

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Summary

The fourth quarter of 2002 capped a very strong year for earnings at national banks, in which banks established new records in all major income categories: net income, net interest income, and noninterest income. Return on assets surpassed its previous peak, and return on equity approached its all-time high. Record-low interest rates continued to power the housing market, boosting both lending and fee income. As in recent quarters, the benefits flowed disproportionately to larger banks.

Asset quality continued to slip, however, particularly for commercial and industrial (C&I) loans at the larger banks, as excess capacity in many industries continued to squeeze corporate profits. Credit card charge-offs again set a record. Housing prices are decelerating across the country, which should slow the growth of interest and fee income for banks.

Table1—All major income categories up in 2002

National banks	Major income components (Change, \$ millions)			
	2000-2001	% Change	2001-2002	% Change
Revenues				
New interest income	9,748	8.4%	15,919	12.7%
Real gains/losses sec	4,213	231.1%	795	33.3%
Noninterest income	3,357	3.5%	9,619	9.7%
Expenses				
Provisioning	8,448	41.1%	3,614	12.5%
Noninterest expense	2,610	2.0%	5,114	3.9%
Net income	5,383	13.8%	12,415	28.0%

Source: Integrated Banking Information System (OCC)

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key Trends

In 2002, all major income categories showed improvement over the previous year, and earnings in each quarter of the year surpassed the previous quarterly record. For the year, net income rose 28 percent, interest income 13 percent, noninterest income 10 percent, and gains and losses on the sale of securities 33 percent. Return on assets reached 1.51 percent, easily surpassing the previous record of 1.28 percent, and return on equity rose 2 percentage points to 15.8 percent, the third highest on record.

Once again, low short-term interest rates and wide spreads between short- and long-term rates boosted net interest income. Declining rates also allowed banks to realize gains on the sale of appreciated securities. Provisions rose 13 percent for the year, responding to persistent problems in credit quality.

Large banks continue to be the primary beneficiaries of the favorable trends in income. For the year, net income rose 6 percent for nonspecialty small banks¹ (assets under \$1 billion), but 34 percent for nonspecialty large banks (assets over \$1 billion). Net interest income rose 2 percent for small banks, but 15 percent for large banks. Noninterest income rose 4 percent for small banks, but 12 percent for large banks. As large net purchasers of wholesale funds, large banks have particularly benefited from record-low interest rates.

Banks have taken advantage of strong earnings to build their capital base. For all national banks, the ratio of equity capital to assets reached a record 9.51 percent in 2002, as both small and large banks showed sizeable gains.

Some of the recent advantages enjoyed by large banks come from their decision to move toward retail lending, particularly home mortgages and consumer loans. As Figure 1 indicates, for banks with assets over \$10 billion, this shift began in the mid-1980s. The booming industrial economy of the mid- and late 1990s interrupted the trend toward retail lending, but it resumed and then accelerated over the last two years.

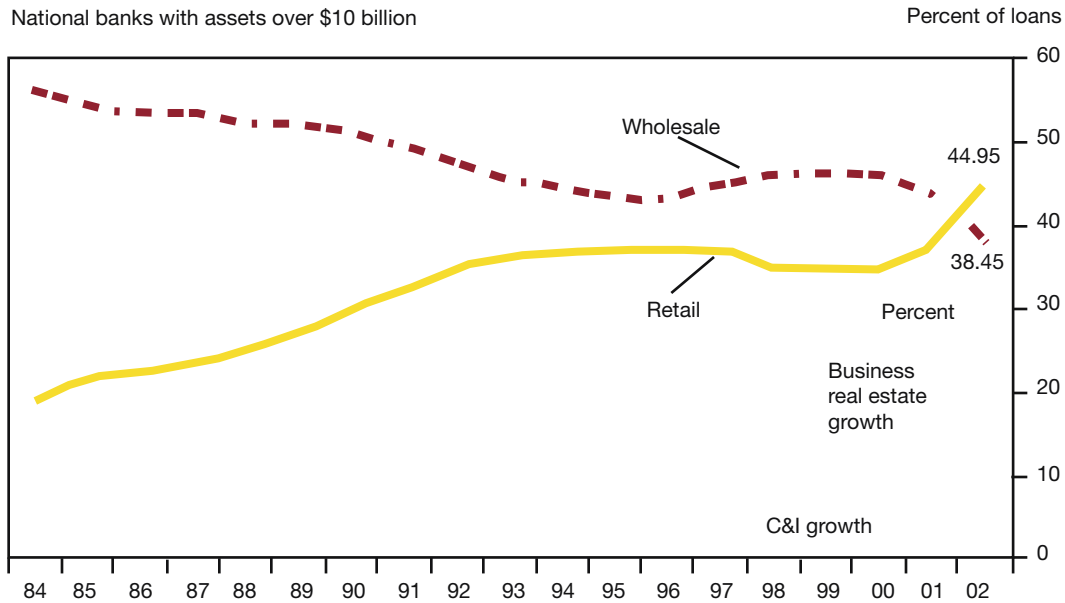
Explanations for this shift appear to be found on both the cost side and the customer side. Large banks have reduced the costs of processing retail loans by adopting new tools like credit scoring to automate loan processing. At the same time, broadening of the capital markets has given more large- and mid-size companies access to nonbank sources of capital, shrinking the demand for C&I loans from large banks. This shift from wholesale to retail lending has reduced provisioning expenses for large banks, because retail loans have performed better.

Credit quality continued to deteriorate during the fourth quarter for C&I and credit card loans at large banks and stabilized elsewhere. Excess capacity has continued to depress corporate profits

¹ Nonspecialty category excludes credit card and trust banks.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Figure 1—Largest banks move into retail



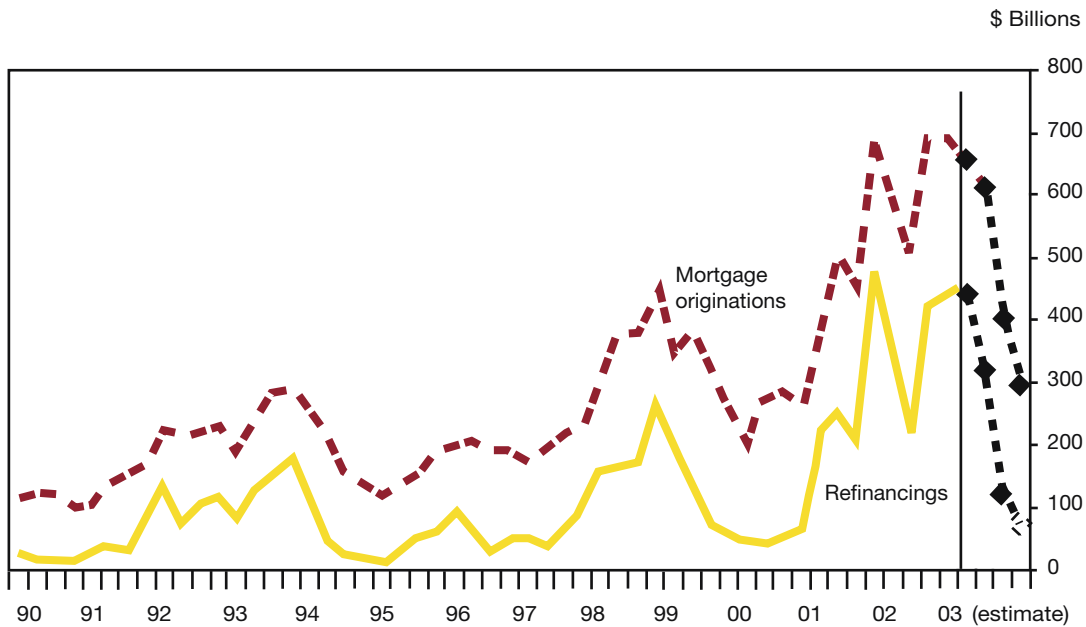
in the United States and around the world. Defaults of U.S. high-yield bonds topped \$100 billion in 2002, 16 percent of the entire high-yield market. In the telecommunications sector alone, for example, more than 52 percent of all bonds outstanding are now below investment grade. While most forecasters anticipate growth in corporate profits during 2003, earlier optimism about a quick profit rebound has subsided, and the consensus now is for only modest growth this year, which suggests continued credit quality problems for the C&I sector.

Large banks show a higher average C&I noncurrent ratio, but a subset of small banks is experiencing significant C&I problems of its own. For example, none of the largest banks (over \$10 billion in assets), but 13 percent of the smallest banks (under \$100 million in assets), have C&I noncurrent ratios above 5 percent.

