

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Summary

Bank income rose once again in the third quarter of 2003. At national banks, all major income categories remained at or near record levels, as did both return on assets and return on equity. As in the first half of 2003, however, lower provisioning was the biggest contributor to the increase in net income.

Loan growth continued, particularly in residential real estate, offsetting slack demand in the commercial and industrial sector. Net interest margins continued to slide, offsetting robust growth in assets and bringing growth in net interest income to a halt. Credit quality continued to improve at large banks. As in recent quarters, the risks for banks continue to be unemployment and high debt burdens in the consumer sector, plus continued weakness in manufacturing and some services.

Key Trends

Net income continued to rise in the third quarter. Return on equity reached 16.34 percent for the year to date, just short of the all-time record for a year. Return on assets also remained near record levels at national banks. National banks again led state banks in both return on equity and return on assets. At national banks, net interest income was flat, as a sixth straight quarter of declining net interest margins more than offset healthy growth in total assets. As the table demonstrates, growth for most income categories slowed considerably between 2002Q3 and 2003Q3.

Realized gains on securities fell, as the early-summer rise in interest rates cut the value of banks' bond portfolios. Noninterest income continued to move up, partially offsetting the slowdown in net interest income. Key noninterest income sources included fee income from continued strength in mortgages and refinancing, and the rise in market-sensitive income from renewed volume in securities markets.

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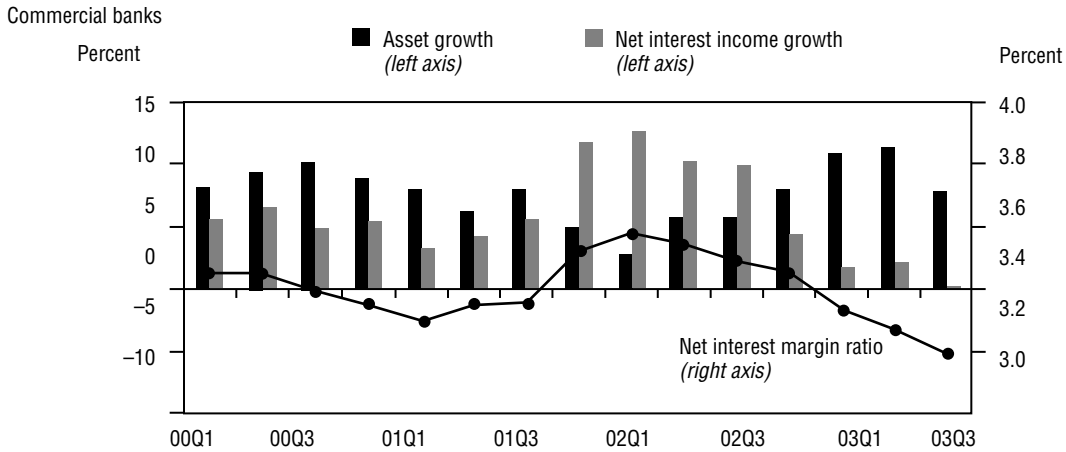
Table 1—Higher noninterest income, lower provisioning lift net income

National banks	Major income components (Change, \$ millions)			
	2001Q3—02Q3	% Change	2002Q3—03Q3	% Change
Revenues				
Net interest income	3,987	12.7%	-56	-0.2%
Realized gains, securities	616	105.2%	-973	-81.0%
Noninterest income	3,675	15.1%	2,198	7.8%
Expenses				
Provisioning	-313	-3.9%	-2,758	-34.9%
Noninterest expense	725	2.2%	2,685	8.0%
Net income	5,619	57.4%	714	4.6%

Source: Integrated Banking Information System (OCC)

A decrease in provisions again accounted for the largest contribution to the change in net income, as credit quality at large banks continued to improve, particularly for commercial and industrial (C&I) loans. Noninterest expense rose, especially at large banks, where many have added staff and branches to take advantage of the surge in mortgage lending.

Figure 1—Weakness in net interest margin means that strong loan growth is needed to support net interest income



Source: Integrated Banking Information System (OCC)
 Note: Growth calculated from the year-ago quarter.

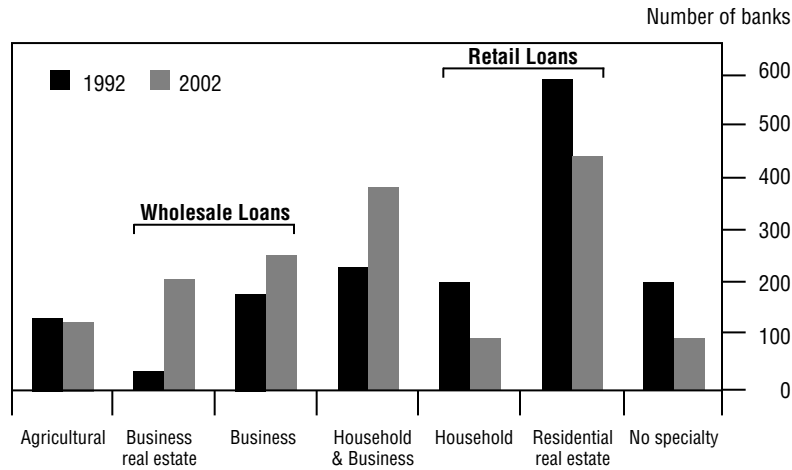
Net interest margins (NIMs) continued to decline at both small and large banks, with small-bank NIMs falling to a 15-year low. Small banks, with their greater reliance on retail funding, have seen steady erosion in their net interest margins over the last decade, though the fall in short-term rates that began in January 2001 briefly interrupted the slide. At larger banks, which rely more on wholesale funding, NIMs spiked sharply upward, when the Federal Reserve dramatically lowered short-term rates in 2001, and have since drifted slightly below their long-term average.

From 2001Q4 to 2002Q4, steady loan growth combined with high NIMs to push annual growth in net interest income in the commercial banking system above 10 percent (year over year) in every quarter. Growth was even faster at national banks during that time, averaging over 15 percent. More recently, however, the steady fall in NIMs has cut into growth in net interest income, despite brisk loan growth. In the third quarter of 2003, for the first time in three years, net interest income (measured year-over-year) failed to rise.

Most analysts believe that banks will have trouble sustaining the fast pace of loan growth seen recently. Higher interest rates have cut into growth in mortgage refinancing. High vacancy rates and sharp rent declines have discouraged commercial developers and reduced growth in commercial real estate lending. Overcapacity in many industries dampens enthusiasm for expansion and reduces demand for C&I loans. And soft labor markets are slowing the growth of consumer loans.

Figure 2—Community banks shift to wholesale lending

National community banks (for banks present in both years)



Sources: Peer Group Models and Integrated Banking Information System (OCC)

Larger banks have been moving into retail lending for about a decade, as small banks have expanded their share of business lending. Figure 2 indicates how areas of specialization have changed over the last decade. As larger banks have come to dominate retail lending (including home mortgages and consumer loans) the number of community banks specializing in this line of business has fallen. In response, many more community banks now specialize in business lending, which includes commercial and industrial (C&I), commercial real estate, construction loans, and multifamily residential loans.

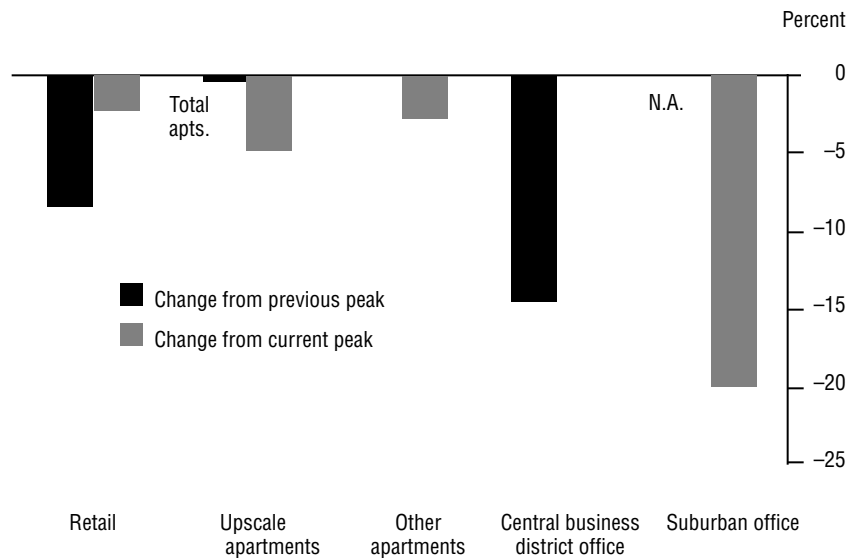
Some smaller banks have been supplementing income by expanding loan sales. Around 5 percent of community banks are particularly active in this area, deriving at least 10 percent of net operating revenue from loan sales. This small group accounts for only 5 percent of national community banks, but about 42 percent of the growth in community bank net income over the last year.

