

Condition and Performance of Commercial Banks

Summary

Earnings at national banks set another record in the third quarter, as both net interest income and noninterest income showed double-digit gains over the same quarter a year ago. Return on assets set another record, and return on equity rose above 17 percent in the quarter for the first time. Larger banks especially benefited from strong growth in core deposits and an extension of record-low interest rates. Continued strength in the housing market raised both lending and fee income.

On the minus side, asset quality continued to erode, with most of the deterioration concentrated in commercial and industrial (C&I) loans at the larger banks. Overcapacity throughout the manufacturing sector continues to exert downward pressure on corporate profits and thus C&I credit quality. Although the real estate sector has remained strong, real estate markets in a number of cities appears vulnerable to price corrections, with possible consequences for banks.

Key Trends

During the third quarter, net income at national banks grew by 9 percent over the previous quarter and 57 percent over the same quarter of 2001. Until this year, net income had never reached \$12.5 billion in any quarter, and return on assets had never reached 1.5 percent. But net income has topped \$12.5 billion, and return on assets has topped 1.5 percent, in each of the first three quarters of 2002.

All major categories of revenues and expenses show this trend. Net interest income rose 2 percent on the quarter and 13 percent on the year, as low short-term interest rates and wide spreads between short- and long-term rates continued to be favorable. Noninterest income rose 6 percent on the quarter and 15 percent on the year. Return on equity rose above 17 percent for the first time this quarter and now stands at 16.2 percent for the year to date, just shy of the all-time high recorded in 1993. Provisions rose from the previous quarter, but fell year-over-year, despite persistent problems in credit quality. Realized gains and losses on security sales rose substantially both on the quarter and on the year, as banks appeared to be taking the opportunity to sell securities that had appreciated in the low-interest-rate environment.

Large banks have been the primary beneficiaries of these favorable trends. Net income rose 23 percent on the year for nonspecialty small banks¹ (assets under \$1 billion), but 64 percent for large banks (assets over \$1 billion). Particularly notable are the differences in realized gains and losses on the sale of securities, and changes in provisioning. While small banks were increasing their provisions by 16 percent year-over-year, their larger counterparts were decreasing their provisions by 13 percent.

¹ Nonspecialty category excludes credit card and trust banks.

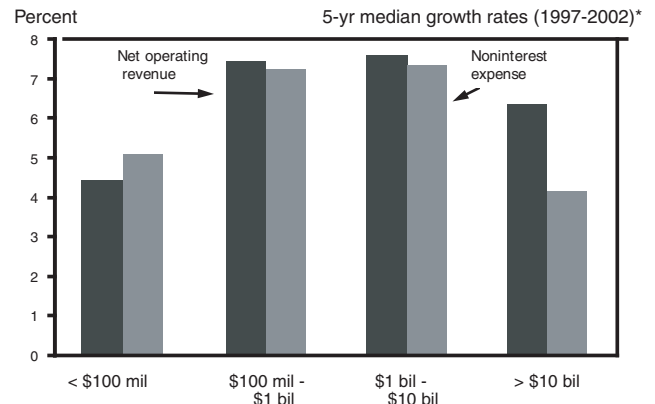
Table 1—Major revenue components all rise; drop in provisioning holds down costs

National banks	Major income components (\$ millions change 2001-2002)			
	Q2 yr-to-yr	% Change	Q3 yr-to-yr	% Change
Revenues				
Net interest income	4,190	13.7%	3,963	12.6%
Real gains/losses securities	51	10.7%	616	105.5%
Noninterest income	2,049	8.3%	3,683	15.1%
Expenses				
Provisioning	1,475	23.6%	-321	-3.9%
Noninterest expense	881	2.7%	737	2.2%
Net income	3,160	28.7%	5,604	57.2%

Source: Integrated Banking Information System (OCC)

Figure 1—Expense control at large banks key to better performance

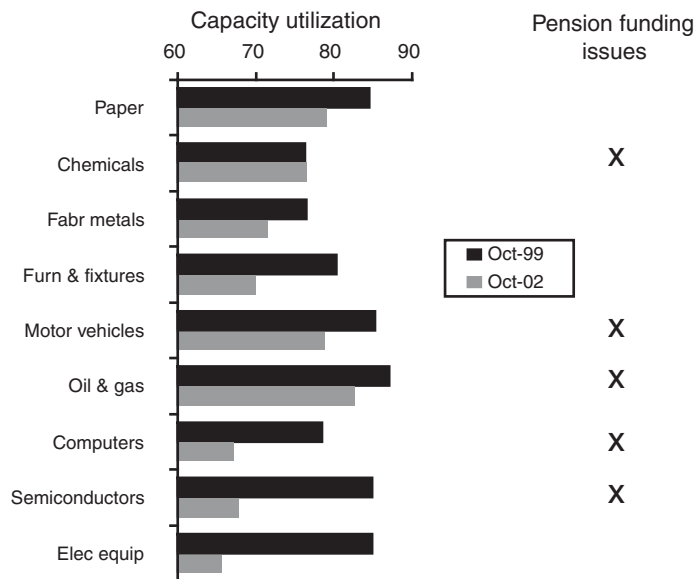
National nonspecialty banks



Source: Integrated Banking Information System (OCC) *Banks held constant over the five-year period. 2002 data as of September 30, 2002. All other data as of year-end.

Much of the earnings advantage enjoyed by large banks over the last several years has come from better control of expenses. Figure 1 shows trends in net operating revenue and noninterest expense for the four size categories of national banks. For the smallest banks (under \$100 million in assets) noninterest expense grew faster than net operating revenues between 1997 and 2002. For the largest banks on the other hand (over \$10 billion in assets), revenues rose much faster than noninterest expenses, leading to a sharp improvement in the operating efficiency ratio. As a result, for banks under \$1 billion in assets, return on equity (ROE) hit a post-1991 low in 2001, and has risen only modestly so far in 2002. At the same time, banks over \$1 billion have seen a near record in ROE so far this year.

Figure 2—Overcapacity in many sectors raises risk to lenders



Note: Bank exposure data as of 2002Q2.

Source: Federal Reserve Board/Haver Analytics; Credit Analytics (OCC), Credit Suisse First Boston

Banks across the board have benefited from the rise in core deposits over the last year and a half. Core deposits grew at a 7.2 percent annual rate between the first quarter of 2000 and the second quarter of 2001, and at a 9.7

percent annual rate over the next five quarters. Year-to-date growth in core deposits, adjusted for inflation, now stands at a 15-year high.

In the third quarter, credit quality continued to deteriorate in the C&I sector, particularly at large banks. For many sectors, a worldwide overhang of excess capacity continues to depress profits and discourage business investment. Figure 2 shows the drop in capacity utilization for many manufacturing industries since the peak of the business cycle three years ago. Nearly all of these industries show a sharp drop, which has put downward pressure on prices and thus corporate profits.

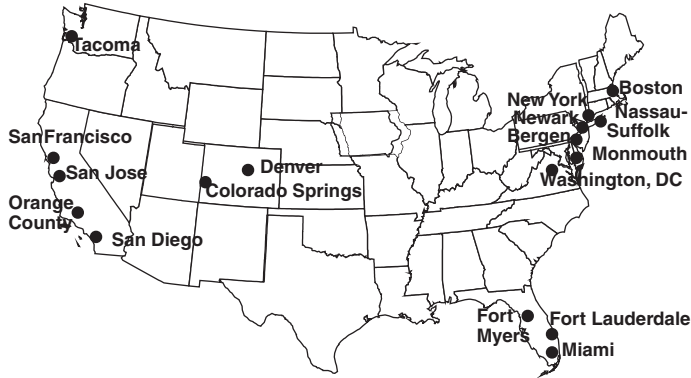
The column at the right in Figure 2 indicates that many of the same industries also face pressure to increase funding for their defined-benefit pension programs. With U.S. equity markets due for a third consecutive year of negative returns, most defined-benefit pension plans have been losing money; for the Standard & Poor's 500 companies, these plans are now about 20 percent underfunded. The need to make up the shortfall will put pressure on already stressed companies.

The U.S. corporate sector continues to suffer as a result of weakness in the economies of our major trading partners. Weak demand abroad contributes to the stuttering recovery at home. Moreover, weak corporate earnings in Europe and Japan have meant an increase in nonperforming loans made by U.S. banks to foreign borrowers. Over the last six quarters, for example, U.S. national banks have seen their ratio of C&I loans noncurrent rise by 96 basis points for domestic borrowers, but by 205 basis points for foreign borrowers.

The real estate sector remains crucial to continued income gains in the banking system. The commercial real estate market has shown increasing signs of weakness, although it remains much stronger than it was during the recession of 1990–91. For example, the noncurrent ratio for business real estate loans (defined as commercial real estate, construction, and multifamily lending) stands at 1.02 percent so far in 2002, up from a low of 0.76 percent in 1999 and 2000, but down from nearly 10 percent in 1991.

