UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-16311

CHARTER ONE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**34-1567092**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1215 Superior Avenue, Cleveland, Ohio	**44114**
(Address of principal executive offices)	(Zip Code)

(216) 566-5300

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No _______

The number of shares outstanding of the registrant's sole class of common stock as of November 3, 2000 was 207,875,519.

EXPLANATORY NOTE

The Registrant hereby amends Part I, Item 2 of its Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, to correct the amount of the Registrant’s loans of concern reported at September 30, 2000, which were inadvertently reported in the paragraph immediately following the Nonperforming Assets table in the Form 10-Q as “$53.7 million” rather than “$99.1 million.” To the extent the original filing is unaffected by this amendment, the original filing has not been updated or corrected to reflect events occurring subsequent to the date of the original filing.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

HOLDING COMPANY BUSINESS

The following financial review presents an analysis of the asset and liability structure of Charter One Financial, Inc. and a discussion of the results of operations for each of the periods presented.

General

Headquartered in Cleveland, Ohio, Charter One Financial, Inc., hereafter referred to as "Charter One" or the "Company," is a financial holding company. Charter One is a Delaware corporation and owns all of the outstanding capital stock of Charter Michigan Bancorp, Inc. and Charter One Commercial. Charter Michigan Bancorp, Inc. owns all of the outstanding capital stock of Charter One Bank, F.S.B., a federally chartered thrift. The primary business of Charter One is operating these financial institutions which we sometimes refer to in this document collectively as the "Bank." The Bank's primary business is providing consumer banking services to certain major markets in Ohio, Michigan, Illinois, New York, Vermont and in some markets of Massachusetts. As of September 30, 2000, the Bank and its subsidiaries were doing business through 421 full-service branches and 35 loan production offices.

Forward-Looking Statements

This document, including information included or incorporated by reference, contains, and future filings by the Company on Form 10-K, Form 10-Q and Form 8-K and future oral and written statements by the Company and its management may contain, forward-looking statements about Charter One and its subsidiaries which we believe are within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements with respect to anticipated future operating and financial performance, growth opportunities, interest rates, acquisition and divestiture opportunities, and synergies, efficiencies, cost savings and funding advantages expected to be realized from prior acquisitions. Words such as "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," and similar expressions are intended to identify these forward-looking statements. Forward-looking statements by the Company and its management are based on beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions of management and are not guarantees of future performance. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise. The factors we discuss in this document and identified in our filings with the Securities and Exchange Commission and those presented elsewhere by our management from time to time, could cause actual results to differ materially from those indicated by the forward-looking statements made in this document.

RESULTS OF OPERATIONS

Performance Overview

Charter One reported net income of $109.6 million, or $.51 per diluted share, for the three months ended September 30, 2000. This was a $5.1 million, or 4.9%, increase over the results of the third quarter of 1999 when net income was $104.5 million, or $.46 per diluted share. Both periods included merger-related charges. Excluding the after-tax impact of merger-related charges, our net income resulted in a return on average equity of 18.96% and a return on average assets of 1.37% for the three months ended September 30, 2000. The comparable returns for the third quarter of 1999 were 17.03% and 1.34%, respectively. The increase in our operating returns was primarily attributable to increases in income from retail banking. See "Other Income" for further discussion regarding income from retail banking.

For the nine months ended September 30, 2000, Charter One reported net income of $324.6 million, or $1.48 per diluted share. This was an $8.8 million, or 2.8%, increase over the results for the same period in 1999. Both periods included merger-related charges. Our net income, excluding the after-tax impact of merger-related charges, resulted in a return on average equity of 18.88% and a return on average assets of 1.46% for the nine months ended September 30, 2000. The comparable returns for the 1999 period were 17.32% and 1.39%, respectively. The increase in our operating returns, just as with the third quarter results, was primarily attributable to increases in income from retail banking. Additionally, the year-over-year comparison was affected by an increase in income from leasing operations as well as income from our Bank Owned Life Insurance ("BOLI") program. See "Other

Income” for further discussion regarding income from retail banking, leasing operations and the BOLI program.

Figure 1 sets forth selected financial results and annualized performance ratios for the three and nine months ended September 30, 2000 and 1999, respectively. The table reflects these financial results and ratios on both an actual and operating return basis. Operating earnings and returns are computed using net income excluding the after-tax impact of merger-related charges for each of the periods presented. We believe that presentation of operating earnings and returns will provide comparability and insight into the operations of Charter One.

Selected Financial Results and Ratios *(Figure 1)*

	Three Months Ended		Nine Months Ended	
	9/30/00	**9/30/99**	**9/30/00**	**9/30/99**
	(Dollars in thousands, except per share data)			
Actual:				
Net income	$109,592	$104,502	$324,588	$315,824
Diluted earnings per share	.51	.46	1.48	1.38
Return on average assets	1.35%	1.33%	1.38%	1.37%
Return on average equity	18.73	16.83	17.91	17.05
Average equity to average assets	7.21	7.89	7.71	8.01
Net interest income to administrative expenses	1.50x	1.62x	1.50x	1.62x
Administrative expenses to average assets	1.83%	1.83%	1.95%	1.87%
Efficiency ratio	45.54	45.81	46.66	46.49
Operating:				
Operating earnings	$110,925	$105,751	$342,214	$320,866
Operating earnings per share	.52	.46	1.56	1.40
Return on average assets	1.37%	1.34%	1.46%	1.39%
Return on average equity	18.96	17.03	18.88	17.32
Net interest income to administrative expenses	1.52x	1.64x	1.59x	1.65x
Administrative expenses to average assets	1.81%	1.81%	1.84%	1.84%
Efficiency ratio	44.93	45.18	43.94	45.65

Net Interest Income

Net interest income is the difference between the interest and dividend income earned on our loans and investments and the interest expense on our deposits and borrowings. Net interest income is our principal source of earnings. Net interest income is affected by a number of factors including the level, pricing and maturity of interest-earning assets and interest-bearing liabilities, interest rate fluctuations and asset quality, as well as general economic conditions and regulatory policies.

