



*25<sup>th</sup> Anniversary*

CONDITION AND PERFORMANCE  
OF COMMERCIAL BANKS

# CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Earnings remained high at national banks in 2005. Noninterest income was the most significant contributor to earnings growth, as Table 1 indicates, with the gains at a few of the largest banks driving the results. In contrast, net interest income grew by only about 1 percent year-over-year, as a continued slide in the net interest margin at big institutions nearly offset the impact of growth in the loan book. Banks realized losses on securities for the first time since 2000, as higher interest rates eroded the value of bonds held by banks.

**Table 1—Noninterest income drives net income growth**

National banks	Major income components (Change, \$ millions)			
	2004	% Change	2005	% Change
<b>Revenues</b>				
Net interest income	11,403	7.3%	2,248	1.3%
Real gains/losses sec	-1,153	n.m.	-3,593	n.m.
Noninterest income	5,585	4.3%	11,474	8.6%
<b>Expenses</b>				
Provisioning	-5,166	-21.4%	1,014	5.3%
Noninterest expense	17,979	11.1%	5,917	3.3%
<b>Net income</b>	<b>2,031</b>	<b>2.9%</b>	<b>2,616</b>	<b>3.7%</b>

Source: Integrated Banking Information System (OCC)

Data are merger adjusted and held constant for national banks operating as of December 31, 2005.

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

For the year 2005, national banks posted a return on equity (ROE) of just under 15 adjusted for the effects of recent mergers. This represents a solid performance, though down from the 2003 peak of over 16 percent.

Noninterest income was the major contributor to income growth for the year. The gains came in part from a sharp rise in trading income at a few large banks, concentrated in the third quarter. Trading income depends on trading volume in securities markets, which tends to be volatile. As a result, trading income is volatile as well. Thus the recent contributions from trading volume may not be sustained over the long term. In addition, roughly half of the remaining growth in noninterest income came from transactions at two of the largest banks that are unlikely to recur.

The growth rate of noninterest expenses slowed in 2005. This favorable trend may not continue, however, as the deceleration from 2004 to 2005 occurred only because of unusually high expenses in 2004, when several of the largest banks incurred extraordinary charges related to mergers and litigation.

Small banks showed a different pattern from large banks, and recorded a higher rate of income growth in 2005. Net interest income led the gains. Net interest margins held up better at small banks than at their larger counterparts; a continued drop in provisioning expenses also helped to boost earnings. On the other hand, noninterest income grew more slowly at small banks.

Loan quality remained very strong in all segments of the commercial banking system except credit card banks. The ratio of noncurrents to total loans now stands at its lowest level since the data series began in 1984. The ratio of loan loss allowances to total loans also reached a record low in 2005. Provision expenses, however, rose in 2005, for the first time since 2002, reflecting the desire to replenish reserves.

**Figure 1—Banks increasingly rely on housing revenue**

Commercial banks		
	Contribution to revenue growth	
	From housing-related revenue	
1998-2001	18%	
2002-2005	41%	Distribution of the 41%
		HELOC 48%
		1- to 4-family 29%
		Construction 13%
		Nonint. inc. 10%
		100%

Source: Integrated Banking Information System, GBFA Calculations (OCC)

Housing-related revenue is residential real estate plus 50% of construction loans as a share of total real estate loans times the interest income from real estate loans plus housing-related noninterest income.

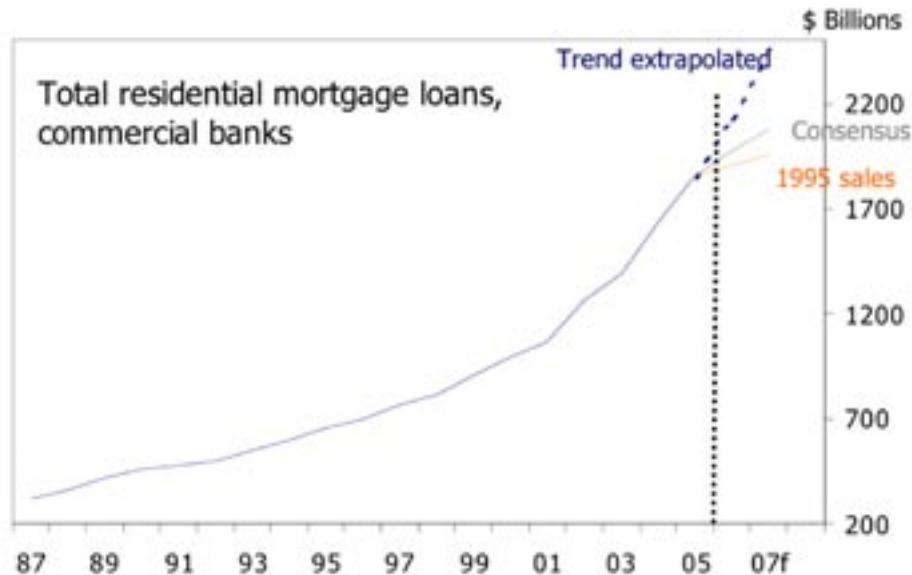
For the commercial banking system, a slowdown in housing remains an important risk, as more and more banks are relying on housing-related income for revenue growth. As Figure 1 indicates, from 1998 to 2001, approximately 18 percent of the growth in commercial banks revenue was from housing related activity, which includes 1- to 4-family mortgages, home equity, and a portion of construction lending.<sup>1</sup> The share rose considerably over the 2002 to 2005 period, jumping to 41 percent. A cooling of the housing market would make it difficult to sustain recent rates of revenue growth.

And most analysts do expect housing markets to cool in 2006. If this occurs, banks will experience slower growth in residential mortgage loans, as Figure 2 indicates. Residential mortgage lending has been rising at the rate of 15 percent annually for the last few years. But most projections of the economic drivers behind this growth imply a slowdown over the next few years. For example, if 2006 housing starts and existing home sales reach the level projected by a consensus of economic forecasters, which assumes GDP will grow at about the economy’s long-term potential, growth in residential lending at commercial banks would fall from around 15 percent annually to around 8 percent (labeled “consensus” in Figure 2). If housing starts and existing

<sup>1</sup> Housing-related revenue is calculated as the share of loans attributed to residential real estate (the sum of 1-4 family loans, home equity loans, and 50% of construction loans, divided by total real estate loans) times interest income from all real estate loans, plus housing-related noninterest income.

home sales fall to the levels experienced in 1995, consistent with a housing slump, home lending growth would fall to about 4 percent (labeled “1995 sales”). Either of these scenarios would cut into growth in net interest income, income from mortgage loan securitization, and gains on loan sales.

