

Condition and Performance of Commercial Banks

Summary

Bank income moved up strongly again during the second quarter, despite weakness in the macro economy, and the continued slide in equity markets. A strong housing market boosted lending and fee income, as low, short-term interest rates and wide spreads between short- and long-term rates kept up net interest income. Return on equity rose again, to an eight-year high. Loan volume rose modestly during the quarter, with nearly all the growth coming in real estate loans made at large banks.

Asset quality continued to decline, with most of the deterioration concentrated in the larger banks. For both small and large banks, commercial and industrial (C&I) loans experienced the greatest deterioration. Loan loss reserves grew year-over-year, but noncurrent loans grew faster, reducing the ratio of loan loss reserves to noncurrent loans.

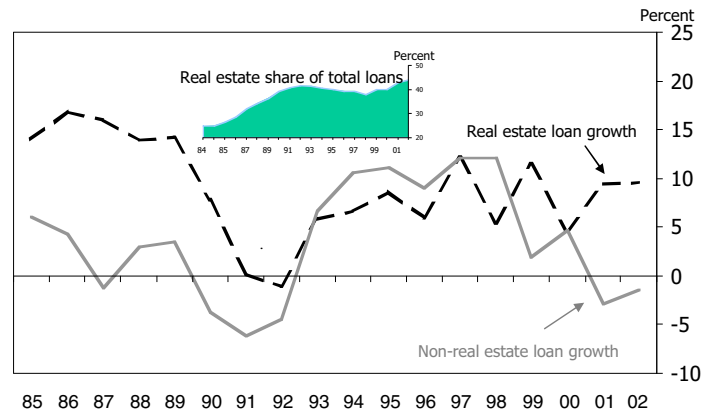
Key Trends

During the second quarter, net income at national banks grew by 5 percent over the previous quarter and 29 percent year-over-year, as low, short-term interest rates and wide spreads between short- and long-term rates continued to be favorable for net interest income, which rose 14 percent year-over-year. Net interest margins finally fell after four consecutive quarterly increases. Return on equity rose to 15.9 percent, just shy of the all-time highs recorded in 1993 and 1994.

Loan volume rose 3 percent for the quarter, with nearly all of the growth coming in real estate loans made at large banks. Real estate has become increasingly important in loan portfolios, as the inset to Figure 1 indicates. Persistent strength in the housing sector, coupled with slow or no growth in other lending, has pushed real estate to 44 percent of the total loan book of national banks. This total would be even higher were it not for the recent growth in securitization, which has moved many mortgage loans off banks' loan books.

Real estate lending has added to bank profits in several ways: lending, refinancing fees, and income from securitization. Over the last four quarters, securitization income at national banks increased by more than 30 percent, and the stock of securitized loans grew by 18 percent, three-quarters of which was for 1- to 4-family residential loans.

Figure 1—Real estate is increasingly important for national banks



Source: Integrated Banking Information System (OCC)

Table 1—Large national banks now outperform smaller ones

Average quarterly return on equity, national non-specialty banks (percent)

	1984Q1–1996Q4	1997Q1–2002Q2
Banks under \$1 billion	10.34	12.34
Banks over \$1 billion	9.89	14.30
Difference	-0.45	1.96

Source: Integrated Banking Information System (OCC)

Large banks have benefited from their ability to control noninterest expenses. In 1991 for example, salaries represented about the same share of noninterest expense (30.6 percent) at small banks (under \$1 billion in assets) as at large banks (over \$1 billion in assets). Since then, large banks have been able to reduce this share to 24.2 percent, while small banks have seen it rise to 33.6 percent.

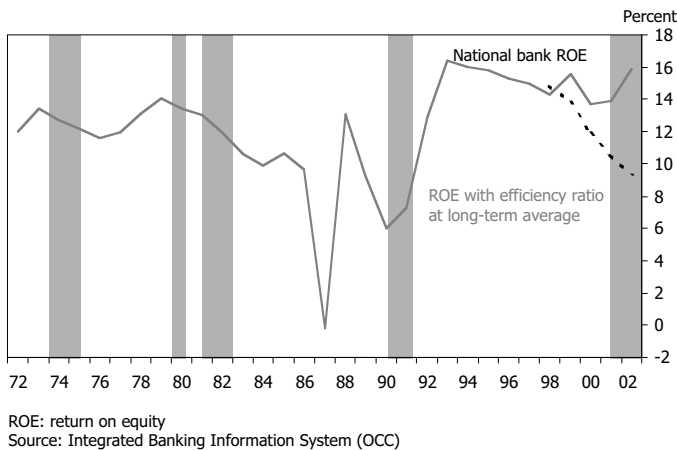
For the last few years, larger banks have had better efficiency ratios (noninterest expense to net operating revenues), and the pattern is becoming more pronounced. Moreover, this efficiency advantage is not limited to a few large banks, but is a general pattern. For example, in the second quarter of 2002, the fraction of banks with an efficiency ratio below 60 percent was 30 percent for banks with less than \$100 million in assets, 45 percent for banks with assets between \$100 million and \$1 billion,

57 percent for banks with assets between \$1 billion and \$10 billion, and 77 percent for banks with more than \$10 billion in assets.

Large banks have used this advantage in efficiency ratios to gain the edge in earnings. Table 1 shows that between 1984 and 1996, smaller banks (under \$1 billion in assets) enjoyed an average return on equity (ROE) 45 points higher than their larger counterparts. Since then, however, while ROE has increased for both small and large banks, large banks have gained more than enough to move ahead of their smaller contemporaries.

Without the recent improvements in large banks' noninterest expense ratios, return on equity would be much lower than it is today. Figure 2 shows return on equity at national banks, with recessions indicated by the gray bands. From 1998 to the present, the dotted line shows what return on equity would have been if the average ratio of noninterest expense to net operating revenue (the "efficiency ratio") had remained at the 1984–2002 average of 63 percent. In this case, ROE would have fallen steadily from 15.0 percent in 1997 to 9.3 in the second quarter of 2002, instead of rising to a near-record 15.9 percent.

Figure 2—Efficiency gains at large national banks contribute to strong return on equity

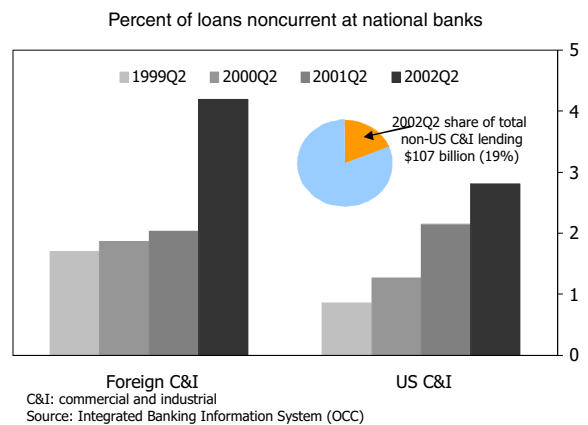


In the second quarter, loan loss reserves grew by 14 percent year-over-year, while noncurrent loans grew by 23 percent, reducing the ratio of loan loss reserves to noncurrent loans from 135 percent to 124 percent. Asset quality continued to decline, with most of the deterioration concentrated in the larger banks. The noncurrent loan ratio rose by 5 basis points for small banks, from 0.92 to 0.97, and by 29 basis points for large banks, from 1.38 to 1.67. For both small and large banks,

commercial and industrial (C&I) loans experienced the greatest deterioration: by 31 basis points for smaller banks, and by 97 basis points for larger banks.

Much of the deterioration in the C&I sector occurred in loans made to companies outside the United States. As the inset to Figure 3 indicates, foreign C&I loans now make up 19 percent of the C&I portfolios of national banks. In the second quarter of 2001, the noncurrent ratios were about equal for domestic and foreign C&I loans: 2.15 percent domestic, compared with 2.03 percent foreign. A year later, the noncurrent ratio had increased to 2.81 percent for domestic loans, but had more than doubled, to 4.19 percent, for foreign loans.

Figure 3—Noncurrent foreign commercial and industrial loans surge



Although credit quality held up better at small banks than large banks, this aggregate number conceals important differences among the smaller banks. For example, in the second quarter, more than 8 percent of small banks, but only 2 percent of large banks, recorded noncurrent ratios above 3 percent, compared to the national average of about 1 percent. Similarly, about 15 percent of small banks, but only 7 percent of large banks, showed return on assets below 0.5 percent, compared to a national average of 1.5 percent.

Over the last decade, bank earnings have remained stable and high relative to the historical record, either measured as return on equity or return on assets. At the same time, credit quality, as measured by the nonperforming loan (NPL) ratio, has remained generally sound. Figure 4 shows that return on assets (ROA) rose in the early 1990s at the same time that the NPL ratio fell by two-thirds. Since then, ROA has remained high and relatively stable, while the NPL ratio has stayed low, turning up only during the last year or so. The question for the future is whether

Figure 4—Sustained high return on investment corresponds to long economic expansion and stability of credit quality at national banks



Source: Integrated Banking Information System (OCC)

banks can maintain this good earnings performance in an economic environment that may take time to recover from the downturn of 2001.

