

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Summary

Banks reported favorable results once again in the second quarter of 2003. At national banks, all major income categories remained at or near record levels, as did both return on assets and return on equity. As in the first quarter, however, the biggest contributor to the increase in net income was a decrease in provisions. This is in contrast to earlier periods when rising net interest income had been the most significant factor boosting income.

Figure 1—Securities gains, lower provisioning boost net income

National banks

	Major income components (Change, \$ millions)			
	2001Q2–02Q2	% Change	2002Q2–03Q2	% Change
Revenues				
Net interest income	4,185	13.7%	460	1.3%
Real gains/losses securities	50	10.4%	816	153.9%
Noninterest income	2,106	8.6%	1,500	5.6%
Expenses				
Provisioning	1,552	24.9%	-1,508	-19.4%
Noninterest expense	870	2.7%	2,728	8.2%
Net income	3,154	18.7%	1,137	8.0%

Continued strength in real estate offset weakness in several other sectors, including commercial and industrial (C&I). Net interest margins drifted lower, depressing growth in net interest income. Credit quality improved modestly at large banks. As in recent quarters, the risks for banks continue to be unemployment and high debt burdens in the consumer sector, plus continued weakness in manufacturing, financial services, and some other services.

Key Trends

As in the first quarter of 2003, all major income categories showed improvement over the same quarter of 2002, as shown in Figure 1. Net interest income rose by 1.3 percent, as declining net interest margins nearly offset an increase in loan volume. This is a change from 2002, when a surge in net interest income accounted for most of the growth in net income.

Realized gains and losses on securities rose strongly year-over-year, but gains here are strongly related to interest rates and are not expected to continue in an environment of rising interest rates. Noninterest income rose again, helped by gains in fee income from the boom in mortgages and refinancing, and the rise in market-sensitive income that accompanied favorable conditions in the stock and bond markets this spring.

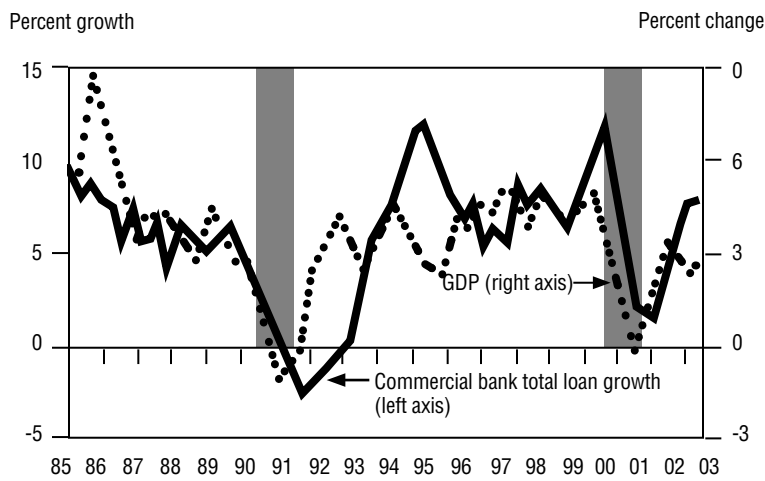
Return on equity reached 16.1 percent for the first half of 2003, slightly short of the all-time record reached in 1993. Return on assets remained just below its all-time peak, set in the third quarter of 2003.

Decreasing provisions accounted for the largest contribution to the change in net income. Most of this effect came from large banks, reflecting the expectation of improved credit quality. In contrast, in 2001 and 2002, provisions were generally increasing, reflecting the deterioration in credit quality during the recession. Noninterest expense rose, with the increase concentrated at large banks.

Net interest margins (NIMs) continued to decline at both small and large banks during the second quarter. Small-bank NIMs now stand at a 15-year low.

Loan growth, which never turned negative during the recent recession, continued apace during the second quarter. In contrast, around the time of the last recession shown in Figure 2 as the shaded area, total loans on the books of national banks fell for 10 consecutive quarters. The difference is that the earlier recession affected all sectors of the economy. This followed the normal pattern of post-war recessions, in which rising interest rates choke off home and auto sales, causing spending on housing and consumer durables to fall by 15 to 20 percent. The recession of 2001 was different: it began in the manufacturing sector, but never spread to the consumer sector. The demand for business loans fell sharply, but the mortgage and consumer sectors remained strong.

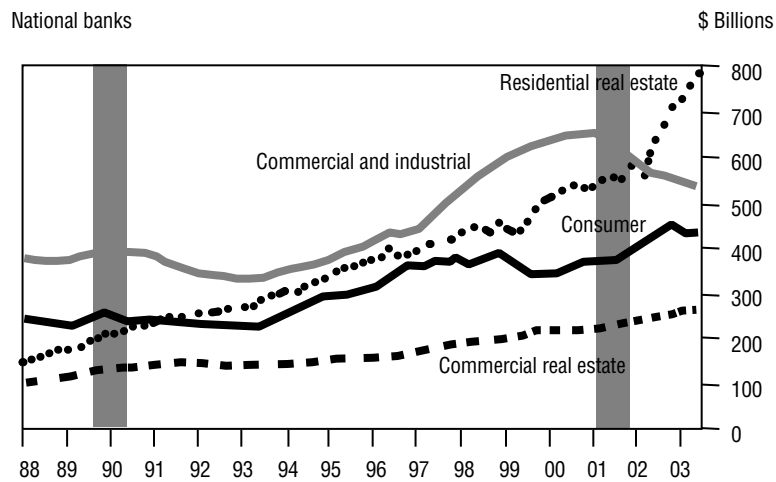
Figure 2—Loan growth continued throughout this recession



As Figure 3 shows, residential real estate lending continued to drive the aggregate numbers for loan growth. Total loans and leases rose 7.5 percent year-over-year, with residential real estate growing at over 28 percent, compared with 5.3 percent for commercial real estate loans, minus 8.1 percent for C&I loans.

Home equity lending showed particular strength, finishing the second quarter up 30 percent year-over-year. This compares with 23 percent in 2001, and 38 percent in 2002. On the other hand, credit card lending rose only 2 percent year-over-year, strengthening the impression that some homeowners are using home equity loans and cash-out refinancing to pay down credit card debt.

Figure 3—Residential real estate lending has driven loan growth

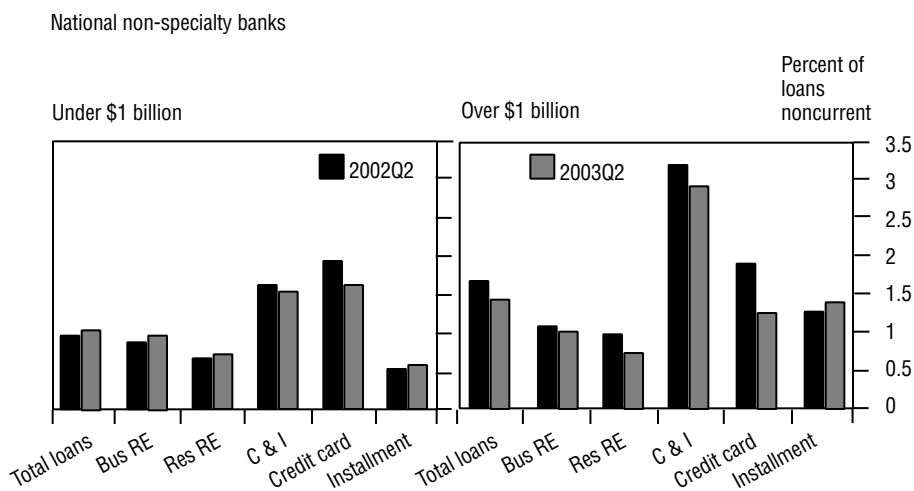


Several factors suggest that loan growth will be hard to sustain. First, higher interest rates have already taken the steam out of the boom in mortgage refinancing, with refinancing falling by half over the summer. Second, high vacancy rates are depressing new commercial real estate development. Third, corporate loan demand will likely lag the recovery. Capacity utilization rates remain at 20-year lows, discouraging investment and expansion. Further, firms have now reliquified their balance sheets, as is normal during a recession; with relatively high ratios of internally generated funds to capital needs, firms will be able to fund the first stage of new business spending by themselves. Fourth, the soft job market is expected to hold down growth in consumer loans.

Loan quality improved at large banks, with the C&I sector accounting for most of the gain (Figure 4). The noncurrent ratio for large-bank C&I loans improved for the fourth quarter in a row. C&I loans to foreign customers, however, are still deteriorating, as the noncurrent ratio has more than doubled over the last six quarters, and now stands 70 percent higher than the ratio for loans to U.S. customers.

Credit quality deteriorated slightly at community banks, with most of the slide concentrated in business real estate and residential real estate. C&I loan quality improved slightly, as it has at large banks, reflecting the modest upturn in the manufacturing sector.

