

*Quarterly  
Journal*

CONDITION AND PERFORMANCE  
OF COMMERCIAL BANKS

# CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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## **Condition of the Banking Industry Press Briefing**

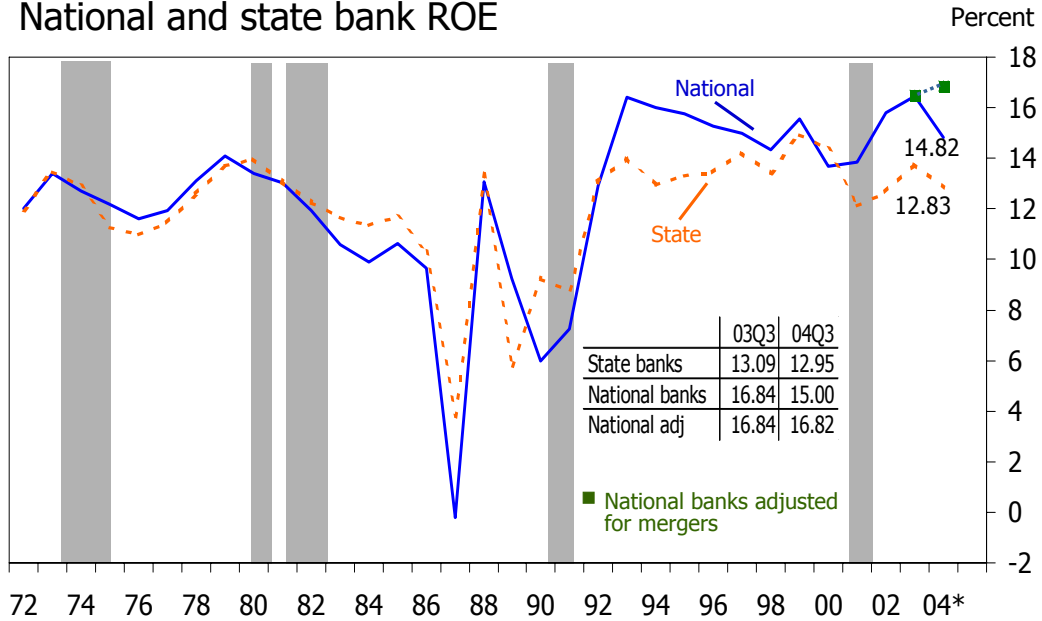
### Bank Condition Summary

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- Volume growth remains key to rising income
- Retail-oriented large banks operating more efficiently
- Further improvements in credit quality may be difficult to achieve

# Underlying ROE remains strong; headline number affected by accounting for mergers

## National and state bank ROE



Source: Integrated Banking Information System (OCC)

\* 2004 data as of September 30, 2004. All other data as of year-end. Shaded areas represent periods of recession. ROE reflects adjustments to income and equity affected by pushdown accounting treatment of recent mergers.

## Gains from provisioning abate; interest income key to growth in the quarter

### National banks

Major income components  
(Change, \$ millions)

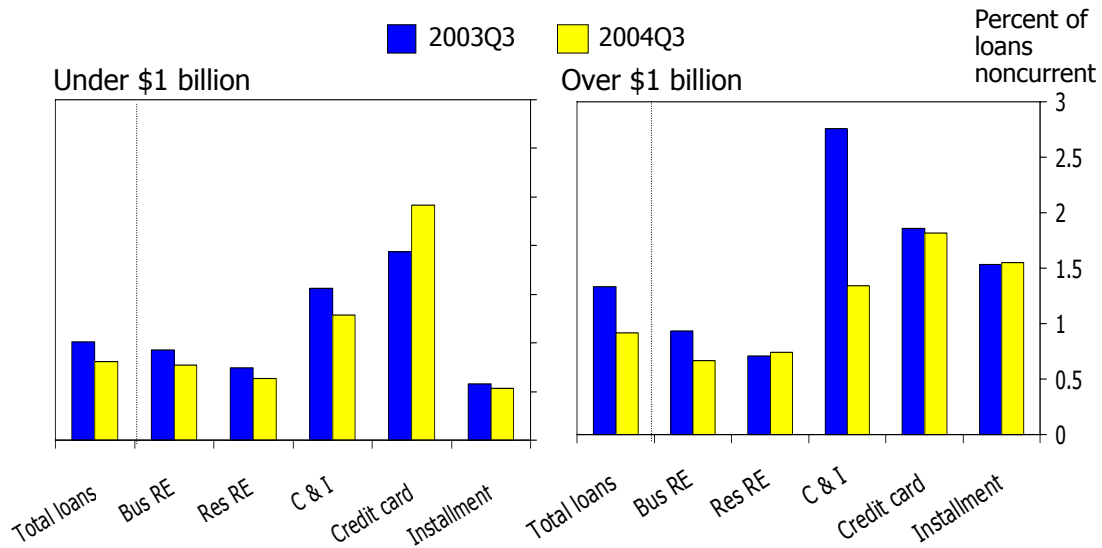
	2002Q3-03Q3	% Change	2003Q3-04Q3	% Change
<b>Revenues</b>				
Net interest income	34	0.1%	3,787	10.4%
Real gains/losses sec	-1,001	-81.2%	931	n.m.
Noninterest income	1,499	5.3%	-664	-2.3%
<b>Expenses</b>				
Provisioning	-2,847	-35.7%	-52	-1.0%
Noninterest expense	1,830	5.3%	2,851	7.9%
Net income	848	5.4%	1,375	8.4%

Source: Integrated Banking Information System (OCC)

Banks held constant as of September 30, 2004.  
n.m. – not meaningful

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## Continued improvement in large bank C&I noncurrent loans National non-specialty banks



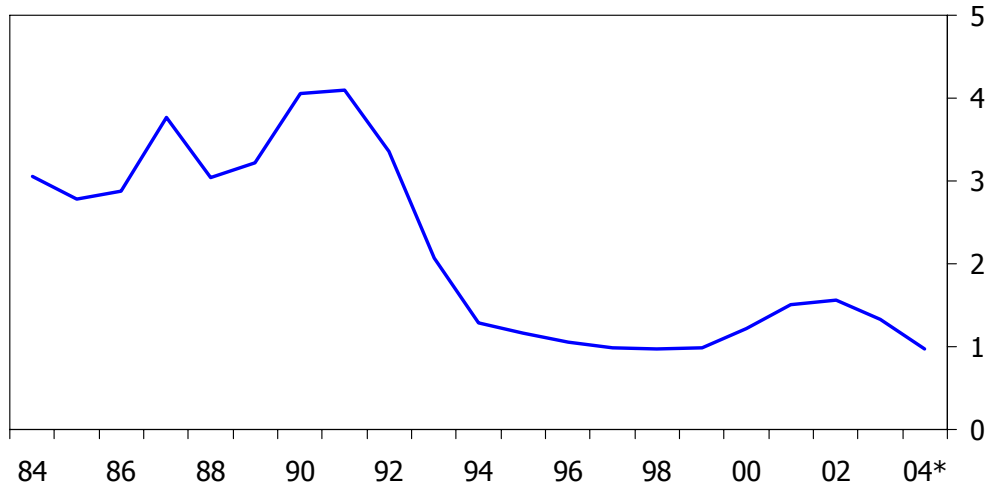
Source: Integrated Banking Information System (OCC)

Noncurrent loans as a percent of loans in respective category; non-specialty category excludes credit card and trust banks. Business RE is CRE, construction and multi-family lending. Residential RE is 1-4 family and home equity. 5

## Noncurrent loans return to levels of late 90s

National banks

Percent of total  
loans noncurrent

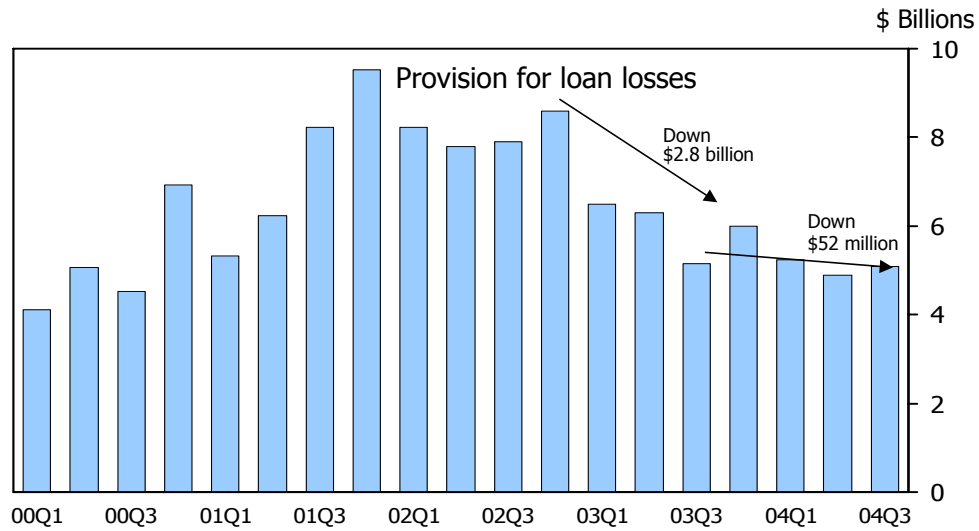


Source: Integrated Banking Information System (OCC)

\* 2004 data as of September 30, 2004. All other data as of year-end.