Several factors will make it difficult for banks to sustain their record performance in the second half of 2002. Net interest margins turned down in the second quarter after four consecutive quarterly increases, and may not move back to the record level of the first quarter of 2002. Neither consumers nor commercial customers are likely to add much to loan growth. If past recessions are a guide, credit quality will probably continue to deteriorate. Finally, if the housing sector, which sustained the economy during the recession, were to falter, banks would feel the effects in both interest and noninterest income.

Key indicators, FDIC-insured national banks
Annual 1998–2001, year-to-date through June 30, 2002, second quarter 2001, and second quarter 2002

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q1	Preliminary 2002Q1
Number of institutions reporting	2,456	2,364	2,230	2,137	2,104	2,176	2,104
Total employees (FTEs)	974,871	983,186	948,652	966,538	986,626	962,387	986,626
Selected income data (\$)							
Net income	\$37,608	\$42,591	\$38,958	\$44,339	\$27,794	\$10,995	\$14,152
Net interest income	110,985	114,557	115,905	125,655	70,206	30,611	
Provision for loan losses	15,242	15,550	20,559	28,999	16,088	6,250	7,662
Noninterest income	81,344	92,647	96,184	99,532	53,077	24,606	26,585
Noninterest expense	122,604	125,807	128,535	131,145	66,159	32,223	33,105
Net operating income	35,549	42,416	40,209	43,112	27,126	10,770	13,646
Cash dividends declared	25,414	29,870	32,327	27,739	21,571	7,105	8,158
Net charge-offs to loan and lease reserve	14,492	14,179	17,241	25,180	15,980	5,551	7,648
Selected condition data (\$)							
Total assets	3,183,385	3,271,262	3,414,442	3,635,533	3,739,495	3,448,286	3,739,495
Total loans and leases	2,015,585	2,127,927	2,227,069	2,272,756	2,325,538	2,255,767	2,325,538
Reserve for losses	36,810	37,684	40,021	45,575	47,357	41,368	47,357
Securities	516,120	537,315	502,297	576,011	616,249	486,424	616,249
Other real estate owned	1,833	1,572	1,553	1,794	1,864	1,684	1,864
Noncurrent loans and leases	19,513	20,818	27,161	34,577	37,834	30,858	37,834
Total deposits	2,137,946	2,154,272	2,250,464	2,384,462	2,410,803	2,285,648	2,410,803
Domestic deposits	1,785,856	1,776,126	1,827,126	2,001,301	2,025,600	1,887,371	2,025,600
Equity capital	274,193	278,011	293,834	340,969	356,019	309,393	356,019
Off-balance-sheet derivatives	10,953,514	12,077,568	15,502,911	20,291,557	22,731,639	17,322,967	22,731,639
Performance ratios (annualized %)							
Return on equity	14.29	15.57	13.71	13.89	15.87	14.30	16.07
Return on assets	1.24	1.35	1.18	1.26	1.51	1.28	1.54
Net interest income to assets	3.67	3.63	3.50	3.56	3.81	3.56	3.78
Loss provision to assets	0.50	0.49	0.62	0.82	0.87	0.73	0.83
Net operating income to assets	1.18	1.35	1.21	1.22	1.47	1.25	1.48
Noninterest income to assets	2.69	2.94	2.91	2.82	2.88	2.86	2.89
Noninterest expense to assets	4.05	3.99	3.88	3.72	3.59	3.75	3.59
Loss provision to loans and leases	0.79	0.76	0.95	1.28	1.39	1.11	1.32
Net charge-offs to loans and leases	0.75	0.70	0.80	1.11	1.38	0.99	1.32
Loss provision to net charge-offs	105.12	109.66	119.24	115.16	100.67	112.58	100.18
Performance ratios (%)							
Percent of institutions unprofitable	5.94	7.06	6.95	7.30	6.70	7.44	6.70
Percent of institutions with earnings gains	61.60	62.14	66.64	56.86	67.87	50.14	68.77
Nonint. income to net operating revenue	42.29	44.71	45.35	44.20	43.05	44.56	43.31
Nonint. expense to net operating revenue	63.75	60.72	60.60	58.24	53.66	58.36	53.93
Condition ratios (%)							
Nonperforming assets to assets	0.68	0.70	0.86	1.02	1.09	0.95	1.09
Noncurrent loans to loans	0.97	0.98	1.22	1.52	1.63	1.37	1.63
Loss reserve to noncurrent loans	188.65	181.02	147.35	131.81	125.17	134.06	125.17
Loss reserve to loans	1.83	1.77	1.80	2.01	2.04	1.83	2.04
Equity capital to assets	8.61	8.50	8.61	9.38	9.52	8.97	9.52
Leverage ratio	7.43	7.49	7.49	7.82	8.04	7.67	8.04
Risk-based capital ratio	11.79	11.71	11.84	12.62	12.81	12.32	12.81
Net loans and leases to assets	62.16	63.90	64.05	61.26	60.92	64.22	60.92
Securities to assets	16.21	16.43	14.71	15.84	16.48	14.11	16.48
Appreciation in securities (% of par)	0.82	-2.45	-0.01	0.48	1.39	0.42	1.39
Residential mortgage assets to assets	20.41	20.60	19.60	22.54	23.19	21.24	23.19
Total deposits to assets	67.16	65.85	65.91	65.59	64.47	66.28	64.47
Core deposits to assets	49.72	47.01	45.61	48.07	47.39	47.01	47.39
Volatile liabilities to assets	31.77	34.81	35.18	31.24	30.76	33.11	30.76

Loan performance, FDIC-insured national banks
Annual 1998–2001, year-to-date through June 30, 2002, second quarter 2001, and second quarter 2002

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q1	Preliminary 2002Q1
Percent of loans past due 30–89 days							
Total loans and leases	1.27	1.16	1.26	1.38	1.20	1.22	1.20
Loans secured by real estate (RE)	1.33	1.22	1.42	1.42	1.06	1.35	1.06
1–4 family residential mortgages	1.50	1.61	1.95	1.80	1.38	1.78	1.38
Home equity loans	0.97	0.77	1.07	0.98	0.58	0.86	0.58
Multifamily residential mortgages	0.94	0.69	0.59	0.75	0.43	0.53	0.43
Commercial RE loans	1.02	0.70	0.72	0.86	0.61	0.72	0.61
Construction RE loans	1.82	1.07	1.12	1.28	1.28	1.25	1.28
Commercial and industrial loans	0.81	0.71	0.71	0.95	1.20	0.79	1.20
Loans to individuals	2.44	2.36	2.40	2.39	1.96	2.15	1.96
Credit cards	2.52	2.53	2.50	2.51	2.37	2.54	2.37
Installment loans and other plans	2.37	2.24	2.31	2.65	1.88	2.06	1.88
All other loans and leases	0.46	0.50	0.58	0.84	0.63	0.60	0.63
Percent of loans noncurrent							
Total loans and leases	0.97	0.98	1.22	1.52	1.63	1.37	1.63
Loans secured by real estate (RE)	0.98	0.87	0.93	1.04	1.06	1.03	1.06
1–4 family residential mortgages	0.95	0.91	1.06	1.05	1.13	1.12	1.13
Home equity loans	0.41	0.32	0.41	0.42	0.35	0.41	0.35
Multifamily residential mortgages	0.88	0.43	0.55	0.49	0.45	0.47	0.45
Commercial RE loans	1.01	0.84	0.77	1.03	1.08	0.95	1.08
Construction RE loans	0.80	0.63	0.82	1.15	1.17	0.94	1.17
Commercial and industrial loans	0.86	1.11	1.66	2.44	3.07	2.13	3.07
Loans to individuals	1.59	1.52	1.46	1.58	1.49	1.42	1.49
Credit cards	2.06	2.00	1.89	2.05	1.95	1.99	1.95
Installment loans and other plans	1.19	1.16	1.06	1.41	1.28	1.10	1.28
All other loans and leases	0.31	0.40	0.85	1.18	1.04	0.76	1.04
Percent of loans charged-off, net							
Total loans and leases	0.75	0.70	0.80	1.11	1.38	0.99	1.32
Loans secured by real estate (RE)	0.05	0.10	0.12	0.26	0.19	0.17	0.17
1–4 family residential mortgages	0.07	0.14	0.14	0.32	0.18	0.21	0.17
Home equity loans	0.16	0.19	0.23	0.35	0.25	0.18	0.25
Multifamily residential mortgages	0.07	0.02	0.03	0.04	0.07	-0.07	0.11
Commercial RE loans	-0.02	0.03	0.07	0.18	0.17	0.12	0.13
Construction RE loans	-0.01	0.03	0.05	0.15	0.16	0.08	0.14
Commercial and industrial loans	0.38	0.54	0.87	1.50	1.78	1.33	1.99
Loans to individuals	2.92	2.65	2.84	3.14	4.32	2.97	3.61
Credit cards	5.03	4.51	4.43	5.07	7.52	5.15	6.00
Installment loans and other plans	1.23	1.27	1.54	1.66	1.79	1.37	1.66
All other loans and leases	0.79	0.47	0.48	0.90	0.58	0.36	0.67
Loans outstanding (\$)							
Total loans and leases	\$2,015,585	\$2,127,927	\$2,227,069	\$2,272,756	\$2,325,538	\$2,255,767	\$2,325,538
Loans secured by real estate (RE)	764,944	853,141	892,140	976,120	1,025,099	935,835	1,025,099
1–4 family residential mortgages	381,597	433,807	443,002	472,715	483,346	467,577	483,346
Home equity loans	66,091	67,267	82,672	102,094	125,762	88,452	125,762
Multifamily residential mortgages	23,201	26,561	28,026	30,074	33,296	27,724	33,296
Commercial RE loans	200,469	214,145	221,267	236,472	246,947	225,491	246,947
Construction RE loans	56,261	71,578	76,899	91,482	92,532	86,727	92,532
Farmland loans	10,930	11,957	12,350	12,615	12,891	12,686	12,891
RE loans from foreign offices	26,396	27,825	27,923	30,668	30,324	27,179	30,324
Commercial and industrial loans	583,903	622,004	646,988	597,228	568,970	631,757	568,970
Loans to individuals	386,410	348,634	370,363	390,338	423,838	375,796	423,838
Credit cards*	176,408	147,179	176,372	166,998	191,196	162,306	191,196
Other revolving credit plans	NA	NA	NA	29,259	31,590	21,033	31,590
Installment loans	210,003	201,455	193,991	194,082	201,053	192,456	201,053
All other loans and leases	282,367	306,041	319,144	311,001	310,455	313,862	310,455
Less: Unearned income	2,039	1,893	1,565	1,931	2,824	1,483	2,824