The following table shows average balances, interest earned or paid, and average interest rates for the periods indicated. Average balances are calculated on a daily basis. Nonaccrual loans are included in the average balance of loans. The mark-to-market adjustments on securities available for sale are included in noninterest-earning assets. The cost of liabilities includes the annualized effect of interest rate risk management instruments.

Average Balances, Interest Rates and Yields/ Costs *(Figure 2)*

	Three Months Ended					
	9/30/00			9/30/99		
	Average Balance	**Interest**	**Avg. Yield/ Cost**	**Average Balance**	**Interest**	**Avg. Yield/ Cost**
	(Dollars in thousands)					
Interest-earning assets:						
Loans and leases	$24,185,872	$462,766	7.64%	$22,656,483	$420,295	7.41%
Mortgage-backed securities:						
Available for sale	3,631,734	66,222	7.29	3,491,780	58,909	6.75
Held to maturity	1,634,755	29,442	7.20	2,083,367	35,629	6.84
Investment securities:						
Trading	—	—	—	14,040	147	4.19
Available for sale	441,466	8,142	7.38	888,428	14,177	6.38
Held to maturity	28,090	417	5.94	33,525	510	6.09
Other interest-earning assets	554,356	10,529	7.43	533,142	9,171	6.73
Total interest-earning assets	30,476,273	577,518	7.57	29,700,765	538,838	7.24
Allowance for loan and lease losses	(186,036)			(181,580)		
Noninterest-earning assets	2,184,945			1,955,911		
Total assets	$32,475,182			$31,475,096		
Interest-bearing liabilities:						
Deposits:						
Checking accounts	$ 3,708,654	15,516	1.66%	$ 2,950,726	7,934	1.07%
Savings accounts	1,521,419	5,877	1.54	2,252,240	10,845	1.91
Money market accounts	3,959,127	39,554	3.97	3,278,637	26,474	3.20
Certificates of deposit	9,321,115	131,452	5.61	10,268,028	133,025	5.14
Total deposits	18,510,315	192,399	4.14	18,749,631	178,278	3.77
FHLB advances	10,336,097	151,549	5.83	8,887,304	114,539	5.11
Other borrowings	550,075	10,401	7.53	826,138	12,912	6.17
Total borrowings	10,886,172	161,950	5.91	9,713,442	127,451	5.20
Total interest-bearing liabilities	29,396,487	354,349	4.79	28,463,073	305,729	4.26
Noninterest-bearing liabilities	738,021			528,320		
Total liabilities	30,134,508			28,991,393		
Shareholders’ equity	2,340,674			2,483,703		
Total liabilities and shareholders’ equity	$32,475,182			$31,475,096		
Net interest income		$223,169			$233,109	
Interest rate spread			2.78			2.98
Net yield on average interest-earning assets			2.93			3.14
Average interest-earning assets to average interest-bearing liabilities			103.67%			104.35%

	Nine Months Ended					
	9/30/00			9/30/99		
	Average Balance	Interest	Avg. Yield/ Cost	Average Balance	Interest	Avg. Yield/ Cost
	(Dollars in thousands)					
Interest-earning assets:						
Loans and leases	$23,605,514	$1,337,985	7.56%	$22,556,299	$1,257,160	7.44%
Mortgage-backed securities:						
Available for sale	3,180,808	171,761	7.20	3,036,018	151,903	6.67
Held to maturity	1,741,174	92,704	7.10	2,352,585	121,459	6.88
Investment securities:						
Trading	244	38	20.63	7,240	205	3.77
Available for sale	461,581	25,355	7.32	601,009	27,100	6.01
Held to maturity	30,961	1,261	5.43	40,612	1,883	6.18
Other interest-earning assets	520,611	28,082	7.09	569,330	27,346	6.33
Total interest-earning assets	29,540,893	1,657,186	7.48	29,163,093	1,587,056	7.26
Allowance for loan and lease losses	(184,903)			(182,181)		
Noninterest-earning assets	1,987,550			1,866,285		
Total assets	$31,343,540			$30,847,197		
Interest-bearing liabilities:						
Deposits:						
Checking accounts	$ 3,600,759	40,479	1.50%	$ 2,933,106	20,255	.92%
Savings accounts	1,753,507	20,205	1.54	2,420,372	36,077	1.99
Money market accounts	3,661,626	103,023	3.76	3,031,878	74,509	3.29
Certificates of deposit	9,733,695	390,615	5.36	10,470,567	407,246	5.20
Total deposits	18,749,587	554,322	3.95	18,855,923	538,087	3.82
FHLB advances	9,285,482	390,673	5.61	8,239,890	311,535	5.05
Other borrowings	414,585	23,986	7.68	742,448	35,603	6.35
Total borrowings	9,700,067	414,659	5.70	8,982,338	347,138	5.16
Total interest-bearing liabilities	28,449,654	968,981	4.55	27,838,261	885,225	4.25
Noninterest-bearing liabilities	476,946			538,742		
Total liabilities	28,926,600			28,377,003		
Shareholders’ equity	2,416,940			2,470,194		
Total liabilities and shareholders’ equity	$31,343,540			$30,847,197		
Net interest income		$ 688,205			$ 701,831	
Interest rate spread			2.93			3.01
Net yield on average interest-earning assets			3.11			3.21
Average interest-earning assets to average interest-bearing liabilities			103.84%			104.76%