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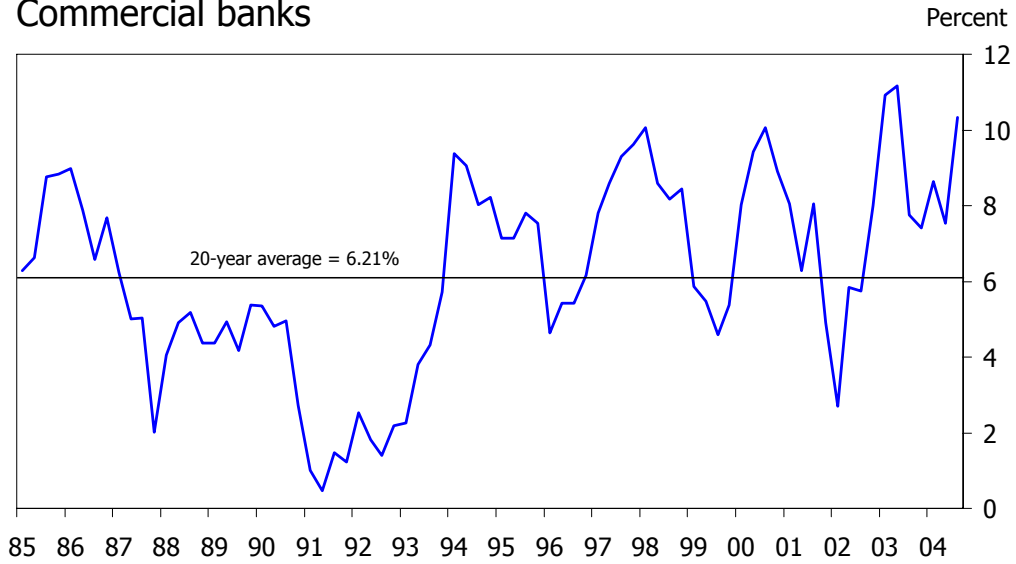
## Boost from lower provisioning fades National banks



Source: Integrated Banking Information System (OCC)

## Asset growth remains well above the long-term average

Commercial banks



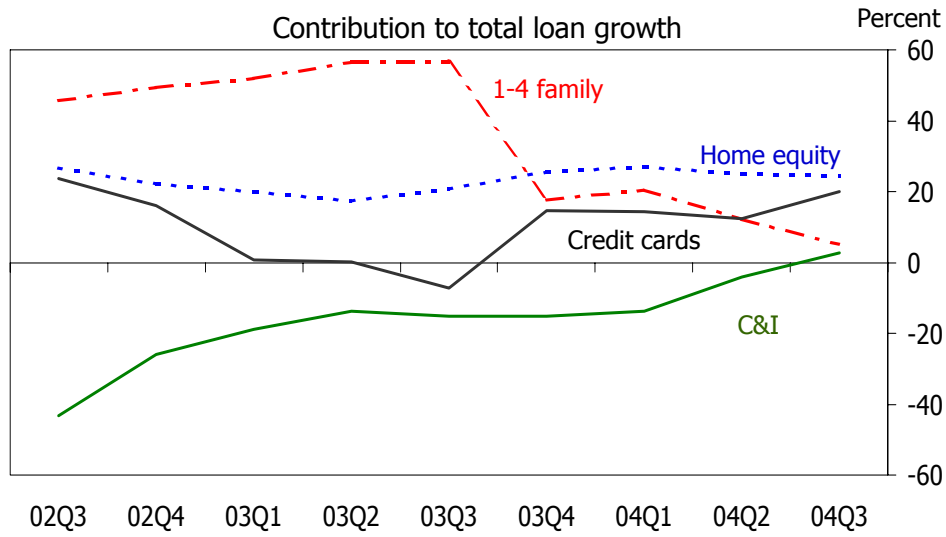
Source: Integrated Banking Information System (OCC)

Quarterly data through 2004Q3. Growth calculated from the same quarter a year ago.



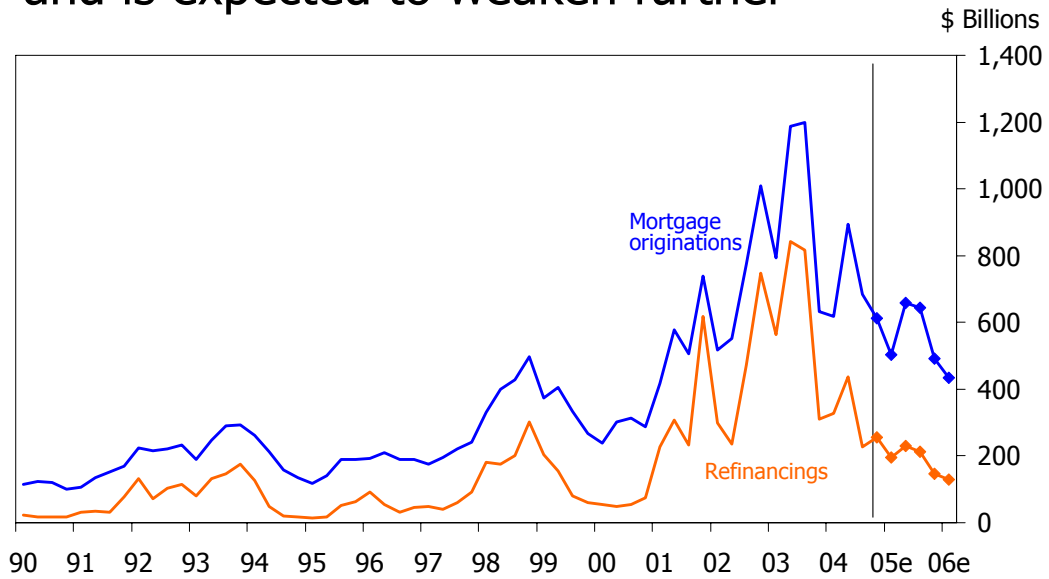
## Home equity lending remains strong; pick up in credit cards and C&I

Commercial banks



Source: Integrated Banking Information System (OCC)

## Residential mortgage volume has slowed and is expected to weaken further



Source: Mortgage Bankers Association, HUD

Actual data through 2004Q3; estimates through 2006Q1.

## Large retail banks add branches while improving efficiency

Banking companies over \$10 billion

1995	Average number branches per bank	ROE	Total loan growth	Efficiency ratio
Retail	480	14.91	14.87	64.17
Non-retail	431	14.93	16.54	63.66

2003	Average number branches per bank	ROE	Total loan growth	Efficiency ratio
Retail	837	17.12	9.31	53.65
Non-retail	554	14.52	7.26	59.47

Source: Integrated Banking Information System (OCC);  
Summary of Deposits.

Retail companies have 50% or more of loans in retail (1-4 family, home equity, consumer) and have a ratio of loans to assets of at least 35%.

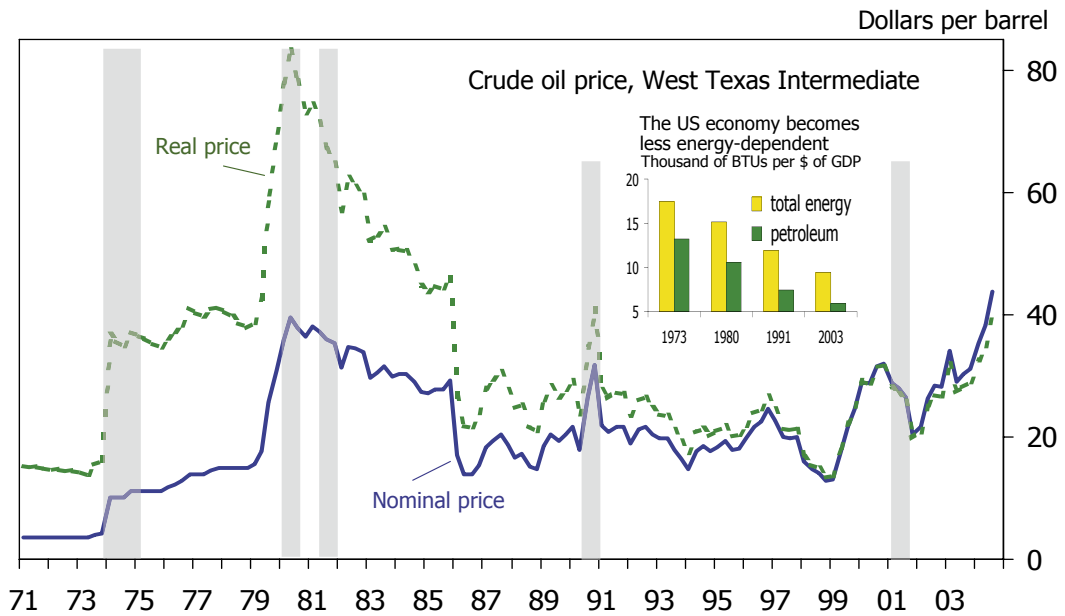
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## Economic Issues

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- Growth in corporate lending may be delayed due to higher input prices
- Growth in consumer lending may be constrained by higher debt burden

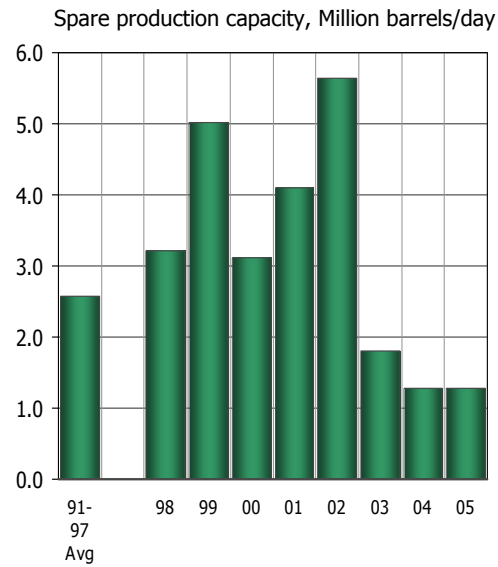
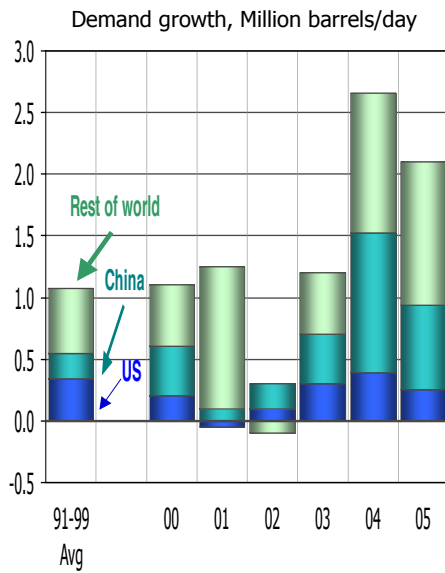
## Oil prices are up but impact dampened so far by energy efficiency gains



Source: Wall Street Journal, Bureau of Economic Analysis (Haver Analytics), Department of Energy

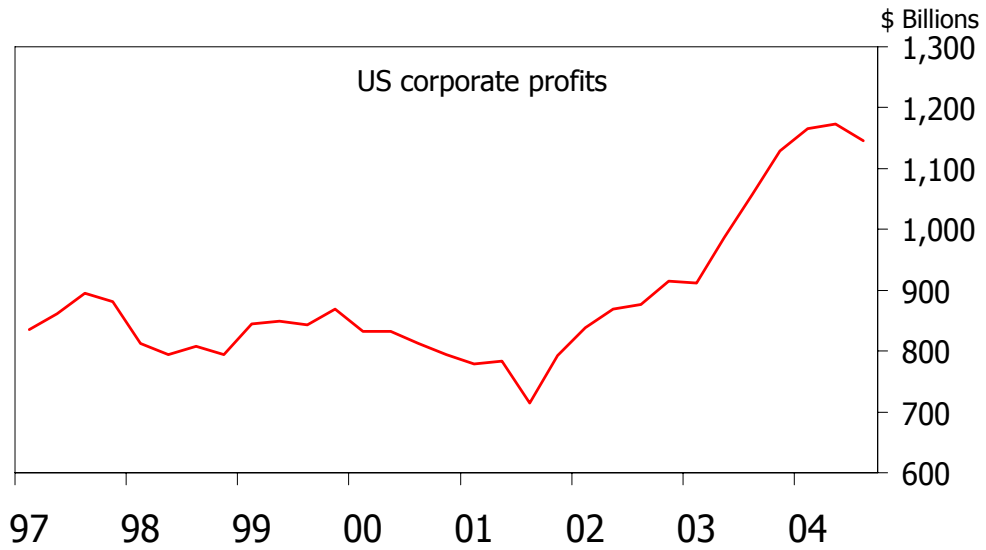
Quarterly data through 2004Q3. Shaded areas represent periods of recession.