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

Key indicators, FDIC-insured national banks by asset size
Second quarter 2001 and second quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1
Number of institutions reporting	1,049	987	956	944	130	131	41	42
Total employees (FTEs)	25,411	23,198	95,853	94,221	116,243	109,214	724,880	759,993
Selected income data (\$)								
Net income	\$130	\$144	\$795	\$792	\$1,206	\$1,690	\$8,864	\$11,526
Net interest income	540	525	2,446	2,498	4,142	4,137	23,482	27,641
Provision for loan losses	41	38	214	203	869	487	5,125	6,933
Noninterest income	255	209	1,317	1,358	2,884	2,766	20,149	22,252
Noninterest expense	565	505	2,476	2,569	4,253	3,920	24,929	26,112
Net operating income	136	142	757	780	1,228	1,659	8,649	11,066
Cash dividends declared	103	79	421	395	1,096	676	5,484	7,007
Net charge-offs to loan and lease reserve	25	25	160	157	785	468	4,582	6,998
Selected condition data (\$)								
Total assets	54,363	52,273	250,980	250,321	413,187	413,938	2,729,757	3,022,963
Total loans and leases	32,742	31,277	158,380	155,760	263,825	262,466	1,800,820	1,876,035
Reserve for losses	440	438	2,218	2,222	5,382	4,570	33,328	40,126
Securities	12,767	13,032	58,914	62,760	85,502	87,040	329,240	453,418
Other real estate owned	67	74	232	245	170	220	1,214	1,325
Noncurrent loans and leases	341	364	1,496	1,516	2,593	2,449	26,428	33,505
Total deposits	45,815	43,885	202,484	202,704	271,750	268,260	1,765,599	1,895,953
Domestic deposits	45,815	43,885	202,232	202,617	269,164	265,720	1,370,160	1,513,378
Equity capital	6,146	6,034	25,838	25,796	39,465	44,529	237,945	279,661
Off-balance-sheet derivatives	44	24	2,955	1,361	38,469	36,919	17,502,318	22,999,225
Performance ratios (annualized %)								
Return on equity	8.53	9.77	12.43	12.57	12.30	15.50	14.98	16.61
Return on assets	0.97	1.12	1.28	1.28	1.17	1.64	1.30	1.55
Net interest income to assets	4.02	4.06	3.93	4.04	4.01	4.01	3.45	3.72
Loss provision to assets	0.31	0.30	0.34	0.33	0.84	0.47	0.75	0.93
Net operating income to assets	1.01	1.09	1.22	1.26	1.19	1.61	1.27	1.49
Noninterest income to assets	1.89	1.62	2.12	2.20	2.79	2.68	2.96	2.99
Noninterest expense to assets	4.20	3.90	3.98	4.16	4.11	3.80	3.66	3.51
Loss provision to loans and leases	0.51	0.50	0.55	0.53	1.32	0.74	1.14	1.48
Net charge-offs to loans and leases	0.31	0.32	0.41	0.41	1.19	0.71	1.02	1.50
Loss provision to net charge-offs	163.60	155.81	134.21	129.19	110.75	104.17	111.86	99.07
Performance ratios (%)								
Percent of institutions unprofitable	11.73	10.64	3.35	3.39	4.62	1.53	2.44	4.76
Percent of institutions with earnings gains	42.80	61.30	56.07	75.11	61.54	76.34	63.41	78.57
Nonint. income to net operating revenue	32.04	28.50	35.00	35.22	41.05	40.07	46.18	44.60
Nonint. expense to net operating revenue	71.08	68.79	65.78	66.63	60.53	56.79	57.13	52.33
Condition ratios (%)								
Nonperforming assets to assets	0.75	0.85	0.69	0.71	0.68	0.66	1.02	1.18
Noncurrent loans to loans	1.04	1.17	0.94	0.97	0.98	0.93	1.47	1.79
Loss reserve to noncurrent loans	129.16	120.33	148.20	146.60	207.58	186.58	126.11	119.76
Loss reserve to loans	1.35	1.40	1.40	1.43	2.04	1.74	1.85	2.14
Equity capital to assets	11.30	11.54	10.29	10.31	9.55	10.76	8.72	9.25
Leverage ratio	11.06	11.12	9.78	9.56	8.30	9.39	7.32	7.66
Risk-based capital ratio	17.84	18.16	15.08	15.09	13.69	15.28	11.87	12.30
Net loans and leases to assets	59.42	59.00	62.22	61.34	62.55	62.30	64.75	60.73
Securities to assets	23.49	24.93	23.47	25.07	20.69	21.03	12.06	15.00
Appreciation in securities (% of par)	1.25	1.87	1.23	1.92	0.92	2.05	0.11	1.17
Residential mortgage assets to assets	21.71	22.20	24.26	24.76	26.31	26.62	20.18	22.61
Total deposits to assets	84.28	83.95	80.68	80.98	65.77	64.81	64.68	62.72
Core deposits to assets	70.71	70.92	67.15	68.31	55.53	55.03	43.39	44.20
Volatile liabilities to assets	15.41	14.96	18.09	16.87	25.84	24.54	35.94	33.04