Credit card charge-offs surged to nearly 7 percent for the year, due largely to the sluggish economy. This surge in charge-offs comes even as a boom in mortgage refinancing has allowed many homeowners to pay down their credit card debt with lower-cost home equity loans. If home refinancing drops sharply in 2003, as many predict, credit card loan quality could slide further, as consumers with high levels of credit card debt find themselves with no alternative other than bankruptcy.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

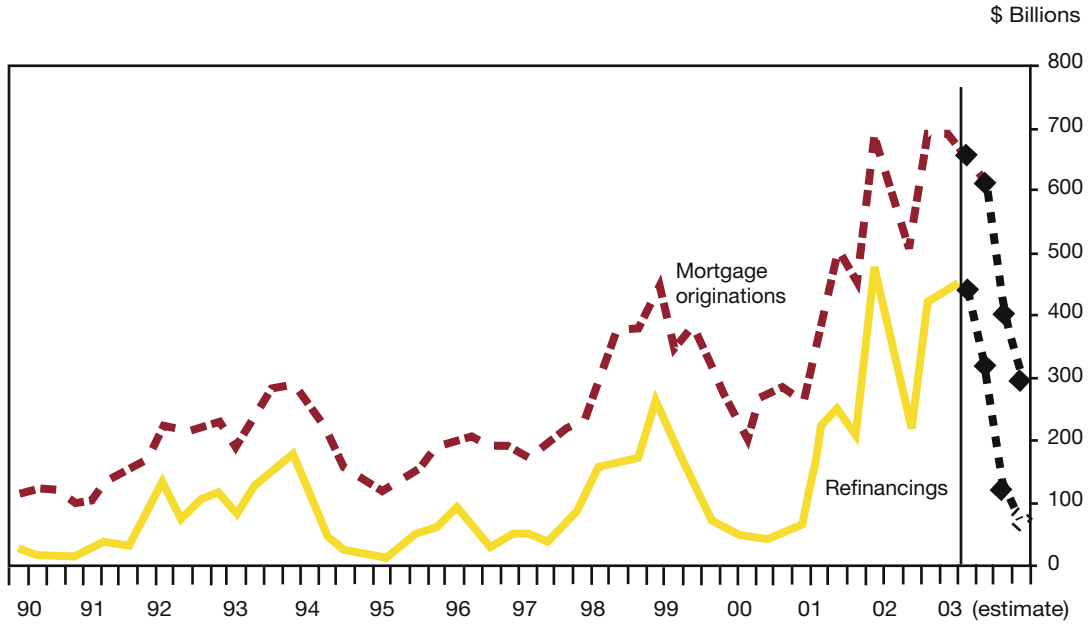
Figure 2—Loan growth driven by real estate and credit cards



Real estate, particularly residential real estate, again emerged as the key to higher bank income. As Figure 2 indicates, real estate and credit card loans together have grown by an average of about 10 percent annually over the last four years, and 15 percent in 2002 alone. In contrast, all other loans, of which the largest category is C&I, grew by only around 2 percent annually over this period, including declines in the 2001 and 2002. Many analysts now anticipate a drop in residential mortgage volume over the next several quarters, as Figure 3 indicates. This is consistent with the slowing of house prices that has been observed across the country. In the fourth quarter of 2002, for example, house price growth slowed in two-thirds of the nation's metropolitan statistical areas (MSAs), compared with deceleration in less than one-third of MSAs two years earlier.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Figure 3—Residential mortgage volume expected to fall



Key indicators, FDIC-insured national banks
Annual 1998–2001, year-to-date through December 31, 2002, fourth quarter 2001,
and fourth quarter 2002

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q4	Preliminary 2002Q4
Number of institutions reporting	2,456	2,364	2,230	2,137	2,078	2,137	2,078
Total employees (FTEs)	974,871	983,186	948,652	966,538	993,466	966,538	993,466
Selected income data (\$)							
Net income	\$37,584	\$42,539	\$38,901	\$44,284	\$56,699	\$12,530	\$13,512
Net interest income	110,985	114,557	115,905	125,653	141,572	34,850	36,033
Provision for loan losses	15,242	15,550	20,559	29,007	32,621	9,579	8,605
Noninterest income	81,311	92,570	96,101	99,458	109,077	26,341	27,724
Noninterest expense	122,606	125,812	128,542	131,152	136,266	34,372	36,252
Net operating income	35,525	42,364	40,152	43,055	54,506	12,124	12,768
Cash dividends declared	25,414	29,870	32,327	27,739	41,744	6,770	10,864
Net charge-offs to loan and lease reserve	14,492	14,179	17,241	25,184	31,412	8,566	7,720
Selected condition data (\$)							
Total assets	3,183,313	3,271,180	3,414,298	3,635,292	3,908,098	3,635,292	3,908,098
Total loans and leases	2,015,585	2,127,927	2,227,069	2,272,839	2,447,866	2,272,839	2,447,866
Reserve for losses	36,810	37,684	40,021	45,580	48,357	45,580	48,357
Securities	516,120	537,315	502,297	575,933	653,162	575,933	653,162
Other real estate owned	1,833	1,572	1,553	1,794	2,073	1,794	2,073
Noncurrent loans and leases	19,513	20,818	27,161	34,589	38,160	34,589	38,160
Total deposits	2,137,908	2,154,230	2,250,402	2,384,413	2,565,795	2,384,413	2,565,795
Domestic deposits	1,785,818	1,776,084	1,827,064	2,001,253	2,168,905	2,001,253	2,168,905
Equity capital	274,120	277,889	293,656	340,735	371,702	340,735	371,702
Off-balance-sheet derivatives	10,953,514	12,077,568	15,502,911	20,549,785	25,953,414	20,549,785	25,953,414
Performance ratios (annualized %)							
Return on equity	14.29	15.55	13.69	13.88	15.85	14.89	14.64
Return on assets	1.24	1.35	1.18	1.26	1.51	1.39	1.39
Net interest income to assets	3.67	3.63	3.50	3.56	3.76	3.87	3.72
Loss provision to assets	0.50	0.49	0.62	0.82	0.87	1.06	0.89
Net operating income to assets	1.17	1.34	1.21	1.22	1.45	1.35	1.32
Noninterest income to assets	2.69	2.94	2.90	2.82	2.90	2.92	2.86
Noninterest expense to assets	4.05	3.99	3.88	3.72	3.62	3.81	3.74
Loss provision to loans and leases	0.79	0.76	0.95	1.28	1.38	1.69	1.42
Net charge-offs to loans and leases	0.75	0.70	0.80	1.11	1.33	1.51	1.28
Loss provision to net charge-offs	105.12	109.66	119.24	115.18	103.85	111.83	111.45
Performance ratios (%)							
Percent of institutions unprofitable	5.94	7.11	6.95	7.44	6.59	11.75	9.29
Percent of institutions with earnings gains	61.60	62.14	66.64	56.81	71.61	57.70	60.20
Nonint. income to net operating revenue	42.28	44.69	45.33	44.18	43.52	43.05	43.48
Nonint. expense to net operating revenue	63.76	60.74	60.63	58.26	54.37	56.17	56.86
Condition ratios (%)							
Nonperforming assets to assets	0.68	0.70	0.86	1.02	1.06	1.02	1.06
Noncurrent loans to loans	0.97	0.98	1.22	1.52	1.56	1.52	1.56
Loss reserve to noncurrent loans	188.65	181.02	147.35	131.77	126.72	131.77	126.72
Loss reserve to loans	1.83	1.77	1.80	2.01	1.98	2.01	1.98
Equity capital to assets	8.61	8.50	8.60	9.37	9.51	9.37	9.51
Leverage ratio	7.42	7.49	7.49	7.81	7.89	7.81	7.89
Risk-based capital ratio	11.79	11.70	11.84	12.61	12.68	12.61	12.68
Net loans and leases to assets	62.16	63.90	64.06	61.27	61.40	61.27	61.40
Securities to assets	16.21	16.43	14.71	15.84	16.71	15.84	16.71
Appreciation in securities (% of par)	0.82	-2.45	-0.01	0.48	2.12	0.48	2.12
Residential mortgage assets to assets	20.41	20.60	19.60	22.54	24.72	22.54	24.72
Total deposits to assets	67.16	65.85	65.91	65.59	65.65	65.59	65.65
Core deposits to assets	49.72	47.01	45.61	48.07	48.74	48.07	48.74
Volatile liabilities to assets	31.77	34.81	35.18	31.24	30.31	31.24	30.31

Loan performance, FDIC-insured national banks
Annual 1998–2001, year-to-date through December 31, 2002, fourth quarter 2001,
and fourth quarter 2002

