

*Quarterly
Journal*

CONDITION AND PERFORMANCE
OF COMMERCIAL BANKS

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Summary

Banks reported another year of record earnings in 2003. National banks posted records for return on equity (ROE), return on assets (ROA), net income, net interest income, and noninterest income. Lower provisioning accounted for the largest contribution to the increase in net income. Large banks have been particularly well positioned in the current financial environment and have reaped a disproportionate share of the income gains.

Continued strength in real estate has offset ongoing weakness in commercial and industrial (C&I) loan volume. Credit quality improved at large banks, particularly for C&I loans. Banks face several risks, including an expected slowdown in residential real estate lending, continuing softness in the C&I market, an end to the benefits of reduced provisioning, and a possible slowing in core deposit growth. In addition, some areas of the country are going through long-term structural adjustments, which a cyclical rebound in the economy is not likely to fully arrest.

Key Trends

National banks posted a new record for return on equity in 2003, surpassing the old record set in 1993, and once again outperforming state banks. National banks tend to be larger than state banks, and large banks have outperformed state banks through the recent economic cycle.

Table 1—In 2003, provisioning decline key to net oncome gains

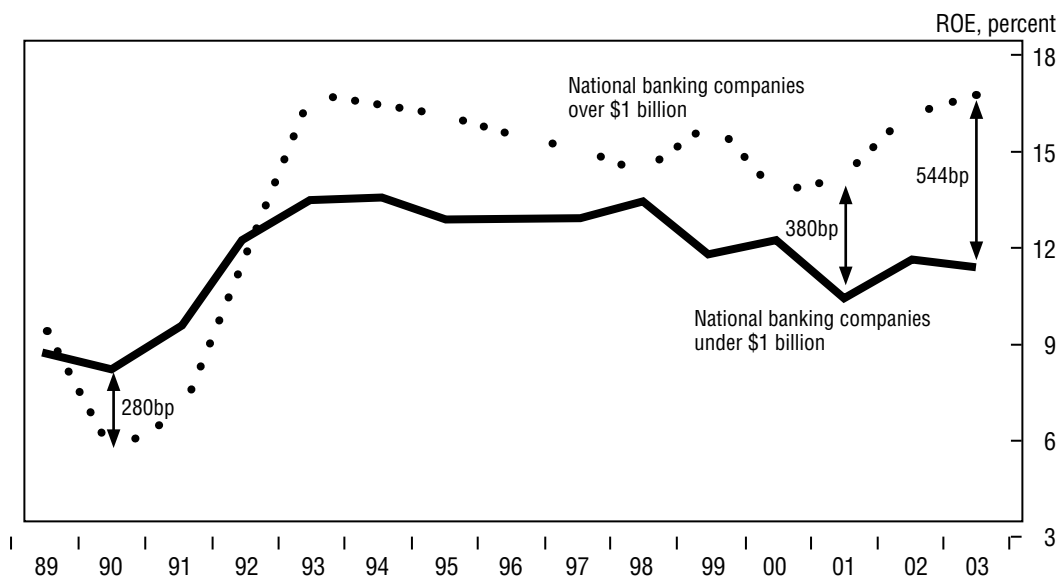
National banks	Major income components (Change, \$ millions)			
	2001-2002	% Change	2002-2003	% Change
Revenues				
Net interest income	16,001	12.8%	1,787	1.3%
Realized gains/losses, securities	739	30.9%	-266	-7.2%
Noninterest income	9,674	9.7%	6,287	5.7%
Expenses				
Provisioning	3,692	12.8%	-8,606	-26.4%
Noninterest expense	5,122	3.4%	8,069	5.9%
Net income	12,437	28.2%	6,339	11.2%

Source: Integrated Banking Information System (OCC)

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The largest contributor to net income in 2003 was the decline in provisioning, as Table 1 shows. From 1997 to 2002, national banks were provisioning more than they were charging off. This trend reversed in 2003, as provisions dropped below charge-offs, reflecting the expectation of improved credit quality. Net interest income continued to rise, setting another record for the year, as hot residential real estate markets continued to spur mortgage originations. Noninterest income also set a record. The one income category that fell was realized gains and losses on securities, which suffered as long-term interest rates moved upward over the summer. Noninterest expense grew faster in 2003 than the year before.

Figure 1 – Performance diverges at large and small banks



Source: Integrated Banking Information System (OCC)

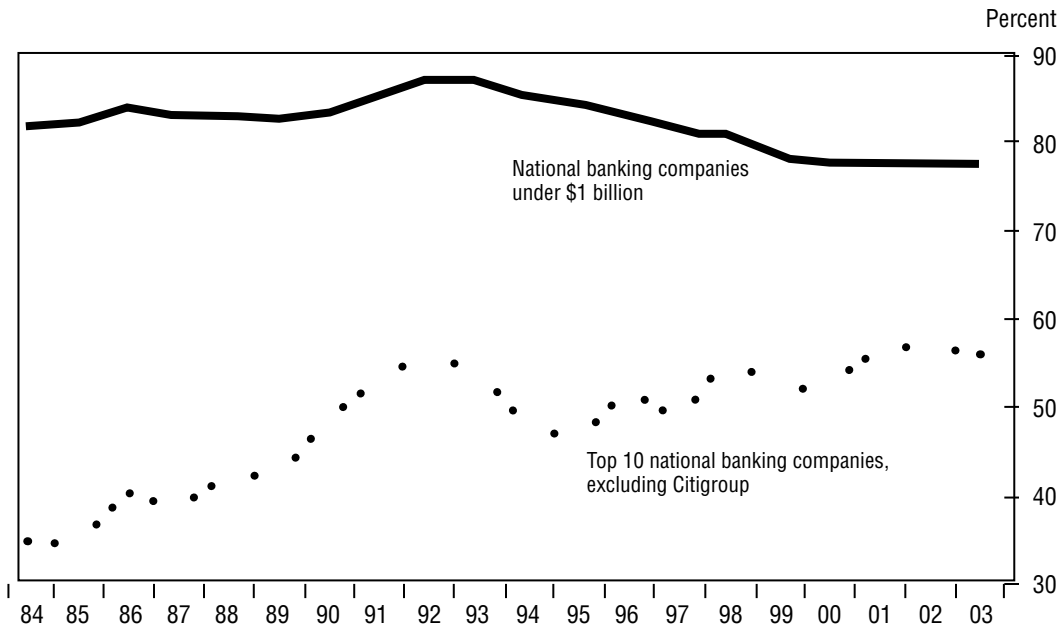
Data as of year-end.

bp = basis points

By most measures, large banks have outperformed small banks over the last decade, as Figure 1 suggests. Larger national banks (over \$1 billion in assets) achieved record-high ROE in 2003, after a decade of historically high results. But at smaller national banks (under \$1 billion in assets), ROE sank in 2003 to its second lowest point since 1991.

Smaller banks have been squeezed by low and declining net interest margins (NIMs). Over the last year, the drop has been greatest at smaller banks specializing in retail lending. For these banks, assets have grown, but not enough to offset the drop in NIM. In contrast, smaller banks with a wholesale focus have seen enough growth in assets to make up for the decline in NIM and produce a modest increase in net interest income.

Figure 2—Gain in core deposit share has helped largest companies; different story for community banks



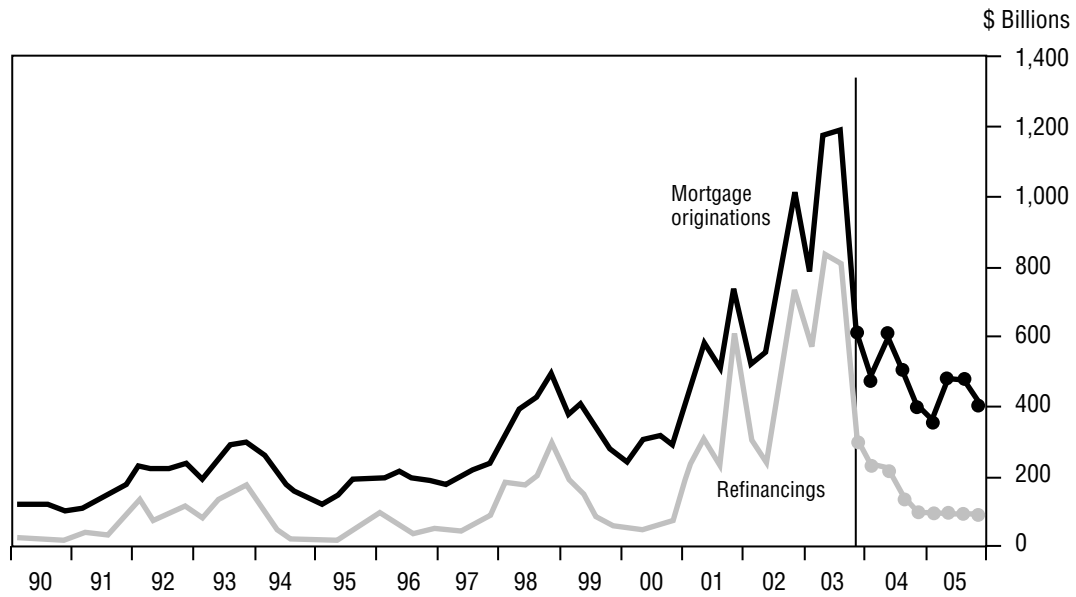
Source: Integrated Banking Information System (OCC)

Core funding is core deposits to total liabilities.

Core deposit growth is another factor explaining the divergence in performance between small and large banks. Core deposits are sharply up over the last three years, growing faster than at any time since the early 1980s, and a disproportionate share of this growth has been going to large banks. Since the mid-1990s, large banks have moved increasingly into retail lending, often by acquiring retail-oriented community banks. This has increased their access to core deposits and pushed up the share of core deposits on their balance sheets. For example, for the top 10 national banking companies, the core deposit share of total liabilities rose from 47 percent in 1995 to 57 percent in 2003, at the same time that the core deposit share was falling at smaller banks (under \$1 billion in assets), from 85 percent to 77 percent.