## Growing demand and limited spare global capacity suggest that oil prices will remain elevated



Sources: Department of Energy

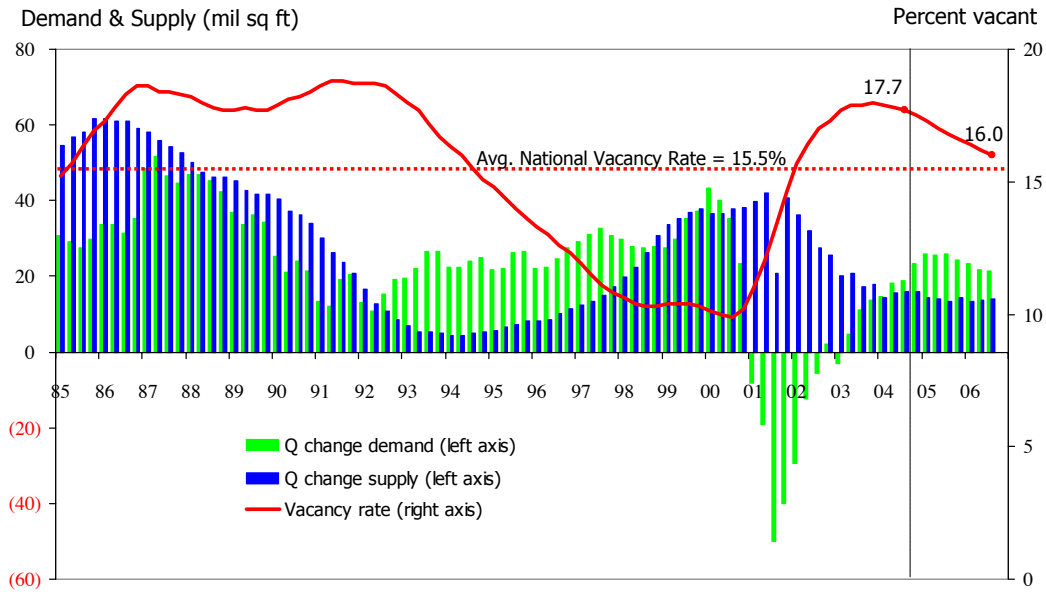
## Corporate profits may be vulnerable



Source: Bureau of Economic Analysis (Haver Analytics)

Quarterly data through 2004Q3.

## Spillover from higher oil prices may further delay improvement in office market

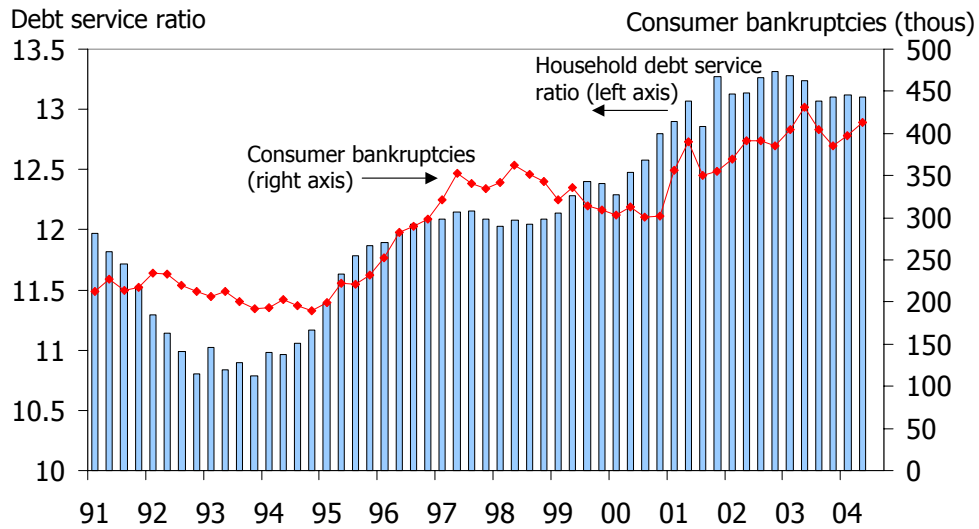


Source: Property & Portfolio Research

Data through 2004Q3; forecast begins 2004Q4.



## Household bankruptcies and debt burden rise despite low interest rates



Source: Federal Reserve Board; Administrative Office of the United States Courts (Haver Analytics)

Quarterly data through 2004Q2. Household debt service ratio (DSR) is an estimate of the ratio of debt-service payments to disposable personal income.

## Conclusion

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- Volume growth remains key to rising income
  - Retail-oriented large banks operating more efficiently
  - Further improvements in credit quality may be difficult to achieve
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CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured national banks**  
**Annual 2000–2003, year-to-date through September 30, 2004, third quarter 2003, and third quarter 2004**  
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q3	Preliminary 2004Q3
Number of institutions reporting	2,230	2,138	2,077	1,999	1,937	2,030	1,937
Total employees (FTEs)	948,549	966,545	993,469	1,000,493	1,095,200	994,447	1,095,200
<b>Selected income data (\$)</b>							
Net income	\$38,907	\$44,172	\$56,484	\$62,972	\$48,941	\$16,222	\$17,799
Net interest income	115,673	125,366	141,377	143,162	111,018	35,606	40,148
Provision for loan losses	20,536	28,921	32,613	24,011	14,721	5,143	5,091
Noninterest income	96,749	100,094	109,531	116,113	82,395	29,798	28,905
Noninterest expense	128,973	131,736	136,822	144,937	108,947	36,026	39,088
Net operating income	40,158	42,943	54,341	60,602	46,950	16,055	16,911
Cash dividends declared	32,327	27,783	41,757	45,049	22,699	11,977	9,474
Net charge-offs	17,227	25,107	31,381	26,973	15,520	6,176	4,980
<b>Selected condition data (\$)</b>							
Total assets	3,414,384	3,635,053	3,908,025	4,292,257	4,846,627	4,199,608	4,846,627
Total loans and leases	2,224,132	2,269,248	2,445,291	2,630,614	2,949,219	2,562,846	2,949,219
Reserve for losses	39,992	45,537	48,338	48,627	48,184	47,380	48,184
Securities	502,299	576,550	653,702	753,642	799,524	702,600	799,524
Other real estate owned	1,553	1,799	2,075	1,941	1,622	2,108	1,622
Noncurrent loans and leases	27,151	34,261	38,166	34,876	28,562	33,928	28,562
Total deposits	2,250,402	2,384,414	2,565,771	2,786,714	3,119,644	2,728,503	3,119,644
Domestic deposits	1,827,064	2,001,243	2,168,876	2,322,009	2,554,147	2,295,675	2,554,147
Equity capital	293,729	340,657	371,434	390,522	505,811	385,957	505,811
Off-balance-sheet derivatives	15,502,911	20,549,785	25,953,772	31,554,693	39,677,915	30,443,651	39,677,915
<b>Performance ratios (annualized %)</b>							
Return on equity	13.69	13.84	15.79	16.47	14.82	16.84	15.00
Return on assets	1.18	1.25	1.50	1.53	1.41	1.55	1.49
Net interest income to assets	3.50	3.56	3.76	3.47	3.20	3.40	3.36
Loss provision to assets	0.62	0.82	0.87	0.58	0.42	0.49	0.43
Net operating income to assets	1.21	1.22	1.44	1.47	1.35	1.53	1.42
Noninterest income to assets	2.92	2.84	2.91	2.82	2.38	2.84	2.42
Noninterest expense to assets	3.90	3.74	3.63	3.51	3.14	3.44	3.27
Loss provision to loans and leases	0.95	1.28	1.38	0.95	0.70	0.81	0.70
Net charge-offs to loans and leases	0.80	1.11	1.33	1.07	0.74	0.97	0.69
Loss provision to net charge-offs	119.21	115.19	103.93	89.02	94.85	83.27	102.23
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	6.91	7.48	6.93	5.60	5.37	6.85	5.78
Percent of institutions with earnings gains	66.64	56.83	71.21	55.98	60.40	49.90	62.36
Nonint. income to net operating revenue	45.55	44.40	43.65	44.78	42.60	45.56	41.86
Nonint. expense to net operating revenue	60.72	58.43	54.53	55.90	56.33	55.08	56.61
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.86	1.01	1.06	0.89	0.63	0.88	0.63
Noncurrent loans to loans	1.22	1.51	1.56	1.33	0.97	1.32	0.97
Loss reserve to noncurrent loans	147.30	132.91	126.65	139.43	168.70	139.65	168.70
Loss reserve to loans	1.80	2.01	1.98	1.85	1.63	1.85	1.63
Equity capital to assets	8.60	9.37	9.50	9.10	10.44	9.19	10.44
Leverage ratio	7.49	7.81	7.88	7.70	7.50	7.81	7.50
Risk-based capital ratio	11.84	12.60	12.66	12.65	12.37	13.02	12.37
Net loans and leases to assets	63.97	61.17	61.33	60.15	59.86	59.90	59.86
Securities to assets	14.71	15.86	16.73	17.56	16.50	16.73	16.50
Appreciation in securities (% of par)	-0.01	0.47	2.12	0.88	0.71	1.24	0.71
Residential mortgage assets to assets	19.60	22.55	24.72	24.44	24.08	25.18	24.08
Total deposits to assets	65.91	65.60	65.65	64.92	64.37	64.97	64.37
Core deposits to assets	45.61	48.08	48.75	48.03	46.03	48.06	46.03
Volatile liabilities to assets	35.18	31.23	30.31	30.57	32.34	30.64	32.34

