

# Condition and Performance of Commercial Banks

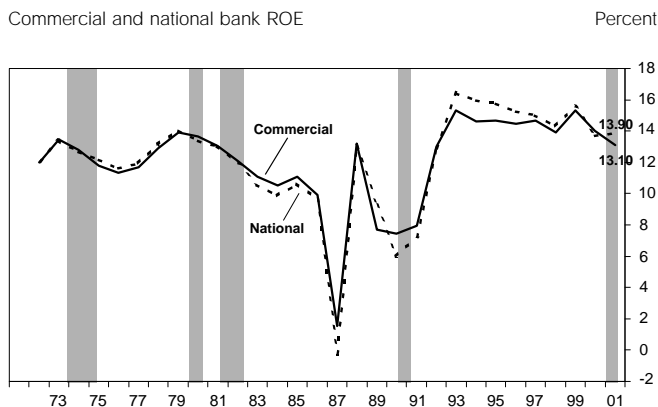
## Summary of Condition and Performance

Banks enjoyed a particularly good fourth quarter in 2001, as earnings rose both for national banks and for all commercial banks. A continuing decline in interest rates benefited banks in two ways: by allowing a rise in net interest margins, and by allowing banks to realize gains from the sale of securities. Most of this benefit went to large banks.

On the negative side, provisioning expenses continued to rise, as a softer economy led to lower asset quality across the board, and most prominently in commercial and industrial (C&I) portfolios. This weakness is likely to persist for some sectors and regions, whatever the path of the recovery. The result will be continuing asset quality erosion for banks with exposure there.

market-sensitive income has fallen sharply as a result of the slower pace of corporate mergers and acquisitions, and the decline in trading volume in equity markets. On the international side, Germany and Japan remain mired in recession, and with them many of our other major trading partners. Thus international income, which boosted earnings for many large banks during the last recession, has not provided the same kick to earnings this time around. Small banks will face pressure on earnings if they have exposure to weak industries, or if they are in countries with weak labor markets.

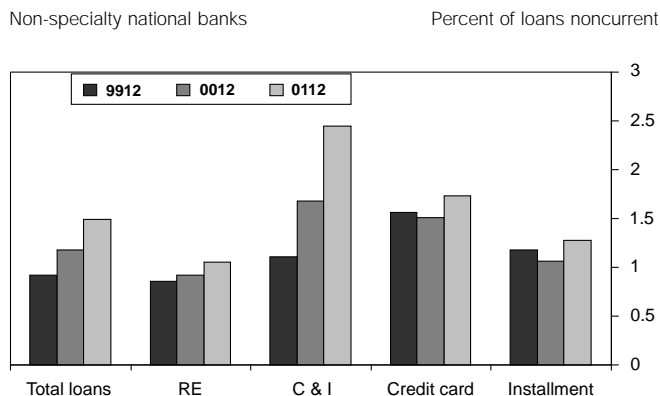
**Figure 1— ROE higher for national banks**



Banks will be hard pressed to repeat their earnings performance in the near future. If the economy does not recover quickly, loan volume and noninterest income will lag, and credit quality will decline. But earnings are not likely to rise even if the economy does recover quickly, as this would likely push up interest rates, reducing net interest margins (NIMs). At the same time, credit quality problems are likely to persist for several quarters after the beginning of a recovery, keeping provisions and charge-offs high.

Larger banks can expect continuing weakness in credit quality, as asset quality problems tend to persist after the end of a recession. Noninterest income is not likely to recover to the heady levels of the late 90s; for example,

**Figure 2— Asset quality deteriorated across the board**

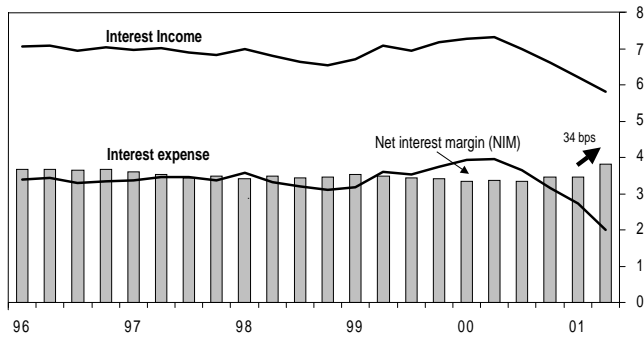


## Key Trends

In the fourth quarter, return on equity for national banks rose sharply to 14.9 percent, up 130 basis points (bps) year-over-year and 260 bps quarter-over-quarter. This puts ROE close to the 16-plus-percent range recorded in the mid and late 1990s. The story was different for the broader population of all commercial banks, where ROE rose 40 bps on the quarter but fell 90 bps on the year. Two factors explain this difference. First, short-term interest rates continued to fall, which translated into a decline in the cost of wholesale funding. This mostly benefits large banks, as they are large net buyers in the wholesale funding market, and national banks are larger on average than state banks. Second, assets grew at national banks as a result of consolidation. Third, several large state banks took unusually large charge-offs and provisions related to Enron, Argentina, and other matters.

**Figure 3— Large banks benefited from big fourth quarter improvement in NIM**

National banks with assets over \$10 billion      Percent of avg. assets



For national banks, net interest income jumped 11 percent quarter-over-quarter and 19 percent year-over-year. For the largest national banks (over \$10 billion in assets), net interest margin (NIM) jumped 34 bps from third-quarter levels, the second largest increase and the second highest absolute level since quarterly data collection began in 1984. Small banks did not fare as well. For national banks with less than \$1 billion in assets, NIM improved only 5 bps this quarter.

How long can large banks expect to enjoy these record-high NIMs? Because banks generally borrow short and lend long, the spread between long and short interest rates gives a good indication of NIMs. Typically, the long-short spread widens during recessions, as short-term rates decline, and narrows, often precipitously, during recoveries. This suggests that banks will not be able to rely on today's historically high NIMs as the economy recovers.

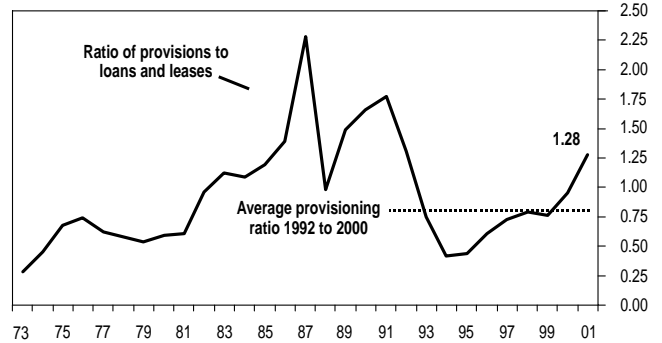
With the onset of the recession, it is not surprising that provisioning costs continue to climb in 2001. Figure 4 shows how provisioning costs have moved since the 1970s. After rising sharply in the 1980s as a response to severe problems in several sectors and regions, by the mid 1990s the provisioning ratio had fallen back to the levels of the 1970s. Since then, the ratio has been rising again. Fourth quarter provisions were up 16 percent on the quarter and 37 percent on the year, and now stand 60 percent above the average level between 1992 and 2000. Even so, the reserve coverage ratio continued to decline, as charge-offs and nonperforming loans rose faster than provisions.

Asset quality has deteriorated across the board in the fourth quarter, with C&I loans affected most. The deterioration on the C&I side occurred in part from the dramatic expansion of C&I lending in the late 1990s. With capital investment growing at around 15 percent annually, U.S. corporations had to rely on external funding. The chart

shows capital spending by U.S. corporations as a percentage of internal funds, primarily retained earnings and depreciation. When this ratio exceeds 100, corporations are net borrowers of funds. Corporate demand for external funds rose steadily following the recession of 1990–91. By early 2001, this ratio stood near its postwar peak.

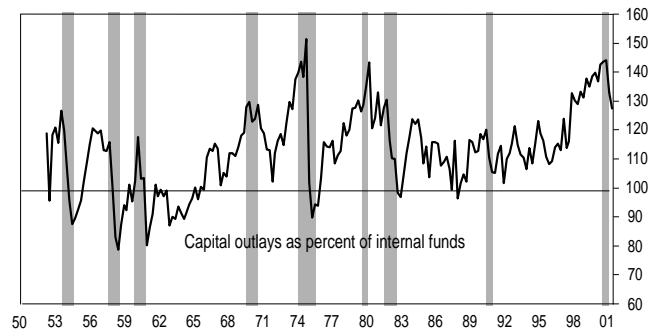
**Figure 4— Provisioning costs up significantly in 2001**

National banks      Percent



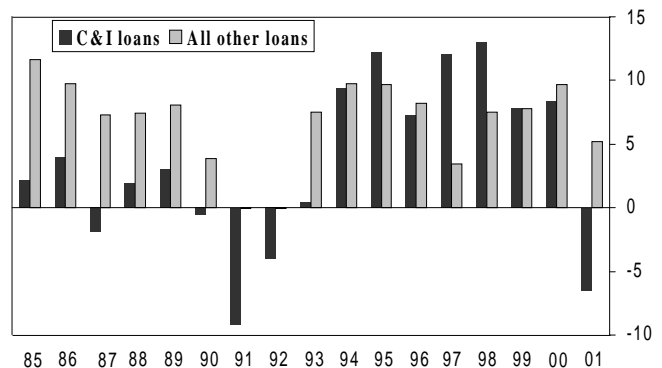
**Figure 5— Booming plant and equipment investment in 1990s produced record corporate demand for capital**

Nonfinancial corporate business      Percent



**Figure 6— Banks significantly expanded C&I lending in the 1990s**

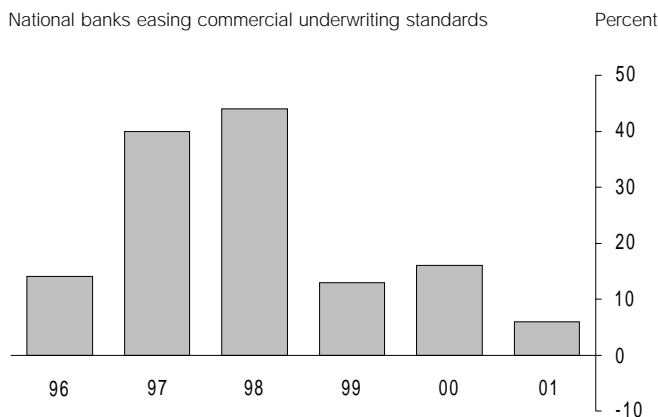
Percentage change commercial bank loans      Percent



Banks responded to this demand by increasing C&I lending. Figure 6 indicates that C&I lending grew much faster than other lending during the mid to late 1990s.