Residential real estate lending, which has driven growth in bank profits over the last three years, is expected to slow down over the next two years, with consequences for loan volume and therefore bank income. Figure 2 shows the recent history of and projections for mortgage lending, both for initial purchase loans and refinancings. Projections shown are from the Mortgage Bankers' Association and reflect the widespread expectation that mortgage lending will slow in 2004 and 2005.

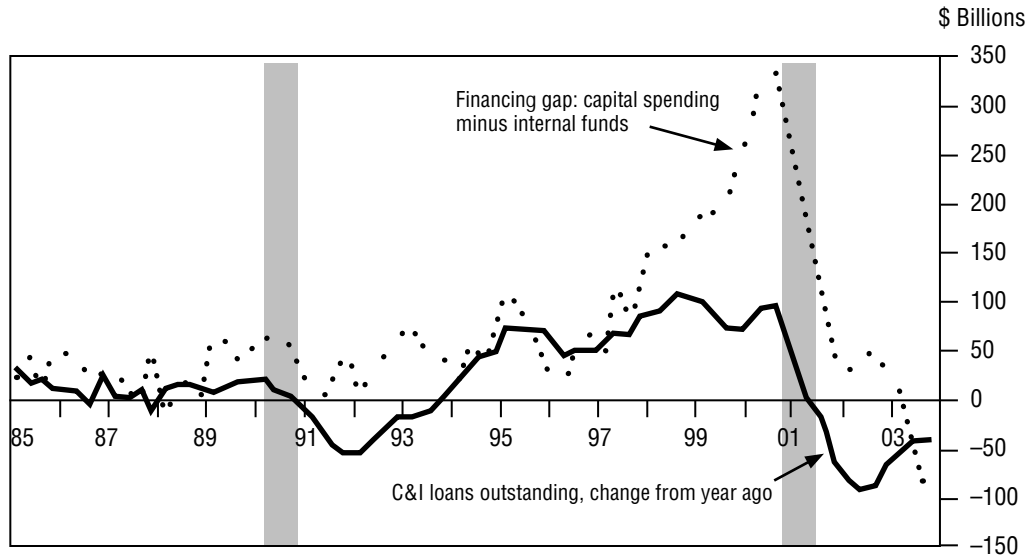
Figure 3—Residential mortgage volume expected to fall



Source: Mortgage Bankers Association, HUD
 Actual data through 2003Q3; estimates through 2005Q4.

After falling steadily for three years, C&I loan volume appeared to stabilize at the end of 2003. Moreover, the recent Federal Reserve Board’s survey of senior loan officers indicated that banks are now more prepared to make business loans than they have been in six years. The same survey noted a modest rise in demand for C&I loans. This is understandable given the sharp rise in corporate profits in 2003. Higher profits also explain the improvement in credit quality for C&I loans over the last four quarters.

Figure 4—Strong corporate cash flow likely to limit C&I loan demand



Source: Integrated Banking Information System (OCC), Federal Reserve Board/Haver Analytics
 Quarterly data through 2003Q4. Shaded areas represent periods of recession.
 C&I = commercial and industrial

But higher profits may not mean increased borrowing from banks. Corporations already hold large cash reserves in the aftermath of the recent recession, and many firms will be able to meet their investment needs from internal funds, as Figure 4 suggests. The dotted line shows the corporate financing gap: business capital spending minus internal funds. This shows what businesses need to raise from outside—through bonds, commercial paper, equity, and bank loans. A value less than zero indicates that firms have more than enough internal funding to meet their investment needs. The investment boom of the late 1990s caused a spike in the financing gap, and greatly increased the need for outside capital. C&I loans grew as a result. Now that situation is reversed, with corporations generating far more cash than needed to cover their own investment needs.

Banks face several challenges to sustained earnings growth. First, reduced provisions have added to growth in net income, but benefits from provisioning are unlikely to continue for many more quarters. Second, margins remain tight, particularly for smaller banks. Third, exceptional growth in core deposits has allowed an expansion of assets, contributing to stronger bank profits, but now core deposit growth is expected to slow. And fourth, residential real estate loan growth is expected to drop off as the hot housing market cools.

Key indicators, FDIC-insured national banks
Annual 1999—2002, year-to-date through December 31, 2003, fourth quarter 2002, and fourth quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q4	Preliminary 2003Q4
Number of institutions reporting	2,365	2,230	2,138	2,077	2,001	2,077	2,001
Total employees (FTEs)	983,212	948,549	966,545	993,469	1,000,510	993,469	1,000,510
Selected income data (\$)							
Net income	\$42,572	\$38,907	\$44,183	\$56,620	\$62,959	\$13,434	\$16,236
Net interest income	114,371	115,673	125,366	141,377	143,165	35,841	36,970
Provision for loan losses	15,536	20,536	28,921	32,613	24,008	8,596	5,994
Noninterest income	93,103	96,749	100,094	109,768	116,055	28,409	30,093
Noninterest expense	126,122	128,973	131,718	136,840	144,909	36,829	38,008
Net operating income	42,396	40,158	42,954	54,477	60,589	12,735	15,723
Cash dividends declared	30,016	32,327	27,783	41,757	45,048	10,878	13,307
Net charge-offs	14,180	17,227	25,107	31,381	26,946	7,690	7,109
Selected condition data (\$)							
Total assets	3,271,236	3,414,384	3,635,066	3,908,262	4,292,331	3,908,262	4,292,331
Total loans and leases	2,125,360	2,224,132	2,269,248	2,445,528	2,630,656	2,445,528	2,630,656
Reserve for losses	37,663	39,992	45,537	48,338	48,623	48,338	48,623
Securities	537,321	502,299	576,550	653,702	753,606	653,702	753,606
Other real estate owned	1,572	1,553	1,799	2,075	1,942	2,075	1,942
Noncurrent loans and leases	20,815	27,151	34,261	38,166	34,874	38,166	34,874
Total deposits	2,154,231	2,250,402	2,384,414	2,565,771	2,786,756	2,565,771	2,786,756
Domestic deposits	1,776,084	1,827,064	2,001,243	2,168,876	2,322,051	2,168,876	2,322,051
Equity capital	277,965	293,729	340,668	371,582	390,515	371,582	390,515
Off-balance-sheet derivatives	12,077,568	15,502,911	20,549,785	25,953,473	31,554,688	25,953,473	31,554,688
Performance ratios (annualized %)							
Return on equity	15.56	13.69	13.84	15.83	16.43	14.55	16.72
Return on assets	1.35	1.18	1.25	1.50	1.52	1.39	1.53
Net interest income to assets	3.63	3.50	3.56	3.76	3.46	3.70	3.48
Loss provision to assets	0.49	0.62	0.82	0.87	0.58	0.89	0.56
Net operating income to assets	1.34	1.21	1.22	1.45	1.46	1.31	1.48
Noninterest income to assets	2.95	2.92	2.84	2.92	2.80	2.93	2.84
Noninterest expense to assets	4.00	3.90	3.74	3.63	3.50	3.80	3.58
Loss provision to loans and leases	0.76	0.95	1.28	1.38	0.95	1.42	0.92
Net charge-offs to loans and leases	0.70	0.80	1.11	1.33	1.06	1.27	1.10
Loss provision to net charge-offs	109.56	119.21	115.19	103.93	89.10	111.78	84.31
Performance ratios (%)							
Percent of institutions unprofitable	7.10	6.91	7.48	6.93	5.35	10.11	8.45
Percent of institutions with earnings gains	62.07	66.64	56.83	71.21	56.27	59.70	51.97
Noninterest income to net operating revenue	44.87	45.55	44.40	43.71	44.77	44.22	44.87
Noninterest expense to net operating revenue	60.79	60.72	58.42	54.49	55.90	57.32	56.68
Condition ratios (%)							
Nonperforming assets to assets	0.70	0.86	1.01	1.06	0.89	1.06	0.89
Noncurrent loans to loans	0.98	1.22	1.51	1.56	1.33	1.56	1.33
Loss reserve to noncurrent loans	180.94	147.30	132.91	126.65	139.42	126.65	139.42
Loss reserve to loans	1.77	1.80	2.01	1.98	1.85	1.98	1.85
Equity capital to assets	8.50	8.60	9.37	9.51	9.10	9.51	9.10
Leverage ratio	7.49	7.49	7.81	7.88	7.70	7.88	7.70
Risk-based capital ratio	11.70	11.84	12.60	12.67	12.65	12.67	12.65
Net loans and leases to assets	63.82	63.97	61.17	61.34	60.15	61.34	60.15
Securities to assets	16.43	14.71	15.86	16.73	17.56	16.73	17.56
Appreciation in securities (% of par)	-2.45	-0.01	0.47	2.12	0.88	2.12	0.88
Residential mortgage assets to assets	20.60	19.60	22.55	24.73	24.44	24.73	24.44
Total deposits to assets	65.85	65.91	65.59	65.65	64.92	65.65	64.92
Core deposits to assets	47.01	45.61	48.08	48.74	48.03	48.74	48.03
Volatile liabilities to assets	34.81	35.18	31.23	30.31	30.57	30.31	30.57

