	Apr.	May	June	July	Aug.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**1.6**	**2.3**	**1.5**	**2.0**	**1.5**	**2.9**	**.7**	**.0**	**.0**	**.3**	**.3**	**167.1**
2 Food	2.2	2.0	2.5	2.8	1.7	1.7	.1	.4	.0	.2	.2	164.2
3 Energy items	−7.7	7.2	−9.0	−5.1	5.8	14.2	6.1	−1.3	−1.2	2.1	2.7	111.3
4 All items less food and energy	2.5	1.9	2.3	2.5	.9	2.3	.4	.1	.1	.2	.1	177.1
5 Commodities	1.1	.2	1.1	2.5	−3.0	2.0	.6	−.1	.0	.1	−.1	143.0
6 Services	3.1	2.6	3.0	2.5	2.7	2.5	.4	.2	.1	.3	.2	196.5
PRODUCER PRICES (1982=100)												
7 Finished goods	−.8	2.3	.6	2.2	.6^{r}	2.5	.5	.2	−.1	.2	.5	133.7
8 Consumer foods	.2	.4	1.8	.3	2.1	.3	−.7^{r}	.3^{r}	.4	−.9	.4	135.7
9 Consumer energy	−10.5	10.9	−9.2	−8.9	5.7^{r}	21.9	5.5^{r}	−.1^{r}	−.3	3.4	3.7	83.6
10 Other consumer goods	2.1	2.0	3.0	8.3	−1.3^{r}	.3	.1^{r}	.1^{r}	−.1	.1	−.1	150.5
11 Capital equipment	−.7	.1	.9	.3	−.6^{r}	.0	.1^{r}	.1^{r}	−.3	−.1	.0	136.9
Intermediate materials												
12 Excluding foods and feeds	−1.7	1.5	−2.2	−4.5	.3^{r}	5.7	.8^{r}	.2	.4	.6	.7	125.4
13 Excluding energy	−.6	.2	−1.8	−2.7	−.9	3.1	.2	.2	.5	.4	.2	133.7
Crude materials												
14 Foods	−7.4	−3.1	−19.6	−7.0	4.1	.0	−2.9^{r}	2.6^{r}	.4	−4.8	3.8	100.1
15 Energy	−19.1	32.1	−25.3	13.5	−21.1^{r}	158.3	12.6^{r}	9.3^{r}	3.1	3.7	7.2	85.2
16 Other	−11.2	−2.1	−19.9	−24.3	.9^{r}	7.3	−.9^{r}	2.2^{r}	.5	2.3	1.8	136.8

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	1996	1997	1998	1998			1999	
				Q2	Q3	Q4	Q1	Q2
GROSS DOMESTIC PRODUCT								
1 **Total**	**7,661.6**	**8,110.9**	**8,511.0**	**8,440.6**	**8,537.9**	**8,681.2**	**8,808.7**	**8,881.9**
By source								
2 Personal consumption expenditures	5,215.7	5,493.7	5,807.9	5,773.7	5,846.7	5,934.8	6,050.6	6,155.9
3 Durable goods	643.3	673.0	724.7	720.1	718.9	754.5	771.2	784.6
4 Nondurable goods	1,539.2	1,600.6	1,662.4	1,655.2	1,670.0	1,691.3	1,736.0	1,771.1
5 Services	3,033.2	3,220.1	3,420.8	3,398.4	3,457.7	3,488.9	3,543.4	3,600.1
6 Gross private domestic investment	1,131.9	1,256.0	1,367.1	1,345.0	1,364.4	1,392.4	1,417.4	1,423.2
7 Fixed investment	1,099.8	1,188.6	1,307.8	1,305.8	1,307.5	1,346.7	1,377.9	1,410.9
8 Nonresidential	787.9	860.7	938.2	941.9	931.6	957.9	972.6	995.1
9 Structures	216.9	240.2	246.9	245.4	246.2	250.9	255.0	256.0
10 Producers' durable equipment	571.0	620.5	691.3	696.6	685.4	706.9	717.6	739.1
11 Residential structures	311.8	327.9	369.6	363.8	375.8	388.9	405.3	415.8
12 Change in business inventories	32.1	67.4	59.3	39.2	57.0	45.7	39.5	12.4
13 Nonfarm	24.5	63.1	52.7	31.5	49.3	39.3	36.4	9.9
14 Net exports of goods and services	−91.2	−93.4	−151.2	−159.3	−165.5	−156.2	−196.9	−240.0
15 Exports	873.8	965.4	959.0	949.6	936.2	976.8	962.7	972.6
16 Imports	965.0	1,058.8	1,110.2	1,108.9	1,101.7	1,133.0	1,159.6	1,212.7
17 Government consumption expenditures and gross investment	1,405.2	1,454.6	1,487.1	1,481.2	1,492.3	1,510.2	1,537.5	1,542.8
18 Federal	518.4	520.2	520.6	520.7	519.4	530.7	536.6	533.0
19 State and local	886.8	934.4	966.5	960.4	972.9	979.5	1,000.9	1,009.8
By major type of product								
20 Final sales, total	7,629.5	8,043.5	8,451.6	8,401.3	8,480.9	8,635.5	8,769.1	8,869.6
21 Goods	2,780.3	2,911.2	3,044.7	3,025.3	3,029.0	3,118.8	3,154.1	3,189.0
22 Durable	1,228.8	1,310.1	1,391.0	1,380.8	1,373.0	1,433.1	1,436.1	1,449.6
23 Nondurable	1,551.6	1,601.0	1,653.7	1,644.4	1,655.9	1,685.7	1,718.1	1,739.4
24 Services	4,179.5	4,414.1	4,641.0	4,619.5	4,678.5	4,727.7	4,793.7	4,853.8
25 Structures	669.7	718.3	765.9	756.6	773.5	789.0	821.3	826.8
26 Change in business inventories	32.1	67.4	59.3	39.2	57.0	45.7	39.5	12.4
27 Durable goods	20.8	33.6	25.2	4.5	19.5	27.0	16.5	−2.4
28 Nondurable goods	11.4	33.8	34.1	34.7	37.5	18.7	23.1	14.7
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,994.8**	**7,269.8**	**7,551.9**	**7,498.6**	**7,566.5**	**7,677.7**	**7,759.6**	**7,794.3**
NATIONAL INCOME								
30 **Total**	**6,256.0**	**6,646.5**	**6,994.7**	**6,945.5**	**7,032.3**	**7,126.0**	**7,265.2**	**7,346.6**
31 Compensation of employees	4,409.0	4,687.2	4,981.0	4,945.2	5,011.6	5,084.3	5,166.5	5,237.0
32 Wages and salaries	3,640.4	3,893.6	4,153.9	4,121.6	4,181.1	4,246.8	4,317.0	4,378.1
33 Government and government enterprises	640.9	664.2	689.3	685.8	692.7	699.2	711.2	716.2
34 Other	2,999.5	3,229.4	3,464.6	3,435.8	3,488.4	3,547.6	3,605.7	3,661.9
35 Supplement to wages and salaries	768.6	793.7	827.1	823.5	830.5	837.5	849.6	858.9
36 Employer contributions for social insurance	381.7	400.7	420.1	417.9	422.1	426.5	434.9	439.3
37 Other labor income	387.0	392.9	406.9	405.7	408.4	411.0	414.7	419.6
38 Proprietors' income[1]	527.7	551.2	577.2	571.7	576.1	596.9	598.3	610.4
39 Business and professional[1]	488.8	515.8	548.5	544.0	550.9	562.2	575.8	586.7
40 Farm[1]	38.9	35.5	28.7	27.7	25.2	34.7	22.5	23.7
41 Rental income of persons[2]	150.2	158.2	162.6	161.0	163.6	167.5	167.7	170.4
42 Corporate profits[1]	750.4	817.9	824.6	820.6	827.0	821.7	868.8	859.6
43 Profits before tax[3]	680.2	734.4	717.8	723.5	720.5	708.1	752.6	768.2
44 Inventory valuation adjustment	−1.2	6.9	14.5	7.8	11.7	13.4	11.6	−17.1
45 Capital consumption adjustment	71.4	76.6	92.3	89.4	94.8	100.2	104.6	108.6
46 Net interest	418.6	432.0	449.3	447.1	454.0	455.6	463.9	469.2

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	1996	1997	1998	1998			1999	
				Q2	Q3	Q4	Q1	Q2
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,425.2**	**6,784.0**	**7,126.1**	**7,081.9**	**7,160.8**	**7,257.9**	**7,349.3**	**7,442.3**
2 Wage and salary disbursements	3,631.1	3,889.8	4,149.9	4,117.6	4,177.1	4,242.8	4,317.0	4,378.1
3 Commodity-producing industries	909.0	975.0	1,026.9	1,023.2	1,028.0	1,037.4	1,048.1	1,060.6
4 Manufacturing	674.6	719.5	751.5	750.8	750.9	754.1	759.2	767.4
5 Distributive industries	823.3	879.8	939.6	932.2	945.8	961.5	971.4	982.3
6 Service industries	1,257.9	1,370.8	1,494.0	1,476.4	1,510.6	1,544.6	1,586.2	1,619.0
7 Government and government enterprises	640.9	664.2	689.3	685.8	692.7	699.2	711.2	716.2
8 Other labor income	387.0	392.9	406.9	405.7	408.4	411.0	414.7	419.6
9 Proprietors' income[1]	527.7	551.2	577.2	571.7	576.1	596.9	598.3	610.4
10 Business and professional[1]	488.8	515.8	548.5	544.0	550.9	562.2	575.8	586.7
11 Farm[1]	38.9	35.5	28.7	27.7	25.2	34.7	22.5	23.7
12 Rental income of persons[2]	150.2	158.2	162.6	161.0	163.6	167.5	167.7	170.4
13 Dividends	248.2	260.3	263.1	262.1	263.0	265.7	268.8	272.7
14 Personal interest income	719.4	747.3	764.8	763.0	769.2	769.9	771.0	777.8
15 Transfer payments	1,068.0	1,110.4	1,149.0	1,145.8	1,152.9	1,158.3	1,175.2	1,181.3
16 Old-age survivors, disability, and health insurance benefits	538.0	565.9	586.5	585.0	589.0	590.6	597.9	601.4
17 LESS: Personal contributions for social insurance	306.3	326.2	347.4	345.1	349.5	354.1	363.4	367.9
18 EQUALS: Personal income	6,425.2	6,784.0	7,126.1	7,081.9	7,160.8	7,257.9	7,349.3	7,442.3
19 LESS: Personal tax and nontax payments	890.5	989.0	1,098.3	1,092.9	1,108.4	1,124.9	1,144.1	1,162.6
20 EQUALS: Disposable personal income	5,534.7	5,795.1	6,027.9	5,988.9	6,052.4	6,133.1	6,205.2	6,279.6
21 LESS: Personal outlays	5,376.2	5,674.1	6,000.2	5,963.3	6,039.8	6,133.6	6,250.7	6,358.8
22 EQUALS: Personal saving	158.5	121.0	27.7	25.6	12.6	−.6	−45.5	−79.1
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	26,335.7	27,136.2	27,938.9	27,783.0	27,972.1	28,299.8	28,527.9	28,582.0
24 Personal consumption expenditures	17,893.0	18,340.9	19,065.0	19,007.8	19,156.3	19,336.4	19,602.7	19,771.9
25 Disposable personal income	18,989.0	19,349.0	19,790.0	19,719.0	19,829.0	19,980.0	20,101.0	20,172.0
26 Saving rate (percent)	2.9	2.1	.5	.4	.2	.0	−.7	−1.3
GROSS SAVING								
27 **Gross saving**	**1,274.5**	**1,406.3**	**1,468.0**	**1,448.5**	**1,474.5**	**1,466.6**	**1,511.4**	**1,487.2**
28 Gross private saving	1,114.5	1,141.6	1,090.4	1,079.0	1,078.7	1,073.7	1,061.9	1,017.9
29 Personal saving	158.5	121.0	27.7	25.6	12.6	−.6	−45.5	−79.1
30 Undistributed corporate profits[1]	262.4	296.7	305.4	300.9	304.8	303.9	332.5	312.4
31 Corporate inventory valuation adjustment	−1.2	6.9	14.5	7.8	11.7	13.4	11.6	−17.1
Capital consumption allowances								
32 Corporate	452.0	477.3	500.6	497.8	503.1	508.9	514.9	521.8
33 Noncorporate	232.3	242.8	252.7	250.7	254.2	257.5	260.0	262.8
34 Gross government saving	160.0	264.7	377.6	369.4	395.7	392.9	449.4	469.3
35 Federal	−39.6	49.5	142.5	143.9	161.6	135.8	192.3	210.2
36 Consumption of fixed capital	70.6	70.6	69.7	69.5	69.6	70.0	69.5	69.4
37 Current surplus or deficit (−), national accounts	−110.3	−21.1	72.8	74.4	92.0	65.8	122.7	140.8
38 State and local	199.7	215.2	235.2	225.6	234.2	257.1	257.2	259.1
39 Consumption of fixed capital	77.1	81.1	85.0	84.3	85.4	86.6	87.5	89.0
40 Current surplus or deficit (−), national accounts	122.6	134.1	150.2	141.3	148.7	170.5	169.7	170.2
41 **Gross investment**	**1,242.3**	**1,350.5**	**1,391.5**	**1,362.7**	**1,372.5**	**1,402.4**	**1,418.3**	**1,366.7**
42 Gross private domestic investment	1,131.9	1,256.0	1,367.1	1,345.0	1,364.4	1,392.4	1,417.4	1,423.2
43 Gross government investment	229.7	235.4	237.0	232.5	239.7	238.3	255.6	249.6
44 Net foreign investment	−119.2	−140.9	−212.6	−214.8	−231.6	−228.3	−254.7	−306.2
45 **Statistical discrepancy**	**−32.2**	**−55.8**	**−76.5**	**−85.7**	**−102.0**	**−64.2**	**−93.1**	**−120.5**

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	1996	1997	1998	1998			1999	
				Q2	Q3	Q4	Q1[r]	Q2[p]
1 Balance on current account	−129,295	−143,465	−220,562	−52,400	−63,476	−61,669	−68,654	−80,673
2 Balance on goods and services	−104,318	−104,730	−164,282	−41,961	−45,724	−43,262	−53,974	−65,016
3 Exports	849,806	938,543	933,907	231,889	229,284	236,904	231,904	234,526
4 Imports	−954,124	−1,043,273	−1,098,189	−273,850	−275,008	−280,166	−285,878	−299,542
5 Income, net	17,210	3,231	−12,205	−553	−6,965	−4,933	−4,340	−4,382
6 Investment, net	21,754	8,185	−6,956	735	−5,637	−3,571	−2,946	−3,011
7 Direct	67,746	69,220	59,405	16,177	11,834	14,558	14,834	14,103
8 Portfolio	−45,992	−61,035	−66,361	−15,442	−17,471	−18,129	−17,780	−17,114
9 Compensation of employees	−4,544	−4,954	−5,249	−1,288	−1,328	−1,362	−1,394	−1,371
10 Unilateral current transfers, net	−42,187	−41,966	−44,075	−9,886	−10,787	−13,474	−10,340	−11,275
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−989	68	−429	−483	185	−50	119	−380
12 Change in U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−1,945	−2,026	−2,369	4,068	1,159
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	370	−350	−149	72	188	−227	563	−190
15 Reserve position in International Monetary Fund	−1,280	−3,575	−5,118	−1,031	−2,078	−1,924	3	1,413
16 Foreign currencies	7,578	2,915	−1,517	−986	−136	−218	3,502	−64
17 Change in U.S. private assets abroad (increase, −)	−386,441	−464,354	−285,605	−118,089	−60,256	−48,188	−19,335	−124,940
18 Bank-reported claims[3]	−91,555	−144,822	−24,918	−27,704	−33,344	37,192	27,771	−37,082
19 Nonbank-reported claims	−86,333	−120,403	−25,041	−14,327	−20,320	16,202	−13,853	−26,429
20 U.S. purchases of foreign securities, net	−115,859	−89,174	−102,817	−32,886	14,994	−70,809	8,132	−26,387
21 U.S. direct investments abroad, net	−92,694	−109,955	−132,829	−43,172	−21,586	−30,773	−41,385	−35,042
22 Change in foreign official assets in United States (increase, +)	127,390	18,119	−21,684	−10,551	−46,489	24,352	4,708	−986
23 U.S. Treasury securities	115,671	−6,690	−9,957	−20,318	−32,811	31,836	800	−6,708
24 Other U.S. government obligations	5,008	4,529	6,332	254	1,906	1,562	5,993	5,792
25 Other U.S. government liabilities[3]	−316	−1,798	−3,113	−807	−224	−1,054	−1,594	−770
26 Other U.S. liabilities reported by U.S. banks[3]	5,704	22,286	−11,469	9,488	−12,866	−7,133	−589	1,202
27 Other foreign official assets[4]	1,323	−208	−3,477	832	−2,494	−859	98	−502
28 Change in foreign private assets in United States (increase, +)	447,457	733,542	524,321	173,017	140,036	125,453	84,152	242,033
29 U.S. bank-reported liabilities[2]	16,478	149,026	40,731	34,138	77,313	−21,811	−14,184	49,374
30 U.S. nonbank-reported liabilities	39,404	107,779	9,412	18,040	11,875	−53,210	20,188	−710
31 Foreign private purchases of U.S. Treasury securities, net	154,996	146,433	46,155	25,759	−1,438	24,391	−8,781	−5,517
32 U.S. currency flows	17,362	24,782	16,622	2,349	7,277	6,250	2,440	3,057
33 Foreign purchases of other U.S. securities, net	130,240	196,258	218,026	71,785	20,103	49,328	61,540	77,272
34 Foreign direct investments in United States, net	88,977	109,264	193,375	20,946	24,906	120,505	22,949	118,557
35 Capital account transactions, net[5]	672	292	617	160	148	166	166	180
36 Discrepancy	−65,462	−143,192	10,126	10,291	31,878	−37,695	−5,224	−36,393
37 Due to seasonal adjustment	...	...	...	528	−10,582	4,144	5,264	582
38 Before seasonal adjustment	−65,462	−143,192	10,126	9,763	42,460	−41,839	−10,488	−36,975
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−1,945	−2,026	−2,369	4,068	1,159
40 Foreign official assets in United States, excluding line 25 (increase, +)	127,706	19,917	−18,571	−9,744	−46,265	25,406	6,302	−216
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	14,911	112,124	−11,499	−657	−11,642	2,057	2,058	1,774