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q4	Preliminary 2002Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.27	1.16	1.26	1.38	1.14	1.38	1.14
Loans secured by real estate (RE)	1.33	1.22	1.42	1.42	1.07	1.42	1.07
1-4 family residential mortgages	1.50	1.61	1.95	1.80	1.45	1.80	1.45
Home equity loans	0.97	0.77	1.07	0.98	0.62	0.98	0.62
Multifamily residential mortgages	0.94	0.69	0.59	0.75	0.40	0.75	0.40
Commercial RE loans	1.02	0.70	0.72	0.86	0.58	0.86	0.58
Construction RE loans	1.82	1.07	1.12	1.28	0.93	1.28	0.93
Commercial and industrial loans	0.81	0.71	0.71	0.95	0.76	0.95	0.76
Loans to individuals	2.44	2.36	2.40	2.39	2.16	2.39	2.16
Credit cards	2.52	2.53	2.50	2.51	2.57	2.51	2.57
Installment loans and other plans	2.37	2.24	2.31	2.65	2.08	2.65	2.08
All other loans and leases	0.46	0.50	0.58	0.84	0.56	0.84	0.56
Percent of loans noncurrent							
Total loans and leases	0.97	0.98	1.22	1.52	1.56	1.52	1.56
Loans secured by real estate (RE)	0.98	0.87	0.93	1.05	0.97	1.05	0.97
1-4 family residential mortgages	0.95	0.91	1.06	1.05	1.02	1.05	1.02
Home equity loans	0.41	0.32	0.41	0.42	0.33	0.42	0.33
Multifamily residential mortgages	0.88	0.43	0.55	0.49	0.44	0.49	0.44
Commercial RE loans	1.01	0.84	0.77	1.03	1.05	1.03	1.05
Construction RE loans	0.80	0.63	0.82	1.15	1.03	1.15	1.03
Commercial and industrial loans	0.86	1.11	1.66	2.44	3.00	2.44	3.00
Loans to individuals	1.59	1.52	1.46	1.58	1.61	1.58	1.61
Credit cards	2.06	2.00	1.89	2.05	2.16	2.05	2.16
Installment loans and other plans	1.19	1.16	1.06	1.41	1.30	1.41	1.30
All other loans and leases	0.31	0.40	0.85	1.18	1.10	1.18	1.10
Percent of loans charged-off, net							
Total loans and leases	0.75	0.70	0.80	1.11	1.33	1.51	1.28
Loans secured by real estate (RE)	0.05	0.10	0.12	0.26	0.19	0.29	0.20
1-4 family residential mortgages	0.07	0.14	0.14	0.32	0.17	0.21	0.17
Home equity loans	0.16	0.19	0.23	0.35	0.23	0.52	0.23
Multifamily residential mortgages	0.07	0.02	0.03	0.04	0.10	0.10	0.16
Commercial RE loans	-0.02	0.03	0.07	0.18	0.17	0.33	0.21
Construction RE loans	-0.01	0.03	0.05	0.15	0.19	0.28	0.21
Commercial and industrial loans	0.38	0.54	0.87	1.50	1.80	2.44	1.82
Loans to individuals	2.92	2.65	2.84	3.14	4.02	3.95	3.61
Credit cards	5.03	4.51	4.43	5.08	6.58	6.39	5.37
Installment loans and other plans	1.23	1.27	1.54	1.66	1.91	2.17	2.09
All other loans and leases	0.40	0.23	0.24	0.45	0.63	0.50	0.78
Loans outstanding (\$)							
Total loans and leases	\$2,015,585	\$2,127,927	\$2,227,069	\$2,272,839	\$2,447,866	\$2,272,839	\$2,447,866
Loans secured by real estate (RE)	764,944	853,141	892,140	976,120	1,139,562	976,120	1,139,562
1-4 family residential mortgages	381,597	433,807	443,002	472,715	573,982	472,715	573,982
Home equity loans	66,091	67,267	82,672	102,094	140,999	102,094	140,999
Multifamily residential mortgages	23,201	26,561	28,026	30,074	33,988	30,074	33,988
Commercial RE loans	200,469	214,145	221,267	236,472	253,409	236,472	253,409
Construction RE loans	56,261	71,578	76,899	91,482	95,404	91,482	95,404
Farmland loans	10,930	11,957	12,350	12,615	13,225	12,615	13,225
RE loans from foreign offices	26,396	27,825	27,923	30,668	28,556	30,668	28,556
Commercial and industrial loans	583,903	622,004	646,988	597,230	546,005	597,230	546,005
Loans to individuals	386,410	348,634	370,363	390,420	450,594	390,420	450,594
Credit cards*	176,408	147,179	176,372	167,079	209,936	167,079	209,936
Other revolving credit plans	NA	NA	NA	29,259	33,514	29,259	33,514
Installment loans	210,003	201,455	193,991	194,082	207,145	194,082	207,145
All other loans and leases	282,367	306,041	319,144	311,001	314,153	311,001	314,153
Less: Unearned income	2,039	1,893	1,565	1,931	2,447	1,931	2,447

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

Key indicators, FDIC-insured national banks by asset size
Fourth quarter 2001 and fourth quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4
Number of institutions reporting	996	941	968	968	131	126	42	43
Total employees (FTEs)	23,207	21,946	95,733	94,185	108,851	100,133	738,747	777,202
Selected income data (\$)								
Net income	\$108	\$125	\$726	\$794	\$2,017	\$1,735	\$9,679	\$10,858
Net interest income	505	492	2,519	2,554	4,218	3,618	27,608	29,370
Provision for loan losses	56	46	313	265	160	510	9,051	7,784
Noninterest income	247	226	1,445	1,581	2,987	3,140	21,662	22,777
Noninterest expense	547	511	2,661	2,869	4,066	3,669	27,098	29,203
Net operating income	104	120	710	781	1,970	1,689	9,339	10,177
Cash dividends declared	161	143	639	831	1,225	1,184	4,745	8,707
Net charge-offs to loan and lease reserve	40	35	230	212	885	525	7,410	6,948
Selected condition data (\$)								
Total assets	51,684	50,273	253,990	261,150	413,775	394,724	2,915,844	3,201,951
Total loans and leases	30,761	29,606	157,941	162,261	255,062	240,036	1,829,075	2,015,964
Reserve for losses	423	416	2,250	2,322	4,563	3,987	38,344	41,631
Securities	12,781	12,471	61,721	65,051	88,282	83,579	413,150	492,061
Other real estate owned	70	79	248	279	188	216	1,287	1,499
Noncurrent loans and leases	347	325	1,480	1,585	2,491	2,339	30,272	33,911
Total deposits	43,535	42,212	205,362	210,864	268,836	257,963	1,866,681	2,054,756
Domestic deposits	43,535	42,212	204,918	210,761	266,792	255,302	1,486,008	1,660,630
Equity capital	5,794	5,791	25,327	27,051	40,392	42,730	269,222	296,130
Off-balance-sheet derivatives	6	25	1,378	3,194	36,968	28,751	20,593,583	26,069,129
Performance ratios (annualized %)								
Return on equity	7.40	8.63	11.44	11.71	20.13	16.40	14.59	14.77
Return on assets	0.85	1.01	1.16	1.22	1.98	1.77	1.34	1.37
Net interest income to assets	3.96	3.96	4.02	3.93	4.14	3.69	3.81	3.70
Loss provision to assets	0.44	0.37	0.50	0.41	0.16	0.52	1.25	0.98
Net operating income to assets	0.82	0.97	1.13	1.20	1.93	1.72	1.29	1.28
Noninterest income to assets	1.94	1.82	2.31	2.43	2.93	3.20	2.99	2.87
Noninterest expense to assets	4.28	4.12	4.25	4.41	3.99	3.74	3.74	3.68
Loss provision to loans and leases	0.73	0.63	0.80	0.66	0.25	0.85	1.99	1.57
Net charge-offs to loans and leases	0.53	0.48	0.59	0.53	1.39	0.87	1.63	1.40
Loss provision to net charge-offs	137.42	130.11	135.79	124.98	18.08	97.25	122.14	112.02
Performance ratios (%)								
Percent of institutions unprofitable	17.47	14.67	6.20	5.17	8.40	2.38	14.29	4.65
Percent of institutions with earnings gains	51.81	53.99	63.22	64.05	62.60	73.81	54.76	69.77
Nonint. income to net operating revenue	32.89	31.48	36.45	38.25	41.46	46.46	43.97	43.68
Nonint. expense to net operating revenue	72.68	71.29	67.14	69.38	56.42	54.29	55.00	56.00
Condition ratios (%)								
Nonperforming assets to assets	0.81	0.82	0.69	0.72	0.66	0.65	1.10	1.14
Noncurrent loans to loans	1.13	1.10	0.94	0.98	0.98	0.97	1.66	1.68
Loss reserve to noncurrent loans	122.01	128.21	152.01	146.52	183.21	170.43	126.67	122.76
Loss reserve to loans	1.38	1.41	1.42	1.43	1.79	1.66	2.10	2.07
Equity capital to assets	11.21	11.52	9.97	10.36	9.76	10.83	9.23	9.25
Leverage ratio	10.93	11.09	9.40	9.47	8.66	9.42	7.50	7.51
Risk-based capital ratio	17.91	18.28	14.68	15.17	14.20	15.82	12.21	12.13
Net loans and leases to assets	58.70	58.06	61.30	61.24	60.54	59.80	61.41	61.66
Securities to assets	24.73	24.81	24.30	24.91	21.34	21.17	14.17	15.37
Appreciation in securities (% of par)	1.20	2.40	1.14	2.53	0.89	2.38	0.27	2.01
Residential mortgage assets to assets	22.35	22.02	24.79	24.51	27.10	26.01	21.70	24.62
Total deposits to assets	84.23	83.97	80.85	80.74	64.97	65.35	64.02	64.17
Core deposits to assets	70.97	71.13	67.87	68.04	55.70	55.93	44.86	45.93
Volatile liabilities to assets	15.15	14.68	17.33	16.97	24.87	23.58	33.64	32.48