Figure 4—Credit quality improves for large banks, not small



Key indicators, FDIC-insured national banks
Annual 1999–2002, year-to-date through June 30, 2003, second quarter 2002, and
second quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q2	Preliminary 2003Q2
Number of institutions reporting	2,365	2,231	2,138	2,077	2,048	2,105	2,048
Total employees (FTEs)	983,212	948,665	966,545	993,469	1,036,641	994,696	1,036,641
Selected income data (\$)							
Net income	\$42,555	\$38,901	\$44,220	\$56,655	\$30,377	\$14,149	\$15,286
Net interest income	114,564	115,909	125,612	141,566	70,355	34,792	35,251
Provision for loan losses	15,554	20,565	28,972	32,646	12,786	7,796	6,288
Noninterest income	92,599	96,109	99,391	109,111	55,427	26,710	28,210
Noninterest expense	125,819	128,548	131,153	136,290	70,178	33,093	35,821
Net operating income	42,380	40,152	42,990	54,508	28,694	13,645	14,353
Cash dividends declared	30,016	32,327	27,743	41,747	19,760	8,129	9,721
Net charge-offs	14,190	17,249	25,150	31,423	13,406	7,852	6,567
Selected condition data (\$)							
Total assets	3,271,277	3,414,367	3,634,893	3,908,035	4,160,761	3,739,541	4,160,761
Total loans and leases	2,128,021	2,227,120	2,272,373	2,447,865	2,500,557	2,325,544	2,500,557
Reserve for losses	37,689	40,025	45,578	48,370	48,037	47,366	48,037
Securities	537,321	502,302	575,937	653,125	743,461	616,255	743,461
Other real estate owned	1,572	1,553	1,794	2,072	2,118	1,864	2,118
Noncurrent loans and leases	20,822	27,164	34,589	38,173	35,196	37,838	35,196
Total deposits	2,154,231	2,250,402	2,384,414	2,565,772	2,711,513	2,410,788	2,711,513
Domestic deposits	1,776,084	1,827,064	2,001,253	2,168,881	2,293,878	2,025,585	2,293,878
Equity capital	277,947	293,712	340,721	371,679	383,714	355,951	383,714
Off-balance-sheet derivatives	12,077,568	15,502,911	20,549,785	25,953,473	30,885,244	22,981,676	30,885,244
Performance ratios (annualized %)							
Return on equity	15.55	13.69	13.85	15.84	16.10	16.07	16.08
Return on assets	1.35	1.18	1.25	1.50	1.51	1.54	1.50
Net interest income to assets	3.63	3.50	3.56	3.76	3.50	3.78	3.46
Loss provision to assets	0.49	0.62	0.82	0.87	0.64	0.85	0.62
Net operating income to assets	1.34	1.21	1.22	1.45	1.43	1.48	1.41
Noninterest income to assets	2.94	2.90	2.82	2.90	2.76	2.90	2.76
Noninterest expense to assets	3.99	3.88	3.72	3.62	3.49	3.59	3.51
Loss provision to loans and leases	0.76	0.95	1.28	1.39	1.04	1.35	1.01
Net charge-offs to loans and leases	0.70	0.80	1.11	1.33	1.09	1.36	1.06
Loss provision to net charge-offs	109.61	119.23	115.20	103.89	95.38	99.29	95.74
Performance ratios (%)							
Percent of institutions unprofitable	7.10	6.95	7.48	6.93	5.71	6.89	6.25
Percent of institutions with earnings gains	62.11	66.61	56.83	71.26	56.84	68.69	53.71
Noninterest income to net operating revenue	44.70	45.33	44.17	43.53	44.07	43.43	44.45
Noninterest expense to net operating revenue	60.73	60.63	58.29	54.37	55.79	53.81	56.44
Condition ratios (%)							
Nonperforming assets to assets	0.70	0.86	1.02	1.06	0.92	1.09	0.92
Noncurrent loans to loans	0.98	1.22	1.52	1.56	1.41	1.63	1.41
Loss reserve to noncurrent loans	181.00	147.34	131.77	126.71	136.48	125.18	136.48
Loss reserve to loans	1.77	1.80	2.01	1.98	1.92	2.04	1.92
Equity capital to assets	8.50	8.60	9.37	9.51	9.22	9.52	9.22
Leverage ratio	7.49	7.49	7.81	7.89	7.83	8.04	7.83
Risk-based capital ratio	11.70	11.84	12.61	12.68	12.91	12.81	12.91
Net loans and leases to assets	63.90	64.06	61.26	61.40	58.94	60.92	58.94
Securities to assets	16.43	14.71	15.84	16.71	17.87	16.48	17.87
Appreciation in securities (% of par)	-2.45	-0.01	0.48	2.12	2.00	1.39	2.00
Residential mortgage assets to assets	20.60	19.60	22.54	24.72	26.09	23.19	26.09
Total deposits to assets	65.85	65.91	65.60	65.65	65.17	64.47	65.17
Core deposits to assets	47.01	45.61	48.08	48.75	48.56	47.47	48.56
Volatile liabilities to assets	34.81	35.18	31.24	30.31	30.26	30.67	30.26

Loan performance, FDIC-insured national banks
Annual 1999-2002, year-to-date through June 30, 2003, second quarter 2002, and
second quarter 2003

(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q2	Preliminary 2003Q2
Percent of loans past due 30-89 days							
Total loans and leases	1.16	1.26	1.38	1.14	0.98	1.17	0.98
Loans secured by real estate (RE)	1.22	1.42	1.42	1.07	0.90	1.06	0.90
1- to 4-family residential mortgages	1.61	1.95	1.80	1.45	1.16	1.38	1.16
Home equity loans	0.77	1.07	0.98	0.62	0.48	0.58	0.48
Multifamily residential mortgages	0.69	0.59	0.75	0.40	0.55	0.43	0.55
Commercial RE loans	0.70	0.72	0.86	0.58	0.55	0.61	0.55
Construction RE loans	1.07	1.12	1.28	0.91	0.85	1.28	0.85
Commercial and industrial loans	0.71	0.71	0.95	0.76	0.79	1.08	0.79
Loans to individuals	2.36	2.40	2.39	2.16	1.78	1.96	1.78
Credit cards	2.53	2.50	2.52	2.57	2.12	2.36	2.12
Installment loans and other plans	2.24	2.31	2.65	2.08	1.76	1.88	1.76
All other loans and leases	0.50	0.58	0.84	0.56	0.47	0.63	0.47
Percent of loans noncurrent							
Total loans and leases	0.98	1.22	1.52	1.56	1.41	1.63	1.41
Loans secured by real estate (RE)	0.87	0.93	1.05	0.97	0.91	1.06	0.91
1- to 4-family residential mortgages	0.91	1.06	1.05	1.02	0.87	1.13	0.87
Home equity loans	0.32	0.41	0.42	0.33	0.28	0.35	0.28
Multifamily residential mortgages	0.43	0.55	0.49	0.44	0.49	0.45	0.49
Commercial RE loans	0.84	0.77	1.03	1.05	1.10	1.08	1.10
Construction RE loans	0.63	0.82	1.15	1.03	0.94	1.17	0.94
Commercial and industrial loans	1.11	1.66	2.44	3.00	2.81	3.07	2.81
Loans to individuals	1.52	1.46	1.58	1.61	1.47	1.49	1.47
Credit cards	2.00	1.90	2.05	2.16	1.84	1.95	1.84
Installment loans and other plans	1.16	1.06	1.41	1.30	1.37	1.28	1.37
All other loans and leases	0.40	0.85	1.18	1.10	0.94	1.04	0.94
Percent of loans charged-off, net							
Total loans and leases	0.70	0.80	1.11	1.33	1.09	1.36	1.06
Loans secured by real estate (RE)	0.10	0.12	0.26	0.19	0.16	0.17	0.16
1- to 4-family residential mortgages	0.14	0.14	0.32	0.17	0.14	0.17	0.13
Home equity loans	0.19	0.23	0.35	0.23	0.22	0.25	0.23
Multifamily residential mortgages	0.02	0.03	0.04	0.11	0.04	0.11	0.05
Commercial RE loans	0.03	0.07	0.18	0.17	0.12	0.13	0.15
Construction RE loans	0.03	0.05	0.15	0.19	0.15	0.15	0.17
Commercial and industrial loans	0.54	0.87	1.50	1.80	1.48	2.00	1.45
Loans to individuals	2.65	2.84	3.13	4.02	3.54	3.80	3.54
Credit cards	4.52	4.43	5.06	6.58	5.58	6.41	5.69
Installment loans and other plans	1.27	1.54	1.66	1.91	1.88	1.66	1.86
All other loans and leases	0.47	0.48	0.90	1.27	0.47	0.67	0.39
Loans outstanding (\$)							
Total loans and leases	\$2,128,021	\$2,227,120	\$2,272,373	\$2,447,865	\$2,500,557	\$2,325,544	\$2,500,557
Loans secured by real estate (RE)	853,141	892,140	976,137	1,139,547	1,219,212	1,025,172	1,219,212
1- to 4-family residential mortgages	433,807	443,002	472,719	573,974	619,065	483,355	619,065
Home equity loans	67,267	82,672	102,094	140,998	163,100	125,762	163,100
Multifamily residential mortgages	26,561	28,026	30,075	33,968	34,237	33,308	34,237
Commercial RE loans	214,145	221,267	236,484	253,423	260,038	246,961	260,038
Construction RE loans	71,578	76,899	91,484	95,403	97,807	92,549	97,807
Farmland loans	11,957	12,350	12,615	13,225	13,397	12,912	13,397
RE loans from foreign offices	27,825	27,923	30,668	28,556	31,567	30,324	31,567
Commercial and industrial loans	622,004	646,988	597,212	545,972	523,122	568,854	523,122
Loans to individuals	348,730	370,416	389,969	450,624	432,483	423,860	432,483
Credit cards*	147,275	176,425	166,628	209,971	187,529	191,203	187,529
Other revolving credit plans	na	na	29,258	33,243	32,404	31,403	32,404
Installment loans	201,455	193,991	194,083	207,410	212,550	201,253	212,550
All other loans and leases	306,038	319,142	310,998	314,171	328,250	310,482	328,250
Less: Unearned income	1,893	1,565	1,943	2,449	2,510	2,824	2,510

