

*Quarterly
Journal*

CONDITION AND PERFORMANCE
OF COMMERCIAL BANKS

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Summary

National banks scored further gains in net income during the second quarter of 2004, posting solid performances in both net interest income and noninterest income. A decline in provisioning also contributed to rising net income.

Core deposits, which had been growing briskly for 3 years, slowed in the second quarter, but at large banks much of this slowdown was offset by gains in foreign deposits. Banks continued to add to their securities holdings even in an environment of rising interest rates.

Near-term challenges include how to maintain growth in loan volume under economic conditions that suggest slower growth in borrowing by both business and consumers.

Key Trends

Both return on equity (ROE) and return on assets (ROA) at national banks remained near all-time records in the second quarter. Net interest income, the largest component of growth of net income, rose by \$3.3 billion (9.5 percent) year-over-year, with noninterest income up \$2.7 billion (9.6 percent), and a reduction in provisioning again contributing to net income growth (see Table 1). Noninterest expense continued to rise, as it has over the recent past.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Table 1—Both interest and non interest income show solid growth

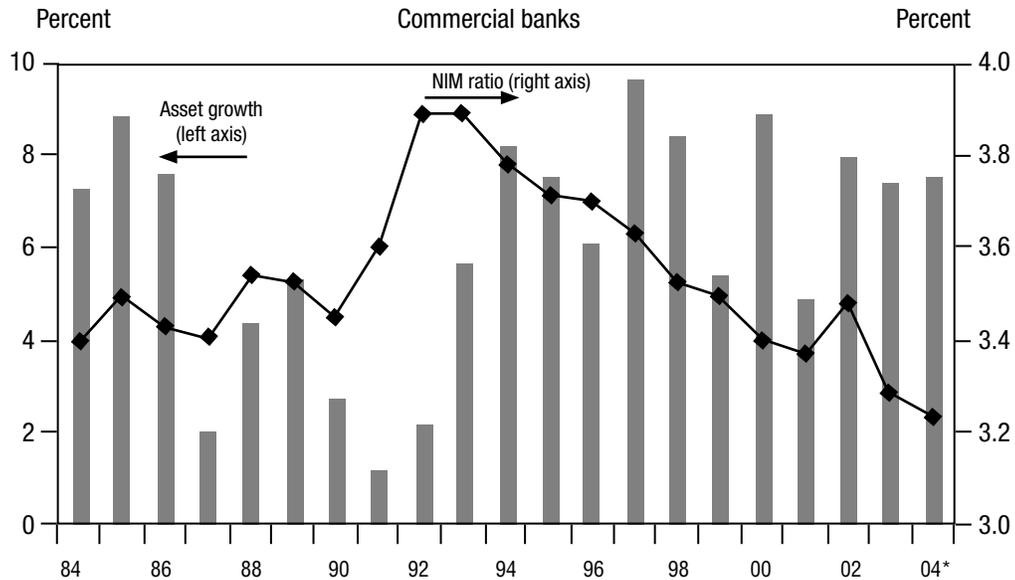
National banks	Major income components (Change, \$ millions)			
	2002Q2-03Q2	% Change	2003Q2-04Q2	% Change
Revenues				
Net interest income	454	1.3%	3,335	9.5%
Real gains/losses sec	816	n.m.	-704	n.m.
Non interest income	1,523	5.7%	2,693	9.6%
Expenses				
Provisioning	-1,502	-19.3%	-1,417	-22.5%
Noninterest expense	2,766	8.4%	3,373	9.4%
Net income	1,118	7.9%	2,099	13.8%

Source: Integrated Banking Information System (OCC)

n.m. – not meaningful

Total assets grew at 7.5 percent, compared to the long-run average of 6 percent. A slowdown in growth of core deposits (down from 13 percent a year ago to 7 percent in the second quarter) was largely offset by strong growth in foreign deposits at larger banks (up 30 percent), and by growth in Federal Home Loan Bank advances at smaller banks (up 20 percent). Both large and small banks continued to expand their securities holdings (up 13 percent at large banks and 9 percent at small banks), as steep yield curves continued to attract bank portfolio managers. Growth in mortgage-backed securities was particularly pronounced at large banks, where they accounted for 48 percent of the increase in securities.