1. Seasonal factors are not calculated for lines 11–16, 18–20, 22–35, and 38–41.
2. Reporting banks included all types of depository institutions as well as some brokers and dealers
3. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
4. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.
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	1996	1997	1998	1999						
				Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[p]
1 Goods and services, balance	−104,318	−104,731	−164,282	−16,146	−18,515	−19,311	−18,787	−21,390	−24,604	−25,184
2 Merchandise	−191,270	−196,652	−246,932	−23,349	−25,172	−25,680	−25,334	−27,899	−31,179	−31,695
3 Services	86,952	91,921	82,650	7,203	6,657	6,369	6,547	6,509	6,575	6,511
4 Goods and services, exports	849,806	938,543	933,907	77,833	77,025	77,047	78,113	77,978	78,623	79,036
5 Merchandise	612,057	679,715	670,246	55,263	54,704	54,326	55,269	55,121	55,472	55,829
6 Services	237,749	258,828	263,661	22,570	22,321	22,721	22,844	22,857	23,151	23,207
7 Goods and services, imports	−954,124	−1,043,273	−1,098,189	−93,979	−95,540	−96,358	−96,900	−99,368	−103,227	−104,220
8 Merchandise	−803,327	−876,366	−917,178	−78,612	−79,876	−80,006	−80,603	−83,020	−86,651	−87,524
9 Services	−150,797	−166,907	−181,011	−15,367	−15,664	−16,352	−16,297	−16,348	−16,576	−16,696

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	1996	1997	1998	1999							
				Feb.	Mar.	Apr.	May	June	July	Aug	Sept.[p]
1 **Total**	**75,090**	**69,954**	**81,755**	**75,322**	**74,359**	**73,694**	**72,121**	**71,689**	**73,305**	**72,649[r]**	**73,413**
2 Gold stock, including Exchange Stabilization Fund[1]	11,049	11,050	11,041	11,048	11,049	11,049	11,049	11,046	11,048	11,046[r]	11,046
3 Special drawing rights[2,3]	10,312	10,027	10,603	9,474	9,682	9,634	9,784	9,719	9,925	10,152	10,284
4 Reserve position in International Monetary Fund[2]	15,435	18,071	24,111	24,283	23,231	23,054	21,689	21,462	21,462	19,885	19,978
5 Foreign currencies[4]	38,294	30,809	36,001	30,517	30,397	29,957	29,599	29,462	30,870	31,566	32,105

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	1996	1997	1998	1999							
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 **Deposits**	**167**	**457**	**167**	**200**	**166**	**260**	**157**	**409**	**257**	**166**	**243**
Held in custody											
2 U.S. Treasury securities[2]	638,049	620,885	607,574	615,139	610,649	606,662	606,579	611,372	619,004	626,669	634,086
3 Earmarked gold[3]	11,197	10,763	10,343	10,347	10,347	10,340	10,340	10,329	10,329	10,271	10,155

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	1996	1997	1999 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[p]
1 **Total**[1]	**776,505**	**759,387**	**764,568**	**765,480**	**765,689**	**766,569**	**760,410**	**765,707**	**773,513**
By type									
2 Liabilities reported by banks in the United States[2]	135,384	125,332	124,910	127,989	124,743	135,791	124,270	126,179	125,892
3 U.S. Treasury bills and certificates[3]	148,301	134,177	137,106	138,235	141,941	135,765	136,199	138,518	147,492
U.S. Treasury bonds and notes									
4 Marketable	428,004	432,127	433,590	429,891	425,046	418,350	421,573	421,970	420,197
5 Nonmarketable[4]	5,994	6,074	6,114	6,151	6,191	6,231	6,143	5,982	6,022
6 U.S. securities other than U.S. Treasury securities[5]	58,822	61,677	62,848	63,214	67,768	70,432	72,225	73,058	73,910
By area									
7 Europe[1]	252,289	256,026	258,298	256,238	253,970	245,500	242,386	241,989	240,546
8 Canada	36,177	36,715	37,471	38,462	39,611	38,563	38,181	39,001	39,147
9 Latin America and Caribbean	96,942	79,422	73,987	75,986	72,828	81,379	81,075	76,828	77,851
10 Asia	400,144	400,171	407,756	408,606	412,353	414,051	411,739	421,282	430,050
11 Africa	9,981	10,059	10,144	9,838	9,906	9,656	9,326	8,377	8,376
12 Other countries	7,058	3,080	2,998	2,436	3,107	3,506	3,789	4,316	3,629

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 corporations 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	1995	1996	1997	1998 Sept.	1998 Dec.	1999 Mar.	1999 June
1 Banks' liabilities	109,713	103,383	117,524	92,934	101,125	101,359	97,751
2 Banks' claims	74,016	66,018	83,038	67,901	78,152	80,642	67,864
3 Deposits	22,696	22,467	28,661	27,293	45,985	42,147	41,895
4 Other claims	51,320	43,551	54,377	40,608	32,167	38,495	25,969
5 Claims of banks' domestic customers[2]	6,145	10,978	8,191	8,453	20,718	11,039	23,474

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	1996	1997	1998[r]	1999 Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	June	July[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,347,176**	**1,332,512**	**1,340,815**	**1,337,831**	**1,334,253**	**1,352,608**	**1,377,488**	**1,334,961**
2 Banks' own liabilities	758,998	882,980	884,874	872,307	880,164	872,914	879,742	900,821	914,964	884,734
3 Demand deposits	27,034	31,344	29,556	33,039	31,906	30,913	31,180	32,184	36,322	43,189
4 Time deposits[2]	186,910	198,546	152,227	147,455	153,275	152,157	157,727	156,634	156,683	156,910
5 Other[3]	143,510	168,011	140,245	145,310	161,865	157,083	160,393	160,611	151,652	150,976
6 Own foreign offices[4]	401,544	485,079	562,846	546,503	533,118	532,761	530,442	551,392	570,307	533,659
7 Banks' custodial liabilities[5]	403,150	400,047	462,302	460,205	460,651	464,917	454,511	451,787	462,524	450,227
8 U.S. Treasury bills and certificates[6]	236,874	193,239	183,494	185,298	184,890	192,840	178,515	177,768	179,351	187,872
9 Other negotiable and readily transferable instruments[7]	72,011	93,641	141,103	137,448	134,110	133,311	129,051	124,100	123,246	121,567
10 Other	94,265	113,167	137,705	137,459	141,651	138,766	146,945	149,919	159,927	140,788
11 Nonmonetary international and regional organizations[8]	13,972	11,690	11,833	13,839	19,707	15,337	15,669	13,997	17,453	17,943
12 Banks' own liabilities	13,355	11,486	10,850	12,829	18,949	14,621	14,932	13,250	15,468	16,444
13 Demand deposits	29	16	172	62	407	194	13	25	49	66
14 Time deposits[2]	5,784	5,466	5,793	6,161	7,215	6,856	6,324	5,840	7,231	7,380
15 Other[3]	7,542	6,004	4,885	6,606	11,327	7,571	8,595	7,385	8,188	8,998
16 Banks' custodial liabilities[5]	617	204	983	1,010	758	716	737	747	1,985	1,499
17 U.S. Treasury bills and certificates[6]	352	69	636	623	549	548	555	616	956	953
18 Other negotiable and readily transferable instruments[7]	265	133	347	387	207	168	182	131	1,029	533
19 Other	0	2	0	0	2	0	0	0	0	13
20 Official institutions[9]	312,019	283,685	259,509	262,016	266,224	266,684	271,556	260,469	264,697	273,384
21 Banks' own liabilities	79,406	102,028	80,251	78,682	79,510	76,996	86,061	79,452	78,444	80,419
22 Demand deposits	1,511	2,314	3,003	3,912	3,107	3,393	3,599	2,789	2,951	2,652
23 Time deposits[2]	33,336	41,396	29,602	24,176	25,988	23,840	29,109	27,372	26,650	26,864
24 Other[3]	44,559	58,318	47,646	50,594	50,415	49,763	53,353	49,291	48,843	50,903
25 Banks' custodial liabilities[5]	232,613	181,657	179,258	183,334	186,714	189,688	185,495	181,017	186,253	192,965
26 U.S. Treasury bills and certificates[6]	198,921	148,301	134,177	137,106	138,235	141,941	135,765	136,199	138,518	147,492
27 Other negotiable and readily transferable instruments[7]	33,266	33,151	44,407	45,640	47,679	47,174	49,443	44,586	47,582	45,094
28 Other	426	205	674	588	800	573	287	232	153	379
29 Banks[10]	694,835	815,247	885,047	864,429	852,867	851,749	848,081	881,368	905,865	849,363
30 Banks' own liabilities	562,898	641,447	675,998	656,592	646,831	648,753	646,370	676,341	691,091	652,582
31 Unaffiliated foreign banks	161,354	156,368	113,152	110,089	113,713	115,992	115,928	124,949	120,784	118,923
32 Demand deposits	13,692	16,767	14,071	15,327	15,275	13,985	13,344	15,957	15,813	14,092
33 Time deposits[2]	89,765	83,433	46,219	46,741	46,704	49,101	50,206	49,336	47,998	49,670
34 Other[3]	57,897	56,168	52,862	48,021	51,734	52,906	52,378	59,656	56,973	55,161
35 Own foreign offices[4]	401,544	485,079	562,846	546,503	533,118	532,761	530,442	551,392	570,307	533,659
36 Banks' custodial liabilities[5]	131,937	173,800	209,049	207,837	206,036	202,996	201,711	205,027	214,774	196,781
37 U.S. Treasury bills and certificates[6]	23,106	31,915	35,359	35,090	34,134	36,737	29,636	28,323	27,757	28,284
38 Other negotiable and readily transferable instruments[7]	17,027	35,393	45,102	44,087	40,108	37,304	34,959	35,580	36,983	37,459
39 Other	91,804	106,492	128,588	128,660	131,794	128,955	137,116	141,124	150,034	131,038
40 Other foreigners	141,322	172,405	190,787	192,228	202,017	204,061	198,947	196,774	189,473	194,271
41 Banks' own liabilities	103,339	128,019	117,775	124,204	134,874	132,544	132,379	131,778	129,961	135,289
42 Demand deposits	11,802	12,247	12,310	13,738	13,117	13,341	14,224	13,413	17,509	26,379
43 Time deposits[2]	58,025	68,251	70,613	70,377	73,368	72,360	72,088	74,086	74,804	72,996
44 Other[3]	33,512	47,521	34,852	40,089	48,389	46,843	46,067	44,279	37,648	35,914
45 Banks' custodial liabilities[5]	37,983	44,386	73,012	68,024	67,143	71,517	66,568	64,996	59,512	58,982
46 U.S. Treasury bills and certificates[6]	14,495	12,954	13,322	12,479	11,972	13,614	12,559	12,630	12,120	11,143
47 Other negotiable and readily transferable instruments[7]	21,453	24,964	51,247	47,334	46,116	48,665	44,467	43,803	37,652	38,481
48 Other	2,035	6,468	8,443	8,211	9,055	9,238	9,542	8,563	9,740	9,358
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	14,573	16,083	27,026	25,858	23,341	23,035	21,718	24,141	22,569	21,811

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 of 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 for foreign customers.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. 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.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1996	1997	1998	1999						
				Jan.	Feb.	Mar.	Apr.	May	June	July[p]
AREA										
50 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,347,176[r]**	**1,332,512[r]**	**1,340,815[r]**	**1,337,831[r]**	**1,334,253[r]**	**1,352,608**	**1,377,488**	**1,334,961**
51 **Foreign countries**	**1,148,176**	**1,271,337**	**1,335,343[r]**	**1,318,673[r]**	**1,321,108[r]**	**1,322,494[r]**	**1,318,584[r]**	**1,338,611**	**1,360,035**	**1,317,018**
52 Europe	376,590	419,672	427,367	429,636	436,331[r]	418,436[r]	409,512[r]	434,124	430,819	438,613
53 Austria	5,128	2,717	3,178	2,902	3,070	3,274	2,428	2,224	2,678	2,946
54 Belgium and Luxembourg	24,084	41,007	42,818	38,897	41,594	41,468	37,991	39,227	31,291	31,242
55 Denmark	2,565	1,514	1,437	1,200	1,826	1,992	1,300	1,267	961	1,143
56 Finland	1,958	2,246	1,862	1,989	1,643	1,800	1,655	1,645	1,384	1,358
57 France	35,078	46,607	44,616	44,444	47,617	47,937[r]	49,097[r]	48,328	45,234	42,622
58 Germany	24,660	23,737	21,357	20,315	23,111	23,747[r]	18,575[r]	24,689	21,999	23,951
59 Greece	1,835	1,552	2,066	2,195	2,509	2,447	2,237	2,691	2,737	3,168
60 Italy	10,946	11,378	7,103	6,155	6,684	5,744[r]	5,910[r]	5,943	6,192	6,426
61 Netherlands	11,110	7,385	10,793	10,580	14,792	12,273	11,037[r]	11,752	12,152	12,206
62 Norway	1,288	317	710	1,065	1,102	1,022	1,181[r]	1,210	1,049	1,184
63 Portugal	3,562	2,262	3,235	2,543	2,225	2,237	2,277	2,461	2,439	2,237
64 Russia	7,623	7,968	2,439	2,231	2,438	2,500	2,693	2,794	2,871	2,756
65 Spain	17,707	18,989	15,775	12,843	13,457	9,336[r]	11,075[r]	8,083	8,678	7,700
66 Sweden	1,623	1,628	3,027	3,132	2,918	2,193	1,974	3,429	2,966	3,851
67 Switzerland	44,538	39,023	50,654	59,871	60,348	47,874	54,547	66,214	65,967	60,758
68 Turkey	6,738	4,054	4,286	5,105	5,045	5,639	5,787[r]	5,810	5,914	7,786
69 United Kingdom	153,420	181,904	181,554	177,240	173,543[r]	175,302[r]	169,795[r]	178,015	187,559	200,242
70 Yugoslavia[11]	206	239	233[r]	231[r]	287[r]	274[r]	221	242	254	289
71 Other Europe and other former U.S.S.R.[12]	22,521	25,145	30,224[r]	36,698[r]	32,122[r]	31,377[r]	29,732[r]	28,100	28,494	26,748
72 Canada	38,920	28,341	30,212	29,725	28,019	31,788	28,360[r]	28,543	29,951	29,394
73 Latin America and Caribbean	467,529	536,393	554,733[r]	540,664	538,465	551,711[r]	578,151[r]	591,047	605,801	550,028
74 Argentina	13,877	20,199	19,013	17,175	18,245	16,891	18,349[r]	16,428	17,555	16,998
75 Bahamas	88,895	112,217	118,085	121,606	118,727	119,207[r]	118,649[r]	118,122	123,524	122,465
76 Bermuda	5,527	6,911	6,839	8,969	8,370	7,514	6,957	7,951	9,168	9,410
77 Brazil	27,701	31,037	15,800	12,268	12,913	13,841	17,128	17,295	14,696	15,389
78 British West Indies	251,465	276,418	302,472	287,308	285,676	300,109[r]	322,011[r]	334,386	343,242	289,619
79 Chile	2,915	4,072	5,010	5,188	5,189	5,057	6,805	7,236	5,918	7,193
80 Colombia	3,256	3,652	4,616	4,535	4,462	4,636	4,710[r]	4,861	4,615	4,634
81 Cuba	21	66	62	64	62	63	64[r]	64	70	70
82 Ecuador	1,767	2,078	1,572[r]	1,525	1,513	1,606	1,688	1,800	1,930	1,975
83 Guatemala	1,282	1,494	1,333[r]	1,224	1,338	1,392	1,386	1,449	1,468	1,425
84 Jamaica	628	450	539	565	542	551	534	547	527	471
85 Mexico	31,240	33,972	37,148	35,965	35,891	36,622	36,004[r]	37,588	37,920	39,043
86 Netherlands Antilles	6,099	5,085	5,010	5,681	8,406	7,256	5,633	3,853	5,662	3,012
87 Panama	4,099	4,241	3,864	4,499	4,401	4,196	3,974	3,984	4,130	3,851
88 Peru	834	893	840	864	828	810	819	854	816	836
89 Uruguay	1,890	2,382	2,486	2,380	2,274	2,378	2,345[r]	2,331	2,552	2,319
90 Venezuela	17,363	21,601	19,894	20,250	19,354	19,149	20,512[r]	21,204	20,393	20,437
91 Other	8,670	9,625	10,150[r]	10,598	10,274	10,433	10,583[r]	11,094	11,615	10,881
92 Asia	249,083	269,379	307,490[r]	301,541[r]	302,561[r]	305,483	287,545[r]	269,026	276,916	283,217
China										
93 Mainland	30,438	18,252	13,041	14,854	15,345	13,996	16,350	14,753	13,366	10,872
94 Taiwan	15,995	11,840	12,708	10,980	12,211	13,183	12,641[r]	10,795	11,409	12,482
95 Hong Kong	18,789	17,722	20,900[r]	22,844	25,510[r]	27,589	26,314[r]	25,728	24,575	24,200
96 India	3,930	4,567	5,250	5,279	5,241	6,189	5,979	5,520	5,421	5,864
97 Indonesia	2,298	3,554	8,282	7,909	6,172	6,675	7,434	6,211	6,530	7,309
98 Israel	6,051	6,281	7,749	7,287	7,598	8,246	7,037	7,004	6,144	5,076
99 Japan	117,316	143,401	168,563[r]	161,207	161,073	161,887	142,326[r]	132,605	143,635	145,651
100 Korea (South)	5,949	13,060	12,454	12,446	9,990	11,141	9,849	11,387	12,901	12,792
101 Philippines	3,378	3,250	3,324	2,318	2,482	2,362	2,440	2,492	2,273	2,177
102 Thailand	10,912	6,501	7,359	7,300	6,590	6,588	6,296	5,739	5,296	6,054
103 Middle Eastern oil-exporting countries[13]	16,285	14,959	15,609	14,655	16,157	15,433	14,497[r]	15,453	15,168	15,581
104 Other	17,742	25,992	32,251[r]	34,462[r]	34,192[r]	32,194	36,382[r]	31,339	30,198	35,159
105 Africa	8,116	10,347	8,905	9,110	8,658	8,463	7,874	7,713	7,485	7,508
106 Egypt	2,012	1,663	1,339	1,856	1,902	1,758	1,599	1,339	1,576	1,566
107 Morocco	112	138	97	98	73	85	90	72	101	115
108 South Africa	458	2,158	1,522	1,308	1,343	1,258	1,165	1,132	1,091	1,049
109 Zaire	10	10	5	6	13	9	4	12	16	13
110 Oil-exporting countries[14]	2,626	3,060	3,088	2,989	2,737	2,772	2,534	2,508	2,247	2,282
111 Other	2,898	3,318	2,854	2,853	2,590	2,581	2,482	2,650	2,454	2,483
112 Other	7,938	7,205	6,636	7,997	7,074[r]	6,613	7,142	8,158	9,063	8,258
113 Australia	6,479	6,304	5,495	6,854	5,552[r]	5,582	5,987	6,820	7,624	7,251
114 Other	1,459	901	1,141	1,143	1,522	1,031	1,155	1,338	1,439	1,007
115 Nonmonetary international and regional organizations	13,972	11,690	11,833	13,839	19,707[r]	15,337	15,669[r]	13,997	17,453	17,943
116 International[15]	12,099	10,517	10,221	11,787	17,080[r]	12,845	13,242[r]	11,689	14,453	15,302
117 Latin American regional[16]	1,339	424	594	917	1,411	1,394	1,304	653	898	819
118 Other regional[17]	534	749	1,018	1,135	1,216	1,098	1,123	1,655	2,102	1,822