Figure 3—Potential housing bubbles

MSAs identified by multiple studies as vulnerable to residential real estate correction



Note: Metropolitan statistical areas (MSAs) marked have been identified as vulnerable to correction and have national banks.

Source: OCC Global Banking and Financial Analysis review of six housing studies

But the big question mark remains residential real estate. House prices have continued to increase in all regions, raising the question of whether home prices are due for a fall. While analysts are not labeling the current situation a national housing bubble, several reports have identified possible regional bubbles. Figure 3 shows the 16 metropolitan statistical areas (MSAs) identified as vulnerable to a home price correction by at least two of six recent studies. Not surprisingly, the high-tech centers of San Francisco, San Jose, Tacoma, Boston, and New Jersey appear on many lists. Other fast-growth areas in California, the Northeast, and Florida are also on the list for a possible correction.

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

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q3	Preliminary 2002Q3
Number of institutions reporting	2,456	2,364	2,230	2,137	2,092	2,169	2,092
Total employees (FTEs)	974,871	983,186	948,652	966,538	983,333	947,512	983,333
Selected income data (\$)							
Net income	\$37,584	\$42,539	\$38,901	\$44,285	\$43,213	\$9,796	\$15,399
Net interest income	110,985	114,557	115,905	125,653	105,605	31,411	35,374
Provision for loan losses	15,242	15,550	20,559	29,003	24,013	8,224	7,904
Noninterest income	81,311	92,570	96,101	99,458	81,370	24,425	28,108
Noninterest expense	122,606	125,812	128,542	131,155	100,058	33,003	33,740
Net operating income	35,525	42,364	40,152	43,056	41,765	9,414	14,618
Cash dividends declared	25,414	29,870	32,327	27,739	30,943	7,081	9,352
Net charge-offs to loan and lease reserve	14,492	14,179	17,241	25,184	23,693	6,584	7,698
Selected condition data (\$)							
Total assets	3,183,313	3,271,180	3,414,298	3,635,295	3,846,111	3,543,818	3,846,111
Total loans and leases	2,015,585	2,127,927	2,227,069	2,272,837	2,392,315	2,235,067	2,392,315
Reserve for losses	36,810	37,684	40,021	45,579	47,661	43,166	47,661
Securities	516,120	537,315	502,297	575,935	641,075	526,337	641,075
Other real estate owned	1,833	1,572	1,553	1,794	1,961	1,806	1,961
Noncurrent loans and leases	19,513	20,818	27,161	34,589	38,352	32,631	38,352
Total deposits	2,137,908	2,154,230	2,250,402	2,384,413	2,490,044	2,296,007	2,490,044
Domestic deposits	1,785,818	1,776,084	1,827,064	2,001,253	2,114,022	1,908,241	2,114,022
Equity capital	274,120	277,889	293,656	340,736	366,841	329,119	366,841
Off-balance-sheet derivatives	10,953,514	12,077,568	15,502,911	20,291,557	25,129,592	19,304,005	25,129,592
Performance ratios (annualized %)							
Return on equity	14.29	15.55	13.69	13.88	16.26	12.28	17.04
Return on assets	1.24	1.35	1.18	1.26	1.54	1.12	1.62
Net interest income to assets	3.67	3.63	3.50	3.56	3.77	3.59	3.73
Loss provision to assets	0.50	0.49	0.62	0.82	0.86	0.94	0.83
Net operating income to assets	1.17	1.34	1.21	1.22	1.49	1.08	1.54
Noninterest income to assets	2.69	2.94	2.90	2.82	2.91	2.79	2.96
Noninterest expense to assets	4.05	3.99	3.88	3.72	3.58	3.78	3.56
Loss provision to loans and leases	0.79	0.76	0.95	1.28	1.37	1.46	1.34
Net charge-offs to loans and leases	0.75	0.70	0.80	1.11	1.35	1.17	1.30
Loss provision to net charge-offs	105.12	109.66	119.24	115.16	101.35	124.91	102.67
Performance ratios (%)							
Percent of institutions unprofitable	5.94	7.11	6.95	7.35	6.69	8.16	6.55
Percent of institutions with earnings gains	61.60	62.14	66.64	56.86	70.94	54.13	70.70
Nonint. income to net operating revenue	42.28	44.69	45.33	44.18	43.52	43.74	44.28
Nonint. expense to net operating revenue	63.76	60.74	60.63	58.26	53.51	59.11	53.15
Condition ratios (%)							
Nonperforming assets to assets	0.68	0.70	0.86	1.02	1.07	0.98	1.07
Noncurrent loans to loans	0.97	0.98	1.22	1.52	1.60	1.46	1.60
Loss reserve to noncurrent loans	188.65	181.02	147.35	131.77	124.27	132.29	124.27
Loss reserve to loans	1.83	1.77	1.80	2.01	1.99	1.93	1.99
Equity capital to assets	8.61	8.50	8.60	9.37	9.54	9.29	9.54
Leverage ratio	7.42	7.49	7.49	7.81	7.98	7.74	7.98
Risk-based capital ratio	11.79	11.70	11.84	12.61	12.87	12.32	12.87
Net loans and leases to assets	62.16	63.90	64.06	61.27	60.96	61.85	60.96
Securities to assets	16.21	16.43	14.71	15.84	16.67	14.85	16.67
Appreciation in securities (% of par)	0.82	-2.45	-0.01	0.48	2.20	1.85	2.20
Residential mortgage assets to assets	20.41	20.60	19.60	22.54	24.10	21.42	24.10
Total deposits to assets	67.16	65.85	65.91	65.59	64.74	64.79	64.74
Core deposits to assets	49.72	47.01	45.61	48.07	48.02	46.37	48.02
Volatile liabilities to assets	31.77	34.81	35.18	31.24	30.24	32.46	30.24

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

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q3	Preliminary 2002Q3
Percent of loans past due 30–89 days							
Total loans and leases	1.27	1.16	1.26	1.38	1.14	1.37	1.14
Loans secured by real estate (RE)	1.33	1.22	1.42	1.42	1.07	1.27	1.07
1–4 family residential mortgages	1.50	1.61	1.95	1.80	1.38	1.56	1.38
Home equity loans	0.97	0.77	1.07	0.98	0.65	0.93	0.65
Multifamily residential mortgages	0.94	0.69	0.59	0.75	0.37	0.72	0.37
Commercial RE loans	1.02	0.70	0.72	0.86	0.63	0.81	0.63
Construction RE loans	1.82	1.07	1.12	1.28	1.14	1.36	1.14
Commercial and industrial loans	0.81	0.71	0.71	0.95	0.84	0.95	0.84
Loans to individuals	2.44	2.36	2.40	2.39	2.13	2.33	2.13
Credit cards	2.52	2.53	2.50	2.51	2.56	2.65	2.56
Installment loans and other plans	2.37	2.24	2.31	2.65	2.05	2.32	2.05
All other loans and leases	0.46	0.50	0.58	0.84	0.56	1.35	0.56
Percent of loans noncurrent							
Total loans and leases	0.97	0.98	1.22	1.52	1.60	1.46	1.60
Loans secured by real estate (RE)	0.98	0.87	0.93	1.05	1.02	1.01	1.02
1–4 family residential mortgages	0.95	0.91	1.06	1.05	1.09	0.99	1.09
Home equity loans	0.41	0.32	0.41	0.42	0.33	0.43	0.33
Multifamily residential mortgages	0.88	0.43	0.55	0.49	0.49	0.42	0.49
Commercial RE loans	1.01	0.84	0.77	1.03	1.04	1.02	1.04
Construction RE loans	0.80	0.63	0.82	1.15	1.15	1.20	1.15
Commercial and industrial loans	0.86	1.11	1.66	2.44	3.05	2.23	3.05
Loans to individuals	1.59	1.52	1.46	1.58	1.52	1.47	1.52
Credit cards	2.06	2.00	1.89	2.05	2.03	2.09	2.03
Installment loans and other plans	1.19	1.16	1.06	1.41	1.25	1.14	1.25
All other loans and leases	0.31	0.40	0.85	1.18	1.14	1.25	1.14
Percent of loans charged-off, net							
Total loans and leases	0.75	0.70	0.80	1.11	1.35	1.17	1.30
Loans secured by real estate (RE)	0.05	0.10	0.12	0.26	0.18	0.47	0.18
1–4 family residential mortgages	0.07	0.14	0.14	0.32	0.18	0.76	0.18
Home equity loans	0.16	0.19	0.23	0.35	0.23	0.35	0.20
Multifamily residential mortgages	0.07	0.02	0.03	0.04	0.09	0.06	0.12
Commercial RE loans	–0.02	0.03	0.07	0.18	0.16	0.17	0.13
Construction RE loans	–0.01	0.03	0.05	0.15	0.19	0.14	0.24
Commercial and industrial loans	0.38	0.54	0.87	1.50	1.79	1.36	1.84
Loans to individuals	2.92	2.65	2.84	3.14	4.15	3.13	3.86
Credit cards	5.03	4.51	4.43	5.08	7.01	5.16	6.11
Installment loans and other plans	1.23	1.27	1.54	1.66	1.85	1.63	1.96
All other loans and leases	0.53	0.31	0.32	0.60	0.58	0.54	0.58
Loans outstanding (\$)							
Total loans and leases	\$2,015,585	\$2,127,927	\$2,227,069	\$2,272,837	\$2,392,315	\$2,235,067	\$2,392,315
Loans secured by real estate (RE)	764,944	853,141	892,140	976,120	1,077,175	938,589	1,077,175
1–4 family residential mortgages	381,597	433,807	443,002	472,715	526,620	450,640	526,620
Home equity loans	66,091	67,267	82,672	102,094	132,839	95,630	132,839
Multifamily residential mortgages	23,201	26,561	28,026	30,074	32,216	30,253	32,216
Commercial RE loans	200,469	214,145	221,267	236,472	248,640	231,674	248,640
Construction RE loans	56,261	71,578	76,899	91,482	95,803	89,985	95,803
Farmland loans	10,930	11,957	12,350	12,615	13,208	12,666	13,208
RE loans from foreign offices	26,396	27,825	27,923	30,668	27,848	27,741	27,848
Commercial and industrial loans	583,903	622,004	646,988	597,228	557,741	618,027	557,741
Loans to individuals	386,410	348,634	370,363	390,420	440,558	372,833	440,558
Credit cards*	176,408	147,179	176,372	167,079	203,497	156,182	203,497
Other revolving credit plans	na	na	na	29,259	33,406	21,018	33,406
Installment loans	210,003	201,455	193,991	194,082	203,655	195,633	203,655
All other loans and leases	282,367	306,041	319,144	311,001	319,469	307,060	319,469
Less: Unearned income	2,039	1,893	1,565	1,931	2,628	1,441	2,628