At the same time, banks were loosening their underwriting standards, as shown in Figure 7, which is based on a survey of OCC examiners in charge of large banks. In 1997 and 1998, nearly 40 percent of the examiners-in-charge reported that their banks had lowered underwriting standards. Since then, banks have realigned underwriting to more typical standards.

**Figure 7— Underwriting standards weakened as growth accelerated in the late 1990s**

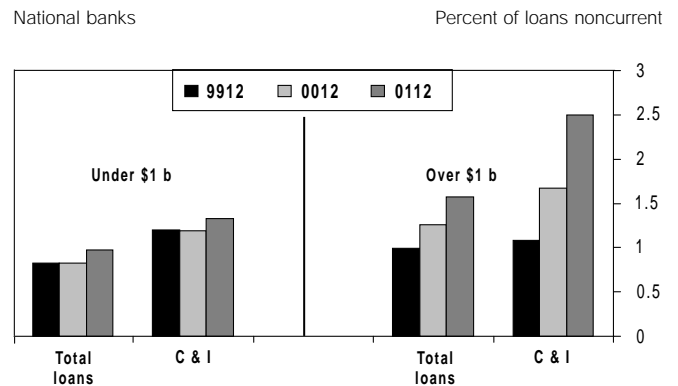


This conclusion is confirmed by a look at the spread between corporate borrowing rates and short-term Treasury rates. The C&I loan rate averaged about 200 bps higher than the Fed Funds rate over the last 15 years, except from 1995 through 1997, when it fell to about 160 bps. This decline would be consistent with aggressive pursuit of C&I loan business.

The Asian crisis of 1997 and the Russian default of 1998 rocked the capital markets. Risk-aversion among lenders increased, liquidity dried up, and many borrowers turned to lines of credit previously arranged with their banks, contributing to the bulge in large-bank C&I lending during those years. Small banks expanded their C&I portfolios as well, but the growth spike for small banks lagged that for large banks by about two years. C&I credit quality has been a problem for large banks from the beginning of this

recession. We may expect to see similar problems appear at small banks with a lag corresponding to the lag in C&I loan growth.

**Figure 8— C&I problems concentrated at large banks so far**



International developments pose another set of risks for large banks. With the world's second and third largest economies, Japan and Germany, in recession, our major trading partners will not be the engines of a demand-driven recovery. In addition, Japan's fiscal deficit now stands at a post-war high, and its credit markets remain hobbled by high levels of bad debt on the books of its banks. Argentina's default has caused losses for several U.S. banks, though Argentina's problems have remained largely confined to that country. Finally, the persistent, large U.S. trade deficit has the potential to roil financial markets and cause turmoil in world currency and capital markets.

Small banks face their own set of pressures. For banks with less than \$1 billion in assets, the ratios of both interest and noninterest income to assets declined slightly in 2001. Provisions rose both absolutely and as a percent of assets, resulting in a decline in return on assets. Small banks with a concentration in business lending have, as a group, seen earnings erode during the recession; hotels and business real estate in general could remain a sore spot in many regions. In contrast, small banks that focus on the household side have seen earnings hold up relatively well, helped by higher fee income from mortgage refinancing.

**Key indicators, FDIC-insured national banks**  
**Annual 1997-2000, year-to-date through December 31, 2001, fourth quarter 2000, and fourth quarter 2001**  
(Dollar figures in millions)

	1997	1998	1999	2000	Preliminary 2001YTD	2000Q4	Preliminary 2001Q4
Number of institutions reporting.....	2,597	2,456	2,364	2,230	2,137	2,230	2,137
Total employees (FTEs).....	912,463	974,871	983,186	948,648	966,430	948,648	966,430
<b>Selected income data (\$)</b>							
Net income.....	\$35,782	\$37,608	\$42,591	\$38,959	\$44,373	\$9,957	\$12,581
Net interest income.....	106,639	110,985	114,557	115,906	125,674	29,243	34,880
Provision for loan losses.....	13,065	15,242	15,549	20,555	28,974	6,959	9,548
Noninterest income.....	65,429	81,344	92,647	96,183	99,540	24,581	26,383
Noninterest expense.....	104,682	122,604	125,807	128,538	131,149	31,926	34,374
Net operating income.....	34,993	35,549	42,416	40,209	43,145	9,472	12,177
Cash dividends declared.....	28,587	25,414	29,870	32,327	27,736	11,790	6,766
Net charge-offs to loan and lease reserve....	12,661	14,492	14,179	17,240	25,173	6,238	8,556
<b>Selected condition data (\$)</b>							
Total assets.....	2,893,910	3,183,385	3,271,265	3,414,446	3,634,997	3,414,446	3,634,997
Total loans and leases.....	1,840,485	2,015,585	2,127,927	2,227,071	2,272,398	2,227,071	2,272,398
Reserve for losses.....	34,865	36,810	37,683	40,020	45,552	40,020	45,552
Securities.....	452,118	516,120	537,316	502,295	575,895	502,295	575,895
Other real estate owned.....	2,112	1,833	1,572	1,553	1,794	1,553	1,794
Noncurrent loans and leases.....	17,878	19,513	20,815	27,160	34,584	27,160	34,584
Total deposits.....	2,004,867	2,137,946	2,154,272	2,250,464	2,384,462	2,250,464	2,384,462
Domestic deposits.....	1,685,316	1,785,856	1,776,126	1,827,126	2,001,302	1,827,126	2,001,302
Equity capital.....	244,794	274,193	278,014	293,838	340,993	293,838	340,993
Off-balance-sheet derivatives.....	8,704,481	10,953,514	12,077,568	15,502,911	20,641,447	15,502,911	20,641,447
<b>Performance ratios (annualized %)</b>							
Return on equity.....	15.00	14.29	15.57	13.71	13.90	13.59	14.94
Return on assets.....	1.29	1.24	1.35	1.18	1.26	1.18	1.40
Net interest income to assets.....	3.83	3.67	3.63	3.50	3.56	3.46	3.87
Loss provision to assets.....	0.47	0.50	0.49	0.62	0.82	0.82	1.06
Net operating income to assets.....	1.26	1.18	1.35	1.21	1.22	1.12	1.35
Noninterest income to assets.....	2.35	2.69	2.94	2.91	2.82	2.91	2.93
Noninterest expense to assets.....	3.76	4.05	3.99	3.88	3.72	3.77	3.81
Loss provision to loans and leases.....	0.73	0.79	0.76	0.95	1.28	1.25	1.69
Net charge-offs to loans and leases.....	0.71	0.75	0.70	0.80	1.11	1.12	1.51
Loss provision to net charge-offs.....	103.19	105.12	109.66	119.23	115.10	111.57	111.59
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable.....	4.89	5.94	7.06	6.91	7.07	10.72	11.46
Percent of institutions with earnings gains....	67.96	61.60	62.18	66.64	57.32	56.14	58.26
Nonint. income to net operating revenue.....	38.02	42.29	44.71	45.35	44.20	45.67	43.07
Nonint. expense to net operating revenue.....	60.84	63.75	60.72	60.61	58.23	59.32	56.11
<b>Condition ratios (%)</b>							
Nonperforming assets to assets.....	0.70	0.68	0.70	0.86	1.02	0.86	1.02
Noncurrent loans to loans.....	0.97	0.97	0.98	1.22	1.52	1.22	1.52
Loss reserve to noncurrent loans.....	195.01	188.65	181.03	147.35	131.72	147.35	131.72
Loss reserve to loans.....	1.89	1.83	1.77	1.80	2.00	1.80	2.00
Equity capital to assets.....	8.46	8.61	8.50	8.61	9.38	8.61	9.38
Leverage ratio.....	7.42	7.43	7.49	7.49	7.82	7.49	7.82
Risk-based capital ratio.....	11.84	11.79	11.71	11.85	12.62	11.85	12.62
Net loans and leases to assets.....	62.39	62.16	63.90	64.05	61.26	64.05	61.26
Securities to assets.....	15.62	16.21	16.43	14.71	15.84	14.71	15.84
Appreciation in securities (% of par).....	1.11	0.82	-2.45	-0.01	0.48	-0.01	0.48
Residential mortgage assets to assets.....	20.10	20.41	20.60	19.60	22.54	19.60	22.54
Total deposits to assets.....	69.28	67.16	65.85	65.91	65.60	65.91	65.60
Core deposits to assets.....	51.59	49.72	47.01	45.61	48.08	45.61	48.08
Volatile liabilities to assets.....	31.42	31.77	34.81	35.18	31.23	35.18	31.23

**Loan performance, FDIC-insured national banks**  
**Annual 1997-2000, year-to-date through December 31, 2001, fourth quarter 2000, and fourth quarter 2001**  
(Dollar figures in millions)