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. 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	1996	1997	1998	1999						
				Jan.	Feb.	Mar.r	Apr.r	Mayr	Juner	Julyp
1 **Total, all foreigners**	**599,925**	**708,225**	**735,124r**	**718,119r**	**712,828r**	**710,790**	**735,899**	**750,505**	**751,224**	**720,129**
2 **Foreign countries**	**597,321**	**705,762**	**731,507r**	**713,113r**	**707,402r**	**706,170**	**730,646**	**746,018**	**747,151**	**715,722**
3 Europe	165,769	199,880	233,362r	225,776r	230,307r	226,441	236,306	265,798	300,777	292,697
4 Austria	1,662	1,354	1,043	2,634	1,824	2,759	2,389	2,902	2,514	3,855
5 Belgium and Luxembourg	6,727	6,641	7,187	5,599	7,073	5,451	7,533	9,811	10,028	9,214
6 Denmark	492	980	2,383	1,816	1,656	1,619	2,297	2,141	1,901	1,763
7 Finland	971	1,233	1,070	963	1,233	1,351	1,349	1,480	1,730	2,197
8 France	15,246	16,239	15,251	18,575	18,583	15,187	15,942	15,800	18,253	19,944
9 Germany	8,472	12,676	15,922	15,115	16,362	16,879	17,188	18,367	20,793	23,965
10 Greece	568	402	575	533	637	554	651	585	537	628
11 Italy	6,457	6,230	7,283	6,168	5,714	6,035	6,727	6,434	6,783	7,451
12 Netherlands	7,117	6,141	5,734	5,828	6,048	6,690	7,251	8,588	8,724	9,334
13 Norway	808	555	827	646r	561	596	970	753	717	821
14 Portugal	418	777	669	584	888	1,205	1,060	1,134	1,122	1,056
15 Russia	1,669	1,248	789	742	723r	971	787	1,016	768	831
16 Spain	3,211	2,942	5,735	4,560	4,260	3,041	2,949	4,516	6,178	4,606
17 Sweden	1,739	1,854	4,223	4,338	4,664	4,439	4,141	2,950	3,005	3,199
18 Switzerland	19,798	28,846	46,880	46,122	50,905	51,677	48,477	65,498	75,553	66,927
19 Turkey	1,109	1,558	1,982	1,796	1,871r	2,078	1,943	1,918	2,281	2,220
20 United Kingdom	85,234	103,143	106,349r	98,950r	97,422r	97,275	105,246	112,945	131,671	125,261
21 Yugoslavia[2]	115	52	53	53	54	54	55	54	54	50
22 Other Europe and other former U.S.S.R.[3]	3,956	7,009	9,407r	10,754r	9,829r	8,580	9,351	8,906	8,165	9,375
23 Canada	26,436	27,189	47,212	42,925	40,801	41,264	40,756	41,116	37,071	31,537
24 Latin America and Caribbean	274,153	343,730	342,564r	344,347	340,678	341,434	365,120	352,479	326,012	311,673
25 Argentina	7,400	8,924	9,553	9,713	10,184	10,399	10,075	10,318	10,772	10,492
26 Bahamas	71,871	89,379	96,455	93,000	91,104	88,639	84,023	78,480	71,993	77,048
27 Bermuda	4,129	8,782	4,969	5,547	6,033	4,096	4,426	6,276	6,111	7,813
28 Brazil	17,259	21,696	16,193	15,616	15,357	15,143	14,788	14,891	14,858	14,577
29 British West Indies	105,510	145,471	153,752r	158,010	155,326	162,867	193,306	184,928	166,497	146,862
30 Chile	5,136	7,913	8,261	8,232	8,085	8,082	7,810	7,545	7,531	7,152
31 Colombia	6,247	6,945	6,523	6,433	6,462	6,222	6,105	5,877	5,570	5,591
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	1,031	1,311	1,400	1,403	1,341	1,219	1,135	1,104	1,061	985
34 Guatemala	620	886	1,127	1,107	1,255	1,052	1,062	1,157	1,032	1,075
35 Jamaica	345	424	239	333	602	318	326	327	303	311
36 Mexico	18,425	19,428	21,143	21,128	21,564	20,532	19,434	19,314	18,633	18,977
37 Netherlands Antilles	25,209	17,838	6,779	7,403	6,571	6,661	5,711	5,867	5,483	5,101
38 Panama	2,786	4,364	3,584	3,549	3,390	3,320	4,329	3,298	3,351	3,064
39 Peru	2,720	3,491	3,260	3,364	3,353	3,232	3,111	3,053	2,974	2,710
40 Uruguay	589	629	1,126	997	934	838	772	724	1,050	1,105
41 Venezuela	1,702	2,129	3,089	3,312	3,684	3,506	3,138	3,245	3,479	3,501
42 Other	3,174	4,120	5,111	5,200	5,433	5,308	5,569	6,075	5,314	5,309
43 Asia	122,478	125,092	98,616r	90,806r	86,492r	88,048	79,232	77,631	74,692	72,240
China										
44 Mainland	1,401	1,579	1,311	2,691	2,400	3,398	3,461	3,006	3,745	3,236
45 Taiwan	1,894	922	1,041	728	778	1,331	866	763	870	812
46 Hong Kong	12,802	13,991	9,080r	8,329r	6,806r	8,014	6,309	4,977	7,102	5,333
47 India	1,946	2,200	1,440	1,483	1,529	1,701	1,703	1,458	1,568	1,708
48 Indonesia	1,762	2,651	1,954	1,948	2,110	1,897	1,911	2,061	1,760	1,791
49 Israel	633	768	1,166	833	774	1,082	803	1,236	1,955	1,433
50 Japan	59,967	59,549	46,712	41,817	39,141	39,971	32,639	30,596	27,093	25,900
51 Korea (South)	18,901	18,162	8,238	8,679	8,479	9,119	11,119	12,326	11,317	12,753
52 Philippines	1,697	1,689	1,465	1,310	1,589	1,540	1,546	1,808	1,669	1,380
53 Thailand	2,679	2,259	1,806	1,759	1,708	1,720	1,732	1,623	1,850	1,683
54 Middle Eastern oil-exporting countries[4]	10,424	10,790	16,130r	14,312r	12,815r	12,151	11,669	10,569	10,127	9,396
55 Other	8,372	10,532	8,273r	6,917r	8,363r	6,124	5,474	7,208	5,636	6,815
56 Africa	2,776	3,530	3,122	2,899	3,087	2,938	2,688	2,448	2,629	2,499
57 Egypt	247	247	257	302	264	260	228	221	241	252
58 Morocco	524	511	372	378	361	422	463	444	454	431
59 South Africa	584	805	643	802	933	798	567	640	724	598
60 Zaire	0	0	0	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	420	1,212	936	516	625	325	257	288	340	297
62 Other	1,001	755	914	901	904	1,133	1,173	855	870	921
63 Other	5,709	6,341	6,631	6,360	6,037	6,045	6,544	6,546	5,970	5,076
64 Australia	4,577	5,300	6,167	5,866	5,367	5,638	6,060	6,093	5,636	4,811
65 Other	1,132	1,041	464	494	670	407	484	453	334	265
66 Nonmonetary international and regional organizations[6]	2,604	2,463	3,617r	5,006	5,426	4,620	5,253	4,487	4,073	4,407

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. 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	1996	1997	1998[r]	1999						
				Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[p]
1 **Total**	**743,919**	**852,852**	**875,986**	..	.	**862,754**	.	..	**898,793**	.
2 Banks' claims	599,925	708,225	735,124	718,119[r]	712,828	710,790	735,899	750,505	751,224	720,129
3 Foreign public borrowers	22,216	20,581	23,572	30,330[r]	31,515	34,773	35,807	36,634	37,336	38,457
4 Own foreign offices[2]	341,574	431,685	484,456	459,017	461,705	467,948	485,347	492,109	489,533	460,218
5 Unaffiliated foreign banks	113,682	109,230	106,087	106,523[r]	102,561	93,813	93,591	99,765	104,102	99,724
6 Deposits	33,826	30,995	27,208	30,564[r]	29,406	25,070	23,979	25,251	24,295	24,979
7 Other	79,856	78,235	78,879	75,959[r]	73,155	68,743	69,612	74,514	79,807	74,745
8 All other foreigners	122,453	146,729	121,009	122,249[r]	117,047	114,256	121,154	121,997	120,253	121,730
9 Claims of banks' domestic customers[3]	143,994	144,627	140,862	.		151,964		.	147,569	..
10 Deposits	77,657	73,110	78,491		.	91,380	.	.	93,597	.
11 Negotiable and readily transferable instruments[4]	51,207	53,967	48,752	.		47,990	.		43,616	.
12 Outstanding collections and other claims	15,130	17,550	13,619	..	..	12,594	.		10,356	.
MEMO										
13 Customer liability on acceptances	10,388	9,624	4,519	.	..	4,485	..	..	4,437	.
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	39,661	33,816	39,978	38,941	39,055	33,038	33,474	31,210	29,501	32,857

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, bankers acceptances, and commercial paper

5. 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]	1995	1996	1997	1998		1999	
				Sept.	Dec.	Mar.[r]	June[p]
1 **Total**	**224,932**	**258,106**	**276,550**	**281,342**	**250,547**	**242,463**	**259,219**
By borrower							
2 Maturity of one year or less	178,857	211,859	205,781	208,710	186,653	175,490	186,868
3 Foreign public borrowers	14,995	15,411	12,081	14,842	13,699	20,921	24,558
4 All other foreigners	163,862	196,448	193,700	193,868	172,954	154,569	162,310
5 Maturity of more than one year	46,075	46,247	70,769	72,632	63,894	66,973	72,351
6 Foreign public borrowers	7,522	6,790	8,499	10,926	9,840	13,290	11,657
7 All other foreigners	38,553	39,457	62,270	61,706	54,054	53,683	60,694
By area							
Maturity of one year or less							
8 Europe	55,622	55,690	58,294	68,980	68,684	66,887	84,731
9 Canada	6,751	8,339	9,917	8,795	10,947	7,816	6,690
10 Latin America and Caribbean	72,504	103,254	97,207	100,161	81,911	71,214	65,853
11 Asia	40,296	38,078	33,964	22,320	18,005	21,347	21,957
12 Africa	1,295	1,316	2,211	1,762	1,835	1,571	1,543
13 All other[3]	2,389	5,182	4,188	6,692	5,271	6,655	6,094
Maturity of more than one year							
14 Europe	4,995	6,965	13,240	15,264	14,923	16,949	18,754
15 Canada	2,751	2,645	2,525	2,982	3,140	2,781	3,276
16 Latin America and Caribbean	27,681	24,943	42,049	39,165	33,443	33,539	36,902
17 Asia	7,941	9,392	10,235	12,147	10,018	10,972	10,471
18 Africa	1,421	1,361	1,236	1,170	1,233	1,160	1,105
19 All other[3]	1,286	941	1,484	1,904	1,137	1,572	1,843