Figure 3 sets forth the approximate relative contribution of changes in average interest rates and volume to changes in net interest income for the periods indicated. Changes not solely attributable to volume or rate have been allocated in proportion to the changes due to volume and rate.

Rate/ Volume Analysis *(Figure 3)*

	Three Months Ended September 30, 2000 v. 1999			Nine Months Ended September 30, 2000 v. 1999		
	Increase (decrease) due to			Increase (decrease) due to		
	Rate	Volume	Total	Rate	Volume	Total
	(Dollars in thousands)					
Interest income:						
Loans and leases	$ 12,131	$ 30,340	$42,471	$ 17,900	$ 62,925	$ 80,825
Mortgage-backed securities:						
Available for sale	4,889	2,424	7,313	12,397	7,461	19,858
Held to maturity	1,812	(7,999)	(6,187)	3,692	(32,447)	(28,755)
Investment securities:						
Trading	(89)	(58)	(147)	915	(1,082)	(167)
Available for sale	1,945	(7,980)	(6,035)	5,249	(6,994)	(1,745)
Held to maturity	(12)	(81)	(93)	(211)	(411)	(622)
Other interest-earning assets	982	376	1,358	3,200	(2,464)	736
Total	21,658	17,022	38,680	43,142	26,988	70,130
Interest expense:						
Checking accounts	5,190	2,392	7,582	14,840	5,384	20,224
Savings accounts	(1,885)	(3,083)	(4,968)	(7,165)	(8,707)	(15,872)
Money market accounts	6,987	6,093	13,080	11,711	16,803	28,514
Certificates of deposit	11,232	(12,805)	(1,573)	12,665	(29,296)	(16,631)
FHLB advances	16,913	20,097	37,010	36,630	42,508	79,138
Other borrowings	(558)	(1,953)	(2,511)	(173)	(11,444)	(11,617)
Total	37,879	10,741	48,620	68,508	15,248	83,756
Change in net interest income	$(16,221)	$ 6,281	$ (9,940)	$(25,366)	$ 11,740	$(13,626)

Our net interest income for the three months ended September 30, 2000 was $223.2 million, a decrease of $9.9 million from the three months ended September 30, 1999. The net yield on interest-earning assets during the third quarter of 2000 declined to 2.93% from 3.14% for the comparable period of 1999, reflecting in part, our stock buyback program. Additionally, as reflected in Figure 4, the net yield on interest-earning assets at September 30, 2000 declined to 2.85% from 3.19% at December 31, 1999. The compression in the net yield on interest-earning assets is primarily attributed to the fact that our liabilities have repriced more quickly than our assets. Interest rates have risen considerably over the past year. This increase has been accompanied by a flattening of the yield curve. Given this interest rate environment, management has decided to slow balance sheet growth, with particular emphasis on accelerating the shift away from residential loans and securities by selling more of those portfolios. Instead, balance sheet capacity will be preserved for a more favorable interest rate environment, and existing capital will be allocated to our stock buyback program. Based on the current interest rate environment and repricing trends, management anticipates the net interest margin will stabilize by the end of the fourth quarter of 2000. Our production level of higher yielding and shorter term consumer and commercial loans has reached the level where it can provide for future balance sheet growth and improvement in net interest income. See Figure 6 for a summary of our loan and lease originations.

Our net interest income for the nine months ended September 30, 2000 was $688.2 million, a decrease of $13.6 million from the nine months ended September 30, 1999. The net yield on average interest-earning assets decreased by ten basis points during the nine months ended September 30, 2000 to 3.11% from 3.21% in the comparable period of 1999. The reasons for the decrease in the net yield on average interest-earning assets are substantially the same as for the third quarter results discussed in the above paragraph.

Figure 4 sets forth Charter One’s yields and costs at period end for the dates indicated. The yields on leases excludes the impact of the related tax benefit. The cost of liabilities includes the annualized effect of interest rate risk management instruments.