Loan performance, FDIC-insured national banks
Annual 1999—2002, year-to-date through December 31, 2003, fourth quarter 2002, and fourth quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q4	Preliminary 2003Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.16	1.25	1.38	1.14	1.02	1.14	1.02
Loans secured by real estate (RE)	1.22	1.42	1.42	1.07	0.91	1.07	0.91
1-4 family residential mortgages	1.61	1.95	1.84	1.45	1.30	1.45	1.30
Home equity loans	0.77	1.07	0.79	0.61	0.45	0.61	0.45
Multifamily residential mortgages	0.69	0.59	0.82	0.42	0.54	0.42	0.54
Commercial RE loans	0.70	0.72	0.85	0.58	0.47	0.58	0.47
Construction RE loans	1.07	1.12	1.28	0.91	0.66	0.91	0.66
Commercial and industrial loans	0.71	0.71	0.94	0.76	0.64	0.76	0.64
Loans to individuals	2.36	2.40	2.38	2.15	2.08	2.15	2.08
Credit cards	2.53	2.50	2.52	2.57	2.48	2.57	2.48
Installment loans and other plans	2.24	2.31	2.62	2.07	1.95	2.07	1.95
All other loans and leases	0.49	0.56	0.84	0.55	0.34	0.55	0.34
Percent of loans noncurrent							
Total loans and leases	0.98	1.22	1.51	1.56	1.33	1.56	1.33
Loans secured by real estate (RE)	0.87	0.93	1.05	0.97	0.95	0.97	0.95
1-4 family residential mortgages	0.91	1.06	1.06	1.02	1.14	1.02	1.14
Home equity loans	0.32	0.41	0.38	0.32	0.24	0.32	0.24
Multifamily residential mortgages	0.43	0.55	0.54	0.48	0.45	0.48	0.45
Commercial RE loans	0.84	0.77	1.02	1.05	0.97	1.05	0.97
Construction RE loans	0.63	0.82	1.15	1.03	0.71	1.03	0.71
Commercial and industrial loans	1.11	1.66	2.44	3.00	2.19	3.00	2.19
Loans to individuals	1.52	1.46	1.49	1.60	1.78	1.60	1.78
Credit cards	2.00	1.90	2.05	2.16	2.24	2.16	2.24
Installment loans and other plans	1.16	1.06	1.24	1.30	1.55	1.30	1.55
All other loans and leases	0.40	0.86	1.19	1.11	0.74	1.11	0.74
Percent of loans charged-off, net							
Total loans and leases	0.70	0.80	1.11	1.33	1.06	1.27	1.10
Loans secured by real estate (RE)	0.10	0.12	0.26	0.19	0.21	0.20	0.34
1-4 family residential mortgages	0.14	0.14	0.32	0.17	0.24	0.17	0.52
Home equity loans	0.19	0.23	0.35	0.23	0.23	0.23	0.32
Multifamily residential mortgages	0.02	0.03	0.04	0.11	0.03	0.18	0.01
Commercial RE loans	0.03	0.07	0.16	0.17	0.13	0.21	0.07
Construction RE loans	0.03	0.05	0.15	0.19	0.14	0.21	0.14
Commercial and industrial loans	0.54	0.87	1.50	1.80	1.35	1.83	1.26
Loans to individuals	2.65	2.84	3.13	4.02	3.35	3.62	3.41
Credit cards	4.52	4.43	5.06	6.58	5.48	5.37	5.54
Installment loans and other plans	1.27	1.54	1.66	1.91	1.71	2.10	1.71
All other loans and leases	0.23	0.23	0.44	0.62	0.44	0.73	0.26
Loans outstanding (\$)							
Total loans and leases	\$2,125,360	\$2,224,132	\$2,269,248	\$2,445,528	\$2,630,656	\$2,445,528	\$2,630,656
Loans secured by real estate (RE)	853,138	892,138	976,094	1,139,500	1,254,997	1,139,500	1,254,997
1-4 family residential mortgages	433,804	443,000	472,680	573,906	605,107	573,906	605,107
Home equity loans	67,267	82,672	102,131	141,058	192,708	141,058	192,708
Multifamily residential mortgages	26,561	28,026	30,075	33,968	35,650	33,968	35,650
Commercial RE loans	214,145	221,267	236,489	253,427	269,939	253,427	269,939
Construction RE loans	71,578	76,899	91,437	95,361	104,215	95,361	104,215
Farmland loans	11,957	12,350	12,615	13,225	13,618	13,225	13,618
RE loans from foreign offices	27,825	27,923	30,668	28,556	33,758	28,556	33,758
Commercial and industrial loans	622,004	646,988	597,301	546,050	500,027	546,050	500,027
Loans to individuals	348,706	370,394	389,947	450,604	527,986	450,604	527,986
Credit cards*	147,275	176,425	166,628	209,971	250,892	209,971	250,892
Other revolving credit plans	.	.	29,258	33,243	32,930	33,243	32,930
Installment loans	201,431	193,969	194,060	207,390	244,163	207,390	244,163
All other loans and leases	303,406	316,177	307,851	311,822	349,531	311,822	349,531
Less: Unearned income	1,893	1,565	1,944	2,449	1,884	2,449	1,884

*Prior to March 2001, credit cards included "Other revolving credit plans."

Key indicators, FDIC-insured national banks by asset size
Fourth quarter 2002 and fourth quarter 2003
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4
Number of institutions reporting	940	852	968	981	126	122	43	46
Total employees (FTEs)	21,937	20,174	94,197	94,667	100,133	91,528	777,202	794,141
Selected income data (\$)								
Net income	\$124	\$120	\$784	\$1,048	\$1,734	\$1,296	\$10,792	\$13,772
Net interest income	491	444	2,551	2,514	3,617	3,206	29,182	30,805
Provision for loan losses	48	31	287	204	510	458	7,750	5,301
Noninterest income	227	246	1,609	1,656	3,140	2,514	23,433	25,677
Noninterest expense	512	491	2,897	2,902	3,669	3,344	29,751	31,271
Net operating income	119	118	775	773	1,689	1,288	10,152	13,544
Cash dividends declared	143	123	830	824	1,188	995	8,717	11,365
Net charge-offs	37	30	223	213	525	419	6,906	6,447
Selected condition data (\$)								
Total assets	50,241	46,599	261,114	273,307	394,892	376,546	3,202,015	3,595,879
Total loans and leases	29,589	27,264	162,277	169,557	240,035	225,138	2,013,627	2,208,697
Reserve for losses	417	392	2,335	2,464	3,987	3,489	41,599	42,278
Securities	12,460	12,078	65,018	70,095	83,601	90,302	492,623	581,132
Other real estate owned	78	75	281	286	215	174	1,502	1,406
Noncurrent loans and leases	326	322	1,596	1,561	2,339	1,915	33,905	31,075
Total deposits	42,188	38,961	210,866	219,663	257,961	247,007	2,054,756	2,281,125
Domestic deposits	42,183	38,942	210,763	219,529	255,300	243,997	1,660,630	1,819,583
Equity capital	5,787	5,422	27,027	27,983	42,732	40,437	296,036	316,673
Off-balance-sheet derivatives	25	10	3,253	2,207	28,751	17,165	26,069,129	31,757,361
Performance ratios (annualized %)								
Return on equity	8.55	8.88	11.58	15.23	16.40	13.01	14.68	17.46
Return on assets	1.00	1.03	1.21	1.55	1.77	1.40	1.36	1.55
Net interest income to assets	3.96	3.83	3.92	3.72	3.69	3.47	3.68	3.46
Loss provision to assets	0.39	0.27	0.44	0.30	0.52	0.50	0.98	0.60
Net operating income to assets	0.96	1.02	1.19	1.14	1.72	1.39	1.28	1.52
Noninterest income to assets	1.83	2.12	2.47	2.45	3.20	2.72	2.95	2.89
Noninterest expense to assets	4.13	4.24	4.45	4.29	3.74	3.62	3.75	3.51
Loss provision to loans and leases	0.66	0.45	0.71	0.49	0.85	0.82	1.56	0.97
Net charge-offs to loans and leases	0.50	0.44	0.55	0.51	0.87	0.75	1.39	1.18
Loss provision to net charge-offs	132.40	102.39	128.59	95.84	97.25	109.24	112.23	82.23
Performance ratios (%)								
Percent of institutions unprofitable	15.43	14.20	6.20	4.18	2.38	4.92	4.65	2.17
Percent of institutions with earnings gains	53.51	49.06	63.43	54.64	73.81	47.54	69.77	60.87
Nonint. income to net operating revenue	31.59	35.64	38.68	39.70	46.46	43.95	44.54	45.46
Nonint. expense to net operating revenue	71.42	71.20	69.63	69.60	54.30	58.46	56.54	55.36
Condition ratios (%)								
Nonperforming assets to assets	0.83	0.87	0.72	0.68	0.65	0.56	1.14	0.94
Noncurrent loans to loans	1.10	1.18	0.98	0.92	0.97	0.85	1.68	1.41
Loss reserve to noncurrent loans	127.95	121.77	146.26	157.80	170.46	182.14	122.69	136.05
Loss reserve to loans	1.41	1.44	1.44	1.45	1.66	1.55	2.07	1.91
Equity capital to assets	11.52	11.64	10.35	10.24	10.82	10.74	9.25	8.81
Leverage ratio	11.09	11.17	9.46	9.43	9.42	9.38	7.51	7.33
Risk-based capital ratio	18.27	18.68	15.16	14.91	15.78	15.71	12.12	12.16
Net loans and leases to assets	58.06	57.67	61.25	61.14	59.78	58.86	61.59	60.25
Securities to assets	24.80	25.92	24.90	25.65	21.17	23.98	15.38	16.16
Appreciation in securities (% of par)	2.40	1.03	2.53	1.14	2.39	1.51	2.01	0.75
Residential mortgage assets to assets	22.02	20.73	24.51	23.25	25.98	26.98	24.63	24.32
Total deposits to assets	83.97	83.61	80.76	80.37	65.32	65.60	64.17	63.44
Core deposits to assets	71.11	71.35	68.05	67.81	55.90	56.71	45.93	45.32
Volatile liabilities to assets	14.70	14.38	16.96	17.39	23.57	22.08	32.47	32.67