Loan performance, FDIC-insured national banks by asset size
Fourth quarter 2001 and fourth quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.55	1.53	1.32	1.13	1.31	1.17	1.40	1.13
Loans secured by real estate (RE)	1.37	1.38	1.14	0.98	1.08	1.02	1.52	1.08
1-4 family residential mortgages	1.71	1.86	1.56	1.46	1.41	1.47	1.89	1.44
Home equity loans	0.85	0.93	0.65	0.45	0.77	0.50	1.02	0.64
Multifamily residential mortgages	0.53	0.49	0.55	0.46	0.55	0.38	0.84	0.39
Commercial RE loans	1.09	1.05	0.85	0.64	0.75	0.55	0.88	0.56
Construction RE loans	1.60	1.18	1.07	1.05	1.04	1.08	1.36	0.86
Commercial and industrial loans	1.69	1.53	1.32	1.14	1.16	1.18	0.90	0.69
Loans to individuals	2.74	2.69	2.39	2.22	2.20	1.89	2.42	2.18
Credit cards	2.56	2.00	3.79	3.83	2.32	1.93	2.52	2.61
Installment loans and other plans	2.79	2.78	2.17	1.98	2.29	2.06	2.76	2.08
All other loans and leases	0.94	1.01	0.95	0.74	0.88	0.48	0.83	0.55
Percent of loans noncurrent								
Total loans and leases	1.13	1.10	0.94	0.98	0.98	0.97	1.66	1.68
Loans secured by real estate (RE)	0.98	0.99	0.78	0.83	0.78	0.86	1.14	1.00
1-4 family residential mortgages	0.77	0.81	0.73	0.79	0.60	0.93	1.17	1.05
Home equity loans	0.35	0.28	0.31	0.19	0.41	0.30	0.43	0.34
Multifamily residential mortgages	0.81	0.82	0.42	0.56	0.52	0.27	0.48	0.45
Commercial RE loans	1.22	1.16	0.92	0.95	0.95	0.92	1.08	1.11
Construction RE loans	0.92	1.10	0.64	0.78	1.18	0.83	1.23	1.12
Commercial and industrial loans	1.78	1.56	1.43	1.57	1.41	1.36	2.59	3.26
Loans to individuals	0.83	0.86	1.01	0.98	1.21	1.13	1.68	1.70
Credit cards	1.96	1.75	3.40	3.59	1.75	1.74	2.07	2.18
Installment loans and other plans	0.80	0.83	0.57	0.54	0.86	0.86	1.61	1.45
All other loans and leases	1.25	1.23	0.95	0.87	0.69	0.45	1.21	1.15
Percent of loans charged-off, net								
Total loans and leases	0.53	0.48	0.59	0.53	1.39	0.87	1.63	1.40
Loans secured by real estate (RE)	0.12	0.15	0.12	0.12	0.18	0.16	0.34	0.22
1-4 family residential mortgages	0.08	0.16	0.12	0.12	0.06	0.18	0.25	0.17
Home equity loans	0.03	0.13	0.04	0.10	0.35	0.08	0.56	0.24
Multifamily residential mortgages	0.24	0.01	0.10	0.11	0.08	0.11	0.10	0.18
Commercial RE loans	0.15	0.19	0.14	0.09	0.28	0.21	0.40	0.24
Construction RE loans	0.15	0.15	0.09	0.17	0.27	0.03	0.32	0.26
Commercial and industrial loans	1.33	1.10	1.06	1.01	1.56	1.04	2.60	1.95
Loans to individuals	1.42	1.28	2.39	2.15	4.76	2.88	3.95	3.79
Credit cards	4.64	4.31	9.41	7.26	8.52	5.63	5.96	5.32
Installment loans and other plans	1.29	1.12	1.18	1.28	1.85	1.25	2.34	2.30
All other loans and leases	0.39	0.45	0.43	0.52	0.35	0.55	0.52	0.82
Loans outstanding (\$)								
Total loans and leases	\$30,761	\$29,606	\$157,941	\$162,261	\$255,062	\$240,036	\$1,829,075	\$2,015,964
Loans secured by real estate (RE)	17,911	17,683	101,017	107,018	140,094	130,475	717,098	884,386
1-4 family residential mortgages	7,984	7,544	40,919	39,874	63,915	58,075	359,897	468,489
Home equity loans	445	479	4,433	5,369	9,404	9,089	87,812	126,062
Multifamily residential mortgages	420	479	3,578	3,914	5,267	5,057	20,809	24,539
Commercial RE loans	5,330	5,383	37,147	41,445	43,286	40,846	150,709	165,735
Construction RE loans	1,692	1,709	10,622	11,509	16,269	15,279	62,899	66,907
Farmland loans	2,039	2,089	4,315	4,907	1,822	1,699	4,438	4,529
RE loans from foreign offices	0	0	3	1	130	431	30,534	28,124
Commercial and industrial loans	5,185	4,841	27,967	27,562	46,394	45,371	517,684	468,230
Loans to individuals	4,093	3,674	19,606	18,106	52,002	45,452	314,719	383,362
Credit cards*	170	204	3,094	2,696	22,812	16,954	141,003	190,082
Other revolving credit plans	65	61	374	370	2,229	2,726	26,590	30,357
Installment loans	3,857	3,409	16,138	15,041	26,961	25,771	147,126	162,924
All other loans and leases	3,622	3,448	9,549	9,768	16,659	18,834	281,171	282,103
Less: Unearned income	50	40	197	194	86	96	1,598	2,118

Key indicators, FDIC-insured national banks by region Fourth quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	230	243	413	427	592	173	2,078
Total employees (FTEs)	297,452	218,354	213,609	65,520	97,094	101,437	993,466
Selected income data (\$)							
Net income	\$3,118	\$2,952	\$3,202	\$1,155	\$1,025	\$2,059	\$13,512
Net interest income	10,360	7,688	8,050	2,950	2,752	4,233	36,033
Provision for loan losses	3,980	1,197	1,625	807	256	739	8,605
Noninterest income	9,945	4,848	5,029	2,438	1,941	3,524	27,724
Noninterest expense	11,727	7,675	7,050	2,857	3,022	3,922	36,252
Net operating income	2,991	2,672	2,962	1,126	986	2,032	12,768
Cash dividends declared	3,124	2,930	2,594	678	1,142	397	10,864
Net charge-offs to loan and lease reserve	3,254	1,248	1,549	699	232	740	7,720
Selected condition data (\$)							
Total assets	1,043,401	974,217	970,379	236,491	292,029	391,581	3,908,098
Total loans and leases	633,326	554,736	641,491	166,726	176,496	275,091	2,447,866
Reserve for losses	17,183	9,005	11,723	3,251	2,523	4,671	48,357
Securities	190,968	158,647	175,837	30,311	62,588	34,811	653,162
Other real estate owned	207	517	729	129	315	177	2,073
Noncurrent loans and leases	14,404	7,738	9,796	1,924	1,844	2,455	38,160
Total deposits	704,186	660,346	605,008	136,696	220,297	239,262	2,565,795
Domestic deposits	451,764	601,010	552,488	130,893	218,920	213,830	2,168,905
Equity capital	102,765	91,956	81,299	25,320	28,393	41,969	371,702
Off-balance-sheet derivatives	8,982,570	14,509,792	1,707,638	7,452	44,530	701,431	25,953,414
Performance ratios (annualized %)							
Return on equity	12.28	12.83	15.81	18.44	14.43	20.01	14.64
Return on assets	1.21	1.21	1.32	1.98	1.43	2.15	1.39
Net interest income to assets	4.02	3.16	3.33	5.05	3.83	4.42	3.72
Loss provision to assets	1.55	0.49	0.67	1.38	0.36	0.77	0.89
Net operating income to assets	1.16	1.10	1.22	1.93	1.37	2.12	1.32
Noninterest income to assets	3.86	1.99	2.08	4.17	2.70	3.68	2.86
Noninterest expense to assets	4.55	3.15	2.92	4.89	4.20	4.09	3.74
Loss provision to loans and leases	2.54	0.87	1.02	1.94	0.59	1.12	1.42
Net charge-offs to loans and leases	2.07	0.91	0.97	1.68	0.53	1.13	1.28
Loss provision to net charge-offs	122.34	95.92	104.97	115.44	110.55	99.87	111.45
Performance ratios (%)							
Percent of institutions unprofitable	7.83	13.17	7.75	8.43	10.14	8.67	9.29
Percent of institutions with earnings gains	69.13	64.20	57.63	54.10	58.11	71.10	60.20
Nonint. income to net operating revenue	48.98	38.67	38.45	45.25	41.36	45.43	43.48
Nonint. expense to net operating revenue	57.75	61.23	53.90	53.03	64.37	50.56	56.86
Condition ratios (%)							
Nonperforming assets to assets	1.46	0.85	1.12	0.87	0.74	0.67	1.06
Noncurrent loans to loans	2.27	1.39	1.53	1.15	1.04	0.89	1.56
Loss reserve to noncurrent loans	119.30	116.38	119.67	168.99	136.80	190.25	126.72
Loss reserve to loans	2.71	1.62	1.83	1.95	1.43	1.70	1.98
Equity capital to assets	9.85	9.44	8.38	10.71	9.72	10.72	9.51
Leverage ratio	8.51	7.09	7.20	9.64	8.00	8.82	7.89
Risk-based capital ratio	12.95	11.95	12.17	14.14	13.19	13.83	12.68
Net loans and leases to assets	59.05	56.02	64.90	69.13	59.57	69.06	61.40
Securities to assets	18.30	16.28	18.12	12.82	21.43	8.89	16.71
Appreciation in securities (% of par)	1.51	2.21	2.05	2.88	2.76	3.59	2.12
Residential mortgage assets to assets	15.51	29.93	27.74	22.60	28.90	26.95	24.72
Total deposits to assets	67.49	67.78	62.35	57.80	75.44	61.10	65.65
Core deposits to assets	35.74	55.53	51.22	51.09	63.56	47.87	48.74
Volatile liabilities to assets	42.12	23.00	27.30	27.36	21.47	32.89	30.31