Credit quality continued to improve at large banks, particularly in the C&I sector, where the noncurrent ratio improved for the fifth quarter in a row. At community banks, credit quality was essentially stable, with a modest improvement in C&I offset by a modest deterioration in credit card banks, although most of this deterioration was confined to just a few banks.

Credit quality has so far held up well for commercial real estate, despite weakness in market fundamentals like vacancy rates, rents, and net operating income. Figure 3 indicates changes in average rents for the major commercial building types. For each building type, the first bar shows the peak-to-trough percentage decline during the early 1990s; the second bar shows the decline from the peak to the present during the current cycle. For apartments and central business district offices, the recent decline in rents has been even sharper than during the earlier slowdown. For industrial buildings, including warehouses, rents have fallen about in parallel with the last cycle.

Figure 3—Slack in business sector and drop in apartment demand depresses commercial rents

Change in average rent since peaks



Source: National Real Estate Index

Note: Previous peaks in average rents occurred from 1989Q2 to 1991Q2, and the current peaks occurred in 2000Q4 except for apartments, which peaked in 2001Q3.

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

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q3	Preliminary 2003Q3
Number of institutions reporting	2,365	2,231	2,138	2,077	2,031	2,092	2,031
Total employees (FTEs)	983,212	948,665	966,545	993,469	994,413	989,831	994,413
Selected income data (\$)							
Net income	\$42,572	\$38,906	\$44,183	\$56,623	\$46,722	\$15,415	\$16,129
Net interest income	114,371	115,673	125,366	141,378	106,226	35,393	35,337
Provision for loan losses	15,536	20,536	28,921	32,613	17,959	7,899	5,140
Noninterest income	93,103	96,751	100,091	109,766	85,960	28,097	30,296
Noninterest expense	126,122	128,975	131,715	136,838	106,973	33,728	36,413
Net operating income	42,396	40,157	42,954	54,476	44,867	14,634	15,959
Cash dividends declared	30,016	32,327	27,783	41,757	31,765	9,352	11,997
Net charge-offs	14,180	17,227	25,107	31,381	19,601	7,557	6,171
Selected condition data (\$)							
Total assets	3,271,237	3,414,392	3,634,882	3,907,972	4,202,114	3,846,105	4,202,114
Total loans and leases	2,125,360	2,224,132	2,269,248	2,445,529	2,563,094	2,392,265	2,563,094
Reserve for losses	37,663	39,992	45,537	48,338	47,377	47,659	47,377
Securities	537,321	502,302	575,937	653,125	702,581	641,127	702,581
Other real estate owned	1,572	1,553	1,794	2,072	2,106	1,961	2,106
Noncurrent loans and leases	20,815	27,151	34,574	38,162	33,929	38,352	33,929
Total deposits	2,154,231	2,250,402	2,384,414	2,565,771	2,728,515	2,490,057	2,728,515
Domestic deposits	1,776,084	1,827,064	2,001,253	2,168,877	2,295,687	2,114,020	2,295,687
Equity capital	277,965	293,736	340,668	371,584	386,006	366,794	386,006
Off-balance-sheet derivatives	12,077,568	15,502,911	20,549,785	25,953,473	30,444,468	25,129,592	30,444,468
Performance ratios (annualized %)							
Return on equity	15.56	13.69	13.84	15.83	16.34	17.06	16.71
Return on assets	1.35	1.18	1.25	1.50	1.52	1.62	1.53
Net interest income to assets	3.63	3.50	3.56	3.76	3.45	3.73	3.36
Loss provision to assets	0.49	0.62	0.82	0.87	0.58	0.83	0.49
Net operating income to assets	1.34	1.21	1.22	1.45	1.46	1.54	1.52
Noninterest income to assets	2.95	2.92	2.84	2.92	2.80	2.96	2.88
Noninterest expense to assets	4.00	3.90	3.74	3.63	3.48	3.56	3.46
Loss provision to loans and leases	0.76	0.95	1.28	1.38	0.95	1.34	0.81
Net charge-offs to loans and leases	0.70	0.80	1.11	1.33	1.04	1.28	0.97
Loss provision to net charge-offs	109.56	119.21	115.19	103.93	91.62	104.52	83.30
Performance ratios (%)							
Percent of institutions unprofitable	7.10	6.95	7.48	6.93	5.61	6.55	6.89
Percent of institutions with earnings gains	62.11	66.61	56.83	71.26	54.36	70.60	49.29
Nonint. income to net operating revenue	44.87	45.55	44.39	43.71	44.73	44.25	46.16
Nonint. expense to net operating revenue	60.79	60.72	58.42	54.49	55.66	53.12	55.48
Condition ratios (%)							
Nonperforming assets to assets	0.70	0.86	1.02	1.06	0.88	1.07	0.88
Noncurrent loans to loans	0.98	1.22	1.52	1.56	1.32	1.60	1.32
Loss reserve to noncurrent loans	180.94	147.30	131.71	126.67	139.63	124.27	139.63
Loss reserve to loans	1.77	1.80	2.01	1.98	1.85	1.99	1.85
Equity capital to assets	8.50	8.60	9.37	9.51	9.19	9.54	9.19
Leverage ratio	7.49	7.49	7.81	7.88	7.81	7.98	7.81
Risk-based capital ratio	11.70	11.84	12.61	12.68	13.01	12.87	13.01
Net loans and leases to assets	63.82	63.97	61.18	61.34	59.87	60.96	59.87
Securities to assets	16.43	14.71	15.84	16.71	16.72	16.67	16.72
Appreciation in securities (% of par)	-2.45	-0.01	0.48	2.12	1.24	2.20	1.24
Residential mortgage assets to assets	20.60	19.60	22.54	24.72	25.17	24.10	25.17
Total deposits to assets	65.85	65.91	65.60	65.65	64.93	64.74	64.93
Core deposits to assets	47.01	45.61	48.08	48.75	48.04	48.04	48.04
Volatile liabilities to assets	34.81	35.18	31.24	30.31	30.63	30.23	30.63

Loan performance, FDIC-insured national banks
Annual 1999—2002, year-to-date through September 30, 2003, third quarter 2002, and
third quarter 2003
(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q3	Preliminary 2003Q3
Percent of loans past due 30-89 days							
Total loans and leases	1.16	1.25	1.38	1.14	0.95	1.14	0.95
Loans secured by real estate (RE)	1.22	1.42	1.42	1.07	0.85	1.07	0.85
1-4 family residential mortgages	1.61	1.95	1.80	1.45	1.12	1.38	1.12
Home equity lines	0.77	1.07	0.98	0.62	0.47	0.65	0.47
Multifamily residential mortgages	0.69	0.59	0.75	0.40	0.48	0.37	0.48
Commercial RE loans	0.70	0.72	0.86	0.58	0.48	0.63	0.48
Construction RE loans	1.07	1.12	1.28	0.91	0.75	1.14	0.75
Commercial and industrial loans	0.71	0.71	0.95	0.76	0.67	0.84	0.67
Loans to individuals	2.36	2.40	2.39	2.16	1.88	2.13	1.88
Credit cards	2.53	2.50	2.52	2.57	2.20	2.56	2.20
Installment loans and other plans	2.24	2.31	2.65	2.08	1.88	2.05	1.88
All other loans and leases	0.49	0.56	0.82	0.54	0.45	0.56	0.45
Percent of loans noncurrent							
Total loans and leases	0.98	1.22	1.52	1.56	1.32	1.60	1.32
Loans secured by real estate (RE)	0.87	0.93	1.05	0.97	0.84	1.02	0.84
1-4 family residential mortgages	0.91	1.06	1.05	1.02	0.83	1.09	0.83
Home equity lines	0.32	0.41	0.42	0.33	0.26	0.33	0.26
Multifamily residential mortgages	0.43	0.55	0.49	0.44	0.45	0.49	0.45
Commercial RE loans	0.84	0.77	1.03	1.05	1.02	1.04	1.02
Construction RE loans	0.63	0.82	1.15	1.03	0.86	1.15	0.86
Commercial and industrial loans	1.11	1.66	2.44	3.00	2.67	3.05	2.67
Loans to individuals	1.52	1.46	1.58	1.61	1.55	1.52	1.55
Credit cards	2.00	1.90	2.05	2.16	1.88	2.03	1.88
Installment loans and other plans	1.16	1.06	1.41	1.30	1.50	1.25	1.50
All other loans and leases	0.40	0.86	1.18	1.10	0.80	1.14	0.80
Percent of loans charged-off, net							
Total loans and leases	0.70	0.80	1.11	1.33	1.04	1.28	0.97
Loans secured by real estate (RE)	0.10	0.12	0.26	0.19	0.16	0.18	0.16
1-4 family residential mortgages	0.14	0.14	0.32	0.17	0.14	0.18	0.15
Home equity lines	0.19	0.23	0.35	0.23	0.20	0.20	0.16
Multifamily residential mortgages	0.02	0.03	0.04	0.11	0.04	0.12	0.05
Commercial RE loans	0.03	0.07	0.18	0.17	0.15	0.13	0.20
Construction RE loans	0.03	0.05	0.15	0.19	0.14	0.24	0.14
Commercial and industrial loans	0.54	0.87	1.50	1.80	1.38	1.85	1.18
Loans to individuals	2.65	2.84	3.13	4.02	3.31	3.72	3.21
Credit cards	4.52	4.43	5.06	6.58	5.50	5.83	5.41
Installment loans and other plans	1.27	1.54	1.66	1.91	1.71	1.96	1.68
All other loans and leases	0.31	0.31	0.58	0.83	0.50	0.58	0.56
Loans outstanding (\$)							
Total loans and leases	\$2,125,360	\$2,224,132	\$2,269,248	\$2,445,529	\$2,563,094	\$2,392,265	\$2,563,094
Loans secured by real estate (RE)	853,138	892,138	976,135	1,139,541	1,267,315	1,077,204	1,267,315
1-4 family residential mortgages	433,804	443,000	472,716	573,968	642,106	526,626	642,106
Home equity lines	67,267	82,672	102,094	140,998	174,997	132,841	174,997
Multifamily residential mortgages	26,561	28,026	30,075	33,968	35,919	32,219	35,919
Commercial RE loans	214,145	221,267	236,484	253,423	265,560	248,646	265,560
Construction RE loans	71,578	76,899	91,484	95,403	102,385	95,817	102,385
Farmland loans	11,957	12,350	12,615	13,225	13,534	13,208	13,534
RE loans from foreign offices	27,825	27,923	30,668	28,556	32,813	27,848	32,813
Commercial and industrial loans	622,004	646,988	597,212	545,972	506,713	557,714	506,713
Loans to individuals	348,706	370,394	389,947	450,604	461,823	440,523	461,823
Credit cards*	147,275	176,425	166,628	209,971	187,602	203,445	187,602
Other revolving credit plans	na	na	29,258	33,243	32,629	33,169	32,629
Installment loans	201,431	193,969	194,061	207,390	241,592	203,909	241,592
All other loans and leases	303,406	316,177	307,897	311,861	329,113	319,451	329,113
Less: Unearned income	1,893	1,565	1,943	2,449	1,869	2,628	1,869