**Figure 2—Housing slowdown would hit banks’ mortgage book**



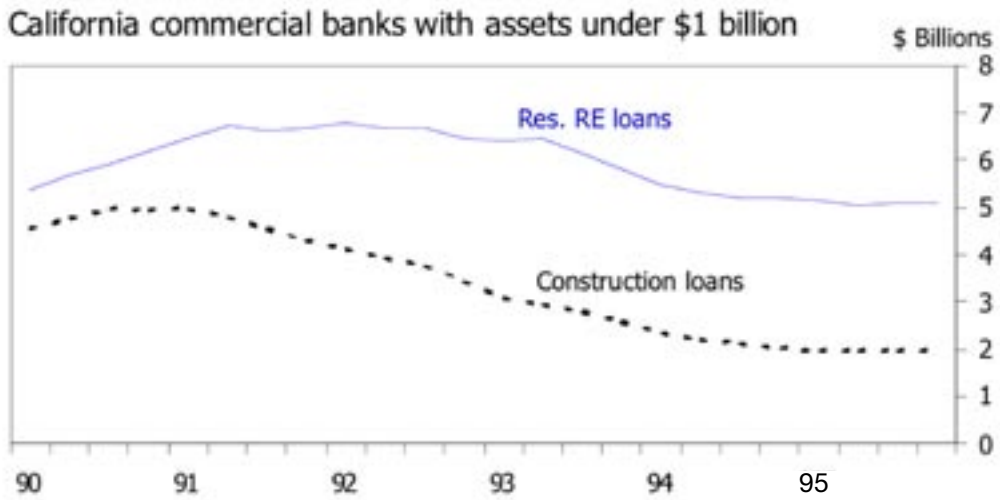
Source: IBIS, GBFA Calculations (OCC)

Consensus case based on Blue Chip estimate of home starts, Mortgage Bankers Assn. estimate of existing home sales for 2006; “1995 sales” case based on actual starts and sales in 1995; “price decline case” based on “1995 sales case” and 10% nationwide home price decline. Top line is extrapolation of recent trend in total mortgage loans.

Moreover, banks would find it hard to offset a slowdown in housing loans with loans to other sectors. For example, to offset the housing loan slowdown implied by the consensus estimate, commercial and industrial (C&I) and commercial real estate (CRE) loans would have to grow faster than has ever been observed in our two decades of data.

A housing slowdown could be expected to hit construction lending particularly hard, as construction lending shows wider swings than residential real estate lending as a whole. For example, during the last housing downturn, in the early 1990s, small banks in California experienced a 25 percent decline in residential real estate loans on the books, but a 60 percent decline in construction loans on the books, as shown in Figure 3. Because construction lending is more volatile than other lending for residential real estate, extra scrutiny may be warranted as housing markets cool.

**Figure 3—Small California banks saw shrinking loan book after last housing downturn in the 1990s**



Source: Integrated Banking Information System (OCC)

Quarterly data. Residential real estate (Res. RE) is 1- to 4-family and home equity loans. California small bank population in December 1995 held constant.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured national banks**  
**Annual 2001--2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005**  
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	Preliminary 2004Q4	Preliminary 2005Q4
Number of institutions reporting	2,138	2,077	1,999	1,907	1,818	1,907	1,818
Total employees (FTEs)	966,545	993,469	1,000,493	1,143,384	1,172,360	1,143,384	1,172,360
<b>Selected income data (\$)</b>							
Net income	\$44,072	\$56,441	\$62,988	\$67,549	\$73,972	\$17,697	\$17,753
Net interest income	125,344	141,324	143,148	159,212	169,714	43,137	43,384
Provision for loan losses	28,921	32,595	23,989	18,639	19,759	4,756	5,444
Noninterest income	99,922	109,469	116,141	127,280	145,312	35,575	35,323
Noninterest expense	131,704	136,792	144,946	170,832	185,894	47,767	46,915
Net operating income	42,842	54,298	60,619	65,268	73,763	17,519	18,004
Cash dividends declared	27,783	41,757	45,049	33,033	41,655	9,793	8,807
Net charge-offs	25,107	31,360	26,956	21,904	22,135	6,196	6,652
<b>Selected condition data (\$)</b>							
Total assets	3,634,967	3,908,166	4,292,292	5,602,044	6,003,169	5,602,044	6,003,169
Total loans and leases	2,269,240	2,445,101	2,630,440	3,166,737	3,427,030	3,166,737	3,427,030
Reserve for losses	45,537	48,326	48,611	48,964	44,203	48,964	44,203
Securities	576,550	653,702	753,615	908,054	924,206	908,054	924,206
Other real estate owned	1,799	2,075	1,941	1,529	1,575	1,529	1,575
Noncurrent loans and leases	34,261	38,162	34,873	29,609	28,322	29,609	28,322
Total deposits	2,384,414	2,565,771	2,786,714	3,581,425	3,850,051	3,581,425	3,850,051
Domestic deposits	2,001,243	2,168,876	2,322,009	2,848,726	3,085,590	2,848,726	3,085,590
Equity capital	340,582	371,362	390,532	557,841	592,774	557,841	592,774
Off-balance-sheet derivatives	20,549,785	25,953,772	31,554,693	86,319,461	99,646,101	86,319,461	99,646,101
<b>Performance ratios (annualized %)</b>							
Return on equity	13.81	15.78	16.47	13.83	12.81	13.06	12.09
Return on assets	1.25	1.50	1.53	1.27	1.27	1.28	1.19
Net interest income to assets	3.55	3.75	3.47	3.00	2.91	3.12	2.91
Loss provision to assets	0.82	0.87	0.58	0.35	0.34	0.34	0.37
Net operating income to assets	1.21	1.44	1.47	1.23	1.27	1.27	1.21
Noninterest income to assets	2.83	2.91	2.82	2.40	2.50	2.57	2.37
Noninterest expense to assets	3.74	3.63	3.51	3.22	3.19	3.45	3.15
Loss provision to loans and leases	1.28	1.38	0.95	0.62	0.60	0.61	0.64
Net charge-offs to loans and leases	1.11	1.33	1.07	0.73	0.67	0.79	0.78
Loss provision to net charge-offs	115.19	103.94	89.00	85.09	89.27	76.75	81.84
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	7.48	6.93	5.60	5.30	4.84	8.81	7.70
Percent of institutions with earnings gains	56.83	71.11	55.93	62.72	65.46	61.46	57.81
Nonint. income to net operating revenue	44.36	43.65	44.79	44.43	46.13	45.20	44.88
Nonint. expense to net operating revenue	58.47	54.54	55.90	59.63	59.01	60.69	59.61
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	1.01	1.06	0.89	0.57	0.50	0.57	0.50
Noncurrent loans to loans	1.51	1.56	1.33	0.94	0.83	0.94	0.83
Loss reserve to noncurrent loans	132.91	126.63	139.40	165.37	156.07	165.37	156.07
Loss reserve to loans	2.01	1.98	1.85	1.55	1.29	1.55	1.29
Equity capital to assets	9.37	9.50	9.10	9.96	9.87	9.96	9.87
Leverage ratio	7.81	7.88	7.70	7.30	7.31	7.30	7.31
Risk-based capital ratio	12.59	12.66	12.65	12.25	11.95	12.25	11.95
Net loans and leases to assets	61.18	61.33	60.15	55.65	56.35	55.65	56.35
Securities to assets	15.86	16.73	17.56	16.21	15.40	16.21	15.40
Appreciation in securities (% of par)	0.47	2.12	0.88	0.55	-1.06	0.55	-1.06
Residential mortgage assets to assets	22.55	24.72	24.44	23.52	23.61	23.52	23.61
Total deposits to assets	65.60	65.65	64.92	63.93	64.13	63.93	64.13
Core deposits to assets	48.08	48.74	48.03	43.83	43.53	43.83	43.53
Volatile liabilities to assets	31.24	30.31	30.57	33.90	35.75	33.90	35.75