Yields and Costs at End of Period *(Figure 4)*

	9/30/00	12/31/99
Weighted average yield:		
Real estate loans	7.41%	7.28%
Automobile loans	8.62	8.52
Retail consumer loans	7.99	7.93
Leases	6.28	6.08
Corporate banking loans	8.91	8.58
Total loans and leases	7.66	7.53
Mortgage-backed securities	7.24	7.04
Investment securities	7.39	7.26
Other interest-earning assets	7.44	6.97
Total interest-earning assets	7.58	7.41
Weighted average cost:		
Checking	1.66	1.27
Money market	4.26	3.41
Savings	1.54	1.61
Certificates of deposit	5.73	5.13
Total deposits	4.27	3.79
FHLB advances	5.77	5.32
Other borrowings	7.06	6.99
Total interest-bearing liabilities	4.88	4.34
Interest rate spread	2.70	3.07
Net yield on interest-earning assets	2.85%	3.19%

Other Income

Other income for the three months ended September 30, 2000 was $99.8 million, an increase of $27.7 million, or 38.4%, over the $72.1 million for the three months ended September 30, 1999. The increase was primarily attributable to income from retail banking. Retail banking income increased $15.1 million, or 30.7%, over the comparable period in 1999. Growth in income from retail banking continues to be driven by recent mergers, account acquisition in mature markets and continual product development.

Other income for the nine months ended September 30, 2000 was $281.3 million, an increase of $62.8 million, or 28.7%, over the $218.5 million for the nine months ended September 30, 1999. The increase was primarily attributable to income from retail banking, leasing operations, and the BOLI program. The reasons for the increase in income from retail banking are substantially the same as for the third quarter results discussed in the above paragraph. Income from leasing operations increased $6.2 million, primarily driven by residual values on underlying equipment realized upon termination of leases. The increase in the line item “other” was primarily attributable to the BOLI program. During the year ended December 31, 1999, we increased our BOLI portfolio by $630.0 million. The related income on the BOLI asset increased $12.3 million over the comparable period in 1999 and is the primary reason for the increase in the line item “other.”

Administrative Expenses

Administrative expenses were $148.6 million for the three months ended September 30, 2000, an increase of $4.6 million, or 3.2%, as compared to the third quarter of 1999. Each year included merger-related expenses. There were $2.0 million of merger-related expenses recorded in the three months ended September 30, 2000, and $1.9 million for the three months ended September 30, 1999. Excluding these merger-related charges, our administrative expenses were $146.7 million for the three months ended September 30, 2000 and $142.1 million for the three months ended September 30, 1999. This resulted in a comparable ratio of administrative expenses to average assets (excluding the merger-related charges) of 1.81% for both the three months ended September 30, 2000 and 1999, respectively. Our efficiency ratio (excluding the merger-related charges) was 44.93% for the three months ended September 30, 2000, an improvement when compared to 45.18% for the three months ended September 30, 1999. See the above discussion in “Other Income” regarding additional factors that contributed to the improvement in our efficiency ratio.

Administrative expenses were $458.9 million for the nine months ended September 30, 2000, an increase of $26.5 million, or 6.1%, as compared to the nine months ended September 30, 1999. Each year included merger-related expenses. There were $26.1 million of merger-related expenses recorded in the nine months ended September 30, 2000, and $7.6 million for the nine months ended September 30, 1999. Excluding these merger-related charges, our administrative expenses were $432.8 million for the nine months ended September 30, 2000 and $424.7 million for the nine months ended September 30, 1999. This resulted in a comparable ratio of administrative expenses to average assets (excluding the merger-related charges) of 1.84% for both the nine months ended September 30, 2000 and 1999, respectively. Our efficiency ratio (excluding the merger-related charges) was 43.94% for the nine months ended September 30, 2000, an improvement when compared to 45.65% for the nine months ended September 30, 1999. See the above discussion in “Other Income” regarding additional factors that contributed to the improvement in our efficiency ratio.

Federal Income Taxes

Federal income tax expense for the three months ended September 30, 2000 was $51.6 million, as compared to $49.4 million for the same period in 1999. The primary reason for this 4.5% increase in the provision for federal income taxes was a 4.7% increase in pre-tax book income. The effective tax rate was 32.0% for the 2000 period and 32.1% for the comparable 1999 period.

Federal income tax expense for the nine months ended September 30, 2000 was $152.8 million, as compared to $150.2 million for the same period in 1999. The effective tax rates were 32.0% and 32.2% for the 2000 and 1999 periods, respectively.

FINANCIAL CONDITION

Overview

At September 30, 2000, total assets were $32.8 billion, as compared to total assets of $31.8 billion at December 31, 1999. Contributing to the increase in total assets was the growth in our loan portfolio since December 31, 1999. Figure 5 illustrates our continued emphasis in originating consumer and commercial loans due to the higher yields and shorter terms provided by these types of loans.

Loans and Leases

Composition of Loans and Leases (Figure 5)

	9/30/00	12/31/99
	(Dollars in thousands)	
Loan and lease portfolio, net		
One-to-four family:		
Permanent:		
Fixed rate	$ 4,666,771	$ 5,755,393
Adjustable rate	6,373,274	5,703,042
Construction	325,385	276,172
	11,365,430	11,734,607
Commercial real estate:		
Multifamily	1,181,941	1,276,004
Other	849,999	673,972
	2,031,940	1,949,976
Consumer:		
Retail	5,411,900	4,502,023
Automobile	3,002,714	2,497,956
	8,414,614	6,999,979
Business:		
Leasing	1,583,840	1,137,895
Corporate banking	731,080	676,793
	2,314,920	1,814,688
Loans and leases before allowance for loan and lease losses	24,126,904	22,499,250
Allowance for loan and lease losses	(189,583)	(186,400)
Loans and leases, net	$23,937,321	$22,312,850
Portfolio of loans serviced for others	$12,568,760	$10,798,563