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

Key indicators, FDIC-insured national banks by asset size
Third quarter 2001 and third quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3
Number of institutions reporting	1,026	966	971	954	131	128	41	44
Total employees (FTEs)	24,314	22,514	95,953	93,083	110,579	104,119	716,666	763,617
Selected income data (\$)								
Net income	\$131	\$152	\$790	\$833	\$1,527	\$2,093	\$7,347	\$12,322
Net interest income	518	512	2,540	2,507	4,199	3,626	24,153	28,729
Provision for loan losses	42	36	246	190	821	600	7,114	7,077
Noninterest income	228	220	1,410	1,157	2,790	3,827	19,997	22,904
Noninterest expense	528	497	2,566	2,348	3,916	3,683	25,993	27,212
Net operating income	130	146	772	809	1,476	2,021	7,037	11,642
Cash dividends declared	61	68	422	369	1,040	1,098	5,558	7,818
Net charge-offs to loan and lease reserve	34	24	175	125	699	800	5,677	6,749
Selected condition data (\$)								
Total assets	53,297	51,373	255,948	255,234	411,486	395,872	2,823,087	3,143,632
Total loans and leases	31,929	30,525	160,584	159,668	261,168	237,876	1,781,386	1,964,247
Reserve for losses	431	428	2,268	2,267	5,439	4,119	35,027	40,847
Securities	12,724	12,690	60,625	63,199	84,949	90,064	368,038	475,122
Other real estate owned	70	76	254	262	175	226	1,307	1,396
Noncurrent loans and leases	345	367	1,582	1,604	2,829	2,312	27,875	34,069
Total deposits	44,747	42,996	206,204	206,833	264,481	262,409	1,780,575	1,977,805
Domestic deposits	44,747	42,996	205,842	206,410	261,760	260,050	1,395,891	1,604,566
Equity capital	6,173	6,068	26,206	26,074	40,300	42,610	256,440	292,088
Off-balance-sheet derivatives	56	21	2,889	1,668	38,821	30,055	19,446,459	25,414,182
Performance ratios (annualized %)								
Return on equity	8.65	10.16	12.27	13.02	15.46	19.81	11.86	17.14
Return on assets	1.00	1.20	1.25	1.33	1.50	2.15	1.06	1.59
Net interest income to assets	3.94	4.03	4.01	3.99	4.13	3.73	3.47	3.70
Loss provision to assets	0.32	0.29	0.39	0.30	0.81	0.62	1.02	0.91
Net operating income to assets	0.99	1.15	1.22	1.29	1.45	2.08	1.01	1.50
Noninterest income to assets	1.73	1.74	2.23	1.84	2.75	3.93	2.87	2.95
Noninterest expense to assets	4.02	3.92	4.06	3.73	3.85	3.79	3.73	3.51
Loss provision to loans and leases	0.54	0.48	0.62	0.48	1.27	1.01	1.58	1.46
Net charge-offs to loans and leases	0.43	0.32	0.44	0.32	1.08	1.34	1.26	1.40
Loss provision to net charge-offs	124.75	152.31	140.80	151.63	117.56	74.97	125.33	104.87
Performance ratios (%)								
Percent of institutions unprofitable	12.18	10.56	4.53	3.25	4.58	2.34	4.88	2.27
Percent of institutions with earnings gains	47.27	63.66	59.94	76.62	62.60	79.69	60.98	70.45
Nonint. income to net operating revenue	30.59	30.11	35.69	31.58	39.92	51.34	45.29	44.36
Nonint. expense to net operating revenue	70.81	67.92	64.97	64.08	56.02	49.42	58.87	52.70
Condition ratios (%)								
Nonperforming assets to assets	0.78	0.89	0.72	0.74	0.74	0.65	1.05	1.16
Noncurrent loans to loans	1.08	1.20	0.99	1.00	1.08	0.97	1.56	1.73
Loss reserve to noncurrent loans	124.88	116.53	143.41	141.33	192.29	178.18	125.66	119.90
Loss reserve to loans	1.35	1.40	1.41	1.42	2.08	1.73	1.97	2.08
Equity capital to assets	11.58	11.81	10.24	10.22	9.79	10.76	9.08	9.29
Leverage ratio	11.20	11.34	9.54	9.45	8.45	9.56	7.40	7.60
Risk-based capital ratio	18.17	18.58	14.69	14.95	13.85	15.94	11.88	12.34
Net loans and leases to assets	59.10	58.59	61.85	61.67	62.15	59.05	61.86	61.18
Securities to assets	23.87	24.70	23.69	24.76	20.64	22.75	13.04	15.11
Appreciation in securities (% of par)	2.27	2.62	2.37	2.82	2.16	2.46	1.67	2.06
Residential mortgage assets to assets	21.77	22.22	24.61	24.73	26.95	25.40	20.32	23.91
Total deposits to assets	83.96	83.69	80.56	81.04	64.27	66.29	63.07	62.91
Core deposits to assets	70.49	70.62	67.05	68.05	54.09	56.59	42.91	44.95
Volatile liabilities to assets	15.23	14.86	17.95	17.18	25.78	23.72	35.08	32.38