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured national banks**  
**Annual 2001--2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005**  
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	Preliminary 2004Q4	Preliminary 2005Q4
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.38	1.14	1.02	0.87	0.92	0.87	0.92
Loans secured by real estate (RE)	1.42	1.07	0.91	0.75	0.85	0.75	0.85
1- to 4-family residential mortgages	1.84	1.45	1.30	1.05	1.15	1.05	1.15
Home equity loans	0.79	0.61	0.45	0.39	0.57	0.39	0.57
Multifamily residential mortgages	0.82	0.42	0.54	0.39	0.73	0.39	0.73
Commercial RE loans	0.85	0.58	0.47	0.44	0.47	0.44	0.47
Construction RE loans	1.28	0.91	0.66	0.61	0.60	0.61	0.60
Commercial and industrial loans	0.94	0.76	0.63	0.56	0.70	0.56	0.70
Loans to individuals	2.38	2.15	2.08	1.84	1.74	1.84	1.74
Credit cards	2.52	2.57	2.48	2.21	2.07	2.21	2.07
Installment loans and other plans	2.62	2.07	1.95	1.67	1.64	1.67	1.64
All other loans and leases	0.84	0.55	0.34	0.31	0.40	0.31	0.40
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.51	1.56	1.33	0.94	0.83	0.94	0.83
Loans secured by real estate (RE)	1.05	0.97	0.95	0.69	0.80	0.69	0.80
1- to 4-family residential mortgages	1.06	1.02	1.14	0.86	1.15	0.86	1.15
Home equity loans	0.38	0.32	0.24	0.18	0.26	0.18	0.26
Multifamily residential mortgages	0.54	0.48	0.45	0.43	0.40	0.43	0.40
Commercial RE loans	1.02	1.05	0.97	0.72	0.60	0.72	0.60
Construction RE loans	1.15	1.03	0.71	0.45	0.38	0.45	0.38
Commercial and industrial loans	2.44	3.00	2.19	1.22	0.74	1.22	0.74
Loans to individuals	1.49	1.60	1.78	1.66	1.37	1.66	1.37
Credit cards	2.05	2.16	2.24	2.03	1.90	2.03	1.90
Installment loans and other plans	1.24	1.30	1.55	1.46	1.00	1.46	1.00
All other loans and leases	1.19	1.11	0.74	0.39	0.28	0.39	0.28
<b>Percent of loans charged-off, net</b>							
Total loans and leases	1.11	1.33	1.07	0.73	0.67	0.79	0.78
Loans secured by real estate (RE)	0.26	0.19	0.21	0.08	0.06	0.09	0.06
1- to 4-family residential mortgages	0.32	0.17	0.24	0.08	0.06	0.10	0.06
Home equity loans	0.35	0.23	0.23	0.10	0.10	0.10	0.11
Multifamily residential mortgages	0.04	0.11	0.03	0.04	0.04	0.04	0.04
Commercial RE loans	0.16	0.17	0.13	0.05	0.04	0.07	0.04
Construction RE loans	0.15	0.19	0.14	0.04	0.01	0.06	0.00
Commercial and industrial loans	1.50	1.80	1.35	0.43	0.19	0.40	0.29
Loans to individuals	3.13	4.01	3.45	3.14	3.17	3.41	3.68
Credit cards	5.06	6.57	5.48	5.14	4.92	5.05	6.21
Installment loans and other plans	1.66	1.91	1.81	1.51	1.70	1.94	1.57
All other loans and leases	0.44	0.62	0.44	0.12	0.22	0.13	0.36
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$2,269,240	\$2,445,101	\$2,630,440	\$3,166,737	\$3,427,030	\$3,166,737	\$3,427,030
Loans secured by real estate (RE)	976,090	1,139,259	1,254,981	1,572,689	1,751,668	1,572,689	1,751,668
1- to 4-family residential mortgages	472,678	573,667	605,100	745,229	834,628	745,229	834,628
Home equity loans	102,129	141,056	192,703	294,919	320,152	294,919	320,152
Multifamily residential mortgages	30,075	33,968	35,652	39,948	43,518	39,948	43,518
Commercial RE loans	236,489	253,427	269,936	302,281	325,245	302,281	325,245
Construction RE loans	91,436	95,360	104,218	128,635	166,822	128,635	166,822
Farmland loans	12,615	13,225	13,614	14,679	15,821	14,679	15,821
RE loans from foreign offices	30,668	28,556	33,758	46,998	45,482	46,998	45,482
Commercial and industrial loans	597,304	546,053	500,005	580,192	672,633	580,192	672,633
Loans to individuals	389,940	450,436	527,817	615,502	607,184	615,502	607,184
Credit cards	166,628	209,812	250,719	300,097	282,567	300,097	282,567
Other revolving credit plans	29,258	33,243	32,883	34,258	35,171	34,258	35,171
Installment loans	194,054	207,381	244,215	281,147	289,446	281,147	289,446
All other loans and leases	307,851	311,803	349,521	400,578	397,451	400,578	397,451
Less: Unearned income	1,944	2,449	1,884	2,224	1,905	2,224	1,905



CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured national banks by asset size  
Fourth quarter 2004 and fourth quarter 2005  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
Number of institutions reporting	765	683	972	960	125	130	45	45
Total employees (FTEs)	17,128	15,177	90,567	87,246	87,852	83,513	947,837	986,424
<b>Selected income data (\$)</b>								
Net income	\$110	\$85	\$804	\$803	\$1,283	\$1,208	\$15,501	\$15,657
Net interest income	413	377	2,577	2,542	3,280	3,042	36,866	37,424
Provision for loan losses	25	17	188	156	364	274	4,178	4,997
Noninterest income	161	143	1,174	1,160	2,425	2,178	31,815	31,842
Noninterest expense	403	397	2,470	2,444	3,383	3,111	41,511	40,963
Net operating income	111	86	816	813	1,291	1,247	15,302	15,858
Cash dividends declared	107	103	568	569	752	1,199	8,366	6,936
Net charge-offs	21	18	165	132	308	210	5,702	6,293
<b>Selected condition data (\$)</b>								
Total assets	42,770	38,165	272,150	269,663	363,421	378,506	4,923,703	5,316,834
Total loans and leases	25,380	22,594	174,430	173,667	230,944	235,174	2,735,983	2,995,595
Reserve for losses	360	311	2,350	2,191	3,437	2,946	42,817	38,755
Securities	11,187	10,183	65,991	60,822	75,483	74,251	755,393	778,950
Other real estate owned	62	43	241	236	161	122	1,067	1,175
Noncurrent loans and leases	262	218	1,276	1,177	1,476	1,403	26,595	25,522
Total deposits	35,691	31,972	219,066	218,481	242,984	253,377	3,083,684	3,346,221
Domestic deposits	35,670	31,958	218,800	218,202	238,411	249,772	2,355,845	2,585,658
Equity capital	4,973	4,394	28,089	27,924	40,126	41,092	484,654	519,365
Off-balance-sheet derivatives	22	25	2,727	3,344	13,195	20,207	86,704,062	100,029,882
<b>Performance ratios (annualized %)</b>								
Return on equity	8.83	7.66	11.54	11.57	12.66	12.11	13.22	12.16
Return on assets	1.04	0.89	1.20	1.20	1.43	1.29	1.27	1.18
Net interest income to assets	3.91	3.98	3.83	3.81	3.66	3.24	3.03	2.83
Loss provision to assets	0.24	0.18	0.28	0.23	0.41	0.29	0.34	0.38
Net operating income to assets	1.05	0.91	1.21	1.22	1.44	1.33	1.26	1.20
Noninterest income to assets	1.52	1.50	1.75	1.74	2.70	2.32	2.62	2.41
Noninterest expense to assets	3.81	4.19	3.67	3.67	3.77	3.32	3.41	3.10
Loss provision to loans and leases	0.40	0.30	0.44	0.36	0.64	0.47	0.61	0.67
Net charge-offs to loans and leases	0.34	0.32	0.38	0.31	0.54	0.36	0.84	0.85
Loss provision to net charge-offs	117.97	92.77	114.48	118.31	117.99	130.80	73.28	79.41
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable	14.38	13.32	5.45	4.58	4.00	3.85	0.00	0.00
Percent of institutions with earnings gains	53.73	54.47	66.26	59.38	69.60	64.62	66.67	55.56
Nonint. income to net operating revenue	28.02	27.44	31.29	31.33	42.51	41.73	46.32	45.97
Nonint. expense to net operating revenue	70.23	76.35	65.84	66.03	59.29	59.61	60.44	59.14
<b>Condition ratios (%)</b>								
Nonperforming assets to assets	0.76	0.69	0.56	0.53	0.46	0.41	0.57	0.51
Noncurrent loans to loans	1.03	0.97	0.73	0.68	0.64	0.60	0.97	0.85
Loss reserve to noncurrent loans	137.60	142.27	184.14	186.04	232.93	209.94	160.99	151.85
Loss reserve to loans	1.42	1.38	1.35	1.26	1.49	1.25	1.56	1.29
Equity capital to assets	11.63	11.51	10.32	10.35	11.04	10.86	9.84	9.77
Leverage ratio	11.41	11.56	9.48	9.63	8.81	8.63	7.02	7.07
Risk-based capital ratio	18.71	18.93	14.66	14.61	13.79	13.29	11.98	11.70
Net loans and leases to assets	58.50	58.39	63.23	63.59	62.60	61.35	54.70	55.61
Securities to assets	26.16	26.68	24.25	22.55	20.77	19.62	15.34	14.65
Appreciation in securities (% of par)	0.00	-1.51	0.28	-1.26	0.20	-1.04	0.62	-1.04
Residential mortgage assets to assets	20.75	20.10	22.72	21.53	26.57	23.70	23.36	23.74
Total deposits to assets	83.45	83.77	80.49	81.02	66.86	66.94	62.63	62.94
Core deposits to assets	70.94	70.59	67.39	66.34	56.10	54.44	41.38	41.40
Volatile liabilities to assets	14.80	15.43	17.90	19.25	25.74	28.56	35.55	37.24