Loan performance, FDIC-insured national banks by asset size
Fourth quarter 2002 and fourth quarter 2003
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.53	1.38	1.13	0.98	1.16	0.89	1.13	1.03
Loans secured by real estate (RE)	1.38	1.25	0.98	0.84	1.01	0.68	1.08	0.95
1-4 family residential mortgages	1.86	1.79	1.46	1.37	1.48	1.05	1.44	1.32
Home equity loans	0.90	0.99	0.45	0.39	0.51	0.35	0.63	0.45
Multifamily residential mortgages	0.52	0.45	0.46	0.49	0.38	0.33	0.42	0.58
Commercial RE loans	1.05	1.01	0.64	0.55	0.55	0.39	0.55	0.45
Construction RE loans	1.18	0.86	1.05	0.72	1.01	0.63	0.86	0.65
Commercial and industrial loans	1.53	1.45	1.13	1.02	1.18	0.93	0.69	0.58
Loans to individuals	2.70	2.59	2.21	2.11	1.85	1.83	2.18	2.09
Credit cards	1.99	1.96	3.79	3.67	1.93	2.53	2.61	2.46
Installment loans and other plans	2.79	2.66	1.98	1.83	1.97	1.55	2.08	1.99
All other loans and leases	1.01	0.74	0.75	0.56	0.48	0.28	0.54	0.33
Percent of loans noncurrent								
Total loans and leases	1.10	1.18	0.98	0.92	0.97	0.85	1.68	1.41
Loans secured by real estate (RE)	1.00	1.05	0.84	0.83	0.86	0.65	1.00	1.00
1-4 family residential mortgages	0.82	1.00	0.79	0.76	0.94	0.65	1.05	1.22
Home equity loans	0.28	0.23	0.19	0.17	0.31	0.26	0.33	0.24
Multifamily residential mortgages	0.86	0.82	0.57	0.47	0.27	0.44	0.50	0.45
Commercial RE loans	1.17	1.19	0.96	0.93	0.92	0.75	1.10	1.03
Construction RE loans	1.10	0.88	0.79	0.88	0.83	0.56	1.12	0.70
Commercial and industrial loans	1.54	1.92	1.58	1.25	1.37	1.18	3.26	2.35
Loans to individuals	0.86	0.93	0.97	0.94	1.12	1.24	1.70	1.86
Credit cards	1.75	1.86	3.54	3.12	1.74	2.39	2.18	2.22
Installment loans and other plans	0.82	0.90	0.53	0.49	0.82	0.63	1.45	1.73
All other loans and leases	1.24	1.07	0.89	0.98	0.45	0.69	1.16	0.73
Percent of loans charged-off, net								
Total loans and leases	0.50	0.44	0.55	0.51	0.87	0.75	1.39	1.18
Loans secured by real estate (RE)	0.16	0.13	0.13	0.14	0.16	0.14	0.22	0.40
1-4 family residential mortgages	0.17	0.09	0.12	0.14	0.18	0.11	0.17	0.59
Home equity loans	0.11	0.02	0.10	0.04	0.08	0.10	0.24	0.34
Multifamily residential mortgages	0.01	0.03	0.27	0.13	0.11	0.02	0.18	-0.01
Commercial RE loans	0.20	0.28	0.09	0.12	0.21	0.17	0.24	0.03
Construction RE loans	0.15	0.03	0.17	0.22	0.03	0.18	0.26	0.12
Commercial and industrial loans	1.13	1.08	1.10	0.82	1.04	1.09	1.95	1.31
Loans to individuals	1.31	1.15	2.21	2.31	2.88	2.58	3.79	3.53
Credit cards	4.30	2.77	7.43	8.61	5.63	5.54	5.32	5.49
Installment loans and other plans	1.15	1.06	1.32	1.02	1.25	1.02	2.30	1.83
All other loans and leases	0.49	0.46	0.54	0.70	0.55	0.63	0.76	0.23
Loans outstanding (\$)								
Total loans and leases	\$29,589	\$27,264	\$162,277	\$169,557	\$240,035	\$225,138	\$2,013,627	\$2,208,697
Loans secured by real estate (RE)	17,672	16,645	107,011	115,042	130,475	130,492	884,342	992,817
1-4 family residential mortgages	7,538	6,721	39,872	38,251	58,014	51,633	468,482	508,502
Home equity loans	479	495	5,367	6,622	9,150	9,772	126,062	175,819
Multifamily residential mortgages	457	424	3,915	4,456	5,057	4,755	24,539	26,015
Commercial RE loans	5,400	5,249	41,441	46,472	40,845	45,002	165,741	173,216
Construction RE loans	1,709	1,785	11,508	13,780	15,279	16,974	66,865	71,677
Farmland loans	2,089	1,971	4,907	5,458	1,699	1,846	4,530	4,343
RE loans from foreign offices	0	0	1	3	431	511	28,124	33,245
Commercial and industrial loans	4,839	4,389	27,554	27,632	45,349	41,956	468,308	426,051
Loans to individuals	3,671	3,202	18,140	17,111	45,451	37,372	383,343	470,301
Credit cards*	204	139	2,731	3,000	16,954	13,728	190,082	234,025
Other revolving credit plans	61	47	370	352	2,455	2,025	30,357	30,506
Installment loans	3,406	3,015	15,039	13,760	26,042	21,619	162,905	205,770
All other loans and leases	3,447	3,057	9,768	9,958	18,857	15,417	279,750	321,100
Less: Unearned income	40	29	196	186	96	99	2,118	1,571

Key indicators, FDIC-insured national banks by region
Fourth quarter 2003
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	221	232	397	416	575	160	2,001
Total employees (FTEs)	300,024	222,059	214,657	57,805	88,289	117,676	1,000,510
Selected income data (\$)							
Net income	\$4,958	\$3,692	\$3,353	\$1,272	\$822	\$2,139	\$16,236
Net interest income	10,601	8,231	7,880	2,802	2,300	5,155	36,970
Provision for loan losses	2,706	85	1,365	631	179	1,029	5,994
Noninterest income	11,410	4,882	5,243	2,724	1,291	4,543	30,093
Noninterest expense	12,190	8,068	7,212	3,004	2,221	5,313	38,008
Net operating income	4,987	3,426	3,074	1,269	822	2,145	15,723
Cash dividends declared	3,728	3,019	3,553	477	694	1,835	13,307
Net charge-offs	3,035	515	1,777	772	183	827	7,109
Selected condition data (\$)							
Total assets	1,171,842	1,096,485	1,036,225	241,308	257,378	489,093	4,292,331
Total loans and leases	669,376	612,110	664,219	174,603	158,334	352,015	2,630,656
Reserve for losses	17,185	7,838	10,850	4,690	2,162	5,899	48,623
Securities	212,447	188,526	205,302	33,580	61,044	52,707	753,606
Other real estate owned	198	377	724	114	313	217	1,942
Noncurrent loans and leases	13,416	5,148	8,044	2,134	1,499	4,633	34,874
Total deposits	786,011	740,523	621,398	125,896	195,045	317,884	2,786,756
Domestic deposits	481,655	671,516	556,577	125,892	193,606	292,806	2,322,051
Equity capital	113,692	91,613	83,303	26,707	24,766	50,434	390,515
Off-balance-sheet derivatives	11,782,110	17,197,876	1,936,997	6,425	34,469	596,811	31,554,688
Performance ratios (annualized %)							
Return on equity	17.70	16.12	16.03	19.32	13.34	17.12	16.72
Return on assets	1.72	1.35	1.32	2.16	1.29	1.74	1.53
Net interest income to assets	3.69	3.01	3.09	4.77	3.61	4.18	3.48
Loss provision to assets	0.94	0.03	0.54	1.07	0.28	0.83	0.56
Net operating income to assets	1.73	1.25	1.21	2.16	1.29	1.74	1.48
Noninterest income to assets	3.97	1.79	2.06	4.63	2.02	3.69	2.84
Noninterest expense to assets	4.24	2.95	2.83	5.11	3.48	4.31	3.58
Loss provision to loans and leases	1.67	0.06	0.83	1.50	0.46	1.17	0.92
Net charge-offs to loans and leases	1.87	0.34	1.08	1.83	0.47	0.95	1.10
Loss provision to net charge-offs	89.18	16.45	76.82	81.71	97.65	124.29	84.31
Performance ratios (%)							
Percent of institutions unprofitable	7.69	9.91	7.56	7.69	8.52	11.25	8.45
Percent of institutions with earnings gains	54.75	58.62	44.84	49.52	53.74	56.25	51.97
Nonint. income to net operating revenue	51.84	37.23	39.95	49.29	35.94	46.84	44.87
Nonint. expense to net operating revenue	55.38	61.53	54.95	54.37	61.85	54.78	56.68
Condition ratios (%)							
Nonperforming assets to assets	1.21	0.53	0.88	0.93	0.70	0.99	0.89
Noncurrent loans to loans	2.00	0.84	1.21	1.22	0.95	1.32	1.33
Loss reserve to noncurrent loans	128.09	152.27	134.88	219.75	144.21	127.32	139.42
Loss reserve to loans	2.57	1.28	1.63	2.69	1.37	1.68	1.85
Equity capital to assets	9.70	8.36	8.04	11.07	9.62	10.31	9.10
Leverage ratio	8.45	6.81	7.26	8.72	8.30	8.02	7.70
Risk-based capital ratio	13.33	11.76	12.36	12.92	13.19	13.05	12.65
Net loans and leases to assets	55.66	55.11	63.05	70.41	60.68	70.77	60.15
Securities to assets	18.13	17.19	19.81	13.92	23.72	10.78	17.56
Appreciation in securities (% of par)	0.84	0.77	0.80	1.12	0.66	1.84	0.88
Residential mortgage assets to assets	14.03	31.90	26.93	19.73	27.74	27.98	24.44
Total deposits to assets	67.07	67.54	59.97	52.17	75.78	64.99	64.92
Core deposits to assets	35.42	56.07	49.00	47.99	62.36	50.70	48.03
Volatile liabilities to assets	41.75	23.58	30.09	18.17	23.24	30.44	30.57