*Prior to March 2001, credit cards included

"Other revolving credit plans."

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2
Number of institutions reporting	988	886	944	993	131	123	42	46
Total employees (FTEs)	23,202	20,691	94,221	137,276	109,214	92,310	768,059	786,364
Selected income data (\$)								
Net income	\$146	\$32	\$781	\$863	\$1,696	\$1,502	\$11,526	\$12,890
Net interest income	525	452	2,488	2,501	4,137	3,292	27,641	29,007
Provision for loan losses	37	43	203	200	623	490	6,933	5,554
Noninterest income	209	202	1,352	1,331	2,906	3,250	22,243	23,428
Noninterest expense	505	541	2,568	2,488	3,918	3,867	26,102	28,925
Net operating income	143	30	770	830	1,666	1,452	11,066	12,041
Cash dividends declared	79	79	395	393	648	682	7,007	8,566
Net charge-offs	25	23	151	153	678	423	6,998	5,968
Selected condition data (\$)								
Total assets	52,347	47,871	250,305	272,334	413,921	373,078	3,022,968	3,467,478
Total loans and leases	31,289	28,109	155,753	168,025	262,466	231,760	1,876,035	2,072,664
Reserve for losses	441	402	2,233	2,424	4,570	3,722	40,122	41,489
Securities	13,035	11,862	62,762	67,937	87,040	75,163	453,418	588,500
Other real estate owned	75	80	245	306	220	215	1,325	1,517
Noncurrent loans and leases	368	365	1,521	1,700	2,444	2,250	33,505	30,881
Total deposits	43,885	40,110	202,640	220,242	268,260	242,304	1,896,003	2,208,856
Domestic deposits	43,885	40,110	202,552	219,886	265,720	239,758	1,513,428	1,794,124
Equity capital	6,094	5,537	25,733	27,865	44,463	42,953	279,661	307,359
Off-balance-sheet derivatives	24	14	1,361	4,321	36,919	22,209	23,249,262	31,213,460
Performance ratios (annualized %)								
Return on equity	9.77	2.32	12.43	12.55	15.62	14.18	16.61	16.91
Return on assets	1.13	0.27	1.26	1.28	1.65	1.61	1.55	1.52
Net interest income to assets	4.05	3.80	4.03	3.72	4.02	3.54	3.72	3.42
Loss provision to assets	0.29	0.36	0.33	0.30	0.61	0.53	0.93	0.66
Net operating income to assets	1.10	0.25	1.25	1.23	1.62	1.56	1.49	1.42
Noninterest income to assets	1.62	1.69	2.19	1.98	2.82	3.49	2.99	2.76
Noninterest expense to assets	3.90	4.55	4.16	3.70	3.80	4.15	3.51	3.41
Loss provision to loans and leases	0.48	0.61	0.53	0.48	0.95	0.85	1.48	1.08
Net charge-offs to loans and leases	0.32	0.34	0.39	0.37	1.03	0.73	1.50	1.16
Loss provision to net charge-offs	149.58	181.51	133.83	131.38	92.01	115.92	99.07	93.06
Performance ratios (%)								
Percent of institutions unprofitable	10.73	10.38	3.71	3.02	1.53	4.88	4.76	0.00
Percent of institutions with earnings gains	61.23	49.44	75.00	58.01	76.34	45.53	78.57	65.22
Nonint. income to net operating revenue	28.50	30.86	35.21	34.72	41.26	49.68	44.59	44.68
Nonint. expense to net operating revenue	68.76	82.81	66.89	64.93	55.62	59.12	52.33	55.16
Condition ratios (%)								
Nonperforming assets to assets	0.85	0.94	0.71	0.74	0.66	0.66	1.18	0.96
Noncurrent loans to loans	1.18	1.30	0.98	1.01	0.93	0.97	1.79	1.49
Loss reserve to noncurrent loans	119.78	110.27	146.77	142.61	187.00	165.40	119.75	134.35
Loss reserve to loans	1.41	1.43	1.43	1.44	1.74	1.61	2.14	2.00
Equity capital to assets	11.64	11.57	10.28	10.23	10.74	11.51	9.25	8.86
Leverage ratio	11.22	11.06	9.54	9.50	9.37	9.84	7.66	7.42
Risk-based capital ratio	18.33	18.27	15.05	15.05	15.26	16.55	12.30	12.38
Net loans and leases to assets	58.93	57.88	61.33	60.81	62.31	61.12	60.73	58.58
Securities to assets	24.90	24.78	25.07	24.95	21.03	20.15	15.00	16.97
Appreciation in securities (% of par)	1.87	2.47	1.92	2.60	2.05	3.17	1.17	1.77
Residential mortgage assets to assets	22.17	21.30	24.77	24.14	26.62	25.52	22.61	26.37
Total deposits to assets	83.83	83.79	80.96	80.87	64.81	64.95	62.72	63.70
Core deposits to assets	70.82	71.28	68.29	67.90	55.02	55.94	44.31	45.93
Volatile liabilities to assets	14.95	14.38	16.85	17.27	24.57	21.73	32.93	32.42

Inclusion of a bank in self-liquidation had a material impact on the June 2003 results for banks with assets under \$100 million.