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	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
<b>Percent of loans past due 30-89 days</b>								
Total loans and leases	1.23	1.21	0.89	0.84	0.77	0.80	0.87	0.94
Loans secured by real estate (RE)	1.14	1.11	0.77	0.77	0.66	0.66	0.75	0.87
1- to 4-family residential mortgages	1.71	1.69	1.22	1.19	1.02	1.06	1.03	1.15
Home equity loans	0.41	0.56	0.31	0.48	0.24	0.43	0.40	0.57
Multifamily residential mortgages	0.65	0.39	0.52	0.43	0.36	0.35	0.38	0.87
Commercial RE loans	0.81	0.79	0.58	0.56	0.38	0.43	0.41	0.45
Construction RE loans	0.85	0.92	0.64	0.75	0.73	0.57	0.57	0.57
Commercial and industrial loans	1.29	1.28	1.01	0.82	0.77	1.06	0.51	0.66
Loans to individuals	2.44	2.52	1.88	1.64	1.38	1.26	1.86	1.76
Credit cards	1.98	3.59	3.93	2.41	2.13	1.67	2.21	2.07
Installment loans and other plans	2.50	2.54	1.61	1.58	0.98	1.25	1.71	1.66
All other loans and leases	0.52	0.52	0.56	0.54	0.50	0.66	0.30	0.38
<b>Percent of loans noncurrent</b>								
Total loans and leases	1.03	0.97	0.73	0.68	0.64	0.60	0.97	0.85
Loans secured by real estate (RE)	0.92	0.89	0.66	0.63	0.50	0.53	0.71	0.84
1- to 4-family residential mortgages	0.93	0.87	0.65	0.69	0.49	0.64	0.90	1.21
Home equity loans	0.38	0.27	0.14	0.19	0.17	0.23	0.18	0.26
Multifamily residential mortgages	0.78	0.67	0.41	0.40	0.37	0.21	0.44	0.44
Commercial RE loans	1.09	1.12	0.73	0.68	0.65	0.68	0.72	0.56
Construction RE loans	0.65	0.63	0.66	0.57	0.33	0.28	0.43	0.36
Commercial and industrial loans	1.67	1.46	1.07	1.01	0.88	0.79	1.26	0.72
Loans to individuals	0.85	0.79	0.77	0.62	0.97	0.52	1.72	1.42
Credit cards	1.11	1.20	2.98	1.71	2.00	1.45	2.02	1.91
Installment loans and other plans	0.86	0.80	0.45	0.46	0.34	0.35	1.60	1.07
All other loans and leases	0.91	0.89	0.64	0.51	0.56	0.75	0.37	0.25
<b>Percent of loans charged-off, net</b>								
Total loans and leases	0.34	0.32	0.38	0.31	0.54	0.36	0.84	0.85
Loans secured by real estate (RE)	0.13	0.10	0.10	0.08	0.07	0.07	0.10	0.06
1- to 4-family residential mortgages	0.07	0.08	0.14	0.09	0.09	0.08	0.10	0.06
Home equity loans	0.14	0.11	0.13	0.09	0.06	0.12	0.10	0.11
Multifamily residential mortgages	0.02	0.00	0.05	0.10	0.07	0.09	0.04	0.02
Commercial RE loans	0.20	0.18	0.09	0.09	0.08	0.08	0.07	0.01
Construction RE loans	0.19	0.09	0.07	0.04	0.03	0.01	0.06	-0.01
Commercial and industrial loans	0.79	0.89	0.98	0.64	0.84	0.79	0.33	0.23
Loans to individuals	1.07	0.98	1.53	1.63	2.48	1.27	3.52	3.83
Credit cards	2.06	2.75	6.06	6.65	4.59	3.39	5.07	6.24
Installment loans and other plans	1.05	0.93	0.88	0.85	1.03	0.86	2.05	1.64
All other loans and leases	0.22	0.18	0.36	0.38	0.44	0.71	0.12	0.35
<b>Loans outstanding (\$)</b>								
Total loans and leases	\$25,380	\$22,594	\$174,430	\$173,667	\$230,944	\$235,174	\$2,735,983	\$2,995,595
Loans secured by real estate (RE)	15,844	14,215	121,718	123,880	144,696	153,856	1,290,431	1,459,717
1- to 4-family residential mortgages	6,271	5,564	38,649	38,136	52,334	51,842	647,974	739,086
Home equity loans	569	481	7,523	6,743	11,900	11,638	274,927	301,290
Multifamily residential mortgages	392	321	4,260	4,131	6,247	7,600	29,049	31,467
Commercial RE loans	4,919	4,540	48,719	48,878	49,974	49,898	198,670	221,929
Construction RE loans	1,769	1,536	16,664	19,763	21,814	28,938	88,387	116,585
Farmland loans	1,925	1,773	5,901	6,228	1,827	2,769	5,027	5,051
RE loans from foreign offices	0	0	2	2	599	1,171	46,397	44,310
Commercial and industrial loans	4,016	3,428	27,986	26,434	46,045	47,954	502,146	594,817
Loans to individuals	2,647	2,333	14,788	13,996	29,378	21,320	568,689	569,534
Credit cards	63	70	1,913	1,937	11,294	3,582	286,827	276,979
Other revolving credit plans	47	48	340	437	1,209	1,062	32,662	33,624
Installment loans	2,537	2,215	12,535	11,623	16,874	16,676	249,200	258,931
All other loans and leases	2,893	2,636	10,117	9,519	10,951	12,176	376,617	373,120
Less: Unearned income	20	18	179	162	125	134	1,899	1,592