Loan performance, FDIC-insured national banks by asset size
Second quarter 2001 and second quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1
Percent of loans past due 30–89 days								
Total loans and leases	1.49	1.35	1.28	1.12	1.29	1.09	1.20	1.22
Loans secured by real estate (RE)	1.33	1.13	1.01	0.87	0.92	0.84	1.48	1.12
1–4 family residential mortgages	1.60	1.42	1.26	1.14	0.85	0.98	2.00	1.47
Home equity loans	0.81	0.53	0.68	0.46	0.84	0.54	0.87	0.59
Multifamily residential mortgages	0.64	0.67	0.44	0.41	0.74	0.40	0.49	0.44
Commercial RE loans	1.06	0.80	0.82	0.68	0.75	0.62	0.68	0.59
Construction RE loans	1.49	1.39	1.07	0.98	1.71	1.17	1.14	1.36
Commercial and industrial loans	1.83	1.72	1.47	1.45	1.53	1.35	0.68	1.17
Loans to individuals	2.20	2.24	2.44	2.12	2.11	1.72	2.14	1.98
Credit cards	2.66	2.45	5.65	4.40	2.51	1.80	2.46	2.41
Installment loans and other plans	2.22	2.27	1.87	1.83	1.93	1.81	2.11	1.89
All other loans and leases	0.93	0.92	0.86	0.86	0.87	0.63	0.57	0.61
Percent of loans noncurrent								
Total loans and leases	1.04	1.17	0.94	0.97	0.98	0.93	1.47	1.79
Loans secured by real estate (RE)	0.87	1.02	0.81	0.81	0.73	0.76	1.13	1.14
1–4 family residential mortgages	0.75	0.87	0.70	0.70	0.63	0.71	1.27	1.26
Home equity loans	0.34	0.32	0.36	0.27	0.40	0.38	0.41	0.35
Multifamily residential mortgages	0.39	0.82	0.50	0.52	0.47	0.37	0.47	0.44
Commercial RE loans	0.96	1.12	0.92	0.94	0.86	0.88	0.99	1.16
Construction RE loans	0.74	0.81	0.97	0.85	0.86	0.94	0.97	1.29
Commercial and industrial loans	1.74	1.89	1.37	1.57	1.44	1.39	2.24	3.34
Loans to individuals	0.75	0.76	1.02	0.90	1.32	1.10	1.48	1.58
Credit cards	1.45	1.99	3.75	3.78	2.17	1.59	1.92	1.97
Installment loans and other plans	0.73	0.72	0.50	0.49	0.73	0.80	1.26	1.45
All other loans and leases	1.20	1.32	0.83	1.08	0.60	0.62	0.76	1.07
Percent of loans charged-off, net								
Total loans and leases	0.31	0.32	0.41	0.41	1.19	0.71	1.02	1.50
Loans secured by real estate (RE)	0.07	0.09	0.06	0.07	0.16	0.09	0.19	0.20
1–4 family residential mortgages	0.04	0.09	0.05	0.07	0.35	0.07	0.21	0.20
Home equity loans	0.02	0.15	0.12	0.05	-0.57	0.16	0.27	0.27
Multifamily residential mortgages	0.06	0.23	0.06	0.04	0.00	0.04	-0.12	0.13
Commercial RE loans	0.14	0.11	0.05	0.07	0.07	0.11	0.15	0.16
Construction RE loans	0.05	0.11	0.08	0.06	0.11	0.07	0.07	0.18
Commercial and industrial loans	0.68	0.82	0.62	0.65	1.34	1.07	1.37	2.17
Loans to individuals	1.03	0.88	1.80	2.03	3.82	2.25	2.92	3.92
Credit cards	6.24	4.76	7.47	10.85	7.05	3.83	4.72	6.22
Installment loans and other plans	0.82	0.71	0.70	0.76	1.29	1.03	1.47	1.86
All other loans and leases	0.17	0.15	0.34	0.35	0.35	0.33	0.36	0.71
Loans outstanding (\$)								
Total loans and leases	\$32,742	\$31,277	\$158,380	\$155,760	\$263,825	\$262,466	\$1,800,820	\$1,876,035
Loans secured by real estate (RE)	18,986	18,505	98,991	101,504	137,118	140,417	680,740	764,673
1–4 family residential mortgages	8,554	8,040	41,115	38,855	62,312	62,598	355,597	373,853
Home equity loans	488	498	4,178	4,741	8,952	9,989	74,834	110,535
Multifamily residential mortgages	420	440	3,460	3,752	4,946	5,468	18,898	23,636
Commercial RE loans	5,527	5,645	36,057	38,988	42,686	44,075	141,220	158,238
Construction RE loans	1,841	1,698	9,944	10,644	16,167	16,406	58,776	63,785
Farmland loans	2,157	2,184	4,234	4,522	1,897	1,759	4,398	4,426
RE loans from foreign offices	0	0	3	1	160	123	27,016	30,200
Commercial and industrial loans	5,600	5,163	28,853	27,374	52,014	49,046	545,290	487,387
Loans to individuals	4,418	3,981	20,891	17,724	55,197	50,829	295,290	351,305
Credit cards*	177	167	3,402	2,282	23,786	21,930	134,942	166,817
Other revolving credit plans	73	70	427	348	1,776	2,347	18,757	28,825
Installment loans	4,167	3,744	17,063	15,094	29,635	26,552	141,591	155,663
All other loans and leases	3,799	3,674	9,851	9,353	19,597	22,263	280,616	275,165
Less: Unearned income	61	45	205	194	101	89	1,115	2,496

Key indicators, FDIC-insured national banks by region
Second quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	234	291	422	433	501	223	2,104
Total employees (FTEs)	296,335	254,656	208,833	64,955	56,997	104,850	986,626
Selected income data (\$)							
Net income	\$3,912	\$3,643	\$3,155	\$1,073	\$560	\$1,808	\$14,152
Net interest income	9,964	8,453	7,675	2,800	1,588	4,320	34,800
Provision for loan losses	3,762	1,010	1,445	718	106	620	7,662
Noninterest income	10,105	5,903	4,741	2,240	664	2,932	26,585
Noninterest expense	10,390	8,072	6,715	2,699	1,395	3,833	33,105
Net operating income	3,901	3,505	2,851	1,066	534	1,790	13,646
Cash dividends declared	1,087	2,230	2,832	429	319	1,260	8,158
Net charge-offs to loan and lease reserve	3,619	1,163	1,419	699	76	671	7,648
Selected condition data (\$)							
Total assets	1,013,578	1,036,730	923,699	227,423	159,037	379,028	3,739,495
Total loans and leases	616,780	604,336	600,900	155,499	90,635	257,388	2,325,538
Reserve for losses	16,467	9,985	11,452	2,904	1,452	5,097	47,357
Securities	162,388	171,170	172,062	29,832	41,564	39,232	616,249
Other real estate owned	265	638	550	104	129	178	1,864
Noncurrent loans and leases	14,296	8,250	9,856	1,792	940	2,700	37,834
Total deposits	683,942	681,840	555,085	131,916	128,318	229,702	2,410,803
Domestic deposits	433,075	617,054	511,699	117,863	127,263	218,645	2,025,600
Equity capital	97,185	99,199	77,847	23,887	16,065	41,837	356,019
Off-balance-sheet derivatives	7,863,247	12,459,342	1,568,187	7,251	9,170	824,442	22,731,639
Performance ratios (annualized %)							
Return on equity	16.22	14.82	16.38	18.34	14.26	17.48	16.07
Return on assets	1.57	1.42	1.39	1.90	1.42	1.94	1.54
Net interest income to assets	4.00	3.31	3.38	4.96	4.01	4.62	3.78
Loss provision to assets	1.51	0.39	0.64	1.27	0.27	0.66	0.83
Net operating income to assets	1.57	1.37	1.26	1.89	1.35	1.92	1.48
Noninterest income to assets	4.05	2.31	2.09	3.97	1.68	3.14	2.89
Noninterest expense to assets	4.17	3.16	2.96	4.79	3.53	4.10	3.59
Loss provision to loans and leases	2.44	0.67	0.96	1.87	0.47	0.98	1.32
Net charge-offs to loans and leases	2.35	0.77	0.94	1.82	0.34	1.06	1.32
Loss provision to net charge-offs	103.96	86.82	101.86	102.71	138.86	92.36	100.18
Performance ratios (%)							
Percent of institutions unprofitable	7.26	10.65	4.98	5.08	4.59	12.11	6.70
Percent of institutions with earnings gains	72.22	70.79	70.62	65.13	68.46	66.82	68.77
Nonint. income to net operating revenue	50.35	41.12	38.18	44.44	29.50	40.43	43.31
Nonint. expense to net operating revenue	51.77	56.23	54.09	53.56	61.95	52.85	53.93
Condition ratios (%)							
Nonperforming assets to assets	1.50	0.86	1.15	0.84	0.67	0.77	1.09
Noncurrent loans to loans	2.32	1.37	1.64	1.15	1.04	1.05	1.63
Loss reserve to noncurrent loans	115.18	121.02	116.20	162.05	154.45	188.81	125.17
Loss reserve to loans	2.67	1.65	1.91	1.87	1.60	1.98	2.04
Equity capital to assets	9.59	9.57	8.43	10.50	10.10	11.04	9.52
Leverage ratio	8.30	7.62	7.42	9.38	8.51	8.94	8.04
Risk-based capital ratio	12.96	12.46	12.24	13.88	14.02	13.71	12.81
Net loans and leases to assets	59.23	57.33	63.81	67.10	56.08	66.56	60.92
Securities to assets	16.02	16.51	18.63	13.12	26.14	10.35	16.48
Appreciation in securities (% of par)	1.01	1.18	1.37	2.39	2.12	2.40	1.39
Residential mortgage assets to assets	14.05	28.72	26.48	21.55	27.36	23.77	23.19
Total deposits to assets	67.48	65.77	60.09	58.00	80.68	60.60	64.47
Core deposits to assets	35.05	53.30	49.32	47.17	67.48	51.17	47.39
Volatile liabilities to assets	42.45	24.40	28.14	30.14	18.37	28.89	30.76