	1997	1998	1999	2000	Preliminary 2001YTD	2000Q4	Preliminary 2001Q4
<b>Percent of loans past due 30–89 days</b>							
Total loans and leases	1.32	1.27	1.16	1.26	1.38	1.26	1.38
Loans secured by real estate (RE)	1.39	1.33	1.22	1.42	1.42	1.42	1.42
1–4 family residential mortgages	1.65	1.50	1.61	1.95	1.80	1.95	1.80
Home equity loans	0.93	0.97	0.77	1.07	0.98	1.07	0.98
Multifamily residential mortgages	1.33	0.94	0.69	0.59	0.75	0.59	0.75
Commercial RE loans	0.95	1.02	0.70	0.72	0.85	0.72	0.85
Construction RE loans	1.63	1.82	1.07	1.12	1.28	1.12	1.28
Commercial and industrial loans	0.76	0.81	0.71	0.71	0.95	0.71	0.95
Loans to individuals	2.52	2.44	2.36	2.40	2.39	2.40	2.39
Credit cards	2.75	2.52	2.53	2.50	2.52	2.50	2.52
Installment loans and other plans	2.34	2.37	2.24	2.31	2.56	2.31	2.56
All other loans and leases	0.46	0.46	0.50	0.58	0.84	0.58	0.84
<b>Percent of loans noncurrent</b>							
Total loans and leases	0.97	0.97	0.98	1.22	1.52	1.22	1.52
Loans secured by real estate (RE)	1.07	0.98	0.87	0.93	1.04	0.93	1.04
1–4 family residential mortgages	1.01	0.95	0.91	1.06	1.05	1.06	1.05
Home equity loans	0.43	0.41	0.32	0.41	0.42	0.41	0.42
Multifamily residential mortgages	1.01	0.88	0.43	0.55	0.48	0.55	0.48
Commercial RE loans	1.27	1.01	0.84	0.77	1.03	0.77	1.03
Construction RE loans	1.00	0.80	0.63	0.82	1.15	0.82	1.15
Commercial and industrial loans	0.78	0.86	1.11	1.66	2.44	1.66	2.44
Loans to individuals	1.49	1.59	1.52	1.46	1.58	1.46	1.58
Credit cards	2.03	2.06	2.00	1.89	2.06	1.89	2.06
Installment loans and other plans	1.04	1.19	1.16	1.06	1.36	1.06	1.36
All other loans and leases	0.27	0.31	0.40	0.85	1.17	0.85	1.17
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.71	0.75	0.70	0.80	1.11	1.12	1.51
Loans secured by real estate (RE)	0.06	0.05	0.10	0.12	0.26	0.15	0.29
1–4 family residential mortgages	0.08	0.07	0.14	0.14	0.32	0.16	0.21
Home equity loans	0.18	0.16	0.19	0.23	0.35	0.29	0.52
Multifamily residential mortgages	0.01	0.07	0.02	0.03	0.04	0.03	0.10
Commercial RE loans	–0.01	–0.02	0.03	0.07	0.18	0.09	0.33
Construction RE loans	–0.10	–0.01	0.03	0.05	0.15	0.09	0.28
Commercial and industrial loans	0.27	0.38	0.54	0.87	1.50	1.44	2.44
Loans to individuals	2.86	2.92	2.65	2.84	3.14	3.63	3.95
Credit cards	4.95	5.03	4.51	4.43	5.08	4.67	6.39
Installment loans and other plans	1.20	1.23	1.27	1.54	1.66	2.71	2.16
All other loans and leases	0.07	0.40	0.23	0.24	0.45	0.36	0.50
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$1,840,485	\$2,015,585	\$2,127,927	\$2,227,071	\$2,272,398	\$2,227,071	\$2,272,398
Loans secured by real estate (RE)	725,305	764,944	853,141	892,152	976,092	892,152	976,092
1–4 family residential mortgages	363,329	381,597	433,807	443,088	472,705	443,088	472,705
Home equity loans	67,669	66,091	67,267	82,672	102,094	82,672	102,094
Multifamily residential mortgages	23,346	23,201	26,561	28,021	30,072	28,021	30,072
Commercial RE loans	190,067	200,469	214,145	221,218	236,452	221,218	236,452
Construction RE loans	47,410	56,261	71,578	76,884	91,487	76,884	91,487
Farmland loans	10,178	10,930	11,957	12,346	12,614	12,346	12,614
RE loans from foreign offices	23,306	26,396	27,825	27,923	30,668	27,923	30,668
Commercial and industrial loans	508,589	583,903	622,004	646,995	597,255	646,995	597,255
Loans to individuals	371,477	386,410	348,634	370,363	389,879	370,363	389,879
Credit cards*	168,236	176,408	147,179	176,372	166,528	176,372	166,528
Other revolving credit plans	na	na	na	na	22,616	na	22,616
Installment loans	203,241	210,003	201,455	193,991	200,735	193,991	200,735
All other loans and leases	237,326	282,367	306,041	319,145	311,103	319,145	311,103
Less: Unearned income	2,212	2,039	1,893	1,584	1,931	1,584	1,931

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

**Key indicators, FDIC-insured national banks by asset size**  
**Fourth quarter 2000 and fourth quarter 2001**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4
Number of institutions reporting .....	1,100	996	955	968	131	131	44	42
Total employees (FTEs) .....	27,163	23,211	96,221	95,721	113,115	108,751	712,149	738,747
<b>Selected income data (\$)</b>								
Net income .....	\$133	\$116	\$765	\$746	\$1,173	\$2,075	\$7,886	\$9,644
Net interest income .....	575	505	2,478	2,548	3,598	4,218	22,591	27,608
Provision for loan losses .....	47	47	251	295	546	156	6,115	9,051
Noninterest income .....	308	248	1,399	1,446	2,728	3,063	20,146	21,626
Noninterest expense .....	646	546	2,537	2,673	4,020	4,056	24,722	27,098
Net operating income .....	133	112	766	732	1,168	2,028	7,405	9,305
Cash dividends declared .....	164	161	710	643	1,831	1,218	9,085	4,745
Net charge-offs to loan and lease reserve .....	32	38	185	223	519	885	5,501	7,410
<b>Selected condition data (\$)</b>								
Total assets .....	55,919	51,688	251,393	253,533	400,677	413,932	2,706,456	2,915,844
Total loans and leases .....	33,412	30,761	159,354	157,505	249,156	255,062	1,785,149	1,829,070
Reserve for losses .....	443	417	2,192	2,237	4,498	4,559	32,888	38,340
Securities .....	14,555	12,778	62,067	61,686	87,303	88,282	338,369	413,150
Other real estate owned .....	68	70	197	249	154	188	1,135	1,287
Noncurrent loans and leases .....	306	349	1,290	1,472	2,334	2,491	23,230	30,272
Total deposits .....	46,986	43,533	203,375	205,412	264,786	268,836	1,735,317	1,866,681
Domestic deposits .....	46,976	43,533	203,109	204,968	262,118	266,792	1,314,923	1,486,008
Equity capital .....	6,271	5,800	24,834	25,343	36,436	40,627	226,298	269,222
Off-balance-sheet derivatives .....	28	6	1,340	1,378	29,273	36,968	15,630,534	20,685,244
<b>Performance ratios (annualized %)</b>								
Return on equity .....	8.60	7.94	12.54	11.76	12.92	20.65	13.95	14.54
Return on assets .....	0.97	0.91	1.23	1.19	1.19	2.04	1.17	1.33
Net interest income to assets .....	4.18	3.96	4.00	4.07	3.64	4.14	3.37	3.81
Loss provision to assets .....	0.34	0.37	0.40	0.47	0.55	0.15	0.91	1.25
Net operating income to assets .....	0.97	0.88	1.24	1.17	1.18	1.99	1.10	1.29
Noninterest income to assets .....	2.24	1.94	2.26	2.31	2.76	3.00	3.00	2.99
Noninterest expense to assets .....	4.69	4.28	4.09	4.27	4.07	3.98	3.68	3.74
Loss provision to loans and leases .....	0.57	0.62	0.64	0.76	0.88	0.24	1.37	1.99
Net charge-offs to loans and leases .....	0.39	0.50	0.47	0.57	0.84	1.39	1.23	1.63
Loss provision to net charge-offs .....	145.96	123.85	135.65	131.96	105.27	17.62	111.15	122.14
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable .....	16.18	17.07	5.03	6.10	6.11	7.63	11.36	14.29
Percent of institutions with earnings gains .....	54.55	52.31	58.95	63.95	51.91	62.60	47.73	54.76
Nonint. income to net operating revenue .....	34.88	32.90	36.09	36.20	43.12	42.07	47.14	43.93
Nonint. expense to net operating revenue .....	73.09	72.53	65.45	66.92	63.55	55.71	57.85	55.04
<b>Condition ratios (%)</b>								
Nonperforming assets to assets .....	0.67	0.82	0.59	0.69	0.64	0.66	0.92	1.10
Noncurrent loans to loans .....	0.92	1.13	0.81	0.93	0.94	0.98	1.30	1.66
Loss reserve to noncurrent loans .....	144.88	119.58	169.85	151.90	192.73	183.05	141.57	126.65
Loss reserve to loans .....	1.33	1.36	1.38	1.42	1.81	1.79	1.84	2.10
Equity capital to assets .....	11.21	11.22	9.88	9.09	9.81	8.36	9.23	
			10.00					
Leverage ratio .....	11.14	10.94	9.57	9.39	8.20	8.73	7.12	7.50
Risk-based capital ratio .....	17.97	17.92	14.60	14.74	13.10	14.29	11.40	12.20
Net loans and leases to assets .....	58.96	58.71	62.52	61.24	61.06	60.52	64.74	61.41
Securities to assets .....	26.03	24.72	24.69	24.33	21.79	21.33	12.50	14.17
Appreciation in securities (% of par) .....	0.05	1.20	0.14	1.14	0.07	0.89	-0.07	0.27
Residential mortgage assets to assets .....	21.25	22.34	23.71	24.84	26.08	27.09	18.23	21.70
Total deposits to assets .....	84.02	84.22	80.90	81.02	66.08	64.95	64.12	64.02
Core deposits to assets .....	71.03	70.95	67.87	68.01	55.41	55.68	41.57	44.86
Volatile liabilities to assets .....	15.36	15.15	18.45	17.28	27.73	24.80	38.25	33.64