Loan performance, FDIC-insured national banks by region
Fourth quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.23	0.78	1.31	1.40	1.15	1.07	1.14
Loans secured by real estate (RE)	0.99	0.89	1.43	0.74	1.07	0.92	1.07
1-4 family residential mortgages	1.30	1.22	2.09	0.80	1.52	1.16	1.45
Home equity loans	0.48	0.69	0.71	0.38	0.65	0.49	0.62
Multifamily residential mortgages	0.36	0.21	0.52	0.22	0.74	0.19	0.40
Commercial RE loans	0.34	0.38	0.84	0.67	0.73	0.46	0.58
Construction RE loans	0.70	0.42	1.21	0.83	0.84	1.36	0.93
Commercial and industrial loans	0.67	0.37	1.05	1.31	1.04	0.82	0.76
Loans to individuals	2.39	1.73	1.92	2.34	1.96	2.01	2.16
Credit cards	2.78	1.64	1.97	2.50	2.40	2.24	2.57
Installment loans and other plans	2.54	1.83	2.06	1.90	2.03	1.89	2.08
All other loans and leases	0.52	0.26	0.77	0.85	0.73	0.47	0.56
Percent of loans noncurrent							
Total loans and leases	2.27	1.39	1.53	1.15	1.04	0.89	1.56
Loans secured by real estate (RE)	1.27	0.67	1.43	0.50	0.95	0.47	0.97
1-4 family residential mortgages	1.37	0.60	1.86	0.30	1.09	0.33	1.02
Home equity loans	0.28	0.25	0.47	0.24	0.29	0.21	0.33
Multifamily residential mortgages	0.34	0.36	0.51	0.21	0.78	0.28	0.44
Commercial RE loans	0.78	0.99	1.48	1.01	0.94	0.66	1.05
Construction RE loans	0.86	0.97	1.15	0.68	0.97	1.16	1.03
Commercial and industrial loans	3.66	3.52	2.71	1.28	1.53	1.97	3.00
Loans to individuals	2.43	0.50	0.74	1.89	0.71	1.33	1.61
Credit cards	2.36	1.14	1.53	2.17	1.65	1.82	2.16
Installment loans and other plans	3.69	0.53	0.62	1.04	0.70	0.38	1.30
All other loans and leases	1.47	1.17	0.75	0.96	1.04	0.70	1.10
Percent of loans charged-off, net							
Total loans and leases	2.07	0.91	0.97	1.68	0.53	1.13	1.28
Loans secured by real estate (RE)	0.15	0.12	0.38	0.19	0.18	0.08	0.20
1-4 family residential mortgages	0.07	0.11	0.39	0.08	0.19	0.02	0.17
Home equity loans	0.05	0.11	0.43	0.10	0.23	0.12	0.23
Multifamily residential mortgages	0.44	0.00	0.15	0.41	0.16	0.08	0.16
Commercial RE loans	0.07	0.07	0.42	0.58	0.19	0.07	0.21
Construction RE loans	0.01	0.23	0.26	0.07	0.11	0.36	0.21
Commercial and industrial loans	2.04	2.46	1.43	1.02	1.09	1.32	1.82
Loans to individuals	4.73	1.29	2.58	4.03	1.38	4.29	3.61
Credit cards	5.36	5.56	6.27	5.04	4.54	5.49	5.37
Installment loans and other plans	3.67	1.25	1.83	0.87	1.24	1.57	2.09
All other loans and leases	0.68	0.93	0.88	0.29	0.74	0.77	0.78
Loans outstanding (\$)							
Total loans and leases	\$633,326	\$554,736	\$641,491	\$166,726	\$176,496	\$275,091	\$2,447,866
Loans secured by real estate (RE)	177,395	301,218	323,548	68,037	112,949	156,415	1,139,562
1-4 family residential mortgages	78,546	171,815	151,588	40,512	45,995	85,525	573,982
Home equity loans	26,156	30,592	50,123	4,301	11,842	17,986	140,999
Multifamily residential mortgages	3,991	7,334	13,205	1,712	3,421	4,325	33,988
Commercial RE loans	35,224	64,039	72,382	13,832	32,933	34,999	253,409
Construction RE loans	8,005	22,362	32,101	4,515	15,867	12,553	95,404
Farmland loans	495	1,914	3,734	3,166	2,891	1,025	13,225
RE loans from foreign offices	24,978	3,162	415	0	0	1	28,556
Commercial and industrial loans	168,788	132,294	141,559	23,359	35,108	44,897	546,005
Loans to individuals	180,916	55,717	83,023	59,876	19,543	51,520	450,594
Credit cards	113,520	433	14,348	45,766	833	35,036	209,936
Other revolving credit plans	20,979	2,987	4,984	655	781	3,128	33,514
Installment loans	46,417	52,297	63,691	13,455	17,929	13,356	207,145
All other loans and leases	108,258	65,568	93,451	15,479	9,033	22,363	314,153
Less: Unearned income	2,030	60	90	25	137	104	2,447

Key indicators, FDIC-insured commercial banks
Annual 1998–2001, year-to-date through December 31, 2002, fourth quarter 2001,
and fourth quarter 2002
(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q4	Preliminary 2002Q4
Number of institutions reporting	8,773	8,579	8,315	8,079	7,887	8,079	7,887
Total employees (FTEs)	1,626,978	1,657,602	1,670,861	1,701,717	1,745,296	1,701,717	1,745,296
Selected income data (\$)							
Net income	\$61,752	\$71,491	\$70,945	\$73,967	\$90,110	\$18,446	\$21,657
Net interest income	182,752	192,141	203,960	215,157	237,006	58,132	60,539
Provision for loan losses	22,215	21,817	30,013	43,433	48,054	15,555	12,871
Noninterest income	123,642	144,373	153,370	157,048	171,475	40,476	43,870
Noninterest expense	194,133	204,213	216,112	222,295	232,619	57,567	61,863
Net operating income	59,194	71,257	72,534	71,137	85,761	17,578	20,125
Cash dividends declared	41,004	51,936	53,854	54,160	67,504	15,143	18,333
Net charge-offs to loan and lease reserve	20,740	20,367	24,787	36,557	44,481	12,818	11,280
Selected condition data (\$)							
Total assets	5,442,416	5,735,079	6,244,467	6,551,636	7,075,212	6,551,636	7,075,212
Total loans and leases	3,238,286	3,491,659	3,819,516	3,889,474	4,160,001	3,889,474	4,160,001
Reserve for losses	57,261	58,767	64,145	72,323	76,957	72,323	76,957
Securities	979,855	1,046,530	1,078,983	1,171,921	1,333,888	1,171,921	1,333,888
Other real estate owned	3,150	2,796	2,912	3,565	4,158	3,565	4,158
Noncurrent loans and leases	31,253	33,002	42,942	54,908	60,532	54,908	60,532
Total deposits	3,681,390	3,831,062	4,179,571	4,377,512	4,689,519	4,377,512	4,689,519
Domestic deposits	3,109,356	3,175,473	3,472,905	3,748,006	4,031,486	3,748,006	4,031,486
Equity capital	462,042	479,610	530,543	593,869	647,924	593,869	647,924
Off-balance-sheet derivatives	33,007,016	34,819,179	40,571,148	45,315,938	56,077,643	45,315,938	56,077,643
Performance ratios (annualized %)							
Return on equity	13.92	15.30	14.01	13.12	14.53	12.49	13.46
Return on assets	1.19	1.31	1.19	1.15	1.33	1.12	1.24
Net interest income to assets	3.51	3.51	3.41	3.36	3.51	3.54	3.46
Loss provision to assets	0.43	0.40	0.50	0.68	0.71	0.95	0.74
Net operating income to assets	1.14	1.30	1.21	1.11	1.27	1.07	1.15
Noninterest income to assets	2.37	2.64	2.56	2.45	2.54	2.47	2.51
Noninterest expense to assets	3.73	3.73	3.61	3.47	3.44	3.51	3.53
Loss provision to loans and leases	0.72	0.66	0.82	1.13	1.20	1.60	1.25
Net charge-offs to loans and leases	0.67	0.61	0.67	0.95	1.11	1.32	1.10
Loss provision to net charge-offs	104.81	107.11	121.08	118.81	108.03	121.35	114.10
Performance ratios (%)							
Percent of institutions unprofitable	6.11	7.52	7.34	8.12	6.21	13.60	10.70
Percent of institutions with earnings gains	61.21	62.83	67.34	56.29	73.26	57.71	62.39
Nonint. income to net operating revenue	40.35	42.90	42.92	42.19	41.98	41.05	42.02
Nonint. expense to net operating revenue	63.36	60.68	60.48	59.72	56.95	58.38	59.25
Condition ratios (%)							
Nonperforming assets to assets	0.65	0.63	0.74	0.92	0.94	0.92	0.94
Noncurrent loans to loans	0.97	0.95	1.12	1.41	1.46	1.41	1.46
Loss reserve to noncurrent loans	183.22	178.07	149.38	131.72	127.13	131.72	127.13
Loss reserve to loans	1.77	1.68	1.68	1.86	1.85	1.86	1.85
Equity capital to assets	8.49	8.36	8.50	9.06	9.16	9.06	9.16
Leverage ratio	7.54	7.79	7.70	7.79	7.84	7.79	7.84
Risk-based capital ratio	12.23	12.15	12.12	12.71	12.78	12.71	12.78
Net loans and leases to assets	58.45	59.86	60.14	58.26	57.71	58.26	57.71
Securities to assets	18.00	18.25	17.28	17.89	18.85	17.89	18.85
Appreciation in securities (% of par)	1.07	-2.31	0.20	0.82	2.22	0.82	2.22
Residential mortgage assets to assets	20.93	20.78	20.20	21.64	23.29	21.64	23.29
Total deposits to assets	67.64	66.80	66.93	66.82	66.28	66.82	66.28
Core deposits to assets	49.39	46.96	46.39	48.73	48.68	48.73	48.68
Volatile liabilities to assets	31.68	34.94	34.98	31.46	31.42	31.46	31.42

Loan performance, FDIC-insured commercial banks
Annual 1998–2001, year-to-date through December 31, 2002, fourth quarter 2001,
and fourth quarter 2002

(Dollar figures in millions)