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3
Number of institutions reporting	966	875	954	984	128	124	44	48
Total employees (FTEs)	22,514	20,597	93,113	93,785	104,119	94,238	770,085	785,793
Selected income data (\$)								
Net income	\$152	\$125	\$835	\$854	\$2,107	\$1,205	\$12,322	\$13,945
Net interest income	512	451	2,523	2,534	3,629	3,155	28,729	29,196
Provision for loan losses	36	33	217	247	568	356	7,077	4,505
Noninterest income	220	214	1,167	1,690	3,816	2,382	22,894	26,010
Noninterest expense	497	468	2,346	2,837	3,684	3,336	27,202	29,773
Net operating income	145	123	811	834	2,035	1,198	11,642	13,805
Cash dividends declared	68	60	368	446	1,098	953	7,818	10,537
Net charge-offs	24	23	153	257	632	317	6,749	5,574
Selected condition data (\$)								
Total assets	51,372	47,587	255,228	271,784	395,867	373,037	3,143,637	3,509,705
Total loans and leases	30,525	28,003	159,618	168,947	237,876	226,922	1,964,247	2,139,221
Reserve for losses	428	411	2,269	2,507	4,119	3,324	40,842	41,134
Securities	12,691	12,134	63,250	68,855	90,064	83,996	475,122	537,595
Other real estate owned	76	82	262	301	226	234	1,396	1,489
Noncurrent loans and leases	367	370	1,605	1,671	2,312	2,048	34,069	29,840
Total deposits	42,996	39,824	206,846	219,456	262,409	244,023	1,977,805	2,225,212
Domestic deposits	42,982	39,814	206,423	219,046	260,050	241,444	1,604,566	1,795,383
Equity capital	6,068	5,489	26,028	27,403	42,610	40,575	292,088	312,540
Off-balance-sheet derivatives	21	14	1,668	2,350	30,055	19,317	25,414,182	30,805,128
Performance ratios (annualized %)								
Return on equity	10.16	9.11	13.07	12.50	19.95	11.90	17.14	17.83
Return on assets	1.20	1.06	1.33	1.26	2.17	1.30	1.59	1.59
Net interest income to assets	4.03	3.81	4.01	3.75	3.73	3.39	3.70	3.32
Loss provision to assets	0.29	0.28	0.35	0.36	0.58	0.38	0.91	0.51
Net operating income to assets	1.15	1.04	1.29	1.23	2.09	1.29	1.50	1.57
Noninterest income to assets	1.74	1.80	1.86	2.50	3.92	2.56	2.95	2.96
Noninterest expense to assets	3.92	3.96	3.73	4.20	3.79	3.59	3.51	3.39
Loss provision to loans and leases	0.48	0.48	0.55	0.59	0.95	0.64	1.46	0.85
Net charge-offs to loans and leases	0.32	0.33	0.39	0.61	1.06	0.57	1.40	1.05
Loss provision to net charge-offs	152.04	143.75	142.15	96.10	89.91	112.38	104.86	80.81
Performance ratios (%)								
Percent of institutions unprofitable	10.56	11.20	3.35	3.46	1.56	6.45	2.27	0.00
Percent of institutions with earnings gains	63.66	46.74	76.42	51.02	79.69	50.81	70.45	56.25
Nonint. income to net operating revenue	30.09	32.13	31.63	40.01	51.25	43.01	44.35	47.11
Nonint. expense to net operating revenue	67.92	70.42	63.56	67.16	49.48	60.24	52.69	53.93
Condition ratios (%)								
Nonperforming assets to assets	0.89	0.96	0.74	0.73	0.65	0.61	1.16	0.92
Noncurrent loans to loans	1.20	1.32	1.01	0.99	0.97	0.90	1.73	1.39
Loss reserve to noncurrent loans	116.69	111.19	141.40	150.01	178.18	162.31	119.88	137.85
Loss reserve to loans	1.40	1.47	1.42	1.48	1.73	1.46	2.08	1.92
Equity capital to assets	11.81	11.53	10.20	10.08	10.76	10.88	9.29	8.91
Leverage ratio	11.34	11.17	9.43	9.38	9.56	9.28	7.60	7.48
Risk-based capital ratio	18.58	18.52	14.92	15.01	15.93	15.92	12.34	12.55
Net loans and leases to assets	58.59	57.98	61.65	61.24	59.05	59.94	61.18	59.78
Securities to assets	24.70	25.50	24.78	25.33	22.75	22.52	15.11	15.32
Appreciation in securities (% of par)	2.62	1.16	2.82	1.24	2.46	1.83	2.06	1.15
Residential mortgage assets to assets	22.23	20.95	24.73	23.50	25.40	27.76	23.91	25.08
Total deposits to assets	83.70	83.69	81.04	80.75	66.29	65.42	62.91	63.40
Core deposits to assets	70.59	71.46	68.05	67.98	56.59	56.15	44.97	45.31
Volatile liabilities to assets	14.89	14.25	17.18	17.36	23.73	22.83	32.36	32.71