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2
Percent of loans past due 30-89 days								
Total loans and leases	1.35	1.40	1.11	1.02	1.09	0.97	1.18	0.97
Loans secured by real estate (RE)	1.14	1.22	0.87	0.84	0.84	0.78	1.12	0.92
1-4 family residential mortgages	1.42	1.64	1.14	1.14	0.98	1.13	1.47	1.16
Home equity loans	0.53	0.54	0.45	0.50	0.54	0.42	0.59	0.48
Multifamily residential mortgages	0.67	0.77	0.41	0.46	0.40	0.51	0.44	0.58
Commercial RE loans	0.81	0.95	0.68	0.62	0.62	0.44	0.59	0.54
Construction RE loans	1.40	1.14	0.98	0.92	1.17	0.72	1.36	0.85
Commercial and industrial loans	1.72	1.75	1.46	1.28	1.35	1.13	1.02	0.72
Loans to individuals	2.23	2.32	2.09	1.89	1.72	1.68	1.98	1.79
Credit cards	2.28	2.20	4.13	3.27	1.80	2.26	2.41	2.09
Installment loans and other plans	2.27	2.36	1.83	1.66	1.80	1.44	1.89	1.80
All other loans and leases	0.92	0.92	0.86	0.86	0.63	0.48	0.61	0.45
Percent of loans noncurrent								
Total loans and leases	1.18	1.30	0.98	1.01	0.93	0.97	1.79	1.49
Loans secured by real estate (RE)	1.03	1.16	0.81	0.88	0.76	0.87	1.14	0.91
1-4 family residential mortgages	0.87	1.01	0.70	0.79	0.71	0.92	1.26	0.87
Home equity loans	0.32	0.28	0.28	0.20	0.38	0.30	0.35	0.28
Multifamily residential mortgages	0.82	0.97	0.52	0.47	0.37	0.46	0.44	0.50
Commercial RE loans	1.12	1.20	0.94	1.04	0.88	0.95	1.16	1.15
Construction RE loans	0.85	1.28	0.85	0.73	0.94	0.81	1.29	0.99
Commercial and industrial loans	1.89	1.95	1.59	1.50	1.39	1.47	3.34	3.01
Loans to individuals	0.76	0.85	0.90	0.87	1.10	1.14	1.58	1.54
Credit cards	1.85	1.70	3.76	2.74	1.59	1.98	1.97	1.81
Installment loans and other plans	0.73	0.83	0.49	0.53	0.79	0.69	1.45	1.55
All other loans and leases	1.35	1.55	1.07	1.41	0.59	0.38	1.07	0.97
Percent of loans charged-off, net								
Total loans and leases	0.32	0.34	0.39	0.37	1.03	0.73	1.50	1.16
Loans secured by real estate (RE)	0.09	0.07	0.07	0.09	0.09	0.10	0.20	0.18
1-4 family residential mortgages	0.08	0.08	0.07	0.09	0.07	0.12	0.20	0.14
Home equity loans	0.15	-0.01	0.05	0.03	0.16	0.08	0.27	0.24
Multifamily residential mortgages	0.23	0.00	0.04	0.06	0.04	0.06	0.13	0.05
Commercial RE loans	0.11	0.08	0.07	0.13	0.11	0.08	0.16	0.18
Construction RE loans	0.11	0.12	0.06	0.06	0.07	0.18	0.18	0.19
Commercial and industrial loans	0.83	0.65	0.78	0.67	1.07	1.14	2.17	1.53
Loans to individuals	0.88	1.34	1.67	1.57	3.89	2.57	3.92	3.76
Credit cards	4.69	14.62	7.95	6.12	7.62	5.44	6.23	5.70
Installment loans and other plans	0.70	0.67	0.76	0.72	1.03	1.01	1.85	2.08
All other loans and leases	0.14	0.25	0.38	0.36	0.33	0.19	0.71	0.41
Loans outstanding (\$)								
Total loans and leases	\$31,289	\$28,109	\$155,753	\$168,025	\$262,466	\$231,760	\$1,876,035	\$2,072,664
Loans secured by real estate (RE)	18,508	16,911	101,574	112,707	140,417	127,494	764,673	962,100
1-4 family residential mortgages	8,039	6,968	38,866	39,839	62,598	55,907	373,853	516,351
Home equity loans	498	479	4,740	6,071	9,989	9,081	110,535	147,469
Multifamily residential mortgages	440	434	3,764	4,340	5,468	4,703	23,636	24,761
Commercial RE loans	5,646	5,271	39,002	44,242	44,075	40,785	158,238	169,740
Construction RE loans	1,698	1,655	10,660	13,017	16,406	14,901	63,785	68,234
Farmland loans	2,187	2,104	4,539	5,198	1,759	1,655	4,426	4,439
RE loans from foreign offices	0	0	1	0	123	462	30,200	31,105
Commercial and industrial loans	5,164	4,577	27,302	27,749	49,001	39,257	487,387	451,540
Loans to individuals	3,991	3,367	17,722	18,017	50,841	41,503	351,305	369,596
Credit cards*	180	127	2,277	2,880	21,930	15,504	166,817	169,018
Other revolving credit plans	69	47	353	357	2,156	1,742	28,825	30,257
Installment loans	3,743	3,193	15,092	14,780	26,755	24,256	155,663	170,322
All other loans and leases	3,671	3,284	9,350	9,738	22,296	23,594	275,165	291,633
Less: Unearned income	45	31	194	187	89	88	2,496	2,205

Inclusion of a bank in self-liquidation had a material impact on the June 2003 results for banks with assets under \$100 million.

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	230	240	404	421	587	166	2,048
Total employees (FTEs)	292,229	260,260	217,053	64,983	97,219	104,897	1,036,641
Selected income data (\$)							
Net income	\$4,205	\$3,642	\$3,498	\$1,071	\$1,009	\$1,862	\$15,286
Net interest income	9,976	7,715	7,872	2,640	2,605	4,443	35,251
Provision for loan losses	2,771	502	1,363	656	186	810	6,288
Noninterest income	9,785	5,132	5,320	2,456	1,956	3,562	28,210
Noninterest expense	11,053	7,458	7,142	2,867	3,034	4,267	35,821
Net operating income	4,004	3,400	3,116	1,055	943	1,834	14,353
Cash dividends declared	3,592	2,850	1,585	720	618	355	9,721
Net charge-offs	3,094	637	1,295	638	169	735	6,567
Selected condition data (\$)							
Total assets	1,097,978	1,088,816	1,025,173	228,200	297,654	422,940	4,160,761
Total loans and leases	620,341	590,215	649,798	154,344	180,321	305,537	2,500,557
Reserve for losses	16,742	8,884	11,802	3,318	2,516	4,774	48,037
Securities	212,065	202,730	196,318	29,659	65,130	37,559	743,461
Other real estate owned	193	536	765	125	329	169	2,118
Noncurrent loans and leases	13,054	6,646	9,555	1,592	1,847	2,502	35,196
Total deposits	743,666	718,416	632,148	140,764	224,565	251,953	2,711,513
Domestic deposits	471,642	652,161	577,165	135,906	223,047	233,956	2,293,878
Equity capital	105,994	92,193	85,223	25,970	28,447	45,887	383,714
Off-balance-sheet derivatives	11,749,338	16,239,708	1,854,680	7,233	84,269	950,016	30,885,244
Performance ratios (annualized %)							
Return on equity	15.99	15.90	16.57	16.64	14.32	16.55	16.08
Return on assets	1.54	1.40	1.39	1.88	1.37	1.79	1.50
Net interest income to assets	3.66	2.96	3.12	4.63	3.55	4.26	3.46
Loss provision to assets	1.02	0.19	0.54	1.15	0.25	0.78	0.62
Net operating income to assets	1.47	1.31	1.23	1.85	1.28	1.76	1.41
Noninterest income to assets	3.59	1.97	2.11	4.30	2.66	3.42	2.76
Noninterest expense to assets	4.06	2.86	2.83	5.02	4.13	4.09	3.51
Loss provision to loans and leases	1.77	0.35	0.85	1.66	0.42	1.08	1.01
Net charge-offs to loans and leases	1.98	0.44	0.81	1.61	0.38	0.98	1.06
Loss provision to net charge-offs	89.57	78.78	105.27	102.78	110.22	110.22	95.74
Performance ratios (%)							
Percent of institutions unprofitable	6.09	11.67	3.71	4.04	5.62	12.65	6.25
Percent of institutions with earnings gains	60.87	62.08	55.69	49.64	46.85	61.45	53.71
Noninterest income to net operating revenue	49.52	39.95	40.33	48.20	42.88	44.50	44.45
Noninterest expense to net operating revenue	55.93	58.05	54.14	56.25	66.53	53.31	56.44
Condition ratios (%)							
Nonperforming assets to assets	1.27	0.66	1.04	0.75	0.73	0.63	0.92
Noncurrent loans to loans	2.10	1.13	1.47	1.03	1.02	0.82	1.41
Loss reserve to noncurrent loans	128.25	133.68	123.52	208.50	136.20	190.82	136.48
Loss reserve to loans	2.70	1.51	1.82	2.15	1.40	1.56	1.92
Equity capital to assets	9.65	8.47	8.31	11.38	9.56	10.85	9.22
Leverage ratio	8.26	6.86	7.38	10.17	8.04	8.70	7.83
Risk-based capital ratio	13.28	11.60	12.58	15.67	13.46	14.29	12.91
Net loans and leases to assets	54.97	53.39	62.23	66.18	59.74	71.11	58.94
Securities to assets	19.31	18.62	19.15	13.00	21.88	8.88	17.87
Appreciation in securities (% of par)	1.73	1.82	2.01	2.85	2.43	2.99	2.00
Residential mortgage assets to assets	15.10	34.03	28.42	22.32	28.67	28.72	26.09
Total deposits to assets	67.73	65.98	61.66	61.68	75.45	59.57	65.17
Core deposits to assets	35.76	53.47	51.42	55.39	63.83	47.79	48.56
Volatile liabilities to assets	42.55	25.99	25.86	20.12	20.55	32.36	30.26