	1998	1999	2000	2001	Preliminary 2002YTD	2001Q4	Preliminary 2002Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.26	1.14	1.26	1.37	1.18	1.37	1.18
Loans secured by real estate (RE)	1.26	1.09	1.26	1.31	1.08	1.31	1.08
1-4 family residential mortgages	1.44	1.43	1.72	1.67	1.48	1.67	1.48
Home equity loans	0.98	0.75	0.98	0.91	0.60	0.91	0.60
Multifamily residential mortgages	0.86	0.57	0.55	0.69	0.45	0.69	0.45
Commercial RE loans	0.99	0.69	0.74	0.90	0.68	0.90	0.68
Construction RE loans	1.50	0.98	1.06	1.21	0.89	1.21	0.89
Commercial and industrial loans	0.88	0.79	0.83	1.01	0.89	1.01	0.89
Loans to individuals	2.43	2.33	2.47	2.46	2.23	2.46	2.23
Credit cards	2.58	2.59	2.66	2.69	2.73	2.69	2.73
Installment loans and other plans	2.33	2.18	2.34	2.55	2.09	2.55	2.09
All other loans and leases	0.51	0.54	0.65	0.84	0.59	0.84	0.59
Percent of loans noncurrent							
Total loans and leases	0.97	0.95	1.12	1.41	1.46	1.41	1.46
Loans secured by real estate (RE)	0.91	0.79	0.81	0.96	0.89	0.96	0.89
1-4 family residential mortgages	0.88	0.82	0.90	0.96	0.93	0.96	0.93
Home equity loans	0.42	0.33	0.37	0.39	0.31	0.39	0.31
Multifamily residential mortgages	0.83	0.41	0.44	0.43	0.36	0.43	0.36
Commercial RE loans	0.95	0.77	0.72	0.96	0.95	0.96	0.95
Construction RE loans	0.81	0.67	0.76	1.06	0.98	1.06	0.98
Commercial and industrial loans	0.99	1.18	1.66	2.41	2.92	2.41	2.92
Loans to individuals	1.52	1.42	1.41	1.48	1.51	1.48	1.51
Credit cards	2.22	2.05	2.01	2.12	2.24	2.12	2.24
Installment loans and other plans	1.06	1.04	0.98	1.21	1.14	1.21	1.14
All other loans and leases	0.34	0.39	0.69	0.96	1.00	0.96	1.00
Percent of loans charged-off, net							
Total loans and leases	0.67	0.61	0.67	0.95	1.11	1.32	1.10
Loans secured by real estate (RE)	0.05	0.08	0.09	0.19	0.15	0.22	0.18
1-4 family residential mortgages	0.07	0.11	0.11	0.22	0.14	0.17	0.15
Home equity loans	0.14	0.15	0.18	0.27	0.19	0.39	0.19
Multifamily residential mortgages	0.05	0.02	0.03	0.04	0.07	0.08	0.11
Commercial RE loans	0.00	0.03	0.05	0.14	0.15	0.23	0.19
Construction RE loans	0.01	0.04	0.05	0.14	0.17	0.24	0.22
Commercial and industrial loans	0.42	0.58	0.81	1.43	1.76	2.42	1.75
Loans to individuals	2.69	2.32	2.43	2.73	3.34	3.36	3.14
Credit cards	5.19	4.45	4.39	5.14	6.38	6.35	5.52
Installment loans and other plans	1.04	1.04	1.18	1.29	1.46	1.65	1.62
All other loans and leases	0.39	0.25	0.23	0.41	0.58	0.49	0.76
Loans outstanding (\$)							
Total loans and leases	\$3,238,286	\$3,491,659	\$3,819,516	\$3,889,474	\$4,160,001	\$3,889,474	\$4,160,001
Loans secured by real estate (RE)	1,345,589	1,510,342	1,673,325	1,800,226	2,067,999	1,800,226	2,067,999
1-4 family residential mortgages	668,706	737,110	790,030	810,832	945,866	810,832	945,866
Home equity loans	96,647	102,339	127,694	154,157	214,647	154,157	214,647
Multifamily residential mortgages	43,242	53,168	60,406	64,127	71,934	64,127	71,934
Commercial RE loans	370,544	417,633	466,453	505,836	555,801	505,836	555,801
Construction RE loans	106,719	135,632	162,613	193,047	207,437	193,047	207,437
Farmland loans	29,096	31,902	34,096	35,531	38,034	35,531	38,034
RE loans from foreign offices	30,635	32,558	32,033	36,695	34,280	36,695	34,280
Commercial and industrial loans	898,555	969,257	1,051,992	981,394	912,022	981,394	912,022
Loans to individuals	570,863	558,424	606,663	629,896	703,576	629,896	703,576
Credit cards*	228,781	212,051	249,372	232,899	275,753	232,899	275,753
Other revolving credit plans	NA	NA	NA	34,203	38,483	34,203	38,483
Installment loans	342,081	346,373	357,291	362,794	389,340	362,794	389,340
All other loans and leases	427,397	457,309	490,448	481,068	479,802	481,068	479,802
Less: Unearned income	4,117	3,673	2,912	3,110	3,399	3,110	3,399

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

Key indicators, FDIC-insured commercial banks by asset size
Fourth quarter 2001 and fourth quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4
Number of institutions reporting	4,485	4,168	3,195	3,314	320	325	79	80
Total employees (FTEs)	89,778	82,895	298,306	299,662	247,247	245,664	1,066,386	1,117,075
Selected income data (\$)								
Net income	\$377	\$451	\$2,271	\$2,540	\$2,760	\$3,548	\$13,039	\$15,118
Net interest income	2,129	2,065	8,188	8,588	8,812	8,539	39,004	41,347
Provision for loan losses	255	192	1,084	1,004	1,798	1,237	12,417	10,437
Noninterest income	596	566	3,395	3,633	5,468	5,867	31,017	33,805
Noninterest expense	1,996	1,882	7,418	7,857	8,268	8,045	39,885	44,079
Net operating income	356	435	2,202	2,490	2,659	3,431	12,361	13,770
Cash dividends declared	487	444	1,758	1,999	2,725	4,225	10,173	11,665
Net charge-offs to loan and lease reserve	190	156	799	789	2,115	1,162	9,714	9,174
Selected condition data (\$)								
Total assets	221,584	211,267	819,921	869,517	915,038	936,690	4,595,093	5,057,739
Total loans and leases	135,356	128,952	532,939	563,766	564,650	568,429	2,656,528	2,898,854
Reserve for losses	1,929	1,871	7,715	8,296	10,371	9,918	52,309	56,871
Securities	53,191	50,647	185,622	200,109	213,575	228,823	719,533	854,309
Other real estate owned	310	332	908	1,147	537	578	1,809	2,100
Noncurrent loans and leases	1,485	1,452	5,058	5,431	5,984	6,056	42,382	47,593
Total deposits	187,697	178,302	668,419	707,074	625,049	639,611	2,896,347	3,164,532
Domestic deposits	187,696	178,296	666,850	705,743	614,417	628,925	2,279,043	2,518,522
Equity capital	24,113	23,507	79,282	85,951	88,868	96,974	401,606	441,491
Off-balance-sheet derivatives	38	67	4,750	6,808	81,546	70,934	45,340,464	56,195,717
Performance ratios (annualized %)								
Return on equity	6.21	7.70	11.48	11.88	12.52	14.81	13.07	13.79
Return on assets	0.69	0.87	1.12	1.18	1.22	1.53	1.13	1.21
Net interest income to assets	3.90	3.96	4.05	3.99	3.91	3.69	3.37	3.30
Loss provision to assets	0.47	0.37	0.54	0.47	0.80	0.54	1.07	0.83
Net operating income to assets	0.65	0.83	1.09	1.16	1.18	1.48	1.07	1.10
Noninterest income to assets	1.09	1.08	1.68	1.69	2.42	2.54	2.68	2.70
Noninterest expense to assets	3.66	3.61	3.67	3.65	3.67	3.48	3.44	3.52
Loss provision to loans and leases	0.76	0.60	0.82	0.72	1.28	0.88	1.87	1.46
Net charge-offs to loans and leases	0.57	0.49	0.61	0.57	1.50	0.82	1.46	1.28
Loss provision to net charge-offs	134.59	122.96	135.63	127.36	85.03	106.50	127.82	113.77
Performance ratios (%)								
Percent of institutions unprofitable	18.97	16.31	6.64	4.50	8.13	3.38	12.66	5.00
Percent of institutions with earnings gains	52.87	57.10	63.79	67.86	65.94	73.23	53.16	67.50
Nonint. income to net operating revenue	21.87	21.50	29.31	29.73	38.29	40.73	44.30	44.98
Nonint. expense to net operating revenue	73.26	71.56	64.04	64.29	57.90	55.85	56.96	58.65
Condition ratios (%)								
Nonperforming assets to assets	0.81	0.86	0.73	0.76	0.72	0.72	1.00	1.01
Noncurrent loans to loans	1.10	1.13	0.95	0.96	1.06	1.07	1.60	1.64
Loss reserve to noncurrent loans	129.92	128.85	152.52	152.74	173.30	163.77	123.42	119.50
Loss reserve to loans	1.42	1.45	1.45	1.47	1.84	1.74	1.97	1.96
Equity capital to assets	10.88	11.13	9.67	9.88	9.71	10.35	8.74	8.73
Leverage ratio	10.61	10.67	9.17	9.21	8.69	9.08	7.23	7.24
Risk-based capital ratio	16.94	17.10	14.03	14.20	13.70	14.53	12.16	12.12
Net loans and leases to assets	60.22	60.15	64.06	63.88	60.57	59.63	56.67	56.19
Securities to assets	24.00	23.97	22.64	23.01	23.34	24.43	15.66	16.89
Appreciation in securities (% of par)	1.18	2.43	1.14	2.49	0.88	2.18	0.70	2.15
Residential mortgage assets to assets	21.71	21.66	23.97	23.66	26.22	26.30	20.30	22.74
Total deposits to assets	84.71	84.40	81.52	81.32	68.31	68.28	63.03	62.57
Core deposits to assets	71.59	71.50	68.14	67.98	55.76	55.72	42.76	43.11
Volatile liabilities to assets	14.73	14.47	17.50	17.36	25.86	25.22	35.87	35.69