**Loan performance, FDIC-insured national banks by asset size**  
**Fourth quarter 2000 and fourth quarter 2001**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4
<b>Percent of loans past due 30–89 days</b>								
Total loans and leases . . . . .	1.44	1.55	1.20	1.32	1.32	1.31	1.25	1.40
Loans secured by real estate (RE) . . . . .	1.26	1.36	0.98	1.14	1.02	1.09	1.58	1.52
1–4 family residential mortgages . . . . .	1.60	1.71	1.39	1.56	1.16	1.42	2.18	1.89
Home equity loans . . . . .	0.75	0.85	0.70	0.65	1.16	0.77	1.09	1.02
Multifamily residential mortgages . . . . .	0.79	0.53	0.37	0.55	0.50	0.55	0.65	0.84
Commercial RE loans . . . . .	0.92	1.06	0.62	0.85	0.74	0.75	0.73	0.88
Construction RE loans . . . . .	1.19	1.61	1.00	1.07	1.18	1.04	1.12	1.36
Commercial and industrial loans* . . . . .	1.40	1.69	1.11	1.32	1.13	1.16	0.62	0.90
Loans to individuals . . . . .	2.27	2.74	2.26	2.45	2.40	2.20	2.41	2.42
Credit cards . . . . .	1.80	2.56	2.84	4.53	2.43	2.32	2.50	2.52
Installment loans and other plans . . . . .	2.29	2.80	2.11	2.19	2.38	2.29	2.32	2.64
All other loans and leases . . . . .	na	0.94	na	0.94	0.94	0.88	0.57	0.83
<b>Percent of loans noncurrent</b>								
Total loans and leases . . . . .	0.92	1.13	0.81	0.93	0.94	0.98	1.30	1.66
Loans secured by real estate (RE) . . . . .	0.74	0.98	0.66	0.78	0.64	0.78	1.03	1.14
1–4 family residential mortgages . . . . .	0.62	0.80	0.58	0.73	0.60	0.60	1.22	1.17
Home equity loans . . . . .	0.32	0.35	0.35	0.30	0.39	0.41	0.42	0.43
Multifamily residential mortgages . . . . .	0.41	0.81	0.32	0.39	0.46	0.52	0.62	0.48
Commercial RE loans . . . . .	0.88	1.23	0.77	0.91	0.67	0.95	0.79	1.08
Construction RE loans . . . . .	0.67	0.87	0.68	0.64	0.84	1.18	0.85	1.23
Commercial and industrial loans* . . . . .	1.34	1.81	1.15	1.42	1.39	1.42	1.69	2.59
Loans to individuals . . . . .	0.74	0.84	0.87	1.08	1.38	1.21	1.53	1.68
Credit cards . . . . .	1.13	1.96	2.33	4.41	2.25	1.75	1.83	2.07
Installment loans and other plans . . . . .	0.72	0.80	0.51	0.58	0.74	0.86	1.21	1.54
All other loans and leases . . . . .	na	1.26	na	0.89	0.48	0.69	0.90	1.21
<b>Percent of loans charged-off, net</b>								
Total loans and leases . . . . .	0.39	0.50	0.47	0.57	0.84	1.39	1.23	1.63
Loans secured by real estate (RE) . . . . .	0.07	0.12	0.08	0.12	0.13	0.18	0.17	0.34
1–4 family residential mortgages . . . . .	0.06	0.08	0.08	0.11	0.18	0.06	0.17	0.25
Home equity loans . . . . .	0.20	0.03	0.04	0.05	0.14	0.35	0.33	0.56
Multifamily residential mortgages . . . . .	0.18	0.35	0.00	0.10	0.04	0.08	0.03	0.10
Commercial RE loans . . . . .	0.10	0.15	0.08	0.14	0.09	0.28	0.09	0.40
Construction RE loans . . . . .	0.06	0.10	0.06	0.09	0.07	0.27	0.11	0.32
Commercial and industrial loans* . . . . .	0.70	1.16	0.77	0.99	0.78	1.56	1.53	2.61
Loans to individuals . . . . .	1.10	1.39	1.64	2.33	2.96	4.76	3.94	3.95
Credit cards . . . . .	-0.33	4.64	4.88	9.72	5.90	8.52	4.49	5.96
Installment loans and other plans . . . . .	1.16	1.26	0.85	1.18	0.88	1.85	3.38	2.34
All other loans and leases . . . . .	na	0.38	na	0.52	0.26	0.35	0.37	0.51
<b>Loans outstanding (\$)</b>								
Total loans and leases . . . . .	\$33,412	\$30,761	\$159,354	\$157,505	\$249,156	\$255,062	\$1,785,149	\$1,829,070
Loans secured by real estate (RE) . . . . .	19,313	17,898	98,290	101,006	133,035	140,094	641,514	717,094
1–4 family residential mortgages . . . . .	9,029	7,983	42,364	40,916	62,080	63,913	329,615	359,893
Home equity loans . . . . .	460	445	4,149	4,433	9,199	9,404	68,864	87,812
Multifamily residential mortgages . . . . .	423	420	3,435	3,576	4,886	5,267	19,278	20,809
Commercial RE loans . . . . .	5,581	5,315	35,085	37,143	40,894	43,286	139,658	150,709
Construction RE loans . . . . .	1,640	1,696	9,143	10,621	13,944	16,271	52,158	62,899
Farmland loans . . . . .	2,180	2,039	4,110	4,315	1,872	1,822	4,184	4,438
RE loans from foreign offices . . . . .	0	0	5	3	161	130	27,757	30,534
Commercial and industrial loans . . . . .	5,739	5,197	28,595	28,004	50,527	46,370	562,134	517,684
Loans to individuals . . . . .	4,617	4,092	22,680	19,066	50,689	52,002	292,376	314,719
Credit cards** . . . . .	180	170	4,514	2,543	21,608	22,812	150,070	141,003
Other revolving credit plans . . . . .	na	67	na	381	na	2,229	na	19,939
Installment loans . . . . .	4,437	3,855	18,167	16,143	29,081	26,961	142,307	153,777
All other loans and leases . . . . .	3,812	3,624	10,040	9,626	15,010	16,683	290,283	281,171
Less: Unearned income . . . . .	69	50	252	197	104	86	1,159	1,598

\*Prior to March 2001, includes "All other loans" for institutions under \$1 billion in asset size.

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

**Key indicators, FDIC-insured national banks by region**  
**Fourth quarter 2001**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting .....	244	297	429	431	510	226	2,137
Total employees (FTEs) .....	292,866	261,481	197,296	58,547	55,726	100,514	966,430
<b>Selected income data (\$)</b>							
Net income .....	\$3,109	\$3,926	\$1,989	\$1,059	\$455	\$2,043	\$12,581
Net interest income .....	9,824	8,868	7,453	2,578	1,537	4,620	34,880
Provision for loan losses .....	4,647	1,329	2,125	635	173	639	9,548
Noninterest income .....	10,553	6,017	4,242	1,964	610	2,997	26,383
Noninterest expense .....	11,058	9,002	6,591	2,328	1,402	3,993	34,374
Net operating income .....	3,142	3,621	2,063	1,043	390	1,919	12,177
Cash dividends declared .....	1,778	1,534	1,731	620	473	630	6,766
Net charge-offs to loan and lease reserve .....	3,634	1,701	1,508	607	143	963	8,556
<b>Selected condition data (\$)</b>							
Total assets .....	1,008,885	1,037,192	856,846	214,089	156,040	361,947	3,634,997
Total loans and leases .....	623,140	605,147	568,143	144,081	88,934	242,953	2,272,398
Reserve for losses .....	15,051	10,529	10,871	2,589	1,338	5,174	45,552
Securities .....	150,529	168,443	144,907	31,502	41,570	38,942	575,895
Other real estate owned .....	295	734	391	92	126	156	1,794
Noncurrent loans and leases .....	11,022	9,217	8,978	1,533	953	2,881	34,584
Total deposits .....	677,007	704,036	528,821	131,925	126,110	216,563	2,384,462
Domestic deposits .....	430,396	630,063	484,470	124,466	125,003	206,904	2,001,302
Equity capital .....	93,852	104,044	71,556	17,842	14,781	38,917	340,993
Off-balance-sheet derivatives .....	7,042,026	11,460,880	1,251,994	7,361	9,657	869,528	20,641,447
<b>Performance ratios (annualized %)</b>							
Return on equity .....	13.59	15.16	11.13	24.72	12.23	21.37	14.94
Return on assets .....	1.25	1.50	0.94	2.09	1.18	2.31	1.40
Net interest income to assets .....	3.94	3.38	3.51	5.09	3.99	5.23	3.87
Loss provision to assets .....	1.87	0.51	1.00	1.25	0.45	0.72	1.06
Net operating income to assets .....	1.26	1.38	0.97	2.06	1.01	2.17	1.35
Noninterest income to assets .....	4.24	2.29	2.00	3.88	1.58	3.39	2.93
Noninterest expense to assets .....	4.44	3.43	3.10	4.60	3.64	4.52	3.81
Loss provision to loans and leases .....	3.05	0.85	1.50	1.86	0.78	1.08	1.69
Net charge-offs to loans and leases .....	2.38	1.09	1.06	1.77	0.65	1.63	1.51
Loss provision to net charge-offs .....	127.88	78.11	140.92	104.67	121.11	66.35	111.59
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable .....	9.02	14.81	8.39	7.19	12.35	21.68	11.46
Percent of institutions with earnings gains .....	63.52	60.61	60.14	59.86	53.73	53.10	58.26
Nonint. income to net operating revenue .....	51.79	40.43	36.27	43.23	28.41	39.35	43.07
Nonint. expense to net operating revenue .....	54.26	60.48	56.35	51.25	65.31	52.43	56.11
<b>Condition ratios (%)</b>							
Nonperforming assets to assets .....	1.14	0.96	1.13	0.76	0.69	0.85	1.02
Noncurrent loans to loans .....	1.77	1.52	1.58	1.06	1.07	1.19	1.52
Loss reserve to noncurrent loans .....	136.56	114.23	121.09	168.95	140.37	179.61	131.72
Loss reserve to loans .....	2.42	1.74	1.91	1.80	1.50	2.13	2.00
Equity capital to assets .....	9.30	10.03	8.35	8.33	9.47	10.75	9.38
Leverage ratio .....	7.98	7.79	7.22	7.88	8.27	8.64	7.82
Risk-based capital ratio .....	12.79	12.77	11.90	12.48	13.73	13.07	12.62
Net loans and leases to assets .....	60.27	57.33	65.04	66.09	56.14	65.69	61.26
Securities to assets .....	14.92	16.24	16.91	14.71	26.64	10.76	15.84
Appreciation in securities (% of par) .....	0.45	0.13	0.48	1.33	0.97	0.95	0.48
Residential mortgage assets to assets .....	14.62	26.12	25.54	22.91	27.79	24.80	22.54
Total deposits to assets .....	67.10	67.88	61.72	61.62	80.82	59.83	65.60
Core deposits to assets .....	34.88	54.06	50.09	53.59	68.01	51.12	48.08
Volatile liabilities to assets .....	43.03	24.07	30.13	28.82	18.58	28.29	31.23