Loan performance, FDIC-insured national banks by region
Fourth quarter 2003
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.14	0.67	1.03	1.30	1.06	1.21	1.02
Loans secured by real estate (RE)	0.68	0.76	1.22	0.57	0.99	0.97	0.91
1-4 family residential mortgages	0.80	1.06	1.95	0.69	1.40	1.48	1.30
Home equity loans	0.38	0.47	0.51	0.38	0.52	0.39	0.45
Multifamily residential mortgages	0.12	0.18	0.88	0.23	0.58	0.59	0.54
Commercial RE loans	0.26	0.36	0.65	0.44	0.70	0.35	0.47
Construction RE loans	0.61	0.22	0.86	0.51	0.84	0.87	0.66
Commercial and industrial loans	0.62	0.27	0.81	1.04	0.99	0.67	0.64
Loans to individuals	2.23	1.58	1.65	2.49	1.85	2.18	2.08
Credit cards	2.39	1.64	2.17	2.73	2.39	2.53	2.48
Installment loans and other plans	2.52	1.67	1.66	1.62	1.89	1.67	1.95
All other loans and leases	0.38	0.15	0.35	0.34	0.59	0.76	0.34
Percent of loans noncurrent							
Total loans and leases	2.00	0.84	1.21	1.22	0.95	1.32	1.33
Loans secured by real estate (RE)	1.02	0.51	1.34	0.52	0.89	1.21	0.95
1-4 family residential mortgages	0.92	0.49	1.95	0.34	0.98	1.87	1.14
Home equity loans	0.20	0.16	0.35	0.30	0.22	0.21	0.24
Multifamily residential mortgages	0.49	0.18	0.59	0.38	0.40	0.54	0.45
Commercial RE loans	1.01	0.76	1.33	0.75	0.82	0.81	0.97
Construction RE loans	0.66	0.68	0.82	0.85	0.62	0.56	0.71
Commercial and industrial loans	3.12	2.06	1.96	1.08	1.25	1.44	2.19
Loans to individuals	2.56	0.55	0.65	2.20	0.59	1.57	1.78
Credit cards	2.29	1.32	1.59	2.57	1.78	2.03	2.24
Installment loans and other plans	3.65	0.58	0.49	0.81	0.54	0.68	1.55
All other loans and leases	1.00	0.80	0.45	0.66	1.15	0.94	0.74
Percent of loans charged-off, net							
Total loans and leases	1.87	0.34	1.08	1.83	0.47	0.95	1.10
Loans secured by real estate (RE)	0.14	0.11	0.99	0.09	0.17	0.08	0.34
1-4 family residential mortgages	0.05	0.12	1.88	0.06	0.20	0.05	0.52
Home equity loans	0.14	0.02	0.78	0.12	0.24	0.11	0.32
Multifamily residential mortgages	0.03	-0.01	0.03	0.11	0.22	-0.16	0.01
Commercial RE loans	0.14	0.09	-0.04	0.19	0.11	0.12	0.07
Construction RE loans	0.01	0.18	0.21	0.05	0.09	0.09	0.14
Commercial and industrial loans	1.79	0.90	1.23	0.91	0.88	0.98	1.26
Loans to individuals	4.22	0.96	2.12	5.22	1.44	3.59	3.41
Credit cards	5.53	3.08	4.80	6.72	4.64	4.88	5.54
Installment loans and other plans	2.67	0.95	1.55	0.72	1.27	0.99	1.71
All other loans and leases	0.35	0.13	0.36	0.25	0.63	-0.32	0.26
Loans outstanding (\$)							
Total loans and leases	\$669,376	\$612,110	\$664,219	\$174,603	\$158,334	\$352,015	\$2,630,656
Loans secured by real estate (RE)	190,769	365,138	327,338	65,086	101,729	204,936	1,254,997
1-4 family residential mortgages	78,498	212,452	140,858	34,667	34,999	103,632	605,107
Home equity loans	36,301	42,856	59,814	4,906	9,553	39,279	192,708
Multifamily residential mortgages	3,863	8,310	14,176	1,826	2,562	4,913	35,650
Commercial RE loans	37,201	69,645	75,017	15,428	31,250	41,398	269,939
Construction RE loans	7,724	27,327	33,217	4,884	16,608	14,455	104,215
Farmland loans	654	1,770	3,753	3,374	2,809	1,258	13,618
RE loans from foreign offices	26,527	2,779	503	0	3,949	1	33,758
Commercial and industrial loans	149,533	113,942	131,009	23,956	33,002	48,586	500,027
Loans to individuals	225,565	56,888	83,800	62,921	15,728	83,085	527,986
Credit cards	128,251	459	14,462	49,900	818	57,003	250,892
Other revolving credit plans	19,708	3,050	4,831	507	575	4,258	32,930
Installment loans	77,605	53,379	64,507	12,514	14,335	21,824	244,163
All other loans and leases	104,936	76,280	122,142	22,661	8,001	15,512	349,531
Less: Unearned income	1,426	138	69	21	127	103	1,884

Key indicators, FDIC-insured commercial banks
Annual 1999—2002, year-to-date through December 31, 2003, fourth quarter 2002, and fourth quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q4	Preliminary 2003Q4
Number of institutions reporting	8,580	8,315	8,079	7,887	7,769	7,887	7,769
Total employees (FTEs)	1,657,628	1,670,758	1,701,717	1,745,507	1,759,081	1,745,507	1,759,081
Selected income data (\$)							
Net income	\$71,528	\$70,795	\$73,840	\$89,861	\$102,578	\$21,455	\$26,595
Net interest income	191,956	203,584	214,676	236,662	240,023	60,328	62,006
Provision for loan losses	21,803	30,026	43,337	48,196	34,761	12,983	8,439
Noninterest income	144,906	154,247	158,204	172,641	186,481	44,648	48,456
Noninterest expense	204,519	216,831	223,236	233,604	245,956	62,569	64,007
Net operating income	71,294	72,383	71,012	85,560	98,325	19,962	25,936
Cash dividends declared	52,082	53,854	54,206	67,524	77,833	18,356	23,091
Net charge-offs	20,368	24,771	36,474	44,539	37,839	11,324	9,932
Selected condition data (\$)							
Total assets	5,735,135	6,245,560	6,552,432	7,077,229	7,602,489	7,077,229	7,602,489
Total loans and leases	3,489,092	3,815,498	3,884,336	4,156,415	4,428,784	4,156,415	4,428,784
Reserve for losses	58,746	64,120	72,273	76,999	77,107	76,999	77,107
Securities	1,046,536	1,078,985	1,172,537	1,334,819	1,456,290	1,334,819	1,456,290
Other real estate owned	2,796	2,912	3,569	4,165	4,235	4,165	4,235
Noncurrent loans and leases	32,999	42,930	54,578	60,549	52,890	60,549	52,890
Total deposits	3,831,058	4,179,567	4,377,558	4,689,835	5,028,866	4,689,835	5,028,866
Domestic deposits	3,175,469	3,472,901	3,748,042	4,031,798	4,287,695	4,031,798	4,287,695
Equity capital	479,690	530,356	593,705	647,599	692,056	647,599	692,056
Off-balance-sheet derivatives	34,819,179	40,570,263	45,326,156	56,078,885	71,081,909	56,078,885	71,081,909
Performance ratios (annualized %)							
Return on equity	15.30	13.99	13.09	14.49	15.31	13.34	15.53
Return on assets	1.31	1.18	1.15	1.33	1.40	1.23	1.41
Net interest income to assets	3.50	3.40	3.35	3.50	3.27	3.45	3.29
Loss provision to assets	0.40	0.50	0.68	0.71	0.47	0.74	0.45
Net operating income to assets	1.30	1.21	1.11	1.27	1.34	1.14	1.38
Noninterest income to assets	2.65	2.58	2.47	2.56	2.54	2.55	2.57
Noninterest expense to assets	3.73	3.62	3.48	3.46	3.35	3.57	3.40
Loss provision to loans and leases	0.66	0.82	1.12	1.21	0.81	1.26	0.77
Net charge-offs to loans and leases	0.61	0.67	0.95	1.12	0.89	1.10	0.91
Loss provision to net charge-offs	107.04	121.14	118.82	108.21	91.86	114.65	84.96
Performance ratios (%)							
Percent of institutions unprofitable	7.52	7.34	8.12	6.64	5.69	11.41	10.00
Percent of institutions with earnings gains	62.81	67.31	56.28	72.73	59.57	61.54	54.45
Nonint. income to net operating revenue	43.02	43.11	42.43	42.18	43.72	42.53	43.87
Nonint. expense to net operating revenue	60.71	60.60	59.87	57.07	57.67	59.60	57.94
Condition ratios (%)							
Nonperforming assets to assets	0.63	0.74	0.92	0.94	0.77	0.94	0.77
Noncurrent loans to loans	0.95	1.13	1.41	1.46	1.19	1.46	1.19
Loss reserve to noncurrent loans	178.02	149.36	132.42	127.17	145.79	127.17	145.79
Loss reserve to loans	1.68	1.68	1.86	1.85	1.74	1.85	1.74
Equity capital to assets	8.36	8.49	9.06	9.15	9.10	9.15	9.10
Leverage ratio	7.79	7.69	7.78	7.83	7.85	7.83	7.85
Risk-based capital ratio	12.15	12.12	12.70	12.77	12.74	12.77	12.74
Net loans and leases to assets	59.81	60.06	58.18	57.64	57.24	57.64	57.24
Securities to assets	18.25	17.28	17.89	18.86	19.16	18.86	19.16
Appreciation in securities (% of par)	-2.31	0.20	0.82	2.22	0.84	2.22	0.84
Residential mortgage assets to assets	20.78	20.19	21.64	23.30	23.28	23.30	23.28
Total deposits to assets	66.80	66.92	66.81	66.27	66.15	66.27	66.15
Core deposits to assets	46.96	46.39	48.72	48.68	48.54	48.68	48.54
Volatile liabilities to assets	34.94	34.97	31.45	31.41	31.04	31.41	31.04

