

*Quarterly
Journal*

CONDITION AND PERFORMANCE OF
COMMERCIAL BANKS

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Summary

After setting records in most major income categories for the year 2003, banks posted further gains in both net interest and noninterest income in the first quarter of 2004. Net interest income was the largest contributor to growth in net income, with substantial contributions from noninterest income and reductions in provisioning.

Deposit growth continued at rates well above historical averages, with much of the increase adding to securities holdings at larger banks, particularly long-term mortgage-backed securities. Credit quality continued to improve, particularly for commercial and industrial loans at larger banks, which allowed banks to again reduce provisions.

For the next several quarters, banks face the challenges of continuing to expand loan volume in an environment in which both business and consumer lending are likely to be constrained.

Key Trends

Both return on equity (ROE) and return on assets (ROA) at national banks approached all-time records for the first quarter, as national banks continued to outperform state banks in both categories. Net interest income, the largest component of net income growth, rose by \$3.2 billion year-over-year, with noninterest income up \$1.5 billion, and a reduction in provisioning adding another \$1.3 billion to net income growth (see Table 1).

Table 1—Interest income picks up: continued gains from lower provisioning

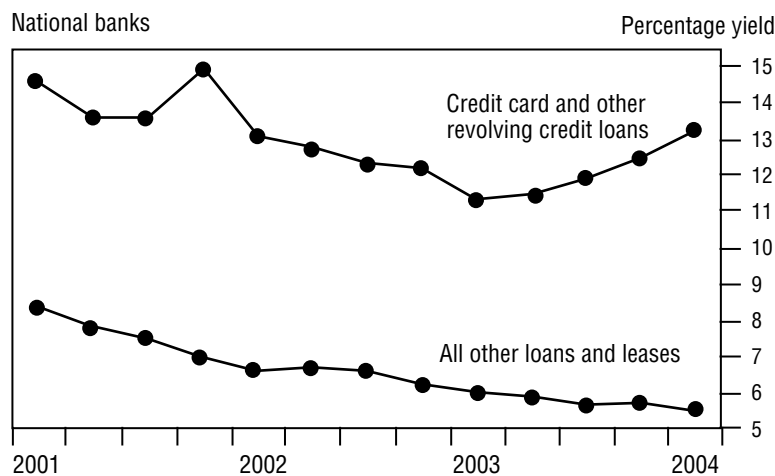
National banks	Major income components (Change, \$ millions)			
	2002Q1-03Q1	% Change	2003Q1-04Q1	% Change
Revenues				
Net interest income	95	0.3%	3,225	9.2%
Realized gains/losses, securities	793	n.m.	2	0.1%
Noninterest income	1,285	4.9%	1,457	5.3%
Expenses				
Provisioning	-1,722	-20.9%	-1,266	-19.5%
Noninterest expense	1,604	4.9%	3,880	11.3%
Net income	1,767	13.1%	1,447	9.5%

Source: Integrated Banking Information System (OCC)
n.m.—not meaningful

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Steady growth in assets drove gains in net interest income, with asset growth largely the result of continued increases in deposits. For larger banks (over \$1 billion in assets), deposits increased at over 10 percent annually over the last four quarters, more than twice the 20-year average. Deposit growth was about 7 percent at smaller banks, measured year-over-year, still well above historical averages.

Figure 1—Higher yields on credit card loans contribute to net interest income gains; other yields decline



Source: Integrated Banking Information System (OCC)
Quarterly data through 2004Q1.

With demand down for commercial and industrial (C&I) loans, larger banks have used the increase in deposits to increase their holdings of securities. At larger banks, securities now represent a record 19 percent of assets.

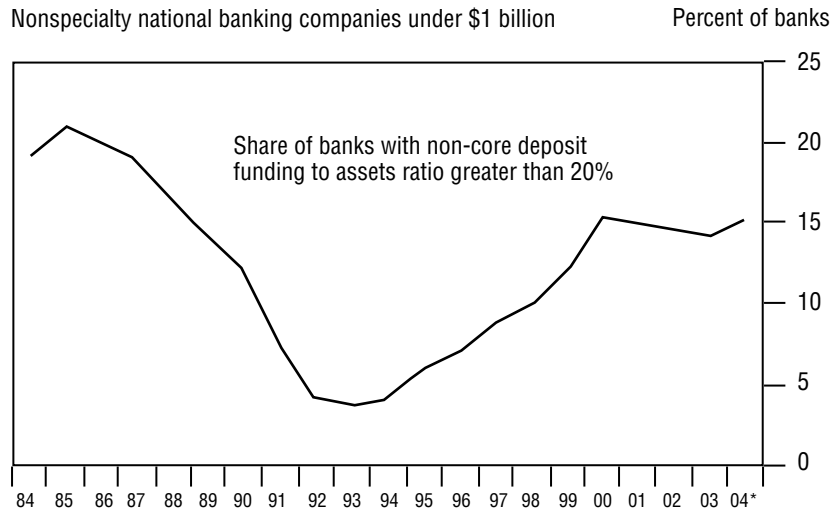
Yields on loans have risen only for banks specializing in credit cards. In contrast, yields on all other loans have fallen over the last four quarters. Diverging trends in yields meant that credit card specialty banks accounted for 42 percent of the increase in net interest income during the first quarter.

Noninterest income grew by 5.3 percent year-over-year, in line with growth rates reported over the last several quarters. Banks reported increases in all major categories of noninterest income except for realized gains and losses on securities, as the rise in long-term interest rates during the quarter depressed bond prices. Noninterest expense rose by 11.3 percent year-over-year, about double the rate of increase in the recent past.

Credit quality continued to improve in the first quarter for both large and small banks across most loan types. C&I loans at large banks showed the most striking gains, as the noncurrent ratio fell from over 3 percent to under 2 percent year-over-year. Improving credit quality allowed banks to

again reduce provisions. But with provisions falling in five of the last six quarters, it appears that banks have little room left for further reductions.

Figure 2—Group of banks continues to rely on non-core funding



Source: Integrated Banking Information System (OCC)
 *2004 data as of March 31, 2004. All other data as of year-end.

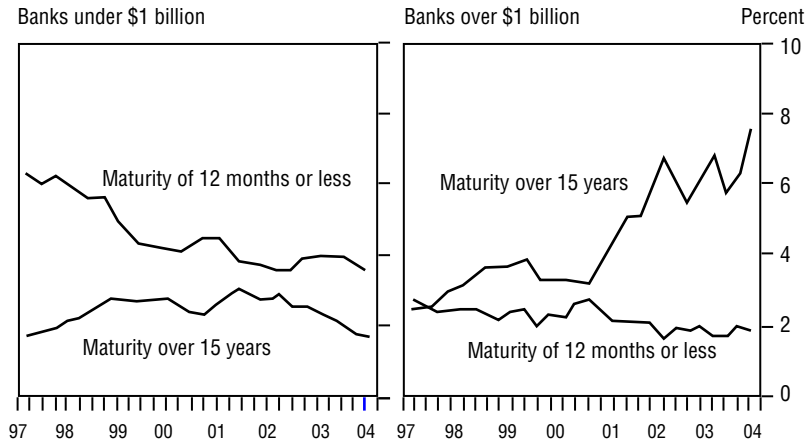
Despite the rapid growth in deposits, one group of banks continues to rely on nondeposit funding. About 15 percent of smaller (under \$1 billion in assets) nonspecialty banks hold at least 20 percent of their assets in non-core funding. As Figure 2 shows, this share has tripled since 1994. Banks specializing in commercial real estate make up a disproportionate share of the group relying on non-core deposits. Loans from the Federal Home Loan Banks now account for 16 percent of all non-core funding.

On the asset side, the share of securities has increased, particularly longer-maturity issues held by larger banks. For larger banks (over \$1 billion in assets), over the last four years the percentage of assets consisting of bonds with maturities over 15 years more than doubled, from 3.3 percent to 7.6 percent, with mortgage-backed securities making up the largest component, nearly 7 percent. Over the same four-year period, smaller banks have scaled back their holdings of long-term securities, from 2.7 percent to 1.7 percent.

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Figure 3—Small banks reducing tenure of securities; large banks moving longer

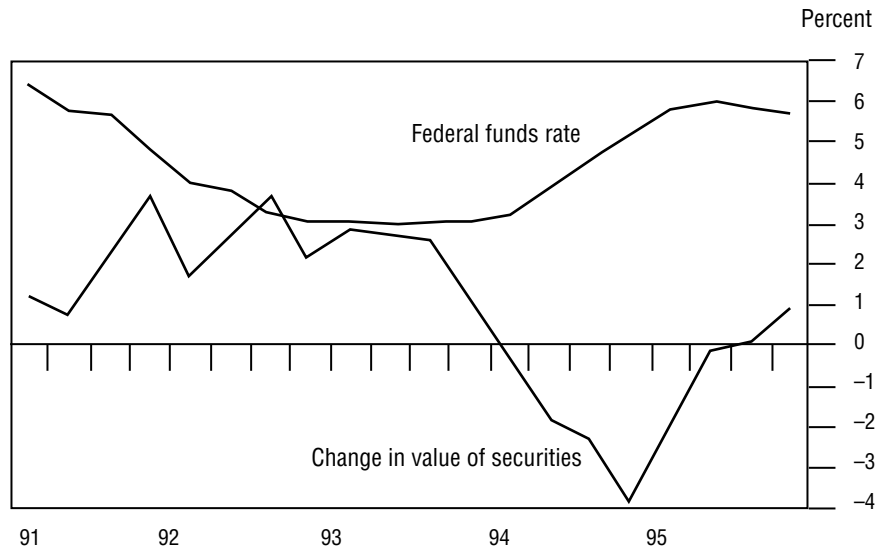
National nonspecialty banks, asset share of securities holdings



Source: Integrated Banking Information System (OCC)
Quarterly data through 2004Q1.