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured commercial banks**  
**Annual 2001--2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005**  
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	2004Q4	Preliminary 2005Q4
Number of institutions reporting	8,080	7,888	7,770	7,631	7,527	7,631	7,527
Total employees (FTEs)	1,701,721	1,745,614	1,759,517	1,815,099	1,868,349	1,815,099	1,868,349
<b>Selected income data (\$)</b>							
Net income	\$73,730	\$89,674	\$102,458	\$104,172	\$114,308	\$26,480	\$27,709
Net interest income	214,654	236,602	239,986	249,601	269,556	66,933	69,550
Provision for loan losses	43,337	48,175	34,814	26,098	26,574	6,792	7,684
Noninterest income	158,034	172,343	186,509	183,909	201,458	50,090	49,800
Noninterest expense	223,223	233,559	245,997	257,525	276,182	71,018	70,823
Net operating income	70,902	85,377	98,211	101,589	114,141	26,362	28,072
Cash dividends declared	54,228	67,536	77,838	55,685	64,245	15,799	15,172
Net charge-offs	36,474	44,515	37,914	29,108	28,500	8,258	8,830
<b>Selected condition data (\$)</b>							
Total assets	6,552,336	7,076,726	7,601,236	8,413,851	9,039,674	8,413,851	9,039,674
Total loans and leases	3,884,328	4,155,979	4,428,670	4,904,479	5,380,346	4,904,479	5,380,346
Reserve for losses	72,273	76,986	77,133	73,504	68,673	73,504	68,673
Securities	1,172,540	1,334,826	1,456,280	1,551,273	1,572,274	1,551,273	1,572,274
Other real estate owned	3,569	4,165	4,218	3,373	3,255	3,373	3,255
Noncurrent loans and leases	54,581	60,546	52,946	42,082	40,280	42,082	40,280
Total deposits	4,377,558	4,689,852	5,035,056	5,593,170	6,073,333	5,593,170	6,073,333
Domestic deposits	3,748,042	4,031,815	4,293,884	4,727,278	5,152,701	4,727,278	5,152,701
Equity capital	593,621	647,372	691,940	850,336	912,652	850,336	912,652
Off-balance-sheet derivatives	45,325,982	56,208,857	71,098,970	87,872,811	101,477,789	87,872,811	101,477,789
<b>Performance ratios (annualized %)</b>							
Return on equity	13.08	14.46	15.31	13.74	12.91	12.80	12.26
Return on assets	1.15	1.33	1.40	1.30	1.31	1.28	1.24
Net interest income to assets	3.35	3.50	3.27	3.12	3.09	3.22	3.10
Loss provision to assets	0.68	0.71	0.47	0.33	0.30	0.33	0.34
Net operating income to assets	1.11	1.26	1.34	1.27	1.31	1.27	1.25
Noninterest income to assets	2.46	2.55	2.54	2.30	2.31	2.41	2.22
Noninterest expense to assets	3.48	3.46	3.35	3.22	3.16	3.42	3.16
Loss provision to loans and leases	1.12	1.21	0.82	0.56	0.52	0.56	0.58
Net charge-offs to loans and leases	0.95	1.12	0.89	0.63	0.56	0.68	0.66
Loss provision to net charge-offs	118.82	108.22	91.82	89.66	93.24	82.25	87.03
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	8.13	6.64	6.01	5.87	6.15	9.88	9.25
Percent of institutions with earnings gains	56.27	72.64	59.20	64.84	66.07	62.06	60.60
Nonint. income to net operating revenue	42.40	42.14	43.73	42.42	42.77	42.80	41.73
Nonint. expense to net operating revenue	59.90	57.11	57.68	59.40	58.64	60.69	59.34
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.92	0.94	0.77	0.55	0.48	0.55	0.48
Noncurrent loans to loans	1.41	1.46	1.20	0.86	0.75	0.86	0.75
Loss reserve to noncurrent loans	132.41	127.15	145.68	174.67	170.49	174.67	170.49
Loss reserve to loans	1.86	1.85	1.74	1.50	1.28	1.50	1.28
Equity capital to assets	9.06	9.15	9.10	10.11	10.10	10.11	10.10
Leverage ratio	7.78	7.82	7.85	7.82	7.91	7.82	7.91
Risk-based capital ratio	12.70	12.76	12.75	12.61	12.34	12.61	12.34
Net loans and leases to assets	58.18	57.64	57.25	57.42	58.76	57.42	58.76
Securities to assets	17.89	18.86	19.16	18.44	17.39	18.44	17.39
Appreciation in securities (% of par)	0.82	2.22	0.84	0.43	-1.11	0.43	-1.11
Residential mortgage assets to assets	21.64	23.29	23.28	23.33	23.53	23.33	23.53
Total deposits to assets	66.81	66.27	66.24	66.48	67.19	66.48	67.19
Core deposits to assets	48.72	48.68	48.63	47.56	47.13	47.56	47.13
Volatile liabilities to assets	31.45	31.41	30.95	31.67	33.25	31.67	33.25

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured commercial banks**  
**Annual 2001–2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005**  
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	2004Q4	Preliminary 2005Q4
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.37	1.17	1.02	0.86	0.88	0.86	0.88
Loans secured by real estate (RE)	1.32	1.08	0.90	0.73	0.80	0.73	0.80
1- to 4-family residential mortgages	1.69	1.49	1.29	1.05	1.13	1.05	1.13
Home equity loans	0.79	0.59	0.45	0.37	0.55	0.37	0.55
Multifamily residential mortgages	0.73	0.46	0.48	0.36	0.51	0.36	0.51
Commercial RE loans	0.90	0.68	0.56	0.49	0.50	0.49	0.50
Construction RE loans	1.23	0.89	0.69	0.58	0.65	0.58	0.65
Commercial and industrial loans	1.01	0.89	0.72	0.64	0.69	0.64	0.69
Loans to individuals	2.46	2.22	2.08	1.82	1.72	1.82	1.72
Credit cards	2.70	2.72	2.53	2.24	2.00	2.24	2.00
Installment loans and other plans	2.54	2.08	1.93	1.62	1.66	1.62	1.66
All other loans and leases	0.84	0.58	0.48	0.38	0.40	0.38	0.40
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.41	1.46	1.20	0.86	0.75	0.86	0.75
Loans secured by real estate (RE)	0.96	0.89	0.86	0.65	0.70	0.65	0.70
1- to 4-family residential mortgages	0.97	0.93	1.00	0.82	1.02	0.82	1.02
Home equity loans	0.37	0.30	0.24	0.18	0.25	0.18	0.25
Multifamily residential mortgages	0.46	0.38	0.38	0.35	0.34	0.35	0.34
Commercial RE loans	0.96	0.94	0.90	0.69	0.60	0.69	0.60
Construction RE loans	1.06	0.98	0.70	0.44	0.37	0.44	0.37
Commercial and industrial loans	2.41	2.93	2.10	1.17	0.75	1.17	0.75
Loans to individuals	1.43	1.51	1.53	1.46	1.20	1.46	1.20
Credit cards	2.12	2.24	2.22	2.00	1.80	2.00	1.80
Installment loans and other plans	1.12	1.14	1.14	1.12	0.83	1.12	0.83
All other loans and leases	0.97	1.01	0.66	0.40	0.29	0.40	0.29
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.95	1.12	0.89	0.63	0.56	0.68	0.66
Loans secured by real estate (RE)	0.19	0.15	0.17	0.08	0.06	0.10	0.07
1- to 4-family residential mortgages	0.22	0.14	0.19	0.08	0.06	0.10	0.07
Home equity loans	0.27	0.19	0.20	0.10	0.10	0.10	0.12
Multifamily residential mortgages	0.04	0.08	0.03	0.04	0.04	0.05	0.05
Commercial RE loans	0.13	0.15	0.13	0.07	0.05	0.10	0.06
Construction RE loans	0.14	0.17	0.14	0.05	0.03	0.06	0.03
Commercial and industrial loans	1.43	1.76	1.26	0.50	0.27	0.53	0.42
Loans to individuals	2.73	3.33	3.04	2.81	2.79	3.02	3.28
Credit cards	5.12	6.37	5.56	5.01	4.78	4.91	6.00
Installment loans and other plans	1.29	1.46	1.45	1.28	1.38	1.60	1.36
All other loans and leases	0.40	0.57	0.40	0.16	0.23	0.19	0.35
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$3,884,328	\$4,155,979	\$4,428,670	\$4,904,479	\$5,380,346	\$4,904,479	\$5,380,346
Loans secured by real estate (RE)	1,800,224	2,068,149	2,272,837	2,625,475	2,988,207	2,625,475	2,988,207
1- to 4-family residential mortgages	810,779	945,706	994,151	1,083,227	1,230,222	1,083,227	1,230,222
Home equity loans	154,191	214,722	284,511	398,895	431,218	398,895	431,218
Multifamily residential mortgages	64,131	71,934	79,678	87,920	97,967	87,920	97,967
Commercial RE loans	505,882	555,990	602,724	667,692	736,971	667,692	736,971
Construction RE loans	193,014	207,451	231,514	290,057	391,606	290,057	391,606
Farmland loans	35,533	38,066	40,699	44,619	47,745	44,619	47,745
RE loans from foreign offices	36,695	34,280	39,559	53,066	52,479	53,066	52,479
Commercial and industrial loans	981,133	910,810	869,489	907,845	1,019,833	907,845	1,019,833
Loans to individuals	629,405	703,568	770,322	838,732	836,885	838,732	836,885
Credit cards	232,448	275,786	315,839	371,421	354,761	371,421	354,761
Other revolving credit plans	34,202	38,209	37,556	39,158	40,701	39,158	40,701
Installment loans	362,755	389,573	416,927	428,152	441,423	428,152	441,423
All other loans and leases	476,689	476,854	518,890	535,635	538,395	535,635	538,395
Less: Unearned income	3,123	3,401	2,870	3,208	2,974	3,208	2,974