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured national banks**  
**Annual 2000–2003, year-to-date through September 30, 2004, third quarter 2003, and third quarter 2004**  
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q3	Preliminary 2004Q3
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.25	1.38	1.14	1.02	0.87	0.95	0.87
Loans secured by real estate (RE)	1.42	1.42	1.07	0.91	0.77	0.85	0.77
1- to 4-family residential mortgages	1.95	1.84	1.45	1.30	1.11	1.12	1.11
Home equity loans	1.07	0.79	0.61	0.45	0.37	0.47	0.37
Multifamily residential mortgages	0.59	0.82	0.42	0.54	0.48	0.48	0.48
Commercial RE loans	0.72	0.85	0.58	0.47	0.44	0.48	0.44
Construction RE loans	1.12	1.28	0.91	0.66	0.63	0.75	0.63
Commercial and industrial loans	0.71	0.94	0.76	0.63	0.54	0.67	0.54
Loans to individuals	2.40	2.38	2.15	2.08	1.87	1.88	1.87
Credit cards	2.50	2.52	2.57	2.48	2.24	2.20	2.24
Installment loans and other plans	2.31	2.62	2.07	1.95	1.71	1.88	1.71
All other loans and leases	0.56	0.84	0.55	0.34	0.23	0.45	0.23
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.22	1.51	1.56	1.33	0.97	1.32	0.97
Loans secured by real estate (RE)	0.93	1.05	0.97	0.95	0.73	0.84	0.73
1- to 4-family residential mortgages	1.06	1.06	1.02	1.14	0.94	0.83	0.94
Home equity loans	0.41	0.38	0.32	0.24	0.16	0.26	0.16
Multifamily residential mortgages	0.55	0.54	0.48	0.45	0.34	0.45	0.34
Commercial RE loans	0.77	1.02	1.05	0.97	0.79	1.02	0.79
Construction RE loans	0.82	1.15	1.03	0.71	0.54	0.86	0.54
Commercial and industrial loans	1.66	2.44	3.00	2.19	1.35	2.66	1.35
Loans to individuals	1.46	1.49	1.60	1.78	1.62	1.55	1.62
Credit cards	1.90	2.05	2.16	2.24	1.92	1.88	1.92
Installment loans and other plans	1.06	1.24	1.30	1.55	1.50	1.50	1.50
All other loans and leases	0.86	1.19	1.11	0.74	0.39	0.80	0.39
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.80	1.11	1.33	1.07	0.74	0.97	0.69
Loans secured by real estate (RE)	0.12	0.26	0.19	0.21	0.07	0.16	0.08
1- to 4-family residential mortgages	0.14	0.32	0.17	0.24	0.08	0.15	0.08
Home equity loans	0.23	0.35	0.23	0.23	0.10	0.16	0.10
Multifamily residential mortgages	0.03	0.04	0.11	0.03	0.03	0.05	0.03
Commercial RE loans	0.07	0.16	0.17	0.13	0.05	0.20	0.07
Construction RE loans	0.05	0.15	0.19	0.14	0.03	0.14	0.04
Commercial and industrial loans	0.87	1.50	1.80	1.35	0.43	1.18	0.32
Loans to individuals	2.84	3.13	4.02	3.45	3.20	3.30	3.07
Credit cards	4.43	5.06	6.58	5.48	5.17	5.41	4.81
Installment loans and other plans	1.54	1.66	1.91	1.81	1.45	1.77	1.50
All other loans and leases	0.31	0.58	0.83	0.58	0.12	0.56	0.10
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$2,224,132	\$2,269,248	\$2,445,291	\$2,630,614	\$2,949,219	\$2,562,846	\$2,949,219
Loans secured by real estate (RE)	892,138	976,094	1,139,263	1,254,981	1,452,939	1,267,113	1,452,939
1- to 4-family residential mortgages	443,000	472,680	573,669	605,100	672,765	641,901	672,765
Home equity loans	82,672	102,131	141,058	192,703	266,116	174,993	266,116
Multifamily residential mortgages	28,026	30,075	33,968	35,652	39,051	35,908	39,051
Commercial RE loans	221,267	236,489	253,427	269,936	295,204	265,575	295,204
Construction RE loans	76,899	91,437	95,361	104,218	122,573	102,388	122,573
Farmland loans	12,350	12,615	13,225	13,614	14,719	13,534	14,719
RE loans from foreign offices	27,923	30,668	28,556	33,758	42,512	32,813	42,512
Commercial and industrial loans	646,988	597,301	546,050	500,005	534,403	507,269	534,403
Loans to individuals	370,394	389,947	450,604	527,991	565,034	461,737	565,034
Credit cards*	176,425	166,628	209,971	250,893	277,566	187,564	277,566
Other revolving credit plans	.	29,258	33,243	32,883	33,420	32,629	33,420
Installment loans	193,969	194,060	207,390	244,215	254,048	241,544	254,048
All other loans and leases	316,177	307,851	311,822	349,521	398,881	328,597	398,881
Less: Unearned income	1,565	1,944	2,449	1,884	2,038	1,870	2,038

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3
Number of institutions reporting	874	796	984	966	123	127	49	48
Total employees (FTEs)	20,615	18,407	93,801	119,033	92,474	86,128	787,557	871,632
<b>Selected income data (\$)</b>								
Net income	\$126	\$122	\$859	\$876	\$1,157	\$1,299	\$14,080	\$15,503
Net interest income	450	424	2,534	2,531	3,030	3,031	29,592	34,163
Provision for loan losses	32	23	242	162	325	210	4,544	4,695
Noninterest income	211	165	1,690	1,213	2,322	2,185	25,576	25,342
Noninterest expense	463	412	2,836	2,398	3,257	3,080	29,469	33,198
Net operating income	124	119	839	870	1,150	1,291	13,942	14,631
Cash dividends declared	60	55	447	501	933	559	10,537	8,359
Net charge-offs	22	18	256	112	290	162	5,608	4,688
<b>Selected condition data (\$)</b>								
Total assets	47,573	44,141	271,780	267,796	363,062	365,322	3,517,192	4,169,368
Total loans and leases	28,001	26,377	168,944	171,954	217,563	224,425	2,148,338	2,526,463
Reserve for losses	412	379	2,509	2,376	3,180	2,997	41,278	42,432
Securities	12,139	11,435	68,855	65,393	83,986	88,332	537,620	634,364
Other real estate owned	81	74	301	254	205	192	1,521	1,101
Noncurrent loans and leases	369	300	1,671	1,354	1,881	1,507	30,007	25,401
Total deposits	39,813	36,658	219,456	215,901	240,528	244,952	2,228,706	2,622,134
Domestic deposits	39,802	36,636	219,046	215,479	237,948	242,356	1,798,878	2,059,677
Equity capital	5,485	5,260	27,399	27,415	39,546	40,200	313,527	432,935
Off-balance-sheet derivatives	14	18	2,350	2,535	16,810	19,340	30,806,819	40,077,653
<b>Performance ratios (annualized %)</b>								
Return on equity	9.19	9.47	12.58	13.06	11.72	13.43	17.99	15.35
Return on assets	1.07	1.11	1.27	1.32	1.28	1.44	1.60	1.51
Net interest income to assets	3.80	3.87	3.75	3.82	3.35	3.35	3.37	3.33
Loss provision to assets	0.27	0.21	0.36	0.24	0.36	0.23	0.52	0.46
Net operating income to assets	1.05	1.09	1.24	1.31	1.27	1.43	1.59	1.43
Noninterest income to assets	1.78	1.50	2.50	1.83	2.56	2.42	2.91	2.47
Noninterest expense to assets	3.92	3.76	4.19	3.62	3.60	3.41	3.36	3.23
Loss provision to loans and leases	0.46	0.36	0.58	0.38	0.61	0.38	0.85	0.76
Net charge-offs to loans and leases	0.32	0.27	0.61	0.26	0.54	0.29	1.05	0.76
Loss provision to net charge-offs	145.29	131.60	94.57	144.92	112.16	129.55	81.02	100.15
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable	11.44	10.55	3.15	2.17	6.50	3.15	0.00	6.25
Percent of institutions with earnings gains	46.80	57.91	52.03	65.42	50.41	68.50	61.22	58.33
Nonint. income to net operating revenue	31.90	27.98	40.01	32.40	43.38	41.89	46.36	42.59
Nonint. expense to net operating revenue	70.11	70.00	67.14	64.05	60.85	59.05	53.42	55.79
<b>Condition ratios (%)</b>								
Nonperforming assets to assets	0.96	0.85	0.73	0.60	0.58	0.47	0.92	0.65
Noncurrent loans to loans	1.32	1.14	0.99	0.79	0.86	0.67	1.40	1.01
Loss reserve to noncurrent loans	111.73	126.35	150.17	175.56	169.07	198.90	137.56	167.05
Loss reserve to loans	1.47	1.44	1.49	1.38	1.46	1.34	1.92	1.68
Equity capital to assets	11.53	11.92	10.08	10.24	10.89	11.00	8.91	10.38
Leverage ratio	11.16	11.62	9.38	9.49	9.31	9.22	7.49	7.16
Risk-based capital ratio	18.50	18.92	15.01	14.71	16.08	15.18	12.56	11.96
Net loans and leases to assets	57.99	58.90	61.24	63.32	59.05	60.61	59.91	59.58
Securities to assets	25.52	25.91	25.33	24.42	23.13	24.18	15.29	15.21
Appreciation in securities (% of par)	1.16	0.51	1.24	0.76	1.83	1.04	1.15	0.66
Residential mortgage assets to assets	20.95	20.67	23.50	23.12	27.14	26.86	25.16	23.93
Total deposits to assets	83.69	83.05	80.75	80.62	66.25	67.05	63.37	62.89
Core deposits to assets	71.45	70.54	67.97	67.64	57.20	57.16	45.27	43.41
Volatile liabilities to assets	14.27	14.94	17.38	17.74	21.79	23.35	32.80	34.25