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	1995	1996	1997			1998				1999	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**551.9**	**645.3**	**678.8**	**711.0**	**719.3**	**739.1**	**749.7[r]**	**738.9[r]**	**714.1[r]**	**678.3[r]**	**667.3**
2 G-10 countries and Switzerland	206.0	228.3	250.0	247.8	242.8	249.0	278.3[r]	268.3[r]	255.8[r]	246.4[r]	255.7
3 Belgium and Luxembourg	13.6	11.7	9.4	11.4	11.0	11.2	16.2[r]	15.1[r]	13.4[r]	14.1[r]	14.8
4 France	19.4	16.6	17.9	20.2	15.4	15.5	20.5	19.9	18.4[r]	19.5	18.4
5 Germany	27.3	29.8	34.1	34.7	28.6	25.5	28.8	28.9	31.1[r]	32.0[r]	29.2
6 Italy	11.5	16.0	20.2	19.3	15.5	19.7	19.5	18.0[r]	11.5[r]	13.2	11.6
7 Netherlands	3.7	4.0	6.4	7.2	6.2	7.3	8.3	8.1	7.9[r]	8.9	10.9
8 Sweden	2.7	2.6	3.6	4.1	3.3	4.8	3.1	2.2[r]	2.3[r]	3.6	2.3
9 Switzerland	6.7	5.3	5.4	4.8	7.2	5.6	6.9	7.5[r]	8.3[r]	7.3	7.8
10 United Kingdom	82.4	104.7	110.6	108.3	113.4	120.1	134.9	130.4[r]	121.5[r]	110.6[r]	122.7
11 Canada	10.3	14.0	15.7	15.1	13.7	13.5	16.5	15.6[r]	16.7	15.7	16.5
12 Japan	28.5	23.7	26.8	22.6	28.6	25.8	23.7	22.8[r]	24.7[r]	21.3	21.6
13 Other industrialized countries	50.2	65.7	71.7	73.8	64.5	74.3	72.1	71.6[r]	68.5[r]	75.8[r]	76.5
14 Austria	.9	1.1	1.5	1.7	1.5	1.7	1.9	2.1	1.4	2.5	2.7
15 Denmark	2.6	1.5	2.8	3.7	2.4	2.0	2.1	2.8	2.2[r]	3.2	2.8
16 Finland	.8	.8	1.4	1.9	1.3	1.5	1.4	1.6	1.5[r]	1.4	.8
17 Greece	5.7	6.7	6.1	6.2	5.1	6.1	5.8	5.8[r]	6.0[r]	6.2	5.7
18 Norway	3.2	8.0	4.7	4.6	3.6	4.0	3.4	3.3[r]	3.2	2.9[r]	2.9
19 Portugal	1.3	.9	1.1	1.4	.9	.7	1.3	1.1[r]	1.3	1.3	1.2
20 Spain	11.6	13.2	15.4	13.9	11.7	16.5	15.2	17.5	13.6[r]	14.3	15.8
21 Turkey	1.9	2.7	3.4	4.4	4.5	4.9	6.5	5.2	4.8	5.0	4.7
22 Other Western Europe	4.7	4.7	5.5	6.1	8.2	9.9	9.6	10.3	10.6[r]	10.1	10.1
23 South Africa	1.2	2.0	1.9	1.9	2.2	3.7	5.0	3.7	3.5	3.4	3.4
24 Australia	16.4	24.0	27.8	28.0	23.1	23.2	20.0	18.2	20.3	25.3[r]	26.5
25 OPEC[2]	22.1	19.7	22.3	22.9	26.0	25.7	25.3	25.9[r]	27.1[r]	26.0[r]	25.9
26 Ecuador	.7	1.1	.9	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.0
27 Venezuela	2.7	2.4	2.1	2.2	2.5	3.3	3.2	3.1	3.2	3.4	3.1
28 Indonesia	4.8	5.2	5.6	6.5	6.7	5.5	5.1	4.7	4.8[r]	4.5[r]	4.9
29 Middle East countries	13.3	10.7	12.5	11.8	14.4	14.3	15.5	16.1	17.0[r]	16.6	16.4
30 African countries	.6	.4	1.2	1.1	1.2	1.4	.3	.8	1.0	.4	.4
31 Non-OPEC developing countries	112.6	130.3	140.6	137.0	138.7	147.4	141.7[r]	140.6[r]	147.9[r]	143.7[r]	145.3
Latin America											
32 Argentina	12.9	14.3	16.4	17.1	18.4	19.3	20.2	22.3	22.3	23.5	22.0
33 Brazil	13.7	20.7	27.3	26.1	28.6	32.4	27.2[r]	24.9	24.2	23.6	24.7
34 Chile	6.8	7.0	7.6	8.0	8.7	9.0	9.1	9.3[r]	8.3	8.5	8.2
35 Colombia	2.9	4.1	3.3	3.4	3.4	3.3	3.6	3.4	3.2	3.2	3.1
36 Mexico	17.3	16.2	16.6	16.4	17.4	17.7	17.9	18.4	25.3[r]	18.9	18.0
37 Peru	.8	1.6	1.4	1.8	2.0	2.1	2.2	2.2	2.2	2.2	2.1
38 Other	2.8	3.3	3.4	3.6	4.1	4.0	4.4	4.6	5.4	5.4	5.5
Asia											
China											
39 Mainland	1.8	2.5	3.6	4.3	3.2	4.2	3.9	2.8	3.0	5.1	5.3
40 Taiwan	9.4	10.3	10.6	9.7	9.0	11.7	11.3	12.2[r]	12.8	11.7[r]	11.9
41 India	4.4	4.3	5.3	4.9	4.9	5.0	4.9	5.3	5.3	5.5[r]	6.5
42 Israel	.5	.5	.8	1.0	.7	.7	.9	.9	1.1	1.1	2.0
43 Korea (South)	19.1	21.5	16.3	16.2	15.6	16.2	14.5	12.9	13.7[r]	13.3	14.9
44 Malaysia	4.4	6.0	6.4	5.6	5.1	4.5	4.7	5.1[r]	5.7[r]	5.9	5.9
45 Philippines	4.1	5.8	7.0	5.7	5.7	5.0	5.4	4.7	5.1	5.3	5.6
46 Thailand	4.9	5.7	7.3	6.2	5.4	5.5	4.9	5.3	4.6	4.5	4.1
47 Other Asia	4.5	4.1	4.7	4.5	4.3	4.2	3.7	3.1	2.9	3.0	2.8
Africa											
48 Egypt	.4	.7	1.1	.9	.9	1.0	1.5	1.7	1.3	1.4	1.4
49 Morocco	.7	.7	.7	.7	.6	.6	.6	.5	.5	.5	.5
50 Zaire	.0	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.9	.9	.9	.9	.8	1.1	.8	1.1	1.0	1.2	.9
52 Eastern Europe	4.2	6.9	7.1	9.8	9.1	12.0	10.9	6.0	5.2	6.1[r]	5.1
53 Russia[4]	1.0	3.7	4.2	5.1	5.1	7.5	6.8	2.8	2.2	2.2[r]	1.9
54 Other	3.2	3.2	2.9	4.7	4.0	4.6	4.1	3.2	3.1	3.9	3.2
55 Offshore banking centers	99.2	134.7	129.6	138.9	139.0	129.3	125.8[r]	121.9[r]	94.1[r]	83.0[r]	70.6
56 Bahamas	11.0	20.3	16.1	19.8	23.3	29.2	24.7	29.0[r]	33.0	30.2	16.1
57 Bermuda	6.3	4.5	7.9	9.8	9.8	9.0	9.3	10.4	4.6[r]	3.8	5.6
58 Cayman Islands and other British West Indies	32.4	37.2	35.1	45.7	43.4	24.9	34.2[r]	30.6[r]	15.4[r]	6.3[r]	7.0
59 Netherlands Antilles	10.3	26.1	15.8	21.7	14.6	14.0	10.5	6.0	2.6	2.7	1.2
60 Panama[5]	1.4	2.0	2.6	2.1	3.1	3.2	3.3	4.0	3.9[r]	3.9	3.9
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.2	.1	.1	.1
62 Hong Kong, China	25.0	27.9	35.2	27.2	32.2	33.8	30.0	30.6	23.4[r]	22.8[r]	21.9
63 Singapore	13.1	16.7	16.7	12.7	12.7	15.0	13.5	11.1	11.2[r]	13.1	14.6
64 Other[6]	.1	.1	.3	.1	.1	.1	.2	.2	.2	.2	.1
65 Miscellaneous and unallocated[7]	57.6	59.6	57.6	80.8	99.1	101.3	95.7	104.5	115.5[r]	97.3[r]	88.1

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	1995	1996	1997[r]	1997	1998				1999
				Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**46,448**	**61,782**	**57,382**	**57,382[r]**	**55,681[r]**	**51,433**	**49,279**	**46,570[r]**	**46,663**
2 Payable in dollars	33,903	39,542	41,543	41,543[r]	41,601[r]	40,026	38,410	36,668[r]	34,030
3 Payable in foreign currencies	12,545	22,240	15,839	15,839[r]	14,080[r]	11,407	10,869	9,902	12,633
By type									
4 Financial liabilities	24,241	33,049	26,877	26,877[r]	25,691[r]	22,322	19,331	19,255	22,458
5 Payable in dollars	12,903	11,913	12,630	12,630[r]	12,911[r]	11,988	9,812	10,371	11,225
6 Payable in foreign currencies	11,338	21,136	14,247	14,247[r]	12,780[r]	10,334	9,519	8,884	11,233
7 Commercial liabilities	22,207	28,733	30,505	30,505	29,990	29,111	29,948	27,315[r]	24,205
8 Trade payables	11,013	12,720	10,904	10,904	10,107	9,537	10,276	10,978[r]	9,999
9 Advance receipts and other liabilities	11,194	16,013	19,601	19,601	19,883	19,574	19,672	16,337	14,206
10 Payable in dollars	21,000	27,629	28,913	28,913	28,690	28,038	28,598	26,297[r]	22,805
11 Payable in foreign currencies	1,207	1,104	1,592	1,592	1,300	1,073	1,350	1,018	1,400
By area or country									
Financial liabilities									
12 Europe	15,622	23,179	18,027	18,027[r]	18,793[r]	15,468	12,905	12,589	16,098
13 Belgium and Luxembourg	369	632	186	186	127	75	150	79	50
14 France	999	1,091	1,425	1,425[r]	1,545[r]	1,699	1,457	1,097	1,178
15 Germany	1,974	1,834	1,958	1,958[r]	2,518[r]	2,441	2,167	2,063	1,906
16 Netherlands	466	556	494	494	472	484	417	1,406	1,337
17 Switzerland	895	699	561	561[r]	130[r]	189	179	155	141
18 United Kingdom	10,138	17,161	11,667	11,667[r]	12,185[r]	8,765	6,610	5,980	9,729
19 Canada	632	1,401	2,374	2,374[r]	1,027[r]	539	389	693	781
20 Latin America and Caribbean	1,783	1,668	1,386	1,386	965	1,320	1,351	1,495	1,528
21 Bahamas	59	236	141	141	17	6	1	7	1
22 Bermuda	147	50	229	229	86	49	73	101	78
23 Brazil	57	78	143	143	91	76	154	152	137
24 British West Indies	866	1,030	604	604	517	845	834	957	1,064
25 Mexico	12	17	26	26	21	51	23	59	22
26 Venezuela	2	1	1	1	1	1	1	2	2
27 Asia	5,988	6,423	4,387	4,387[r]	4,197[r]	4,315	4,005	3,785	3,475
28 Japan	5,436	5,869	4,102	4,102[r]	3,964[r]	3,869	3,754	3,612	3,337
29 Middle Eastern oil-exporting countries[1]	27	25	27	27[r]	18[r]	0	0	0	1
30 Africa	150	38	60	60	33	29	31	28	31
31 Oil-exporting countries[2]	122	0	0	0	0	0	0	0	2
32 All other[3]	66	340	643	643	676	651	650	665	545
Commercial liabilities									
33 Europe	7,700	9,767	10,228	10,228	9,951	9,987	11,010	10,030[r]	8,580
34 Belgium and Luxembourg	331	479	666	666	565	557	623	278	229
35 France	481	680	764	764	840	612	740	920	654
36 Germany	767	1,002	1,274	1,274	1,068	1,219	1,408	1,392[r]	1,088
37 Netherlands	500	766	439	439	443	485	440	429	361
38 Switzerland	413	624	375	375	407	349	507	499	535
39 United Kingdom	3,568	4,303	4,086	4,086	4,041	3,743	4,286	3,697	3,008
40 Canada	1,040	1,090	1,175	1,175	1,347	1,206	1,504	1,390	1,597
41 Latin America and Caribbean	1,740	2,574	2,176	2,176	2,051	2,285	1,840	1,618[r]	1,612
42 Bahamas	1	63	16	16	27	14	48	14	11
43 Bermuda	205	297	203	203	174	209	168	198	225
44 Brazil	98	196	220	220	249	246	256	152	107
45 British West Indies	56	14	12	12	5	27	5	10	7
46 Mexico	416	665	565	565	520	557	511	347	437
47 Venezuela	221	328	261	261	219	196	230	202	155
48 Asia	10,421	13,422	14,966	14,966	14,672	13,611	13,539	12,342[r]	10,428
49 Japan	3,315	4,614	4,500	4,500	4,372	3,995	3,779	3,827[r]	2,715
50 Middle Eastern oil-exporting countries[1]	1,912	2,168	3,111	3,111	3,138	3,194	3,582	2,852[r]	2,479
51 Africa	619	1,040	874	874	833	921	810	794	727
52 Oil-exporting countries[2]	254	532	408	408	376	354	372	393	377
53 Other[3]	687	840	1,086	1,086	1,136	1,101	1,245	1,141	1,261

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	1995	1996	1997	1997	1998				1999
					Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1	**Total**	**52,509**	**65,897**	**68,128**	**68,128**	**71,004**	**63,188[r]**	**67,976**	**77,462[r]**	**68,973**
2	Payable in dollars	48,711	59,156	62,173	62,173	65,359	57.587[r]	62,034	72,171[r]	63,988
3	Payable in foreign currencies	3,798	6,741	5,955	5,955	5,645	5,601	5,942	5,291[r]	4,985
	By type									
4	Financial claims	27,398	37,523	36,959	36,959	40,301	32,341[r]	37,262	46,260[r]	38,136
5	Deposits	15,133	21,624	22,909	22,909	20,863	14,762	15,406	30,199[r]	18,686
6	Payable in dollars	14,654	20,852	21,060	21,060	19,155	13,084	13,374	28,549	17,101
7	Payable in foreign currencies	479	772	1,849	1,849	1,708	1,678	2,032	1,650[r]	1,585
8	Other financial claims	12,265	15,899	14,050	14,050	19,438	17,579[r]	21,856	16,061[r]	19,450
9	Payable in dollars	10,976	12,374	11,806	11,806	16,981	14,904[r]	19,867	14,049	17,419
10	Payable in foreign currencies	1,289	3,525	2,244	2,244	2,457	2,675	1,989	2,012[r]	2,031
11	Commercial claims	25,111	28,374	31,169	31,169	30,703	30,847	30,714	31,202[r]	30,837
12	Trade receivables	22,998	25,751	27,536	27,536	26,888	26,764	26,330	27,202[r]	26,724
13	Advance payments and other claims	2,113	2,623	3,633	3,633	3,815	4,083	4,384	4,000[r]	4,113
14	Payable in dollars	23,081	25,930	29,307	29,307	29,223	29,599	28,793	29,573[r]	29,468
15	Payable in foreign currencies	2,030	2,444	1,862	1.862	1,480	1.248	1.921	1,629	1,369
	By area or country									
	Financial claims									
16	Europe	7,609	11,085	14,999	14,999	14,187	14,091[r]	14,473	12,294[r]	12,800
17	Belgium and Luxembourg	193	185	406	406	378	518	496	661	469
18	France	803	694	1,015	1,015	902	796[r]	1,140	864[r]	913
19	Germany	436	276	427	427	393	290	359	304	302
20	Netherlands	517	493	677	677	911	975	867	875	955
21	Switzerland	498	474	434	434	401	403	409	414	530
22	United Kingdom	4,303	7,922	10,337	10.337	9,289	9,639	9,849	7,766[r]	8,357
23	Canada	2,851	3,442	3,313	3,313	4,688	3,020	4,090	2,503[r]	3,111
24	Latin America and Caribbean	14,500	20,032	15,543	15,543	18,207	11,967	15,758	27,714	18,825
25	Bahamas	1,965	1,553	2,308	2,308	1,316	1,306	2,105	403	666
26	Bermuda	81	140	108	108	66	48	63	39	41
27	Brazil	830	1,468	1,313	1,313	1,408	1,394	710	835	1,112
28	British West Indies	10,393	15,536	10,462	10,462	13,551	7,349	10,960	24,388	14,621
29	Mexico	554	457	537	537	967	1,089	1,122	1,245	1,583
30	Venezuela	32	31	36	36	47	57	50	55	72
31	Asia	1,579	2,221	2,133	2,133	2,174	2,376	2,121	3,027[r]	2,648
32	Japan	871	1,035	823	823	791	886	928	1,194	942
33	Middle Eastern oil-exporting countries[1]	3	22	11	11	9	12	13	9	8
34	Africa	276	174	319	319	325	155	157	159	174
35	Oil-exporting countries[2]	5	14	15	15	16	15	16	16	26
36	All other[3]	583	569	652	652	720	732	663	563[r]	578
	Commercial claims									
37	Europe	9,824	10,443	12,120	12,120	12,854	12,882	13,029	13,246[r]	12,782
38	Belgium and Luxembourg	231	226	328	328	232	216	219	238	281
39	France	1,830	1,644	1,796	1,796	1,939	1,955	2,098	2,171[r]	2,173
40	Germany	1,070	1,337	1,614	1,614	1,670	1,757	1,502	1,822	1,599
41	Netherlands	452	562	597	597	534	492	463	467	415
42	Switzerland	520	642	554	554	476	418	546	483[r]	367
43	United Kingdom	2,656	2,946	3,660	3,660	4,828	4,664	4,681	4,769	4,529
44	Canada	1,951	2,165	2,660	2.660	2,882	2.779	2,291	2,617[r]	2,983
45	Latin America and Caribbean	4,364	5,276	5.750	5,750	5,481	6,082	5,773	6,296[r]	5,930
46	Bahamas	30	35	27	27	13	12	39	24	10
47	Bermuda	272	275	244	244	238	359	173	536	500
48	Brazil	898	1,303	1,162	1,162	1,128	1,183	1,062	1,024[r]	936
49	British West Indies	79	190	109	109	88	110	91	104	117
50	Mexico	993	1,128	1,392	1,392	1,302	1,462	1,356	1,545	1,431
51	Venezuela	285	357	576	576	441	585	566	401	361
52	Asia	7,312	8,376	8,713	8,713	7,638	7,367	7,190	7,192[r]	7,080
53	Japan	1,870	2,003	1,976	1,976	1,713	1,757	1,789	1,681	1,486
54	Middle Eastern oil-exporting countries[1]	974	971	1,107	1,107	987	1.127	967	1,135[r]	1,286
55	Africa	654	746	680	680	613	657	740	711[r]	685
56	Oil-exporting countries[2]	87	166	119	119	122	116	128	165	116
57	Other[3]	1,006	1,368	1,246	1,246	1,235	1,080	1,691	1,140[r]	1,377