With interest rates expected to rise again, attention has turned to the likely consequences for bank income. When the Federal Reserve Board raised interest rates by 300 basis points in 1994, bond prices dropped and banks took a loss on their securities portfolios; this followed three years of steady gains, as interest rates fell or held steady. More than offsetting the losses in 1994 was a healthy increase in net interest income, driven by increasing loan volume, for both business and consumer lending. As interest rates began to rise in early 1994, commercial and industrial (C&I) lending had already been rising for 2 quarters, and banks were able to extend the expansion of business lending. Moreover, consumer credit was also expanding briskly, and continued to accelerate even in the face of rapidly rising short-term interest rates. This increased lending volume more than offset losses on securities holdings.

Figure 4—Value of bank securities fell in 1994



Source: Integrated Banking Information System (OCC); Federal Reserve Board/Haver Analytics. Quarterly data. Change in value of securities as percent of par.

In 2004, however, banks face a more daunting environment. C&I lending growth has not yet resumed. Flush with liquidity, many firms that decide to expand will be able to meet their investment needs from internally generated funds; others will go to the bond markets, leaving reduced opportunities for banks. Consumer lending also faces major hurdles if it is to continue to expand. Consumer spending never slacked off during the recent recession, so there is little potential for a rebound in consumer spending; record auto sales over the last three years will cut into future sales. Slow growth in employment, far less than at comparable times in earlier recoveries, adds uncertainty and reduces consumer spending. Sustained higher oil prices would drain household income and reduce consumer spending. Finally, consumers carry far more debt now than they did a decade ago. A rise in interest rates would increase the cost of carrying this debt and squeeze consumer spending.

Key indicators, FDIC-insured national banks
Annual 2000--2003, year-to-date through March 31, 2004, first quarter 2003, and first quarter 2004
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q1	Preliminary 2004Q1
Number of institutions reporting	2,230	2,138	2,077	1,999	1,969	2,065	1,969
Total employees (FTEs)	948,549	966,545	993,469	1,000,493	1,069,677	991,873	1,069,677
Selected income data (\$)							
Net income	\$38,907	\$44,183	\$56,473	\$62,958	\$16,683	\$15,236	\$16,683
Net interest income	115,673	125,366	141,377	143,162	38,345	35,123	38,345
Provision for loan losses	20,536	28,921	32,613	24,009	5,237	6,503	5,237
Noninterest income	96,749	100,094	109,531	116,050	28,906	27,446	28,906
Noninterest expense	128,973	131,718	136,840	144,904	38,248	34,366	38,248
Net operating income	40,158	42,954	54,330	60,588	15,925	14,488	15,925
Cash dividends declared	32,327	27,783	41,757	45,047	6,999	10,023	6,999
Net charge-offs	17,227	25,107	31,381	26,973	6,038	6,841	6,038
Selected condition data (\$)							
Total assets	3,414,384	3,635,066	3,908,025	4,292,299	4,436,042	4,001,896	4,436,042
Total loans and leases	2,224,132	2,269,248	2,445,291	2,630,613	2,664,252	2,464,931	2,664,252
Reserve for losses	39,992	45,537	48,338	48,624	47,726	48,371	47,726
Securities	502,299	576,550	653,702	753,639	855,122	689,963	855,122
Other real estate owned	1,553	1,799	2,075	1,941	1,891	2,078	1,891
Noncurrent loans and leases	27,151	34,261	38,166	34,872	31,271	36,843	31,271
Total deposits	2,250,402	2,384,414	2,565,771	2,786,714	2,891,990	2,635,913	2,891,990
Domestic deposits	1,827,064	2,001,243	2,168,876	2,322,009	2,382,362	2,231,393	2,382,362
Equity capital	293,729	340,668	371,435	390,510	403,308	376,336	403,308
Off-balance-sheet derivatives	15,502,911	20,549,785	25,953,473	31,554,693	34,043,863	28,802,631	34,043,863
Performance ratios (annualized %)							
Return on equity	13.69	13.84	15.79	16.46	16.81	16.30	16.81
Return on assets	1.18	1.25	1.50	1.53	1.53	1.54	1.53
Net interest income to assets	3.50	3.56	3.76	3.47	3.51	3.55	3.51
Loss provision to assets	0.62	0.82	0.87	0.58	0.48	0.66	0.48
Net operating income to assets	1.21	1.22	1.44	1.47	1.46	1.47	1.46
Noninterest income to assets	2.92	2.84	2.91	2.81	2.65	2.78	2.65
Noninterest expense to assets	3.90	3.74	3.63	3.51	3.50	3.48	3.50
Loss provision to loans and leases	0.95	1.28	1.38	0.95	0.79	1.06	0.79
Net charge-offs to loans and leases	0.80	1.11	1.33	1.07	0.91	1.11	0.91
Loss provision to net charge-offs	119.21	115.19	103.93	89.01	86.73	95.06	86.73
Performance ratios (%)							
Percent of institutions unprofitable	6.91	7.48	6.93	5.40	5.33	5.96	5.33
Percent of institutions with earnings gains	66.64	56.83	71.21	56.08	57.03	57.14	56.63
Nonint. income to net operating revenue	45.55	44.40	43.65	44.77	42.98	43.87	42.98
Nonint. expense to net operating revenue	60.72	58.42	54.54	55.90	56.87	54.93	56.87
Condition ratios (%)							
Nonperforming assets to assets	0.86	1.01	1.06	0.89	0.77	1.00	0.77
Noncurrent loans to loans	1.22	1.51	1.56	1.33	1.17	1.49	1.17
Loss reserve to noncurrent loans	147.30	132.91	126.65	139.44	152.62	131.29	152.62
Loss reserve to loans	1.80	2.01	1.98	1.85	1.79	1.96	1.79
Equity capital to assets	8.60	9.37	9.50	9.10	9.09	9.40	9.09
Leverage ratio	7.49	7.81	7.88	7.70	7.64	7.89	7.64
Risk-based capital ratio	11.84	12.60	12.66	12.65	12.65	12.84	12.65
Net loans and leases to assets	63.97	61.17	61.33	60.15	58.98	60.39	58.98
Securities to assets	14.71	15.86	16.73	17.56	19.28	17.24	19.28
Appreciation in securities (% of par)	-0.01	0.47	2.12	0.88	1.71	1.97	1.71
Residential mortgage assets to assets	19.60	22.55	24.72	24.44	25.80	25.08	25.80
Total deposits to assets	65.91	65.59	65.65	64.92	65.19	65.87	65.19
Core deposits to assets	45.61	48.08	48.75	48.03	47.81	48.90	47.81
Volatile liabilities to assets	35.18	31.23	30.31	30.57	31.04	29.73	31.04