Loan performance, FDIC-insured national banks by asset size
Third quarter 2001 and third quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3
Percent of loans past due 30–89 days								
Total loans and leases	1.42	1.37	1.28	1.07	1.36	1.18	1.38	1.14
Loans secured by real estate (RE)	1.21	1.21	1.06	0.89	0.97	0.92	1.37	1.11
1–4 family residential mortgages	1.51	1.55	1.28	1.16	0.94	1.31	1.71	1.41
Home equity loans	0.81	0.61	0.76	0.53	0.89	0.59	0.94	0.66
Multifamily residential mortgages	0.97	0.49	0.44	0.52	0.94	0.45	0.71	0.32
Commercial RE loans	0.95	1.03	0.87	0.70	0.81	0.51	0.79	0.63
Construction RE loans	1.24	0.96	1.35	0.93	1.48	1.06	1.33	1.19
Commercial and industrial loans	1.84	1.63	1.36	1.23	1.54	1.37	0.87	0.76
Loans to individuals	2.35	2.31	2.46	2.02	2.31	1.91	2.32	2.16
Credit cards	2.72	2.36	5.48	3.71	2.77	2.04	2.56	2.59
Installment loans and other plans	2.38	2.34	1.96	1.78	2.09	2.00	2.40	2.08
All other loans and leases	0.75	0.82	0.76	0.64	1.07	0.72	1.40	0.55
Percent of loans noncurrent								
Total loans and leases	1.08	1.20	0.99	1.00	1.08	0.97	1.56	1.73
Loans secured by real estate (RE)	0.93	1.07	0.82	0.85	0.81	0.86	1.08	1.07
1–4 family residential mortgages	0.81	0.81	0.71	0.76	0.69	0.94	1.09	1.14
Home equity loans	0.39	0.34	0.37	0.25	0.45	0.39	0.43	0.33
Multifamily residential mortgages	0.64	1.20	0.53	0.49	0.37	0.38	0.41	0.49
Commercial RE loans	1.04	1.13	0.91	0.99	0.93	0.87	1.08	1.10
Construction RE loans	0.71	1.28	0.94	0.85	1.22	0.87	1.26	1.26
Commercial and industrial loans	1.81	1.91	1.48	1.62	1.69	1.41	2.33	3.30
Loans to individuals	0.77	0.79	1.07	0.97	1.43	1.06	1.52	1.61
Credit cards	1.74	1.79	4.16	3.59	2.41	1.54	1.98	2.05
Installment loans and other plans	0.75	0.76	0.53	0.55	0.76	0.83	1.30	1.40
All other loans and leases	1.10	1.34	1.07	0.99	0.52	0.53	1.32	1.19
Percent of loans charged-off, net								
Total loans and leases	0.43	0.32	0.44	0.32	1.08	1.34	1.26	1.40
Loans secured by real estate (RE)	0.06	0.05	0.08	0.06	0.16	0.20	0.60	0.19
1–4 family residential mortgages	0.05	0.07	0.07	0.08	0.22	0.33	0.95	0.17
Home equity loans	0.04	0.02	-0.06	0.03	0.21	0.12	0.39	0.21
Multifamily residential mortgages	0.64	0.01	0.04	0.02	0.04	0.42	0.06	0.08
Commercial RE loans	0.04	0.06	0.11	0.06	0.10	0.07	0.21	0.16
Construction RE loans	0.03	0.00	0.09	0.07	0.12	0.11	0.15	0.30
Commercial and industrial loans	0.93	0.70	0.71	0.67	0.96	1.07	1.44	2.00
Loans to individuals	0.98	1.06	1.87	1.10	3.65	5.05	3.16	3.87
Credit cards	3.22	5.03	6.87	2.23	6.89	11.08	4.82	5.62
Installment loans and other plans	0.91	0.88	0.92	0.92	1.23	0.87	1.80	2.23
All other loans and leases	0.88	0.29	0.36	0.56	0.68	0.33	0.53	0.61
Loans outstanding (\$)								
Total loans and leases	\$31,929	\$30,525	\$160,584	\$159,668	\$261,168	\$237,876	\$1,781,386	\$1,964,247
Loans secured by real estate (RE)	18,573	18,091	101,682	104,415	138,161	123,887	680,173	830,781
1–4 family residential mortgages	8,282	7,852	41,264	39,648	63,563	51,160	337,531	427,960
Home equity loans	475	490	4,365	5,061	9,280	9,712	81,511	117,577
Multifamily residential mortgages	404	442	3,683	3,930	4,933	4,181	21,233	23,663
Commercial RE loans	5,442	5,481	37,333	40,026	41,873	41,214	147,026	161,919
Construction RE loans	1,830	1,658	10,717	11,047	16,566	15,401	60,871	67,697
Farmland loans	2,141	2,168	4,318	4,703	1,799	1,713	4,408	4,624
RE loans from foreign offices	0	0	3	1	146	506	27,592	27,342
Commercial and industrial loans	5,415	4,953	28,845	27,269	49,347	46,480	534,421	479,039
Loans to individuals	4,275	3,853	20,347	18,215	53,750	45,318	294,460	373,172
Credit cards*	127	167	3,107	2,601	22,754	17,261	130,193	183,467
Other revolving credit plans	69	61	419	356	1,779	2,413	18,752	30,576
Installment loans	4,079	3,624	16,821	15,257	29,217	25,644	145,516	159,130
All other loans and leases	3,723	3,671	9,916	9,963	20,005	22,278	273,416	283,558
Less: Unearned income	57	42	205	194	95	88	1,084	2,304

Key indicators, FDIC-insured national banks by region

Third quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	232	293	419	432	498	218	2,092
Total employees (FTEs)	292,318	252,626	211,289	64,516	57,224	105,360	983,333
Selected income data (\$)							
Net income	\$4,295	\$3,658	\$3,496	\$1,088	\$566	\$2,297	\$15,399
Net interest income	10,044	8,643	7,943	2,892	1,603	4,250	35,374
Provision for loan losses	3,660	972	1,401	938	112	820	7,904
Noninterest income	10,621	5,522	4,983	2,467	647	3,869	28,108
Noninterest expense	10,602	8,369	6,842	2,823	1,442	3,663	33,740
Net operating income	4,226	3,435	3,134	1,056	498	2,269	14,618
Cash dividends declared	2,774	2,123	2,381	347	424	1,302	9,352
Net charge-offs to loan and lease reserve	3,381	1,151	1,365	704	94	1,003	7,698
Selected condition data (\$)							
Total assets	1,019,335	1,069,426	964,712	231,050	163,002	398,585	3,846,111
Total loans and leases	623,830	608,822	634,134	166,384	91,966	267,179	2,392,315
Reserve for losses	16,675	9,828	11,683	3,137	1,469	4,869	47,661
Securities	166,026	190,594	173,322	29,525	41,139	40,469	641,075
Other real estate owned	235	637	652	128	135	174	1,961
Noncurrent loans and leases	14,094	8,412	10,234	1,973	975	2,665	38,352
Total deposits	688,352	714,238	576,575	130,457	131,064	249,356	2,490,044
Domestic deposits	445,163	651,271	533,624	124,528	129,900	229,536	2,114,022
Equity capital	100,682	102,097	80,792	24,826	16,417	42,027	366,841
Off-balance-sheet derivatives	8,518,286	13,785,715	1,669,483	7,713	9,527	1,138,869	25,129,592
Performance ratios (annualized %)							
Return on equity	17.37	14.53	17.54	18.03	13.97	22.03	17.04
Return on assets	1.69	1.39	1.47	1.91	1.41	2.38	1.62
Net interest income to assets	3.95	3.28	3.34	5.07	3.99	4.40	3.73
Loss provision to assets	1.44	0.37	0.59	1.64	0.28	0.85	0.83
Net operating income to assets	1.66	1.30	1.32	1.85	1.24	2.35	1.54
Noninterest income to assets	4.18	2.10	2.10	4.32	1.61	4.01	2.96
Noninterest expense to assets	4.17	3.18	2.88	4.95	3.59	3.79	3.56
Loss provision to loans and leases	2.36	0.64	0.90	2.34	0.49	1.26	1.34
Net charge-offs to loans and leases	2.18	0.76	0.88	1.76	0.41	1.54	1.30
Loss provision to net charge-offs	108.24	84.45	102.69	133.26	118.92	81.77	102.67
Performance ratios (%)							
Percent of institutions unprofitable	6.03	10.24	5.01	4.86	5.02	11.93	6.55
Percent of institutions with earnings gains	70.69	78.16	69.21	68.06	69.48	71.56	70.70
Nonint. income to net operating revenue	51.40	38.98	38.55	46.04	28.75	47.65	44.28
Nonint. expense to net operating revenue	51.30	59.09	52.93	52.67	64.09	45.12	53.15
Condition ratios (%)							
Nonperforming assets to assets	1.47	0.85	1.16	0.91	0.68	0.71	1.07
Noncurrent loans to loans	2.26	1.38	1.61	1.19	1.06	1.00	1.60
Loss reserve to noncurrent loans	118.32	116.84	114.17	159.02	150.61	182.70	124.27
Loss reserve to loans	2.67	1.61	1.84	1.89	1.60	1.82	1.99
Equity capital to assets	9.88	9.55	8.37	10.74	10.07	10.54	9.54
Leverage ratio	8.45	7.34	7.41	9.33	8.51	8.83	7.98
Risk-based capital ratio	13.24	12.24	12.27	14.18	14.09	13.90	12.87
Net loans and leases to assets	59.56	56.01	64.52	70.65	55.52	65.81	60.96
Securities to assets	16.29	17.82	17.97	12.78	25.24	10.15	16.67
Appreciation in securities (% of par)	1.58	2.20	2.13	3.26	2.92	3.56	2.20
Residential mortgage assets to assets	14.51	30.12	26.66	22.99	27.05	25.66	24.10
Total deposits to assets	67.53	66.79	59.77	56.46	80.41	62.56	64.74
Core deposits to assets	35.67	54.59	49.49	49.46	67.35	49.70	48.02
Volatile liabilities to assets	41.90	23.45	28.13	27.76	18.78	29.90	30.24