Loan and Lease Activity (Figure 6)

	Three Months Ended		Nine Months Ended	
	9/30/00	9/30/99	9/30/00	9/30/99
	(Dollars in thousands)			
Originations:				
Real estate:				
Permanent:				
One-to-four family	$1,381,679	$1,305,158	$3,796,381	$3,997,780
Multifamily	15,380	48,265	29,636	192,464
Commercial	61,687	51,946	171,224	186,988
Total permanent loans	1,458,746	1,405,369	3,997,241	4,377,232
Construction:				
One-to-four family	173,190	149,410	441,707	412,045
Multifamily	23,494	10,742	67,357	52,692
Commercial	31,036	23,002	83,820	74,360
Total construction loans	227,720	183,154	592,884	539,097
Total real estate loans originated	1,686,466	1,588,523	4,590,125	4,916,329
Retail consumer	690,608	605,607	1,895,425	1,887,073
Automobile	597,303	346,391	1,341,498	1,087,495
Leases	258,647	190,814	566,146	323,334
Corporate banking	211,515	171,127	569,747	468,345
Total loans and leases originated	3,444,539	2,902,462	8,962,941	8,682,576
Loans purchased	8,984	4,767	16,890	376,770

Sales and principal reductions:				
Loans sold	125,852	212,486	327,375	852,520
Loans exchanged for mortgage-backed securities	1,310,813	647,560	2,781,889	2,513,605
Principal reductions	1,532,501	1,794,709	4,154,534	5,442,896
Total sales and principal reductions	2,969,166	2,654,755	7,263,798	8,809,021
Increase before net items	$ 484,357	$ 252,474	$1,716,033	$ 250,325

Investment and Mortgage-Backed Securities

Figures 7 and 8 summarize our investment and mortgage-backed securities portfolios at September 30, 2000 and December 31, 1999. The amounts reflected represent the fair values of securities held for trading and available for sale and the amortized cost of securities held to maturity.

Investment Securities *(Figure 7)*

	9/30/00	12/31/99
	(Dollars in thousands)	
Trading		
Other	$ —	$ 13,380
Total investment securities held for trading	—	13,380
Available for Sale		
U.S. Treasury and agency securities	334,935	339,687
Corporate notes and commercial paper	67,125	88,368
Other	35,782	54,640
Total investment securities available for sale	437,842	482,695
Held to Maturity		
U.S. Treasury and agency securities	15,234	17,058
Corporate notes and commercial paper	—	15,659
Other	8,250	13,289
Total investment securities held to maturity	23,484	46,006
Total	$461,326	$542,081
Weighted average rate	7.39%	7.26%

Mortgage-Backed Securities *(Figure 8)*

	9/30/00	12/31/99
	(Dollars in thousands)	
Available for Sale		
Participation certificates:		
Government agency issues:		
FNMA	$2,675,901	$3,023,228
FHLMC	205,190	95,034
GNMA	2,314	2,608
Collateralized mortgage obligations:		
Government agency issues:		
FHLMC	295,842	232,906
FNMA	228,496	304,018
GNMA	6,311	7,349
Private issues	516,808	527,991
Total mortgage-backed securities available for sale	3,930,862	4,193,134
Held to Maturity		
Participation certificates:		
Government agency issues:		
FNMA	461,648	549,866
FHLMC	165,051	196,704
GNMA	88,999	101,468
Private issues	135,301	162,485
Collateralized mortgage obligations:		
Government agency issues:		
FNMA	208,766	221,934
FHLMC	71,480	82,838
Private issues	470,382	591,951
Total mortgage-backed securities held to maturity	1,601,627	1,907,246
Total	$5,532,489	$6,100,380
Weighted average rate	7.24%	7.04%

Asset Quality

Analysis of the Allowance for Loan and Lease Losses *(Figure 9)*

	Three Months Ended		Nine Months Ended	
	9/30/00	**9/30/99**	**9/30/00**	**9/30/99**
	(Dollars in thousands)			
Allowance for loan and lease losses				
Balance, beginning of period	$186,194	$182,349	$186,400	$184,989
Provision for loan and lease losses	13,178	7,366	33,285	21,979
Loans and leases charged off:				
Mortgage	(1,117)	(1,815)	(4,402)	(5,539)
Automobile	(6,414)	(6,482)	(20,295)	(20,791)
Retail consumer	(3,946)	(577)	(11,333)	(2,559)
Leases	—	—	—	(900)
Corporate banking	(153)	(1,472)	(589)	(2,006)
Total charge-offs	(11,630)	(10,346)	(36,619)	(31,795)
Recoveries:				
Mortgage	179	65	743	827
Automobile	1,402	1,673	4,502	4,727
Retail consumer	229	255	993	521
Leases	—	—	—	—
Corporate banking	31	79	279	193
Total recoveries	1,841	2,072	6,517	6,268
Net loan and lease charge-offs	(9,789)	(8,274)	(30,102)	(25,527)
Balance, end of period	$189,583	$181,441	$189,583	$181,441
Net charge-offs to average loans and leases (annualized)	.16%	.15%	.17%	.19%

Figure 10 sets forth information concerning nonperforming assets and additional information on the allowance for loan and lease losses.