Loan performance, FDIC-insured national banks
Annual 2000--2003, year-to-date through March 31, 2004, first quarter 2003, and first quarter 2004
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q1	Preliminary 2004Q1
Percent of loans past due 30-89 days							
Total loans and leases	1.25	1.38	1.14	1.02	0.88	1.04	0.88
Loans secured by real estate (RE)	1.42	1.42	1.07	0.91	0.79	1.02	0.79
1-4 family residential mortgages	1.95	1.84	1.45	1.30	1.06	1.30	1.06
Home equity loans	1.07	0.79	0.61	0.45	0.36	0.52	0.36
Multifamily residential mortgages	0.59	0.82	0.42	0.54	0.33	0.57	0.33
Commercial RE loans	0.72	0.85	0.58	0.47	0.52	0.64	0.52
Construction RE loans	1.12	1.28	0.91	0.66	0.73	1.09	0.73
Commercial and industrial loans	0.71	0.94	0.76	0.63	0.57	0.75	0.57
Loans to individuals	2.40	2.38	2.15	2.08	1.77	1.82	1.77
Credit cards	2.50	2.52	2.57	2.48	2.14	2.14	2.14
Installment loans and other plans	2.31	2.62	2.07	1.95	1.65	1.81	1.65
All other loans and leases	0.56	0.84	0.55	0.34	0.35	0.56	0.35
Percent of loans noncurrent							
Total loans and leases	1.22	1.51	1.56	1.33	1.17	1.49	1.17
Loans secured by real estate (RE)	0.93	1.05	0.97	0.95	0.87	0.98	0.87
1-4 family residential mortgages	1.06	1.06	1.02	1.14	1.06	0.99	1.06
Home equity loans	0.41	0.38	0.32	0.24	0.22	0.31	0.22
Multifamily residential mortgages	0.55	0.54	0.48	0.45	0.38	0.45	0.38
Commercial RE loans	0.77	1.02	1.05	0.97	0.88	1.16	0.88
Construction RE loans	0.82	1.15	1.03	0.71	0.63	0.98	0.63
Commercial and industrial loans	1.66	2.44	3.00	2.19	1.85	2.91	1.85
Loans to individuals	1.46	1.49	1.60	1.78	1.72	1.50	1.72
Credit cards	1.90	2.05	2.16	2.24	2.14	1.96	2.14
Installment loans and other plans	1.06	1.24	1.30	1.55	1.54	1.31	1.54
All other loans and leases	0.86	1.19	1.11	0.74	0.54	1.00	0.54
Percent of loans charged-off, net							
Total loans and leases	0.80	1.11	1.33	1.07	0.91	1.11	0.91
Loans secured by real estate (RE)	0.12	0.26	0.19	0.21	0.11	0.15	0.11
1-4 family residential mortgages	0.14	0.32	0.17	0.24	0.14	0.16	0.14
Home equity loans	0.23	0.35	0.23	0.23	0.15	0.22	0.15
Multifamily residential mortgages	0.03	0.04	0.11	0.03	0.01	0.03	0.01
Commercial RE loans	0.07	0.16	0.17	0.13	0.04	0.09	0.04
Construction RE loans	0.05	0.15	0.19	0.14	0.05	0.13	0.05
Commercial and industrial loans	0.87	1.50	1.80	1.35	0.71	1.50	0.71
Loans to individuals	2.84	3.13	4.02	3.45	3.56	3.56	3.56
Credit cards	4.43	5.06	6.58	5.48	5.80	5.53	5.80
Installment loans and other plans	1.54	1.66	1.91	1.81	1.62	1.91	1.62
All other loans and leases	0.94	1.75	2.49	1.75	0.18	0.55	0.18
Loans outstanding (\$)							
Total loans and leases	\$2,224,132	\$2,269,248	\$2,445,291	\$2,630,613	\$2,664,252	\$2,464,931	\$2,664,252
Loans secured by real estate (RE)	892,138	976,094	1,139,263	1,254,981	1,297,962	1,160,870	1,297,962
1-4 family residential mortgages	443,000	472,680	573,669	605,101	614,963	578,187	614,963
Home equity loans	82,672	102,131	141,058	192,703	212,657	151,598	212,657
Multifamily residential mortgages	28,026	30,075	33,968	35,652	35,480	34,618	35,480
Commercial RE loans	221,267	236,489	253,427	269,936	277,314	257,898	277,314
Construction RE loans	76,899	91,437	95,361	104,218	109,130	96,492	109,130
Farmland loans	12,350	12,615	13,225	13,614	13,949	13,314	13,949
RE loans from foreign offices	27,923	30,668	28,556	33,758	34,469	28,763	34,469
Commercial and industrial loans	646,988	597,301	546,050	500,004	502,959	539,333	502,959
Loans to individuals	370,394	389,947	450,604	527,991	509,682	434,846	509,682
Credit cards*	176,425	166,628	209,971	250,893	230,622	191,983	230,622
Other revolving credit plans	.	29,258	33,243	32,930	31,370	32,686	31,370
Installment loans	193,969	194,060	207,390	244,168	247,689	210,177	247,689
All other loans and leases	316,177	307,851	311,822	349,521	355,489	332,421	355,489
Less: Unearned income	1,565	1,944	2,449	1,884	1,840	2,540	1,840

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

Key indicators, FDIC-insured national banks by asset size
First quarter 2003 and first quarter 2004
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1
Number of institutions reporting	918	824	976	984	125	116	46	45
Total employees (FTEs)	21,442	19,373	93,728	134,285	94,139	84,665	782,564	831,354
Selected income data (\$)								
Net income	\$129	\$118	\$828	\$878	\$1,183	\$1,262	\$13,096	\$14,424
Net interest income	467	425	2,462	2,519	3,228	3,055	28,965	32,346
Provision for loan losses	26	20	191	149	420	311	5,866	4,757
Noninterest income	185	183	1,308	1,368	2,312	2,192	23,641	25,163
Noninterest expense	465	446	2,482	2,565	3,384	3,071	28,035	32,166
Net operating income	122	113	795	851	1,155	1,235	12,415	13,726
Cash dividends declared	53	72	588	345	1,034	970	8,348	5,612
Net charge-offs	17	14	130	137	331	261	6,363	5,627
Selected condition data (\$)								
Total assets	49,494	45,283	264,440	273,512	377,905	346,243	3,310,058	3,771,004
Total loans and leases	28,901	26,378	163,143	171,920	229,740	213,978	2,043,147	2,251,977
Reserve for losses	411	384	2,392	2,424	3,450	3,161	42,119	41,757
Securities	12,238	11,737	66,446	68,939	81,848	86,442	529,431	688,003
Other real estate owned	83	73	293	284	229	202	1,473	1,332
Noncurrent loans and leases	375	317	1,672	1,530	2,280	1,797	32,516	27,629
Total deposits	41,682	37,779	214,167	220,321	245,626	229,984	2,134,439	2,403,905
Domestic deposits	41,670	37,766	214,058	220,177	242,821	227,250	1,732,843	1,897,170
Equity capital	5,727	5,425	26,784	28,126	40,652	37,829	303,173	331,929
Off-balance-sheet derivatives	48	22	4,606	3,024	19,116	22,011	29,062,853	34,433,303
Performance ratios (annualized %)								
Return on equity	9.08	8.82	12.44	12.72	11.85	13.39	17.37	17.69
Return on assets	1.05	1.05	1.27	1.30	1.27	1.47	1.60	1.56
Net interest income to assets	3.81	3.77	3.76	3.72	3.47	3.55	3.54	3.49
Loss provision to assets	0.21	0.18	0.29	0.22	0.45	0.36	0.72	0.51
Net operating income to assets	1.00	1.00	1.21	1.26	1.24	1.44	1.52	1.48
Noninterest income to assets	1.51	1.62	2.00	2.02	2.49	2.55	2.89	2.72
Noninterest expense to assets	3.79	3.95	3.79	3.78	3.64	3.57	3.43	3.47
Loss provision to loans and leases	0.36	0.31	0.47	0.35	0.75	0.59	1.15	0.85
Net charge-offs to loans and leases	0.24	0.21	0.32	0.32	0.59	0.50	1.25	1.00
Loss provision to net charge-offs	150.87	144.33	146.66	109.33	126.75	119.16	92.20	84.54
Performance ratios (%)								
Percent of institutions unprofitable	9.69	9.95	2.97	1.93	2.40	2.59	4.35	2.22
Percent of institutions with earnings gains	53.59	51.33	59.94	59.76	59.20	63.79	63.04	66.67
Nonint. income to net operating revenue	28.39	30.08	34.69	35.19	41.73	41.78	44.94	43.76
Nonint. expense to net operating revenue	71.34	73.24	65.84	65.98	61.08	58.53	53.29	55.93
Condition ratios (%)								
Nonperforming assets to assets	0.96	0.88	0.75	0.66	0.67	0.58	1.06	0.79
Noncurrent loans to loans	1.30	1.20	1.02	0.89	0.99	0.84	1.59	1.23
Loss reserve to noncurrent loans	109.62	121.29	143.03	158.49	151.30	175.94	129.53	151.14
Loss reserve to loans	1.42	1.46	1.47	1.41	1.50	1.48	2.06	1.85
Equity capital to assets	11.57	11.98	10.13	10.28	10.76	10.93	9.16	8.80
Leverage ratio	11.14	11.52	9.43	9.41	9.24	9.31	7.56	7.31
Risk-based capital ratio	18.43	19.20	14.99	14.79	15.62	15.26	12.37	12.24
Net loans and leases to assets	57.56	57.40	60.79	61.97	59.88	60.89	60.45	58.61
Securities to assets	24.73	25.92	25.13	25.21	21.66	24.97	15.99	18.24
Appreciation in securities (% of par)	2.15	1.58	2.22	1.80	2.43	2.01	1.86	1.67
Residential mortgage assets to assets	21.61	20.95	24.49	23.38	27.53	27.30	24.90	25.90
Total deposits to assets	84.22	83.43	80.99	80.55	65.00	66.42	64.48	63.75
Core deposits to assets	71.52	70.96	68.13	67.70	55.44	56.39	46.28	45.31
Volatile liabilities to assets	14.35	14.39	17.10	17.47	22.19	23.43	31.83	32.93