Loan performance, FDIC-insured commercial banks
Annual 1999—2002, year-to-date through December 31, 2003, fourth quarter 2002, and fourth quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q4	Preliminary 2003Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.14	1.25	1.37	1.17	1.03	1.17	1.03
Loans secured by real estate (RE)	1.09	1.26	1.31	1.08	0.90	1.08	0.90
1-4 family residential mortgages	1.43	1.72	1.69	1.49	1.29	1.49	1.29
Home equity loans	0.75	0.98	0.79	0.59	0.45	0.59	0.45
Multifamily residential mortgages	0.57	0.55	0.72	0.46	0.48	0.46	0.48
Commercial RE loans	0.69	0.74	0.90	0.68	0.56	0.68	0.56
Construction RE loans	0.98	1.06	1.21	0.89	0.69	0.89	0.69
Commercial and industrial loans	0.79	0.83	1.01	0.89	0.73	0.89	0.73
Loans to individuals	2.33	2.47	2.46	2.22	2.09	2.22	2.09
Credit cards	2.59	2.66	2.70	2.72	2.54	2.72	2.54
Installment loans and other plans	2.18	2.34	2.54	2.08	1.93	2.08	1.93
All other loans and leases	0.54	0.64	0.84	0.58	0.48	0.58	0.48
Percent of loans noncurrent							
Total loans and leases	0.95	1.13	1.41	1.46	1.19	1.46	1.19
Loans secured by real estate (RE)	0.79	0.81	0.96	0.89	0.86	0.89	0.86
1-4 family residential mortgages	0.82	0.90	0.97	0.93	1.00	0.93	1.00
Home equity loans	0.33	0.37	0.37	0.30	0.24	0.30	0.24
Multifamily residential mortgages	0.41	0.44	0.46	0.38	0.39	0.38	0.39
Commercial RE loans	0.77	0.72	0.96	0.94	0.89	0.94	0.89
Construction RE loans	0.67	0.76	1.06	0.98	0.70	0.98	0.70
Commercial and industrial loans	1.18	1.66	2.41	2.92	2.10	2.92	2.10
Loans to individuals	1.42	1.41	1.43	1.51	1.52	1.51	1.52
Credit cards	2.06	2.01	2.12	2.24	2.21	2.24	2.21
Installment loans and other plans	1.04	0.98	1.12	1.14	1.13	1.14	1.13
All other loans and leases	0.39	0.70	0.97	1.01	0.66	1.01	0.66
Percent of loans charged-off, net							
Total loans and leases	0.61	0.67	0.95	1.12	0.89	1.10	0.91
Loans secured by real estate (RE)	0.08	0.09	0.19	0.15	0.16	0.18	0.25
1-4 family residential mortgages	0.11	0.11	0.22	0.14	0.19	0.15	0.37
Home equity loans	0.15	0.18	0.27	0.19	0.20	0.19	0.26
Multifamily residential mortgages	0.02	0.03	0.04	0.08	0.03	0.12	0.02
Commercial RE loans	0.03	0.05	0.13	0.15	0.13	0.19	0.13
Construction RE loans	0.04	0.05	0.14	0.17	0.13	0.22	0.17
Commercial and industrial loans	0.58	0.81	1.43	1.76	1.26	1.78	1.12
Loans to individuals	2.32	2.43	2.73	3.34	2.98	3.15	3.08
Credit cards	4.46	4.39	5.12	6.38	5.57	5.53	5.72
Installment loans and other plans	1.04	1.18	1.29	1.46	1.40	1.62	1.44
All other loans and leases	0.25	0.23	0.40	0.57	0.40	0.73	0.30
Loans outstanding (\$)							
Total loans and leases	\$3,489,092	\$3,815,498	\$3,884,336	\$4,156,415	\$4,428,784	\$4,156,415	\$4,428,784
Loans secured by real estate (RE)	1,510,339	1,673,324	1,800,228	2,068,387	2,272,296	2,068,387	2,272,296
1-4 family residential mortgages	737,107	790,028	810,766	945,942	993,935	945,942	993,935
Home equity loans	102,339	127,694	154,193	214,724	284,513	214,724	284,513
Multifamily residential mortgages	53,168	60,406	64,131	71,934	79,875	71,934	79,875
Commercial RE loans	417,633	466,453	505,882	555,990	602,307	555,990	602,307
Construction RE loans	135,632	162,613	193,029	207,452	231,469	207,452	231,469
Farmland loans	31,902	34,096	35,533	38,065	40,694	38,065	40,694
RE loans from foreign offices	32,558	32,033	36,695	34,280	39,503	34,280	39,503
Commercial and industrial loans	969,257	1,051,992	981,130	911,912	870,627	911,912	870,627
Loans to individuals	558,496	606,695	629,412	703,748	770,447	703,748	770,447
Credit cards*	212,147	249,425	232,448	275,957	316,014	275,957	316,014
Other revolving credit plans	.	.	34,202	38,209	37,616	38,209	37,616
Installment loans	346,349	357,269	362,762	389,582	416,818	389,582	416,818
All other loans and leases	454,674	486,400	476,689	475,769	518,283	475,769	518,283
Less: Unearned income	3,673	2,912	3,123	3,401	2,869	3,401	2,869

*Prior to March 2001, credit cards included "Other revolving credit plans."

Key indicators, FDIC-insured commercial banks by asset size
Fourth quarter 2002 and fourth quarter 2003
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4
Number of institutions reporting	4,168	3,911	3,314	3,434	325	341	80	83
Total employees (FTEs)	82,969	77,504	299,799	300,691	245,664	235,847	1,117,075	1,145,039
Selected income data (\$)								
Net income	\$434	\$410	\$2,475	\$2,851	\$3,503	\$3,364	\$15,043	\$19,970
Net interest income	2,059	1,917	8,587	8,622	8,569	8,455	41,114	43,012
Provision for loan losses	211	144	1,081	738	1,293	1,016	10,398	6,541
Noninterest income	564	578	3,669	3,591	5,814	5,525	34,601	38,762
Noninterest expense	1,881	1,832	7,901	8,011	8,044	7,973	44,742	46,190
Net operating income	418	401	2,425	2,550	3,384	3,328	13,735	19,658
Cash dividends declared	447	431	2,000	2,141	4,233	4,107	11,675	16,412
Net charge-offs	165	138	814	831	1,216	990	9,129	7,974
Selected condition data (\$)								
Total assets	211,340	200,689	869,821	910,014	937,436	947,287	5,058,633	5,544,499
Total loans and leases	129,014	121,776	564,081	592,234	568,171	576,587	2,895,149	3,138,188
Reserve for losses	1,884	1,798	8,349	8,524	9,927	9,495	56,839	57,291
Securities	50,655	50,074	200,138	215,237	229,155	241,480	854,871	949,499
Other real estate owned	332	318	1,148	1,190	581	638	2,103	2,090
Noncurrent loans and leases	1,462	1,332	5,436	5,278	6,068	5,479	47,584	40,801
Total deposits	178,351	168,996	707,344	736,815	639,608	645,801	3,164,532	3,477,254
Domestic deposits	178,341	168,976	706,013	735,718	628,922	635,727	2,518,522	2,747,273
Equity capital	23,503	22,625	85,884	90,180	96,930	100,268	441,282	478,983
Off-balance-sheet derivatives	73	111	7,068	6,630	71,926	64,514	56,195,701	71,283,692
Performance ratios (annualized %)								
Return on equity	7.40	7.28	11.59	12.80	14.63	13.72	13.72	16.80
Return on assets	0.83	0.82	1.15	1.27	1.51	1.44	1.20	1.45
Net interest income to assets	3.95	3.86	3.99	3.83	3.70	3.62	3.28	3.13
Loss provision to assets	0.40	0.29	0.50	0.33	0.56	0.44	0.83	0.48
Net operating income to assets	0.80	0.81	1.13	1.13	1.46	1.43	1.10	1.43
Noninterest income to assets	1.08	1.16	1.70	1.60	2.51	2.37	2.76	2.82
Noninterest expense to assets	3.61	3.69	3.67	3.56	3.48	3.42	3.57	3.36
Loss provision to loans and leases	0.66	0.48	0.77	0.50	0.92	0.71	1.45	0.84
Net charge-offs to loans and leases	0.51	0.46	0.58	0.57	0.86	0.70	1.28	1.03
Loss provision to net charge-offs	128.33	104.62	132.70	88.77	106.36	102.67	113.90	82.03
Performance ratios (%)								
Percent of institutions unprofitable	17.06	15.80	5.16	4.08	4.31	4.99	5.00	2.41
Percent of institutions with earnings gains	56.21	51.73	67.05	57.05	72.31	58.65	67.50	57.83
Nonint. income to net operating revenue	21.51	23.15	29.94	29.41	40.43	39.52	45.70	47.40
Nonint. expense to net operating revenue	71.73	73.43	64.47	65.60	55.93	57.03	59.09	56.49
Condition ratios (%)								
Nonperforming assets to assets	0.86	0.83	0.76	0.71	0.72	0.65	1.01	0.80
Noncurrent loans to loans	1.13	1.09	0.96	0.89	1.07	0.95	1.64	1.30
Loss reserve to noncurrent loans	128.87	134.96	153.60	161.49	163.59	173.29	119.45	140.42
Loss reserve to loans	1.46	1.48	1.48	1.44	1.75	1.65	1.96	1.83
Equity capital to assets	11.12	11.27	9.87	9.91	10.34	10.58	8.72	8.64
Leverage ratio	10.66	10.91	9.19	9.32	9.07	9.27	7.23	7.24
Risk-based capital ratio	17.09	17.56	14.18	14.27	14.50	14.61	12.11	12.07
Net loans and leases to assets	60.15	59.78	63.89	64.14	59.55	59.86	56.11	55.57
Securities to assets	23.97	24.95	23.01	23.65	24.44	25.49	16.90	17.13
Appreciation in securities (% of par)	2.43	1.08	2.49	1.16	2.18	1.03	2.15	0.70
Residential mortgage assets to assets	21.66	20.69	23.67	22.28	26.30	26.89	22.74	22.92
Total deposits to assets	84.39	84.21	81.32	80.97	68.23	68.17	62.56	62.72
Core deposits to assets	71.49	71.85	67.97	67.89	55.67	56.01	43.11	43.25
Volatile liabilities to assets	14.48	14.13	17.37	17.58	25.21	24.71	35.68	34.94