Loan performance, FDIC-insured national banks by region

Second quarter 2003

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.00	0.67	1.22	1.13	1.03	0.88	0.98
Loans secured by real estate (RE)	0.75	0.75	1.30	0.64	0.92	0.67	0.90
1- to 4-family residential mortgages	0.89	1.00	1.88	0.64	1.17	0.78	1.16
Home equity loans	0.42	0.55	0.54	0.48	0.47	0.32	0.48
Multifamily residential mortgages	0.23	0.12	0.85	0.30	1.45	0.24	0.55
Commercial RE loans	0.45	0.30	0.85	0.69	0.59	0.38	0.55
Construction RE loans	0.40	0.35	1.09	0.72	0.80	1.49	0.85
Commercial and industrial loans	0.71	0.38	1.14	1.28	1.09	0.63	0.79
Loans to individuals	1.92	1.41	1.61	1.87	1.80	1.91	1.78
Credit cards	2.12	1.43	1.94	2.01	2.28	2.30	2.12
Installment loans and other plans	2.32	1.50	1.66	1.58	1.84	1.45	1.76
All other loans and leases	0.45	0.18	0.65	0.80	0.69	0.41	0.47
Percent of loans noncurrent							
Total loans and leases	2.10	1.13	1.47	1.03	1.02	0.82	1.41
Loans secured by real estate (RE)	1.24	0.59	1.37	0.58	0.93	0.42	0.91
1- to 4-family residential mortgages	1.25	0.51	1.73	0.31	0.80	0.27	0.87
Home equity loans	0.22	0.20	0.40	0.32	0.36	0.15	0.28
Multifamily residential mortgages	0.45	0.33	0.62	0.28	0.83	0.28	0.49
Commercial RE loans	0.96	0.98	1.52	1.16	0.86	0.82	1.10
Construction RE loans	1.15	0.78	1.15	0.74	0.77	0.84	0.94
Commercial and industrial loans	3.45	3.14	2.65	1.31	1.52	1.90	2.81
Loans to individuals	2.30	0.51	0.71	1.49	0.69	1.33	1.47
Credit cards	1.91	1.10	1.60	1.74	1.56	1.87	1.84
Installment loans and other plans	4.08	0.53	0.56	0.90	0.68	0.41	1.37
All other loans and leases	1.23	0.82	0.72	1.14	1.06	0.57	0.94
Percent of loans charged-off, net							
Total loans and leases	1.98	0.44	0.81	1.61	0.38	0.98	1.06
Loans secured by real estate (RE)	0.18	0.09	0.32	0.07	0.15	0.04	0.16
1- to 4-family residential mortgages	0.07	0.09	0.31	0.04	0.15	0.01	0.13
Home equity loans	0.08	0.11	0.45	0.09	0.26	0.09	0.23
Multifamily residential mortgages	0.14	0.00	0.04	-0.02	0.09	0.09	0.05
Commercial RE loans	0.10	0.02	0.35	0.21	0.11	0.06	0.15
Construction RE loans	0.01	0.20	0.27	0.00	0.14	0.07	0.17
Commercial and industrial loans	1.76	1.35	1.50	1.01	0.80	1.22	1.45
Loans to individuals	5.02	0.90	1.95	4.36	1.08	4.13	3.54
Credit cards	5.69	3.16	5.20	5.86	5.31	5.76	5.69
Installment loans and other plans	3.99	0.89	1.25	0.50	0.90	1.15	1.86
All other loans and leases	0.55	0.13	0.44	0.35	0.10	0.35	0.39
Loans outstanding (\$)							
Total loans and leases	\$620,341	\$590,215	\$649,798	\$154,344	\$180,321	\$305,537	\$2,500,557
Loans secured by real estate (RE)	175,511	343,846	335,151	67,506	115,852	181,346	1,219,212
1- to 4-family residential mortgages	71,699	206,919	156,444	38,280	45,384	100,340	619,065
Home equity loans	30,670	35,849	54,803	4,766	11,705	25,307	163,100
Multifamily residential mortgages	3,908	7,534	13,831	1,822	2,684	4,459	34,237
Commercial RE loans	36,331	65,066	73,077	14,678	33,483	37,404	260,038
Construction RE loans	7,341	23,366	32,803	4,661	16,890	12,746	97,807
Farmland loans	520	1,855	3,702	3,299	2,932	1,089	13,397
RE loans from foreign offices	25,043	3,258	491	0	2,774	1	31,567
Commercial and industrial loans	161,644	119,096	139,483	24,039	34,352	44,509	523,122
Loans to individuals	168,283	56,412	83,650	46,952	18,916	58,270	432,483
Credit cards	100,220	433	15,214	33,437	784	37,441	187,529
Other revolving credit plans	19,916	3,025	4,847	533	637	3,445	32,404
Installment loans	48,147	52,954	63,589	12,983	17,495	17,383	212,550
All other loans and leases	116,964	70,982	91,597	15,869	11,330	21,508	328,250
Less: Unearned income	2,061	121	83	21	129	95	2,510

Key indicators, FDIC-insured commercial banks
Annual 1999-2002, year-to-date through June 30, 2003, second quarter 2002, and
second quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q2	Preliminary 2003Q2
Number of institutions reporting	8,580	8,316	8,080	7,888	7,833	7,967	7,833
Total employees (FTEs)	1,657,628	1,670,874	1,701,724	1,745,513	1,802,356	1,743,198	1,802,356
Selected income data (\$)							
Net income	\$71,507	\$70,806	\$73,877	\$89,913	\$50,395	\$23,368	\$25,517
Net interest income	192,149	203,964	214,919	236,856	119,164	58,628	59,948
Provision for loan losses	21,821	30,019	43,389	48,225	18,716	11,058	9,233
Noninterest income	144,403	153,166	157,507	172,013	90,414	42,751	46,114
Noninterest expense	204,220	216,119	222,673	233,073	120,727	56,933	61,670
Net operating income	71,273	72,395	71,049	85,608	47,132	22,540	23,657
Cash dividends declared	52,082	53,854	54,166	67,513	37,578	14,132	21,983
Net charge-offs	20,378	24,794	36,517	44,580	19,098	10,800	9,515
Selected condition data (\$)							
Total assets	5,735,175	6,244,298	6,552,272	7,077,039	7,485,044	6,732,846	7,485,044
Total loans and leases	3,491,753	3,819,567	3,887,470	4,158,778	4,290,965	3,963,188	4,290,965
Reserve for losses	58,772	64,149	72,315	77,028	77,244	74,262	77,244
Securities	1,046,536	1,078,988	1,171,925	1,334,242	1,444,446	1,229,269	1,444,446
Other real estate owned	2,796	2,912	3,565	4,162	4,401	3,877	4,401
Noncurrent loans and leases	33,006	42,945	54,907	60,566	56,830	58,379	56,830
Total deposits	3,831,062	4,179,572	4,377,573	4,689,881	4,925,970	4,434,163	4,925,970
Domestic deposits	3,175,473	3,472,905	3,748,068	4,031,848	4,247,908	3,793,258	4,247,908
Equity capital	479,667	530,400	593,760	647,713	676,454	620,658	676,454
Off-balance-sheet derivatives	34,819,179	40,570,263	45,326,156	56,078,940	65,838,709	50,359,380	65,838,709
Performance ratios (annualized %)							
Return on equity	15.30	13.99	13.10	14.50	15.26	15.27	15.30
Return on assets	1.31	1.18	1.15	1.33	1.39	1.41	1.39
Net interest income to assets	3.51	3.41	3.35	3.51	3.29	3.54	3.27
Loss provision to assets	0.40	0.50	0.68	0.71	0.52	0.67	0.50
Net operating income to assets	1.30	1.21	1.11	1.27	1.30	1.36	1.29
Noninterest income to assets	2.64	2.56	2.46	2.55	2.50	2.58	2.52
Noninterest expense to assets	3.73	3.61	3.47	3.45	3.34	3.44	3.36
Loss provision to loans and leases	0.66	0.82	1.13	1.21	0.89	1.12	0.87
Net charge-offs to loans and leases	0.61	0.67	0.95	1.12	0.91	1.10	0.90
Loss provision to net charge-offs	107.08	121.07	118.82	108.18	98.00	102.39	97.04
Performance ratios (%)							
Percent of institutions unprofitable	7.52	7.35	8.13	6.54	5.39	6.99	5.87
Percent of institutions with earnings gains	62.82	67.32	56.29	72.77	60.13	69.98	56.56
Noninterest income to net operating revenue	42.91	42.89	42.29	42.07	43.14	42.17	43.48
Noninterest expense to net operating revenue	60.68	60.52	59.79	57.00	57.60	56.16	58.15
Condition ratios (%)							
Nonperforming assets to assets	0.63	0.74	0.92	0.94	0.84	0.96	0.84
Noncurrent loans to loans	0.95	1.12	1.41	1.46	1.32	1.47	1.32
Loss reserve to noncurrent loans	178.06	149.37	131.70	127.18	135.92	127.21	135.92
Loss reserve to loans	1.68	1.68	1.86	1.85	1.80	1.87	1.80
Equity capital to assets	8.36	8.49	9.06	9.15	9.04	9.22	9.04
Leverage ratio	7.79	7.69	7.79	7.83	7.84	8.00	7.84
Risk-based capital ratio	12.15	12.12	12.71	12.78	12.92	12.94	12.92
Net loans and leases to assets	59.86	60.14	58.23	57.68	56.30	57.76	56.30
Securities to assets	18.25	17.28	17.89	18.85	19.30	18.26	19.30
Appreciation in securities (% of par)	-2.31	0.20	0.82	2.22	2.04	1.65	2.04
Residential mortgage assets to assets	20.78	20.20	21.63	23.29	24.40	21.93	24.40
Total deposits to assets	66.80	66.93	66.81	66.27	65.81	65.86	65.81
Core deposits to assets	46.96	46.40	48.73	48.68	48.61	48.07	48.61
Volatile liabilities to assets	34.94	34.98	31.45	31.41	30.92	31.55	30.92