Loan performance, FDIC-insured national banks by asset size
First quarter 2003 and first quarter 2004
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1
Percent of loans past due 30-89 days								
Total loans and leases	1.61	1.45	1.22	0.97	1.04	0.83	1.02	0.87
Loans secured by real estate (RE)	1.45	1.31	1.08	0.84	0.90	0.73	1.02	0.78
1-4 family residential mortgages	1.81	1.62	1.43	1.17	1.26	0.97	1.28	1.05
Home equity loans	0.51	0.56	0.45	0.42	0.38	0.27	0.53	0.36
Multifamily residential mortgages	0.62	0.79	0.51	0.42	0.33	0.55	0.63	0.27
Commercial RE loans	1.08	1.19	0.84	0.68	0.58	0.61	0.59	0.44
Construction RE loans	1.43	1.12	1.13	0.73	0.86	0.72	1.12	0.72
Commercial and industrial loans	1.63	1.59	1.33	1.07	1.09	0.97	0.68	0.49
Loans to individuals	2.39	2.20	1.85	1.73	1.77	1.38	1.82	1.79
Credit cards	2.25	1.74	2.95	3.13	2.52	2.23	2.11	2.13
Installment loans and other plans	2.43	2.25	1.68	1.49	1.62	1.07	1.84	1.70
All other loans and leases	1.55	1.23	1.28	0.86	0.66	0.28	0.52	0.33
Percent of loans noncurrent								
Total loans and leases	1.30	1.20	1.02	0.89	0.99	0.84	1.59	1.23
Loans secured by real estate (RE)	1.16	1.03	0.87	0.80	0.88	0.75	1.00	0.89
1-4 family residential mortgages	0.99	0.93	0.76	0.72	0.87	0.89	1.03	1.10
Home equity loans	0.39	0.27	0.19	0.19	0.29	0.20	0.31	0.22
Multifamily residential mortgages	0.83	0.65	0.37	0.46	0.48	0.47	0.45	0.34
Commercial RE loans	1.24	1.21	1.05	0.92	1.01	0.80	1.23	0.89
Construction RE loans	1.31	0.82	0.77	0.77	0.93	0.54	1.02	0.62
Commercial and industrial loans	1.99	1.96	1.59	1.26	1.49	1.14	3.13	1.96
Loans to individuals	0.83	0.90	0.93	0.90	1.05	0.95	1.57	1.80
Credit cards	1.73	1.91	3.23	3.01	2.15	2.39	1.93	2.11
Installment loans and other plans	0.81	0.87	0.50	0.49	0.76	0.36	1.47	1.72
All other loans and leases	1.50	1.33	1.36	0.89	0.58	0.57	1.01	0.52
Percent of loans charged-off, net								
Total loans and leases	0.24	0.21	0.32	0.32	0.59	0.50	1.25	1.00
Loans secured by real estate (RE)	0.04	0.05	0.06	0.05	0.08	0.07	0.17	0.13
1-4 family residential mortgages	0.07	0.04	0.07	0.06	0.14	0.15	0.17	0.15
Home equity loans	-0.07	0.08	0.04	0.03	0.08	0.05	0.24	0.16
Multifamily residential mortgages	0.03	0.00	0.01	0.01	0.05	-0.13	0.04	0.03
Commercial RE loans	0.05	0.02	0.05	0.04	0.03	0.04	0.12	0.05
Construction RE loans	0.07	0.19	0.10	0.05	0.01	0.02	0.16	0.06
Commercial and industrial loans	0.65	0.45	0.45	0.26	0.93	0.59	1.62	0.76
Loans to individuals	0.72	0.82	1.68	2.39	2.20	2.44	3.79	3.69
Credit cards	3.54	3.74	6.68	9.20	5.80	5.41	5.50	5.77
Installment loans and other plans	0.62	0.68	0.71	0.98	1.10	1.14	2.14	1.71
All other loans and leases	0.15	0.13	0.28	0.20	0.39	0.11	0.57	0.19
Loans outstanding (\$)								
Total loans and leases	\$28,901	\$26,378	\$163,143	\$171,920	\$229,740	\$213,978	\$2,043,147	\$2,251,977
Loans secured by real estate (RE)	17,427	16,216	108,418	117,550	133,826	127,562	901,200	1,036,634
1-4 family residential mortgages	7,243	6,596	39,207	38,690	59,969	47,807	471,769	521,869
Home equity loans	484	493	5,629	6,877	10,383	10,131	135,101	195,157
Multifamily residential mortgages	441	422	4,060	4,384	4,905	4,749	25,211	25,925
Commercial RE loans	5,409	5,091	42,548	47,637	41,171	45,128	168,769	179,457
Construction RE loans	1,745	1,659	11,931	14,294	15,278	17,494	67,538	75,683
Farmland loans	2,104	1,955	5,042	5,665	1,671	1,593	4,497	4,736
RE loans from foreign offices	0	0	0	3	448	660	28,314	33,806
Commercial and industrial loans	4,747	4,271	27,333	28,319	42,779	41,557	464,474	428,812
Loans to individuals	3,496	3,058	17,986	16,646	33,976	28,365	379,389	461,613
Credit cards*	121	132	2,903	2,798	7,636	8,446	181,323	219,246
Other revolving credit plans	50	37	346	338	1,023	944	31,267	30,051
Installment loans	3,324	2,890	14,737	13,510	25,316	18,975	166,800	212,315
All other loans and leases	3,268	2,857	9,595	9,584	19,254	16,597	300,304	326,452
Less: Unearned income	37	25	188	179	95	102	2,221	1,533

Key indicators, FDIC-insured national banks by region

First quarter 2004

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	217	231	397	408	562	154	1,969
Total employees (FTEs)	326,770	223,749	252,295	143,236	87,130	36,497	1,069,677
Selected income data (\$)							
Net income	\$5,024	\$3,741	\$3,713	\$2,117	\$843	\$1,244	\$16,683
Net interest income	11,081	8,337	7,818	5,659	2,265	3,185	38,345
Provision for loan losses	2,321	76	667	1,043	159	972	5,237
Noninterest income	11,339	4,909	5,350	4,276	1,207	1,825	28,906
Noninterest expense	12,758	8,127	7,396	5,682	2,181	2,103	38,248
Net operating income	4,917	3,395	3,497	2,078	798	1,240	15,925
Cash dividends declared	1,893	1,389	1,808	754	485	668	6,999
Net charge-offs	2,876	343	775	1,083	161	800	6,038
Selected condition data (\$)							
Total assets	1,214,368	1,191,007	1,033,229	519,325	256,240	221,872	4,436,042
Total loans and leases	673,625	632,418	659,216	383,434	159,702	155,857	2,664,252
Reserve for losses	16,650	7,585	10,498	6,849	2,107	4,037	47,726
Securities	233,240	265,332	206,571	56,627	60,714	32,637	855,122
Other real estate owned	171	363	705	276	315	62	1,891
Noncurrent loans and leases	11,830	4,223	7,300	4,591	1,465	1,863	31,271
Total deposits	814,172	796,528	623,542	341,634	196,001	120,113	2,891,990
Domestic deposits	495,153	697,380	557,489	326,547	194,573	111,220	2,382,362
Equity capital	118,085	94,213	85,541	54,854	24,566	26,049	403,308
Off-balance-sheet derivatives	14,114,250	17,383,743	1,869,661	581,693	53,300	41,216	34,043,863
Performance ratios (annualized %)							
Return on equity	17.34	16.11	17.64	15.70	13.94	19.30	16.81
Return on assets	1.68	1.31	1.44	1.62	1.33	2.25	1.53
Net interest income to assets	3.72	2.92	3.03	4.33	3.57	5.77	3.51
Loss provision to assets	0.78	0.03	0.26	0.80	0.25	1.76	0.48
Net operating income to assets	1.65	1.19	1.35	1.59	1.26	2.24	1.46
Noninterest income to assets	3.80	1.72	2.07	3.27	1.90	3.30	2.65
Noninterest expense to assets	4.28	2.84	2.87	4.35	3.44	3.81	3.50
Loss provision to loans and leases	1.38	0.05	0.40	1.09	0.40	2.50	0.79
Net charge-offs to loans and leases	1.71	0.22	0.47	1.13	0.41	2.06	0.91
Loss provision to net charge-offs	80.69	22.18	86.05	96.28	99.04	121.40	86.73
Performance ratios (%)							
Percent of institutions unprofitable	5.53	7.79	4.03	4.41	4.63	9.74	5.33
Percent of institutions with earnings gains	61.29	63.20	50.63	48.28	60.32	64.29	56.63
Nonint. income to net operating revenue	50.57	37.06	40.63	43.04	34.77	36.43	42.98
Nonint. expense to net operating revenue	56.91	61.35	56.16	57.20	62.80	41.98	56.87
Condition ratios (%)							
Nonperforming assets to assets	1.02	0.41	0.81	0.94	0.70	0.87	0.77
Noncurrent loans to loans	1.76	0.67	1.11	1.20	0.92	1.20	1.17
Loss reserve to noncurrent loans	140.75	179.63	143.81	149.18	143.87	216.65	152.62
Loss reserve to loans	2.47	1.20	1.59	1.79	1.32	2.59	1.79
Equity capital to assets	9.72	7.91	8.28	10.56	9.59	11.74	9.09
Leverage ratio	8.35	6.66	7.18	7.91	8.24	9.88	7.64
Risk-based capital ratio	13.48	11.59	12.44	12.06	12.88	15.44	12.65
Net loans and leases to assets	54.10	52.46	62.79	72.51	61.50	68.43	58.98
Securities to assets	19.21	22.28	19.99	10.90	23.69	14.71	19.28
Appreciation in securities (% of par)	1.28	2.13	1.54	2.97	1.36	1.13	1.71
Residential mortgage assets to assets	14.00	36.55	26.93	28.95	27.07	18.56	25.80
Total deposits to assets	67.04	66.88	60.35	65.78	76.49	54.14	65.19
Core deposits to assets	34.95	53.85	49.08	56.11	62.09	44.05	47.81
Volatile liabilities to assets	42.24	27.73	28.54	19.35	22.65	36.28	31.04