Loan performance, FDIC-insured national banks by region
Second quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30–89 days							
Total loans and leases	1.33	0.90	1.37	1.50	1.11	1.06	1.20
Loans secured by real estate (RE)	0.97	0.89	1.46	0.93	0.96	0.82	1.06
1–4 family residential mortgages	1.21	1.19	2.12	1.03	1.15	0.85	1.38
Home equity loans	0.43	0.58	0.75	0.44	0.44	0.41	0.58
Multifamily residential mortgages	0.27	0.40	0.55	0.27	0.65	0.28	0.43
Commercial RE loans	0.43	0.50	0.90	0.80	0.66	0.39	0.61
Construction RE loans	0.46	0.71	1.43	1.25	1.33	2.53	1.28
Commercial and industrial loans	1.27	1.04	1.29	1.56	1.20	1.04	1.20
Loans to individuals	2.16	1.31	1.89	2.26	1.64	1.90	1.96
Credit cards	2.50	2.40	1.95	2.50	0.90	2.00	2.37
Installment loans and other plans	2.33	1.37	2.04	1.71	1.76	2.02	1.88
All other loans and leases	0.61	0.33	0.80	1.06	0.83	0.58	0.63
Percent of loans noncurrent							
Total loans and leases	2.32	1.37	1.64	1.15	1.04	1.05	1.63
Loans secured by real estate (RE)	1.39	0.77	1.55	0.61	0.85	0.57	1.06
1–4 family residential mortgages	1.58	0.71	2.10	0.43	0.73	0.40	1.13
Home equity loans	0.32	0.25	0.49	0.30	0.51	0.23	0.35
Multifamily residential mortgages	0.34	0.48	0.49	0.28	0.67	0.33	0.45
Commercial RE loans	0.78	1.02	1.54	1.04	0.93	0.67	1.08
Construction RE loans	0.99	1.18	1.21	0.61	0.91	1.48	1.17
Commercial and industrial loans	3.74	3.27	2.82	1.51	1.60	2.17	3.07
Loans to individuals	2.26	0.41	0.69	1.68	0.65	1.38	1.49
Credit cards	2.08	1.57	1.40	1.96	0.60	1.75	1.95
Installment loans and other plans	3.60	0.42	0.61	0.96	0.69	0.58	1.28
All other loans and leases	1.35	0.86	0.90	0.97	1.25	0.77	1.04
Percent of loans charged-off, net							
Total loans and leases	2.35	0.77	0.94	1.82	0.34	1.06	1.32
Loans secured by real estate (RE)	0.12	0.11	0.37	0.04	0.09	0.04	0.17
1–4 family residential mortgages	0.11	0.13	0.38	0.01	0.08	0.04	0.17
Home equity loans	0.04	0.19	0.48	0.00	0.16	0.09	0.25
Multifamily residential mortgages	0.11	0.12	0.15	0.03	0.08	0.00	0.11
Commercial RE loans	0.00	0.04	0.35	0.11	0.11	0.05	0.13
Construction RE loans	0.12	0.11	0.29	0.20	0.05	-0.08	0.14
Commercial and industrial loans	2.53	2.25	1.60	1.14	0.60	1.42	1.99
Loans to individuals	5.06	1.01	2.09	4.74	0.89	3.68	3.61
Credit cards	6.31	9.23	5.87	6.38	2.27	4.68	6.00
Installment loans and other plans	3.06	0.93	1.43	0.41	0.86	1.34	1.66
All other loans and leases	1.06	0.23	0.74	0.21	0.28	0.44	0.67
Loans outstanding (\$)							
Total loans and leases	\$616,780	\$604,336	\$600,900	\$155,499	\$90,635	\$257,388	\$2,325,538
Loans secured by real estate (RE)	166,972	321,564	287,270	62,094	50,263	136,935	1,025,099
1–4 family residential mortgages	69,817	169,497	125,615	35,379	18,969	64,069	483,346
Home equity loans	22,522	35,734	44,801	4,125	1,340	17,240	125,762
Multifamily residential mortgages	3,892	9,574	12,097	1,628	1,728	4,377	33,296
Commercial RE loans	34,470	74,457	69,487	13,474	18,703	36,354	246,947
Construction RE loans	8,658	26,304	31,712	4,379	7,838	13,641	92,532
Farmland loans	479	2,821	3,543	3,108	1,685	1,254	12,891
RE loans from foreign offices	27,133	3,176	14	0	0	1	30,324
Commercial and industrial loans	180,395	149,956	143,422	24,255	22,869	48,073	568,970
Loans to individuals	169,515	59,800	76,891	53,081	12,388	52,164	423,838
Credit cards	102,850	558	11,739	39,038	282	36,728	191,196
Other revolving credit plans	19,585	2,878	5,012	853	659	2,602	31,590
Installment loans	47,079	56,364	60,140	13,190	11,447	12,833	201,053
All other loans and leases	102,072	73,354	93,406	16,083	5,214	20,326	310,455
Less: Unearned income	2,174	338	88	14	99	111	2,824

Key indicators, FDIC-insured commercial banks
Annual 1998–2001, year-to-date through June 30, 2002, second quarter 2001, and second quarter 2002

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q1	Preliminary 2002Q1
Number of institutions reporting	8,773	8,579	8,315	8,080	7,966	8,178	7,966
Total employees (FTEs)	1,626,978	1,657,602	1,670,861	1,705,135	1,738,770	1,690,443	1,738,770
Selected income data (\$)							
Net income	\$61,784	\$71,543	\$71,002	\$73,986	\$45,305	\$19,097	\$23,440
Net interest income	182,752	192,141	203,960	215,182	117,624	53,202	58,843
Provision for loan losses	22,215	21,817	30,013	43,466	22,432	8,847	10,861
Noninterest income	123,688	144,450	153,453	157,134	84,184	39,050	42,541
Noninterest expense	194,131	204,208	216,104	222,347	113,396	55,202	57,035
Net operating income	59,226	71,308	72,591	71,160	44,102	18,545	22,605
Cash dividends declared	41,004	51,936	53,854	54,169	33,901	12,519	14,169
Net charge-offs to loan and lease reserve	20,740	20,367	24,787	36,552	21,636	7,934	10,561
Selected condition data (\$)							
Total assets	5,442,531	5,735,160	6,244,610	6,569,074	6,749,662	6,360,020	6,749,662
Total loans and leases	3,238,287	3,491,659	3,819,516	3,895,580	3,971,537	3,859,003	3,971,537
Reserve for losses	57,262	58,767	64,145	72,413	74,325	65,757	74,325
Securities	979,855	1,046,530	1,078,983	1,179,694	1,237,108	1,056,279	1,237,108
Other real estate owned	3,150	2,796	2,912	3,568	3,874	3,204	3,874
Noncurrent loans and leases	31,253	33,002	42,942	54,956	58,424	48,684	58,424
Total deposits	3,681,428	3,831,104	4,179,634	4,391,610	4,448,144	4,244,727	4,448,144
Domestic deposits	3,109,395	3,175,515	3,472,967	3,762,105	3,807,239	3,562,316	3,807,239
Equity capital	462,142	479,731	530,721	597,137	623,994	557,102	623,994
Off-balance-sheet derivatives	33,007,227	34,819,179	40,571,148	45,057,985	50,073,941	47,772,886	50,073,941
Performance ratios (annualized %)							
Return on equity	13.93	15.31	14.02	13.05	14.85	13.83	15.24
Return on assets	1.19	1.31	1.19	1.15	1.37	1.21	1.41
Net interest income to assets	3.51	3.51	3.41	3.35	3.55	3.36	3.54
Loss provision to assets	0.43	0.40	0.50	0.68	0.68	0.56	0.65
Net operating income to assets	1.14	1.30	1.21	1.11	1.33	1.17	1.36
Noninterest income to assets	2.37	2.64	2.57	2.44	2.54	2.46	2.56
Noninterest expense to assets	3.73	3.73	3.61	3.46	3.42	3.48	3.43
Loss provision to loans and leases	0.72	0.66	0.82	1.13	1.14	0.92	1.10
Net charge-offs to loans and leases	0.67	0.61	0.67	0.95	1.10	0.83	1.07
Loss provision to net charge-offs	104.81	107.11	121.08	118.92	103.68	111.50	102.84
Performance ratios (%)							
Percent of institutions unprofitable	6.11	7.51	7.34	8.09	6.24	8.20	6.68
Percent of institutions with earnings gains	61.22	62.82	67.34	56.32	68.94	49.36	70.17
Nonint. income to net operating revenue	40.36	42.92	42.93	42.20	41.71	42.33	41.96
Nonint. expense to net operating revenue	63.35	60.67	60.46	59.72	56.19	59.84	56.26
Condition ratios (%)							
Nonperforming assets to assets	0.65	0.63	0.74	0.92	0.96	0.82	0.96
Noncurrent loans to loans	0.97	0.95	1.12	1.41	1.47	1.26	1.47
Loss reserve to noncurrent loans	183.22	178.07	149.38	131.77	127.22	135.07	127.22
Loss reserve to loans	1.77	1.68	1.68	1.86	1.87	1.70	1.87
Equity capital to assets	8.49	8.36	8.50	9.09	9.24	8.76	9.24
Leverage ratio	7.54	7.79	7.70	7.79	8.00	7.73	8.00
Risk-based capital ratio	12.23	12.16	12.12	12.72	12.95	12.41	12.95
Net loans and leases to assets	58.45	59.86	60.14	58.20	57.74	59.64	57.74
Securities to assets	18.00	18.25	17.28	17.96	18.33	16.61	18.33
Appreciation in securities (% of par)	1.07	-2.31	0.20	0.82	1.65	0.68	1.65
Residential mortgage assets to assets	20.93	20.78	20.20	21.70	22.02	20.71	22.02
Total deposits to assets	67.64	66.80	66.93	66.85	65.90	66.74	65.90
Core deposits to assets	49.39	46.96	46.39	48.80	48.09	46.88	48.09
Volatile liabilities to assets	31.68	34.94	34.97	31.39	31.54	33.93	31.54