Loan performance, FDIC-insured commercial banks
Annual 1999-2002, year-to-date through June 30, 2003, second quarter 2002, and
second quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q2	Preliminary 2003Q2
Percent of loans past due 30-89 days							
Total loans and leases	1.14	1.26	1.37	1.17	1.00	1.16	1.00
Loans secured by real estate (RE)	1.09	1.26	1.31	1.08	0.90	1.03	0.90
1- to 4-family residential mortgages	1.43	1.72	1.67	1.48	1.18	1.35	1.18
Home equity loans	0.75	0.98	0.91	0.59	0.47	0.57	0.47
Multifamily residential mortgages	0.57	0.55	0.69	0.45	0.42	0.43	0.42
Commercial RE loans	0.69	0.74	0.90	0.68	0.63	0.72	0.63
Construction RE loans	0.98	1.06	1.21	0.89	0.84	1.03	0.84
Commercial and industrial loans	0.79	0.83	1.01	0.89	0.86	1.05	0.86
Loans to individuals	2.33	2.47	2.46	2.22	1.87	2.05	1.87
Credit cards	2.59	2.66	2.70	2.72	2.34	2.55	2.34
Installment loans and other plans	2.18	2.34	2.55	2.09	1.74	1.92	1.74
All other loans and leases	0.54	0.65	0.84	0.59	0.49	0.62	0.49
Percent of loans noncurrent							
Total loans and leases	0.95	1.12	1.41	1.46	1.32	1.47	1.32
Loans secured by real estate (RE)	0.79	0.81	0.96	0.89	0.85	0.95	0.85
1- to 4-family residential mortgages	0.82	0.90	0.96	0.93	0.83	1.00	0.83
Home equity loans	0.33	0.37	0.39	0.31	0.27	0.32	0.27
Multifamily residential mortgages	0.41	0.44	0.43	0.37	0.42	0.38	0.42
Commercial RE loans	0.77	0.72	0.96	0.95	0.99	0.97	0.99
Construction RE loans	0.67	0.76	1.06	0.98	0.89	1.08	0.89
Commercial and industrial loans	1.18	1.66	2.41	2.92	2.69	2.87	2.69
Loans to individuals	1.42	1.41	1.48	1.51	1.37	1.40	1.37
Credit cards	2.06	2.01	2.12	2.24	1.95	2.02	1.95
Installment loans and other plans	1.04	0.98	1.21	1.14	1.13	1.13	1.13
All other loans and leases	0.39	0.69	0.96	1.01	0.90	0.89	0.90
Percent of loans charged-off, net							
Total loans and leases	0.61	0.67	0.95	1.12	0.91	1.10	0.90
Loans secured by real estate (RE)	0.08	0.09	0.19	0.15	0.13	0.14	0.15
1- to 4-family residential mortgages	0.11	0.11	0.22	0.14	0.13	0.15	0.14
Home equity loans	0.15	0.18	0.27	0.19	0.19	0.20	0.19
Multifamily residential mortgages	0.02	0.03	0.04	0.08	0.04	0.07	0.05
Commercial RE loans	0.03	0.05	0.14	0.15	0.12	0.12	0.14
Construction RE loans	0.04	0.05	0.14	0.17	0.11	0.11	0.13
Commercial and industrial loans	0.58	0.81	1.43	1.76	1.36	1.78	1.33
Loans to individuals	2.32	2.43	2.73	3.34	3.04	3.17	3.06
Credit cards	4.46	4.39	5.12	6.38	5.80	6.29	6.03
Installment loans and other plans	1.04	1.18	1.29	1.46	1.40	1.27	1.36
All other loans and leases	0.51	0.46	0.82	1.16	0.43	0.60	0.39
Loans outstanding (\$)							
Total loans and leases	\$3,491,753	\$3,819,567	\$3,887,470	\$4,158,778	\$4,290,965	\$3,963,188	\$4,290,965
Loans secured by real estate (RE)	1,510,342	1,673,325	1,800,281	2,068,467	2,205,242	1,884,997	2,205,242
1- to 4-family residential mortgages	737,110	790,030	810,826	946,033	1,009,672	822,792	1,009,672
Home equity loans	102,339	127,694	154,157	214,665	246,265	188,583	246,265
Multifamily residential mortgages	53,168	60,406	64,131	71,936	76,666	69,371	76,666
Commercial RE loans	417,633	466,453	505,877	555,977	577,244	532,183	577,244
Construction RE loans	135,632	162,613	193,062	207,511	218,689	198,640	218,689
Farmland loans	31,902	34,096	35,532	38,065	39,708	37,016	39,708
RE loans from foreign offices	32,558	32,033	36,695	34,280	36,999	36,411	36,999
Commercial and industrial loans	969,257	1,051,992	981,059	911,861	890,880	935,419	890,880
Loans to individuals	558,520	606,716	629,434	703,780	690,407	660,032	690,407
Credit cards*	212,147	249,425	232,448	275,957	251,126	250,399	251,126
Other revolving credit plans	na	na	34,202	38,209	37,044	36,517	37,044
Installment loans	346,373	357,291	362,784	389,614	402,237	373,116	402,237
All other loans and leases	457,307	490,446	479,818	478,070	507,884	486,570	507,884
Less: Unearned income	3,673	2,912	3,122	3,400	3,448	3,830	3,448

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

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2
Number of institutions reporting	4,375	4,026	3,195	3,386	320	340	77	81
Total employees (FTEs)	88,883	79,949	298,767	343,671	253,376	247,022	1,102,172	1,131,714
Selected income data (\$)								
Net income	\$588	\$451	\$2,640	\$2,842	\$3,413	\$3,683	\$16,726	\$18,541
Net interest income	2,191	1,957	8,422	8,450	9,028	8,648	38,987	40,893
Provision for loan losses	166	142	751	670	1,316	1,178	8,825	7,244
Noninterest income	620	625	3,105	3,258	5,494	6,434	33,533	35,797
Noninterest expense	1,899	1,856	7,149	7,281	8,182	8,607	39,702	43,925
Net operating income	579	432	2,606	2,738	3,354	3,522	16,001	16,966
Cash dividends declared	309	288	1,154	1,323	1,926	8,483	10,743	11,890
Net charge-offs	108	96	534	513	1,353	1,180	8,805	7,726
Selected condition data (\$)								
Total assets	219,738	206,290	831,596	896,756	935,153	968,227	4,746,359	5,413,771
Total loans and leases	136,073	125,653	542,836	579,680	579,405	591,631	2,704,874	2,994,001
Reserve for losses	1,966	1,859	7,917	8,561	10,461	9,873	53,918	56,951
Securities	53,538	49,045	191,418	206,250	220,934	233,017	763,380	956,134
Other real estate owned	325	339	1,013	1,261	652	635	1,887	2,166
Noncurrent loans and leases	1,595	1,594	5,233	5,695	6,034	6,124	45,516	43,416
Total deposits	185,319	173,544	677,690	729,712	638,576	652,548	2,932,577	3,370,166
Domestic deposits	185,319	173,544	676,356	728,343	627,811	642,912	2,303,772	2,703,109
Equity capital	24,487	23,243	82,301	89,123	96,185	102,737	417,685	461,350
Off-balance-sheet derivatives	61	122	4,775	9,586	83,196	66,710	50,774,504	66,371,367
Performance ratios (annualized %)								
Return on equity	9.80	7.85	13.15	12.94	14.49	14.62	16.18	16.28
Return on assets	1.08	0.88	1.29	1.28	1.47	1.54	1.43	1.40
Net interest income to assets	4.03	3.83	4.11	3.82	3.90	3.62	3.34	3.09
Loss provision to assets	0.31	0.28	0.37	0.30	0.57	0.49	0.76	0.55
Net operating income to assets	1.07	0.85	1.27	1.24	1.45	1.48	1.37	1.28
Noninterest income to assets	1.14	1.22	1.51	1.47	2.37	2.70	2.88	2.71
Noninterest expense to assets	3.49	3.63	3.49	3.29	3.53	3.61	3.41	3.32
Loss provision to loans and leases	0.50	0.46	0.56	0.47	0.91	0.81	1.31	0.98
Net charge-offs to loans and leases	0.33	0.31	0.40	0.36	0.94	0.81	1.31	1.04
Loss provision to net charge-offs	152.92	147.51	140.65	130.69	97.29	99.75	100.22	93.77
Performance ratios (%)								
Percent of institutions unprofitable	10.26	8.87	2.97	2.66	3.44	3.24	2.60	2.47
Percent of institutions with earnings gains	65.53	50.32	75.59	63.11	73.44	63.82	75.32	61.73
Noninterest income to net operating revenue	22.05	24.19	26.94	27.83	37.83	42.66	46.24	46.68
Noninterest expense to net operating revenue	67.57	71.90	62.02	62.19	56.34	57.07	54.75	57.28
Condition ratios (%)								
Nonperforming assets to assets	0.88	0.94	0.76	0.78	0.72	0.70	1.04	0.87
Noncurrent loans to loans	1.17	1.27	0.96	0.98	1.04	1.04	1.68	1.45
Loss reserve to noncurrent loans	123.23	116.59	151.28	150.32	173.36	161.22	118.46	131.17
Loss reserve to loans	1.44	1.48	1.46	1.48	1.81	1.67	1.99	1.90
Equity capital to assets	11.14	11.27	9.90	9.94	10.29	10.61	8.80	8.52
Leverage ratio	10.74	10.79	9.32	9.32	9.05	9.30	7.43	7.20
Risk-based capital ratio	17.03	17.27	14.23	14.26	14.37	14.80	12.33	12.26
Net loans and leases to assets	61.03	60.01	64.32	63.69	60.84	60.08	55.85	54.25
Securities to assets	24.36	23.77	23.02	23.00	23.63	24.07	16.08	17.66
Appreciation in securities (% of par)	1.86	2.56	1.93	2.57	1.80	2.32	1.53	1.83
Residential mortgage assets to assets	21.65	21.16	23.75	23.22	26.09	26.36	20.80	24.37
Total deposits to assets	84.34	84.13	81.49	81.37	68.29	67.40	61.79	62.25
Core deposits to assets	71.30	71.41	67.98	68.05	55.42	55.34	42.06	43.31
Volatile liabilities to assets	14.79	14.36	17.54	17.27	25.66	24.36	35.94	34.99