Nonperforming Assets *(Figure 10)*

	9/30/00	12/31/99
	(Dollars in thousands)	
Nonperforming loans and leases:		
Nonaccrual loans and leases:		
Real estate mortgage loans:		
One-to-four family(1)	$ 70,692	$ 75,682
Multifamily and commercial	6,869	3,369
Construction and land	5,606	1,095
Total real estate mortgage loans	83,167	80,146
Retail consumer	55,903	39,638
Automobile	229	482
Corporate banking	17,973	6,037
Leases	—	—
Total nonaccrual loans and leases	157,272	126,303
Accruing loans and leases delinquent more than 90 days:		
Real estate mortgage loans	—	—
Retail consumer(1)	2,055	2,562
Automobile	5,842	4,973
Corporate banking	3,808	2,463
Leases	3,044	—
Total accruing loans and leases delinquent more than 90 days	14,749	9,998
Restructured real estate mortgage loans	669	1,009
Total nonperforming loans and leases	172,690	137,310
Real estate acquired through foreclosure and other	23,495	24,453
Total nonperforming assets	196,185	161,763
Less government guaranteed loans	20,105	18,841
Nonperforming assets net of government guaranteed loans	$176,080	$142,922
Ratio of:		
Nonperforming loans and leases to total loans and leases	.72%	.62%
Nonperforming assets to total assets	.60	.51
Allowance for loan and lease losses to:		
Nonperforming loans and leases	109.78	135.75
Total loans and leases before allowance	.79	.83
Ratio of (excluding government guaranteed nonperforming loans):		
Nonperforming loans and leases to total loans and leases	.64	.53
Nonperforming assets to total assets	.54	.45
Allowance for loan and lease losses to:		
Nonperforming loans and leases	124.25	157.34
Total loans and leases before allowances	.79%	.83%

(1) Includes government guaranteed loans.

At September 30, 2000, there were $99.1 million of loans and leases not reflected in the table above, where known information about possible credit problems of borrowers caused management to have doubts as to the ability of the borrower to comply with present repayment terms and that may result in disclosure of such loans and leases in the future.

SOURCES OF FUNDS

General

Deposits have historically been the most important source of our funds for use in lending and for general business purposes. We also derive funds from FHLB advances, reverse repurchase agreements and other borrowings, principal repayments on loans and mortgage-backed securities, funds provided by operations and proceeds from the sale of loans and loan participations.

Deposits

Deposit inflows and outflows are significantly influenced by general interest rates, market conditions and competitive factors. We reprice our deposits primarily based on competitive conditions. In order to decrease the volatility of our deposits, we impose stringent early withdrawal penalties on our certificates of deposit. Consumer and commercial deposits are attracted principally from within our primary market areas through the offering of a broad range of deposit instruments.

Composition of Deposits *(Figure 11)*

	9/30/00		12/31/99	
	Amount	**Weighted Average Rate**	**Amount**	**Weighted Average Rate**
		(Dollars in thousands)		
Checking accounts:				
Interest-bearing	$ 2,416,001	2.62%	$ 2,066,453	2.05%
Noninterest-bearing	1,390,720	—	1,263,290	—
Savings accounts	1,450,104	1.54	2,065,127	1.61
Money market accounts	3,963,608	4.26	3,170,435	3.41
Certificates of deposit	9,501,825	5.84	10,508,670	5.31
Total deposits, net	$18,722,258	4.32	$19,073,975	3.89
Including the annualized effect of applicable interest rate risk management instruments		4.27%		3.79%

Investment securities and mortgage-backed securities with a book value of $515.3 million at September 30, 2000 and $544.4 million at December 31, 1999, were pledged to secure public deposits and for other purposes required or permitted by law.

Borrowings

At September 30, 2000, borrowings primarily consisted of FHLB advances. These positions were secured by our investment in the stock of the FHLB, as well as $13.5 billion in certain real estate loans and $2.3 billion in mortgage-backed securities.

Federal Home Loan Bank Advances (Figure 12)

	9/30/00		12/31/99	
	Amount	**Weighted Average Rate**	**Amount**	**Weighted Average Rate**
		(Dollars in thousands)		
Short-term	$4,685,247	6.01%	$4,115,000	5.43%
Long-term:				
Fixed-rate advances	4,656,231	5.47	4,512,941	5.10
Variable-rate advances	424,478	6.53	598,209	6.21
Total advances, net	$9,765,956	5.77%	$9,226,150	5.32%

Interest Rate Risk Management

We utilize various types of interest rate contracts in managing our interest rate risk profile. We utilize fixed receipt swaps to convert certain of our longer term callable certificates of deposit into short-term variable instruments. Under these agreements we have agreed to receive interest from the counterparty on a notional amount at a fixed rate defined in the agreement, and to pay interest at a floating rate indexed to LIBOR. We utilize fixed payment swaps to convert certain of our floating-rate or short-term, fixed-rate liabilities into longer term, fixed-rate instruments. Under these agreements we have agreed to pay interest to the counterparty on a notional principal amount at a fixed rate defined in the agreement, and receive interest at a floating rate indexed to LIBOR. The amounts of interest exchanged are calculated on the basis of notional principal amounts.