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured commercial banks by asset size**  
**Fourth quarter 2004 and fourth quarter 2005**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
Number of institutions reporting	3,655	3,459	3,531	3,593	360	391	85	84
Total employees (FTEs)	70,166	65,612	299,535	299,331	230,521	239,480	1,214,877	1,263,926
<b>Selected income data (\$)</b>								
Net income	\$389	\$374	\$2,886	\$3,157	\$3,427	\$3,360	\$19,777	\$20,818
Net interest income	1,840	1,771	9,297	9,856	8,818	9,276	46,978	48,647
Provision for loan losses	129	104	684	628	801	685	5,178	6,267
Noninterest income	470	469	3,201	3,130	5,389	4,761	41,029	41,440
Noninterest expense	1,687	1,660	7,906	8,078	8,153	8,298	53,271	52,787
Net operating income	389	380	2,901	3,183	3,450	3,483	19,623	21,026
Cash dividends declared	426	416	1,930	2,144	1,688	2,441	11,755	10,171
Net charge-offs	113	88	614	492	731	590	6,801	7,660
<b>Selected condition data (\$)</b>								
Total assets	189,040	180,118	953,896	1,000,883	973,652	1,074,648	6,297,263	6,784,025
Total loans and leases	116,638	112,096	641,821	682,709	627,690	701,816	3,518,330	3,883,726
Reserve for losses	1,681	1,569	8,911	8,855	9,182	8,932	53,729	49,317
Securities	46,778	42,789	210,540	203,251	223,042	225,361	1,070,912	1,100,873
Other real estate owned	275	218	1,078	979	496	425	1,523	1,633
Noncurrent loans and leases	1,109	985	4,541	4,367	4,451	4,157	31,980	30,771
Total deposits	158,200	149,728	770,882	813,657	666,525	754,409	3,997,563	4,355,540
Domestic deposits	158,178	149,714	769,184	812,115	655,428	744,322	3,144,489	3,446,551
Equity capital	21,779	21,466	95,651	100,331	106,624	114,932	626,283	675,923
Off-balance-sheet derivatives	90	328	6,761	8,851	76,861	97,816	88,207,934	101,800,832
<b>Performance ratios (annualized %)</b>								
Return on equity	7.15	6.96	12.18	12.71	12.96	11.89	13.08	12.42
Return on assets	0.83	0.84	1.23	1.28	1.43	1.27	1.27	1.24
Net interest income to assets	3.94	3.98	3.95	4.00	3.68	3.49	3.02	2.89
Loss provision to assets	0.28	0.23	0.29	0.25	0.33	0.26	0.33	0.37
Net operating income to assets	0.83	0.85	1.23	1.29	1.44	1.31	1.26	1.25
Noninterest income to assets	1.01	1.05	1.36	1.27	2.25	1.79	2.64	2.46
Noninterest expense to assets	3.61	3.73	3.36	3.27	3.40	3.13	3.43	3.14
Loss provision to loans and leases	0.45	0.37	0.43	0.37	0.52	0.40	0.59	0.65
Net charge-offs to loans and leases	0.39	0.32	0.39	0.29	0.47	0.34	0.78	0.80
Loss provision to net charge-offs	114.92	118.01	111.41	127.53	109.63	116.22	76.14	81.82
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable	15.81	15.73	4.53	3.79	4.17	3.84	1.18	1.19
Percent of institutions with earnings gains	55.27	54.50	67.83	65.40	73.89	69.31	64.71	65.48
Nonint. income to net operating revenue	20.35	20.94	25.61	24.10	37.93	33.92	46.62	46.00
Nonint. expense to net operating revenue	73.01	74.13	63.26	62.20	57.39	59.12	60.53	58.60
<b>Condition ratios (%)</b>								
Nonperforming assets to assets	0.73	0.67	0.59	0.54	0.51	0.43	0.54	0.48
Noncurrent loans to loans	0.95	0.88	0.71	0.64	0.71	0.59	0.91	0.79
Loss reserve to noncurrent loans	151.57	159.26	196.24	202.78	206.28	214.88	168.01	160.27
Loss reserve to loans	1.44	1.40	1.39	1.30	1.46	1.27	1.53	1.27
Equity capital to assets	11.52	11.92	10.03	10.02	10.95	10.69	9.95	9.96
Leverage ratio	11.31	11.99	9.47	9.66	9.35	9.23	7.22	7.34
Risk-based capital ratio	17.93	18.60	14.06	13.97	13.91	13.25	12.06	11.84
Net loans and leases to assets	60.81	61.36	66.35	67.33	63.52	64.48	55.02	56.52
Securities to assets	24.75	23.76	22.07	20.31	22.91	20.97	17.01	16.23
Appreciation in securities (% of par)	0.10	-1.39	0.33	-1.18	0.22	-1.19	0.51	-1.06
Residential mortgage assets to assets	20.45	19.31	21.76	20.26	25.73	23.00	23.28	24.21
Total deposits to assets	83.69	83.13	80.81	81.29	68.46	70.20	63.48	64.20
Core deposits to assets	71.04	69.49	66.88	65.30	55.42	55.06	42.71	42.59
Volatile liabilities to assets	14.70	15.82	18.60	20.48	26.55	28.19	34.96	36.39