Loan performance, FDIC-insured national banks by region
Third 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	1.25	0.81	1.33	1.42	1.11	1.04	1.14
Loans secured by real estate (RE)	1.03	0.92	1.43	0.68	0.97	0.88	1.07
1–4 family residential mortgages	1.31	1.30	1.99	0.68	1.14	0.98	1.38
Home equity loans	0.49	0.69	0.78	0.38	0.51	0.53	0.65
Multifamily residential mortgages	0.28	0.23	0.53	0.15	0.40	0.30	0.37
Commercial RE loans	0.42	0.42	0.93	0.68	0.70	0.63	0.63
Construction RE loans	0.65	0.52	1.54	1.13	1.31	1.65	1.14
Commercial and industrial loans	0.80	0.46	1.12	1.42	1.19	0.85	0.84
Loans to individuals	2.32	1.77	1.93	2.43	1.66	1.97	2.13
Credit cards	2.69	2.54	2.17	2.66	1.08	2.14	2.56
Installment loans and other plans	2.46	1.85	2.04	1.85	1.77	1.97	2.05
All other loans and leases	0.49	0.25	0.83	0.85	0.83	0.50	0.56
Percent of loans noncurrent							
Total loans and leases	2.26	1.38	1.61	1.19	1.06	1.00	1.60
Loans secured by real estate (RE)	1.30	0.75	1.51	0.55	0.86	0.56	1.02
1–4 family residential mortgages	1.44	0.73	2.02	0.33	0.72	0.38	1.09
Home equity loans	0.27	0.24	0.47	0.28	0.51	0.20	0.33
Multifamily residential mortgages	0.43	0.52	0.55	0.32	0.42	0.38	0.49
Commercial RE loans	0.70	0.93	1.48	1.05	0.99	0.77	1.04
Construction RE loans	0.71	1.09	1.29	0.67	0.91	1.48	1.15
Commercial and industrial loans	3.57	3.32	2.95	1.44	1.62	2.13	3.05
Loans to individuals	2.22	0.47	0.71	1.87	0.66	1.37	1.52
Credit cards	2.11	1.58	1.43	2.18	0.57	1.80	2.03
Installment loans and other plans	3.51	0.48	0.62	0.98	0.70	0.55	1.25
All other loans and leases	1.66	1.07	0.74	1.00	1.42	0.78	1.14
Percent of loans charged-off, net							
Total loans and leases	2.18	0.76	0.88	1.76	0.41	1.54	1.30
Loans secured by real estate (RE)	0.15	0.13	0.34	0.04	0.11	0.06	0.18
1–4 family residential mortgages	0.08	0.16	0.37	0.04	0.08	0.06	0.18
Home equity loans	0.07	0.12	0.38	0.07	0.15	0.07	0.20
Multifamily residential mortgages	0.00	0.02	0.17	0.00	0.86	-0.01	0.12
Commercial RE loans	0.03	0.07	0.30	0.00	0.11	0.04	0.13
Construction RE loans	0.42	0.20	0.30	0.12	0.01	0.21	0.24
Commercial and industrial loans	2.07	2.23	1.67	0.88	0.67	1.41	1.84
Loans to individuals	4.98	1.20	1.80	4.55	1.24	6.29	3.86
Credit cards	5.79	8.66	3.54	5.86	2.30	8.37	6.11
Installment loans and other plans	3.67	1.13	1.47	0.75	1.22	1.54	1.96
All other loans and leases	0.89	0.19	0.61	0.33	0.33	0.65	0.58
Loans outstanding (\$)							
Total loans and leases	\$623,830	\$608,822	\$634,134	\$166,384	\$91,966	\$267,179	\$2,392,315
Loans secured by real estate (RE)	169,274	327,293	309,512	67,259	51,257	152,580	1,077,175
1–4 family residential mortgages	73,623	175,249	140,461	39,846	19,360	78,081	526,620
Home equity loans	23,932	34,870	48,295	4,427	1,400	19,914	132,839
Multifamily residential mortgages	4,008	8,510	12,706	1,634	1,757	3,602	32,216
Commercial RE loans	35,021	73,771	71,402	13,749	18,922	35,775	248,640
Construction RE loans	8,174	28,709	32,496	4,449	8,035	13,941	95,803
Farmland loans	499	2,834	3,672	3,155	1,783	1,265	13,208
RE loans from foreign offices	24,017	3,350	480	0	0	1	27,848
Commercial and industrial loans	173,281	146,535	143,842	24,311	23,118	46,654	557,741
Loans to individuals	180,134	60,629	81,643	58,076	12,281	47,796	440,558
Credit cards	113,192	567	13,229	43,569	281	32,659	203,497
Other revolving credit plans	21,212	2,891	5,122	858	612	2,712	33,406
Installment loans	45,730	57,171	63,291	13,649	11,389	12,425	203,655
All other loans and leases	103,229	74,593	99,227	16,752	5,409	20,260	319,469
Less: Unearned income	2,088	228	89	13	99	111	2,628

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

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q3	Preliminary 2002Q3
Number of institutions reporting	8,773	8,579	8,315	8,080	7,933	8,149	7,933
Total employees (FTEs)	1,626,978	1,657,602	1,670,861	1,701,721	1,729,035	1,671,152	1,729,035
Selected income data (\$)							
Net income	\$61,752	\$71,491	\$70,945	\$73,978	\$68,512	\$17,365	\$23,344
Net interest income	182,752	192,141	203,960	215,157	176,779	54,256	
Provision for loan losses	22,215	21,817	30,013	43,420	35,192	11,583	12,699
Noninterest income	123,642	144,373	153,370	157,049	127,642	38,838	43,624
Noninterest expense	194,133	204,213	216,111	222,297	170,995	56,173	58,120
Net operating income	59,194	71,257	72,534	71,148	65,688	16,667	
Cash dividends declared	41,004	51,936	53,854	54,180	49,295	13,572	15,388
Net charge-offs to loan and lease reserve	20,740	20,367	24,787	36,557	33,189	9,258	11,524
Selected condition data (\$)							
Total assets	5,442,416	5,735,079	6,244,467	6,551,650	6,932,604	6,555,519	6,932,604
Total loans and leases	3,238,286	3,491,659	3,819,516	3,889,473	4,069,196	3,860,780	4,069,196
Reserve for losses	57,261	58,767	64,145	72,314	75,502	68,213	75,502
Securities	979,855	1,046,530	1,078,983	1,171,924	1,292,320	1,106,870	1,292,320
Other real estate owned	3,150	2,796	2,912	3,565	3,954	3,459	3,954
Noncurrent loans and leases	31,253	33,002	42,942	54,905	61,170	51,693	61,170
Total deposits	3,681,390	3,831,062	4,179,571	4,377,512	4,541,081	4,294,612	4,541,081
Domestic deposits	3,109,356	3,175,473	3,472,905	3,748,007	3,928,107	3,613,715	3,928,107
Equity capital	462,042	479,610	530,542	593,883	639,317	585,720	639,317
Off-balance-sheet derivatives	33,007,016	34,819,179	40,571,148	45,057,710	53,185,258	50,970,222	53,185,258
Performance ratios (annualized %)							
Return on equity	13.92	15.30	14.01	13.12	14.88	12.17	14.84
Return on assets	1.19	1.31	1.19	1.15	1.37	1.08	1.37
Net interest income to assets	3.51	3.51	3.41	3.36	3.53	3.36	3.49
Loss provision to assets	0.43	0.40	0.50	0.68	0.70	0.72	0.74
Net operating income to assets	1.14	1.30	1.21	1.11	1.31	1.03	1.27
Noninterest income to assets	2.37	2.64	2.56	2.45	2.55	2.41	2.56
Noninterest expense to assets	3.73	3.73	3.61	3.47	3.41	3.48	3.41
Loss provision to loans and leases	0.72	0.66	0.82	1.13	1.19	1.20	1.27
Net charge-offs to loans and leases	0.67	0.61	0.67	0.95	1.12	0.96	1.15
Loss provision to net charge-offs	104.81	107.11	121.08	118.77	106.03	125.12	110.19
Performance ratios (%)							
Percent of institutions unprofitable	6.11	7.52	7.34	8.08	6.24	8.22	6.13
Percent of institutions with earnings gains	61.21	62.82	67.34	56.31	72.60	55.06	72.19
Nonint. income to net operating revenue	40.35	42.90	42.92	42.19	41.93	41.72	42.25
Nonint. expense to net operating revenue	63.36	60.68	60.48	59.72	56.17	60.34	56.29
Condition ratios (%)							
Nonperforming assets to assets	0.65	0.63	0.74	0.92	0.97	0.85	0.97
Noncurrent loans to loans	0.97	0.95	1.12	1.41	1.50	1.34	1.50
Loss reserve to noncurrent loans	183.22	178.07	149.38	131.71	123.43	131.96	123.43
Loss reserve to loans	1.77	1.68	1.68	1.86	1.86	1.77	1.86
Equity capital to assets	8.49	8.36	8.50	9.06	9.22	8.93	9.22
Leverage ratio	7.54	7.79	7.70	7.79	8.00	7.81	8.00
Risk-based capital ratio	12.23	12.15	12.12	12.71	12.95	12.45	12.95
Net loans and leases to assets	58.45	59.86	60.14	58.26	57.61	57.85	57.61
Securities to assets	18.00	18.25	17.28	17.89	18.64	16.88	18.64
Appreciation in securities (% of par)	1.07	-2.31	0.20	0.82	2.43	2.07	2.43
Residential mortgage assets to assets	20.93	20.78	20.20	21.64	22.74	20.53	22.74
Total deposits to assets	67.64	66.80	66.93	66.82	65.50	65.51	65.50
Core deposits to assets	49.39	46.96	46.39	48.73	48.23	46.27	48.23
Volatile liabilities to assets	31.68	34.94	34.98	31.46	31.28	33.30	31.28