Loan performance, FDIC-insured national banks by asset size
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(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3
Percent of loans past due 30-89 days								
Total loans and leases	1.37	1.44	1.07	0.95	1.18	0.87	1.14	0.95
Loans secured by real estate (RE)	1.21	1.20	0.89	0.78	0.92	0.73	1.11	0.86
1-4 family residential mortgages	1.55	1.55	1.16	1.14	1.32	1.05	1.41	1.12
Home equity lines	0.61	0.56	0.53	0.43	0.60	0.37	0.66	0.48
Multifamily residential mortgages	0.49	0.67	0.52	0.62	0.45	0.73	0.32	0.40
Commercial RE loans	1.03	0.97	0.70	0.54	0.51	0.45	0.63	0.45
Construction RE loans	0.96	1.21	0.93	0.76	1.06	0.61	1.19	0.77
Commercial and industrial loans	1.63	1.44	1.23	1.15	1.37	1.00	0.76	0.60
Loans to individuals	2.31	2.33	2.02	1.95	1.91	1.52	2.16	1.90
Credit cards	2.36	2.10	3.77	3.58	2.04	2.01	2.59	2.18
Installment loans and other plans	2.34	2.37	1.78	1.68	1.98	1.45	2.08	1.95
All other loans and leases	0.82	1.79	0.65	0.58	0.72	0.39	0.55	0.44
Percent of loans noncurrent								
Total loans and leases	1.20	1.32	1.01	0.99	0.97	0.90	1.73	1.39
Loans secured by real estate (RE)	1.07	1.13	0.85	0.85	0.86	0.81	1.07	0.83
1-4 family residential mortgages	0.80	1.06	0.76	0.78	0.94	0.89	1.14	0.82
Home equity lines	0.34	0.24	0.25	0.17	0.39	0.30	0.33	0.27
Multifamily residential mortgages	1.20	0.80	0.49	0.60	0.38	0.32	0.49	0.45
Commercial RE loans	1.13	1.24	0.99	0.94	0.87	0.84	1.10	1.08
Construction RE loans	1.32	0.89	0.85	0.90	0.87	0.75	1.26	0.87
Commercial and industrial loans	1.90	2.28	1.62	1.45	1.41	1.32	3.30	2.88
Loans to individuals	0.79	0.86	0.98	0.94	1.06	0.93	1.61	1.63
Credit cards	1.79	1.51	3.65	3.16	1.54	1.90	2.05	1.86
Installment loans and other plans	0.76	0.85	0.55	0.52	0.82	0.71	1.40	1.68
All other loans and leases	1.34	1.45	0.99	1.38	0.53	0.56	1.19	0.79
Percent of loans charged-off, net								
Total loans and leases	0.32	0.33	0.39	0.61	1.06	0.57	1.40	1.05
Loans secured by real estate (RE)	0.05	0.06	0.06	0.08	0.20	0.17	0.19	0.17
1-4 family residential mortgages	0.07	0.07	0.07	0.09	0.33	0.23	0.17	0.14
Home equity lines	0.02	0.04	0.03	0.05	0.12	0.09	0.21	0.17
Multifamily residential mortgages	0.01	0.05	0.02	0.09	0.42	-0.05	0.08	0.06
Commercial RE loans	0.07	0.05	0.07	0.08	0.07	0.21	0.16	0.24
Construction RE loans	0.00	0.07	0.07	0.04	0.11	0.02	0.30	0.18
Commercial and industrial loans	0.71	0.89	0.67	0.64	1.08	0.85	2.00	1.25
Loans to individuals	1.06	0.94	1.70	3.91	3.61	1.96	3.87	3.30
Credit cards	5.03	3.85	6.57	18.59	7.59	5.83	5.62	5.17
Installment loans and other plans	0.89	0.82	0.92	0.83	0.86	0.94	2.23	1.84
All other loans and leases	0.29	0.34	0.57	0.62	0.33	0.25	0.61	0.58
Loans outstanding (\$)								
Total loans and leases	\$30,525	\$28,003	\$159,618	\$168,947	\$237,876	\$226,922	\$1,964,247	\$2,139,221
Loans secured by real estate (RE)	18,091	16,969	104,445	114,026	123,887	133,390	830,781	1,002,929
1-4 family residential mortgages	7,852	6,947	39,654	38,918	51,160	57,723	427,960	538,518
Home equity lines	490	499	5,063	6,347	9,712	9,423	117,577	158,728
Multifamily residential mortgages	442	427	3,933	4,463	4,181	4,706	23,663	26,323
Commercial RE loans	5,481	5,284	40,032	45,460	41,214	43,342	161,919	171,474
Construction RE loans	1,658	1,742	11,060	13,568	15,401	16,006	67,697	71,070
Farmland loans	2,168	2,069	4,703	5,268	1,713	1,727	4,624	4,469
RE loans from foreign offices	0	0	1	3	506	463	27,342	32,348
Commercial and industrial loans	4,952	4,499	27,242	27,371	46,480	41,804	479,039	433,038
Loans to individuals	3,853	3,315	18,168	17,777	45,331	32,954	373,172	407,776
Credit cards	167	129	2,550	2,911	17,261	6,823	183,467	177,739
Other revolving credit plans	61	46	360	366	2,172	1,055	30,576	31,162
Installment loans	3,625	3,140	15,258	14,500	25,897	25,076	159,130	198,876
All other loans and leases	3,671	3,250	9,957	9,964	22,266	18,858	283,558	297,041
Less: Unearned income	42	30	194	190	88	84	2,304	1,564

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	226	234	402	421	584	164	2,031
Total employees (FTEs)	294,700	220,810	215,416	58,319	97,693	107,475	994,413
Selected income data (\$)							
Net income	\$4,607	\$4,123	\$3,205	\$1,296	\$901	\$1,997	\$16,129
Net interest income	9,630	7,743	7,981	2,617	2,557	4,809	35,337
Provision for loan losses	2,210	221	1,212	388	187	922	5,140
Noninterest income	10,519	6,040	5,329	2,490	2,179	3,739	30,296
Noninterest expense	11,147	7,625	7,222	2,771	3,150	4,498	36,413
Net operating income	4,457	3,945	3,303	1,296	960	1,998	15,959
Cash dividends declared	1,835	3,645	3,898	426	903	1,290	11,997
Net charge-offs	2,857	546	1,280	495	182	810	6,171
Selected condition data (\$)							
Total assets	1,131,356	1,088,037	1,003,198	232,742	291,960	454,822	4,202,114
Total loans and leases	630,263	614,484	650,986	164,328	177,399	325,634	2,563,094
Reserve for losses	16,279	8,680	11,771	3,220	2,528	4,898	47,377
Securities	206,478	169,653	187,866	29,921	62,145	46,517	702,581
Other real estate owned	196	519	753	115	337	186	2,106
Noncurrent loans and leases	13,195	5,805	9,147	1,542	1,763	2,477	33,929
Total deposits	759,724	707,928	617,300	137,415	225,644	280,504	2,728,515
Domestic deposits	474,402	648,883	556,853	131,957	224,068	259,524	2,295,687
Equity capital	110,322	91,454	84,059	26,464	28,227	45,480	386,006
Off-balance-sheet derivatives	11,470,997	16,156,196	1,983,183	5,462	54,418	774,212	30,444,468
Performance ratios (annualized %)							
Return on equity	16.90	17.87	15.13	19.79	12.71	17.58	16.71
Return on assets	1.63	1.51	1.26	2.25	1.22	1.82	1.53
Net interest income to assets	3.41	2.83	3.14	4.54	3.47	4.39	3.36
Loss provision to assets	0.78	0.08	0.48	0.67	0.25	0.84	0.49
Net operating income to assets	1.58	1.44	1.30	2.25	1.30	1.82	1.52
Noninterest income to assets	3.72	2.21	2.10	4.32	2.95	3.41	2.88
Noninterest expense to assets	3.95	2.79	2.84	4.81	4.27	4.10	3.46
Loss provision to loans and leases	1.39	0.15	0.74	0.97	0.42	1.17	0.81
Net charge-offs to loans and leases	1.79	0.36	0.79	1.24	0.41	1.03	0.97
Loss provision to net charge-offs	77.36	40.49	94.73	78.41	102.62	113.72	83.30
Performance ratios (%)							
Percent of institutions unprofitable	7.08	9.40	5.47	5.70	6.51	10.98	6.89
Percent of institutions with earnings gains	50.88	56.84	47.76	45.61	46.40	59.76	49.29
Nonint. income to net operating revenue	52.21	43.82	40.04	48.76	46.01	43.74	46.16
Nonint. expense to net operating revenue	55.32	55.32	54.26	54.26	66.51	52.63	55.48
Condition ratios (%)							
Nonperforming assets to assets	1.24	0.58	1.02	0.71	0.72	0.59	0.88
Noncurrent loans to loans	2.09	0.94	1.41	0.94	0.99	0.76	1.32
Loss reserve to noncurrent loans	123.37	149.53	128.69	208.83	143.37	197.77	139.63
Loss reserve to loans	2.58	1.41	1.81	1.96	1.42	1.50	1.85
Equity capital to assets	9.75	8.41	8.38	11.37	9.67	10.00	9.19
Leverage ratio	8.65	6.84	7.15	10.43	7.95	8.08	7.81
Risk-based capital ratio	13.69	11.73	12.46	16.41	13.54	13.62	13.01
Net loans and leases to assets	54.27	55.68	63.72	69.22	59.90	70.52	59.87
Securities to assets	18.25	15.59	18.73	12.86	21.29	10.23	16.72
Appreciation in securities (% of par)	1.13	1.35	1.06	1.72	1.11	1.94	1.24
Residential mortgage assets to assets	14.49	31.54	28.35	21.56	27.24	30.01	25.17
Total deposits to assets	67.15	65.06	61.53	59.04	77.29	61.67	64.93
Core deposits to assets	35.68	54.16	50.51	52.39	64.78	45.69	48.04
Volatile liabilities to assets	42.37	23.64	27.76	21.99	20.83	35.21	30.63