Inclusion of a bank in self-liquidation had a material impact on the June 2003 results for banks with assets under \$100 million.

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2	2002Q2	2003Q2
Percent of loans past due 30-89 days								
Total loans and leases	1.48	1.52	1.14	1.06	1.14	1.03	1.15	0.96
Loans secured by real estate (RE)	1.30	1.35	0.92	0.89	0.87	0.77	1.10	0.91
1- to 4-family residential mortgages	1.66	1.81	1.24	1.25	1.03	0.99	1.43	1.17
Home equity loans	0.75	0.69	0.52	0.52	0.55	0.44	0.57	0.47
Multifamily residential mortgages	0.66	1.06	0.45	0.40	0.46	0.37	0.40	0.42
Commercial RE loans	0.97	1.02	0.73	0.68	0.77	0.66	0.66	0.55
Construction RE loans	1.39	1.24	0.91	0.88	0.94	0.80	1.10	0.82
Commercial and industrial loans	1.80	1.81	1.38	1.31	1.35	1.23	0.93	0.70
Loans to individuals	2.43	2.53	2.22	2.05	1.97	1.97	2.03	1.81
Credit cards	2.32	2.11	5.22	4.65	2.46	2.89	2.49	2.19
Installment loans and other plans	2.48	2.59	1.92	1.78	1.81	1.53	1.90	1.74
All other loans and leases	0.97	1.01	0.98	0.81	0.69	0.59	0.57	0.44
Percent of loans noncurrent								
Total loans and leases	1.17	1.27	0.96	0.98	1.04	1.04	1.68	1.45
Loans secured by real estate (RE)	1.00	1.11	0.84	0.85	0.83	0.87	1.02	0.83
1- to 4-family residential mortgages	0.87	1.00	0.74	0.80	0.81	0.86	1.11	0.82
Home equity loans	0.30	0.34	0.28	0.26	0.33	0.29	0.32	0.27
Multifamily residential mortgages	0.65	0.91	0.48	0.47	0.28	0.47	0.38	0.36
Commercial RE loans	1.11	1.17	0.91	0.93	0.87	0.98	1.05	1.02
Construction RE loans	0.99	1.26	0.99	0.91	1.12	0.90	1.11	0.85
Commercial and industrial loans	1.84	1.88	1.44	1.45	1.75	1.75	3.29	3.05
Loans to individuals	0.93	0.98	0.83	0.92	1.01	1.00	1.56	1.49
Credit cards	1.40	1.38	3.07	3.26	1.74	1.90	2.03	1.92
Installment loans and other plans	0.94	0.98	0.58	0.64	0.65	0.52	1.35	1.34
All other loans and leases	1.31	1.47	1.26	1.33	0.80	0.68	0.85	0.88
Percent of loans charged-off, net								
Total loans and leases	0.33	0.31	0.40	0.36	0.94	0.81	1.31	1.04
Loans secured by real estate (RE)	0.10	0.08	0.08	0.10	0.13	0.14	0.17	0.17
1- to 4-family residential mortgages	0.10	0.10	0.08	0.09	0.09	0.12	0.18	0.15
Home equity loans	0.05	0.03	0.04	0.05	0.13	0.16	0.23	0.21
Multifamily residential mortgages	0.05	0.14	0.02	0.03	0.10	0.12	0.08	0.03
Commercial RE loans	0.12	0.09	0.08	0.11	0.18	0.16	0.12	0.15
Construction RE loans	0.17	0.12	0.09	0.11	0.10	0.18	0.12	0.13
Commercial and industrial loans	0.81	0.67	0.88	0.75	1.38	1.08	1.99	1.47
Loans to individuals	0.90	1.00	1.68	1.63	3.36	3.24	3.38	3.23
Credit cards	4.05	8.19	8.73	8.00	7.68	8.00	6.00	5.70
Installment loans and other plans	0.81	0.80	0.82	0.82	1.00	0.98	1.43	1.54
All other loans and leases	0.17	0.31	0.44	0.32	0.47	0.35	0.64	0.41
Loans outstanding (\$)								
Total loans and leases	\$136,073	\$125,653	\$542,836	\$579,680	\$579,405	\$591,631	\$2,704,874	\$2,994,001
Loans secured by real estate (RE)	80,667	76,000	365,659	401,979	329,397	349,325	1,109,275	1,377,938
1- to 4-family residential mortgages	34,276	31,189	128,152	131,988	126,427	130,308	533,937	716,188
Home equity loans	2,366	2,318	17,225	21,027	21,862	25,089	147,130	197,830
Multifamily residential mortgages	1,858	1,728	12,975	15,277	14,795	16,080	39,743	43,581
Commercial RE loans	24,362	23,227	145,783	162,141	119,150	126,070	242,888	265,805
Construction RE loans	7,406	7,331	45,893	53,621	42,493	46,286	102,848	111,451
Farmland loans	10,399	10,206	15,596	17,894	4,175	4,429	6,845	7,179
RE loans from foreign offices	0	0	33	31	495	1,064	35,883	35,903
Commercial and industrial loans	23,085	20,958	94,517	96,315	115,807	106,288	702,009	667,319
Loans to individuals	16,362	13,985	55,086	52,581	96,120	94,927	492,464	528,914
Credit cards*	464	346	5,982	5,918	34,070	33,836	209,883	211,027
Other revolving credit plans	290	228	1,573	1,579	3,785	2,855	30,869	32,382
Installment loans	15,609	13,411	47,531	45,084	58,264	58,237	251,712	285,505
All other loans and leases	16,089	14,809	28,161	29,371	38,586	41,573	403,734	422,131
Less: Unearned income	131	98	587	567	504	482	2,609	2,301

Inclusion of a bank in self-liquidation had a material impact on the June 2003 results for banks with assets under \$100 million.