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

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q3	Preliminary 2002Q3
Percent of loans past due 30–89 days							
Total loans and leases	1.26	1.14	1.26	1.37	1.14	1.36	1.14
Loans secured by real estate (RE)	1.26	1.09	1.26	1.31	1.03	1.23	1.03
1–4 family residential mortgages	1.44	1.43	1.72	1.67	1.35	1.47	1.35
Home equity loans	0.98	0.75	0.98	0.91	0.61	0.88	0.61
Multifamily residential mortgages	0.86	0.57	0.55	0.69	0.40	0.73	0.40
Commercial RE loans	0.99	0.69	0.74	0.90	0.70	0.90	0.70
Construction RE loans	1.50	0.98	1.06	1.21	1.03	1.27	1.03
Commercial and industrial loans	0.88	0.79	0.83	1.01	0.91	1.10	0.91
Loans to individuals	2.43	2.33	2.47	2.46	2.19	2.37	2.19
Credit cards	2.58	2.59	2.66	2.69	2.76	2.76	2.76
Installment loans and other plans	2.33	2.18	2.34	2.55	2.02	2.30	2.02
All other loans and leases	0.51	0.54	0.65	0.84	0.56	1.13	0.56
Percent of loans noncurrent							
Total loans and leases	0.97	0.95	1.12	1.41	1.50	1.34	1.50
Loans secured by real estate (RE)	0.91	0.79	0.81	0.96	0.93	0.92	0.93
1–4 family residential mortgages	0.88	0.82	0.90	0.96	0.97	0.91	0.97
Home equity loans	0.42	0.33	0.37	0.39	0.30	0.41	0.30
Multifamily residential mortgages	0.83	0.41	0.44	0.43	0.39	0.40	0.39
Commercial RE loans	0.95	0.77	0.72	0.96	0.96	0.94	0.96
Construction RE loans	0.81	0.67	0.76	1.06	1.09	1.07	1.09
Commercial and industrial loans	0.99	1.18	1.66	2.41	3.01	2.18	3.01
Loans to individuals	1.52	1.42	1.41	1.48	1.45	1.42	1.45
Credit cards	2.22	2.05	2.01	2.12	2.14	2.18	2.14
Installment loans and other plans	1.06	1.04	0.98	1.21	1.11	1.06	1.11
All other loans and leases	0.34	0.39	0.69	0.96	1.03	0.99	1.03
Percent of loans charged-off, net							
Total loans and leases	0.67	0.61	0.67	0.95	1.12	0.96	1.15
Loans secured by real estate (RE)	0.05	0.08	0.09	0.19	0.15	0.30	0.15
1–4 family residential mortgages	0.07	0.11	0.11	0.22	0.14	0.47	0.15
Home equity loans	0.14	0.15	0.18	0.27	0.19	0.26	0.16
Multifamily residential mortgages	0.05	0.02	0.03	0.04	0.06	0.02	0.07
Commercial RE loans	0.00	0.03	0.05	0.14	0.13	0.13	0.11
Construction RE loans	0.01	0.04	0.05	0.14	0.16	0.14	0.22
Commercial and industrial loans	0.42	0.58	0.81	1.43	1.75	1.30	2.04
Loans to individuals	2.69	2.32	2.43	2.73	3.40	2.71	3.23
Credit cards	5.19	4.45	4.39	5.14	6.68	5.20	6.04
Installment loans and other plans	1.04	1.04	1.18	1.29	1.40	1.27	1.48
All other loans and leases	0.52	0.34	0.31	0.55	0.52	0.45	0.52
Loans outstanding (\$)							
Total loans and leases	\$3,238,286	\$3,491,659	\$3,819,516	\$3,889,473	\$4,069,196	\$3,860,780	\$4,069,196
Loans secured by real estate (RE)	1,345,589	1,510,342	1,673,325	1,800,226	1,970,709	1,747,875	1,970,709
1–4 family residential mortgages	668,706	737,110	790,030	810,844	881,535	785,660	881,535
Home equity loans	96,647	102,339	127,694	154,157	201,250	145,755	201,250
Multifamily residential mortgages	43,242	53,168	60,406	64,127	68,805	63,500	68,805
Commercial RE loans	370,544	417,633	466,453	505,827	541,665	492,459	541,665
Construction RE loans	106,719	135,632	162,613	193,047	205,853	190,512	205,853
Farmland loans	29,096	31,902	34,096	35,531	37,787	35,410	37,787
RE loans from foreign offices	30,635	32,558	32,033	36,695	33,815	34,580	33,815
Commercial and industrial loans	898,555	969,257	1,051,992	981,394	921,365	1,011,433	921,365
Loans to individuals	570,863	558,424	606,663	629,896	688,201	607,562	688,201
Credit cards*	228,781	212,051	249,372	232,899	267,659	218,398	267,659
Other revolving credit plans	na	na	na	34,203	38,376	25,517	38,376
Installment loans	342,081	346,373	357,291	362,794	382,166	363,647	382,166
All other loans and leases	427,397	457,309	490,448	481,068	492,554	496,574	492,554
Less: Unearned income	4,117	3,673	2,912	3,110	3,634	2,665	3,634

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

Key indicators, FDIC-insured commercial banks by asset size
Third quarter 2001 and third quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3
Number of institutions reporting	4,598	4,285	3,150	3,249	321	319	80	80
Total employees (FTEs)	93,154	86,296	294,055	298,041	245,562	244,282	1,038,381	1,100,416
Selected income data (\$)								
Net income	\$527	\$610	\$2,428	\$2,783	\$2,911	\$3,765	\$11,499	\$16,186
Net interest income	2,173	2,168	7,984	8,589	8,769	8,504	35,330	40,375
Provision for loan losses	173	166	760	789	1,643	1,375	9,007	10,369
Noninterest income	567	568	3,132	3,066	5,150	6,347	29,989	33,644
Noninterest expense	1,892	1,813	6,960	7,101	7,977	7,930	39,344	41,275
Net operating income	515	584	2,366	2,701	2,802	3,602	10,985	14,826
Cash dividends declared	269	238	1,158	1,140	4,160	3,434	7,985	10,576
Net charge-offs to loan and lease reserve	118	110	529	532	1,353	1,452	7,257	9,430
Selected condition data (\$)								
Total assets	225,793	216,803	803,189	855,528	898,167	916,995	4,628,371	4,943,277
Total loans and leases	139,619	134,048	524,200	557,861	566,495	554,757	2,630,466	2,822,529
Reserve for losses	1,960	1,938	7,443	8,162	10,838	9,919	47,972	55,482
Securities	52,272	51,784	177,829	194,975	201,263	226,661	675,505	818,900
Other real estate owned	292	324	854	1,068	475	587	1,837	1,975
Noncurrent loans and leases	1,562	1,572	5,031	5,671	6,349	6,084	38,752	47,843
Total deposits	190,362	182,243	655,228	695,578	611,040	630,950	2,837,981	3,032,309
Domestic deposits	190,362	182,243	653,449	693,706	598,099	621,208	2,171,806	2,430,950
Equity capital	25,393	24,456	79,215	84,973	87,965	94,699	393,147	435,188
Off-balance-sheet derivatives	84	155	5,930	5,996	89,459	81,759	51,253,507	53,606,679
Performance ratios (annualized %)								
Return on equity	8.42	10.13	12.50	13.37	13.61	16.15	12.03	15.10
Return on assets	0.95	1.14	1.23	1.32	1.31	1.67	1.01	1.33
Net interest income to assets	3.91	4.05	4.03	4.09	3.96	3.77	3.11	3.32
Loss provision to assets	0.31	0.31	0.38	0.38	0.74	0.61	0.79	0.85
Net operating income to assets	0.93	1.09	1.19	1.29	1.27	1.60	0.97	1.22
Noninterest income to assets	1.02	1.06	1.58	1.46	2.33	2.81	2.64	2.76
Noninterest expense to assets	3.40	3.39	3.51	3.38	3.60	3.51	3.46	3.39
Loss provision to loans and leases	0.50	0.50	0.59	0.58	1.17	1.00	1.37	1.49
Net charge-offs to loans and leases	0.34	0.33	0.41	0.39	0.97	1.05	1.10	1.36
Loss provision to net charge-offs	145.81	151.43	143.85	148.37	121.43	94.65	124.11	109.95
Performance ratios (%)								
Percent of institutions unprofitable	11.40	8.94	3.84	2.68	5.92	3.76	7.50	5.00
Percent of institutions with earnings gains	49.83	67.63	61.21	77.75	67.91	77.43	62.50	70.00
Nonint. income to net operating revenue	20.69	20.76	28.18	26.31	37.00	42.74	45.91	45.45
Nonint. expense to net operating revenue	69.05	66.27	62.62	60.93	57.31	53.40	60.23	55.76
Condition ratios (%)								
Nonperforming assets to assets	0.82	0.89	0.73	0.79	0.77	0.74	0.89	1.05
Noncurrent loans to loans	1.12	1.17	0.96	1.02	1.12	1.10	1.47	1.70
Loss reserve to noncurrent loans	125.49	123.26	147.96	143.92	170.71	163.04	123.79	115.97
Loss reserve to loans	1.40	1.45	1.42	1.46	1.91	1.79	1.82	1.97
Equity capital to assets	11.25	11.28	9.86	9.93	9.79	10.33	8.49	8.80
Leverage ratio	10.85	10.82	9.26	9.31	8.66	9.18	7.23	7.41
Risk-based capital ratio	17.11	17.16	14.09	14.22	13.58	14.68	11.81	12.30
Net loans and leases to assets	60.97	60.94	64.34	64.25	61.87	59.42	55.80	55.98
Securities to assets	23.15	23.89	22.14	22.79	22.41	24.72	14.59	16.57
Appreciation in securities (% of par)	2.30	2.68	2.35	2.77	2.08	2.35	1.97	2.36
Residential mortgage assets to assets	21.44	21.81	23.77	23.90	26.25	25.89	18.82	22.00
Total deposits to assets	84.31	84.06	81.58	81.30	68.03	68.81	61.32	61.34
Core deposits to assets	70.93	70.98	67.76	67.67	54.30	56.06	39.78	42.41
Volatile liabilities to assets	15.02	14.83	17.79	17.63	26.75	25.09	38.15	35.51