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3
<b>Percent of loans past due 30-89 days</b>								
Total loans and leases	1.44	1.22	0.95	0.85	0.81	0.61	0.96	0.89
Loans secured by real estate (RE)	1.20	1.12	0.78	0.72	0.62	0.47	0.88	0.80
1- to 4-family residential mortgages	1.56	1.59	1.14	1.04	0.82	0.61	1.14	1.15
Home equity loans	0.50	0.53	0.43	0.33	0.33	0.23	0.48	0.38
Multifamily residential mortgages	0.67	0.18	0.62	0.55	0.73	0.26	0.40	0.52
Commercial RE loans	0.96	0.88	0.54	0.56	0.45	0.35	0.45	0.43
Construction RE loans	1.20	1.07	0.76	0.70	0.61	0.58	0.77	0.62
Commercial and industrial loans	1.44	1.45	1.15	0.95	1.01	0.86	0.60	0.48
Loans to individuals	2.33	2.24	1.95	1.80	1.60	1.31	1.89	1.89
Credit cards	2.10	2.01	3.58	3.33	2.02	2.99	2.18	2.22
Installment loans and other plans	2.37	2.28	1.67	1.52	1.54	1.14	1.93	1.75
All other loans and leases	1.81	0.50	0.58	0.54	0.39	0.37	0.44	0.22
<b>Percent of loans noncurrent</b>								
Total loans and leases	1.32	1.14	0.99	0.79	0.86	0.67	1.40	1.01
Loans secured by real estate (RE)	1.13	0.98	0.85	0.69	0.72	0.58	0.85	0.75
1- to 4-family residential mortgages	1.06	1.00	0.78	0.66	0.68	0.51	0.84	0.99
Home equity loans	0.24	0.27	0.17	0.15	0.27	0.15	0.27	0.17
Multifamily residential mortgages	0.82	0.60	0.60	0.59	0.32	0.29	0.45	0.31
Commercial RE loans	1.24	1.12	0.94	0.77	0.84	0.82	1.08	0.78
Construction RE loans	0.89	0.73	0.90	0.69	0.75	0.43	0.87	0.53
Commercial and industrial loans	2.26	2.00	1.44	1.19	1.34	1.05	2.87	1.38
Loans to individuals	0.86	0.87	0.94	0.82	1.03	0.64	1.62	1.68
Credit cards	1.51	1.20	3.16	2.62	1.91	2.52	1.86	1.91
Installment loans and other plans	0.85	0.88	0.52	0.46	0.80	0.38	1.66	1.64
All other loans and leases	1.45	1.04	1.38	0.73	0.56	0.45	0.79	0.37
<b>Percent of loans charged-off, net</b>								
Total loans and leases	0.32	0.27	0.61	0.26	0.54	0.29	1.05	0.76
Loans secured by real estate (RE)	0.06	0.09	0.08	0.06	0.15	0.05	0.17	0.08
1- to 4-family residential mortgages	0.08	0.07	0.09	0.07	0.18	0.07	0.15	0.08
Home equity loans	0.04	0.10	0.06	0.05	0.09	0.04	0.17	0.10
Multifamily residential mortgages	0.05	0.00	0.09	0.00	-0.05	0.07	0.06	0.02
Commercial RE loans	0.06	0.12	0.08	0.05	0.21	0.02	0.24	0.08
Construction RE loans	0.06	0.03	0.04	0.07	0.02	0.10	0.18	0.02
Commercial and industrial loans	0.79	0.64	0.64	0.44	0.84	0.69	1.25	0.28
Loans to individuals	0.94	0.86	3.90	1.57	1.97	1.23	3.38	3.20
Credit cards	3.86	2.86	18.58	6.57	5.86	4.03	5.17	4.80
Installment loans and other plans	0.82	0.82	0.82	0.53	0.79	0.85	1.94	1.60
All other loans and leases	0.34	0.20	0.63	0.15	0.26	0.22	0.58	0.10
<b>Loans outstanding (\$)</b>								
Total loans and leases	\$28,001	\$26,377	\$168,944	\$171,954	\$217,563	\$224,425	\$2,148,338	\$2,526,463
Loans secured by real estate (RE)	16,976	16,335	114,020	119,373	128,195	143,027	1,007,922	1,174,204
1- to 4-family residential mortgages	6,945	6,424	38,918	38,814	52,688	52,253	543,350	575,274
Home equity loans	499	547	6,344	7,346	9,263	11,601	158,888	246,622
Multifamily residential mortgages	429	412	4,450	4,155	4,706	5,777	26,323	28,707
Commercial RE loans	5,290	5,110	45,470	47,757	43,342	50,143	171,474	192,194
Construction RE loans	1,744	1,828	13,568	15,481	16,006	20,761	71,070	84,503
Farmland loans	2,069	2,015	5,268	5,817	1,727	1,891	4,469	4,996
RE loans from foreign offices	0	0	3	2	463	601	32,348	41,908
Commercial and industrial loans	4,491	4,157	27,368	27,261	41,257	45,573	434,153	457,412
Loans to individuals	3,314	2,853	17,777	15,959	29,337	18,628	411,309	527,594
Credit cards*	129	57	2,912	2,786	6,783	2,410	177,739	272,312
Other revolving credit plans	46	39	366	336	1,055	1,192	31,162	31,855
Installment loans	3,139	2,758	14,498	12,837	21,499	15,026	202,408	223,427
All other loans and leases	3,250	3,053	9,970	9,527	18,858	17,321	296,519	368,980
Less: Unearned income	30	22	190	167	84	123	1,564	1,726

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

### Key indicators, FDIC-insured national banks by region Third quarter 2004 (Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	214	233	383	397	559	151	1,937
Total employees (FTEs)	345,914	247,324	216,298	159,451	89,089	37,124	1,095,200
<b>Selected income data (\$)</b>							
Net income	\$5,315	\$4,667	\$3,011	\$2,242	\$847	\$1,717	\$17,799
Net interest income	12,007	8,727	7,919	5,540	2,404	3,551	40,148
Provision for loan losses	1,966	82	1,393	588	150	911	5,091
Noninterest income	11,665	4,409	5,124	4,478	1,155	2,074	28,905
Noninterest expense	13,882	7,633	7,253	6,014	2,272	2,034	39,088
Net operating income	5,182	4,131	2,841	2,232	811	1,715	16,911
Cash dividends declared	3,129	2,401	1,899	1,292	317	436	9,474
Net charge-offs	2,325	177	833	727	133	785	4,980
<b>Selected condition data (\$)</b>							
Total assets	1,460,148	1,268,719	1,054,615	539,810	270,036	253,297	4,846,627
Total loans and leases	818,136	667,059	701,635	400,313	171,855	190,221	2,949,219
Reserve for losses	17,205	7,373	10,653	6,525	2,169	4,259	48,184
Securities	240,748	265,911	142,560	58,165	57,575	34,566	799,524
Other real estate owned	152	330	554	216	288	80	1,622
Noncurrent loans and leases	10,889	3,479	6,310	2,932	1,309	3,643	28,562
Total deposits	949,679	862,887	616,509	367,562	201,470	121,538	3,119,644
Domestic deposits	578,533	753,090	558,046	349,019	199,615	115,844	2,554,147
Equity capital	176,101	98,469	115,352	57,610	29,353	28,927	505,811
Off-balance-sheet derivatives	17,889,293	19,586,294	1,369,646	744,873	45,531	42,278	39,677,915
<b>Performance ratios (annualized %)</b>							
Return on equity	12.71	19.44	12.12	15.81	12.52	24.41	15.00
Return on assets	1.48	1.50	1.16	1.66	1.27	2.72	1.49
Net interest income to assets	3.34	2.81	3.05	4.11	3.61	5.63	3.36
Loss provision to assets	0.55	0.03	0.54	0.44	0.22	1.44	0.43
Net operating income to assets	1.44	1.33	1.10	1.66	1.22	2.72	1.42
Noninterest income to assets	3.24	1.42	1.98	3.32	1.73	3.28	2.42
Noninterest expense to assets	3.86	2.46	2.80	4.46	3.41	3.22	3.27
Loss provision to loans and leases	0.98	0.05	0.81	0.59	0.35	1.91	0.70
Net charge-offs to loans and leases	1.16	0.11	0.49	0.73	0.31	1.65	0.69
Loss provision to net charge-offs	84.55	46.55	167.18	80.96	113.10	116.04	102.23
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	5.61	7.73	5.22	4.53	5.90	7.28	5.78
Percent of institutions with earnings gains	67.29	65.67	54.05	57.43	64.76	75.50	62.36
Nonint. income to net operating revenue	49.28	33.57	39.28	44.70	32.46	36.87	41.86
Nonint. expense to net operating revenue	58.64	58.10	55.61	60.04	63.82	36.17	56.61
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.77	0.32	0.65	0.59	0.59	1.47	0.63
Noncurrent loans to loans	1.33	0.52	0.90	0.73	0.76	1.92	0.97
Loss reserve to noncurrent loans	158.00	211.97	168.84	222.54	165.74	116.90	168.70
Loss reserve to loans	2.10	1.11	1.52	1.63	1.26	2.24	1.63
Equity capital to assets	12.06	7.76	10.94	10.67	10.87	11.42	10.44
Leverage ratio	7.92	6.52	7.02	7.97	8.33	10.06	7.50
Risk-based capital ratio	13.32	11.20	11.84	11.87	12.73	15.55	12.37
Net loans and leases to assets	54.85	52.00	65.52	72.95	62.84	73.42	59.86
Securities to assets	16.49	20.96	13.52	10.78	21.32	13.65	16.50
Appreciation in securities (% of par)	0.39	0.68	0.96	2.19	0.45	0.10	0.71
Residential mortgage assets to assets	15.14	35.16	22.54	22.56	25.57	28.12	24.08
Total deposits to assets	65.04	68.01	58.46	68.09	74.61	47.98	64.37
Core deposits to assets	33.07	53.62	47.79	55.34	60.04	40.60	46.03
Volatile liabilities to assets	42.51	29.54	26.96	22.34	23.89	40.41	32.34

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	0.94	0.56	0.94	0.99	0.76	1.20	0.87
Loans secured by real estate (RE)	0.62	0.60	1.12	0.83	0.70	0.61	0.77
1-4 family residential mortgages	0.74	0.89	1.84	1.26	0.99	0.82	1.11
Home equity loans	0.36	0.32	0.44	0.37	0.40	0.14	0.37
Multifamily residential mortgages	0.05	0.06	0.61	1.80	0.33	0.16	0.48
Commercial RE loans	0.51	0.20	0.68	0.37	0.60	0.25	0.44
Construction RE loans	0.54	0.12	0.92	1.24	0.54	0.68	0.63
Commercial and industrial loans	0.46	0.25	0.70	0.79	0.64	0.88	0.54
Loans to individuals	1.94	1.57	1.48	2.03	1.47	2.33	1.87
Credit cards	2.16	1.76	1.84	2.50	1.88	2.45	2.24
Installment loans and other plans	2.04	1.68	1.39	1.37	1.51	2.04	1.71
All other loans and leases	0.24	0.11	0.31	0.20	0.63	0.21	0.23
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.33	0.52	0.90	0.73	0.76	1.92	0.97
Loans secured by real estate (RE)	0.59	0.35	1.08	0.47	0.70	2.21	0.73
1-4 family residential mortgages	0.47	0.41	1.61	0.45	0.79	3.42	0.94
Home equity loans	0.11	0.09	0.26	0.18	0.16	0.03	0.16
Multifamily residential mortgages	0.18	0.14	0.40	0.73	0.54	0.15	0.34
Commercial RE loans	0.88	0.43	1.14	0.78	0.74	0.74	0.79
Construction RE loans	0.56	0.26	0.75	0.65	0.57	0.44	0.54
Commercial and industrial loans	1.82	1.17	1.18	0.90	1.07	1.06	1.35
Loans to individuals	2.18	0.71	0.72	1.56	0.50	1.97	1.62
Credit cards	1.87	1.14	1.47	2.25	1.41	2.07	1.92
Installment loans and other plans	3.13	0.75	0.37	0.47	0.47	1.70	1.50
All other loans and leases	0.54	0.38	0.26	0.29	0.81	0.58	0.39
<b>Percent of loans charged-off, net</b>							
Total loans and leases	1.16	0.11	0.49	0.73	0.31	1.65	0.69
Loans secured by real estate (RE)	0.06	0.04	0.17	0.02	0.10	0.07	0.08
1-4 family residential mortgages	0.04	0.04	0.21	0.01	0.12	0.10	0.08
Home equity loans	0.05	0.08	0.16	0.08	0.15	0.00	0.10
Multifamily residential mortgages	-0.02	0.00	0.06	0.03	0.05	0.00	0.03
Commercial RE loans	0.00	0.04	0.18	-0.02	0.10	0.01	0.07
Construction RE loans	0.00	0.02	0.06	-0.02	0.07	0.12	0.04
Commercial and industrial loans	0.25	0.05	0.25	0.61	0.49	1.58	0.32
Loans to individuals	3.67	0.68	2.50	3.08	1.24	4.19	3.07
Credit cards	4.68	2.90	6.12	4.57	3.87	4.81	4.81
Installment loans and other plans	2.50	0.66	1.17	0.64	1.10	0.54	1.50
All other loans and leases	0.02	0.12	0.15	0.10	0.57	0.10	0.10
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$818,136	\$667,059	\$701,635	\$400,313	\$171,855	\$190,221	\$2,949,219
Loans secured by real estate (RE)	279,565	412,755	342,455	211,602	111,791	94,771	1,452,939
1-4 family residential mortgages	126,243	231,012	139,012	86,115	36,024	54,359	672,765
Home equity loans	54,148	60,279	72,814	61,687	13,076	4,111	266,116
Multifamily residential mortgages	7,314	7,666	13,653	4,571	2,841	3,006	39,051
Commercial RE loans	44,975	75,471	76,632	40,223	33,923	23,979	295,204
Construction RE loans	10,311	33,397	35,818	14,459	19,792	8,795	122,573
Farmland loans	881	1,872	3,830	4,546	3,069	520	14,719
RE loans from foreign offices	35,692	3,058	695	0	3,065	1	42,512
Commercial and industrial loans	173,867	111,631	133,568	53,685	35,881	25,771	534,403
Loans to individuals	248,700	55,276	99,566	83,016	15,832	62,644	565,034
Credit cards	137,393	463	34,014	51,562	778	53,355	277,566
Other revolving credit plans	20,023	3,685	4,899	2,615	594	1,605	33,420
Installment loans	91,284	51,127	60,653	28,840	14,459	7,684	254,048
All other loans and leases	117,558	87,557	126,110	52,034	8,464	7,158	398,881
Less: Unearned income	1,553	160	64	24	113	123	2,038



CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured commercial banks**  
**Annual 2000–2003, year-to-date through September 30, 2004, third quarter 2003, and third quarter 2004**  
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q3	Preliminary 2004Q3
Number of institutions reporting	8,315	8,080	7,888	7,770	7,660	7,812	7,660
Total employees (FTEs)	1,670,758	1,701,721	1,745,614	1,759,517	1,855,593	1,753,736	1,855,593
<b>Selected income data (\$)</b>							
Net income	\$70,795	\$73,830	\$89,724	\$102,440	\$78,070	\$25,819	\$27,766
Net interest income	203,584	214,676	236,656	239,981	184,118	59,954	65,323
Provision for loan losses	30,026	43,337	48,195	34,837	19,745	7,698	6,640
Noninterest income	154,247	158,206	172,408	186,507	135,106	47,317	45,875
Noninterest expense	216,831	223,254	233,587	245,991	188,263	61,543	65,592
Net operating income	72,383	71,002	85,423	98,193	75,575	25,481	26,746
Cash dividends declared	53,854	54,228	67,536	77,838	40,161	17,258	14,417
Net charge-offs	24,771	36,474	44,538	37,933	21,087	8,883	6,714
<b>Selected condition data (\$)</b>							
Total assets	6,245,560	6,552,421	7,076,586	7,601,141	8,244,437	7,471,721	8,244,437
Total loans and leases	3,815,498	3,884,336	4,156,181	4,428,843	4,815,001	4,350,976	4,815,001
Reserve for losses	64,120	72,273	76,999	77,151	75,188	76,391	75,188
Securities	1,078,985	1,172,540	1,334,830	1,456,310	1,494,717	1,392,607	1,494,717
Other real estate owned	2,912	3,569	4,165	4,218	3,653	4,380	3,653
Noncurrent loans and leases	42,930	54,578	60,550	52,913	43,925	54,202	43,925
Total deposits	4,179,567	4,377,558	4,689,852	5,029,020	5,406,008	4,916,599	5,406,008
Domestic deposits	3,472,901	3,748,042	4,031,815	4,287,849	4,586,148	4,224,418	4,586,148
Equity capital	530,356	593,696	647,451	691,930	821,397	681,274	821,397
Off-balance-sheet derivatives	40,570,263	45,325,982	56,208,607	71,092,720	84,176,934	67,117,254	84,176,934
<b>Performance ratios (annualized %)</b>							
Return on equity	13.99	13.09	14.47	15.31	14.01	15.22	14.20
Return on assets	1.18	1.15	1.33	1.40	1.31	1.38	1.36
Net interest income to assets	3.40	3.35	3.50	3.27	3.10	3.21	3.21
Loss provision to assets	0.50	0.68	0.71	0.48	0.33	0.41	0.33
Net operating income to assets	1.21	1.11	1.26	1.34	1.27	1.36	1.31
Noninterest income to assets	2.58	2.47	2.55	2.54	2.27	2.53	2.25
Noninterest expense to assets	3.62	3.48	3.46	3.35	3.17	3.30	3.22
Loss provision to loans and leases	0.82	1.12	1.21	0.82	0.57	0.71	0.56
Net charge-offs to loans and leases	0.67	0.95	1.12	0.89	0.61	0.82	0.57
Loss provision to net charge-offs	121.14	118.82	108.21	91.84	93.64	86.66	98.89
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	7.34	8.13	6.64	5.98	5.48	6.44	5.54
Percent of institutions with earnings gains	67.31	56.26	72.69	59.20	62.30	51.48	63.08
Nonint. income to net operating revenue	43.11	42.43	42.15	43.73	42.32	44.11	41.26
Nonint. expense to net operating revenue	60.60	59.87	57.10	57.68	58.98	57.37	58.99
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.74	0.92	0.94	0.77	0.59	0.80	0.59
Noncurrent loans to loans	1.13	1.41	1.46	1.19	0.91	1.25	0.91
Loss reserve to noncurrent loans	149.36	132.42	127.17	145.81	171.17	140.94	171.17
Loss reserve to loans	1.68	1.86	1.85	1.74	1.56	1.76	1.56
Equity capital to assets	8.49	9.06	9.15	9.10	9.96	9.12	9.96
Leverage ratio	7.69	7.78	7.83	7.85	7.80	7.86	7.80
Risk-based capital ratio	12.12	12.70	12.77	12.75	12.63	13.01	12.63
Net loans and leases to assets	60.06	58.18	57.64	57.25	57.49	57.21	57.49
Securities to assets	17.28	17.89	18.86	19.16	18.13	18.64	18.13
Appreciation in securities (% of par)	0.20	0.82	2.22	0.84	0.57	1.14	0.57
Residential mortgage assets to assets	20.19	21.64	23.30	23.28	22.99	23.90	22.99
Total deposits to assets	66.92	66.81	66.27	66.16	65.57	65.80	65.57
Core deposits to assets	46.39	48.72	48.68	48.55	47.38	48.39	47.38
Volatile liabilities to assets	34.97	31.45	31.41	31.03	32.18	31.28	32.18

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured commercial banks**  
**Annual 2000–2003, year-to-date through September 30, 2004, third quarter 2003, and third quarter 2004**  
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q3	Preliminary 2004Q3
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.25	1.37	1.17	1.02	0.86	0.95	0.86
Loans secured by real estate (RE)	1.26	1.31	1.08	0.90	0.73	0.85	0.73
1- to 4-family residential mortgages	1.72	1.69	1.49	1.29	1.05	1.13	1.05
Home equity loans	0.98	0.79	0.59	0.45	0.37	0.47	0.37
Multifamily residential mortgages	0.55	0.72	0.46	0.48	0.41	0.41	0.41
Commercial RE loans	0.74	0.90	0.68	0.56	0.52	0.57	0.52
Construction RE loans	1.06	1.21	0.89	0.69	0.58	0.76	0.58
Commercial and industrial loans	0.83	1.01	0.89	0.72	0.65	0.75	0.65
Loans to individuals	2.47	2.46	2.22	2.09	1.83	1.88	1.83
Credit cards	2.66	2.70	2.72	2.54	2.28	2.34	2.28
Installment loans and other plans	2.34	2.54	2.08	1.93	1.63	1.77	1.63
All other loans and leases	0.64	0.84	0.58	0.48	0.35	0.46	0.35
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.13	1.41	1.46	1.19	0.91	1.25	0.91
Loans secured by real estate (RE)	0.81	0.96	0.89	0.86	0.69	0.81	0.69
1- to 4-family residential mortgages	0.90	0.97	0.93	1.00	0.86	0.80	0.86
Home equity loans	0.37	0.37	0.30	0.24	0.17	0.26	0.17
Multifamily residential mortgages	0.44	0.46	0.38	0.38	0.32	0.41	0.32
Commercial RE loans	0.72	0.96	0.94	0.90	0.77	0.96	0.77
Construction RE loans	0.76	1.06	0.98	0.70	0.51	0.85	0.51
Commercial and industrial loans	1.66	2.41	2.93	2.10	1.43	2.58	1.43
Loans to individuals	1.41	1.43	1.51	1.52	1.39	1.35	1.39
Credit cards	2.01	2.12	2.24	2.21	1.92	1.97	1.92
Installment loans and other plans	0.98	1.12	1.14	1.14	1.09	1.10	1.09
All other loans and leases	0.70	0.97	1.01	0.66	0.41	0.72	0.41
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.67	0.95	1.12	0.89	0.61	0.82	0.57
Loans secured by real estate (RE)	0.09	0.19	0.15	0.17	0.07	0.13	0.08
1- to 4-family residential mortgages	0.11	0.22	0.14	0.19	0.08	0.12	0.08
Home equity loans	0.18	0.27	0.19	0.20	0.11	0.14	0.10
Multifamily residential mortgages	0.03	0.04	0.08	0.03	0.04	0.03	0.06
Commercial RE loans	0.05	0.13	0.15	0.13	0.06	0.16	0.07
Construction RE loans	0.05	0.14	0.17	0.14	0.04	0.14	0.05
Commercial and industrial loans	0.81	1.43	1.76	1.26	0.50	1.20	0.41
Loans to individuals	2.43	2.73	3.34	3.04	2.75	2.88	2.62
Credit cards	4.39	5.12	6.38	5.57	5.06	5.43	4.65
Installment loans and other plans	1.18	1.29	1.46	1.45	1.18	1.41	1.22
All other loans and leases	0.30	0.54	0.77	0.53	0.14	0.44	0.14
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$3,815,498	\$3,884,336	\$4,156,181	\$4,428,843	\$4,815,001	\$4,350,976	\$4,815,001
Loans secured by real estate (RE)	1,673,324	1,800,228	2,068,153	2,272,851	2,544,913	2,272,639	2,544,913
1- to 4-family residential mortgages	790,028	810,781	945,708	994,156	1,065,954	1,041,490	1,065,954
Home equity loans	127,694	154,193	214,724	284,511	375,148	260,781	375,148
Multifamily residential mortgages	60,406	64,131	71,934	79,678	85,265	78,423	85,265
Commercial RE loans	466,453	505,882	555,990	602,754	651,453	588,587	651,453
Construction RE loans	162,613	193,014	207,452	231,481	273,763	224,554	273,763
Farmland loans	34,096	35,533	38,066	40,699	43,942	40,251	43,942
RE loans from foreign offices	32,033	36,695	34,280	39,572	49,389	38,553	49,389
Commercial and industrial loans	1,051,992	981,130	910,808	869,351	890,129	878,083	890,129
Loans to individuals	606,695	629,412	703,748	770,351	806,315	699,494	806,315
Credit cards*	249,425	232,448	275,957	316,006	339,962	247,505	339,962
Other revolving credit plans	.	34,202	38,209	37,558	38,369	37,252	38,369
Installment loans	357,269	362,762	389,582	416,786	427,984	414,737	427,984
All other loans and leases	486,400	476,689	476,872	519,160	576,691	503,604	576,691
Less: Unearned income	2,912	3,123	3,401	2,870	3,048	2,845	3,048