Loan performance, FDIC-insured commercial banks by asset size Fourth quarter 2001 and fourth quarter 2002

(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4	2001Q4	2002Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.71	1.60	1.38	1.20	1.33	1.18	1.36	1.15
Loans secured by real estate (RE)	1.55	1.47	1.20	1.04	1.05	0.93	1.41	1.10
1-4 family residential mortgages	2.01	2.04	1.68	1.61	1.36	1.28	1.72	1.47
Home equity loans	0.87	0.62	0.77	0.55	0.81	0.58	0.94	0.60
Multifamily residential mortgages	0.77	0.78	0.61	0.52	0.48	0.35	0.78	0.44
Commercial RE loans	1.17	1.09	0.87	0.72	0.81	0.69	0.94	0.61
Construction RE loans	1.64	1.22	1.15	0.92	1.07	0.92	1.26	0.85
Commercial and industrial loans	1.85	1.69	1.38	1.31	1.27	1.32	0.90	0.74
Loans to individuals	2.88	2.83	2.57	2.30	2.41	2.14	2.44	2.22
Credit cards	2.52	2.04	4.74	4.12	2.77	2.73	2.59	2.69
Installment loans and other plans	2.94	2.90	2.33	2.13	2.33	1.99	2.62	2.06
All other loans and leases	1.05	0.93	0.99	0.79	0.92	0.69	0.82	0.55
Percent of loans noncurrent								
Total loans and leases	1.10	1.13	0.95	0.96	1.06	1.07	1.60	1.64
Loans secured by real estate (RE)	0.98	1.00	0.83	0.83	0.84	0.88	1.03	0.91
1-4 family residential mortgages	0.88	0.93	0.76	0.80	0.80	0.89	1.06	0.96
Home equity loans	0.30	0.28	0.34	0.24	0.41	0.30	0.40	0.31
Multifamily residential mortgages	0.62	0.74	0.51	0.48	0.45	0.27	0.39	0.34
Commercial RE loans	1.14	1.11	0.91	0.88	0.89	0.91	1.01	0.98
Construction RE loans	1.04	1.06	0.93	0.92	1.06	1.13	1.13	0.94
Commercial and industrial loans	1.62	1.62	1.36	1.46	1.68	1.73	2.68	3.36
Loans to individuals	0.99	1.01	0.95	0.97	1.16	1.07	1.64	1.65
Credit cards	1.64	1.45	3.02	3.50	1.89	2.01	2.13	2.24
Installment loans and other plans	1.00	1.02	0.66	0.66	0.77	0.65	1.45	1.33
All other loans and leases	1.04	1.17	1.00	1.05	0.74	0.76	0.97	1.01
Percent of loans charged-off, net								
Total loans and leases	0.57	0.49	0.61	0.57	1.50	0.82	1.46	1.28
Loans secured by real estate (RE)	0.16	0.14	0.16	0.16	0.15	0.17	0.27	0.19
1-4 family residential mortgages	0.13	0.15	0.13	0.12	0.09	0.16	0.21	0.16
Home equity loans	0.10	0.24	0.15	0.08	0.24	0.13	0.46	0.21
Multifamily residential mortgages	0.16	0.05	0.17	0.07	0.01	0.08	0.07	0.14
Commercial RE loans	0.19	0.14	0.15	0.17	0.19	0.17	0.31	0.21
Construction RE loans	0.22	0.24	0.28	0.30	0.25	0.24	0.23	0.17
Commercial and industrial loans	1.43	1.20	1.31	1.29	3.06	1.18	2.49	1.92
Loans to individuals	1.37	1.29	2.12	2.11	4.34	2.78	3.39	3.36
Credit cards	4.20	4.07	8.64	8.82	9.07	6.22	5.70	5.35
Installment loans and other plans	1.30	1.23	1.23	1.24	1.48	1.11	1.80	1.80
All other loans and leases	0.48	0.45	0.64	0.62	0.55	0.68	0.48	0.79
Loans outstanding (\$)								
Total loans and leases	\$135,356	\$128,952	\$532,939	\$563,766	\$564,650	\$568,429	\$2,656,528	\$2,898,854
Loans secured by real estate (RE)	79,507	77,629	352,463	385,881	320,174	330,037	1,048,081	1,274,453
1-4 family residential mortgages	34,882	32,713	132,079	132,510	127,032	125,357	516,839	655,286
Home equity loans	2,188	2,291	15,395	19,456	19,637	22,543	116,936	170,357
Multifamily residential mortgages	1,795	1,802	11,833	13,794	14,042	14,802	36,457	41,536
Commercial RE loans	23,191	23,366	134,921	154,313	113,337	118,649	234,387	259,473
Construction RE loans	7,473	7,424	43,680	49,174	41,702	43,472	100,192	107,366
Farmland loans	9,979	10,031	14,517	16,601	4,089	4,168	6,946	7,234
RE loans from foreign offices	0	0	37	33	334	1,045	36,323	33,202
Commercial and industrial loans	23,241	21,661	94,565	95,806	113,810	109,551	749,778	685,005
Loans to individuals	16,858	14,758	58,944	54,160	98,417	92,250	455,678	542,408
Credit cards*	397	363	7,501	6,286	36,975	30,036	188,026	239,068
Other revolving credit plans	295	244	1,593	1,637	3,733	4,058	28,581	32,544
Installment loans	16,166	14,151	49,849	46,237	57,708	58,156	239,070	270,797
All other loans and leases	15,902	15,017	27,573	28,489	32,813	37,075	404,780	399,222
Less: Unearned income	152	113	605	569	564	483	1,789	2,233

Key indicators, FDIC-insured commercial banks by region
Fourth quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	626	1,076	1,681	2,052	1,761	691	7,887
Total employees (FTEs)	535,868	406,884	335,526	118,483	175,260	173,275	1,745,296
Selected income data (\$)							
Net income	\$5,258	\$5,091	\$4,686	\$1,600	\$1,593	\$3,428	\$21,657
Net interest income	17,927	13,245	12,019	4,530	4,772	8,046	60,539
Provision for loan losses	5,632	2,039	2,142	1,025	458	1,575	12,871
Noninterest income	17,561	8,490	7,060	2,839	2,616	5,305	43,870
Noninterest expense	22,819	13,172	10,487	4,054	4,762	6,569	61,863
Net operating income	4,557	4,697	4,388	1,562	1,536	3,385	20,125
Cash dividends declared	4,230	6,117	3,900	1,006	1,580	1,502	18,333
Net charge-offs to loan and lease reserve	4,771	1,909	1,926	890	410	1,374	11,280
Selected condition data (\$)							
Total assets	2,405,391	1,590,889	1,439,863	395,294	493,230	750,544	7,075,212
Total loans and leases	1,174,614	973,470	945,182	273,045	298,242	495,448	4,160,001
Reserve for losses	27,258	15,236	16,039	4,981	4,235	9,208	76,957
Securities	468,847	283,644	274,952	64,803	116,188	125,455	1,333,888
Other real estate owned	535	1,096	1,077	348	700	402	4,158
Noncurrent loans and leases	25,132	11,456	13,019	2,966	3,106	4,854	60,532
Total deposits	1,494,118	1,092,999	938,155	265,323	386,540	512,384	4,689,519
Domestic deposits	1,021,654	1,015,976	867,026	259,520	385,136	482,174	4,031,486
Equity capital	207,008	149,525	122,783	41,420	48,169	79,018	647,924
Off-balance-sheet derivatives	38,827,460	14,643,312	1,801,830	9,772	45,936	749,333	56,077,643
Performance ratios (annualized %)							
Return on equity	10.24	13.66	15.34	15.65	13.26	17.64	13.46
Return on assets	0.89	1.29	1.31	1.64	1.31	1.87	1.24
Net interest income to assets	3.02	3.35	3.36	4.65	3.93	4.38	3.46
Loss provision to assets	0.95	0.52	0.60	1.05	0.38	0.86	0.74
Net operating income to assets	0.77	1.19	1.23	1.60	1.26	1.84	1.15
Noninterest income to assets	2.96	2.15	1.97	2.91	2.15	2.89	2.51
Noninterest expense to assets	3.84	3.33	2.93	4.16	3.92	3.58	3.53
Loss provision to loans and leases	1.93	0.85	0.91	1.51	0.62	1.32	1.25
Net charge-offs to loans and leases	1.64	0.79	0.82	1.31	0.56	1.15	1.10
Loss provision to net charge-offs	118.05	106.80	111.19	115.15	111.82	114.64	114.10
Performance ratios (%)							
Percent of institutions unprofitable	10.70	12.08	7.56	10.77	12.21	12.16	10.70
Percent of institutions with earnings gains	67.25	66.91	63.89	56.82	60.02	69.90	62.39
Nonint. income to net operating revenue	49.48	39.06	37.00	38.52	35.41	39.74	42.02
Nonint. expense to net operating revenue	64.30	60.61	54.96	55.02	64.45	49.20	59.25
Condition ratios (%)							
Nonperforming assets to assets	1.11	0.79	1.01	0.84	0.77	0.71	0.94
Noncurrent loans to loans	2.14	1.18	1.38	1.09	1.04	0.98	1.46
Loss reserve to noncurrent loans	108.46	132.99	123.20	167.95	136.34	189.71	127.13
Loss reserve to loans	2.32	1.57	1.70	1.82	1.42	1.86	1.85
Equity capital to assets	8.61	9.40	8.53	10.48	9.77	10.53	9.16
Leverage ratio	7.43	7.54	7.59	9.52	8.43	8.94	7.84
Risk-based capital ratio	12.88	12.10	12.30	14.05	13.75	13.76	12.78
Net loans and leases to assets	47.70	60.23	64.53	67.81	59.61	64.79	57.71
Securities to assets	19.49	17.83	19.10	16.39	23.56	16.72	18.85
Appreciation in securities (% of par)	1.62	2.80	2.22	2.61	2.69	2.48	2.22
Residential mortgage assets to assets	17.67	28.00	26.52	21.55	27.76	23.12	23.29
Total deposits to assets	62.12	68.70	65.16	67.12	78.37	68.27	66.28
Core deposits to assets	33.95	56.15	53.11	59.00	65.21	55.28	48.68
Volatile liabilities to assets	45.12	22.44	26.88	21.95	20.50	27.40	31.42