**Loan performance, FDIC-insured commercial banks by asset size
Third quarter 2001 and third quarter 2002**

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3	2001Q3	2002Q3
Percent of loans past due 30–89 days								
Total loans and leases	1.56	1.47	1.31	1.13	1.35	1.17	1.36	1.13
Loans secured by real estate (RE)	1.39	1.31	1.11	0.94	0.99	0.89	1.33	1.08
1–4 family residential mortgages	1.77	1.70	1.39	1.29	1.08	1.13	1.56	1.39
Home equity loans	0.83	0.67	0.78	0.52	0.88	0.54	0.90	0.62
Multifamily residential mortgages	0.76	0.65	0.51	0.56	0.65	0.40	0.83	0.34
Commercial RE loans	1.18	1.03	0.88	0.72	0.85	0.74	0.91	0.64
Construction RE loans	1.38	1.31	1.33	0.96	1.21	1.00	1.25	1.06
Commercial and industrial loans	1.90	1.77	1.53	1.32	1.54	1.39	0.96	0.75
Loans to individuals	2.59	2.46	2.40	2.30	2.43	2.02	2.35	2.20
Credit cards	2.34	2.54	5.46	4.87	3.01	2.73	2.60	2.70
Installment loans and other plans	2.64	2.50	2.05	2.01	2.18	1.79	2.36	2.04
All other loans and leases	0.79	0.83	0.72	0.75	0.96	0.76	1.19	0.51
Percent of loans noncurrent								
Total loans and leases	1.12	1.17	0.96	1.02	1.12	1.10	1.47	1.70
Loans secured by real estate (RE)	0.98	1.03	0.82	0.88	0.87	0.87	0.97	0.96
1–4 family residential mortgages	0.86	0.90	0.73	0.78	0.83	0.90	0.98	1.03
Home equity loans	0.40	0.31	0.37	0.26	0.45	0.31	0.41	0.31
Multifamily residential mortgages	0.53	0.76	0.53	0.45	0.39	0.25	0.35	0.40
Commercial RE loans	1.13	1.14	0.89	0.95	0.89	0.89	0.97	0.97
Construction RE loans	0.94	1.08	0.94	1.10	1.18	1.13	1.08	1.07
Commercial and industrial loans	1.72	1.73	1.43	1.54	1.77	1.90	2.35	3.43
Loans to individuals	0.98	0.98	0.98	0.98	1.31	1.01	1.52	1.59
Credit cards	1.73	1.36	3.70	3.56	2.42	1.84	2.07	2.14
Installment loans and other plans	0.97	0.99	0.64	0.64	0.68	0.65	1.26	1.30
All other loans and leases	1.07	1.27	1.05	1.19	0.67	0.81	1.01	1.03
Percent of loans charged-off, net								
Total loans and leases	0.34	0.33	0.41	0.39	0.97	1.05	1.10	1.36
Loans secured by real estate (RE)	0.06	0.09	0.07	0.09	0.14	0.18	0.44	0.16
1–4 family residential mortgages	0.06	0.08	0.07	0.08	0.15	0.20	0.68	0.15
Home equity loans	-0.05	0.04	0.02	0.05	0.17	0.13	0.32	0.18
Multifamily residential mortgages	0.19	0.05	0.00	0.02	0.00	0.18	0.03	0.05
Commercial RE loans	0.07	0.12	0.07	0.08	0.08	0.11	0.19	0.13
Construction RE loans	0.06	0.09	0.09	0.17	0.29	0.31	0.11	0.22
Commercial and industrial loans	0.70	0.74	0.80	0.89	1.16	1.33	1.40	2.35
Loans to individuals	0.95	0.99	1.61	1.48	3.39	3.93	2.78	3.37
Credit cards	3.01	4.05	6.83	5.78	7.12	9.48	4.73	5.56
Installment loans and other plans	0.89	0.90	0.90	0.91	1.12	1.03	1.42	1.70
All other loans and leases	0.55	0.32	0.60	0.50	0.75	0.43	0.41	0.53
Loans outstanding (\$)								
Total loans and leases	\$139,619	\$134,048	\$524,200	\$557,861	\$566,495	\$554,757	\$2,630,466	\$2,822,529
Loans secured by real estate (RE)	81,050	79,687	343,533	378,163	313,570	315,137	1,009,723	1,197,721
1–4 family residential mortgages	35,789	33,936	130,137	132,332	127,243	114,807	492,490	600,460
Home equity loans	2,186	2,334	14,818	18,504	19,219	22,700	109,532	157,711
Multifamily residential mortgages	1,804	1,811	11,421	13,222	13,379	13,597	36,896	40,175
Commercial RE loans	23,260	23,905	130,656	149,990	108,152	116,684	230,392	251,085
Construction RE loans	7,773	7,420	42,121	47,877	41,368	42,427	99,250	108,129
Farmland loans	10,239	10,281	14,342	16,205	3,865	4,018	6,965	7,284
RE loans from foreign offices	0	0	38	33	344	905	34,198	32,877
Commercial and industrial loans	24,083	22,433	93,259	94,890	117,541	110,402	776,550	693,641
Loans to individuals	17,865	15,850	59,912	55,838	99,377	91,070	430,409	525,443
Credit cards*	483	421	7,027	6,789	37,283	29,818	173,604	230,631
Other revolving credit plans	298	264	1,660	1,604	2,884	3,802	20,675	32,706
Installment loans	17,083	15,165	51,225	47,446	59,209	57,450	236,130	262,105
All other loans and leases	16,788	16,201	28,115	29,551	36,597	38,649	415,073	408,153
Less: Unearned income	167	123	618	582	589	501	1,290	2,427