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	623	1,077	1,667	2,034	1,747	685	7,833
Total employees (FTEs)	533,755	452,621	345,484	119,400	176,804	174,292	1,802,356
Selected income data (\$)							
Net income	\$7,830	\$5,948	\$5,134	\$1,626	\$1,657	\$3,322	\$25,517
Net interest income	17,662	13,386	12,010	4,246	4,592	8,053	59,948
Provision for loan losses	3,738	1,105	1,903	804	327	1,357	9,233
Noninterest income	18,715	9,012	7,529	2,872	2,642	5,345	46,114
Noninterest expense	22,005	13,230	10,737	4,038	4,738	6,922	61,670
Net operating income	7,043	5,555	4,664	1,594	1,560	3,241	23,657
Cash dividends declared	5,037	11,536	2,499	1,008	986	917	21,983
Net charge-offs	4,061	1,277	1,741	768	275	1,392	9,515
Selected condition data (\$)							
Total assets	2,540,580	1,743,204	1,539,895	394,192	505,135	762,038	7,485,044
Total loans and leases	1,188,845	1,029,243	976,793	266,669	304,954	524,460	4,290,965
Reserve for losses	27,041	15,226	16,679	5,278	4,290	8,731	77,244
Securities	498,902	333,423	308,239	64,849	121,107	117,925	1,444,446
Other real estate owned	545	1,142	1,189	368	718	438	4,401
Noncurrent loans and leases	22,623	10,376	13,248	2,807	3,193	4,582	56,830
Total deposits	1,574,886	1,165,353	1,009,537	274,645	395,207	506,343	4,925,970
Domestic deposits	1,079,437	1,085,676	935,329	269,787	393,657	484,022	4,247,908
Equity capital	217,690	152,725	130,636	43,185	48,917	83,301	676,454
Off-balance-sheet derivatives	46,366,624	16,401,803	1,959,379	10,516	86,290	1,014,098	65,838,709
Performance ratios (annualized %)							
Return on equity	14.65	15.73	15.89	15.23	13.69	16.24	15.30
Return on assets	1.26	1.41	1.35	1.66	1.33	1.77	1.39
Net interest income to assets	2.85	3.18	3.16	4.32	3.68	4.29	3.27
Loss provision to assets	0.60	0.26	0.50	0.82	0.26	0.72	0.50
Net operating income to assets	1.13	1.32	1.23	1.62	1.25	1.73	1.29
Noninterest income to assets	3.02	2.14	1.98	2.92	2.12	2.85	2.52
Noninterest expense to assets	3.55	3.14	2.82	4.11	3.80	3.69	3.36
Loss provision to loans and leases	1.27	0.44	0.79	1.20	0.43	1.06	0.87
Net charge-offs to loans and leases	1.38	0.51	0.72	1.14	0.37	1.08	0.90
Loss provision to net charge-offs	92.06	86.50	109.28	104.63	118.58	97.47	97.04
Performance ratios (%)							
Percent of institutions unprofitable	7.06	8.82	4.50	3.54	6.01	10.07	5.87
Percent of institutions with earnings gains	64.37	61.37	59.81	51.62	48.60	68.91	56.56
Noninterest income to net operating revenue	51.45	40.24	38.53	40.34	36.52	39.89	43.48
Noninterest expense to net operating revenue	60.49	59.07	54.95	56.73	65.50	51.66	58.15
Condition ratios (%)							
Nonperforming assets to assets	0.96	0.66	0.96	0.81	0.78	0.66	0.84
Noncurrent loans to loans	1.90	1.01	1.36	1.05	1.05	0.87	1.32
Loss reserve to noncurrent loans	119.52	146.73	125.89	188.00	134.37	190.55	135.92
Loss reserve to loans	2.27	1.48	1.71	1.98	1.41	1.66	1.80
Equity capital to assets	8.57	8.76	8.48	10.96	9.68	10.93	9.04
Leverage ratio	7.34	7.37	7.73	9.87	8.50	9.18	7.84
Risk-based capital ratio	12.93	11.89	12.58	14.94	14.02	14.29	12.92
Net loans and leases to assets	45.73	58.17	62.35	66.31	59.52	67.68	56.30
Securities to assets	19.64	19.13	20.02	16.45	23.98	15.47	19.30
Appreciation in securities (% of par)	1.61	2.31	2.05	2.68	2.51	2.22	2.04
Residential mortgage assets to assets	18.42	30.63	26.73	20.96	27.71	24.95	24.40
Total deposits to assets	61.99	66.85	65.56	69.67	78.24	66.45	65.81
Core deposits to assets	34.42	54.28	54.00	61.64	65.17	54.30	48.61
Volatile liabilities to assets	43.94	24.57	25.35	17.60	19.88	27.47	30.92

Loan performance, FDIC-insured commercial banks by region

Second quarter 2003

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.02	0.81	1.14	1.20	1.12	0.87	1.00
Loans secured by real estate (RE)	0.91	0.77	1.18	0.84	0.98	0.64	0.90
1- to 4-family residential mortgages	1.09	1.05	1.68	0.89	1.30	0.82	1.18
Home equity loans	0.45	0.48	0.52	0.63	0.48	0.32	0.47
Multifamily residential mortgages	0.14	0.22	0.78	0.43	0.97	0.18	0.42
Commercial RE loans	0.66	0.49	0.84	0.80	0.67	0.41	0.63
Construction RE loans	0.87	0.55	1.06	1.00	0.86	1.03	0.84
Commercial and industrial loans	0.69	0.56	1.12	1.39	1.20	0.91	0.86
Loans to individuals	1.97	1.89	1.55	2.09	1.96	1.73	1.87
Credit cards	2.30	3.44	1.97	2.34	2.16	2.09	2.34
Installment loans and other plans	1.98	1.61	1.57	1.71	2.01	1.39	1.74
All other loans and leases	0.44	0.23	0.64	0.86	0.83	0.44	0.49
Percent of loans noncurrent							
Total loans and leases	1.90	1.01	1.36	1.05	1.05	0.87	1.32
Loans secured by real estate (RE)	0.94	0.63	1.23	0.71	0.94	0.53	0.85
1- to 4-family residential mortgages	0.89	0.60	1.49	0.48	0.83	0.34	0.83
Home equity loans	0.20	0.21	0.38	0.36	0.35	0.20	0.27
Multifamily residential mortgages	0.21	0.31	0.66	0.36	0.66	0.34	0.42
Commercial RE loans	0.92	0.87	1.36	0.97	0.98	0.74	0.99
Construction RE loans	0.98	0.64	1.24	0.78	0.78	0.91	0.89
Commercial and industrial loans	3.83	2.44	2.36	1.42	1.49	1.84	2.69
Loans to individuals	2.02	0.87	0.65	1.49	0.74	1.10	1.37
Credit cards	2.10	2.08	1.60	1.90	1.48	1.69	1.95
Installment loans and other plans	2.26	0.63	0.52	0.83	0.73	0.32	1.13
All other loans and leases	1.04	0.72	0.70	1.24	1.39	0.76	0.90
Percent of loans charged-off, net							
Total loans and leases	1.38	0.51	0.72	1.14	0.37	1.08	0.90
Loans secured by real estate (RE)	0.10	0.10	0.31	0.07	0.14	0.06	0.15
1- to 4-family residential mortgages	0.05	0.10	0.35	0.06	0.16	0.02	0.14
Home equity loans	0.07	0.14	0.37	0.14	0.24	0.07	0.19
Multifamily residential mortgages	0.03	0.02	0.04	0.08	0.09	0.12	0.05
Commercial RE loans	0.07	0.08	0.31	0.11	0.10	0.11	0.14
Construction RE loans	0.06	0.11	0.24	0.01	0.15	0.09	0.13
Commercial and industrial loans	1.54	1.18	1.34	0.80	0.73	1.58	1.33
Loans to individuals	3.77	1.75	1.67	4.12	1.07	4.31	3.06
Credit cards	5.86	6.08	5.15	6.17	4.89	6.59	6.03
Installment loans and other plans	2.08	0.91	1.09	0.50	0.91	1.11	1.36
All other loans and leases	0.47	0.15	0.46	0.43	0.32	0.39	0.39
Loans outstanding (\$)							
Total loans and leases	\$1,188,845	\$1,029,243	\$976,793	\$266,669	\$304,954	\$524,460	\$4,290,965
Loans secured by real estate (RE)	418,621	620,663	523,595	135,565	199,336	307,463	2,205,242
1- to 4-family residential mortgages	206,920	305,119	223,793	60,327	75,980	137,532	1,009,672
Home equity loans	49,962	65,760	76,529	7,305	13,741	32,968	246,265
Multifamily residential mortgages	16,784	16,087	22,217	4,004	5,223	12,350	76,666
Commercial RE loans	92,716	153,806	136,646	38,409	64,790	90,877	577,244
Construction RE loans	20,899	71,331	54,303	13,028	29,565	29,563	218,689
Farmland loans	1,483	5,301	9,570	12,491	7,263	3,599	39,708
RE loans from foreign offices	29,857	3,258	536	0	2,774	573	36,999
Commercial and industrial loans	284,897	193,947	221,125	44,165	54,872	91,873	890,880
Loans to individuals	275,813	120,548	110,512	57,245	33,028	93,261	690,407
Credit cards	121,663	22,266	16,080	35,815	1,388	53,914	251,126
Other revolving credit plans	21,279	4,495	5,351	673	849	4,398	37,044
Installment loans	132,871	93,787	89,081	20,758	30,790	34,950	402,237
All other loans and leases	211,754	94,425	121,719	29,746	17,979	32,261	507,884
Less: Unearned income	2,240	340	158	52	261	398	3,448

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.

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.