Loan performance, FDIC-insured national banks by region

Third quarter 2003

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.06	0.65	1.12	1.06	1.01	0.88	0.95
Loans secured by real estate (RE)	0.69	0.70	1.22	0.59	0.94	0.68	0.85
1-4 family residential mortgages	0.80	0.96	1.80	0.66	1.20	0.81	1.12
Home equity lines	0.40	0.52	0.54	0.34	0.53	0.37	0.47
Multifamily residential mortgages	0.33	0.12	0.73	0.73	0.62	0.30	0.48
Commercial RE loans	0.37	0.24	0.71	0.45	0.72	0.34	0.48
Construction RE loans	0.37	0.23	1.02	0.74	0.76	1.36	0.75
Commercial and industrial loans	0.61	0.36	0.86	1.07	0.97	0.65	0.67
Loans to individuals	2.08	1.46	1.70	2.22	1.70	1.71	1.88
Credit cards	2.23	1.46	2.28	2.53	2.27	1.90	2.20
Installment loans and other plans	2.46	1.54	1.69	1.66	1.73	1.56	1.88
All other loans and leases	0.47	0.22	0.58	0.42	0.58	0.65	0.45
Percent of loans noncurrent							
Total loans and leases	2.09	0.94	1.41	0.94	0.99	0.76	1.32
Loans secured by real estate (RE)	1.09	0.53	1.33	0.52	0.91	0.38	0.84
1-4 family residential mortgages	1.04	0.45	1.75	0.32	0.91	0.24	0.83
Home equity lines	0.20	0.16	0.39	0.39	0.36	0.17	0.26
Multifamily residential mortgages	0.41	0.24	0.58	0.21	0.55	0.52	0.45
Commercial RE loans	1.02	0.89	1.39	0.79	0.83	0.83	1.02
Construction RE loans	0.87	0.80	1.10	0.85	0.68	0.57	0.86
Commercial and industrial loans	3.54	2.78	2.49	1.23	1.34	1.75	2.67
Loans to individuals	2.40	0.51	0.72	1.68	0.71	1.24	1.55
Credit cards	1.96	0.98	1.73	2.06	1.63	1.65	1.88
Installment loans and other plans	3.63	0.53	0.54	0.92	0.70	0.41	1.50
All other loans and leases	1.14	0.50	0.73	0.60	1.29	0.64	0.80
Percent of loans charged-off, net							
Total loans and leases	1.79	0.36	0.79	1.24	0.41	1.03	0.97
Loans secured by real estate (RE)	0.11	0.08	0.36	0.06	0.15	0.06	0.16
1-4 family residential mortgages	0.08	0.07	0.37	0.06	0.18	0.03	0.15
Home equity lines	0.06	0.08	0.31	0.14	0.26	0.03	0.16
Multifamily residential mortgages	0.10	0.04	0.06	0.02	-0.02	0.00	0.05
Commercial RE loans	0.03	0.05	0.50	0.06	0.13	0.18	0.20
Construction RE loans	-0.03	0.22	0.19	0.05	0.09	0.00	0.14
Commercial and industrial loans	1.54	0.95	1.18	0.75	0.85	1.08	1.18
Loans to individuals	4.10	0.96	2.22	3.81	1.04	4.10	3.21
Credit cards	5.32	3.10	5.78	5.24	4.16	5.69	5.41
Installment loans and other plans	2.80	0.94	1.44	0.57	0.91	0.96	1.68
All other loans and leases	0.89	0.33	0.44	0.21	0.61	0.50	0.56
Loans outstanding (\$)							
Total loans and leases	\$630,263	\$614,484	\$650,986	\$164,328	\$177,399	\$325,634	\$2,563,094
Loans secured by real estate (RE)	185,045	366,998	339,035	68,426	113,794	194,017	1,267,315
1-4 family residential mortgages	77,468	219,676	156,570	38,735	41,851	107,807	642,106
Home equity lines	33,166	38,092	56,806	4,839	11,984	30,110	174,997
Multifamily residential mortgages	4,089	8,555	14,071	1,795	2,833	4,576	35,919
Commercial RE loans	36,421	68,169	73,917	14,977	34,461	37,615	265,560
Construction RE loans	7,496	26,600	33,479	4,766	17,216	12,827	102,385
Farmland loans	531	1,912	3,724	3,314	2,973	1,080	13,534
RE loans from foreign offices	25,874	3,993	469	0	2,476	1	32,813
Commercial and industrial loans	153,758	114,373	134,731	24,140	34,666	45,045	506,713
Loans to individuals	190,868	56,708	86,633	42,856	18,941	65,816	461,823
Credit cards	97,187	443	15,384	28,879	791	44,918	187,602
Other revolving credit plans	20,140	2,962	4,824	539	641	3,521	32,629
Installment loans	73,541	53,303	66,424	13,438	17,509	17,377	241,592
All other loans and leases	102,023	76,522	90,670	28,926	10,120	20,851	329,113
Less: Unearned income	1,430	118	82	21	123	95	1,869

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

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q3	Preliminary 2003Q3
Number of institutions reporting	8,580	8,316	8,079	7,887	7,812	7,931	7,812
Total employees (FTEs)	1,657,628	1,670,874	1,701,717	1,745,507	1,753,248	1,735,274	1,753,248
Selected income data (\$)							
Net income	\$71,524	\$70,794	\$73,840	\$89,873	\$76,113	\$23,332	\$25,813
Net interest income	191,956	203,584	214,673	236,663	178,529	59,606	59,699
Provision for loan losses	21,803	30,026	43,337	48,196	26,346	12,705	7,637
Noninterest income	144,906	154,249	158,206	172,665	138,139	43,739	47,811
Noninterest expense	204,523	216,834	223,234	233,619	182,357	58,212	61,920
Net operating income	71,290	72,383	71,013	85,568	72,517	21,704	25,472
Cash dividends declared	52,082	53,854	54,206	67,523	54,784	15,385	17,279
Net charge-offs	20,368	24,771	36,474	44,538	27,932	11,393	8,848
Selected condition data (\$)							
Total assets	5,735,135	6,245,567	6,552,244	7,076,943	7,474,311	6,933,589	7,474,311
Total loans and leases	3,489,092	3,815,498	3,884,335	4,156,416	4,351,315	4,067,691	4,351,315
Reserve for losses	58,746	64,120	72,273	77,000	76,341	75,519	76,341
Securities	1,046,536	1,078,988	1,171,925	1,334,243	1,392,538	1,292,364	1,392,538
Other real estate owned	2,796	2,912	3,565	4,162	4,376	3,955	4,376
Noncurrent loans and leases	32,999	42,930	54,891	60,546	54,102	61,187	54,102
Total deposits	3,831,062	4,179,572	4,377,562	4,689,839	4,916,581	4,541,199	4,916,581
Domestic deposits	3,175,473	3,472,905	3,748,057	4,031,802	4,224,399	3,928,211	4,224,399
Equity capital	479,686	530,358	593,701	647,605	681,414	639,082	681,414
Off-balance-sheet derivatives	34,819,179	40,570,263	45,326,156	56,078,940	67,113,481	53,188,340	67,113,481
Performance ratios (annualized %)							
Return on equity	15.30	13.98	13.10	14.49	15.23	14.84	15.20
Return on assets	1.31	1.18	1.15	1.33	1.39	1.37	1.38
Net interest income to assets	3.50	3.40	3.35	3.50	3.26	3.49	3.19
Loss provision to assets	0.40	0.50	0.68	0.71	0.48	0.74	0.41
Net operating income to assets	1.30	1.21	1.11	1.27	1.32	1.27	1.36
Noninterest income to assets	2.65	2.58	2.47	2.56	2.52	2.56	2.56
Noninterest expense to assets	3.73	3.62	3.48	3.46	3.33	3.41	3.31
Loss provision to loans and leases	0.66	0.82	1.12	1.21	0.83	1.27	0.71
Net charge-offs to loans and leases	0.61	0.67	0.95	1.12	0.88	1.14	0.82
Loss provision to net charge-offs	107.04	121.14	118.82	108.21	94.32	111.51	86.31
Performance ratios (%)							
Percent of institutions unprofitable	7.52	7.35	8.12	6.62	5.41	6.22	6.34
Percent of institutions with earnings gains	62.82	67.32	56.29	72.74	57.62	72.10	51.42
Nonint. income to net operating revenue	43.02	43.11	42.43	42.18	43.62	42.32	44.47
Nonint. expense to net operating revenue	60.71	60.60	59.87	57.07	57.59	56.33	57.59
Condition ratios (%)							
Nonperforming assets to assets	0.63	0.74	0.92	0.94	0.80	0.97	0.80
Noncurrent loans to loans	0.95	1.13	1.41	1.46	1.24	1.50	1.24
Loss reserve to noncurrent loans	178.02	149.36	131.67	127.17	141.11	123.42	141.11
Loss reserve to loans	1.68	1.68	1.86	1.85	1.75	1.86	1.75
Equity capital to assets	8.36	8.49	9.06	9.15	9.12	9.22	9.12
Leverage ratio	7.79	7.69	7.78	7.83	7.86	7.99	7.86
Risk-based capital ratio	12.15	12.12	12.71	12.77	13.01	12.95	13.01
Net loans and leases to assets	59.81	60.06	58.18	57.64	57.20	57.58	57.20
Securities to assets	18.25	17.28	17.89	18.85	18.63	18.64	18.63
Appreciation in securities (% of par)	-2.31	0.20	0.82	2.22	1.14	2.43	1.14
Residential mortgage assets to assets	20.78	20.19	21.63	23.29	23.90	22.73	23.90
Total deposits to assets	66.80	66.92	66.81	66.27	65.78	65.50	65.78
Core deposits to assets	46.96	46.39	48.73	48.68	48.37	48.23	48.37
Volatile liabilities to assets	34.94	34.97	31.45	31.41	31.27	31.27	31.27