**Loan performance, FDIC-insured national banks by region**  
**Fourth quarter 2001**  
(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 . . . . .	1.49	1.05	1.75	1.00	1.16	1.39	1.38
Loans secured by real estate (RE) . . . . .	1.55	1.22	1.84	0.74	1.11	1.21	1.42
1–4 family residential mortgages . . . . .	1.83	1.63	2.40	0.71	1.33	1.66	1.80
Home equity loans . . . . .	0.64	0.87	1.53	0.42	0.41	0.40	0.98
Multifamily residential mortgages . . . . .	0.27	0.86	1.03	0.42	0.53	0.42	0.75
Commercial RE loans . . . . .	0.54	0.74	1.31	0.72	0.94	0.53	0.85
Construction RE loans . . . . .	1.30	0.93	1.36	1.29	1.18	1.81	1.28
Commercial and industrial loans . . . . .	0.97	0.60	1.19	1.29	0.96	1.13	0.95
Loans to individuals . . . . .	2.67	2.12	2.93	1.32	1.91	2.21	2.39
Credit cards . . . . .	3.06	3.29	2.16	1.01	0.98	2.44	2.52
Installment loans and other plans . . . . .	2.61	2.04	3.35	2.06	2.05	2.01	2.56
All other loans and leases . . . . .	0.77	0.41	1.36	0.76	0.77	1.07	0.84
<b>Percent of loans noncurrent</b>							
Total loans and leases . . . . .	1.77	1.52	1.58	1.06	1.07	1.19	1.52
Loans secured by real estate (RE) . . . . .	1.35	0.82	1.41	0.49	0.84	0.71	1.04
1–4 family residential mortgages . . . . .	1.17	0.75	1.82	0.32	0.75	0.50	1.05
Home equity loans . . . . .	0.30	0.35	0.64	0.23	0.32	0.25	0.42
Multifamily residential mortgages . . . . .	0.34	0.48	0.52	0.30	0.46	0.62	0.48
Commercial RE loans . . . . .	0.84	0.97	1.37	0.84	0.93	0.80	1.03
Construction RE loans . . . . .	1.01	1.37	0.92	0.78	0.86	1.60	1.15
Commercial and industrial loans . . . . .	2.47	2.85	2.29	1.13	1.82	2.26	2.44
Loans to individuals . . . . .	2.23	0.61	1.33	1.74	0.54	1.48	1.58
Credit cards . . . . .	2.27	1.38	1.59	2.12	0.73	1.88	2.06
Installment loans and other plans . . . . .	2.61	0.51	1.39	1.05	0.57	0.64	1.36
All other loans and leases . . . . .	0.67	2.08	1.06	1.31	1.17	0.92	1.17
<b>Percent of loans charged-off, net</b>							
Total loans and leases . . . . .	2.38	1.09	1.06	1.77	0.65	1.63	1.51
Loans secured by real estate (RE) . . . . .	0.27	0.25	0.49	0.03	0.14	0.15	0.29
1–4 family residential mortgages . . . . .	0.12	0.20	0.46	0.00	0.10	0.00	0.21
Home equity loans . . . . .	0.10	0.31	1.10	0.01	0.16	0.23	0.52
Multifamily residential mortgages . . . . .	–0.01	0.00	0.17	–0.03	0.03	0.33	0.10
Commercial RE loans . . . . .	0.49	0.38	0.39	0.12	0.23	0.10	0.33
Construction RE loans . . . . .	0.02	0.28	0.24	0.05	0.03	0.77	0.28
Commercial and industrial loans . . . . .	3.69	2.43	1.46	1.14	1.43	1.74	2.44
Loans to individuals . . . . .	4.72	2.02	2.69	5.87	1.26	5.67	3.95
Credit cards . . . . .	5.60	3.86	6.10	9.53	2.35	7.36	6.39
Installment loans and other plans . . . . .	3.54	1.62	2.00	0.59	1.24	1.64	2.16
All other loans and leases . . . . .	0.39	0.53	0.73	0.25	0.36	0.35	0.50
<b>Loans outstanding (\$)</b>							
Total loans and leases . . . . .	\$623,140	\$605,147	\$568,143	\$144,081	\$88,934	\$242,953	\$2,272,398
Loans secured by real estate (RE) . . . . .	172,516	292,759	273,390	60,784	48,301	128,341	976,092
1–4 family residential mortgages . . . . .	80,450	146,387	128,399	35,271	19,048	63,150	472,705
Home equity loans . . . . .	18,200	30,870	35,370	3,729	1,242	12,682	102,094
Multifamily residential mortgages . . . . .	3,829	8,907	10,261	1,485	1,599	3,991	30,072
Commercial RE loans . . . . .	32,554	73,913	65,672	13,010	17,234	34,069	236,452
Construction RE loans . . . . .	9,251	27,004	30,181	4,321	7,558	13,173	91,487
Farmland loans . . . . .	478	2,785	3,488	2,969	1,620	1,275	12,614
RE loans from foreign offices . . . . .	27,756	2,893	18	0	0	1	30,668
Commercial and industrial loans . . . . .	189,566	168,759	145,472	23,163	22,783	47,513	597,255
Loans to individuals . . . . .	144,128	66,523	74,006	42,694	12,488	50,040	389,879
Credit cards . . . . .	80,563	9,481	12,346	28,470	316	35,352	166,528
Other revolving credit plans . . . . .	10,652	3,016	4,850	865	663	2,571	22,616
Installment loans . . . . .	52,914	54,026	56,810	13,360	11,509	12,117	200,735
All other loans and leases . . . . .	118,200	77,444	75,367	17,453	5,473	17,167	311,103
Less: Unearned income . . . . .	1,270	338	92	14	110	107	1,931

**Key indicators, FDIC-insured commercial banks**  
**Annual 1997-2000, year-to-date through December 31, 2001, fourth quarter 2000, and fourth quarter 2001**  
(Dollar figures in millions)

	1997	1998	1999	2000	Preliminary 2001YTD	2000Q4	Preliminary 2001Q4
Number of institutions reporting.....	9,142	8,773	8,579	8,315	8,080	8,315	8,080
Total employees (FTEs).....	1,538,408	1,626,978	1,657,602	1,670,857	1,704,931	1,670,857	1,704,931 "
<b>Selected income data (\$)</b>							
Net income.....	\$59,156	\$61,784	\$71,545	\$71,009	\$74,310	\$17,679	\$18,672
Net interest income.....	174,502	182,752	192,142	203,962	215,202	51,868	58,188
Provision for loan losses.....	19,851	22,215	21,816	30,001	43,074	10,211	15,195
Noninterest income.....	104,499	123,688	144,451	153,452	157,172	40,082	40,450
Noninterest expense.....	169,983	194,131	204,208	216,105	222,316	55,431	57,608
Net operating income.....	57,928	59,226	71,311	72,598	71,480	17,217	17,803
Cash dividends declared.....	42,541	41,004	51,937	53,844	54,085	18,636	15,070
Net charge-offs to loan and lease reserve....	18,318	20,740	20,368	24,785	36,459	8,824	12,725
<b>Selected condition data (\$)</b>							
Total assets.....	5,014,942	5,442,531	5,735,163	6,244,622	6,569,240	6,244,622	6,569,240
Total loans and leases.....	2,970,747	3,238,287	3,491,659	3,819,547	3,895,355	3,819,547	3,895,355
Reserve for losses.....	54,685	57,262	58,766	64,137	72,110	64,137	72,110
Securities.....	871,868	979,855	1,046,530	1,078,981	1,179,562	1,078,981	1,179,562
Other real estate owned.....	3,795	3,150	2,796	2,912	3,568	2,912	3,568
Noncurrent loans and leases.....	28,542	31,253	32,997	42,941	55,028	42,941	55,028
Total deposits.....	3,421,726	3,681,428	3,831,104	4,179,634	4,391,623	4,179,634	4,391,623
Domestic deposits.....	2,895,531	3,109,395	3,175,515	3,472,968	3,761,942	3,472,968	3,761,942
Equity capital.....	417,774	462,142	479,736	530,731	597,457	530,731	597,457
Off-balance-sheet derivatives.....	25,065,499	33,007,227	34,819,179	40,571,148	45,407,179	40,571,148	45,407,179
<b>Performance ratios (annualized %)</b>							
Return on equity.....	14.68	13.93	15.31	14.02	13.10	13.44	12.57
Return on assets.....	1.23	1.19	1.31	1.19	1.16	1.15	1.13
Net interest income to assets.....	3.64	3.51	3.51	3.41	3.35	3.37	3.54
Loss provision to assets.....	0.41	0.43	0.40	0.50	0.67	0.66	0.92
Net operating income to assets.....	1.21	1.14	1.30	1.21	1.11	1.12	1.08
Noninterest income to assets.....	2.18	2.37	2.64	2.57	2.44	2.61	2.46
Noninterest expense to assets.....	3.54	3.73	3.73	3.61	3.46	3.60	3.50
Loss provision to loans and leases.....	0.69	0.72	0.66	0.82	1.11	1.08	1.56
Net charge-offs to loans and leases.....	0.64	0.67	0.61	0.67	0.94	0.93	1.31
Loss provision to net charge-offs.....	108.37	104.81	107.10	121.04	118.14	115.71	119.42
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable.....	4.85	6.11	7.51	7.34	7.54	12.88	12.82
Percent of institutions with earnings gains....	68.35	61.22	62.83	67.38	56.73	55.30	58.42
Nonint. income to net operating revenue.....	37.45	40.36	42.92	42.93	42.21	43.59	41.01
Nonint. expense to net operating revenue.....	60.93	63.35	60.67	60.46	59.70	60.28	58.40
<b>Condition ratios (%)</b>							
Nonperforming assets to assets.....	0.66	0.65	0.63	0.74	0.92	0.74	0.92
Noncurrent loans to loans.....	0.96	0.97	0.95	1.12	1.41	1.12	1.41
Loss reserve to noncurrent loans.....	191.59	183.22	178.10	149.36	131.04	149.36	131.04
Loss reserve to loans.....	1.84	1.77	1.68	1.68	1.85	1.68	1.85
Equity capital to assets.....	8.33	8.49	8.36	8.50	9.09	8.50	9.09
Leverage ratio.....	7.56	7.54	7.79	7.70	7.79	7.70	7.79
Risk-based capital ratio.....	12.23	12.23	12.16	12.12	12.72	12.12	12.72
Net loans and leases to assets.....	58.15	58.45	59.86	60.14	58.20	60.14	58.20
Securities to assets.....	17.39	18.00	18.25	17.28	17.96	17.28	17.96
Appreciation in securities (% of par).....	1.10	1.07	-2.31	0.20	0.82	0.20	0.82
Residential mortgage assets to assets.....	20.03	20.93	20.78	20.20	21.70	20.20	21.70
Total deposits to assets.....	68.23	67.64	66.80	66.93	66.85	66.93	66.85
Core deposits to assets.....	50.06	49.39	46.96	46.39	48.80	46.39	48.80
Volatile liabilities to assets.....	31.92	31.68	34.94	34.97	31.38	34.97	31.38