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	1997	1998	1999 Jan.–July	1999 Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	1,097,958	1,574,185	1,272,608	156,181[r]	159,759	179,894	223,006	185,819	179,986	187,963
2 Foreign sales	1,028,361	1,524,189	1,215,938	152,704[r]	155,650	177,007	205,493	177,326	168,094	179,664
3 Net purchases, or sales (−)	**69,597**	**49,996**	**56,670**	**3,477[r]**	**4,109**	**2,887**	**17,513**	**8,493**	**11,892**	**8,299**
4 Foreign countries	**69,754**	**50,376**	**56,682**	**3,463[r]**	**4,109**	**2,887**	**17,497**	**8,504**	**11,878**	**8,344**
5 Europe	62,688	68,124	49,623	6,048	6,403	6,563	11,493	5,260	7,663	6,193
6 France	6,641	5,672	2,751	537	−175	1,199	534	−206	919	−57
7 Germany	9,059	9,195	6,214	1,035	872	480	1,814	971	1,376	−334
8 Netherlands	3,831	8,249	4,884	86	956	1,103	417	738	1,181	403
9 Switzerland	7,848	5,001	3,181	−10	582	1,551	1,934	481	1,452	−2,809
10 United Kingdom	22,478	23,952	22,682	3,893	2,833	575	3,758	1,822	1,300	8,501
11 Canada	−1,406	−4,689	1,954	728	248	723	−129	−159	401	142
12 Latin America and Caribbean	5,203	760	8,909	−1,279	−1,279	−1,415	5,516	2,004	2,459	2,903
13 Middle East[1]	383	−1,449	−467	113[r]	−733	298	−355	419	64	−273
14 Other Asia	2,072	−12,347	−4,112	−2,306	−630	−3,257	905	574	1,271	−669
15 Japan	4,787	−1,171	−734	−616	−344	−1,925	1,458	464	681	−452
16 Africa	472	639	390	22	11	87	37	138	81	14
17 Other countries	342	−662	385	137	89	−112	30	268	−61	34
18 Nonmonetary international and regional organizations	**−157**	**−380**	**−12**	**14**	**0**	**0**	**16**	**−11**	**14**	**−45**
BONDS[2]										
19 Foreign purchases	610,116	905,782	500,519	68,565[r]	75,169	77,101	70,044	66,558	67,569	75,513
20 Foreign sales	475,958	727,044	358,908	53,831[r]	56,187	52,331	47,516	49,145	52,197	47,701
21 Net purchases, or sales (−)	**134,158**	**178,738**	**141,611**	**14,734[r]**	**18,982**	**24,770**	**22,528**	**17,413**	**15,372**	**27,812**
22 Foreign countries	**133,595**	**179,081**	**141,363**	**14,733[r]**	**18,941**	**24,974**	**22,468**	**17,326**	**15,383**	**27,538**
23 Europe	71,631	130,057	81,215	4,765[r]	14,402	12,832	10,527	10,911	9,553	18,225
24 France	3,300	3,386	1,312	145	124	22	−36	352	258	447
25 Germany	2,742	4,369	4,638	398	1,268	190	−43	797	321	1,707
26 Netherlands	3,576	3,443	1,604	60	329	418	106	168	187	336
27 Switzerland	187	4,826	2,484	403	535	272	467	128	−26	705
28 United Kingdom	54,134	99,637	60,871	2,611[r]	10,803	9,268	8,617	8,310	7,651	13,611
29 Canada	6,264	6,121	2,109	100	475	640	319	413	184	−22
30 Latin America and Caribbean	34,733	23,938	32,670	6,382	2,057	5,203	5,967	3,382	4,603	5,076
31 Middle East[1]	2,155	4,997	1,960	1,436	314	859	364	−717	−114	−182
32 Other Asia	16,996	12,662	22,220	2,032	1,439	5,132	4,904	3,224	1,458	4,031
33 Japan	9,357	8,384	5,860	561	165	589	1,215	0	310	3,020
34 Africa	1,005	190	795	40	266	261	331	82	−307	122
35 Other countries	811	1,116	394	−22	−12	47	56	31	6	288
36 Nonmonetary international and regional organizations	**563**	**−343**	**248**	**1**	**41**	**−204**	**60**	**87**	**−11**	**274**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−40,942	6,227	20,347	3,308	3,085	1,845	5,583	2,500	6,234	−2,208
38 Foreign purchases	756,015	929,923	635,152	77,931	73,948	95,216	98,501	86,179	97,428	105,949
39 Foreign sales	796,957	923,696	614,805	74,623	70,863	93,371	92,918	83,679	91,194	108,157
40 Bonds, net purchases, or sales (−)	−48,171	−17,350	−112	−2,304	−255	1,710	−5,147	−499	8,969	−2,586
41 Foreign purchases	1,451,704	1,328,281	491,848	56,072	66,198	76,129	73,376	72,372	79,013	68,688
42 Foreign sales	1,499,875	1,345,631	491,960	58,376	66,453	74,419	78,523	72,871	70,044	71,274
43 Net purchases, or sales (−), of stocks and bonds	**−89,113**	**−11,123**	**20,235**	**1,004**	**2,830**	**3,555**	**436**	**2,001**	**15,203**	**−4,794**
44 Foreign countries	**−88,921**	**−10,778**	**20,035**	**883**	**2,554**	**3,595**	**554**	**2,101**	**15,233**	**−4,885**
45 Europe	−29,874	12,632	50,248	406	6,431	14,014	9,710	5,846	16,749	−2,908
46 Canada	−3,085	−1,901	−1,799	−310	−551	−131	−449	−537	1,201	−1,022
47 Latin America and Caribbean	−25,258	−13,798	−8,501	2,355	491	−3,586	−4,353	−2,306	−2,770	1,668
48 Asia	−25,123	−3,992	−19,522	−1,558	−3,344	−7,155	−3,946	−495	194	−3,218
49 Japan	−10,001	−1,742	−20,101	141	−3,390	−7,250	−3,445	−704	−1,241	−4,212
50 Africa	−3,293	−1,225	67	22	−25	−16	20	112	−25	−21
51 Other countries	−2,288	−2,494	−458	−32	−448	469	−428	−519	−116	616
52 Nonmonetary international and regional organizations	**−192**	**−345**	**200**	**121**	**276**	**−40**	**−118**	**−100**	**−30**	**91**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. 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	1997	1998	1999	1999						
			Jan.– July	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total estimated**	**184,171**	**49,039**	**−21,670**	**−4,165**	**−14,623**	**1,532**	**−3,271**	**5,638**	**−609**	**−6,172**
2 Foreign countries	183,688	46,570	−21,439	−4,107	−14,182	1,762	−3,257	5,316	−815	−6,156
3 Europe	144,921	23,797	−34,331	2,530	−7,354	1,342	−15,394	−3,997	−5,796	−5,662
4 Belgium and Luxembourg	3,427	3,805	1,308	−229	204	−54	476	121	753	37
5 Germany	22,471	144	615	−268	217	428	−653	−290	538	643
6 Netherlands	1,746	−5,533	1,200	2,347	−584	197	−256	797	−77	−1,224
7 Sweden	−465	1,486	188	163	−228	386	−462	−21	579	−229
8 Switzerland	6,028	5,240	−3,248	−2,171	47	−1,457	−302	−121	971	−215
9 United Kingdom	98,253	14,384	−19,816	1,729	−5,721	1,129	−6,672	−4,528	−7,215	1,462
10 Other Europe and former U.S.S.R.	13,461	4,271	−14,578	959	−1,289	713	−7,525	45	−1,345	−6,136
11 Canada	−811	615	5,238	−1,729	1,127	213	1,205	2,580	460	1,382
12 Latin America and Caribbean	−2,554	−3,662	−4,699	−5,621	−6,037	1,100	5,200	1,364	−1,403	698
13 Venezuela	655	59	191	−17	463	−445	2	88	−31	131
14 Other Latin America and Caribbean	−549	9,523	−3,132	−1,979	−2,024	−2,570	3,654	−123	−52	−38
15 Netherlands Antilles	−2,660	−13,244	−1,758	−3,625	−4,476	4,115	1,544	1,399	−1,320	605
16 Asia	39,567	27,433	13,130	1,299	−2,216	−1,714	5,973	5,631	6,489	−2,332
17 Japan	20,360	13,048	7,701	−2,134	−1,124	−1,311	6,475	1,284	4,905	−394
18 Africa	1,524	751	−674	17	−6	−52	−11	−198	−246	−178
19 Other	1,041	−2,364	−103	−603	304	873	−230	−64	−319	−64
20 Nonmonetary international and regional organizations	483	2,469	−231	−58	−441	−230	−14	322	206	−16
21 International	621	1,502	−525	−77	−371	−206	15	223	−8	−101
22 Latin American regional	170	199	504	3	1	−5	0	122	192	191
MEMO										
23 Foreign countries	183,688	46,570	−21,439	−4,107	−14,182	1,762	−3,257	5,316	−815	−6,156
24 Official institutions	43,959	4,123	−11,930	1,463	−3,699	−4,845[r]	−6,696	3,223	397	−1,773
25 Other foreign	139,729	42,447	−9,509	−5,570	−10,483	6,607[r]	3,439	2,093	−1,212	−4,383
Oil-exporting countries										
26 Middle East[2]	7,636	−16,554	7,081	3,069	−618	1,478	65	2,887	238	−38
27 Africa[3]	−12	2	0	0	0	0	0	0	0	0

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. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. 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 dollar except as noted

Item	1996	1997	1998	1999 Apr.	1999 May	1999 June[r]	1999 July	1999 Aug.	1999 Sept.
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	78.28	74.37	62.91	64.20	66.28	65.63	65.62	64.46	64.95
2 Austria/schilling	10.589	12.206	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	30.97	35.81	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.0051	1.0779	1.1605	1.7025	1.6853	1.7669	1.8023	1.8859	1.8987
5 Canada/dollar	1.3638	1.3849	1.4836	1.4881	1.4611	1.4695	1.4890	1.4932	1.4771
6 China, P.R./yuan	8.3389	8.3193	8.3008	8.2792	8.2785	8.2780	8.2776	8.2772	8.2774
7 Denmark/krone	5.8003	6.6092	6.7030	6.9475	6.9925	7.1643	7.1792	7.0144	7.0828
8 European Monetary Union/euro[3]	n.a.	n.a.	n.a.	1.0701	1.0630	1.0377	1.0370	1.0605	1.0497
9 Finland/markka	4.5948	5.1956	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.1158	5.8393	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.5049	1.7348	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	240.82	273.28	295.70	304.26	305.96	312.49	313.52	307.84	311.68
13 Hong Kong/dollar	7.7345	7.7431	7.7467	7.7495	7.7531	7.7575	7.7603	7.7638	7.7665
14 India/rupee	35.51	36.36	41.36	42.80	42.86	43.21	43.36	43.50	43.60
15 Ireland/pound[2]	159.95	151.63	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,542.76	1,703.81	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	108.78	121.06	130.99	119.77	122.00	120.72	119.33	113.23	106.88
18 Malaysia/ringgit	2.5154	2.8173	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	7.600	7.918	9.152	9.430	9.396	9.515	9.370	9.398	9.341
20 Netherlands/guilder	1.6863	1.9525	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	68.77	66.25	53.61	54.27	55.30	53.25	52.61	52.59	52.30
22 Norway/krone	6.4594	7.0857	7.5521	7.7750	7.7496	7.8749	7.9029	7.8036	7.8361
23 Portugal/escudo	154.28	175.44	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
24 Singapore/dollar	1.4100	1.4857	1.6722	1.7134	1.7122	1.7107	1.6958	1.6787	1.6965
25 South Africa/rand	4.3011	4.6072	5.5417	6.1186	6.1809	6.0880	6.1182	6.1302	6.0563
26 South Korea/won	805.00	947.65	1,400.40	1,209.96	1,197.92	1,168.91	1,189.10	1,198.31	1,201.00
27 Spain/peseta	126.68	146.53	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	55.289	59.026	65.006	69.588	70.581	71.211	71.912	71.868	71.942
29 Sweden/krona	6.7082	7.6446	7.9522	8.3293	8.4432	8.5065	8.4431	8.2589	8.2264
30 Switzerland/franc	1.2361	1.4514	1.4506	1.4971	1.5078	1.5374	1.5474	1.5093	1.5262
31 Taiwan/dollar	27.468	28.775	33.547	32.965	32.791	32.525	32.338	32.076	31.848
32 Thailand/baht	25.359	31.072	41.262	37.631	37.051	36.926	37.143	38.060	40.060
33 United Kingdom/pound[2]	156.07	163.76	165.73	160.89	161.54	159.50	157.51	160.58	162.47
34 Venezuela/bolivar	417.19	488.39	548.39	587.79	596.48	603.29	611.17	615.95	625.41
	Indexes[4]								
NOMINAL									
35 Broad (January 1997=100)[5]	97.43	104.47	116.25	117.15	116.91	117.45	117.48	116.46	115.76
36 Major currencies (March 1973=100)[6]	85.23	91.85	96.52	95.76	95.79	96.56	96.78	94.74	93.24
37 Other important trading partners (January 1997=100)[7]	98.25	104.67	125.70	129.24	128.55	128.56	128.26	129.26	130.19
REAL									
38 Broad (March 1973=100)[5]	86.97[r]	91.61[r]	99.57[r]	99.59[r]	99.23[r]	99.67	99.92	98.98	98.34
39 Major currencies (March 1973=100)[6]	85.75[r]	93.11[r]	98.22[r]	98.62[r]	98.53[r]	99.33	99.78	97.62	96.27
40 Other important trading partners (March 1973=100)[7]	96.26[r]	97.35[r]	110.08[r]	109.52[r]	108.72[r]	108.70	108.66	109.41	109.80

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. As of January 1999, the euro is reported in place of the individual euro area currencies. These 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		

4. The December 1999 Bulletin will contain revised index values resulting from the annual revision to the trade weights. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp 811–18.
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*

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, June 30, 1999

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1] Total	Banks with foreign offices[1] Domestic	Banks with domestic offices only[2] Over 100	Banks with domestic offices only[2] Under 100
1 **Total assets**[3]	**5,408,335**	**4,720,049**	**3,731,641**	**3,043,355**	**1,407,307**	**269,387**
2 Cash and balances due from depository institutions	328,511	236,979	255,412	163,880	59,939	13,160
3 Cash items in process of collection, unposted debits, and currency and coin			119,153	116,192	30,524	
4 Cash items in process of collection and unposted debits			n.a.	89,235	18,348	
5 Currency and coin		n.a.	n.a.	26,957	12,175	n.a.
6 Balances due from depository institutions in the United States			31,949	25,907	18,801	
7 Balances due from banks in foreign countries and foreign central banks	n.a.		88,785	6,425	3,047	
8 Balances due from Federal Reserve Banks			15,525	15,355	7,567	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		32,648	n.a.	14,239	13,795	4,614
10 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	991,170		561,922		356,258	72,990
11 U.S. Treasury securities	115,491		68,405		37,628	9,458
12 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	192,288		64,044		95,468	32,777
13 Issued by U.S. government agencies	5,778		2,868		2,165	745
14 Issued by U.S. government-sponsored agencies	186,510		61,176		93,303	32,032
15 Securities issued by states and political subdivisions in the United States	87,621		26,525		48,050	13,046
16 General obligations	65,137		19,327		36,403	9,407
17 Revenue obligations	21,895		6,839		11,461	3,596
18 Industrial development and similar obligations	588		359		186	43
19 Mortgage-backed securities (MBS)	440,600		286,253		139,885	14,463
20 Pass-through securities	278,835		190,118		79,006	9,710
21 Guaranteed by GNMA	73,412	n.a.	43,846	n.a.	26,137	3,430
22 Issued by FNMA and FHLMC	204,221		145,484		52,492	6,245
23 Privately issued	1,201		787		378	36
24 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	161,766		96,135		60,878	4,753
25 Issued or guaranteed by FNMA, FHLMC or GNMA	115,695		67,607		43,726	4,362
26 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	2,911		1,699		1,050	162
27 All other mortgage-backed securities	43,161		26,829		16,102	229
28 Other debt securities	122,781		95,059		25,799	1,923
29 Other domestic debt securities	n.a.		43,119		25,515	n.a.
30 Foreign debt securities	n.a.		51,941		284	n.a.
31 Equity securities	32,388		21,636		9,428	1,323
32 Investments in mutual funds and other equity securities with readily determinable fair value	10,391		7,620		2,350	421
33 All other equity securities	21,997		14,016		7,078	903
34 Federal funds sold and securities purchased under agreements to resell	258,255	204,773	209,406	155,925	36,040	12,808
35 Total loans and lease-financing receivables, gross	3,275,971	2,972,133	2,218,054	1,914,215	896,175	161,743
36 LESS: Unearned income on loans	3,248	2,535	1,624	911	1,202	423
37 Total loans and leases (net of unearned income)	3,272,723	2,969,598	2,216,430	1,913,305	894,973	161,320
38 LESS: Allowance for loan and lease losses	56,244	n.a.	38,392	n.a.	15,528	2,324
39 LESS: Allocated transfer risk reserves	132	n.a.	131	n.a.	0	0
40 EQUALS: Total loans and leases, net	3,216,347	n.a.	2,177,906	n.a.	879,445	158,996
Total loans and leases, gross, by category						
41 Loans secured by real estate	1,361,874	1,330,791	768,133	737,050	502,250	91,491
42 Construction and land development		116,859		60,434	49,140	7,286
43 Farmland		30,544		5,308	14,014	11,222
44 One- to four-family residential properties		747,911		454,082	248,940	44,889
45 Revolving, open-end loans, extended under lines of credit	n.a.	91,725	n.a.	63,705	25,863	2,157
46 All other loans		656,187		390,377	223,077	42,732
47 Multifamily (five or more) residential properties		47,160		25,220	19,959	1,981
48 Nonfarm nonresidential properties		388,317		192,006	170,198	26,113
49 Loans to depository institutions	116,205	95,743	112,674	92,213	3,415	115
50 Commercial banks in the United States	n.a.	n.a.	61,716	61,236	3,095	n.a.
51 Other depository institutions in the United States	n.a.	n.a.	24,979	24,932	140	n.a.
52 Banks in foreign countries	n.a.	n.a.	25,980	6,045	180	n.a.
53 Loans to finance agricultural production and other loans to farmers	45,792	44,636	11,295	10,139	17,399	17,098
54 Commercial and industrial loans	930,412	762,020	740,615	572,224	161,930	27,866
55 U.S. addressees (domicile)	n.a.	n.a.	597,088	564,911	161,236	n.a.
56 Non-U.S. addressees (domicile)	n.a.	n.a.	143,527	7,313	694	n.a.
57 Acceptances of other banks	1,235	546	1,123	434	90	22
58 U.S. banks	n.a.	n.a.	250	249	n.a	n.a.
59 Foreign banks	n.a.	n.a.	873	184	n.a.	n.a.
60 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	518,758	477,666	308,402	267,310	187,293	23,062
61 Credit cards and related plans	182,066	n.a.	106,654	n.a.	73,681	1,731
62 Other (includes single payment and installment)	336,692	n.a.	201,748	n.a.	113,612	21,331
63 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	18,742	18,737	11,995	11,990	5,983	764
64 All other loans	146,461	109,900	137,395	100,835	8,283	783
65 Loans to foreign governments and official institutions	n.a.	n.a	8,880	1,551	14	n.a.
66 Other loans	n.a.	n.a.	128,515	99,283	8,269	n.a.
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a	21,239	1,800	n.a.
68 All other loans (excludes consumer loans)	n.a.	n.a.	n.a	78,044	6,469	n.a.
69 Lease-financing receivables	136,493	132,094	126,421	122,021	9,530	542
70 Assets held in trading accounts	231,634		230,788		812	1
71 Premises and fixed assets (including capitalized leases)	71,664		44,583		21,852	5,229
72 Other real estate owned	3,210	n.a.	1,705	n.a.	1,205	301
73 Investments in unconsolidated subsidiaries and associated companies	6,880		6,487		332	62
74 Customers' liability on acceptances outstanding	9,707		9,467		236	5
75 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	19,837	n.a.	19,837	n.a.	n.a.
76 Intangible assets	82,113	n.a.	68,340	n.a.	12,964	810
77 All other assets	208,845	n.a.	165,625	n.a.	38,225	4,994