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3
Number of institutions reporting	3,985	3,755	3,404	3,458	338	360	85	87
Total employees (FTEs)	79,168	73,310	301,240	344,382	239,400	232,175	1,133,928	1,205,726
<b>Selected income data (\$)</b>								
Net income	\$513	\$528	\$2,821	\$3,011	\$3,230	\$3,542	\$19,256	\$20,685
Net interest income	1,949	1,888	8,615	8,928	8,079	8,533	41,311	45,974
Provision for loan losses	144	106	739	551	912	640	5,903	5,343
Noninterest income	542	485	3,781	3,240	5,444	5,081	37,550	37,069
Noninterest expense	1,704	1,609	7,832	7,538	7,749	7,842	44,258	48,603
Net operating income	500	522	2,767	2,990	3,182	3,504	19,031	19,731
Cash dividends declared	233	219	1,381	1,214	1,826	1,448	13,818	11,536
Net charge-offs	101	77	630	335	835	558	7,317	5,745
<b>Selected condition data (\$)</b>								
Total assets	204,166	194,606	907,718	927,773	936,436	971,346	5,423,401	6,150,712
Total loans and leases	124,543	120,957	589,721	622,254	563,416	618,079	3,073,297	3,453,710
Reserve for losses	1,864	1,758	8,821	8,641	9,236	9,038	56,471	55,752
Securities	49,785	48,313	210,616	207,117	234,430	233,742	897,777	1,005,544
Other real estate owned	340	303	1,249	1,123	638	566	2,153	1,661
Noncurrent loans and leases	1,523	1,269	5,720	4,826	5,598	4,605	41,360	33,226
Total deposits	171,683	161,853	737,771	749,070	633,034	668,395	3,374,111	3,826,690
Domestic deposits	171,672	161,830	736,386	747,769	623,873	658,344	2,692,487	3,018,205
Equity capital	22,971	22,770	89,722	93,288	100,916	105,868	467,665	599,471
Off-balance-sheet derivatives	98	95	6,808	6,054	69,657	63,177	67,693,166	84,753,224
<b>Performance ratios (annualized %)</b>								
Return on equity	8.94	9.48	12.66	13.27	12.96	13.87	16.49	14.59
Return on assets	1.01	1.10	1.25	1.32	1.39	1.48	1.42	1.36
Net interest income to assets	3.84	3.92	3.83	3.90	3.47	3.56	3.04	3.03
Loss provision to assets	0.28	0.22	0.33	0.24	0.39	0.27	0.43	0.35
Net operating income to assets	0.99	1.08	1.23	1.31	1.37	1.46	1.40	1.30
Noninterest income to assets	1.07	1.01	1.68	1.42	2.34	2.12	2.76	2.44
Noninterest expense to assets	3.36	3.34	3.48	3.29	3.33	3.27	3.26	3.20
Loss provision to loans and leases	0.47	0.36	0.51	0.36	0.65	0.42	0.78	0.63
Net charge-offs to loans and leases	0.33	0.26	0.43	0.22	0.60	0.37	0.96	0.67
Loss provision to net charge-offs	142.98	138.51	117.30	164.40	109.27	114.72	80.67	93.01
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable	9.99	9.16	2.73	1.88	3.25	3.06	1.18	4.60
Percent of institutions with earnings gains	46.45	58.62	56.29	67.00	59.76	72.22	62.35	62.07
Nonint. income to net operating revenue	21.75	20.45	30.50	26.63	40.26	37.32	47.62	44.64
Nonint. expense to net operating revenue	68.42	67.79	63.18	61.95	57.30	57.61	56.12	58.53
<b>Condition ratios (%)</b>								
Nonperforming assets to assets	0.92	0.81	0.77	0.64	0.67	0.54	0.83	0.58
Noncurrent loans to loans	1.22	1.05	0.97	0.78	0.99	0.75	1.35	0.96
Loss reserve to noncurrent loans	122.36	138.60	154.21	179.05	164.97	196.24	136.53	167.80
Loss reserve to loans	1.50	1.45	1.50	1.39	1.64	1.46	1.84	1.61
Equity capital to assets	11.25	11.70	9.88	10.06	10.78	10.90	8.62	9.75
Leverage ratio	10.90	11.42	9.29	9.49	9.31	9.44	7.26	7.16
Risk-based capital ratio	17.50	17.99	14.32	14.15	15.03	14.42	12.35	11.99
Net loans and leases to assets	60.09	61.25	64.00	66.14	59.18	62.70	55.63	55.24
Securities to assets	24.38	24.83	23.20	22.32	25.03	24.06	16.55	16.35
Appreciation in securities (% of par)	1.23	0.62	1.24	0.81	1.28	0.70	1.07	0.48
Residential mortgage assets to assets	20.72	20.54	22.43	22.02	26.61	25.83	23.80	22.77
Total deposits to assets	84.09	83.17	81.28	80.74	67.60	68.81	62.21	62.22
Core deposits to assets	71.56	70.52	68.05	67.11	56.08	56.27	42.90	42.27
Volatile liabilities to assets	14.27	14.98	17.35	18.26	24.32	25.13	35.45	35.94

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3	2003Q3	2004Q3
<b>Percent of loans past due 30-89 days</b>								
Total loans and leases	1.41	1.25	0.99	0.86	0.90	0.74	0.93	0.86
Loans secured by real estate (RE)	1.23	1.13	0.84	0.72	0.68	0.54	0.87	0.77
1- to 4-family residential mortgages	1.73	1.70	1.24	1.14	0.87	0.78	1.13	1.06
Home equity loans	0.60	0.52	0.46	0.37	0.42	0.34	0.47	0.37
Multifamily residential mortgages	0.66	0.41	0.53	0.46	0.42	0.28	0.35	0.45
Commercial RE loans	0.94	0.87	0.64	0.58	0.58	0.42	0.49	0.50
Construction RE loans	1.11	0.81	0.82	0.55	0.66	0.51	0.74	0.61
Commercial and industrial loans	1.62	1.51	1.18	1.03	1.01	0.92	0.61	0.52
Loans to individuals	2.51	2.38	2.01	1.95	1.99	1.91	1.84	1.80
Credit cards	2.43	2.52	4.41	4.62	2.96	3.10	2.23	2.20
Installment loans and other plans	2.55	2.41	1.76	1.66	1.72	1.59	1.75	1.61
All other loans and leases	0.98	0.55	0.56	0.52	0.48	0.48	0.43	0.33
<b>Percent of loans noncurrent</b>								
Total loans and leases	1.22	1.05	0.97	0.78	0.99	0.75	1.35	0.96
Loans secured by real estate (RE)	1.07	0.92	0.85	0.68	0.85	0.65	0.78	0.70
1- to 4-family residential mortgages	1.05	1.00	0.82	0.72	0.85	0.70	0.78	0.90
Home equity loans	0.27	0.21	0.24	0.19	0.29	0.19	0.26	0.17
Multifamily residential mortgages	0.69	0.46	0.49	0.55	0.43	0.20	0.36	0.29
Commercial RE loans	1.15	0.97	0.90	0.76	0.95	0.80	0.98	0.75
Construction RE loans	0.97	0.68	0.93	0.54	0.92	0.49	0.77	0.49
Commercial and industrial loans	1.92	1.66	1.43	1.17	1.59	1.12	2.92	1.51
Loans to individuals	1.00	0.97	0.90	0.83	0.92	0.80	1.46	1.49
Credit cards	1.47	1.53	3.15	3.09	1.97	1.91	1.94	1.90
Installment loans and other plans	1.00	0.97	0.63	0.56	0.57	0.43	1.27	1.25
All other loans and leases	1.27	0.99	1.27	0.76	0.77	0.61	0.65	0.35
<b>Percent of loans charged-off, net</b>								
Total loans and leases	0.33	0.26	0.43	0.22	0.60	0.37	0.96	0.67
Loans secured by real estate (RE)	0.09	0.08	0.09	0.06	0.15	0.09	0.15	0.08
1- to 4-family residential mortgages	0.12	0.09	0.10	0.08	0.11	0.09	0.13	0.08
Home equity loans	0.03	0.07	0.06	0.05	0.14	0.14	0.15	0.10
Multifamily residential mortgages	0.17	0.05	0.04	0.08	-0.01	0.04	0.04	0.07
Commercial RE loans	0.07	0.09	0.08	0.06	0.21	0.09	0.19	0.06
Construction RE loans	0.16	0.08	0.12	0.04	0.15	0.09	0.15	0.04
Commercial and industrial loans	0.71	0.60	0.77	0.53	0.93	0.64	1.32	0.35
Loans to individuals	0.93	0.86	2.44	0.99	2.23	1.80	3.06	2.84
Credit cards	3.34	3.13	13.66	3.26	5.48	4.20	5.20	4.70
Installment loans and other plans	0.88	0.83	0.93	0.70	0.93	0.96	1.58	1.32
All other loans and leases	0.44	0.23	0.43	0.24	0.35	0.24	0.45	0.13
<b>Loans outstanding (\$)</b>								
Total loans and leases	\$124,543	\$120,957	\$589,721	\$622,254	\$563,416	\$618,079	\$3,073,297	\$3,453,710
Loans secured by real estate (RE)	75,937	75,485	410,971	445,718	346,290	407,386	1,439,441	1,616,325
1- to 4-family residential mortgages	30,653	29,233	129,223	132,643	123,627	129,243	757,988	774,834
Home equity loans	2,365	2,621	21,986	26,118	25,628	32,744	210,802	313,664
Multifamily residential mortgages	1,771	1,696	15,926	16,322	16,156	21,606	44,570	45,641
Commercial RE loans	23,328	23,251	168,831	180,787	127,848	153,850	268,580	293,565
Construction RE loans	7,630	8,407	56,731	69,756	47,289	62,993	112,903	132,607
Farmland loans	10,189	10,276	18,232	20,059	4,728	5,970	7,102	7,637
RE loans from foreign offices	0	0	42	33	1,014	978	37,497	48,378
Commercial and industrial loans	20,232	19,024	96,870	98,054	105,359	114,152	655,623	658,900
Loans to individuals	13,631	12,176	52,290	49,143	74,831	59,804	558,743	685,192
Credit cards*	279	189	5,967	5,611	19,238	15,658	222,022	318,504
Other revolving credit plans	201	163	1,640	1,438	2,140	2,598	33,271	34,170
Installment loans	13,152	11,823	44,683	42,094	53,453	41,548	303,450	332,519
All other loans and leases	14,837	14,350	30,172	29,911	37,419	37,252	421,175	495,179
Less: Unearned income	94	77	582	570	484	515	1,685	1,886