**Loan performance, FDIC-insured commercial banks**  
**Annual 1997-2000, year-to-date through December 31, 2001, fourth quarter 2000, and fourth quarter 2001**  
(Dollar figures in millions)

	1997	1998	1999	2000	Preliminary 2001YTD	2000Q4	Preliminary 2001Q4
<b>Percent of loans past due 30–89 days</b>							
Total loans and leases	1.31	1.26	1.14	1.26	1.37	1.26	1.37
Loans secured by real estate (RE)	1.33	1.26	1.09	1.26	1.31	1.26	1.31
1–4 family residential mortgages	1.59	1.44	1.43	1.72	1.67	1.72	1.67
Home equity loans	0.96	0.98	0.75	0.98	0.91	0.98	0.91
Multifamily residential mortgages	1.11	0.86	0.57	0.55	0.69	0.55	0.69
Commercial RE loans	0.97	0.99	0.69	0.73	0.90	0.73	0.90
Construction RE loans	1.42	1.50	0.98	1.06	1.21	1.06	1.21
Commercial and industrial loans*	0.83	0.88	0.79	0.83	1.02	0.83	1.02
Loans to individuals	2.50	2.43	2.33	2.47	2.47	2.47	2.47
Credit cards	2.73	2.58	2.59	2.66	2.69	2.66	2.69
Installment loans and other plans	2.33	2.33	2.18	2.34	2.51	2.34	2.51
All other loans and leases	0.51	0.51	0.54	0.65	0.84	0.65	0.84
<b>Percent of loans noncurrent</b>							
Total loans and leases	0.96	0.97	0.95	1.12	1.41	1.12	1.41
Loans secured by real estate (RE)	1.01	0.91	0.79	0.81	0.96	0.81	0.96
1–4 family residential mortgages	0.94	0.88	0.82	0.90	0.96	0.90	0.96
Home equity loans	0.44	0.42	0.33	0.37	0.39	0.37	0.39
Multifamily residential mortgages	0.95	0.83	0.41	0.44	0.43	0.44	0.43
Commercial RE loans	1.21	0.95	0.77	0.72	0.98	0.72	0.98
Construction RE loans	0.97	0.81	0.67	0.76	1.06	0.76	1.06
Commercial and industrial loans	0.86	0.99	1.18	1.66	2.40	1.66	2.40
Loans to individuals	1.47	1.52	1.42	1.41	1.50	1.41	1.50
Credit cards	2.18	2.22	2.05	2.01	2.15	2.01	2.15
Installment loans and other plans	0.98	1.06	1.04	0.98	1.20	0.98	1.20
All other loans and leases	0.25	0.34	0.39	0.69	0.96	0.69	0.96
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.64	0.67	0.61	0.67	0.94	0.93	1.31
Loans secured by real estate (RE)	0.06	0.05	0.08	0.09	0.19	0.13	0.22
1–4 family residential mortgages	0.08	0.07	0.11	0.11	0.22	0.14	0.17
Home equity loans	0.16	0.14	0.15	0.18	0.27	0.24	0.39
Multifamily residential mortgages	0.04	0.05	0.02	0.03	0.03	0.05	0.07
Commercial RE loans	0.01	0.00	0.03	0.05	0.13	0.08	0.23
Construction RE loans	–0.02	0.01	0.04	0.05	0.13	0.10	0.24
Commercial and industrial loans	0.28	0.42	0.58	0.81	1.43	1.30	2.41
Loans to individuals	2.70	2.69	2.32	2.43	2.72	3.01	3.32
Credit cards	5.11	5.19	4.45	4.39	5.12	4.70	6.26
Installment loans and other plans	1.04	1.04	1.04	1.18	1.28	1.88	1.64
All other loans and leases	0.08	0.39	0.25	0.23	0.41	0.33	0.49
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$2,970,747	\$3,238,287	\$3,491,659	\$3,819,547	\$3,895,355	\$3,819,547	\$3,895,355
Loans secured by real estate (RE)	1,244,985	1,345,589	1,510,342	1,673,185	1,803,587	1,673,185	1,803,587
1–4 family residential mortgages	620,599	668,706	737,110	790,116	811,996	790,116	811,996
Home equity loans	98,163	96,647	102,339	127,541	154,303	127,541	154,303
Multifamily residential mortgages	41,231	43,242	53,168	60,401	64,141	60,401	64,141
Commercial RE loans	341,522	370,544	417,633	466,403	507,611	466,403	507,611
Construction RE loans	88,242	106,719	135,632	162,599	193,241	162,599	193,241
Farmland loans	27,072	29,096	31,902	34,092	35,600	34,092	35,600
RE loans from foreign offices	28,157	30,635	32,558	32,033	36,695	32,033	36,695
Commercial and industrial loans	794,998	898,556	969,257	1,051,060	982,480	1,051,060	982,480
Loans to individuals	561,325	570,863	558,424	606,664	631,160	606,664	631,160
Credit cards*	231,092	228,781	212,051	249,372	232,421	249,372	232,421
Other revolving credit plans	na	na	na	na	27,758	na	27,758
Installment loans	330,233	342,081	346,373	357,292	370,982	357,292	370,982
All other loans and leases	373,907	427,397	457,309	491,568	481,238	491,568	481,238
Less: Unearned income	4,469	4,117	3,673	2,931	3,110	2,931	3,110

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

**Key indicators, FDIC-insured commercial banks by asset size**  
**Fourth quarter 2000 and fourth quarter 2001**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4
Number of institutions reporting .....	4,837	4,486	3,081	3,194	314	320	83	80
Total employees (FTEs) .....	99,367	89,775	291,959	298,149	246,866	247,147	1,032,665	1,069,860
<b>Selected income data (\$)</b>								
Net income .....	\$431	\$417	\$2,256	\$2,345	\$2,329	\$3,025	\$12,663	\$12,885
Net interest income .....	2,330	2,131	7,782	8,204	8,242	8,819	33,514	39,033
Provision for loan losses .....	218	214	809	995	1,570	1,516	7,615	12,470
Noninterest income .....	658	597	3,154	3,399	4,816	5,573	31,454	30,881
Noninterest expense .....	2,179	1,992	6,945	7,412	7,968	8,252	38,339	39,952
Net operating income .....	434	396	2,257	2,275	2,347	2,924	12,180	12,208
Cash dividends declared .....	542	484	1,794	1,759	3,675	2,653	12,625	10,173
Net charge-offs to loan and lease reserve .....	157	173	569	770	1,247	2,068	6,850	9,714
<b>Selected condition data (\$)</b>								
Total assets .....	230,888	221,622	773,627	819,393	879,403	915,433	4,360,704	4,612,791
Total loans and leases .....	141,844	135,375	504,900	532,426	556,962	564,721	2,615,841	2,662,834
Reserve for losses .....	1,975	1,904	7,144	7,660	9,821	10,134	45,197	52,412
Securities .....	58,685	53,188	181,458	185,567	198,362	213,575	640,476	727,232
Other real estate owned .....	259	310	679	909	411	537	1,564	1,812
Noncurrent loans and leases .....	1,277	1,486	4,037	5,046	5,181	6,044	32,446	42,452
Total deposits .....	194,723	187,699	632,949	668,372	617,094	625,048	2,734,868	2,910,503
Domestic deposits .....	194,713	187,698	631,132	666,803	603,138	614,416	2,043,985	2,293,024
Equity capital .....	25,541	24,155	74,196	79,353	78,955	89,311	352,039	404,637
Off-balance-sheet derivatives .....	193	38	5,707	4,630	68,219	81,546	40,686,328	45,431,824
<b>Performance ratios (annualized %)</b>								
Return on equity .....	6.83	6.88	12.39	11.85	11.94	13.69	14.47	12.81
Return on assets .....	0.76	0.76	1.18	1.16	1.07	1.34	1.18	1.11
Net interest income to assets .....	4.10	3.90	4.08	4.06	3.80	3.91	3.12	3.36
Loss provision to assets .....	0.38	0.39	0.42	0.49	0.72	0.67	0.71	1.07
Net operating income to assets .....	0.76	0.72	1.18	1.13	1.08	1.30	1.13	1.05
Noninterest income to assets .....	1.16	1.09	1.65	1.68	2.22	2.47	2.93	2.66
Noninterest expense to assets .....	3.84	3.65	3.64	3.67	3.67	3.66	3.57	3.44
Loss provision to loans and leases .....	0.62	0.64	0.65	0.76	1.14	1.08	1.17	1.87
Net charge-offs to loans and leases .....	0.45	0.52	0.46	0.59	0.90	1.47	1.05	1.46
Loss provision to net charge-offs .....	138.39	123.79	142.16	129.33	125.85	73.34	111.15	128.36
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable .....	18.28	18.15	5.23	5.85	6.05	7.50	8.43	13.75
Percent of institutions with earnings gains .....	51.83	53.66	60.47	64.46	57.64	66.25	56.63	52.50
Nonint. income to net operating revenue .....	22.01	21.88	28.84	29.29	36.88	38.72	48.41	44.17
Nonint. expense to net operating revenue .....	72.95	72.99	63.50	63.88	61.02	57.33	59.01	57.14
<b>Condition ratios (%)</b>								
Nonperforming assets to assets .....	0.67	0.81	0.61	0.73	0.64	0.73	0.79	1.00
Noncurrent loans to loans .....	0.90	1.10	0.80	0.95	0.93	1.07	1.24	1.59
Loss reserve to noncurrent loans .....	154.67	128.12	176.95	151.78	189.58	167.67	139.30	123.46
Loss reserve to loans .....	1.39	1.41	1.41	1.44	1.76	1.79	1.73	1.97
Equity capital to assets .....	11.06	10.90	9.59	9.68	8.98	9.76	8.07	8.77
Leverage ratio .....	10.98	10.63	9.28	9.17	8.34	8.74	7.11	7.23
Risk-based capital ratio .....	17.41	16.96	14.07	14.06	12.81	13.77	11.48	12.16
Net loans and leases to assets .....	60.58	60.22	64.34	64.04	62.22	60.58	58.95	56.59
Securities to assets .....	25.42	24.00	23.46	22.65	22.56	23.33	14.69	15.77
Appreciation in securities (% of par) .....	0.08	1.18	0.18	1.14	0.08	0.88	0.26	0.69
Residential mortgage assets to assets .....	20.80	21.70	23.06	23.99	24.98	26.21	18.70	20.40
Total deposits to assets .....	84.34	84.69	81.82	81.57	70.17	68.28	62.72	63.10
Core deposits to assets .....	71.41	71.58	68.26	68.18	55.97	55.74	39.26	42.88
Volatile liabilities to assets .....	15.07	14.73	18.29	17.48	28.00	25.82	40.40	35.75