Interest Rate Swaps *(Figure 13)*

	9/30/00			12/31/99		
	Notional Principal Amount	**Receiving Interest Rate**	**Paying Interest Rate**	**Notional Principal Amount**	**Receiving Interest Rate**	**Paying Interest Rate**
			(Dollars in thousands)			
Fixed Payment and Variable Receipt Maturing in:						
2002	$ 25,000	6.94%(1)	6.44%	$ 25,000	5.58%(1)	6.44%
Variable Payment and Fixed Receipt Maturing in:						
2000	$ 20,000	5.46%	6.70%	40,000	5.55%	6.16%
2001	420,000	6.38	6.70	420,000	6.38	6.14
2002	325,000	7.53	6.69	—	—	—
2003	120,000	6.14	6.69	120,000	6.14	6.14
2004	580,000	7.01	6.70	580,000	7.01	6.15
2005	425,000	7.91	6.68	25,000	7.00	5.87
2006	60,000	7.08	6.53	40,000	7.00	6.37
2009	65,000	7.32	6.53	65,000	7.32	6.16
2010	10,000	7.40	6.59	—	—	—
Total	$2,025,000	7.10%	6.58%(1)	$1,290,000	6.69%	6.15%(1)

(1) Rates are based upon LIBOR.

Interest rate risk management instruments reduced interest expense as follows:

Net Benefit of Interest Rate Risk Management *(Figure 14)*

	Three Months Ended		Nine Months Ended	
	9/30/00	**9/30/99**	**9/30/00**	**9/30/99**
		(Dollars in thousands)		
Interest expense (income):				
Deposits	$(1,548)	$(2,534)	$(7,220)	$(6,841)
FHLB advances	—	—	—	86
Reverse repurchase agreements	—	—	—	(236)
Other borrowings	—	58	—	227
Total net benefit	$(1,548)	$(2,476)	$(7,220)	$(6,764)

Liquidity

Our principal sources of funds are deposits, advances from the FHLB of Cincinnati, reverse repurchase agreements, repayments and maturities of loans and securities, proceeds from the sale of loans and securities, and funds provided by operations. While scheduled loan, security and interest-bearing deposit amortization and maturity are relatively predictable sources of funds, deposit flows and loan and mortgage-backed securities repayments are greatly influenced by economic conditions, the general level of interest rates and competition. We utilize particular sources of funds based on comparative costs and availability. We generally manage the pricing of deposits to maintain a steady deposit balance, but from time to time may decide not to pay rates on deposits as high as our competition and, when necessary, to supplement deposits with longer term and/or lower cost alternative sources of funds such as FHLB advances and reverse repurchase agreements. Management also considers our interest-sensitivity profile when deciding on alternative sources of funds. At September 30, 2000, our one-year gap was a negative 11.14% of total assets. See Item 3 “Quantitative and Qualitative Disclosure About Market Risk” regarding further information on our interest rate risk profile.

We are required by regulation to maintain specific minimum levels of liquid investments. Regulations currently in effect require us to maintain average liquid assets at least equal to 4.0% of the sum of the average daily balance of net withdrawable accounts and borrowed funds due in one year or less. This regulatory requirement may be changed from time to time to reflect current economic conditions. Charter One Bank’s average regulatory liquidity ratio for the third quarter of 2000 was 4.23%.

We anticipate that we will have sufficient funds available to meet our commitments. At September 30, 2000, we had outstanding commitments to originate loans and leases of $1.6 billion, unfunded consumer lines of credit totaling $2.8 billion and unfunded corporate banking lines of credit totaling $173.8 million. We do not expect all of these lines to be used by the borrowers. Outstanding letters of credit totaled $78.3 million as of September 30, 2000. Certificates of deposit scheduled to mature in one year or less at September 30, 2000 totaled $7.7 billion. We believe that a significant portion of the amounts maturing will remain with us because they are retail deposits. We believe we have significant borrowing capacity with the FHLB and investment banking firms to meet any need for additional borrowings and sources of funds.

Capital and Dividends

On October 20, 1999, our Board of Directors authorized a buyback to repurchase up to 3.3 million shares of Charter One common stock in a program of open market or privately negotiated transactions. As of March 31, 2000, we had purchased all of the shares authorized under this buyback for a total cost of $68.6 million. The repurchased shares were later reissued in connection with the 5% stock dividend distributed September 30, 2000, as well as employee benefit plans.

On April 26, 2000, our Board of Directors authorized a new buyback to repurchase up to 7.5 million shares of Charter One common stock in a program of open market purchases or privately negotiated transactions. As of June 30, 2000, we had purchased all of the shares authorized under this buyback for a total cost of $170.7 million. The repurchased shares were later reissued in connection with the 5% stock dividend distributed September 30, 2000, as well as employee benefit plans.

On July 18, 2000, the Board of Directors of Charter One authorized management to repurchase up to 10% of the Company’s outstanding common stock in a buyback program of open market purchases or privately negotiated transactions. As of September 30, 2000, we had purchased 5.1 million shares authorized under this buyback for a total cost of $115.2 million. Of the 5.1 million shares purchased, 152,335 shares were later reissued in connection with the 5% stock dividend distributed September 30, 2000. The remaining repurchased shares will be reserved in treasury for later reissue in connection with employee benefit plans.