Loan performance, FDIC-insured commercial banks
Annual 1998–2001, year-to-date through June 30, 2002, second quarter 2001, and second quarter 2002

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q1	Preliminary 2002Q1
Percent of loans past due 30–89 days							
Total loans and leases	1.26	1.14	1.26	1.37	1.17	1.21	1.17
Loans secured by real estate (RE)	1.26	1.09	1.26	1.31	1.03	1.19	1.03
1–4 family residential mortgages	1.44	1.43	1.72	1.67	1.34	1.53	1.34
Home equity loans	0.98	0.75	0.98	0.91	0.57	0.81	0.57
Multifamily residential mortgages	0.86	0.57	0.55	0.69	0.43	0.53	0.43
Commercial RE loans	0.99	0.69	0.74	0.90	0.72	0.77	0.72
Construction RE loans	1.50	0.98	1.06	1.21	1.03	1.14	1.03
Commercial and industrial loans	0.88	0.79	0.83	1.02	1.13	0.93	1.13
Loans to individuals	2.43	2.33	2.47	2.47	2.05	2.19	2.05
Credit cards	2.58	2.59	2.66	2.69	2.55	2.61	2.55
Installment loans and other plans	2.33	2.18	2.34	2.56	1.92	2.08	1.92
All other loans and leases	0.51	0.54	0.65	0.84	0.62	0.65	0.62
Percent of loans noncurrent							
Total loans and leases	0.97	0.95	1.12	1.41	1.47	1.26	1.47
Loans secured by real estate (RE)	0.91	0.79	0.81	0.96	0.95	0.91	0.95
1–4 family residential mortgages	0.88	0.82	0.90	0.96	1.00	0.96	1.00
Home equity loans	0.42	0.33	0.37	0.39	0.32	0.40	0.32
Multifamily residential mortgages	0.83	0.41	0.44	0.43	0.38	0.42	0.38
Commercial RE loans	0.95	0.77	0.72	0.96	0.97	0.87	0.97
Construction RE loans	0.81	0.67	0.76	1.06	1.08	0.90	1.08
Commercial and industrial loans	0.99	1.18	1.66	2.41	2.87	2.03	2.87
Loans to individuals	1.52	1.42	1.41	1.49	1.40	1.37	1.40
Credit cards	2.22	2.05	2.01	2.12	2.02	2.07	2.02
Installment loans and other plans	1.06	1.04	0.98	1.22	1.13	1.03	1.13
All other loans and leases	0.34	0.39	0.69	0.96	0.89	0.76	0.89
Percent of loans charged-off, net							
Total loans and leases	0.67	0.61	0.67	0.95	1.10	0.83	1.07
Loans secured by real estate (RE)	0.05	0.08	0.09	0.19	0.15	0.13	0.14
1–4 family residential mortgages	0.07	0.11	0.11	0.22	0.14	0.16	0.15
Home equity loans	0.14	0.15	0.18	0.27	0.20	0.16	0.20
Multifamily residential mortgages	0.05	0.02	0.03	0.04	0.06	0.01	0.07
Commercial RE loans	0.00	0.03	0.05	0.14	0.14	0.10	0.12
Construction RE loans	0.01	0.04	0.05	0.14	0.12	0.08	0.11
Commercial and industrial loans	0.42	0.58	0.81	1.43	1.60	1.20	1.76
Loans to individuals	2.69	2.32	2.43	2.72	3.49	2.56	3.05
Credit cards	5.19	4.45	4.39	5.14	7.05	5.11	5.98
Installment loans and other plans	1.04	1.04	1.18	1.28	1.36	1.08	1.26
All other loans and leases	0.78	0.51	0.46	0.82	0.52	0.34	0.59
Loans outstanding (\$)							
Total loans and leases	\$3,238,287	\$3,491,659	\$3,819,516	\$3,895,580	\$3,971,537	\$3,859,003	\$3,971,537
Loans secured by real estate (RE)	1,345,589	1,510,342	1,673,325	1,802,309	1,886,961	1,736,990	1,886,961
1–4 family residential mortgages	668,706	737,110	790,030	811,982	824,572	808,330	824,572
Home equity loans	96,647	102,339	127,694	154,303	188,315	135,476	188,315
Multifamily residential mortgages	43,242	53,168	60,406	64,136	69,381	60,488	69,381
Commercial RE loans	370,544	417,633	466,453	506,581	532,653	478,185	532,653
Construction RE loans	106,719	135,632	162,613	193,082	198,640	184,666	198,640
Farmland loans	29,096	31,902	34,096	35,530	36,989	35,140	36,989
RE loans from foreign offices	30,635	32,558	32,033	36,695	36,411	34,705	36,411
Commercial and industrial loans	898,556	969,257	1,051,992	983,516	938,726	1,027,834	938,726
Loans to individuals	570,863	558,424	606,663	631,563	662,454	610,682	662,454
Credit cards*	228,781	212,051	249,372	232,818	250,395	226,296	250,395
Other revolving credit plans	NA	NA	NA	34,327	36,822	25,679	36,822
Installment loans	342,081	346,373	357,291	364,418	375,237	358,707	375,237
All other loans and leases	427,397	457,309	490,448	481,302	487,225	486,265	487,225
Less: Unearned income	4,117	3,673	2,912	3,110	3,830	2,768	3,830

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

Key indicators, FDIC-insured commercial banks by asset size
Second quarter 2001 and second quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1
Number of institutions reporting	4,685	4,374	3,101	3,194	313	320	79	78
Total employees (FTEs)	96,010	88,815	294,518	298,544	253,437	253,232	1,046,478	1,098,179
Selected income data (\$)								
Net income	\$537	\$595	\$2,421	\$2,669	\$2,864	\$3,407	\$13,276	\$16,769
Net interest income	2,203	2,190	7,776	8,431	8,778	9,029	34,444	39,194
Provision for loan losses	161	160	647	730	1,590	1,180	6,450	8,791
Noninterest income	610	620	3,073	3,111	5,330	5,356	30,037	33,454
Noninterest expense	1,953	1,897	6,887	7,150	8,312	8,188	38,051	39,801
Net operating income	532	585	2,347	2,629	2,742	3,348	12,925	16,044
Cash dividends declared	339	309	1,238	1,157	2,802	1,960	8,141	10,743
Net charge-offs to loan and lease reserve	92	106	477	525	1,362	1,141	6,003	8,788
Selected condition data (\$)								
Total assets	227,949	219,576	789,809	831,484	899,643	935,170	4,442,620	4,763,431
Total loans and leases	141,372	136,003	516,396	542,724	574,496	579,407	2,626,738	2,713,404
Reserve for losses	1,974	1,953	7,338	7,894	10,820	10,463	45,625	54,016
Securities	52,552	53,517	173,563	191,411	193,988	220,934	636,176	771,246
Other real estate owned	269	324	782	1,008	450	652	1,703	1,890
Noncurrent loans and leases	1,526	1,587	4,664	5,218	6,044	6,039	36,450	45,579
Total deposits	192,498	185,233	644,366	677,652	624,200	638,576	2,783,663	2,946,683
Domestic deposits	192,497	185,233	642,640	676,317	610,955	627,811	2,116,223	2,317,878
Equity capital	25,380	24,426	77,397	82,370	85,428	96,251	368,898	420,947
Off-balance-sheet derivatives	103	61	6,479	4,781	71,781	82,083	48,134,526	50,490,897
Performance ratios (annualized %)								
Return on equity	8.51	9.92	12.65	13.29	13.58	14.44	14.50	16.10
Return on assets	0.95	1.09	1.24	1.30	1.28	1.47	1.20	1.43
Net interest income to assets	3.91	4.03	3.98	4.11	3.91	3.90	3.11	3.35
Loss provision to assets	0.28	0.29	0.33	0.36	0.71	0.51	0.58	0.75
Net operating income to assets	0.94	1.08	1.20	1.28	1.22	1.45	1.17	1.37
Noninterest income to assets	1.08	1.14	1.57	1.52	2.38	2.31	2.71	2.86
Noninterest expense to assets	3.47	3.49	3.52	3.49	3.71	3.53	3.43	3.40
Loss provision to loans and leases	0.46	0.48	0.51	0.55	1.11	0.82	0.98	1.30
Net charge-offs to loans and leases	0.27	0.32	0.37	0.39	0.95	0.79	0.91	1.30
Loss provision to net charge-offs	173.66	150.42	135.62	139.13	116.76	103.38	107.44	100.03
Performance ratios (%)								
Percent of institutions unprofitable	11.91	9.85	3.22	2.76	3.51	3.44	2.53	2.56
Percent of institutions with earnings gains	43.37	65.75	56.59	75.77	64.22	73.44	62.03	75.64
Nonint. income to net operating revenue	21.68	22.07	28.33	26.95	37.78	37.23	46.58	46.05
Nonint. expense to net operating revenue	69.43	67.52	63.47	61.94	58.92	56.92	59.01	54.79
Condition ratios (%)								
Nonperforming assets to assets	0.79	0.88	0.69	0.75	0.73	0.73	0.87	1.04
Noncurrent loans to loans	1.08	1.17	0.90	0.96	1.05	1.04	1.39	1.68
Loss reserve to noncurrent loans	129.33	123.08	157.35	151.26	179.02	173.24	125.17	118.51
Loss reserve to loans	1.40	1.44	1.42	1.45	1.88	1.81	1.74	1.99
Equity capital to assets	11.13	11.12	9.80	9.91	9.50	10.29	8.30	8.84
Leverage ratio	10.86	10.72	9.35	9.33	8.45	9.06	7.13	7.42
Risk-based capital ratio	17.13	16.99	14.19	14.24	13.17	14.37	11.80	12.33
Net loans and leases to assets	61.15	61.05	64.45	64.32	62.66	60.84	58.10	55.83
Securities to assets	23.05	24.37	21.98	23.02	21.56	23.63	14.32	16.19
Appreciation in securities (% of par)	1.29	1.86	1.24	1.93	0.81	1.80	0.44	1.53
Residential mortgage assets to assets	21.27	21.64	23.56	23.75	25.53	26.09	19.19	20.93
Total deposits to assets	84.45	84.36	81.59	81.50	69.38	68.28	62.66	61.86
Core deposits to assets	70.94	71.32	67.64	67.99	55.55	55.43	40.20	42.11
Volatile liabilities to assets	15.18	14.79	18.13	17.54	26.86	25.65	39.13	35.91