Loan performance, FDIC-insured commercial banks by asset size
Fourth quarter 2002 and fourth quarter 2003
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4	2002Q4	2003Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.60	1.41	1.19	1.03	1.18	0.95	1.15	1.02
Loans secured by real estate (RE)	1.47	1.28	1.04	0.88	0.93	0.71	1.10	0.93
1-4 family residential mortgages	2.05	1.92	1.60	1.50	1.28	1.02	1.47	1.28
Home equity loans	0.61	0.60	0.55	0.39	0.56	0.48	0.60	0.44
Multifamily residential mortgages	0.79	0.72	0.52	0.62	0.34	0.29	0.46	0.49
Commercial RE loans	1.08	0.94	0.72	0.61	0.69	0.56	0.61	0.51
Construction RE loans	1.21	0.87	0.92	0.68	0.90	0.64	0.85	0.71
Commercial and industrial loans	1.69	1.53	1.30	1.07	1.31	0.99	0.74	0.62
Loans to individuals	2.84	2.71	2.29	2.29	2.12	2.22	2.21	2.04
Credit cards	2.04	2.47	4.11	5.41	2.72	3.20	2.69	2.42
Installment loans and other plans	2.91	2.75	2.13	1.96	1.95	1.81	2.06	1.91
All other loans and leases	0.93	0.72	0.80	0.70	0.69	0.45	0.54	0.46
Percent of loans noncurrent								
Total loans and leases	1.13	1.09	0.96	0.89	1.07	0.95	1.64	1.30
Loans secured by real estate (RE)	1.00	0.96	0.83	0.79	0.88	0.80	0.91	0.88
1-4 family residential mortgages	0.93	0.99	0.80	0.81	0.90	0.84	0.96	1.06
Home equity loans	0.28	0.22	0.24	0.21	0.30	0.28	0.31	0.23
Multifamily residential mortgages	0.73	0.51	0.49	0.47	0.27	0.48	0.37	0.32
Commercial RE loans	1.11	1.05	0.89	0.84	0.91	0.89	0.98	0.91
Construction RE loans	1.06	0.82	0.91	0.80	1.13	0.73	0.95	0.62
Commercial and industrial loans	1.65	1.71	1.47	1.27	1.73	1.40	3.36	2.35
Loans to individuals	1.02	1.01	0.96	0.88	1.05	1.11	1.65	1.63
Credit cards	1.45	1.74	3.49	3.08	2.00	2.24	2.24	2.19
Installment loans and other plans	1.03	1.01	0.65	0.61	0.63	0.55	1.33	1.30
All other loans and leases	1.17	1.01	1.04	1.04	0.79	0.77	1.02	0.62
Percent of loans charged-off, net								
Total loans and leases	0.51	0.46	0.58	0.57	0.86	0.70	1.28	1.03
Loans secured by real estate (RE)	0.15	0.14	0.16	0.15	0.18	0.18	0.19	0.31
1-4 family residential mortgages	0.17	0.15	0.13	0.15	0.16	0.12	0.16	0.45
Home equity loans	0.24	0.12	0.08	0.07	0.15	0.18	0.21	0.29
Multifamily residential mortgages	0.05	0.01	0.12	0.09	0.09	0.03	0.14	-0.01
Commercial RE loans	0.15	0.19	0.17	0.17	0.19	0.21	0.21	0.05
Construction RE loans	0.25	0.10	0.29	0.17	0.25	0.34	0.17	0.10
Commercial and industrial loans	1.26	1.22	1.35	1.01	1.33	0.93	1.92	1.17
Loans to individuals	1.30	1.19	2.15	3.05	2.79	2.82	3.36	3.16
Credit cards	4.13	2.94	8.91	18.41	6.25	6.18	5.35	5.37
Installment loans and other plans	1.24	1.15	1.27	1.07	1.12	1.13	1.80	1.54
All other loans and leases	0.52	0.37	0.63	0.59	0.70	0.53	0.75	0.26
Loans outstanding (\$)								
Total loans and leases	\$129,014	\$121,776	\$564,081	\$592,234	\$568,171	\$576,587	\$2,895,149	\$3,138,188
Loans secured by real estate (RE)	77,697	75,240	386,175	415,811	330,105	359,549	1,274,410	1,421,696
1-4 family residential mortgages	32,733	29,976	132,649	127,958	125,281	123,757	655,279	712,244
Home equity loans	2,291	2,421	19,471	22,824	22,605	26,923	170,357	232,345
Multifamily residential mortgages	1,781	1,745	13,807	16,026	14,810	17,355	41,536	44,747
Commercial RE loans	23,393	23,405	154,413	171,684	118,706	134,666	259,478	272,551
Construction RE loans	7,464	7,726	49,177	58,763	43,487	50,542	107,324	114,437
Farmland loans	10,035	9,966	16,625	18,519	4,171	5,238	7,234	6,971
RE loans from foreign offices	0	0	33	35	1,045	1,067	33,202	38,401
Commercial and industrial loans	21,651	19,901	95,805	96,943	109,373	106,011	685,083	647,772
Loans to individuals	14,763	13,007	54,169	50,756	92,427	78,249	542,389	628,435
Credit cards*	363	286	6,303	5,811	30,223	27,196	239,068	282,721
Other revolving credit plans	240	190	1,638	1,642	3,787	3,162	32,544	32,622
Installment loans	14,160	12,531	46,228	43,304	58,417	47,891	270,778	313,092
All other loans and leases	15,016	13,716	28,504	29,294	36,748	33,228	395,501	442,045
Less: Unearned income	113	88	573	570	482	450	2,233	1,760

Key indicators, FDIC-insured commercial banks by region
Fourth quarter 2003
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	612	1,071	1,650	2,020	1,732	684	7,769
Total employees (FTEs)	537,139	411,442	341,904	112,761	168,561	187,274	1,759,081
Selected income data (\$)							
Net income	\$8,855	\$5,953	\$4,931	\$1,755	\$1,390	\$3,711	\$26,595
Net interest income	18,128	14,054	11,998	4,456	4,363	9,007	62,006
Provision for loan losses	3,127	819	1,810	811	357	1,514	8,439
Noninterest income	20,311	9,039	7,450	3,215	1,976	6,466	48,456
Noninterest expense	22,559	13,926	10,964	4,348	4,051	8,158	64,007
Net operating income	8,823	5,705	4,578	1,745	1,379	3,705	25,936
Cash dividends declared	5,919	7,040	5,037	900	1,214	2,980	23,091
Net charge-offs	3,871	1,136	2,244	1,099	346	1,235	9,932
Selected condition data (\$)							
Total assets	2,557,369	1,751,903	1,551,666	411,528	471,537	858,486	7,602,489
Total loans and leases	1,211,600	1,053,574	995,548	289,422	286,894	591,745	4,428,784
Reserve for losses	26,590	14,178	15,839	6,521	3,999	9,981	77,107
Securities	490,755	320,146	320,648	71,295	120,070	133,377	1,456,290
Other real estate owned	512	996	1,250	335	708	434	4,235
Noncurrent loans and leases	20,252	8,483	11,669	3,167	2,800	6,519	52,890
Total deposits	1,609,903	1,195,992	998,028	262,985	371,165	590,793	5,028,866
Domestic deposits	1,075,295	1,108,626	910,083	262,981	369,709	561,001	4,287,695
Equity capital	226,146	153,702	128,954	44,254	45,918	93,081	692,056
Off-balance-sheet derivatives	50,960,722	17,358,505	2,051,648	9,770	35,751	665,513	71,081,909
Performance ratios (annualized %)							
Return on equity	15.86	15.66	15.26	16.02	12.22	16.29	15.53
Return on assets	1.40	1.37	1.29	1.74	1.19	1.74	1.41
Net interest income to assets	2.86	3.24	3.13	4.41	3.74	4.23	3.29
Loss provision to assets	0.49	0.19	0.47	0.80	0.31	0.71	0.45
Net operating income to assets	1.39	1.32	1.19	1.73	1.18	1.74	1.38
Noninterest income to assets	3.20	2.08	1.94	3.18	1.69	3.04	2.57
Noninterest expense to assets	3.56	3.21	2.86	4.31	3.47	3.83	3.40
Loss provision to loans and leases	1.04	0.31	0.73	1.15	0.50	1.04	0.77
Net charge-offs to loans and leases	1.29	0.43	0.91	1.55	0.49	0.85	0.91
Loss provision to net charge-offs	80.78	72.09	80.64	73.82	103.18	122.58	84.96
Performance ratios (%)							
Percent of institutions unprofitable	10.13	11.48	7.45	9.85	10.62	12.57	10.00
Percent of institutions with earnings gains	58.33	61.25	47.94	52.82	54.91	59.65	54.45
Nonint. income to net operating revenue	52.84	39.14	38.31	41.91	31.17	41.79	43.87
Nonint. expense to net operating revenue	58.69	60.30	56.38	56.69	63.91	52.73	57.94
Condition ratios (%)							
Nonperforming assets to assets	0.85	0.56	0.85	0.85	0.74	0.81	0.77
Noncurrent loans to loans	1.67	0.81	1.17	1.09	0.98	1.10	1.19
Loss reserve to noncurrent loans	131.30	167.14	135.73	205.90	142.83	153.09	145.79
Loss reserve to loans	2.19	1.35	1.59	2.25	1.39	1.69	1.74
Equity capital to assets	8.84	8.77	8.31	10.75	9.74	10.84	9.10
Leverage ratio	7.56	7.32	7.68	9.06	8.69	9.02	7.85
Risk-based capital ratio	12.85	11.97	12.41	13.35	13.92	13.72	12.74
Net loans and leases to assets	46.34	59.33	63.14	68.74	59.99	67.77	57.24
Securities to assets	19.19	18.27	20.66	17.32	25.46	15.54	19.16
Appreciation in securities (% of par)	0.51	1.14	0.76	1.15	0.92	1.29	0.84
Residential mortgage assets to assets	17.77	29.17	25.52	19.05	26.67	23.74	23.28
Total deposits to assets	62.95	68.27	64.32	63.90	78.71	68.82	66.15
Core deposits to assets	34.57	55.98	52.13	57.20	64.62	55.52	48.54
Volatile liabilities to assets	43.40	23.44	28.36	16.57	21.24	26.87	31.04