Loan performance, FDIC-insured commercial banks by region
Fourth quarter 2002

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.29	0.93	1.26	1.37	1.30	1.05	1.18
Loans secured by real estate (RE)	1.20	0.91	1.32	0.88	1.20	0.83	1.08
1-4 family residential mortgages	1.52	1.28	1.94	1.04	1.70	1.16	1.48
Home equity loans	0.51	0.59	0.65	0.60	0.65	0.58	0.60
Multifamily residential mortgages	0.43	0.34	0.57	0.30	0.81	0.25	0.45
Commercial RE loans	0.72	0.56	0.86	0.72	0.84	0.43	0.68
Construction RE loans	1.05	0.60	1.15	0.85	0.95	0.98	0.89
Commercial and industrial loans	0.80	0.58	1.09	1.33	1.16	1.09	0.89
Loans to individuals	2.38	2.21	1.88	2.49	2.28	1.94	2.23
Credit cards	2.86	4.26	1.97	2.76	2.29	2.16	2.73
Installment loans and other plans	2.27	1.97	1.98	1.96	2.35	1.83	2.09
All other loans and leases	0.56	0.28	0.77	0.88	0.85	0.52	0.59
Percent of loans noncurrent							
Total loans and leases	2.14	1.18	1.38	1.09	1.04	0.98	1.46
Loans secured by real estate (RE)	1.00	0.70	1.27	0.62	0.94	0.55	0.89
1-4 family residential mortgages	0.99	0.69	1.60	0.45	1.01	0.35	0.93
Home equity loans	0.24	0.25	0.42	0.26	0.29	0.26	0.31
Multifamily residential mortgages	0.24	0.31	0.49	0.36	0.74	0.21	0.36
Commercial RE loans	0.86	0.83	1.31	0.85	0.96	0.70	0.95
Construction RE loans	1.10	0.85	1.18	0.75	0.90	1.03	0.98
Commercial and industrial loans	4.23	2.73	2.36	1.36	1.49	2.03	2.92
Loans to individuals	2.14	0.92	0.69	1.84	0.77	1.24	1.51
Credit cards	2.45	2.64	1.51	2.28	1.49	1.80	2.24
Installment loans and other plans	2.17	0.68	0.59	0.92	0.76	0.38	1.14
All other loans and leases	1.24	0.93	0.70	0.97	1.27	0.86	1.00
Percent of loans charged-off, net							
Total loans and leases	1.64	0.79	0.82	1.31	0.56	1.15	1.10
Loans secured by real estate (RE)	0.10	0.13	0.32	0.20	0.20	0.09	0.18
1-4 family residential mortgages	0.06	0.12	0.32	0.11	0.20	0.03	0.15
Home equity loans	0.05	0.15	0.35	0.14	0.21	0.10	0.19
Multifamily residential mortgages	0.18	0.03	0.12	0.22	0.17	0.04	0.11
Commercial RE loans	0.06	0.11	0.35	0.36	0.20	0.12	0.19
Construction RE loans	0.00	0.16	0.35	0.45	0.17	0.21	0.22
Commercial and industrial loans	2.17	1.88	1.25	1.04	1.15	1.92	1.75
Loans to individuals	3.79	1.96	2.20	3.94	1.47	3.77	3.14
Credit cards	5.59	5.96	6.02	5.37	4.55	5.20	5.52
Installment loans and other plans	2.09	1.29	1.57	0.90	1.34	1.41	1.62
All other loans and leases	0.71	0.80	0.84	0.38	0.71	0.95	0.76
Loans outstanding (\$)							
Total loans and leases	\$1,174,614	\$973,470	\$945,182	\$273,045	\$298,242	\$495,448	\$4,160,001
Loans secured by real estate (RE)	404,311	560,719	499,538	131,369	192,215	279,847	2,067,999
1-4 family residential mortgages	201,857	264,848	218,627	62,722	75,912	121,900	945,866
Home equity loans	43,411	56,882	69,270	6,527	13,630	24,927	214,647
Multifamily residential mortgages	16,014	15,154	20,584	3,598	5,322	11,262	71,934
Commercial RE loans	90,449	149,308	130,520	35,130	62,513	87,881	555,801
Construction RE loans	21,110	66,131	50,789	11,607	27,906	29,893	207,437
Farmland loans	1,400	5,235	9,282	11,785	6,931	3,401	38,034
RE loans from foreign offices	30,070	3,162	465	0	0	583	34,280
Commercial and industrial loans	297,869	206,723	214,079	42,101	56,508	94,742	912,022
Loans to individuals	288,495	114,008	108,579	70,445	34,091	87,956	703,576
Credit cards	139,878	15,570	15,907	48,374	1,467	54,557	275,753
Other revolving credit plans	22,358	4,487	5,463	796	1,000	4,380	38,483
Installment loans	126,260	93,951	87,209	21,275	31,625	29,019	389,340
All other loans and leases	186,152	92,324	123,157	29,179	15,685	33,305	479,802
Less: Unearned income	2,214	305	170	49	258	402	3,399

Glossary

Data Sources

Data are from the Federal Financial Institutions Examination Council (FFIEC) Reports of Condition and Income (call reports) submitted by all Federal Deposit Insurance Corporation (FDIC) -insured, national-chartered and state-chartered commercial banks and trust companies in the United States and its territories. Uninsured banks, savings banks, savings associations, and U.S. branches and agencies of foreign banks are excluded from these tables. All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state.

The data are stored on and retrieved from the Office of the Comptroller of the Currency's (OCC's) Integrated Banking Information System (IBIS), which is obtained from the FDIC's Research Information System (RIS) database.

Computation Methodology

For performance ratios constructed by dividing an income statement (flow) item by a balance sheet (stock) item, the income item for the period was annualized (multiplied by the number of periods in a year) and divided by the average balance sheet item for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, prior period(s) balance sheet items of "acquired" institution(s) are included in balance sheet averages because the year-to-date income reported by the "acquirer" includes the year-to-date results of "acquired" institutions. No adjustments are made for "purchase accounting" mergers because the year-to-date income reported by the "acquirer" does not include the prior-to-merger results of "acquired" institutions.

Definitions

Commercial real estate loans—loans secured by nonfarm nonresidential properties.

Construction real estate loans—includes loans for all property types under construction, as well as loans for land acquisition and development.

Core deposits—the sum of transaction deposits plus savings deposits plus small time deposits (under \$100,000).

IBIS—OCC's Integrated Banking Information System.

Leverage ratio—Tier 1 capital divided by adjusted tangible total assets.

Loans to individuals—includes outstanding credit card balances and other secured and unsecured installment loans.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Net charge-offs to loan and lease reserve—total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

Net loans and leases to assets—total loans and leases net of the reserve for losses.

Net operating income—income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

Net operating revenue—the sum of net interest income plus noninterest income.

Noncurrent loans and leases—the sum of loans and leases 90 days or more past due plus loans and leases in nonaccrual status.

Nonperforming assets—the sum of noncurrent loans and leases plus noncurrent debt securities and other assets plus other real estate owned.

Number of institutions reporting—the number of institutions that actually filed a financial report.

Off-balance-sheet derivatives—the notional value of futures and forwards, swaps, and options contracts; beginning March 31, 1995, new reporting detail permits the exclusion of spot foreign exchange contracts. For March 31, 1984 through December 31, 1985, only foreign exchange futures and forwards contracts were reported; beginning March 31, 1986, interest rate swaps contracts were reported; beginning March 31, 1990, banks began to report interest rate and other futures and forwards contracts, foreign exchange and other swaps contracts, and all types of option contracts.

Other real estate owned—primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances.

Percent of institutions unprofitable—the percent of institutions with negative net income for the respective period.

Percent of institutions with earnings gains—the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

Reserve for losses—the sum of the allowance for loan and lease losses plus the allocated transfer risk reserve.

Residential mortgage assets—the sum of 1- to 4-family residential mortgages plus mortgage-backed securities.

Return on assets (ROA)—net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets.

Return on equity (ROE)—net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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.