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, June 30, 1999

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**5,408,335**	n.a	**3,731,641**	n.a.	**1,407,307**	**269,387**
79 **Total liabilities**	**4,950,939**	**4,262,654**	**3,432,204**	**2,743,918**	**1,277,995**	**240,741**
80 Total deposits	3,654,488	3,060,575	2,388,935	1,795,021	1,035,726	229,828
81 Individuals, partnerships, and corporations	3,285,338	2,848,015	2,116,851	1,679,528	960,780	207,707
82 U.S. government	n.a.	5,602	n.a.	4,700	763	139
83 States and political subdivisions in the United States	n.a.	133,827	n.a.	59,525	56,435	17,867
84 Commercial banks in the United States	74,286	36,726	66,052	28,492	7,212	1,022
85 Other depository institutions in the United States	n.a.	10,750	n.a.	5,483	3,735	1,533
86 Foreign banks, governments, and official institutions	118,630	8,583	118,199	8,152	425	6
87 Banks	n.a.	n.a.	87,095	6,770	424	n.a.
88 Governments and official institutions	n.a.	n.a.	31,104	1,383	2	n.a.
89 Certified and official checks	18,041	17,071	10,112	9,141	6,376	1,554
90 Total transaction accounts		687,681		395,806	227,316	64,558
91 Individuals, partnerships, and corporations		589,070		335,121	197,844	56,105
92 U.S. government		1,537		1,082	389	66
93 States and political subdivisions in the United States		41,905		18,325	17,149	6,431
94 Commercial banks in the United States		26,924		22,142	4,465	317
95 Other depository institutions in the United States		3,954		3,144	729	81
96 Foreign banks, governments, and official institutions		7,221		6,851	365	5
97 Banks		n.a.		5,965	363	n.a.
98 Governments and official institutions		n.a.		885	1	n.a.
99 Certified and official checks		17,071		9,141	6,376	1,554
100 Demand deposits (included in total transaction accounts)		536,194		352,037	150,554	33,603
101 Individuals, partnerships, and corporations		462,893		298,995	133,474	30,424
102 U.S. government		1,407		1,019	335	52
103 States and political subdivisions in the United States		16,746		10,748	4,821	1,177
104 Commercial banks in the United States	n.a.	26,919	n.a	22,140	4,463	315
105 Other depository institutions in the United States		3,941		3,143	721	77
106 Foreign banks, governments, and official institutions		7,218		6,849	365	4
107 Banks		n.a.		5,965	363	n.a.
108 Governments and official institutions		n.a.		884	1	n.a.
109 Certified and official checks		17,071		9,141	6,376	1,554
110 Total nontransaction accounts		2,372,894		1,399,215	808,409	165,269
111 Individuals, partnerships, and corporations		2,258,945		1,344,407	762,936	151,602
112 U.S. government		4,065		3,618	373	73
113 States and political subdivisions in the United States		91,922		41,200	39,286	11,436
114 Commercial banks in the United States		9,802		6,350	2,747	705
115 Other depository institutions in the United States		6,796		2,339	3,006	1,452
116 Foreign banks, governments, and official institutions		1,363		1,301	61	1
117 Banks		n.a.		804	60	n.a.
118 Governments and official institutions		n.a.		497	0	n.a.
119 Federal funds purchased and securities sold under agreements to repurchase	440,243	411,062	349,861	320,680	87,395	2,986
120 Demand notes issued to the U.S. Treasury	40,507	40,507	37,111	37,111	3,252	145
121 Trading liabilities	176,903	n.a.	176,809	n.a.	94	0
122 Other borrowed money	410,378	370,068	281,145	240,834	123,714	5,519
123 Banks' liability on acceptances executed and outstanding	9,775	7,392	9,534	7,152	236	5
124 Notes and debentures subordinated to deposits	73,950	n.a.	69,637	n.a.	4,300	13
125 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a	123,686	n.a.	123,686	n.a.	n.a.
126 All other liabilities	144,695	n.a.	119,172	n.a.	23,279	2,245
127 **Total equity capital**	**457,395**	n.a.	**299,437**	n.a.	**129,312**	**28,646**
MEMO						
128 Trading assets at large banks[4]	231,368	94,191	230,763	93,585	606	
129 U.S. Treasury securities (domestic offices)		13,858		13,823	36	
130 U.S. government agency corporation obligations		2,575		2,412	163	
131 Securities issued by states and political subdivisions in the United States	n.a	1,228	n.a.	1,145	83	
132 Mortgage-backed securities		12,346		12,220	126	n.a.
133 Other debt securities		7,511		7,390	121	
134 Other trading assets		6,859		6,820	39	
135 Trading assets in foreign banks	137,177	0	137,177	0	0	
136 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	49,814	49,814	49,776	49,776	38	
137 Total individual retirement (IRA) and Keogh plan accounts		150,910		81,403	57,457	12,051
138 Total brokered deposits		68,553		41,871	24,258	2,424
139 Fully insured brokered deposits		51,854		27,712	21,822	2,320
140 Issued in denominations of less than $100,000		9,902		4,474	4,316	1,113
141 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	41,952	n.a.	23,238	17,507	1,207
142 Money market deposit accounts (MMDAs)		819,170		577,448	215,705	26,017
143 Other savings deposits (excluding MMDAs)		402,610		237,763	142,175	22,672
144 Total time deposits of less than $100,000		731,703		339,659	307,390	84,653
145 Total time deposits of $100,000 or more		419,412		244,346	143,138	31,927
146 All negotiable order of withdrawal (NOW) accounts		148,252		42,675	75,355	30,222
147 Number of banks	8,654	8,654	167	n.a.	3,019	5,468

NOTE. Table 4.20 has been revised; it now includes data that was previously reported in table 4.22, which has been discontinued.

The notation "n.a." indicates the lesser detail available from banks that don't have foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks that have foreign offices.

1. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and IBFs.

2. "Over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks file the FFIEC 034 Call Report.)

3. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserves are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

4. Components of "Trading assets at large banks" are reported only by banks with either total assets of $1 billion or more or with $2 billion or more in the par/notional amount of their off-balance-sheet derivative contracts.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1999

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.78	114,562	669	445	43.5	12.9	24.9	72.7	Foreign
2 Minimal risk	6.05	6,827	998	523	25.7	19.7	40.0	92.4	Fed funds
3 Low risk	5.90	29,813	1,687	228	40.5	11.6	45.0	80.8	Foreign
4 Moderate risk	6.93	35,534	574	658	45.3	15.9	17.6	76.2	Foreign
5 Other	7.55	23,701	525	439	36.9	11.2	16.1	67.2	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	7.77	27,286	379	483	59.2	14.4	2.1	73.7	Prime
7 Minimal risk	7.53	854	570	744	35.5	78.4	.8	98.0	Prime
8 Low risk	7.03	2,274	355	435	37.2	13.1	3.7	90.0	Prime
9 Moderate risk	7.83	8,709	309	691	65.1	15.7	3.2	91.5	Prime
10 Other	9.10	5,426	213	464	65.8	25.2	3.1	93.0	Prime
11 Daily	6.15	47,181	1,215	211	37.3	13.4	34.0	63.2	Fed funds
12 Minimal risk	5.61	2,749	3,925	614	24.5	7.7	78.0	92.6	Fed funds
13 Low risk	5.67	18,866	6,741	150	45.5	9.1	52.2	75.1	Foreign
14 Moderate risk	6.32	11,820	941	243	31.9	27.2	18.8	51.0	Fed funds
15 Other	6.47	8,519	1,240	108	17.2	3.4	4.5	39.4	Fed funds
16 2 to 30 days	6.62	18,612	1,551	479	34.1	13.9	30.0	80.0	Foreign
17 Minimal risk	5.76	2,207	2,608	212	26.2	18.2	19.0	95.3	Foreign
18 Low risk	5.85	4,560	3,386	154	34.4	27.4	39.3	89.6	Foreign
19 Moderate risk	6.92	6,309	1,463	918	36.4	7.1	25.7	82.1	Foreign
20 Other	7.45	4,329	1,088	397	30.1	8.6	29.4	68.3	Foreign
21 31 to 365 days	6.88	17,983	674	721	39.1	5.1	33.7	89.2	Foreign
22 Minimal risk	6.48	634	253	226	19.1	1.2	5.9	77.1	Other
23 Low risk	6.27	3,823	958	460	22.5	2.2	42.9	94.6	Foreign
24 Moderate risk	6.72	7,329	718	798	45.3	4.1	28.5	93.5	Foreign
25 Other	7.69	4,939	964	983	40.1	9.3	39.8	84.9	Foreign
				Months					
26 More than 365 days	7.73	2,529	139	61	72.8	10.8	11.6	62.3	Other
27 Minimal risk	6.74	370	298	58	18.0	13.8	7.2	86.1	Other
28 Low risk	8.36	235	79	60	86.2	28.6	17.3	44.0	Other
29 Moderate risk	7.52	1,007	189	59	78.1	4.8	6.0	70.0	Other
30 Other	8.55	277	117	58	86.9	13.3	16.8	65.0	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.04	2,977	3.2	189	87.7	31.4	1.8	75.5	Prime
32 100–999	8.22	12,084	3.2	133	76.8	21.2	7.3	82.4	Prime
33 1,000–9,999	7.04	34,853	3.0	50	44.1	11.7	21.4	77.7	Foreign
34 10,000 or more	6.26	64,648	2.6	34	34.8	11.2	31.1	68.1	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.72	22,415	3.3	31	73.5	23.8	1.6	80.0	197
36 Fed funds	5.95	30,306	2.9	12	27.0	12.0	16.4	39.6	7,409
37 Other domestic	6.20	11,896	2.4	34	16.3	30.4	46.3	78.8	2,690
38 Foreign	6.40	35,894	2.6	50	47.4	3.4	47.0	92.7	3,514
39 Other	6.90	14,051	2.9	202	44.0	7.1	4.9	76.5	364

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1999

B. Commercial and industrial loans made by all domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	7.12	71,034	437	640	46.0	19.1	13.7	76.1	Prime
2 Minimal risk	6.05	5,705	860	627	29.7	23.6	45.3	93.2	Fed funds
3 Low risk	6.16	12,702	787	417	28.6	26.3	21.0	81 7	Domestic
4 Moderate risk	7.03	28,292	479	753	50.1	19.1	9.3	80.5	Prime
5 Other	8.40	11,556	274	698	59.0	17.5	14.6	81.6	Prime
By maturity/repricing interval[6]									
6 Zero interval	8.02	23,537	336	549	53.3	16.5	2.3	69.6	Prime
7 Minimal risk	7.53	854	570	744	35.5	78.4	8	98.0	Prime
8 Low risk	7.01	2,249	357	425	37.3	13.0	2.9	90.1	Prime
9 Moderate risk	7.82	8,572	311	686	65.0	15.5	3.2	91.3	Prime
10 Other	9.07	5,174	209	428	65.7	26.1	3.1	92.7	Prime
11 Daily	6.44	23,164	624	420	40.3	27.0	26.3	72.8	Fed funds
12 Minimal risk	5.58	2,548	4,100	662	25.7	8.3	79.1	96.7	Domestic
13 Low risk	5.81	5,756	2,423	390	30.3	29.5	38.9	72.8	Domestic
14 Moderate risk	6.40	8,810	728	353	42.3	36.2	17.2	59.8	Fed funds
15 Other	7.30	2,427	383	291	37.1	10.1	13.3	59.1	Fed funds
16 2 to 30 days	6.75	11,309	1,086	677	32.6	19.8	16.0	86.8	Foreign
17 Minimal risk	5.68	1,431	1,777	312	38.5	28.1	27.5	92.7	Fed funds
18 Low risk	5.87	2,555	2,458	244	10.7	45.6	7.3	91.3	Domestic
19 Moderate risk	6.96	4,526	1,213	1,032	31.9	8.2	8.1	86.7	Foreign
20 Other	8.15	2,048	595	808	53.2	9.0	42.2	81.5	Foreign
21 31 to 365 days	6.82	9,779	418	895	48.0	4.3	9.7	89.1	Foreign
22 Minimal risk	6.47	490	203	273	22.5	1.6	5.2	73.6	Other
23 Low risk	6.27	1,853	560	525	29.7	4.0	7.1	90.2	Foreign
24 Moderate risk	6.71	5,015	559	926	47.5	3.9	8.1	93.6	Foreign
25 Other	8.15	1,418	361	1,827	70.4	5.2	23.5	81.0	Foreign
				Months					
26 More than 365 days	7.73	2,529	139	61	72.8	10.8	11.6	62.3	Other
27 Minimal risk	6.74	370	298	58	18.0	13.8	7.2	86.1	Other
28 Low risk	8.36	235	79	60	86.2	28.6	17.3	44.0	Other
29 Moderate risk	7.52	1,007	189	59	78.1	4.8	6.0	70.0	Other
30 Other	8.55	277	117	58	86.9	13.3	16.8	65.0	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.05	2,922	3.2	192	88.4	31.6	1.3	75.4	Prime
32 100–999	8.35	10,655	3.2	146	80.3	21.9	2.9	81.0	Prime
33 1,000–9,999	7.24	23,685	2.9	59	50.1	13.6	10.6	79.7	Prime
34 10,000 or more	6.49	33,772	2.6	55	28.6	20.9	20.3	72.0	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.71	21,022	3.2	32	75.3	21.6	1.5	78.9	188
36 Fed funds	5.85	11,573	2.6	21	39.5	31.5	18.5	45.3	6,309
37 Other domestic	6.19	10,747	2.4	36	16.2	33.6	40.7	87.2	2,581
38 Foreign	6.75	15,251	2.9	82	36.5	5.3	14.5	84.3	2,283
39 Other	6.90	12,441	2.8	227	39.9	7.7	4.7	80.1	326