Loan performance, FDIC-insured commercial banks by region
Fourth quarter 2003
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.15	0.80	1.02	1.22	1.14	1.03	1.03
Loans secured by real estate (RE)	0.89	0.77	1.12	0.73	1.04	0.81	0.90
1-4 family residential mortgages	1.08	1.11	1.77	1.00	1.59	1.33	1.29
Home equity loans	0.41	0.44	0.49	0.54	0.53	0.38	0.45
Multifamily residential mortgages	0.17	0.36	0.88	0.29	0.55	0.34	0.48
Commercial RE loans	0.58	0.49	0.72	0.54	0.71	0.34	0.56
Construction RE loans	0.84	0.45	0.85	0.59	0.80	0.80	0.69
Commercial and industrial loans	0.69	0.50	0.83	1.05	1.08	0.78	0.73
Loans to individuals	2.23	1.96	1.66	2.61	2.11	1.93	2.09
Credit cards	2.49	3.23	2.18	2.98	2.23	2.24	2.54
Installment loans and other plans	2.29	1.77	1.66	1.74	2.16	1.61	1.93
All other loans and leases	0.63	0.19	0.44	0.47	0.70	0.69	0.48
Percent of loans noncurrent							
Total loans and leases	1.67	0.81	1.17	1.09	0.98	1.10	1.19
Loans secured by real estate (RE)	0.82	0.56	1.23	0.64	0.91	0.95	0.86
1-4 family residential mortgages	0.77	0.58	1.70	0.51	0.96	1.48	1.00
Home equity loans	0.18	0.18	0.33	0.34	0.23	0.21	0.24
Multifamily residential mortgages	0.22	0.19	0.67	0.48	0.51	0.30	0.39
Commercial RE loans	0.83	0.73	1.28	0.76	0.93	0.70	0.89
Construction RE loans	0.70	0.55	0.95	0.74	0.65	0.65	0.70
Commercial and industrial loans	3.24	1.66	1.81	1.19	1.26	1.43	2.10
Loans to individuals	2.15	0.86	0.61	2.06	0.70	1.28	1.52
Credit cards	2.38	2.00	1.59	2.59	1.57	1.82	2.21
Installment loans and other plans	2.23	0.64	0.48	0.76	0.68	0.46	1.13
All other loans and leases	0.71	0.66	0.46	0.74	1.35	0.93	0.66
Percent of loans charged-off, net							
Total loans and leases	1.29	0.43	0.91	1.55	0.49	0.85	0.91
Loans secured by real estate (RE)	0.09	0.13	0.72	0.11	0.17	0.08	0.25
1-4 family residential mortgages	0.05	0.14	1.36	0.08	0.22	0.05	0.37
Home equity loans	0.10	0.10	0.62	0.20	0.24	0.10	0.26
Multifamily residential mortgages	0.01	0.02	0.03	0.09	0.18	-0.06	0.02
Commercial RE loans	0.11	0.14	0.10	0.17	0.13	0.14	0.13
Construction RE loans	0.13	0.11	0.37	0.07	0.10	0.08	0.17
Commercial and industrial loans	1.33	0.85	1.18	0.95	1.01	1.12	1.12
Loans to individuals	3.72	1.63	1.82	5.94	1.43	3.06	3.08
Credit cards	5.80	4.34	4.78	8.59	4.37	4.47	5.72
Installment loans and other plans	1.98	1.05	1.34	0.69	1.29	1.01	1.44
All other loans and leases	0.28	0.19	0.45	0.27	0.67	0.01	0.30
Loans outstanding (\$)							
Total loans and leases	\$1,211,600	\$1,053,574	\$995,548	\$289,422	\$286,894	\$591,745	\$4,428,784
Loans secured by real estate (RE)	447,141	641,661	521,116	135,675	188,420	338,281	2,272,296
1-4 family residential mortgages	218,752	308,473	206,445	55,812	64,696	139,757	993,935
Home equity loans	58,131	75,486	83,436	7,839	11,863	47,758	284,513
Multifamily residential mortgages	16,544	16,778	23,112	4,134	5,246	14,061	79,875
Commercial RE loans	97,921	157,242	141,853	41,021	65,021	99,249	602,307
Construction RE loans	22,487	75,759	55,945	14,022	30,362	32,894	231,469
Farmland loans	1,670	5,143	9,775	12,848	7,284	3,973	40,694
RE loans from foreign offices	31,636	2,779	550	0	3,949	589	39,503
Commercial and industrial loans	263,989	192,718	212,845	44,525	54,434	102,115	870,627
Loans to individuals	311,380	119,628	112,030	72,781	29,886	124,743	770,447
Credit cards	149,165	21,264	15,521	51,952	1,439	76,672	316,014
Other revolving credit plans	21,030	4,510	5,361	653	786	5,276	37,616
Installment loans	141,185	93,854	91,148	20,176	27,661	42,795	416,818
All other loans and leases	190,729	99,930	149,700	36,494	14,401	27,029	518,283
Less: Unearned income	1,640	363	143	53	247	423	2,869

Glossary

Data Sources

Data are from the Federal Financial Institutions Examination Council (FFIEC) Reports of Condition and Income (call reports) submitted by all FDIC-insured, national-chartered and state-chartered commercial banks and trust companies in the United States and its territories. Uninsured banks, savings banks, savings associations, and U.S. branches and agencies of foreign banks are excluded from these tables. All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state.

The data are stored on and retrieved from the OCC's Integrated Banking Information System (IBIS), which is obtained from the FDIC's Research Information System (RIS) database.

Computation Methodology

For performance ratios constructed by dividing an income statement (flow) item by a balance sheet (stock) item, the income item for the period was annualized (multiplied by the number of periods in a year) and divided by the average balance sheet item for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, prior period(s) balance sheet items of "acquired" institution(s) are included in balance sheet averages because the year-to-date income reported by the "acquirer" includes the year-to-date results of "acquired" institutions. No adjustments are made for "purchase accounting" mergers because the year-to-date income reported by the "acquirer" does not include the prior-to-merger results of "acquired" institutions.

Definitions

Commercial real estate loans—loans secured by nonfarm nonresidential properties.

Construction real estate loans—includes loans for all property types under construction, as well as loans for land acquisition and development.

Core deposits—the sum of transaction deposits plus savings deposits plus small time deposits (under \$100,000).

IBIS—the OCC's Integrated Banking Information System.

Leverage ratio—Tier 1 capital divided by adjusted tangible total assets.

Loans to individuals—includes outstanding credit card balances and other secured and unsecured installment loans.

Net charge-offs to loan and lease reserve—total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

Net loans and leases to assets—total loans and leases net of the reserve for losses.

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

Net operating revenue—the sum of net interest income plus noninterest income.

Noncurrent loans and leases—the sum of loans and leases 90 days or more past due plus loans and leases in nonaccrual status.

Nonperforming assets—the sum of noncurrent loans and leases plus noncurrent debt securities and other assets plus other real estate owned.

Number of institutions reporting—the number of institutions that actually filed a financial report.

Off-balance-sheet derivatives—the notional value of futures and forwards, swaps, and options contracts; beginning March 31, 1995, new reporting detail permits the exclusion of spot foreign exchange contracts. For March 31, 1984 through December 31, 1985, only foreign exchange futures and forwards contracts were reported; beginning March 31, 1986, interest rate swaps contracts were reported; beginning March 31, 1990, banks began to report interest rate and other futures and forwards contracts, foreign exchange and other swaps contracts, and all types of option contracts.

Other real estate owned—primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances.

Percent of institutions unprofitable—the percent of institutions with negative net income for the respective period.

Percent of institutions with earnings gains—the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

Reserve for losses—the sum of the allowance for loan and lease losses plus the allocated transfer risk reserve.

Residential mortgage assets—the sum of 1- to 4-family residential mortgages plus mortgage-backed securities.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Return on assets (ROA)—net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets.

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

Risk-based capital ratio—total capital divided by risk weighted assets.

Risk-weighted assets—assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk weights that range from zero to 100 percent.

Securities—excludes securities held in trading accounts. Effective March 31, 1994 with the full implementation of Financial Accounting Standard (FAS) 115, securities classified by banks as “held-to-maturity” are reported at their amortized cost, and securities classified a “available-for-sale” are reported at their current fair (market) values.

Securities gains (losses)—net pre-tax realized gains (losses) on held-to-maturity and available-for-sale securities.

Total capital—the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries less goodwill and other ineligible intangible assets. Tier 2 capital consists of subordinated debt plus intermediate-term preferred stock plus cumulative long-term preferred stock plus a portion of a bank’s allowance for loan and lease losses. The amount of eligible intangibles (including mortgage servicing rights) included in Tier 1 capital and the amount of the allowance included in Tier 2 capital are limited in accordance with supervisory capital regulations.

Volatile liabilities—the sum of large-denomination time deposits plus foreign-office deposits plus federal funds purchased plus securities sold under agreements to repurchase plus other borrowings. Beginning March 31, 1994, new reporting detail permits the exclusion of other borrowed money with original maturity of more than one year; previously, all other borrowed money was included. Also beginning March 31, 1994, the newly reported “trading liabilities less revaluation losses on assets held in trading accounts” is included.