Loan performance, FDIC-insured national banks by region
First quarter 2004
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.01	0.56	0.86	1.02	0.97	1.20	0.88
Loans secured by real estate (RE)	0.63	0.64	1.01	0.85	0.93	0.55	0.79
1-4 family residential mortgages	0.67	0.86	1.53	1.24	1.16	0.48	1.06
Home equity loans	0.31	0.36	0.43	0.29	0.38	0.35	0.36
Multifamily residential mortgages	0.13	0.20	0.43	0.19	0.79	0.30	0.33
Commercial RE loans	0.49	0.33	0.72	0.32	0.79	0.51	0.52
Construction RE loans	0.55	0.32	0.91	1.05	0.79	1.05	0.73
Commercial and industrial loans	0.54	0.27	0.67	0.65	0.92	0.99	0.57
Loans to individuals	1.99	1.25	1.32	1.92	1.34	2.04	1.77
Credit cards	2.11	1.45	1.99	2.36	2.02	2.08	2.14
Installment loans and other plans	2.30	1.31	1.26	1.33	1.36	2.13	1.65
All other loans and leases	0.45	0.13	0.33	0.54	1.01	0.35	0.35
Percent of loans noncurrent							
Total loans and leases	1.76	0.67	1.11	1.20	0.92	1.20	1.17
Loans secured by real estate (RE)	0.90	0.44	1.25	1.13	0.87	0.44	0.87
1-4 family residential mortgages	0.76	0.46	1.86	1.63	0.96	0.31	1.06
Home equity loans	0.18	0.13	0.31	0.23	0.21	0.07	0.22
Multifamily residential mortgages	0.21	0.20	0.51	0.48	0.60	0.15	0.38
Commercial RE loans	0.96	0.60	1.23	0.84	0.80	0.68	0.88
Construction RE loans	0.63	0.41	0.79	0.87	0.71	0.23	0.63
Commercial and industrial loans	2.49	1.82	1.68	1.07	1.17	1.53	1.85
Loans to individuals	2.52	0.55	0.61	1.66	0.50	1.87	1.72
Credit cards	2.16	0.99	1.62	2.43	1.86	1.96	2.14
Installment loans and other plans	3.64	0.57	0.42	0.45	0.45	1.58	1.54
All other loans and leases	0.76	0.30	0.41	0.70	1.24	0.81	0.54
Percent of loans charged-off, net							
Total loans and leases	1.71	0.22	0.47	1.13	0.41	2.06	0.91
Loans secured by real estate (RE)	0.11	0.04	0.22	0.07	0.22	0.02	0.11
1-4 family residential mortgages	0.07	0.07	0.31	0.06	0.46	0.01	0.14
Home equity loans	0.08	0.06	0.29	0.11	0.19	0.02	0.15
Multifamily residential mortgages	0.05	0.00	0.03	0.10	-0.22	-0.05	0.01
Commercial RE loans	0.07	-0.04	0.09	0.05	0.10	0.03	0.04
Construction RE loans	0.00	-0.02	0.12	0.10	0.06	0.02	0.05
Commercial and industrial loans	0.99	0.60	0.46	0.70	0.66	0.93	0.71
Loans to individuals	4.35	0.86	1.83	4.64	1.12	4.77	3.56
Credit cards	5.71	3.33	4.48	6.90	5.39	5.33	5.80
Installment loans and other plans	2.69	0.85	1.27	0.73	0.89	1.67	1.62
All other loans and leases	0.22	0.08	0.21	0.20	0.41	0.11	0.18
Loans outstanding (\$)							
Total loans and leases	\$673,625	\$632,418	\$659,216	\$383,434	\$159,702	\$155,857	\$2,664,252
Loans secured by real estate (RE)	198,185	382,151	328,289	223,961	102,825	62,552	1,297,962
1-4 family residential mortgages	79,333	221,086	138,225	116,992	34,074	25,254	614,963
Home equity loans	40,549	47,175	63,134	48,027	10,489	3,283	212,657
Multifamily residential mortgages	4,113	8,007	13,705	4,273	2,650	2,732	35,480
Commercial RE loans	38,281	71,074	75,687	37,513	31,713	23,046	277,314
Construction RE loans	8,109	29,973	33,145	12,806	17,350	7,747	109,130
Farmland loans	695	1,787	3,767	4,351	2,861	488	13,949
RE loans from foreign offices	27,105	3,049	625	0	3,689	1	34,469
Commercial and industrial loans	153,963	108,456	131,690	50,777	33,965	24,108	502,959
Loans to individuals	213,853	57,694	82,646	78,017	15,401	62,070	509,682
Credit cards	113,975	415	14,427	48,266	743	52,797	230,622
Other revolving credit plans	19,617	2,559	4,698	2,532	562	1,402	31,370
Installment loans	80,261	54,721	63,521	27,219	14,096	7,871	247,689
All other loans and leases	109,010	84,259	116,658	30,699	7,625	7,239	355,489
Less: Unearned income	1,385	142	67	21	113	112	1,840

Key indicators, FDIC-insured commercial banks
Annual 2000--2003, year-to-date through March 31, 2004, first quarter 2003, and first quarter 2004
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q1	Preliminary 2004Q1
Number of institutions reporting	8,315	8,079	7,888	7,770	7,712	7,865	7,712
Total employees (FTEs)	1,670,758	1,701,717	1,745,614	1,759,517	1,851,722	1,750,953	1,851,722
Selected income data (\$)							
Net income	\$70,795	\$73,840	\$89,715	\$102,546	\$27,286	\$25,082	\$27,286
Net interest income	203,584	214,676	236,657	239,996	62,767	59,386	62,767
Provision for loan losses	30,026	43,337	48,195	34,777	6,977	9,531	6,977
Noninterest income	154,247	158,204	172,407	186,474	47,683	44,679	47,683
Noninterest expense	216,831	223,236	233,604	245,948	64,636	59,260	64,636
Net operating income	72,383	71,012	85,414	98,298	26,236	23,661	26,236
Cash dividends declared	53,854	54,206	67,536	77,835	12,664	15,583	12,664
Net charge-offs	24,771	36,474	44,538	37,889	8,036	9,634	8,036
Selected condition data (\$)							
Total assets	6,245,560	6,552,432	7,077,014	7,601,215	7,817,696	7,196,537	7,817,696
Total loans and leases	3,815,498	3,884,336	4,156,179	4,428,840	4,489,208	4,193,609	4,489,208
Reserve for losses	64,120	72,273	76,999	77,123	75,942	77,465	75,942
Securities	1,078,985	1,172,537	1,334,830	1,456,308	1,576,227	1,382,210	1,576,227
Other real estate owned	2,912	3,569	4,165	4,235	4,148	4,312	4,148
Noncurrent loans and leases	42,930	54,578	60,550	52,899	48,608	58,893	48,608
Total deposits	4,179,567	4,377,558	4,689,852	5,029,016	5,180,178	4,778,798	5,180,178
Domestic deposits	3,472,901	3,748,042	4,031,815	4,287,844	4,400,356	4,125,975	4,400,356
Equity capital	530,356	593,705	647,453	692,033	715,248	659,173	715,248
Off-balance-sheet derivatives	40,570,263	45,326,156	56,078,716	71,082,763	76,524,405	61,545,119	76,524,405
Performance ratios (annualized %)							
Return on equity	13.99	13.09	14.47	15.32	15.52	15.36	15.52
Return on assets	1.18	1.15	1.33	1.40	1.42	1.41	1.42
Net interest income to assets	3.40	3.35	3.50	3.27	3.26	3.33	3.26
Loss provision to assets	0.50	0.68	0.71	0.47	0.36	0.53	0.36
Net operating income to assets	1.21	1.11	1.26	1.34	1.36	1.33	1.36
Noninterest income to assets	2.58	2.47	2.55	2.54	2.48	2.50	2.48
Noninterest expense to assets	3.62	3.48	3.46	3.35	3.36	3.32	3.36
Loss provision to loans and leases	0.82	1.12	1.21	0.82	0.63	0.91	0.63
Net charge-offs to loans and leases	0.67	0.95	1.12	0.89	0.72	0.92	0.72
Loss provision to net charge-offs	121.14	118.82	108.21	91.79	86.82	98.93	86.82
Performance ratios (%)							
Percent of institutions unprofitable	7.34	8.12	6.64	5.86	5.20	5.72	5.20
Percent of institutions with earnings gains	67.31	56.28	72.71	59.29	57.42	61.00	56.91
Nonint. income to net operating revenue	43.11	42.43	42.15	43.73	43.17	42.93	43.17
Nonint. expense to net operating revenue	60.60	59.87	57.11	57.67	58.52	56.95	58.52
Condition ratios (%)							
Nonperforming assets to assets	0.74	0.92	0.94	0.77	0.69	0.90	0.69
Noncurrent loans to loans	1.13	1.41	1.46	1.19	1.08	1.40	1.08
Loss reserve to noncurrent loans	149.36	132.42	127.17	145.79	156.23	131.53	156.23
Loss reserve to loans	1.68	1.86	1.85	1.74	1.69	1.85	1.69
Equity capital to assets	8.49	9.06	9.15	9.10	9.15	9.16	9.15
Leverage ratio	7.69	7.78	7.83	7.85	7.87	7.86	7.87
Risk-based capital ratio	12.12	12.70	12.77	12.75	12.75	12.97	12.75
Net loans and leases to assets	60.06	58.18	57.64	57.25	56.45	57.20	56.45
Securities to assets	17.28	17.89	18.86	19.16	20.16	19.21	20.16
Appreciation in securities (% of par)	0.20	0.82	2.22	0.84	1.61	1.97	1.61
Residential mortgage assets to assets	20.19	21.64	23.29	23.28	24.16	23.81	24.16
Total deposits to assets	66.92	66.81	66.27	66.16	66.26	66.40	66.26
Core deposits to assets	46.39	48.72	48.68	48.55	48.39	48.96	48.39
Volatile liabilities to assets	34.97	31.45	31.41	31.02	31.38	30.67	31.38