Key indicators, FDIC-insured commercial banks by region

Third quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	628	1,378	1,690	2,063	1,310	864	7,933
Total employees (FTEs)	531,854	459,329	329,604	116,918	107,675	183,655	1,729,035
Selected income data (\$)							
Net income	\$6,240	\$6,061	\$4,751	\$1,627	\$976	\$3,690	\$23,344
Net interest income	17,431	14,772	11,865	4,456	2,879	8,233	59,636
Provision for loan losses	5,823	1,954	2,022	1,110	226	1,564	12,699
Noninterest income	18,056	9,352	6,827	2,844	1,058	5,487	43,624
Noninterest expense	20,862	14,056	10,361	3,906	2,488	6,448	58,120
Net operating income	5,685	5,677	4,266	1,581	893	3,610	21,713
Cash dividends declared	4,070	4,900	3,307	557	589	1,965	15,388
Net charge-offs to loan and lease reserve	5,244	1,821	1,904	826	175	1,555	11,524
Selected condition data (\$)							
Total assets	2,351,159	1,717,873	1,424,073	384,844	288,028	766,626	6,932,604
Total loans and leases	1,160,029	1,049,822	929,723	271,109	167,961	490,551	4,069,196
Reserve for losses	26,541	16,396	15,838	4,837	2,523	9,366	75,502
Securities	425,076	320,637	273,547	62,701	73,738	136,621	1,292,320
Other real estate owned	556	1,343	964	324	330	436	3,954
Noncurrent loans and leases	24,872	12,469	13,670	3,111	1,818	5,231	61,170
Total deposits	1,449,783	1,169,768	902,715	254,822	233,353	530,640	4,541,081
Domestic deposits	1,002,121	1,093,459	843,692	248,892	232,166	507,777	3,928,107
Equity capital	204,280	163,529	121,584	40,433	28,989	80,500	639,317
Off-balance-sheet derivatives	36,297,054	13,910,228	1,767,567	10,136	10,557	1,189,716	53,185,258
Performance ratios (annualized %)							
Return on equity	12.42	15.09	15.82	16.50	13.71	18.52	14.84
Return on assets	1.07	1.44	1.36	1.71	1.38	1.98	1.37
Net interest income to assets	3.00	3.50	3.39	4.69	4.06	4.41	3.49
Loss provision to assets	1.00	0.46	0.58	1.17	0.32	0.84	0.74
Net operating income to assets	0.98	1.35	1.22	1.67	1.26	1.93	1.27
Noninterest income to assets	3.10	2.22	1.95	3.00	1.49	2.94	2.56
Noninterest expense to assets	3.59	3.33	2.96	4.11	3.51	3.46	3.41
Loss provision to loans and leases	2.02	0.75	0.89	1.68	0.55	1.30	1.27
Net charge-offs to loans and leases	1.82	0.70	0.83	1.25	0.42	1.30	1.15
Loss provision to net charge-offs	111.04	107.31	106.22	134.39	129.55	100.56	110.19
Performance ratios (%)							
Percent of institutions unprofitable	9.39	8.71	5.56	3.30	4.58	9.84	6.13
Percent of institutions with earnings gains	70.86	75.76	73.91	70.04	70.69	71.53	72.19
Nonint. income to net operating revenue	50.88	38.77	36.52	38.96	26.88	39.99	42.25
Nonint. expense to net operating revenue	58.79	58.27	55.43	53.50	63.18	47.00	56.29
Condition ratios (%)							
Nonperforming assets to assets	1.16	0.81	1.05	0.89	0.75	0.74	0.97
Noncurrent loans to loans	2.14	1.19	1.47	1.15	1.08	1.07	1.50
Loss reserve to noncurrent loans	106.71	131.50	115.86	155.47	138.78	179.05	123.43
Loss reserve to loans	2.29	1.56	1.70	1.78	1.50	1.91	1.86
Equity capital to assets	8.69	9.52	8.54	10.51	10.06	10.50	9.22
Leverage ratio	7.60	7.77	7.80	9.40	8.84	9.04	8.00
Risk-based capital ratio	13.08	12.30	12.42	14.11	14.44	14.03	12.95
Net loans and leases to assets	48.21	60.16	64.17	69.19	57.44	62.77	57.61
Securities to assets	18.08	18.66	19.21	16.29	25.60	17.82	18.64
Appreciation in securities (% of par)	1.96	2.88	2.26	2.95	2.81	2.72	2.43
Residential mortgage assets to assets	16.56	28.04	25.91	21.83	26.20	23.09	22.74
Total deposits to assets	61.66	68.09	63.39	66.21	81.02	69.22	65.50
Core deposits to assets	33.86	55.73	51.94	57.88	66.87	56.72	48.23
Volatile liabilities to assets	44.68	22.86	27.38	22.28	19.51	25.20	31.28

Loan performance, FDIC-insured commercial banks by region
Third 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	0.94	1.25	1.36	1.21	1.01	1.14
Loans secured by real estate (RE)	1.14	0.90	1.31	0.83	1.04	0.78	1.03
1–4 family residential mortgages	1.35	1.31	1.79	0.90	1.28	0.94	1.35
Home equity loans	0.53	0.59	0.69	0.57	0.58	0.56	0.61
Multifamily residential mortgages	0.31	0.27	0.67	0.30	0.54	0.25	0.40
Commercial RE loans	0.76	0.55	0.94	0.78	0.75	0.53	0.70
Construction RE loans	1.15	0.62	1.42	1.02	1.26	1.20	1.03
Commercial and industrial loans	0.81	0.62	1.10	1.43	1.31	1.09	0.91
Loans to individuals	2.35	2.20	1.84	2.55	1.91	1.89	2.19
Credit cards	2.82	4.18	2.15	2.92	1.40	2.12	2.76
Installment loans and other plans	2.24	1.95	1.91	1.87	1.99	1.76	2.02
All other loans and leases	0.49	0.28	0.79	0.86	0.89	0.52	0.56
Percent of loans noncurrent							
Total loans and leases	2.14	1.19	1.47	1.15	1.08	1.07	1.50
Loans secured by real estate (RE)	1.04	0.74	1.34	0.69	0.92	0.62	0.93
1–4 family residential mortgages	1.04	0.77	1.69	0.48	0.80	0.40	0.97
Home equity loans	0.23	0.25	0.42	0.29	0.47	0.25	0.30
Multifamily residential mortgages	0.23	0.46	0.53	0.40	0.65	0.18	0.39
Commercial RE loans	0.86	0.81	1.32	0.96	1.04	0.76	0.96
Construction RE loans	1.12	0.91	1.40	0.85	0.83	1.18	1.09
Commercial and industrial loans	4.19	2.68	2.58	1.50	1.59	2.23	3.01
Loans to individuals	2.03	0.86	0.68	1.82	0.72	1.24	1.45
Credit cards	2.26	2.43	1.41	2.30	0.98	1.79	2.14
Installment loans and other plans	2.15	0.63	0.60	0.89	0.73	0.45	1.11
All other loans and leases	1.26	0.89	0.75	1.06	1.56	1.01	1.03
Percent of loans charged-off, net							
Total loans and leases	1.82	0.70	0.83	1.25	0.42	1.30	1.15
Loans secured by real estate (RE)	0.09	0.13	0.29	0.05	0.12	0.06	0.15
1–4 family residential mortgages	0.06	0.16	0.30	0.04	0.10	0.04	0.15
Home equity loans	0.05	0.13	0.31	0.13	0.17	0.06	0.16
Multifamily residential mortgages	0.00	0.02	0.13	0.02	0.59	0.04	0.07
Commercial RE loans	0.04	0.10	0.25	0.04	0.11	0.05	0.11
Construction RE loans	0.15	0.17	0.44	0.06	0.09	0.17	0.22
Commercial and industrial loans	2.78	1.80	1.76	0.79	0.76	1.94	2.04
Loans to individuals	3.99	1.76	1.56	4.27	1.12	4.77	3.23
Credit cards	6.00	5.98	3.58	6.10	2.96	6.86	6.04
Installment loans and other plans	2.12	1.08	1.25	0.68	1.07	1.45	1.48
All other loans and leases	0.60	0.23	0.64	0.29	0.54	0.65	0.52
Loans outstanding (\$)							
Total loans and leases	\$1,160,029	\$1,049,822	\$929,723	\$271,109	\$167,961	\$490,551	\$4,069,196
Loans secured by real estate (RE)	385,166	597,568	479,430	128,645	97,736	282,164	1,970,709
1–4 family residential mortgages	188,099	272,111	206,054	61,626	36,093	117,553	881,535
Home equity loans	40,020	60,333	65,762	6,535	1,817	26,783	201,250
Multifamily residential mortgages	15,897	16,459	19,628	3,509	2,954	10,357	68,805
Commercial RE loans	89,250	163,191	127,665	34,015	37,319	90,225	541,665
Construction RE loans	21,014	74,848	50,637	11,256	15,210	32,887	205,853
Farmland loans	1,375	7,276	9,159	11,704	4,343	3,931	37,787
RE loans from foreign offices	29,510	3,350	526	0	0	429	33,815
Commercial and industrial loans	303,726	224,702	216,624	42,714	38,080	95,520	921,365
Loans to individuals	281,690	126,311	106,838	68,729	21,951	82,682	688,201
Credit cards	137,736	18,203	14,768	46,050	609	50,293	267,659
Other revolving credit plans	22,595	4,422	5,596	996	718	4,050	38,376
Installment loans	121,360	103,686	86,474	21,684	20,624	28,339	382,166
All other loans and leases	191,759	101,759	127,003	31,059	10,361	30,614	492,554
Less: Unearned income	2,312	517	172	37	166	429	3,634

Glossary

Data Sources

Data are from the Federal Financial Institutions Examination Council (FFIEC) Reports of Condition and Income (call reports) submitted by all Federal Deposit Insurance Corporation (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 Office of the Comptroller of the Currency's (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 mortgages for 1-to-4-family residences 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 as “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.