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured commercial banks by region**  
**Third quarter 2004**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	599	1,073	1,614	1,997	1,707	670	7,660
Total employees (FTEs)	571,216	434,480	356,426	214,844	172,110	106,517	1,855,593
<b>Selected income data (\$)</b>							
Net income	\$8,047	\$7,155	\$4,763	\$2,881	\$1,568	\$3,351	\$27,766
Net interest income	18,948	14,650	12,254	7,290	4,592	7,589	65,323
Provision for loan losses	2,298	587	1,567	713	273	1,202	6,640
Noninterest income	19,509	8,713	7,247	5,030	1,884	3,492	45,875
Noninterest expense	24,691	13,711	11,041	7,358	4,109	4,683	65,592
Net operating income	7,834	6,589	4,580	2,876	1,524	3,343	26,746
Cash dividends declared	4,613	3,852	2,600	1,519	660	1,172	14,417
Net charge-offs	2,933	636	1,096	778	232	1,039	6,714
<b>Selected condition data (\$)</b>							
Total assets	2,834,603	1,961,515	1,595,516	718,492	495,957	638,354	8,244,437
Total loans and leases	1,340,515	1,141,462	1,054,370	524,921	311,058	442,676	4,815,001
Reserve for losses	25,269	13,757	15,643	8,479	4,105	7,935	75,188
Securities	508,018	402,249	256,162	96,025	117,625	114,637	1,494,717
Other real estate owned	397	842	1,029	448	667	270	3,653
Noncurrent loans and leases	16,298	6,394	9,568	3,956	2,510	5,200	43,925
Total deposits	1,746,760	1,346,707	1,010,248	508,643	385,404	408,246	5,406,008
Domestic deposits	1,170,106	1,214,231	928,683	490,100	383,403	399,625	4,586,148
Equity capital	286,440	165,314	165,913	76,225	52,161	75,344	821,397
Off-balance-sheet derivatives	61,989,585	19,759,965	1,491,550	747,448	47,068	141,317	84,176,934
<b>Performance ratios (annualized %)</b>							
Return on equity	11.68	17.73	12.90	15.39	12.74	18.21	14.20
Return on assets	1.15	1.48	1.21	1.61	1.28	2.11	1.36
Net interest income to assets	2.71	3.04	3.11	4.07	3.75	4.78	3.21
Loss provision to assets	0.33	0.12	0.40	0.40	0.22	0.76	0.33
Net operating income to assets	1.12	1.37	1.16	1.61	1.24	2.11	1.31
Noninterest income to assets	2.79	1.81	1.84	2.81	1.54	2.20	2.25
Noninterest expense to assets	3.53	2.84	2.81	4.11	3.35	2.95	3.22
Loss provision to loans and leases	0.70	0.21	0.61	0.55	0.36	1.09	0.56
Net charge-offs to loans and leases	0.89	0.23	0.42	0.60	0.30	0.95	0.57
Loss provision to net charge-offs	78.35	92.34	142.95	91.65	117.63	115.64	98.89
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	8.68	8.01	4.40	3.15	5.33	9.10	5.54
Percent of institutions with earnings gains	69.78	69.99	55.02	60.34	64.21	70.75	63.08
Nonint. income to net operating revenue	50.73	37.29	37.16	40.83	29.09	31.51	41.26
Nonint. expense to net operating revenue	64.21	58.69	56.62	59.72	63.45	42.26	58.99
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.60	0.38	0.67	0.61	0.64	0.86	0.59
Noncurrent loans to loans	1.22	0.56	0.91	0.75	0.81	1.17	0.91
Loss reserve to noncurrent loans	155.05	215.14	163.50	214.36	163.54	152.61	171.17
Loss reserve to loans	1.89	1.21	1.48	1.62	1.32	1.79	1.56
Equity capital to assets	10.11	8.43	10.40	10.61	10.52	11.80	9.96
Leverage ratio	7.44	7.14	7.60	8.42	8.72	10.42	7.80
Risk-based capital ratio	13.05	11.58	12.04	12.40	13.52	15.11	12.63
Net loans and leases to assets	46.40	57.49	65.10	71.88	61.89	68.10	57.49
Securities to assets	17.92	20.51	16.06	13.36	23.72	17.96	18.13
Appreciation in securities (% of par)	0.12	0.82	0.70	1.60	0.62	0.46	0.57
Residential mortgage assets to assets	17.38	31.67	22.68	21.39	25.47	21.93	22.99
Total deposits to assets	61.62	68.66	63.32	70.79	77.71	63.95	65.57
Core deposits to assets	33.56	54.09	51.23	58.53	62.91	53.96	47.38
Volatile liabilities to assets	44.28	27.57	26.19	20.83	22.10	28.15	32.18

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	0.92	0.68	0.89	0.98	0.88	0.88	0.86
Loans secured by real estate (RE)	0.69	0.62	0.97	0.80	0.80	0.49	0.73
1- to 4-family residential mortgages	0.76	0.92	1.56	1.26	1.18	0.81	1.05
Home equity loans	0.36	0.33	0.41	0.39	0.40	0.25	0.37
Multifamily residential mortgages	0.12	0.28	0.59	1.41	0.41	0.13	0.41
Commercial RE loans	0.71	0.35	0.69	0.44	0.64	0.27	0.52
Construction RE loans	0.57	0.37	0.79	0.93	0.60	0.47	0.58
Commercial and industrial loans	0.55	0.45	0.73	0.87	0.81	0.88	0.65
Loans to individuals	1.89	1.83	1.45	2.11	1.73	1.86	1.83
Credit cards	2.20	2.97	1.85	2.67	1.82	2.20	2.28
Installment loans and other plans	1.84	1.68	1.38	1.45	1.78	1.29	1.63
All other loans and leases	0.42	0.21	0.38	0.27	0.61	0.32	0.35
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.22	0.56	0.91	0.75	0.81	1.17	0.91
Loans secured by real estate (RE)	0.62	0.42	1.00	0.52	0.74	1.13	0.69
1- to 4-family residential mortgages	0.57	0.49	1.40	0.51	0.80	2.20	0.86
Home equity loans	0.14	0.12	0.26	0.19	0.18	0.12	0.17
Multifamily residential mortgages	0.14	0.27	0.51	0.55	0.56	0.08	0.32
Commercial RE loans	0.83	0.51	1.14	0.73	0.83	0.57	0.77
Construction RE loans	0.59	0.31	0.75	0.61	0.54	0.44	0.51
Commercial and industrial loans	2.16	1.03	1.20	1.00	1.09	1.14	1.43
Loans to individuals	1.87	0.88	0.67	1.54	0.61	1.38	1.39
Credit cards	1.94	1.83	1.46	2.32	1.31	1.81	1.92
Installment loans and other plans	2.06	0.71	0.39	0.51	0.60	0.54	1.09
All other loans and leases	0.42	0.35	0.34	0.37	0.98	0.77	0.41
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.89	0.23	0.42	0.60	0.30	0.95	0.57
Loans secured by real estate (RE)	0.05	0.06	0.16	0.04	0.09	0.06	0.08
1- to 4-family residential mortgages	0.03	0.05	0.18	0.02	0.12	0.11	0.08
Home equity loans	0.06	0.09	0.16	0.09	0.13	0.01	0.10
Multifamily residential mortgages	0.06	0.12	0.06	0.02	0.08	0.00	0.06
Commercial RE loans	0.03	0.05	0.17	0.02	0.08	0.02	0.07
Construction RE loans	0.02	0.03	0.08	0.05	0.06	0.07	0.05
Commercial and industrial loans	0.34	0.24	0.37	0.56	0.55	0.97	0.41
Loans to individuals	3.25	1.26	2.08	2.78	1.14	3.09	2.62
Credit cards	4.81	3.92	6.03	4.35	3.85	4.30	4.65
Installment loans and other plans	1.91	0.70	1.01	0.62	1.01	0.54	1.22
All other loans and leases	0.07	0.18	0.19	0.11	0.53	0.24	0.14
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$1,340,515	\$1,141,462	\$1,054,370	\$524,921	\$311,058	\$442,676	\$4,815,001
Loans secured by real estate (RE)	527,847	721,113	555,698	289,705	207,295	243,255	2,544,913
1- to 4-family residential mortgages	253,783	335,492	209,816	108,340	67,527	90,996	1,065,954
Home equity loans	79,798	99,431	100,848	65,484	15,883	13,705	375,148
Multifamily residential mortgages	18,495	16,767	23,516	7,093	5,351	14,043	85,265
Commercial RE loans	105,869	168,494	149,026	68,528	70,863	88,674	651,453
Construction RE loans	26,078	92,413	61,533	25,539	36,698	31,503	273,763
Farmland loans	1,909	5,458	10,221	14,721	7,909	3,724	43,942
RE loans from foreign offices	41,916	3,058	739	0	3,065	610	49,389
Commercial and industrial loans	271,852	191,066	217,927	75,640	58,443	75,201	890,129
Loans to individuals	333,144	118,272	127,271	92,808	29,789	105,031	806,315
Credit cards	158,712	20,899	35,044	53,653	1,371	70,282	339,962
Other revolving credit plans	21,333	5,299	5,466	2,763	812	2,696	38,369
Installment loans	153,099	92,074	86,760	36,393	27,605	32,053	427,984
All other loans and leases	209,419	111,371	153,618	66,823	15,759	19,702	576,691
Less: Unearned income	1,747	361	143	56	228	513	3,048

## 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



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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.