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured commercial banks by asset size  
Fourth quarter 2004 and fourth quarter 2005  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
<b>Percent of loans past due 30-89 days</b>								
Total loans and leases	1.26	1.29	0.89	0.83	0.75	0.75	0.86	0.91
Loans secured by real estate (RE)	1.14	1.22	0.75	0.74	0.58	0.65	0.74	0.84
1- to 4-family residential mortgages	1.75	1.86	1.29	1.25	0.91	0.96	1.01	1.12
Home equity loans	0.47	0.60	0.36	0.51	0.32	0.47	0.38	0.55
Multifamily residential mortgages	0.71	0.66	0.40	0.36	0.36	0.34	0.34	0.65
Commercial RE loans	0.82	0.93	0.56	0.55	0.40	0.46	0.48	0.46
Construction RE loans	0.76	0.84	0.53	0.57	0.56	0.75	0.60	0.64
Commercial and industrial loans	1.39	1.29	0.96	0.88	0.74	0.81	0.55	0.63
Loans to individuals	2.53	2.52	2.21	1.94	1.82	1.52	1.78	1.72
Credit cards	2.05	2.42	5.91	3.49	2.60	1.27	2.15	2.01
Installment loans and other plans	2.57	2.57	1.81	1.83	1.46	1.68	1.59	1.61
All other loans and leases	0.60	0.63	0.57	0.55	0.46	0.53	0.35	0.38
<b>Percent of loans noncurrent</b>								
Total loans and leases	0.95	0.88	0.71	0.64	0.71	0.59	0.91	0.79
Loans secured by real estate (RE)	0.84	0.79	0.62	0.57	0.60	0.54	0.67	0.77
1- to 4-family residential mortgages	0.96	0.92	0.69	0.69	0.67	0.72	0.86	1.12
Home equity loans	0.25	0.22	0.18	0.21	0.19	0.23	0.18	0.26
Multifamily residential mortgages	0.50	0.56	0.46	0.39	0.23	0.24	0.36	0.37
Commercial RE loans	0.92	0.86	0.69	0.62	0.72	0.61	0.66	0.56
Construction RE loans	0.54	0.54	0.45	0.42	0.46	0.36	0.43	0.35
Commercial and industrial loans	1.47	1.30	1.03	0.95	0.99	0.81	1.21	0.70
Loans to individuals	0.94	0.90	0.90	0.77	0.93	0.52	1.56	1.30
Credit cards	1.33	1.08	3.56	2.25	1.93	1.05	1.98	1.83
Installment loans and other plans	0.95	0.91	0.59	0.62	0.37	0.37	1.29	0.92
All other loans and leases	0.85	0.77	0.67	0.52	0.61	0.56	0.35	0.24
<b>Percent of loans charged-off, net</b>								
Total loans and leases	0.39	0.32	0.39	0.29	0.47	0.34	0.78	0.80
Loans secured by real estate (RE)	0.14	0.09	0.11	0.08	0.10	0.08	0.09	0.06
1- to 4-family residential mortgages	0.15	0.11	0.13	0.12	0.08	0.09	0.10	0.06
Home equity loans	0.04	0.05	0.07	0.07	0.13	0.15	0.10	0.12
Multifamily residential mortgages	0.03	0.04	0.10	0.05	0.03	0.06	0.03	0.04
Commercial RE loans	0.19	0.11	0.12	0.07	0.12	0.10	0.08	0.03
Construction RE loans	0.13	0.08	0.08	0.05	0.06	0.03	0.05	0.01
Commercial and industrial loans	0.93	0.80	0.96	0.69	0.79	0.60	0.41	0.35
Loans to individuals	1.18	1.08	1.79	1.74	2.17	1.69	3.23	3.55
Credit cards	2.91	3.06	7.33	7.57	4.28	4.01	4.92	6.08
Installment loans and other plans	1.16	1.04	1.11	1.09	0.96	0.95	1.75	1.44
All other loans and leases	0.31	0.27	0.39	0.31	0.42	0.39	0.16	0.36
<b>Loans outstanding (\$)</b>								
Total loans and leases	\$116,638	\$112,096	\$641,821	\$682,709	\$627,690	\$701,816	\$3,518,330	\$3,883,726
Loans secured by real estate (RE)	73,268	70,900	462,555	502,479	410,399	474,045	1,679,252	1,940,783
1- to 4-family residential mortgages	28,332	26,450	135,501	138,347	127,769	133,156	791,625	932,270
Home equity loans	2,583	2,415	27,304	26,139	33,495	34,962	335,513	367,702
Multifamily residential mortgages	1,599	1,494	16,818	17,775	22,125	28,170	47,378	50,527
Commercial RE loans	22,601	22,025	186,350	198,790	154,260	175,183	304,481	340,974
Construction RE loans	8,211	8,808	75,802	99,378	65,591	93,295	140,453	190,125
Farmland loans	9,944	9,708	20,747	22,022	6,200	8,014	7,728	8,001
RE loans from foreign offices	0	0	32	28	960	1,266	52,074	51,185
Commercial and industrial loans	18,518	17,781	100,977	103,692	113,763	128,283	674,587	770,077
Loans to individuals	11,533	10,528	48,188	45,580	72,835	64,125	706,176	716,652
Credit cards	182	185	5,350	4,742	26,654	16,129	339,236	333,704
Other revolving credit plans	162	186	1,475	1,543	2,753	2,406	34,769	36,567
Installment loans	11,190	10,157	41,363	39,295	43,429	45,590	332,170	346,381
All other loans and leases	13,394	12,950	30,687	31,550	31,171	35,941	460,383	457,953
Less: Unearned income	75	63	586	593	479	578	2,068	1,740

## 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.