Loan performance, FDIC-insured commercial banks by asset size
Second quarter 2001 and second quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1	2001Q1	2002Q1
Percent of loans past due 30–89 days								
Total loans and leases	1.60	1.48	1.29	1.14	1.26	1.14	1.16	1.17
Loans secured by real estate (RE)	1.44	1.30	1.08	0.92	0.92	0.87	1.30	1.09
1–4 family residential mortgages	1.77	1.66	1.35	1.24	0.96	1.03	1.70	1.41
Home equity loans	0.96	0.75	0.79	0.53	0.87	0.55	0.81	0.57
Multifamily residential mortgages	0.58	0.66	0.61	0.45	0.75	0.46	0.43	0.40
Commercial RE loans	1.22	0.96	0.86	0.73	0.72	0.77	0.71	0.66
Construction RE loans	1.37	1.38	1.20	0.91	1.32	0.94	1.02	1.10
Commercial and industrial loans	1.89	1.81	1.51	1.38	1.44	1.35	0.74	1.04
Loans to individuals	2.51	2.43	2.29	2.23	2.22	1.97	2.15	2.03
Credit cards	2.69	2.36	5.25	5.32	2.71	2.46	2.48	2.49
Installment loans and other plans	2.55	2.48	1.95	1.92	2.01	1.81	2.09	1.90
All other loans and leases	0.95	0.97	0.90	0.97	0.93	0.69	0.60	0.57
Percent of loans noncurrent								
Total loans and leases	1.08	1.17	0.90	0.96	1.05	1.04	1.39	1.68
Loans secured by real estate (RE)	0.93	1.00	0.77	0.83	0.79	0.83	0.99	1.02
1–4 family residential mortgages	0.81	0.87	0.69	0.74	0.77	0.81	1.09	1.11
Home equity loans	0.32	0.30	0.37	0.28	0.42	0.33	0.41	0.32
Multifamily residential mortgages	0.58	0.65	0.44	0.48	0.45	0.28	0.39	0.38
Commercial RE loans	1.04	1.11	0.80	0.91	0.83	0.86	0.91	1.05
Construction RE loans	0.89	0.98	0.92	0.99	0.91	1.12	0.88	1.11
Commercial and industrial loans	1.66	1.82	1.35	1.43	1.63	1.75	2.19	3.28
Loans to individuals	0.93	0.94	0.91	0.83	1.21	1.01	1.49	1.55
Credit cards	2.06	1.43	3.26	3.07	2.20	1.74	2.00	2.03
Installment loans and other plans	0.91	0.94	0.60	0.58	0.64	0.65	1.23	1.35
All other loans and leases	1.11	1.31	1.00	1.26	0.89	0.82	0.71	0.85
Percent of loans charged-off, net								
Total loans and leases	0.27	0.32	0.37	0.39	0.95	0.79	0.91	1.30
Loans secured by real estate (RE)	0.05	0.09	0.06	0.08	0.12	0.13	0.16	0.17
1–4 family residential mortgages	0.05	0.09	0.07	0.08	0.21	0.09	0.17	0.18
Home equity loans	0.10	0.05	0.09	0.04	-0.21	0.13	0.24	0.23
Multifamily residential mortgages	0.01	0.06	0.04	0.02	0.05	0.10	-0.01	0.08
Commercial RE loans	0.07	0.12	0.05	0.08	0.08	0.18	0.13	0.12
Construction RE loans	0.03	0.17	0.06	0.09	0.13	0.10	0.07	0.12
Commercial and industrial loans	0.59	0.80	0.72	0.78	1.24	1.38	1.27	1.98
Loans to individuals	0.83	0.88	1.56	1.79	3.27	2.48	2.60	3.37
Credit cards	4.06	4.05	7.29	9.80	6.80	5.19	4.65	6.00
Installment loans and other plans	0.73	0.79	0.78	0.82	1.11	1.00	1.16	1.42
All other loans and leases	0.23	0.16	0.37	0.43	0.51	0.45	0.33	0.64
Loans outstanding (\$)								
Total loans and leases	\$141,372	\$136,003	\$516,396	\$542,724	\$574,496	\$579,407	\$2,626,738	\$2,713,404
Loans secured by real estate (RE)	81,480	80,584	335,349	365,261	312,569	329,401	1,007,593	1,111,715
1–4 family residential mortgages	36,382	34,258	129,892	128,122	127,828	126,427	514,229	535,766
Home equity loans	2,145	2,362	14,206	17,214	18,508	21,862	100,618	146,877
Multifamily residential mortgages	1,797	1,857	11,233	12,965	12,631	14,795	34,827	39,764
Commercial RE loans	23,114	24,322	126,200	145,503	107,758	119,154	221,113	243,674
Construction RE loans	7,659	7,393	39,906	45,849	41,251	42,493	95,851	102,905
Farmland loans	10,384	10,392	13,873	15,575	4,258	4,175	6,625	6,847
RE loans from foreign offices	0	0	39	33	336	495	34,330	35,883
Commercial and industrial loans	24,650	23,112	93,739	94,850	126,089	115,850	783,355	704,915
Loans to individuals	18,317	16,344	60,323	55,076	101,145	96,107	430,897	494,926
Credit cards*	541	452	7,311	5,990	38,106	34,070	180,338	209,883
Other revolving credit plans	305	316	1,740	1,570	2,911	3,952	20,722	30,985
Installment loans	17,470	15,577	51,272	47,517	60,127	58,085	229,837	254,058
All other loans and leases	17,107	16,093	27,641	28,123	35,284	38,553	406,233	404,457
Less: Unearned income	181	131	656	586	590	504	1,340	2,609