**Loan performance, FDIC-insured commercial banks by asset size**  
**Fourth quarter 2000 and fourth quarter 2001**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4	2000Q4	2001Q4
<b>Percent of loans past due 30–89 days</b>								
Total loans and leases	1.61	1.71	1.26	1.38	1.29	1.33	1.23	1.36
Loans secured by real estate (RE)	1.42	1.56	1.03	1.20	0.96	1.05	1.42	1.41
1–4 family residential mortgages	1.85	2.01	1.43	1.68	1.21	1.36	1.92	1.71
Home equity loans	0.76	0.87	0.69	0.82	1.01	0.81	1.02	0.94
Multifamily residential mortgages	0.79	0.77	0.51	0.61	0.46	0.48	0.58	0.78
Commercial RE loans	1.07	1.17	0.69	0.87	0.73	0.81	0.72	0.94
Construction RE loans	1.20	1.64	1.07	1.16	0.86	1.07	1.13	1.26
Commercial and industrial loans*	1.52	1.85	1.31	1.38	1.17	1.27	0.64	0.91
Loans to individuals	2.62	2.88	2.36	2.60	2.54	2.40	2.46	2.45
Credit cards	1.88	2.52	3.66	5.08	2.90	2.76	2.57	2.59
Installment loans and other plans	2.65	2.94	2.14	2.34	2.33	2.33	2.36	2.56
All other loans and leases	na	1.05	na	0.98	1.03	0.92	0.66	0.82
<b>Percent of loans noncurrent</b>								
Total loans and leases	0.90	1.10	0.80	0.95	0.93	1.07	1.24	1.59
Loans secured by real estate (RE)	0.75	0.97	0.64	0.83	0.71	0.84	0.90	1.04
1–4 family residential mortgages	0.71	0.88	0.60	0.76	0.73	0.80	1.05	1.06
Home equity loans	0.26	0.30	0.31	0.34	0.38	0.41	0.38	0.40
Multifamily residential mortgages	0.32	0.62	0.41	0.50	0.39	0.45	0.48	0.39
Commercial RE loans	0.83	1.14	0.64	0.91	0.72	0.89	0.76	1.04
Construction RE loans	0.64	1.03	0.76	0.94	0.80	1.05	0.75	1.13
Commercial and industrial loans*	1.21	1.62	1.20	1.35	1.39	1.68	1.72	2.67
Loans to individuals	0.87	1.00	0.87	0.97	1.15	1.22	1.57	1.65
Credit cards	0.95	1.67	2.62	3.36	1.98	2.05	1.99	2.13
Installment loans and other plans	0.86	1.00	0.56	0.67	0.65	0.77	1.18	1.43
All other loans and leases	na	1.04	na	0.98	0.60	0.74	0.74	0.97
<b>Percent of loans charged-off, net</b>								
Total loans and leases	0.45	0.52	0.46	0.59	0.90	1.47	1.05	1.46
Loans secured by real estate (RE)	0.12	0.15	0.09	0.14	0.12	0.15	0.15	0.26
1–4 family residential mortgages	0.10	0.12	0.09	0.13	0.13	0.08	0.15	0.21
Home equity loans	0.16	0.10	0.04	0.10	0.15	0.24	0.29	0.46
Multifamily residential mortgages	0.32	0.19	0.05	0.17	0.04	0.00	0.03	0.07
Commercial RE loans	0.14	0.17	0.08	0.14	0.09	0.19	0.07	0.30
Construction RE loans	0.11	0.20	0.08	0.24	0.12	0.26	0.10	0.23
Commercial and industrial loans*	0.78	1.25	0.86	1.25	1.33	3.06	1.32	2.49
Loans to individuals	1.15	1.30	1.59	2.08	2.95	4.16	3.32	3.38
Credit cards	2.45	4.03	5.47	8.72	6.21	8.56	4.39	5.70
Installment loans and other plans	1.10	1.23	0.91	1.21	1.08	1.49	2.40	1.79
All other loans and leases	na	0.44	na	0.65	0.52	0.54	0.33	0.48
<b>Loans outstanding (\$)</b>								
Total loans and leases	\$141,844	\$135,375	\$504,900	\$532,426	\$556,962	\$564,721	\$2,615,841	\$2,662,834
Loans secured by real estate (RE)	81,564	79,468	325,193	352,332	305,357	320,170	961,072	1,051,617
1–4 family residential mortgages	37,689	34,880	131,277	132,047	128,478	127,028	492,672	518,041
Home equity loans	2,025	2,188	13,821	15,395	18,825	19,637	92,871	117,083
Multifamily residential mortgages	1,745	1,793	10,977	11,829	12,330	14,042	35,349	36,477
Commercial RE loans	22,918	23,149	120,053	134,861	105,305	113,187	218,127	236,415
Construction RE loans	6,897	7,481	35,514	43,650	35,817	41,852	84,371	100,257
Farmland loans	10,289	9,976	13,506	14,513	4,262	4,089	6,034	7,022
RE loans from foreign offices	0	0	45	37	340	334	31,648	36,323
Commercial and industrial loans	24,510	23,288	91,691	94,672	123,863	113,789	810,996	750,731
Loans to individuals	19,133	16,864	61,981	58,371	97,655	98,487	427,895	457,438
Credit cards**	703	398	9,346	6,950	36,734	37,047	202,589	188,026
Other revolving credit plans	na	296	na	1,677	na	3,730	na	22,055
Installment loans	18,430	16,171	52,635	49,743	60,921	57,710	225,306	247,357
All other loans and leases	16,843	15,907	26,767	27,656	30,688	32,838	417,269	404,836
Less: Unearned income	206	152	733	605	600	564	1,392	1,789

\*Prior to March 2001, includes "All other loans" for institutions under \$1 billion in asset size.