Loan performance, FDIC-insured commercial banks
Annual 1999—2002, year-to-date through September 30, 2003, third quarter 2002, and
third quarter 2003

(Dollar figures in millions)

	1999	2000	2001	2002	Preliminary 2003YTD	2002Q3	Preliminary 2003Q3
Percent of loans past due 30-89 days							
Total loans and leases	1.14	1.25	1.37	1.17	0.95	1.14	0.95
Loans secured by real estate (RE)	1.09	1.26	1.31	1.08	0.85	1.03	0.85
1-4 family residential mortgages	1.43	1.72	1.67	1.48	1.13	1.35	1.13
Home equity lines	0.75	0.98	0.91	0.59	0.47	0.60	0.47
Multifamily residential mortgages	0.57	0.55	0.69	0.45	0.43	0.40	0.43
Commercial RE loans	0.69	0.74	0.90	0.68	0.58	0.70	0.58
Construction RE loans	0.98	1.06	1.21	0.89	0.76	1.03	0.76
Commercial and industrial loans	0.79	0.83	1.01	0.89	0.75	0.91	0.75
Loans to individuals	2.33	2.47	2.46	2.22	1.88	2.19	1.88
Credit cards	2.59	2.66	2.70	2.72	2.34	2.76	2.34
Installment loans and other plans	2.18	2.34	2.55	2.09	1.77	2.02	1.77
All other loans and leases	0.54	0.64	0.83	0.58	0.46	0.56	0.46
Percent of loans noncurrent							
Total loans and leases	0.95	1.13	1.41	1.46	1.24	1.50	1.24
Loans secured by real estate (RE)	0.79	0.81	0.96	0.89	0.81	0.93	0.81
1-4 family residential mortgages	0.82	0.90	0.96	0.93	0.80	0.97	0.80
Home equity lines	0.33	0.37	0.39	0.31	0.26	0.30	0.26
Multifamily residential mortgages	0.41	0.44	0.43	0.37	0.40	0.39	0.40
Commercial RE loans	0.77	0.72	0.96	0.95	0.95	0.96	0.95
Construction RE loans	0.67	0.76	1.06	0.98	0.83	1.09	0.83
Commercial and industrial loans	1.18	1.66	2.41	2.92	2.57	3.01	2.57
Loans to individuals	1.42	1.41	1.48	1.51	1.35	1.45	1.35
Credit cards	2.06	2.01	2.12	2.24	1.97	2.14	1.97
Installment loans and other plans	1.04	0.98	1.21	1.14	1.10	1.11	1.10
All other loans and leases	0.39	0.70	0.97	1.01	0.72	1.03	0.72
Percent of loans charged-off, net							
Total loans and leases	0.61	0.67	0.95	1.12	0.88	1.14	0.82
Loans secured by real estate (RE)	0.08	0.09	0.19	0.15	0.13	0.15	0.13
1-4 family residential mortgages	0.11	0.11	0.22	0.14	0.13	0.15	0.12
Home equity lines	0.15	0.18	0.27	0.19	0.17	0.16	0.14
Multifamily residential mortgages	0.02	0.03	0.04	0.08	0.03	0.07	0.03
Commercial RE loans	0.03	0.05	0.14	0.15	0.13	0.11	0.16
Construction RE loans	0.04	0.05	0.14	0.17	0.12	0.22	0.12
Commercial and industrial loans	0.58	0.81	1.43	1.76	1.30	2.05	1.19
Loans to individuals	2.32	2.43	2.73	3.34	2.96	3.15	2.83
Credit cards	4.46	4.39	5.12	6.38	5.67	5.83	5.43
Installment loans and other plans	1.04	1.18	1.29	1.46	1.38	1.48	1.37
All other loans and leases	0.34	0.30	0.54	0.77	0.44	0.52	0.45
Loans outstanding (\$)							
Total loans and leases	\$3,489,092	\$3,815,498	\$3,884,335	\$4,156,416	\$4,351,315	\$4,067,691	\$4,351,315
Loans secured by real estate (RE)	1,510,339	1,673,324	1,800,269	2,068,441	2,272,876	1,970,761	2,272,876
1-4 family residential mortgages	737,107	790,028	810,815	946,013	1,041,542	880,829	1,041,542
Home equity lines	102,339	127,694	154,156	214,664	260,785	201,845	260,785
Multifamily residential mortgages	53,168	60,406	64,131	71,934	78,586	68,803	78,586
Commercial RE loans	417,633	466,453	505,878	555,976	588,550	541,762	588,550
Construction RE loans	135,632	162,613	193,061	207,508	224,610	205,871	224,610
Farmland loans	31,902	34,096	35,533	38,065	40,250	37,836	40,250
RE loans from foreign offices	32,558	32,033	36,695	34,280	38,553	33,815	38,553
Commercial and industrial loans	969,257	1,051,992	981,059	911,856	878,743	920,989	878,743
Loans to individuals	558,496	606,695	629,412	703,758	699,648	688,105	699,648
Credit cards*	212,147	249,425	232,448	275,957	247,544	267,605	247,544
Other revolving credit plans	na	na	34,202	38,209	37,252	38,130	37,252
Installment loans	346,349	357,269	362,762	389,592	414,853	382,371	414,853
All other loans and leases	454,674	486,400	476,717	475,761	502,892	491,469	502,892
Less: Unearned income	3,673	2,912	3,122	3,400	2,845	3,634	2,845

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

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3
Number of institutions reporting	4,283	3,985	3,249	3,404	319	339	80	84
Total employees (FTEs)	86,182	79,024	298,079	301,214	244,282	240,846	1,106,731	1,132,164
Selected income data (\$)								
Net income	\$604	\$518	\$2,781	\$2,835	\$3,773	\$3,338	\$16,174	\$19,121
Net interest income	2,168	1,951	8,606	8,624	8,506	8,208	40,326	40,915
Provision for loan losses	166	141	818	727	1,353	905	10,367	5,863
Noninterest income	563	542	3,074	3,781	6,336	5,503	33,766	37,985
Noninterest expense	1,813	1,705	7,100	7,839	7,930	7,815	41,368	44,561
Net operating income	579	506	2,702	2,782	3,609	3,290	14,814	18,894
Cash dividends declared	238	233	1,137	1,382	3,434	1,846	10,576	13,818
Net charge-offs	111	102	570	630	1,284	833	9,429	7,283
Selected condition data (\$)								
Total assets	216,753	204,149	855,516	907,811	916,980	946,471	4,944,340	5,415,881
Total loans and leases	134,033	124,542	557,807	589,790	554,746	572,803	2,821,105	3,064,179
Reserve for losses	1,941	1,857	8,166	8,798	9,931	9,359	55,481	56,327
Securities	51,777	49,760	195,026	210,583	226,661	234,440	818,900	897,754
Other real estate owned	325	340	1,068	1,248	587	667	1,975	2,121
Noncurrent loans and leases	1,574	1,525	5,666	5,685	6,106	5,699	47,841	41,193
Total deposits	182,222	171,664	695,589	737,770	630,950	636,530	3,032,438	3,370,617
Domestic deposits	182,208	171,654	693,717	736,385	621,208	627,369	2,431,079	2,688,992
Equity capital	24,439	22,972	84,921	89,753	94,684	102,011	435,037	466,678
Off-balance-sheet derivatives	54	92	5,991	7,363	84,441	72,140	53,607,190	67,686,361
Performance ratios (annualized %)								
Return on equity	10.05	9.03	13.37	12.72	16.18	13.26	15.10	16.39
Return on assets	1.13	1.02	1.32	1.26	1.67	1.42	1.33	1.41
Net interest income to assets	4.06	3.85	4.09	3.83	3.77	3.49	3.31	3.01
Loss provision to assets	0.31	0.28	0.39	0.32	0.60	0.38	0.85	0.43
Net operating income to assets	1.08	1.00	1.29	1.23	1.60	1.40	1.22	1.39
Noninterest income to assets	1.05	1.07	1.46	1.68	2.81	2.34	2.77	2.80
Noninterest expense to assets	3.39	3.36	3.38	3.48	3.51	3.32	3.40	3.28
Loss provision to loans and leases	0.50	0.46	0.60	0.50	0.98	0.64	1.49	0.77
Net charge-offs to loans and leases	0.34	0.33	0.42	0.43	0.93	0.59	1.36	0.96
Loss provision to net charge-offs	150.14	138.86	143.62	115.37	105.38	108.62	109.95	80.51
Performance ratios (%)								
Percent of institutions unprofitable	9.11	9.74	2.71	2.76	3.45	3.54	5.00	1.19
Percent of institutions with earnings gains	67.48	46.60	77.75	56.02	77.12	59.88	70.00	59.52
Nonint. income to net operating revenue	20.62	21.73	26.32	30.48	42.69	40.14	45.57	48.14
Nonint. expense to net operating revenue	66.39	68.38	60.78	63.19	53.43	57.00	55.83	56.48
Condition ratios (%)								
Nonperforming assets to assets	0.89	0.92	0.79	0.77	0.74	0.68	1.05	0.82
Noncurrent loans to loans	1.17	1.22	1.02	0.96	1.10	0.99	1.70	1.34
Loss reserve to noncurrent loans	123.32	121.77	144.12	154.76	162.63	164.24	115.97	136.74
Loss reserve to loans	1.45	1.49	1.46	1.49	1.79	1.63	1.97	1.84
Equity capital to assets	11.28	11.25	9.93	9.89	10.33	10.78	8.80	8.62
Leverage ratio	10.82	10.91	9.30	9.30	9.18	9.30	7.41	7.25
Risk-based capital ratio	17.17	17.50	14.21	14.32	14.67	15.00	12.30	12.34
Net loans and leases to assets	60.94	60.10	64.25	64.00	59.41	59.53	55.94	55.54
Securities to assets	23.89	24.37	22.80	23.20	24.72	24.77	16.56	16.58
Appreciation in securities (% of par)	2.68	1.23	2.77	1.24	2.35	1.28	2.36	1.07
Residential mortgage assets to assets	21.81	20.72	23.90	22.44	25.89	26.86	21.98	23.75
Total deposits to assets	84.07	84.09	81.31	81.27	68.81	67.25	61.33	62.24
Core deposits to assets	70.99	71.56	67.67	68.05	56.06	55.68	42.42	42.93
Volatile liabilities to assets	14.84	14.27	17.63	17.35	25.10	24.70	35.49	35.39