Loan performance, FDIC-insured commercial banks
Annual 2000--2003, year-to-date through March 31, 2004, first quarter 2003, and first quarter 2004
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q1	Preliminary 2004Q1
Percent of loans past due 30-89 days							
Total loans and leases	1.25	1.37	1.17	1.02	0.88	1.11	0.88
Loans secured by real estate (RE)	1.26	1.31	1.08	0.90	0.78	1.06	0.78
1-4 family residential mortgages	1.72	1.69	1.49	1.29	1.03	1.34	1.03
Home equity loans	0.98	0.79	0.59	0.45	0.35	0.51	0.35
Multifamily residential mortgages	0.55	0.72	0.46	0.48	0.34	0.54	0.34
Commercial RE loans	0.74	0.90	0.68	0.56	0.60	0.79	0.60
Construction RE loans	1.06	1.21	0.89	0.69	0.68	1.10	0.68
Commercial and industrial loans	0.83	1.01	0.89	0.73	0.70	0.88	0.70
Loans to individuals	2.47	2.46	2.22	2.09	1.70	1.93	1.70
Credit cards	2.66	2.70	2.72	2.54	2.14	2.35	2.14
Installment loans and other plans	2.34	2.54	2.08	1.93	1.54	1.85	1.54
All other loans and leases	0.64	0.84	0.58	0.48	0.45	0.63	0.45
Percent of loans noncurrent							
Total loans and leases	1.13	1.41	1.46	1.19	1.08	1.40	1.08
Loans secured by real estate (RE)	0.81	0.96	0.89	0.86	0.79	0.90	0.79
1-4 family residential mortgages	0.90	0.97	0.93	1.00	0.93	0.91	0.93
Home equity loans	0.37	0.37	0.30	0.24	0.22	0.29	0.22
Multifamily residential mortgages	0.44	0.46	0.38	0.39	0.36	0.38	0.36
Commercial RE loans	0.72	0.96	0.94	0.90	0.84	1.02	0.84
Construction RE loans	0.76	1.06	0.98	0.70	0.63	0.95	0.63
Commercial and industrial loans	1.66	2.41	2.92	2.10	1.90	2.80	1.90
Loans to individuals	1.41	1.43	1.51	1.52	1.44	1.42	1.44
Credit cards	2.01	2.12	2.24	2.21	2.09	2.10	2.09
Installment loans and other plans	0.98	1.12	1.14	1.13	1.11	1.12	1.11
All other loans and leases	0.70	0.97	1.01	0.66	0.53	0.97	0.53
Percent of loans charged-off, net							
Total loans and leases	0.67	0.95	1.12	0.89	0.72	0.92	0.72
Loans secured by real estate (RE)	0.09	0.19	0.15	0.16	0.10	0.12	0.10
1-4 family residential mortgages	0.11	0.22	0.14	0.19	0.11	0.13	0.11
Home equity loans	0.18	0.27	0.19	0.20	0.14	0.19	0.14
Multifamily residential mortgages	0.03	0.04	0.08	0.03	0.02	0.03	0.02
Commercial RE loans	0.05	0.13	0.15	0.13	0.06	0.09	0.06
Construction RE loans	0.05	0.14	0.17	0.13	0.05	0.10	0.05
Commercial and industrial loans	0.81	1.43	1.76	1.26	0.68	1.39	0.68
Loans to individuals	2.43	2.73	3.34	3.04	3.03	3.05	3.03
Credit cards	4.39	5.12	6.38	5.57	5.63	5.68	5.63
Installment loans and other plans	1.18	1.29	1.46	1.45	1.30	1.44	1.30
All other loans and leases	0.91	1.61	2.30	1.60	0.19	0.46	0.19
Loans outstanding (\$)							
Total loans and leases	\$3,815,498	\$3,884,336	\$4,156,179	\$4,428,840	\$4,489,208	\$4,193,609	\$4,489,208
Loans secured by real estate (RE)	1,673,324	1,800,228	2,068,150	2,272,352	2,346,784	2,109,825	2,346,784
1-4 family residential mortgages	790,028	810,766	945,705	993,872	1,013,593	953,085	1,013,593
Home equity loans	127,694	154,193	214,724	284,508	308,864	228,741	308,864
Multifamily residential mortgages	60,406	64,131	71,934	79,907	81,422	73,915	81,422
Commercial RE loans	466,453	505,882	555,990	602,399	617,591	567,868	617,591
Construction RE loans	162,613	193,029	207,452	231,467	242,964	212,861	242,964
Farmland loans	34,096	35,533	38,066	40,696	41,463	38,756	41,463
RE loans from foreign offices	32,033	36,695	34,280	39,503	40,886	34,598	40,886
Commercial and industrial loans	1,051,992	981,130	911,912	870,581	865,102	905,108	865,102
Loans to individuals	606,695	629,412	703,748	770,465	750,162	683,884	750,162
Credit cards*	249,425	232,448	275,957	316,014	292,456	250,400	292,456
Other revolving credit plans		34,202	38,209	37,607	36,023	37,546	36,023
Installment loans	357,269	362,762	389,582	416,844	421,684	395,938	421,684
All other loans and leases	486,400	476,689	475,769	518,311	529,943	498,271	529,943
Less: Unearned income	2,912	3,123	3,401	2,869	2,783	3,479	2,783