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1999

C. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	7.00	56,251	775	579	37.4	12.8	16.3	79.8	Prime
2 Minimal risk	5.75	4,279	4,914	670	21.1	13.5	58.5	96.9	Fed funds
3 Low risk	5.97	10,320	2,589	372	16.8	19.5	25.3	91.3	Domestic
4 Moderate risk	6.95	22,180	833	718	41.1	11.4	11.1	87.4	Foreign
5 Other	8.29	8,893	387	508	50.9	12.2	18.4	82.9	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.88	17,932	604	524	47.1	9.5	2.4	65.3	Prime
7 Minimal risk	7.38	425	1,433	1,278	22.6	85.0	1.4	99.8	Domestic
8 Low risk	6.69	1,743	1,305	346	31.6	9.1	3.5	91.1	Other
9 Moderate risk	7.63	6,206	509	649	61.8	8.8	3.5	96.1	Prime
10 Other	9.19	3,606	270	415	59.1	16.1	3.9	95.7	Prime
11 Daily	6.47	18,849	657	412	29.1	16.8	32.3	82.8	Domestic
12 Minimal risk	5.56	2,474	9,008	672	26.1	5.8	81.4	96.7	Domestic
13 Low risk	5.74	4,417	3,296	378	12.3	14.6	50.7	90.7	Domestic
14 Moderate risk	6.53	6,458	739	340	23.3	20.8	23.5	74.3	Domestic
15 Other	7.20	2,261	512	286	33.3	10.4	14.2	57.1	Fed funds
16 2 to 30 days	6.75	9,889	1,684	695	28.5	17.1	17.0	87.3	Foreign
17 Minimal risk	5.28	862	9,981	293	15.1	2.8	35.0	98.8	Fed funds
18 Low risk	5.82	2,462	5,448	242	9.6	46.1	7.4	91.2	Domestic
19 Moderate risk	6.95	4,220	1,859	1,061	30.4	7.7	7.9	86.3	Foreign
20 Other	8.15	1,873	735	718	49.0	7.4	46.1	82.1	Foreign
21 31 to 365 days	6.59	8,083	1,794	799	43.8	3.3	10.5	94.4	Foreign
22 Minimal risk	5.70	204	1,883	367	9.0	.0	2.3	82.9	Foreign
23 Low risk	6.00	1,601	2,612	558	22.5	2.4	8.0	93.5	Foreign
24 Moderate risk	6.60	4,644	2,388	945	45.2	3.3	7.7	95.1	Foreign
25 Other	7.77	943	751	745	58.4	6.6	33.3	98.5	Foreign
				Months					
26 More than 365 days	6.92	1,174	638	44	48.8	6.3	7.7	84.5	Other
27 Minimal risk	6.36	309	3,653	50	3.8	13.7	.5	98.3	Other
28 Low risk	6.62	48	372	36	36.2	*	*	88.4	Other
29 Moderate risk	7.01	501	793	39	66.6	2.9	6.2	86.4	Other
30 Other	8.13	152	268	52	77.9	10.6	24.5	75.8	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.76	1,282	3.5	50	87.2	36.0	1.1	85.7	Prime
32 100–999	8.18	6,895	3.3	40	77.0	20.4	2.4	87.9	Prime
33 1,000–9,999	7.12	19,208	2.9	42	45.5	11.1	11.7	79.5	Prime
34 10,000 or more	6.56	28,866	2.6	44	20.4	11.0	23.4	77.7	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.71	14,530	3.3	7	73.5	14.9	1.7	78.0	254
36 Fed funds	5.96	7,910	2.6	16	16.5	6.2	25.6	58.1	6,865
37 Other domestic	6.02	9,889	2.3	12	10.7	35.0	44.1	90.8	7,775
38 Foreign	6.77	13,989	2.9	41	35.6	4.5	14.2	84.0	2,595
39 Other	6.63	9,933	2.8	151	30.4	4.4	4.6	82.6	1,312

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1999

D. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	7.60	14,783	164	956	78.6	43.1	3.7	61.9	Prime
2 Minimal risk	6.97	1,426	248	478	55.5	54.1	8.4	82.4	Fed funds
3 Low risk	6.97	2,382	196	764	80.0	55.5	2.2	39.9	Fed funds
4 Moderate risk	7.32	6,112	188	969	82.8	47.2	2.8	55.3	Prime
5 Other	8.75	2,663	138	1,404	86.1	34.9	2.2	77.3	Prime
By maturity/repricing interval[6]									
6 Zero interval	8.44	5,605	139	641	73.1	38.7	2.1	83.3	Prime
7 Minimal risk	7.67	429	357	436	48.3	71.9	.2	96.3	Prime
8 Low risk	8.12	505	102	695	57.0	26.5	.7	86.5	Prime
9 Moderate risk	8.31	2,366	154	802	73.4	33.1	2.5	78.9	Prime
10 Other	8.79	1,568	137	459	81.0	49.1	1.2	85.7	Prime
11 Daily	6.34	4,315	511	513	89.5	71.5	.2	28.7	Fed funds
12 Minimal risk	6.12	74	213	325	12.8	92.7	.0	100.0	Fed funds
13 Low risk	6.06	1,339	1,293	558	89.5	78.6	.0	13.9	Fed funds
14 Moderate risk	6.04	2,353	700	511	94.6	78.5	.1	20.0	Fed funds
15 Other	8.70	166	87	349	89.5	5.9	1.1	86.6	Prime
16 2 to 30 days	6.77	1,420	313	540	61.4	38.1	9.5	83.9	Fed funds
17 Minimal risk	6.30	568	791	352	74.0	66.5	16.1	83.5	Fed funds
18 Low risk	7.39	92	157	310	41.0	31.2	4.5	91.6	Foreign
19 Moderate risk	7.09	306	209	616	52.6	14.7	10.5	93.0	Foreign
20 Other	8.22	175	196	1,728	97.7	26.3	2.8	75.6	Foreign
21 31 to 365 days	7.95	1,697	90	1,350	68.3	9.0	5.9	63.9	Other
22 Minimal risk	7.03	286	124	205	32.1	2.7	6.8	66.9	Other
23 Low risk	7.98	252	93	317	75.6	13.9	1.6	69.8	Other
24 Moderate risk	8.01	371	53	681	76.4	11.3	13.0	75.4	Other
25 Other	8.90	475	178	3,860	94.2	2.3	4.8	46.2	Domestic
				Months					
26 More than 365 days	8.42	1,355	83	76	93.6	14.7	14.1	43.1	Other
27 Minimal risk	8.66	61	53	98	89.4	14.3	14.1	24.5	Other
28 Low risk	8.80	187	66	66	99.0	35.9	21.5	32.7	Other
29 Moderate risk	8.03	506	108	79	89.6	6.7	5.8	53.8	Other
30 Other	9.06	125	70	65	97.8	16.7	8.0	51.9	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.28	1,640	3.0	301	89.4	28.1	1.5	67.3	Prime
32 100–999	8.65	3,760	3.0	344	86.3	24.7	3.7	68.3	Prime
33 1,000–9,999	7.75	4,478	2.9	137	69.6	24.3	5.7	80.3	Prime
34 10,000 or more	6.09	4,906	2.7	117	77.1	79.3	2.6	38.4	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.72	6,492	3.2	88	79.2	36.6	1.0	80.9	119
36 Fed funds	5.61	3,664	2.4	32	89.2	86.1	3.2	17.6	5,370
37 Other domestic	8.22	858	3.1	312	78.5	17.3	2.1	46.2	297
38 Foreign	6.46	1,262	2.8	535	47.0	13.9	17.8	87.5	978
39 Other	7.95	2,508	2.7	555	77.3	20.6	5.0	70.1	82

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–6, 1999

E. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	6.21	43,528	5,040	159	39.4	2.9	43.1	67.3	Foreign
2 Minimal risk	6.01	1,122	5,393	41	5.0	*	14.9	87.9	Foreign
3 Low risk	5.71	17,110	11,257	105	49.4	.7	62.8	80.1	Foreign
4 Moderate risk	6.53	7,243	2,562	333	26.6	3.3	49.7	59.5	Foreign
5 Other	6.74	12,145	4,157	217	15.9	5.2	17.5	53.5	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	6.22	3,748	1,943	116	96.2	1.6	.8	99.8	Fed funds
7 Minimal risk	*	*	*	*	*	*	*	*	*
8 Low risk	8.65	25	231	1,233	24.6	25.9	74.1	80.3	Prime
9 Moderate risk	8.80	137	246	1,305	68.4	25.5	*	99.8	Prime
10 Other	9.73	252	391	1,131	68.5	7.3	3.9	98.5	Prime
11 Daily	5.87	24,016	14,325	48	34.4	.3	41.3	53.9	Fed funds
12 Minimal risk	6.07	201	2,545	2	9.1	*	64.0	40.2	Fed funds
13 Low risk	5.60	13,110	30,994	68	52.1	1	58.1	76.1	Foreign
14 Moderate risk	6.09	3,010	6,531	2	1.3	.6	23.5	25.3	Fed funds
15 Other	6.15	6,092	11,319	41	9.2	.7	1.0	31.6	Fed funds
16 2 to 30 days	6.42	7,303	4,611	179	36.4	4.8	51.2	69.4	Foreign
17 Minimal risk	*	*	*	*	*	*	*	*	*
18 Low risk	5.82	2,006	6,517	39	64.7	4.2	79.9	87.5	Foreign
19 Moderate risk	6.82	1,782	3,076	629	47.8	4.5	68.9	70.4	Foreign
20 Other	6.82	2,281	4,251	30	9.4	8.3	18.5	56.4	Fed funds
21 31 to 365 days	6.95	8,204	2,519	505	28.5	6.1	61.8	89.3	Foreign
22 Minimal risk	6.50	144	1,645	65	7.8	*	7.8	89.3	Foreign
23 Low risk	6.28	1,970	2,893	398	15.8	.5	76.5	98.7	Foreign
24 Moderate risk	6.75	2,314	1,882	517	40.6	4.6	72.0	93.3	Foreign
25 Other	7.50	3,521	2,929	617	27.9	11.0	46.2	86.5	Foreign
				Months					
26 More than 365 days	*	*	*	*	*	*	*	*	*
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	*	*	*	*	*	*	*	*	*
29 Moderate risk	*	*	*	*	*	*	*	*	*
30 Other	*	*	*	*	*	*	*	*	*

SIZE OF LOAN (thousands of dollars)	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
31 1–99	8.22	55	3.6	24	46.0	22.4	29.0	82.9	Prime
32 100–999	7.30	1,429	3.2	29	50.9	15.3	39.7	93.4	Foreign
33 1,000–9,999	6.62	11,167	3.1	29	31.6	7.5	44.3	73.4	Foreign
34 10,000 or more	6.01	30,877	2.7	12	41.6	.6	42.8	63.9	Foreign

BASE RATE OF LOAN[4]	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6] (Days)	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Average size (thousands of dollars)
35 Prime[7]	8.85	1,393	3.5	21	47.1	57.2	3.0	96.6	634
36 Fed funds	6.02	18,733	3.2	6	19.3	*	15.1	36.0	8,304
37 Other domestic	6.28	1,149	3.3	12	17.3	*	98.7	*	4,455
38 Foreign	6.14	20,644	2.5	27	55.4	2.0	71.0	98.9	5,839
39 Other	6.96	1,610	3.8	7	75.9	3.0	6.2	48.8	4,106

Footnotes appear at end of table.

NOTE. The Survey of Terms of Business Lending collects data on gross loan extensions made during the first full business week in the mid-month of each quarter. The authorized panel size for the survey is 348 domestically chartered commercial banks and fifty U.S. branches and agencies of foreign banks. The sample data are used to estimate the terms of loans extended during that week at all domestic commercial banks and all U.S. branches and agencies of foreign banks. Note that the terms on loans extended during the survey week may differ from those extended during other weeks of the quarter. The estimates reported here are not intended to measure the average terms on all business loans in bank portfolios.

1. As of December 31, 1996, assets of most of the large banks were at least $7.0 billion. Median total assets for all insured banks were roughly $62 million. Assets at all U.S. branches and agencies averaged 1.3 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.18 percentage point. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of the universe of all banks.

3. Average maturities are weighted by loan amount and exclude loans with no stated maturities.

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

5. A complete description of these risk categories is available from the Banking and Money Market Statistics Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Other" includes loans rated "acceptable" as well as special mention or classified loans. The weighted-average risk ratings published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category.

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 7.77 percent for all banks; 7.75 percent for large domestic banks, 7.83 percent for small domestic banks; and 7.75 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1999[1]

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**841,308**	**169,408**	**676,042**	**141,545**	**29,948**	**5,014**	**51,781**	**6,259**
2 Claims on nonrelated parties	689,833	82,266	553,311	68,425	28,449	1,949	50,370	4,764
3 Cash and balances due from depository institutions	69,450	35,844	64,686	33,560	716	154	2,846	1,813
4 Cash items in process of collection and unposted debits	2,431	0	2,346	0	5	0	17	0
5 Currency and coin (U.S. and foreign)	17	n.a.	12	n.a	1	n.a.	0	n.a.
6 Balances with depository institutions in United States	41,799	13,919	39,753	13,112	593	93	853	571
7 U.S. branches and agencies of other foreign banks (including IBFs)	36,352	13,126	34,839	12,374	386	93	774	527
8 Other depository institutions in United States (including IBFs)	5,447	793	4,915	738	207	0	79	44
9 Balances with banks in foreign countries and with foreign central banks	24,192	21,925	22,017	20,448	104	61	1,691	1,242
10 Foreign branches of U.S. banks	1,620	1,479	1,589	1,454	0	0	0	0
11 Banks in home country and home-country central banks	3,903	3,507	3,793	3,431	11	11	14	14
12 All other banks in foreign countries and foreign central banks	18,668	16,939	16,635	15,563	93	50	1,677	1,228
13 Balances with Federal Reserve Banks	1,012	n.a.	558	n.a.	13	n.a.	285	n.a.
14 **Total securities and loans**	**430,664**	**38,393**	**327,396**	**27,424**	**26,753**	**1,692**	**35,630**	**2,645**
15 Total securities, book value	111,870	4,950	102,934	4,270	1,276	514	6,565	127
16 U.S. Treasury	21,882	n.a.	20,638	n.a.	72	n.a.	1,117	n.a.
17 Obligations of U.S. government agencies and corporations	43,923	n.a.	41,564	n.a.	205	n.a.	1,731	n.a.
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	46,064	4,950	40,733	4,270	999	514	3,717	127
19 Securities of foreign governmental units	11,957	2,746	11,531	2,565	309	122	45	45
20 All Other	34,108	2,204	29,201	1,706	690	391	3,672	82
21 Federal funds sold and securities purchased under agreements to resell	75,766	6,047	70,083	5,639	402	68	4,010	269
22 U.S. branches and agencies of other foreign banks	8,814	1,654	7,967	1,586	291	68	169	0
23 Commercial banks in United States	13,825	63	12,596	53	84	0	338	0
24 Other	53,127	4,331	49,519	4,000	27	0	3,503	269
25 Total loans, gross	319,052	33,476	224,649	23,185	25,505	1,179	29,077	2,519
26 LESS: Unearned income on loans	258	33	187	31	27	1	12	0
27 EQUALS: Loans, net	318,794	33,443	224,462	23,154	25,478	1,178	29,065	2,518
Total loans, gross, by category								
28 Real estate loans	17,028	110	11,393	108	3,209	0	413	0
29 Loans to depository institutions	27,236	16,429	16,093	8,890	1,365	854	2,760	2,435
30 Commercial banks in United States (including IBFs)	6,217	2,385	4,645	1,785	921	412	69	45
31 U.S. branches and agencies of other foreign banks	4,353	2,231	2,968	1,672	893	385	59	35
32 Other commercial banks in United States	1,865	154	1,678	113	28	28	11	10
33 Other depository institutions in United States (including IBFs)	66	0	48	0	0	0	3	0
34 Banks in foreign countries	20,952	14,044	11,400	7,105	444	441	2,687	2,390
35 Foreign branches of U.S. banks	1,057	494	1,008	455	0	0	0	0
36 Other banks in foreign countries	19,896	13,550	10,392	6,650	444	441	2,687	2,390
37 Loans to other financial institutions	51,870	1,052	40,609	914	1,268	0	4,266	5
38 Commercial and industrial loans	203,714	13,586	139,678	11,139	19,405	301	20,637	73
39 U.S. addressees (domicile)	164,536	250	111,915	250	17,800	0	18,105	0
40 Non-U.S. addressees (domicile)	39,178	13,336	27,763	10,889	1,605	301	2,533	73
41 Acceptances of other banks	259	8	77	7	11	0	163	0
42 U.S. banks	20	0	12	0	3	0	0	0
43 Foreign banks	239	8	65	7	8	0	163	0
44 Loans to foreign governments and official institutions (including foreign central banks)	3,454	2,221	2,768	2,072	162	25	87	5
45 Loans for purchasing or carrying securities (secured and unsecured)	8,818	19	8,478	19	17	0	25	0
46 All other loans	5,958	51	5,332	36	68	0	234	0
47 Lease financing receivables (net of unearned income)	715	0	221	0	0	0	493	0
48 U.S. addressees (domicile)	715	0	221	0	0	0	493	0
49 Non-U.S. addressees (domicile)	0	0	0	0	0	0	0	0
50 Trading assets	82,497	835	63,837	834	74	1	6,328	0
51 All other assets	31,457	1,146	27,309	968	504	34	1,556	37
52 Customers' liabilities on acceptances outstanding	1,435	n.a.	1,065	n.a.	133	n.a.	160	n.a.
53 U.S. addressees (domicile)	627	n.a.	466	n.a.	131	n.a.	20	n.a.
54 Non-U.S. addressees (domicile)	808	n.a.	598	n.a.	2	n.a.	140	n.a.
55 Other assets including other claims on nonrelated parties	30,022	1,146	26,244	968	371	34	1,396	37
56 Net due from related depository institutions[5]	151,474	87,142	122,731	73,119	1,498	3,066	1,412	1,495
57 Net due from head office and other related depository institutions[5]	151,474	n.a.	122,731	n.a.	1,498	n.a.	1,412	n.a.
58 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	87,142	n.a.	73,119	n.a.	3,066	n.a.	1,495
59 **Total liabilities**[4]	**841,308**	**169,408**	**676,042**	**141,545**	**29,948**	**5,014**	**51,781**	**6,259**
60 Liabilities to nonrelated parties	691,696	146,592	575,783	122,598	11,828	4,797	38,456	5,024