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3	2002Q3	2003Q3
Percent of loans past due 30-89 days								
Total loans and leases	1.46	1.41	1.13	0.99	1.17	0.93	1.13	0.93
Loans secured by real estate (RE)	1.31	1.23	0.94	0.85	0.89	0.72	1.08	0.86
1-4 family residential mortgages	1.69	1.73	1.29	1.24	1.13	0.97	1.39	1.11
Home equity lines	0.67	0.63	0.53	0.47	0.54	0.43	0.62	0.47
Multifamily residential mortgages	0.65	0.66	0.55	0.53	0.40	0.49	0.34	0.35
Commercial RE loans	1.03	0.94	0.72	0.64	0.74	0.59	0.64	0.49
Construction RE loans	1.31	1.11	0.96	0.82	1.00	0.66	1.06	0.75
Commercial and industrial loans	1.76	1.62	1.32	1.20	1.39	1.01	0.75	0.61
Loans to individuals	2.46	2.51	2.29	2.01	2.02	1.94	2.20	1.84
Credit cards	2.54	2.42	4.80	4.41	2.73	2.95	2.70	2.23
Installment loans and other plans	2.50	2.55	2.01	1.76	1.78	1.67	2.04	1.76
All other loans and leases	0.82	0.97	0.74	0.56	0.77	0.48	0.51	0.43
Percent of loans noncurrent								
Total loans and leases	1.17	1.22	1.02	0.96	1.10	0.99	1.70	1.34
Loans secured by real estate (RE)	1.03	1.07	0.88	0.84	0.87	0.87	0.96	0.77
1-4 family residential mortgages	0.90	1.05	0.78	0.82	0.90	0.94	1.03	0.77
Home equity lines	0.30	0.28	0.26	0.25	0.31	0.30	0.31	0.26
Multifamily residential mortgages	0.76	0.68	0.45	0.49	0.25	0.36	0.40	0.36
Commercial RE loans	1.14	1.15	0.95	0.89	0.90	0.94	0.97	0.98
Construction RE loans	1.09	0.97	1.09	0.91	1.13	0.87	1.07	0.77
Commercial and industrial loans	1.75	1.92	1.54	1.41	1.91	1.57	3.43	2.93
Loans to individuals	0.98	1.00	0.98	0.90	1.01	0.88	1.59	1.47
Credit cards	1.36	1.47	3.58	3.15	1.84	1.97	2.14	1.94
Installment loans and other plans	0.98	1.00	0.64	0.63	0.64	0.54	1.30	1.29
All other loans and leases	1.27	1.27	1.19	1.27	0.84	0.77	1.03	0.65
Percent of loans charged-off, net								
Total loans and leases	0.34	0.33	0.42	0.43	0.93	0.59	1.36	0.96
Loans secured by real estate (RE)	0.08	0.09	0.09	0.09	0.18	0.14	0.16	0.14
1-4 family residential mortgages	0.08	0.11	0.08	0.10	0.20	0.13	0.15	0.12
Home equity lines	0.04	0.15	0.05	0.06	0.12	0.14	0.18	0.15
Multifamily residential mortgages	0.05	0.17	0.02	0.04	0.17	-0.01	0.05	0.04
Commercial RE loans	0.12	0.07	0.08	0.08	0.12	0.20	0.13	0.19
Construction RE loans	0.09	0.16	0.18	0.10	0.31	0.08	0.22	0.15
Commercial and industrial loans	0.76	0.73	0.92	0.78	1.34	0.87	2.35	1.31
Loans to individuals	1.00	0.93	1.67	2.45	3.19	2.22	3.37	3.00
Credit cards	4.03	3.33	7.48	13.66	7.35	5.48	5.56	5.20
Installment loans and other plans	0.92	0.88	0.90	0.94	1.02	0.99	1.70	1.52
All other loans and leases	0.31	0.43	0.54	0.43	0.43	0.34	0.53	0.46
Loans outstanding (\$)								
Total loans and leases	\$134,033	\$124,542	\$557,807	\$589,790	\$554,746	\$572,803	\$2,821,105	\$3,064,179
Loans secured by real estate (RE)	79,685	75,912	378,284	411,011	315,139	351,498	1,197,653	1,434,455
1-4 family residential mortgages	33,930	30,645	132,331	129,283	114,807	128,661	599,760	752,953
Home equity lines	2,334	2,366	18,510	21,989	22,700	25,789	158,302	210,641
Multifamily residential mortgages	1,811	1,774	13,221	15,939	13,597	16,156	40,175	44,717
Commercial RE loans	23,909	23,310	150,082	168,666	116,687	127,852	251,084	268,722
Construction RE loans	7,420	7,630	47,901	56,860	42,427	47,297	108,123	112,823
Farmland loans	10,281	10,188	16,206	18,232	4,018	4,728	7,333	7,102
RE loans from foreign offices	0	0	33	42	905	1,014	32,877	37,497
Commercial and industrial loans	22,421	20,253	94,763	96,916	110,411	106,083	693,395	655,490
Loans to individuals	15,848	13,631	55,774	52,273	91,078	78,446	525,405	555,298
Credit cards	421	279	6,735	5,965	29,818	19,277	230,631	222,022
Other revolving credit plans	258	201	1,605	1,640	3,562	2,140	32,706	33,271
Installment loans	15,169	13,151	47,435	44,667	57,699	57,028	262,068	300,006
All other loans and leases	16,203	14,840	29,568	30,171	38,619	37,261	407,080	420,620
Less: Unearned income	123	94	582	582	501	484	2,427	1,684