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

Key indicators, FDIC-insured commercial banks by asset size
First quarter 2003 and first quarter 2004
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1
Number of institutions reporting	4,114	3,831	3,338	3,462	330	335	83	84
Total employees (FTEs)	82,109	75,533	299,559	365,523	243,176	226,135	1,126,109	1,184,531
Selected income data (\$)								
Net income	\$534	\$497	\$2,776	\$2,883	\$3,098	\$3,401	\$18,674	\$20,505
Net interest income	1,976	1,862	8,376	8,673	8,222	8,145	40,811	44,086
Provision for loan losses	115	86	616	529	1,015	753	7,785	5,609
Noninterest income	581	476	3,148	3,263	5,074	4,940	35,876	39,004
Noninterest expense	1,784	1,648	7,206	7,573	7,783	7,440	42,487	47,975
Net operating income	511	481	2,674	2,808	2,995	3,304	17,482	19,643
Cash dividends declared	328	302	1,466	1,383	2,873	1,772	10,916	9,207
Net charge-offs	62	56	421	401	871	676	8,281	6,903
Selected condition data (\$)								
Total assets	209,894	197,546	882,541	921,392	940,946	911,515	5,163,155	5,787,243
Total loans and leases	126,735	119,013	569,193	603,802	566,185	569,891	2,931,497	3,196,502
Reserve for losses	1,881	1,770	8,527	8,734	9,500	9,025	57,558	56,414
Securities	50,132	49,365	203,482	212,619	233,230	227,822	895,366	1,086,422
Other real estate owned	335	319	1,222	1,192	640	635	2,114	2,002
Noncurrent loans and leases	1,585	1,340	5,722	5,173	6,144	5,043	45,441	37,052
Total deposits	177,437	166,084	721,160	747,685	638,392	623,983	3,241,808	3,642,426
Domestic deposits	177,425	166,070	719,865	746,492	628,304	614,962	2,600,381	2,872,832
Equity capital	23,453	22,718	86,951	92,421	97,322	99,478	451,448	500,632
Off-balance-sheet derivatives	134	155	8,840	8,109	69,023	68,855	61,932,332	77,146,995
Performance ratios (annualized %)								
Return on equity	9.16	8.86	12.93	12.73	12.94	13.92	16.66	16.66
Return on assets	1.03	1.02	1.27	1.27	1.33	1.51	1.46	1.44
Net interest income to assets	3.80	3.80	3.84	3.81	3.54	3.61	3.18	3.10
Loss provision to assets	0.22	0.18	0.28	0.23	0.44	0.33	0.61	0.39
Net operating income to assets	0.98	0.98	1.23	1.23	1.29	1.46	1.36	1.38
Noninterest income to assets	1.12	0.97	1.44	1.43	2.18	2.19	2.80	2.74
Noninterest expense to assets	3.43	3.37	3.30	3.33	3.35	3.30	3.32	3.37
Loss provision to loans and leases	0.37	0.29	0.44	0.36	0.73	0.54	1.06	0.71
Net charge-offs to loans and leases	0.20	0.19	0.30	0.27	0.62	0.48	1.13	0.87
Loss provision to net charge-offs	185.85	153.36	146.32	132.02	116.52	111.31	94.02	81.26
Performance ratios (%)								
Percent of institutions unprofitable	8.95	8.64	2.22	1.82	1.52	1.19	3.61	3.57
Percent of institutions with earnings gains	55.76	53.69	66.69	59.50	67.58	64.18	66.27	67.86
Nonint. income to net operating revenue	22.71	20.36	27.32	27.33	38.16	37.75	46.78	46.94
Nonint. expense to net operating revenue	69.78	70.51	62.53	63.45	58.54	56.85	55.40	57.74
Condition ratios (%)								
Nonperforming assets to assets	0.93	0.84	0.79	0.69	0.73	0.63	0.95	0.70
Noncurrent loans to loans	1.25	1.13	1.01	0.86	1.09	0.88	1.55	1.16
Loss reserve to noncurrent loans	118.65	132.10	149.01	168.84	154.60	178.95	126.66	152.26
Loss reserve to loans	1.48	1.49	1.50	1.45	1.68	1.58	1.96	1.76
Equity capital to assets	11.17	11.50	9.85	10.03	10.34	10.91	8.74	8.65
Leverage ratio	10.77	11.09	9.26	9.40	9.02	9.45	7.28	7.26
Risk-based capital ratio	17.32	17.86	14.22	14.26	14.52	14.65	12.37	12.10
Net loans and leases to assets	59.48	59.35	63.53	64.58	59.16	61.53	55.66	54.26
Securities to assets	23.88	24.99	23.06	23.08	24.79	24.99	17.34	18.77
Appreciation in securities (% of par)	2.16	1.69	2.18	1.85	2.05	1.66	1.89	1.55
Residential mortgage assets to assets	21.47	20.73	23.36	22.25	27.11	26.32	23.39	24.24
Total deposits to assets	84.54	84.07	81.71	81.15	67.85	68.46	62.79	62.94
Core deposits to assets	71.65	71.52	68.16	67.72	55.25	55.88	43.61	43.34
Volatile liabilities to assets	14.33	14.16	17.25	17.52	24.47	24.78	34.75	35.22

Loan performance, FDIC-insured commercial banks by asset size
First quarter 2003 and first quarter 2004
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1	2003Q1	2004Q1
Percent of loans past due 30-89 days								
Total loans and leases	1.82	1.50	1.28	0.98	1.17	0.88	1.04	0.84
Loans secured by real estate (RE)	1.60	1.33	1.12	0.86	0.98	0.72	1.02	0.74
1-4 family residential mortgages	1.95	1.76	1.54	1.31	1.13	0.91	1.30	0.97
Home equity loans	0.61	0.50	0.55	0.42	0.46	0.35	0.51	0.34
Multifamily residential mortgages	0.73	0.70	0.51	0.48	0.56	0.35	0.53	0.27
Commercial RE loans	1.28	1.08	0.87	0.68	0.89	0.70	0.65	0.47
Construction RE loans	1.34	0.99	1.11	0.64	1.13	0.65	1.07	0.69
Commercial and industrial loans	1.96	1.74	1.44	1.10	1.33	1.05	0.69	0.56
Loans to individuals	2.54	2.26	2.05	1.80	1.90	1.69	1.90	1.68
Credit cards	2.24	1.95	4.29	3.91	2.80	2.41	2.26	2.08
Installment loans and other plans	2.59	2.30	1.82	1.58	1.67	1.43	1.85	1.52
All other loans and leases	2.07	1.38	1.35	0.94	0.80	0.39	0.52	0.40
Percent of loans noncurrent								
Total loans and leases	1.25	1.13	1.01	0.86	1.09	0.88	1.55	1.16
Loans secured by real estate (RE)	1.08	0.99	0.86	0.75	0.89	0.78	0.90	0.79
1-4 family residential mortgages	0.98	0.97	0.80	0.78	0.85	0.86	0.94	0.96
Home equity loans	0.28	0.24	0.24	0.22	0.30	0.24	0.29	0.22
Multifamily residential mortgages	0.86	0.48	0.46	0.55	0.34	0.39	0.34	0.26
Commercial RE loans	1.14	1.12	0.94	0.80	1.00	0.87	1.06	0.82
Construction RE loans	1.18	0.81	0.95	0.68	1.06	0.71	0.89	0.56
Commercial and industrial loans	1.86	1.73	1.51	1.27	1.84	1.33	3.17	2.10
Loans to individuals	0.99	0.95	0.98	0.87	0.98	0.86	1.54	1.56
Credit cards	1.36	1.68	3.81	3.26	2.21	1.88	2.05	2.08
Installment loans and other plans	1.00	0.95	0.64	0.58	0.59	0.42	1.31	1.28
All other loans and leases	1.51	1.18	1.30	0.97	0.89	0.66	0.94	0.47
Percent of loans charged-off, net								
Total loans and leases	0.20	0.19	0.30	0.27	0.62	0.48	1.13	0.87
Loans secured by real estate (RE)	0.04	0.05	0.06	0.05	0.10	0.09	0.15	0.11
1-4 family residential mortgages	0.05	0.07	0.08	0.06	0.11	0.11	0.15	0.13
Home equity loans	0.03	0.06	0.03	0.04	0.14	0.12	0.21	0.15
Multifamily residential mortgages	0.03	0.04	0.03	0.07	0.03	-0.03	0.02	0.02
Commercial RE loans	0.04	0.04	0.06	0.04	0.09	0.09	0.12	0.06
Construction RE loans	0.07	0.12	0.06	0.05	0.11	0.04	0.11	0.05
Commercial and industrial loans	0.41	0.32	0.51	0.41	0.94	0.56	1.62	0.75
Loans to individuals	0.69	0.89	1.61	1.88	2.45	2.53	3.34	3.22
Credit cards	3.32	3.14	8.18	10.45	6.30	5.47	5.56	5.54
Installment loans and other plans	0.62	0.84	0.75	0.76	1.12	1.15	1.64	1.40
All other loans and leases	0.22	0.10	0.32	0.25	0.41	0.20	0.48	0.19
Loans outstanding (\$)								
Total loans and leases	\$126,735	\$119,013	\$569,193	\$603,802	\$566,185	\$569,891	\$2,931,497	\$3,196,502
Loans secured by real estate (RE)	77,026	74,081	392,488	428,514	341,115	361,448	1,299,196	1,482,741
1-4 family residential mortgages	31,972	29,389	130,228	129,830	129,482	119,525	661,403	734,849
Home equity loans	2,316	2,379	20,075	23,883	24,503	27,641	181,847	254,962
Multifamily residential mortgages	1,760	1,715	14,493	16,749	14,952	18,264	42,711	44,694
Commercial RE loans	23,536	23,029	159,000	176,521	122,169	137,453	263,163	280,587
Construction RE loans	7,342	7,604	51,524	62,370	44,659	52,572	109,336	120,419
Farmland loans	10,101	9,964	17,138	19,125	4,287	5,099	7,231	7,274
RE loans from foreign offices	0	0	32	35	1,063	895	33,504	39,955
Commercial and industrial loans	21,358	19,584	96,031	97,914	108,372	105,194	679,347	642,410
Loans to individuals	14,256	12,580	53,241	49,362	80,646	68,546	535,740	619,674
Credit cards*	343	269	6,041	5,682	20,194	21,456	223,822	265,048
Other revolving credit plans	231	163	1,541	1,431	2,439	2,215	33,335	32,215
Installment loans	13,682	12,149	45,659	42,249	58,014	44,876	278,583	322,411
All other loans and leases	14,200	12,849	28,005	28,549	36,525	35,151	419,541	453,394
Less: Unearned income	105	81	573	537	473	449	2,327	1,717