**Key indicators, FDIC-insured commercial banks by region
Second quarter 2002**

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	634	1,371	1,708	2,074	1,315	864	7,966
Total employees (FTEs)	540,694	460,906	330,785	117,303	106,777	182,305	1,738,770
Selected income data (\$)							
Net income	\$7,178	\$5,845	\$4,722	\$1,573	\$961	\$3,161	\$23,440
Net interest income	17,528		14,311	11,648	4,314	2,847	8,196
58,843							
Provision for loan losses	4,961	1,713	1,831	878	214	1,264	10,861
Noninterest income	18,284	9,514	6,635	2,586	1,056	4,465	42,541
Noninterest expense	20,557	13,716	10,036	3,759	2,411	6,556	57,035
Net operating income	7,000	5,641	4,380	1,555	929	3,100	22,605
Cash dividends declared	3,188	3,970	3,791	654	490	2,075	14,169
Net charge-offs to loan and lease reserve	4,840	1,743	1,720	844	146	1,268	10,561
Selected condition data (\$)							
Total assets	2,323,272	1,658,571	1,378,966	376,962	280,085	731,805	6,749,662
Total loans and leases	1,157,081	1,024,151	896,653	257,281	163,856	472,514	3,971,537
Reserve for losses	26,074	16,148	15,725	4,551	2,470	9,358	74,325
Securities	403,771	298,925	267,241	62,886	74,084	130,200	1,237,108
Other real estate owned	585	1,326	896	297	332	437	3,874
Noncurrent loans and leases	23,467	12,064	13,137	2,857	1,693	5,208	58,424
Total deposits	1,457,075	1,126,081	882,048	253,485	227,897	501,558	4,448,144
Domestic deposits	985,303	1,046,172	822,084	239,432	226,825	487,423	3,807,239
Equity capital	200,767	157,588	119,352	38,873	28,054	79,359	623,994
Off-balance-sheet derivatives	34,956,564	12,571,429	1,662,807	9,326	9,936	863,880	50,073,941
Performance ratios (annualized %)							
Return on equity	14.47	15.04	16.05	16.53	14.03	16.14	15.24
Return on assets	1.26	1.43	1.39	1.68	1.38	1.75	1.41
Net interest income to assets	3.08	3.50	3.43	4.61	4.10	4.53	3.54
Loss provision to assets	0.87	0.42	0.54	0.94	0.31	0.70	0.65
Net operating income to assets	1.23	1.38	1.29	1.66	1.34	1.71	1.36
Noninterest income to assets	3.22	2.32	1.95	2.77	1.52	2.47	2.56
Noninterest expense to assets	3.62	3.35	2.96	4.02	3.47	3.62	3.43
Loss provision to loans and leases	1.72	0.67	0.82	1.38	0.53	1.09	1.10
Net charge-offs to loans and leases	1.68	0.69	0.77	1.33	0.36	1.09	1.07
Loss provision to net charge-offs	102.50	98.29	106.48	104.07	146.61	99.62	102.84
Performance ratios (%)							
Percent of institutions unprofitable	9.78	9.26	4.98	4.97	4.94	10.42	6.68
Percent of institutions with earnings gains	72.24	75.64	71.84	67.45	68.37	65.97	70.17
Nonint. income to net operating revenue	51.06	39.93	36.29	37.48	27.06	35.27	41.96
Nonint. expense to net operating revenue	57.40	57.57	54.89	54.47	61.79	51.78	56.26
Condition ratios (%)							
Nonperforming assets to assets	1.12	0.81	1.04	0.84	0.73	0.78	0.96
Noncurrent loans to loans	2.03	1.18	1.47	1.11	1.03	1.10	1.47
Loss reserve to noncurrent loans	111.11	133.85	119.70	159.30	145.90	179.68	127.22
Loss reserve to loans	2.25	1.58	1.75	1.77	1.51	1.98	1.87
Equity capital to assets	8.64	9.50	8.66	10.31	10.02	10.84	9.24
Leverage ratio	7.48	7.93	7.81	9.39	8.79	9.15	8.00
Risk-based capital ratio	12.98	12.48	12.42	13.90	14.37	14.02	12.95
Net loans and leases to assets	48.68	60.78	63.88	67.04	57.62	63.29	57.74
Securities to assets	17.38	18.02	19.38	16.68	26.45	17.79	18.33
Appreciation in securities (% of par)	1.18	2.14	1.52	2.16	2.01	1.85	1.65
Residential mortgage assets to assets	15.97	27.13	25.61	20.88	26.23	21.80	22.02
Total deposits to assets	62.72	67.89	63.96	67.24	81.37	68.54	65.90
Core deposits to assets	34.06	55.15	52.00	56.59	67.18	57.58	48.09
Volatile liabilities to assets	44.90	23.43	27.19	23.72	19.21	24.40	31.54

Loan performance, FDIC-insured commercial banks by region
Second quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30–89 days							
Total loans and leases	1.24	0.99	1.28	1.45	1.16	1.04	1.17
Loans secured by real estate (RE)	1.07	0.91	1.30	0.98	0.99	0.78	1.03
1–4 family residential mortgages	1.26	1.26	1.83	1.13	1.25	0.91	1.34
Home equity loans	0.46	0.54	0.68	0.57	0.48	0.52	0.57
Multifamily residential mortgages	0.24	0.50	0.63	0.42	0.63	0.22	0.43
Commercial RE loans	0.76	0.62	0.92	0.84	0.77	0.48	0.72
Construction RE loans	0.67	0.65	1.31	1.14	1.08	1.61	1.03
Commercial and industrial loans	1.03	1.01	1.26	1.55	1.27	1.18	1.13
Loans to individuals	2.24	1.85	1.81	2.45	1.81	1.79	2.05
Credit cards	2.66	3.48	1.94	2.83	1.42	1.95	2.55
Installment loans and other plans	2.19	1.67	1.92	1.82	1.89	1.74	1.92
All other loans and leases	0.54	0.36	0.79	1.05	0.91	0.63	0.62
Percent of loans noncurrent							
Total loans and leases	2.03	1.18	1.47	1.11	1.03	1.10	1.47
Loans secured by real estate (RE)	1.09	0.76	1.32	0.73	0.88	0.64	0.95
1–4 family residential mortgages	1.10	0.76	1.70	0.55	0.79	0.42	1.00
Home equity loans	0.27	0.26	0.43	0.32	0.43	0.27	0.32
Multifamily residential mortgages	0.29	0.37	0.50	0.38	0.78	0.22	0.38
Commercial RE loans	0.94	0.88	1.31	0.92	0.93	0.72	0.97
Construction RE loans	1.03	0.96	1.27	0.94	0.82	1.26	1.08
Commercial and industrial loans	3.83	2.63	2.47	1.46	1.50	2.27	2.87
Loans to individuals	2.05	0.76	0.66	1.61	0.69	1.21	1.40
Credit cards	2.23	1.86	1.39	2.04	0.86	1.70	2.02
Installment loans and other plans	2.21	0.61	0.59	0.86	0.71	0.44	1.13
All other loans and leases	0.88	0.78	0.85	1.11	1.45	1.05	0.89
Percent of loans charged-off, net							
Total loans and leases	1.68	0.69	0.77	1.33	0.36	1.09	1.07
Loans secured by real estate (RE)	0.08	0.11	0.29	0.08	0.11	0.07	0.14
1–4 family residential mortgages	0.09	0.13	0.32	0.03	0.10	0.04	0.15
Home equity loans	0.04	0.17	0.38	0.08	0.16	0.07	0.20
Multifamily residential mortgages	0.10	0.08	0.10	–0.02	0.09	0.00	0.07
Commercial RE loans	–0.01	0.07	0.28	0.15	0.14	0.12	0.12
Construction RE loans	0.09	0.09	0.21	0.24	0.07	0.00	0.11
Commercial and industrial loans	2.15	1.85	1.33	0.93	0.65	1.98	1.76
Loans to individuals	4.01	1.43	1.76	4.50	0.91	3.40	3.05
Credit cards	6.46	4.60	5.63	6.76	3.08	4.74	5.98
Installment loans and other plans	1.76	0.95	1.19	0.45	0.85	1.17	1.26
All other loans and leases	0.76	0.28	0.70	0.26	0.39	0.52	0.59
Loans outstanding (\$)							
Total loans and leases	\$1,157,081	\$1,024,151	\$896,653	\$257,281	\$163,856	\$472,514	\$3,971,537
Loans secured by real estate (RE)	376,801	579,327	454,826	121,179	94,457	260,370	1,886,961
1–4 family residential mortgages	181,255	261,587	190,458	56,289	34,636	100,348	824,572
Home equity loans	37,507	58,839	60,892	6,059	1,729	23,289	188,315
Multifamily residential mortgages	15,615	17,235	19,102	3,441	2,866	11,121	69,381
Commercial RE loans	87,322	160,990	125,576	33,100	36,398	89,267	532,653
Construction RE loans	20,990	70,397	49,658	10,781	14,673	32,140	198,640
Farmland loans	1,339	7,103	9,079	11,509	4,155	3,804	36,989
RE loans from foreign offices	32,772	3,176	62	0	0	401	36,411
Commercial and industrial loans	316,986	226,968	218,730	42,474	37,551	96,017	938,726
Loans to individuals	266,371	122,883	102,159	63,575	22,032	85,434	662,454
Credit cards	125,522	16,466	13,262	41,399	609	53,137	250,395
Other revolving credit plans	21,049	4,475	5,586	1,004	764	3,943	36,822
Installment loans	119,801	101,942	83,310	21,172	20,659	28,354	375,237
All other loans and leases	199,343	95,568	121,113	30,094	9,986	31,121	487,225
Less: Unearned income	2,420	595	175	41	171	429	3,830

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—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 4 family residential mortgages plus mortgage-backed securities.

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.