Key indicators, FDIC-insured commercial banks by region

Third quarter 2003

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	621	1,075	1,663	2,029	1,741	683	7,812
Total employees (FTEs)	531,893	411,220	343,635	112,891	177,094	176,515	1,753,248
Selected income data (\$)							
Net income	\$7,846	\$6,179	\$4,806	\$1,867	\$1,579	\$3,536	\$25,813
Net interest income	16,993	13,340	12,092	4,260	4,580	8,435	59,699
Provision for loan losses	2,927	857	1,689	538	327	1,299	7,637
Noninterest income	18,452	10,238	7,691	2,941	2,837	5,652	47,811
Noninterest expense	21,083	13,838	11,000	3,975	4,836	7,188	61,920
Net operating income	7,573	5,974	4,889	1,860	1,600	3,576	25,472
Cash dividends declared	3,482	5,148	4,792	627	1,213	2,018	17,279
Net charge-offs	3,925	1,143	1,636	630	294	1,220	8,848
Selected condition data (\$)							
Total assets	2,521,481	1,730,356	1,515,098	400,356	500,957	806,064	7,474,311
Total loans and leases	1,191,141	1,048,260	978,714	277,922	302,787	552,490	4,351,315
Reserve for losses	26,229	14,945	16,760	5,198	4,326	8,883	76,341
Securities	481,643	298,439	300,625	66,101	119,200	126,530	1,392,538
Other real estate owned	507	1,111	1,203	352	733	470	4,376
Noncurrent loans and leases	21,491	9,401	13,082	2,670	3,065	4,394	54,102
Total deposits	1,563,901	1,151,103	990,826	272,109	397,125	541,516	4,916,581
Domestic deposits	1,063,963	1,071,521	910,226	266,652	395,524	516,514	4,224,399
Equity capital	220,973	152,866	129,484	43,874	48,735	85,481	681,414
Off-balance-sheet derivatives	47,778,305	16,310,627	2,095,785	8,962	55,815	863,988	67,113,481
Performance ratios (annualized %)							
Return on equity	14.31	16.19	14.77	17.16	12.95	16.64	15.20
Return on assets	1.24	1.42	1.26	1.88	1.26	1.80	1.38
Net interest income to assets	2.69	3.08	3.16	4.29	3.65	4.29	3.19
Loss provision to assets	0.46	0.20	0.44	0.54	0.26	0.66	0.41
Net operating income to assets	1.20	1.38	1.28	1.87	1.27	1.82	1.36
Noninterest income to assets	2.92	2.36	2.01	2.96	2.26	2.88	2.56
Noninterest expense to assets	3.33	3.19	2.88	4.00	3.85	3.66	3.31
Loss provision to loans and leases	0.98	0.33	0.69	0.79	0.43	0.96	0.71
Net charge-offs to loans and leases	1.32	0.44	0.67	0.93	0.39	0.90	0.82
Loss provision to net charge-offs	74.58	74.96	103.28	85.35	111.06	106.45	86.31
Performance ratios (%)							
Percent of institutions unprofitable	8.37	9.58	4.87	3.99	6.32	9.96	6.34
Percent of institutions with earnings gains	56.68	56.19	50.93	47.26	47.85	61.79	51.42
Nonint. income to net operating revenue	52.06	43.42	38.88	40.85	38.25	40.12	44.47
Nonint. expense to net operating revenue	59.48	58.69	55.60	55.20	65.21	51.03	57.59
Condition ratios (%)							
Nonperforming assets to assets	0.91	0.61	0.96	0.76	0.76	0.61	0.80
Noncurrent loans to loans	1.80	0.90	1.34	0.96	1.01	0.80	1.24
Loss reserve to noncurrent loans	122.05	158.98	128.12	194.73	141.12	202.15	141.11
Loss reserve to loans	2.20	1.43	1.71	1.87	1.43	1.61	1.75
Equity capital to assets	8.76	8.83	8.55	10.96	9.73	10.60	9.12
Leverage ratio	7.54	7.38	7.59	10.06	8.46	8.94	7.86
Risk-based capital ratio	13.06	12.02	12.51	15.40	14.13	14.21	13.01
Net loans and leases to assets	46.20	59.72	63.49	68.12	59.58	67.44	57.20
Securities to assets	19.10	17.25	19.84	16.51	23.79	15.70	18.63
Appreciation in securities (% of par)	0.83	1.56	1.02	1.52	1.17	1.38	1.14
Residential mortgage assets to assets	18.32	29.25	26.47	20.20	26.58	25.21	23.90
Total deposits to assets	62.02	66.52	65.40	67.97	79.27	67.18	65.78
Core deposits to assets	34.44	54.63	53.32	59.78	65.72	52.78	48.37
Volatile liabilities to assets	44.17	23.57	26.57	18.78	20.12	29.41	31.27

Loan performance, FDIC-insured commercial banks by region

Third quarter 2003

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	1.00	0.77	1.06	1.08	1.07	0.84	0.95
Loans secured by real estate (RE)	0.84	0.73	1.11	0.74	0.97	0.63	0.85
1-4 family residential mortgages	1.02	1.01	1.61	0.89	1.33	0.81	1.13
Home equity lines	0.43	0.46	0.52	0.52	0.55	0.38	0.47
Multifamily residential mortgages	0.21	0.25	0.76	0.60	0.66	0.20	0.43
Commercial RE loans	0.56	0.44	0.76	0.63	0.72	0.40	0.58
Construction RE loans	0.65	0.52	0.99	0.72	0.78	0.97	0.76
Commercial and industrial loans	0.63	0.57	0.86	1.17	1.05	0.83	0.75
Loans to individuals	2.01	1.77	1.69	2.34	1.90	1.62	1.88
Credit cards	2.38	2.93	2.28	2.80	2.18	1.85	2.34
Installment loans and other plans	2.00	1.61	1.68	1.73	1.94	1.45	1.77
All other loans and leases	0.43	0.24	0.62	0.49	0.65	0.53	0.46
Percent of loans noncurrent							
Total loans and leases	1.80	0.90	1.34	0.96	1.01	0.80	1.24
Loans secured by real estate (RE)	0.86	0.59	1.25	0.66	0.92	0.47	0.81
1-4 family residential mortgages	0.78	0.55	1.57	0.49	0.93	0.29	0.80
Home equity lines	0.20	0.19	0.38	0.38	0.35	0.18	0.26
Multifamily residential mortgages	0.22	0.24	0.65	0.39	0.51	0.34	0.40
Commercial RE loans	0.93	0.82	1.34	0.80	0.93	0.70	0.95
Construction RE loans	0.88	0.68	1.18	0.77	0.67	0.73	0.83
Commercial and industrial loans	3.81	2.20	2.26	1.32	1.35	1.68	2.57
Loans to individuals	2.01	0.81	0.66	1.61	0.75	1.02	1.35
Credit cards	2.17	1.98	1.73	2.16	1.51	1.55	1.97
Installment loans and other plans	2.19	0.60	0.51	0.85	0.74	0.30	1.10
All other loans and leases	0.76	0.46	0.71	0.77	1.45	0.76	0.72
Percent of loans charged-off, net							
Total loans and leases	1.32	0.44	0.67	0.93	0.39	0.90	0.82
Loans secured by real estate (RE)	0.07	0.09	0.28	0.07	0.13	0.07	0.13
1-4 family residential mortgages	0.05	0.08	0.30	0.06	0.14	0.03	0.12
Home equity lines	0.04	0.12	0.27	0.17	0.24	0.04	0.14
Multifamily residential mortgages	0.03	0.05	0.05	0.01	0.00	-0.01	0.03
Commercial RE loans	0.04	0.10	0.34	0.06	0.13	0.16	0.16
Construction RE loans	0.13	0.11	0.19	0.16	0.10	0.04	0.12
Commercial and industrial loans	1.56	0.88	1.13	0.71	0.78	1.31	1.19
Loans to individuals	3.59	1.63	1.87	3.65	1.10	3.35	2.83
Credit cards	5.68	4.68	5.68	5.60	4.09	5.05	5.43
Installment loans and other plans	1.98	0.97	1.23	0.63	0.97	1.02	1.37
All other loans and leases	0.54	0.35	0.41	0.28	0.69	0.37	0.45
Loans outstanding (\$)							
Total loans and leases	\$1,191,141	\$1,048,260	\$978,714	\$277,922	\$302,787	\$552,490	\$4,351,315
Loans secured by real estate (RE)	445,147	641,709	528,472	137,484	197,597	322,468	2,272,876
1-4 family residential mortgages	226,077	317,823	222,347	60,139	71,136	144,021	1,041,542
Home equity lines	53,265	68,977	78,890	7,539	14,134	37,980	260,785
Multifamily residential mortgages	16,828	16,734	22,594	4,006	5,427	12,997	78,586
Commercial RE loans	94,869	155,677	138,916	39,592	66,769	92,727	588,550
Construction RE loans	21,630	73,181	55,530	13,560	30,269	30,440	224,610
Farmland loans	1,502	5,323	9,677	12,649	7,387	3,712	40,250
RE loans from foreign offices	30,976	3,993	517	0	2,476	591	38,553
Commercial and industrial loans	278,744	189,921	215,758	44,257	55,301	94,762	878,743
Loans to individuals	277,308	118,916	114,804	53,140	32,982	102,498	699,648
Credit cards	118,198	20,027	16,281	31,215	1,394	60,429	247,544
Other revolving credit plans	21,471	4,424	5,340	683	856	4,477	37,252
Installment loans	137,639	94,465	93,183	21,242	30,732	37,592	414,853
All other loans and leases	191,556	98,069	119,836	43,093	17,153	33,186	502,892
Less: Unearned income	1,614	355	157	51	245	423	2,845

Glossary

Data Sources

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

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

Computation Methodology

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

Definitions

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

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

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

IBIS—the OCC's Integrated Banking Information System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk-based capital ratio—total capital divided by risk weighted assets.

Risk-weighted assets—assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk weights that range from zero to 100 percent.

Securities—excludes securities held in trading accounts. Effective March 31, 1994 with the full implementation of Financial Accounting Standard (FAS) 115, securities classified by banks as “held-to-maturity” are reported at their amortized cost, and securities classified a “available-for-sale” are reported at their current fair (market) values.

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

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

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