Key indicators, FDIC-insured commercial banks by region

First quarter 2004

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	607	1,075	1,635	2,011	1,718	666	7,712
Total employees (FTEs)	571,427	428,972	378,533	198,366	169,100	105,324	1,851,722
Selected income data (\$)							
Net income	\$8,752	\$6,062	\$5,360	\$2,722	\$1,502	\$2,888	\$27,286
Net interest income	18,137	14,040	11,954	7,334	4,338	6,963	62,767
Provision for loan losses	2,584	596	959	1,188	272	1,379	6,977
Noninterest income	20,781	9,026	7,508	4,797	1,862	3,709	47,683
Noninterest expense	23,731	14,073	11,080	6,968	3,938	4,846	64,636
Net operating income	8,476	5,679	5,111	2,674	1,441	2,855	26,236
Cash dividends declared	3,818	2,968	2,708	1,087	832	1,251	12,664
Net charge-offs	3,566	824	1,028	1,197	245	1,176	8,036
Selected condition data (\$)							
Total assets	2,635,399	1,861,682	1,553,908	693,216	476,265	597,225	7,817,696
Total loans and leases	1,222,233	1,082,511	995,021	500,746	291,071	397,627	4,489,208
Reserve for losses	25,566	13,956	15,544	8,846	3,991	8,040	75,942
Securities	522,080	402,639	323,029	94,873	120,955	112,652	1,576,227
Other real estate owned	477	952	1,229	497	715	279	4,148
Noncurrent loans and leases	18,533	7,257	10,696	5,700	2,725	3,697	48,608
Total deposits	1,656,369	1,261,873	1,006,476	481,151	377,054	397,255	5,180,178
Domestic deposits	1,116,410	1,142,686	916,449	466,064	375,608	383,138	4,400,356
Equity capital	233,797	159,358	132,467	72,985	46,625	70,016	715,248
Off-balance-sheet derivatives	56,188,302	17,562,875	1,992,856	585,138	55,101	140,132	76,524,405
Performance ratios (annualized %)							
Return on equity	15.23	15.49	16.45	15.17	13.11	16.78	15.52
Return on assets	1.35	1.34	1.38	1.57	1.28	1.96	1.42
Net interest income to assets	2.80	3.11	3.09	4.22	3.69	4.72	3.26
Loss provision to assets	0.40	0.13	0.25	0.68	0.23	0.93	0.36
Net operating income to assets	1.31	1.26	1.32	1.54	1.23	1.94	1.36
Noninterest income to assets	3.20	2.00	1.94	2.76	1.58	2.51	2.48
Noninterest expense to assets	3.66	3.12	2.86	4.01	3.35	3.28	3.36
Loss provision to loans and leases	0.85	0.22	0.39	0.95	0.38	1.40	0.63
Net charge-offs to loans and leases	1.17	0.31	0.41	0.96	0.34	1.19	0.72
Loss provision to net charge-offs	72.47	72.24	93.28	99.26	110.70	117.27	86.82
Performance ratios (%)							
Percent of institutions unprofitable	6.92	8.47	3.43	3.28	4.83	9.46	5.20
Percent of institutions with earnings gains	61.94	63.35	49.42	54.50	57.80	65.32	56.91
Nonint. income to net operating revenue	53.40	39.13	38.58	39.54	30.04	34.75	43.17
Nonint. expense to net operating revenue	60.98	61.01	56.93	57.44	63.51	45.40	58.52
Condition ratios (%)							
Nonperforming assets to assets	0.75	0.46	0.79	0.90	0.72	0.67	0.69
Noncurrent loans to loans	1.52	0.67	1.07	1.14	0.94	0.93	1.08
Loss reserve to noncurrent loans	137.95	192.32	145.32	155.20	146.43	217.48	156.23
Loss reserve to loans	2.09	1.29	1.56	1.77	1.37	2.02	1.69
Equity capital to assets	8.87	8.56	8.52	10.53	9.79	11.72	9.15
Leverage ratio	7.61	7.26	7.68	8.35	8.70	10.19	7.87
Risk-based capital ratio	12.84	11.95	12.48	12.56	13.76	15.05	12.75
Net loans and leases to assets	45.41	57.40	63.03	70.96	60.28	65.23	56.45
Securities to assets	19.81	21.63	20.79	13.69	25.40	18.86	20.16
Appreciation in securities (% of par)	1.13	2.24	1.46	2.47	1.59	1.34	1.61
Residential mortgage assets to assets	17.87	32.43	25.63	26.26	26.42	18.03	24.16
Total deposits to assets	62.85	67.78	64.77	69.41	79.17	66.52	66.26
Core deposits to assets	34.47	54.47	52.18	59.51	64.45	55.30	48.39
Volatile liabilities to assets	44.13	25.91	27.23	18.16	20.81	26.82	31.38

Loan performance, FDIC-insured commercial banks by region
First quarter 2004
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	0.94	0.68	0.87	1.05	1.06	0.92	0.88
Loans secured by real estate (RE)	0.69	0.66	0.96	0.88	0.98	0.56	0.78
1-4 family residential mortgages	0.73	0.90	1.43	1.25	1.33	0.65	1.03
Home equity loans	0.30	0.36	0.41	0.31	0.39	0.31	0.35
Multifamily residential mortgages	0.12	0.40	0.47	0.26	0.66	0.22	0.34
Commercial RE loans	0.64	0.47	0.75	0.49	0.80	0.49	0.60
Construction RE loans	0.73	0.42	0.83	0.92	0.78	0.78	0.68
Commercial and industrial loans	0.63	0.51	0.76	0.82	1.07	0.91	0.70
Loans to individuals	1.86	1.51	1.29	1.98	1.61	1.69	1.70
Credit cards	2.15	2.30	1.99	2.49	1.87	1.88	2.14
Installment loans and other plans	1.87	1.39	1.24	1.39	1.65	1.38	1.54
All other loans and leases	0.54	0.17	0.38	0.78	1.02	0.44	0.45
Percent of loans noncurrent							
Total loans and leases	1.52	0.67	1.07	1.14	0.94	0.93	1.08
Loans secured by real estate (RE)	0.75	0.49	1.14	1.04	0.87	0.50	0.79
1-4 family residential mortgages	0.69	0.54	1.57	1.50	0.92	0.35	0.93
Home equity loans	0.17	0.16	0.30	0.24	0.23	0.16	0.22
Multifamily residential mortgages	0.15	0.20	0.65	0.49	0.62	0.13	0.36
Commercial RE loans	0.81	0.62	1.21	0.80	0.88	0.62	0.84
Construction RE loans	0.69	0.41	0.88	0.78	0.68	0.56	0.63
Commercial and industrial loans	2.91	1.47	1.61	1.19	1.21	1.48	1.90
Loans to individuals	2.09	0.75	0.56	1.63	0.61	1.36	1.44
Credit cards	2.27	1.51	1.61	2.50	1.62	1.74	2.09
Installment loans and other plans	2.23	0.61	0.42	0.49	0.58	0.57	1.11
All other loans and leases	0.59	0.29	0.42	0.76	1.42	0.86	0.53
Percent of loans charged-off, net							
Total loans and leases	1.17	0.31	0.41	0.96	0.34	1.19	0.72
Loans secured by real estate (RE)	0.06	0.06	0.18	0.07	0.16	0.04	0.10
1-4 family residential mortgages	0.04	0.08	0.26	0.06	0.29	0.01	0.11
Home equity loans	0.05	0.11	0.25	0.12	0.18	0.01	0.14
Multifamily residential mortgages	0.02	0.02	0.05	0.07	-0.09	-0.01	0.02
Commercial RE loans	0.03	0.04	0.09	0.06	0.09	0.06	0.06
Construction RE loans	0.01	0.01	0.09	0.10	0.07	0.03	0.05
Commercial and industrial loans	0.85	0.52	0.52	0.59	0.60	1.10	0.68
Loans to individuals	3.74	1.48	1.55	4.51	1.04	3.60	3.03
Credit cards	5.81	4.51	4.42	7.20	4.64	4.69	5.63
Installment loans and other plans	1.95	0.84	1.09	0.66	0.86	1.18	1.30
All other loans and leases	0.18	0.12	0.23	0.15	0.35	0.30	0.19
Loans outstanding (\$)							
Total loans and leases	\$1,222,233	\$1,082,511	\$995,021	\$500,746	\$291,071	\$397,627	\$4,489,208
Loans secured by real estate (RE)	461,931	669,648	526,326	297,075	192,436	199,367	2,346,784
1-4 family residential mortgages	223,726	320,269	204,499	138,521	64,381	62,197	1,013,593
Home equity loans	63,893	81,452	87,758	51,181	12,953	11,627	308,864
Multifamily residential mortgages	17,051	16,724	22,971	6,667	5,382	12,628	81,422
Commercial RE loans	99,679	160,814	144,145	64,123	66,552	82,278	617,591
Construction RE loans	22,995	82,168	56,471	22,592	32,069	26,669	242,964
Farmland loans	1,713	5,173	9,811	13,991	7,410	3,364	41,463
RE loans from foreign offices	32,873	3,049	671	0	3,689	604	40,886
Commercial and industrial loans	261,829	185,671	214,015	71,989	55,719	75,880	865,102
Loans to individuals	298,765	120,107	110,553	87,792	29,292	103,653	750,162
Credit cards	133,310	20,702	15,425	50,391	1,326	71,302	292,456
Other revolving credit plans	20,905	3,854	5,416	2,671	777	2,400	36,023
Installment loans	144,550	95,551	89,712	34,730	27,189	29,951	421,684
All other loans and leases	201,287	107,437	144,269	43,942	13,853	19,155	529,943
Less: Unearned income	1,579	352	142	53	229	428	2,783

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.