Figure 1 — Rise in net interest income driven by continued strong asset growth; net interest margin (NIM) continues to drop, especially at large banks



Source: Integrated Banking Information System (OCC)

*2004 growth calculated June 2003 to June 2004. All other growth calculated year ago, June 2004 NIM.

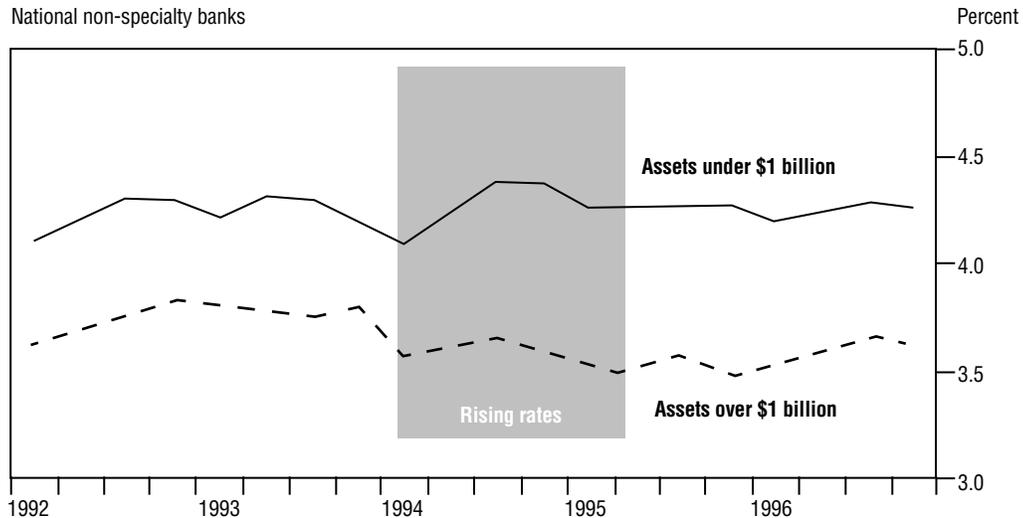
Asset growth more than offset the continued decline in net interest margins, which fell to an all-time low for our data series, which begins in 1984 (See Figure 1). Small-bank NIM has been at an historic low for several quarters. For larger banks, NIM has drifted down over the last two years, and now stands at a 16-year low.

Loan growth remained strong at both large and small banks, led by residential real estate, where loans rose 37 percent year-over-year. Consumer loans rose 17 percent in the aggregate, with credit card loans up 11 percent.

Many have asked what would happen to bank income if interest rates continue to rise, as is widely anticipated. Figure 2 shows that the last time interest rates rose sharply, a decade ago, NIMs rose for smaller banks. The shaded area shows the time of rising interest rates, January 1994 through February 1995. During this time, NIMs at smaller banks rose by 27 basis points before settling back for a net gain of 15 basis points. Meanwhile, NIMs actually fell at larger banks. The benefits of rising interest rates went largely to wholesale banks. Wholesale loans, on average, re-price more quickly than retail loans, so wholesale lenders do better in an environment of rising interest rates.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Figure 2—Small banks may see net interest margin benefit with rising rates



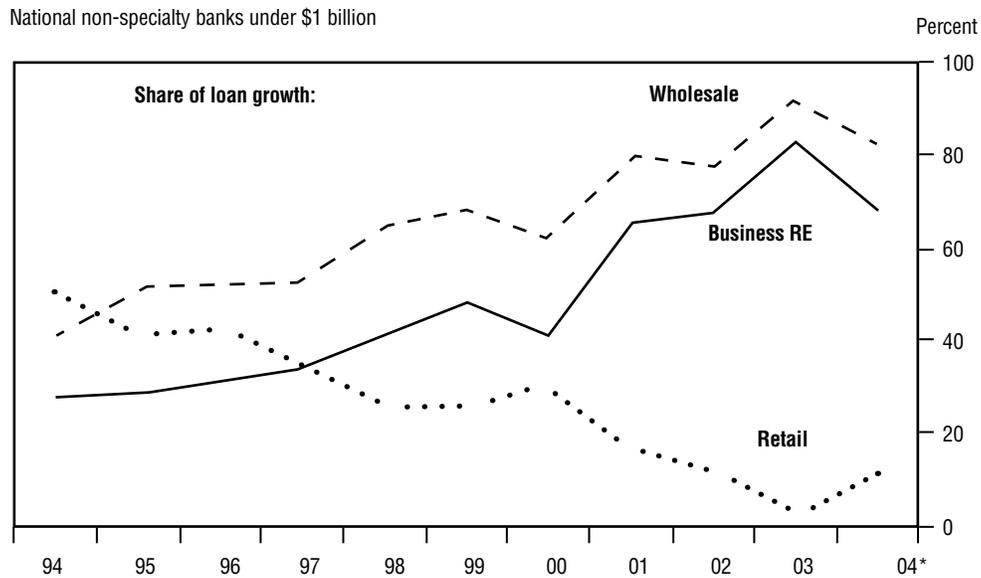
Source: Integrated Banking Information System (OCC)