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
61 Total deposits and credit balances	300,324	105,735	245,458	90,613	4,875	1,288	17,422	3,054
62 Individuals, partnerships, and corporations	229,357	12,267	181,962	7,034	2,280	207	15,917	113
63 U.S. addressees (domicile)	213,360	192	171,667	102	782	0	15,808	90
64 Non-U.S. addressees (domicile)	15,997	12,075	10,295	6,933	1,499	207	109	23
65 Commercial banks in United States (including IBFs)	36,389	12,176	32,509	11,704	461	83	1,036	232
66 U.S. branches and agencies of other foreign banks	12,768	10,505	12,195	10,224	0	28	245	107
67 Other commercial banks in United States	23,620	1,671	20,314	1,481	461	55	791	125
68 Banks in foreign countries	8,667	55,036	8,268	51,014	21	234	151	1,479
69 Foreign branches of U.S. banks	1,509	1,556	1,508	1,362	0	3	0	181
70 Other banks in foreign countries	7,158	53,480	6,759	49,652	21	231	151	1,299
71 Foreign governments and official institutions (including foreign central banks)	8,892	26,221	8,208	20,831	7	765	305	1,227
72 All other deposits and credit balances	16,839	34	14,354	29	2,101	0	13	2
73 Certified and official checks	180		157		5		1	
74 Transaction accounts and credit balances (excluding IBFs)	8,047		6,329		278		216	
75 Individuals, partnerships, and corporations	6,378		4,988		248		211	
76 U.S. addressees (domicile)	4,241		3,764		133		204	
77 Non-U.S. addressees (domicile)	2,137		1,224		115		7	
78 Commercial banks in United States (including IBFs)	139		134		1		0	
79 U.S. branches and agencies of other foreign banks	105		103		0		0	
80 Other commercial banks in United States	34		31		0		0	
81 Banks in foreign countries	725		494		21		1	
82 Foreign branches of U.S. banks	2		1		0		0	
83 Other banks in foreign countries	723		493		21		1	
84 Foreign governments and official institutions (including foreign central banks)	352		296		2		2	
85 All other deposits and credit balances	273		260		2		1	
86 Certified and official checks	180		157		5		1	
87 Demand deposits (included in transaction accounts and credit balances)	7,374		5,893		221		214	
88 Individuals, partnerships, and corporations	5,988		4,821		192		209	
89 U.S. addressees (domicile)	4,159		3,707		118		202	
90 Non-U.S. addressees (domicile)	1,829		1,115		75		7	
91 Commercial banks in United States (including IBFs)	60	n.a.	56	n.a.	1	n.a.	0	n.a.
92 U.S. branches and agencies of other foreign banks	30		28		0		0	
93 Other commercial banks in United States	30		28		0		0	
94 Banks in foreign countries	701		471		21		1	
95 Foreign branches of U.S. banks	2		1		0		0	
96 Other banks in foreign countries	699		470		21		1	
97 Foreign governments and official institutions (including foreign central banks)	334		288		2		2	
98 All other deposits and credit balances	111		99		1		1	
99 Certified and official checks	180		157		5		1	
100 Nontransaction accounts (including MMDAs, excluding IBFs)	292,277		239,128		4,597		17,206	
101 Individuals, partnerships, and corporations	222,979		176,974		2,033		15,706	
102 U.S. addressees (domicile)	209,119		167,903		649		15,604	
103 Non-U.S. addressees (domicile)	13,860		9,071		1,384		102	
104 Commercial banks in United States (including IBFs)	36,250		32,375		460		1,036	
105 U.S. branches and agencies of other foreign banks	12,663		12,092		0		245	
106 Other commercial banks in United States	23,586		20,283		460		791	
107 Banks in foreign countries	7,943		7,773		0		150	
108 Foreign branches of U.S. banks	1,507		1,507		0		0	
109 Other banks in foreign countries	6,435		6,266		0		150	
110 Foreign governments and official institutions (including foreign central banks)	8,540		7,912		5		303	
111 All other deposits and credit balances	16,566		14,094		2,099		12	
112 IBF deposit liabilities		105,735		90,613		1,288		3,054
113 Individuals, partnerships, and corporations		12,267		7,034		207		113
114 U.S. addressees (domicile)		192		102		0		90
115 Non-U.S. addressees (domicile)		12,075		6,933		207		23
116 Commercial banks in United States (including IBFs)		12,176		11,704		83		232
117 U.S. branches and agencies of other foreign banks		10,505		10,224		28		107
118 Other commercial banks in United States	n.a.	1,671	n.a.	1,481	n.a.	55	n.a.	125
119 Banks in foreign countries		55,036		51,014		234		1,479
120 Foreign branches of U.S. banks		1,556		1,362		3		181
121 Other banks in foreign countries		53,480		49,652		231		1,299
122 Foreign governments and official institutions (including foreign central banks)		26,221		20,831		765		1,227
123 All other deposits and credit balances		34		29		0		2

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
124 Federal funds purchased and securities sold under agreements to repurchase	134,852	17,205	126,009	13,957	1,217	275	4,428	1,244
125 U.S. branches and agencies of other foreign banks	13,148	3,997	11,078	3,182	614	230	1,073	350
126 Other commercial banks in United States	8,135	1,632	6,342	475	447	20	237	87
127 Other	113,569	11,577	108,588	10,301	156	25	3,118	807
128 Other borrowed money	74,504	22,435	57,253	16,925	4,012	3,204	6,195	704
129 Owed to nonrelated commercial banks in United States (including IBFs)	12,028	4,108	10,032	3,294	645	462	471	11
130 Owed to U.S. offices of nonrelated U.S. banks	5,979	446	5,556	400	72	41	110	0
131 Owed to U.S. branches and agencies of nonrelated foreign banks	6,049	3,663	4,476	2,894	572	421	361	11
132 Owed to nonrelated banks in foreign countries	15,105	13,073	11,034	9,205	2,521	2,465	282	224
133 Owed to foreign branches of nonrelated U.S. banks	733	677	527	479	198	198	0	0
134 Owed to foreign offices of nonrelated foreign banks	14,372	12,396	10,507	8,726	2,324	2,267	282	224
135 Owed to others	47,371	5,254	36,187	4,426	847	277	5,442	469
136 All other liabilities	76,281	1,217	56,450	1,103	435	30	7,357	22
137 Branch or agency liability on acceptances executed and outstanding	2,002	n.a.	1,539	n.a.	134	n.a.	238	n.a.
138 Trading liabilities	49,746	57	33,725	56	83	0	6,106	0
139 Other liabilities to nonrelated parties	24,532	1,161	21,186	1,047	218	30	1,013	22
140 Net due to related depository institutions[5]	149,612	22,816	100,259	18,947	18,120	217	13,325	1,235
141 Net due to head office and other related depository institutions[5]	149,612	n.a.	100,259	n.a.	18,120	n.a.	13,325	n.a.
142 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	22,816	n.a.	18,947	n.a.	217	n.a.	1,235
MEMO								
143 Non-interest-bearing balances with commercial banks in United States	1,911	0	1,684	0	65	0	14	0
144 Holding of own acceptances included in commercial and industrial loans	2,139		1,557		254		250	
145 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	111,886		68,942		10,574		15,497	
146 Predetermined interest rates	73,190	n.a.	43,775	n.a.	4,882	n.a.	13,508	n.a.
147 Floating interest rates	38,696		25,167		5,692		1,989	
148 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	90,678		69,880		8,760		5,103	
149 Predetermined interest rates	23,035		18,854		1,777		872	
150 Floating interest rates	67,643		51,027		6,983		4,230	

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2] Total excluding IBFs[3]	All states[2] IBFs only[3]	New York Total excluding IBFs	New York IBFs only	California Total excluding IBFs	California IBFs only	Illinois Total excluding IBFs	Illinois IBFs only
151 Components of total nontransaction accounts, included in total deposits and credit balances (excluding IBFs)	292,302	n.a.	240,123	n.a.	4,422	n.a.	17,678	n.a.
152 Time deposits of $100,000 or more	287,877	n.a.	236,625	n.a.	4,374	n.a.	17,096	n.a.
153 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	4,424	n a	3,498	n.a.	48	n.a.	582	n.a.
	All states[2] Total including IBFs	**All states[2] IBFs only**	**New York Total including IBFs**	**New York IBFs only**	**California Total including IBFs**	**California IBFs only**	**Illinois Total including IBFs**	**Illinois IBFs only**
154 Immediately available funds with a maturity greater than one day included in other borrowed money	25,126	n.a	21,839	n.a.	1,424	n.a.	1,258	n.a.
155 Number of reports filed[6]	392	0	202	0	79	0	32	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs) Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6 In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Index to Statistical Tables

References are to pages A3–A75 although the prefix "A" is omitted in this index

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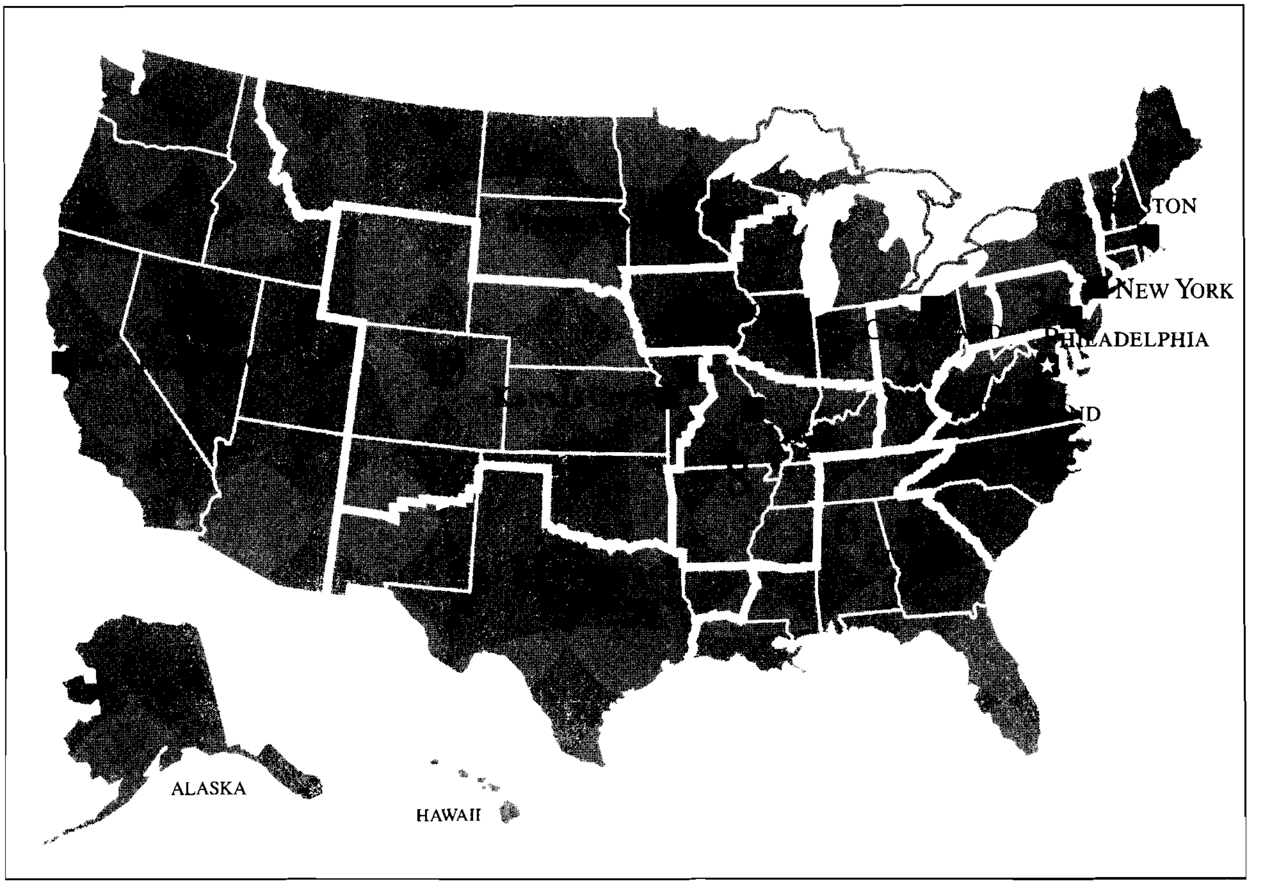


LEGEND

Both pages

■ Federal Reserve Bank city

■ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

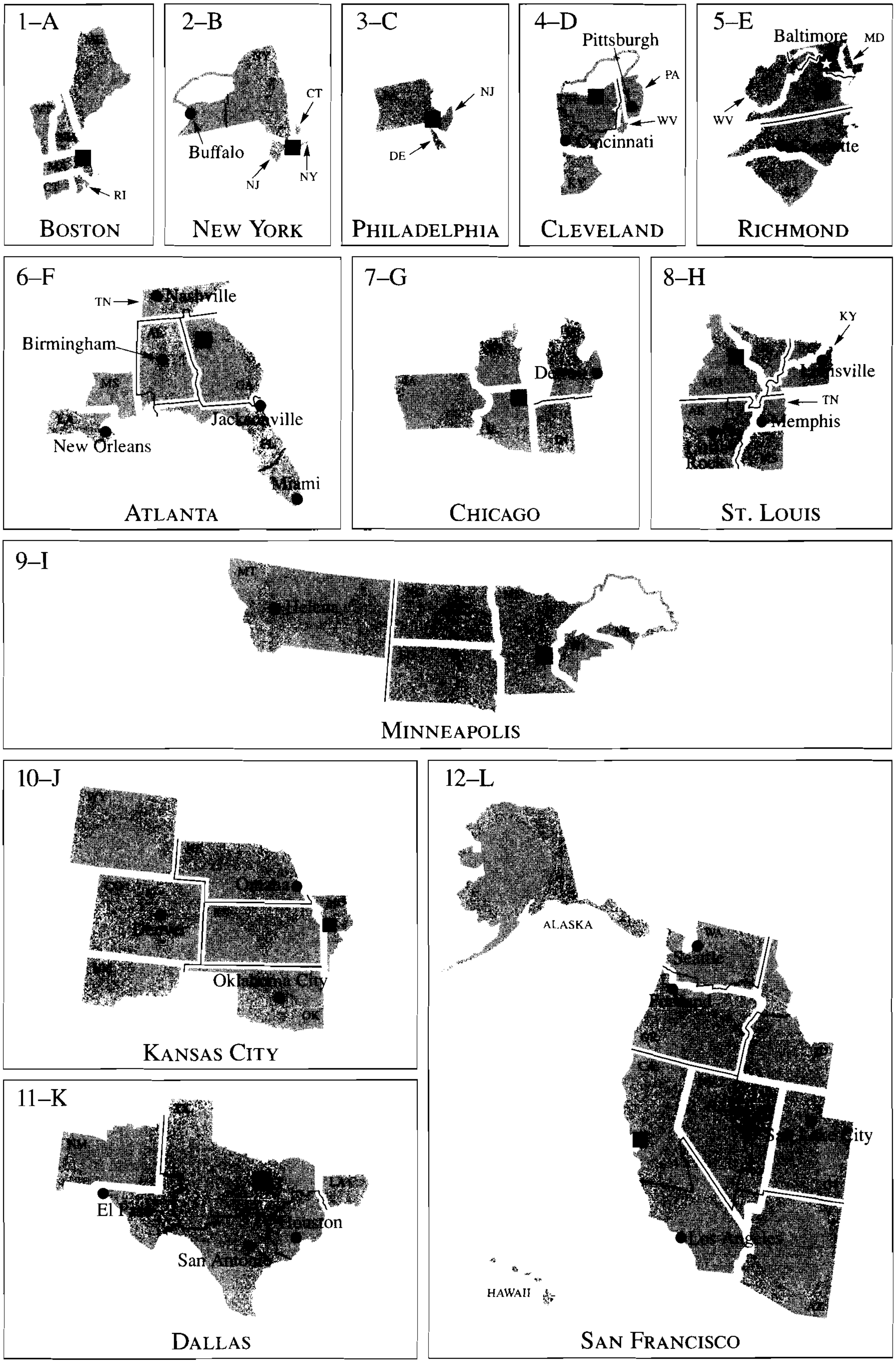
— Branch boundary

NOTE

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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NJ
NY
NEW YORK
3–C
NJ
DE
PHILADELPHIA
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CLEVELAND
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MD
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RICHMOND
6–F
TN
Birmingham
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ATLANTA
7–G
CHICAGO
8–H
KY
TN
Memphis
ST. LOUIS
9–I
MINNEAPOLIS
10–J
KANSAS CITY
11–K
DALLAS
12–L
ALASKA
HAWAII
SAN FRANCISCO

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