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

**Key indicators, FDIC-insured commercial banks by region**  
**Fourth quarter 2001**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting .....	651	1,392	1,721	2,094	1,342	880	8,080
Total employees (FTEs) .....	526,691	463,882	321,392	110,777	104,331	177,858	1,704,931
<b>Selected income data (\$)</b>							
Net income .....	\$4,321	\$5,811	\$3,357	\$1,464	\$773	\$2,946	\$18,672
Net interest income .....	17,397	14,426	11,381	4,066	2,728	8,191	58,188
Provision for loan losses .....	7,538	2,161	2,791	856	269	1,581	15,195
Noninterest income .....	17,203	9,386	6,130	2,354	998	4,379	40,450
Noninterest expense .....	20,649	14,474	9,909	3,468	2,459	6,648	57,608
Net operating income .....	4,139	5,384	3,344	1,439	699	2,799	17,803
Cash dividends declared .....	5,774	3,398	2,589	950	799	1,559	15,070
Net charge-offs to loan and lease reserve .....	5,650	2,360	2,055	803	245	1,613	12,725
<b>Selected condition data (\$)</b>							
Total assets .....	2,259,316	1,634,001	1,321,631	363,218	276,680	714,393	6,569,240
Total loans and leases .....	1,160,082	1,009,080	871,137	244,017	160,737	450,302	3,895,355
Reserve for losses .....	24,630	16,275	15,362	4,205	2,290	9,348	72,110
Securities .....	374,482	290,763	236,340	63,529	73,625	140,822	1,179,562
Other real estate owned .....	592	1,349	686	263	297	381	3,568
Noncurrent loans and leases .....	19,714	12,990	12,744	2,531	1,685	5,365	55,028
Total deposits .....	1,432,651	1,127,373	860,700	253,882	226,062	490,956	4,391,623
Domestic deposits .....	970,551	1,040,402	801,934	246,422	224,942	477,690	3,761,942
Equity capital .....	194,227	159,028	111,661	32,439	26,247	73,854	597,457
Off-balance-sheet derivatives .....	31,555,439	11,561,749	1,346,584	9,437	10,366	923,604	45,407,179
<b>Performance ratios (annualized %)</b>							
Return on equity .....	8.93	14.67	12.04	18.47	11.74	16.23	12.57
Return on assets .....	0.75	1.42	1.02	1.68	1.13	1.68	1.13
Net interest income to assets .....	3.01	3.52	3.47	4.66	4.00	4.68	3.54
Loss provision to assets .....	1.31	0.53	0.85	0.98	0.39	0.90	0.92
Net operating income to assets .....	0.72	1.31	1.02	1.65	1.02	1.60	1.08
Noninterest income to assets .....	2.98	2.29	1.87	2.70	1.46	2.50	2.46
Noninterest expense to assets .....	3.58	3.53	3.03	3.98	3.61	3.80	3.50
Loss provision to loans and leases .....	2.61	0.84	1.28	1.45	0.67	1.43	1.56
Net charge-offs to loans and leases .....	1.95	0.92	0.95	1.36	0.61	1.46	1.31
Loss provision to net charge-offs .....	133.43	91.55	135.86	106.52	109.89	98.04	119.42
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable .....	13.06	14.58	9.30	11.75	14.08	17.39	12.82
Percent of institutions with earnings gains .....	61.44	59.48	61.59	58.93	53.28	54.89	58.42
Nonint. income to net operating revenue .....	49.72	39.42	35.01	36.67	26.78	34.84	41.01
Nonint. expense to net operating revenue .....	59.68	60.79	56.59	54.02	66.01	52.89	58.40
<b>Condition ratios (%)</b>							
Nonperforming assets to assets .....	0.97	0.88	1.04	0.77	0.72	0.81	0.92
Noncurrent loans to loans .....	1.70	1.29	1.46	1.04	1.05	1.19	1.41
Loss reserve to noncurrent loans .....	124.94	125.29	120.55	166.13	135.90	174.25	131.04
Loss reserve to loans .....	2.12	1.61	1.76	1.72	1.42	2.08	1.85
Equity capital to assets .....	8.60	9.73	8.45	8.93	9.49	10.34	9.09
Leverage ratio .....	7.24	7.99	7.60	8.49	8.58	8.82	7.79
Risk-based capital ratio .....	12.69	12.64	12.15	13.03	14.10	13.51	12.72
Net loans and leases to assets .....	50.26	60.76	64.75	66.02	57.27	61.72	58.20
Securities to assets .....	16.58	17.79	17.88	17.49	26.61	19.71	17.96
Appreciation in securities (% of par) .....	0.52	1.11	0.63	1.33	1.04	0.98	0.82
Residential mortgage assets to assets .....	16.18	26.02	24.80	21.72	26.39	21.72	21.70
Total deposits to assets .....	63.41	68.99	65.12	69.90	81.71	68.72	66.85
Core deposits to assets .....	34.42	55.62	52.81	61.01	67.79	57.70	48.80
Volatile liabilities to assets .....	43.86	23.28	28.61	22.63	19.22	24.75	31.38

## Loan performance, FDIC-insured commercial banks by region

**Fourth quarter 2001**

(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 . . . . .	1.42	1.15	1.64	1.20	1.33	1.31	1.37
Loans secured by real estate (RE) . . . . .	1.38	1.19	1.65	0.95	1.23	1.07	1.31
1–4 family residential mortgages . . . . .	1.57	1.62	2.10	1.03	1.59	1.48	1.67
Home equity loans . . . . .	0.68	0.81	1.34	0.64	0.49	0.55	0.91
Multifamily residential mortgages . . . . .	0.51	0.75	1.08	0.40	0.60	0.32	0.69
Commercial RE loans . . . . .	0.80	0.84	1.24	0.83	0.91	0.65	0.90
Construction RE loans . . . . .	1.23	0.89	1.45	1.20	1.28	1.49	1.21
Commercial and industrial loans* . . . . .	0.91	0.71	1.29	1.40	1.17	1.30	1.02
Loans to individuals . . . . .	2.70	2.36	2.81	1.77	2.16	2.10	2.47
Credit cards . . . . .	3.20	3.25	2.13	1.58	1.70	2.23	2.69
Installment loans and other plans . . . . .	2.52	2.24	3.12	2.11	2.25	2.15	2.51
All other loans and leases . . . . .	0.79	0.45	1.26	0.87	0.96	1.00	0.84
<b>Percent of loans noncurrent</b>							
Total loans and leases . . . . .	1.70	1.29	1.46	1.04	1.05	1.19	1.41
Loans secured by real estate (RE) . . . . .	1.08	0.81	1.26	0.66	0.90	0.74	0.96
1–4 family residential mortgages . . . . .	0.99	0.79	1.49	0.47	0.82	0.56	0.96
Home equity loans . . . . .	0.29	0.35	0.56	0.28	0.30	0.28	0.39
Multifamily residential mortgages . . . . .	0.26	0.41	0.58	0.47	0.60	0.41	0.43
Commercial RE loans . . . . .	0.85	0.89	1.32	0.92	0.92	0.79	0.98
Construction RE loans . . . . .	1.10	1.05	1.05	0.87	0.96	1.20	1.06
Commercial and industrial loans . . . . .	2.82	2.39	2.25	1.22	1.62	2.18	2.40
Loans to individuals . . . . .	2.07	0.84	1.16	1.68	0.65	1.35	1.50
Credit cards . . . . .	2.53	1.47	1.55	2.24	1.05	1.83	2.15
Installment loans and other plans . . . . .	1.87	0.72	1.17	0.94	0.66	0.58	1.20
All other loans and leases . . . . .	0.56	1.70	0.93	1.13	1.18	1.16	0.96
<b>Percent of loans charged-off, net</b>							
Total loans and leases . . . . .	1.95	0.92	0.95	1.36	0.61	1.46	1.31
Loans secured by real estate (RE) . . . . .	0.17	0.21	0.37	0.09	0.15	0.12	0.22
1–4 family residential mortgages . . . . .	0.10	0.17	0.36	0.04	0.12	0.02	0.17
Home equity loans . . . . .	0.07	0.26	0.83	0.12	0.17	0.20	0.39
Multifamily residential mortgages . . . . .	0.03	–0.01	0.21	0.00	0.09	0.09	0.07
Commercial RE loans . . . . .	0.24	0.27	0.26	0.17	0.21	0.10	0.23
Construction RE loans . . . . .	0.10	0.22	0.30	0.12	0.08	0.38	0.24
Commercial and industrial loans . . . . .	3.58	2.08	1.57	1.18	1.38	2.12	2.41
Loans to individuals . . . . .	3.78	2.01	2.30	5.29	1.25	4.71	3.32
Credit cards . . . . .	5.93	4.22	5.77	9.73	3.60	6.56	6.26
Installment loans and other plans . . . . .	2.04	1.44	1.74	0.68	1.18	1.40	1.64
All other loans and leases . . . . .	0.36	0.51	0.67	0.46	0.50	0.70	0.49
<b>Loans outstanding (\$)</b>							
Total loans and leases . . . . .	\$1,160,082	\$1,009,080	\$871,137	\$244,017	\$160,737	\$450,302	\$3,895,355
Loans secured by real estate (RE) . . . . .	373,581	538,233	440,901	118,007	90,903	241,962	1,803,587
1–4 family residential mortgages . . . . .	188,433	240,160	196,404	56,683	34,750	95,566	811,996
Home equity loans . . . . .	31,094	49,326	48,927	5,443	1,574	17,939	154,303
Multifamily residential mortgages . . . . .	15,624	15,916	16,652	3,191	2,665	10,093	64,141
Commercial RE loans . . . . .	83,374	154,446	121,598	31,256	33,819	83,117	507,611
Construction RE loans . . . . .	20,398	68,469	48,360	10,607	14,131	31,276	193,241
Farmland loans . . . . .	1,316	7,022	8,902	10,828	3,963	3,570	35,600
RE loans from foreign offices . . . . .	33,342	2,893	58	0	0	402	36,695
Commercial and industrial loans . . . . .	336,343	245,478	225,412	41,235	37,288	96,725	982,480
Loans to individuals . . . . .	244,802	126,382	98,973	53,807	22,598	84,600	631,160
Credit cards . . . . .	108,285	23,864	13,926	31,308	680	54,359	232,421
Other revolving credit plans . . . . .	12,250	4,451	5,346	1,016	760	3,936	27,758
Installment loans . . . . .	124,267	98,067	79,702	21,483	21,158	26,305	370,982
All other loans and leases . . . . .	206,990	99,600	106,059	31,012	10,140	27,437	481,238
Less: Unearned income . . . . .	1,633	612	208	44	192	421	3,110

# 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**—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 1-4 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 as “available-for-sale” are reported at their current fair (market) values.

**Securities gains (losses)**—net pre-tax realized gains (losses) on held-to-maturity and available-for-sale securities.

**Total capital**—the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries less goodwill and other ineligible intangible assets. Tier 2 capital consists of subordinated debt plus intermediate-term preferred stock plus cumulative long-term preferred stock plus a portion of a bank’s allowance for loan and lease losses. The amount of eligible intangibles (including mortgage servicing rights) included in Tier 1 capital and the amount of the allowance included in Tier 2 capital are limited in accordance with supervisory capital regulations.

**Volatile liabilities**—the sum of large-denomination time deposits plus foreign-office deposits plus federal funds purchased plus securities sold under agreements to repurchase plus other borrowings. Beginning March 31, 1994, new reporting detail permits the exclusion of other borrowed money with original maturity of more than one year; previously, all other borrowed money was included. Also beginning March 31, 1994, the newly reported “trading liabilities less revaluation losses on assets held in trading accounts” is included.