As a financial holding company, Charter One is subject to regulation by the Federal Reserve Board (“FRB”) under the Bank Holding Company Act of 1956 as amended, and the regulations of the FRB, including various capital requirements. Charter One Commercial and Charter One Bank, F.S.B. are subject to various regulatory capital requirements administered by the Federal Deposit Insurance Corporation and the Office of Thrift Supervision (“OTS”), respectively. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly discretionary, actions by each regulator that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, specific capital guidelines must be met that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The institution’s capital classification is also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require Charter One and Charter One Commercial to individually maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. Charter One Bank, F.S.B. is required to maintain minimum amounts and ratios (also set forth in the table below) of total and Tier 1 capital to risk-weighted assets, of core capital to adjusted tangible assets, and of tangible capital to tangible assets.

The actual regulatory capital ratios calculated for Charter One, Charter One Commercial and Charter One Bank, F.S.B., along with the capital amounts and ratios for capital adequacy purposes and the amounts required to be categorized as well capitalized under the regulatory framework for prompt corrective action are as follows:

The actual regulatory capital ratios calculated for Charter One, Charter One Commercial and Charter One Bank, F.S.B., along with the capital amounts and ratios for capital adequacy purposes and the amounts required to be categorized as well capitalized under the regulatory framework for prompt corrective action are as follows:

Regulatory Capital *(Figure 15)*

	9/30/00					
	Actual		For Capital Adequacy Purposes		To Be "Well Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
Charter One:						
Total capital to risk-weighted assets	$2,369,019	9.99%	$1,896,624	*8.00%	$2,370,780	*10.00%
Tier 1 capital to risk-weighted assets	2,174,964	9.17	948,312	*4.00	1,422,468	* 6.00
Tier 1 capital to average assets	2,174,964	6.72	1,294,239	*4.00	1,617,799	* 5.00
Charter One Commercial:						
Total capital to risk-weighted assets	39,977	47.37	6,752	*8.00	8,440	*10.00
Tier 1 capital to risk-weighted assets	39,977	47.37	3,376	*4.00	5,064	* 6.00
Tier 1 capital to average assets	39,977	16.59	9,638	*4.00	12,048	* 5.00
Charter One Bank, F.S.B.:						
Total capital to risk-weighted assets	2,360,964	10.11	1,867,986	*8.00	2,334,983	*10.00
Tier 1 capital to risk-weighted assets	1,857,023	7.95	N/A	N/A	1,400,990	* 6.00
Core capital to adjusted tangible assets	1,879,417	5.77	1,302,467	*4.00	1,628,083	* 5.00
Tangible capital to tangible assets	1,878,948	5.77	488,418	*1.50	N/A	N/A

	12/31/99					
	Actual		For Capital Adequacy Purposes		To Be "Well Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
Charter One:						
Total capital to risk-weighted assets	$2,404,336	11.16%	$1,722,825	*8.00%	$2,153,532	*10.00%
Tier 1 capital to risk-weighted assets	2,213,534	10.28	861,413	*4.00	1,292,119	* 6.00
Tier 1 capital to average assets	2,213,534	7.05	1,255,645	*4.00	1,569,567	* 5.00
Charter One Commercial:						
Total capital to risk-weighted assets	41,337	40.92	8,081	*8.00	10,101	*10.00
Tier 1 capital to risk-weighted assets	41,337	40.92	4,040	*4.00	6,061	* 6.00
Tier 1 capital to average assets	41,337	13.66	12,104	*4.00	15,129	* 5.00
Charter One Bank, F.S.B.:						
Total capital to risk-weighted assets	2,115,164	10.00	1,691,462	*8.00	2,114,327	*10.00
Tier 1 capital to risk-weighted assets	1,605,506	7.59	N/A	N/A	1,268,596	* 6.00
Core capital to adjusted tangible assets	1,619,927	5.10	1,270,858	*4.00	1,588,572	* 5.00
Tangible capital to tangible assets	1,618,856	5.10	476,566	*1.50	N/A	N/A

* Greater than or equal to

As of December 31, 1999, the most recent notification from the OTS categorized Charter One Bank, F.S.B. as "well capitalized" under the regulatory framework for Prompt Corrective Action. As of December 31, 1999, the most recent notification from the FRB categorized Charter One as "well capitalized" under the regulatory framework for Prompt Corrective Action. To be categorized as well capitalized, Charter One and Charter One Bank, F.S.B. must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table above. Charter One Commercial's capital ratios exceed the minimum required to be well capitalized. Management does not know of any reasons why Charter One Commercial would not be considered well capitalized; however, as of September 30, 2000, Charter One Commercial had not received a classification from its regulator. As of September 30, 2000, Charter One's total capital to risk-weighted assets ratio was 9.99%, which was slightly below the well-capitalized ratio requirement of 10.00%. Charter One anticipates being in excess of this well-capitalized ratio requirement at December 31, 2000.

Management believes that, as of September 30, 2000, Charter One, Charter One Commercial and Charter One Bank, F.S.B. individually met the capital adequacy requirements to which they were subject. Events beyond management's control, such as fluctuations in interest rates or a downturn in the economy in areas in which the institution’s loans and securities are concentrated could adversely affect future earnings and, consequently, the institution's ability to meet its future capital requirements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHARTER ONE FINANCIAL, INC.

Date: March 21, 2001

/s/ Richard W. Neu

Richard W. Neu
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal
Financial Officer)