Quarterly data from 1992Q1 through 1996Q4.

At smaller banks, the composition of lending has changed over the last decade. In 1994, loan growth at smaller banks was split about evenly between wholesale and retail loans. But since then, small-bank loan growth has come primarily from wholesale lending, as Figure 3 shows. Wholesale lending claimed 42 percent of loan growth in 1994, but 68 percent in the first half of 2004. Within wholesale lending, the fastest growing sector has been business real estate lending, which now accounts for about three-quarters of the increase. Retail lending, on the other hand, has slipped from 50 percent of small-bank loan growth in 1994, to only 12 percent in the first half of 2004.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Figure 3—Smaller banks now much more dependent on business lending for loan growth

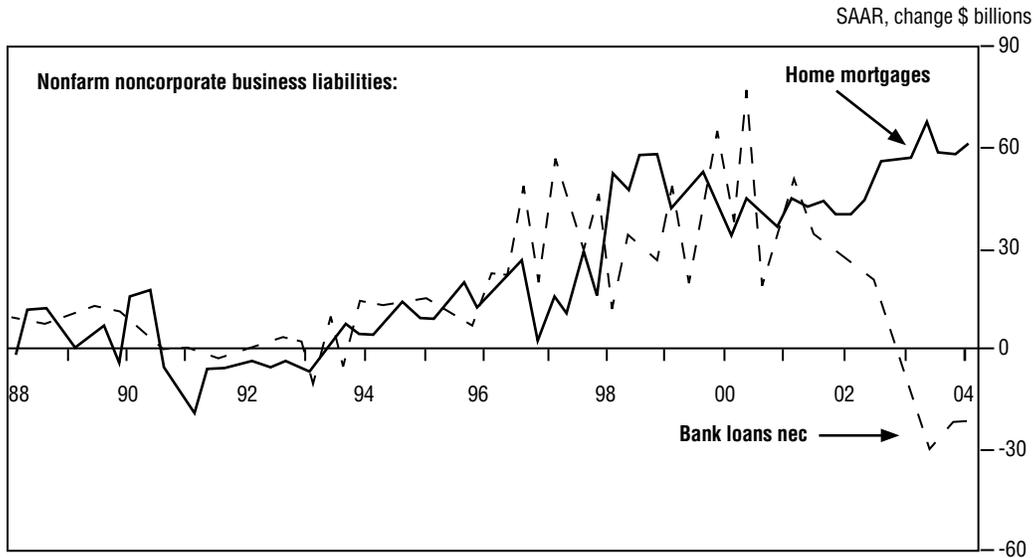


Source: Integrated Banking Information System (OCC)

*2004 data as of June 30, 2004. All other data as of year-end. Data are merger adjusted and held constant. Retail includes residential RE (1- to 4-family and home equity) and consumer, wholesale, is CBT and business RE (multifamily, construction, and CRE).

The composition of lending to small-businesses has also changed, particularly in the last three years. As Figure 4 indicates, small business owners have sharply increased their home mortgage debt since 2001, at the same time that they have scaled back their business borrowing. This strongly suggests that they have taken advantage of the boom in residential real estate values to substitute mortgage debt for business debt, and helps to explain the still-sluggish growth in commercial and industrial (C&I) loans, even in the small business sector, which has been growing.

Figure 4—Smaller businesses substituting residential mortgages for commercial and industrial loans



Source: Federal Reserve Board (Haver Analytics)

Quarterly data through March 2004.

In the coming quarters, banks face the challenge of maintaining growth in net interest income despite low NIMs. So far, banks have been able to offset low NIMs with solid growth in loan volume. But a still-sluggish job market and the high debt levels born by U.S. households have led to a slowdown in the growth of consumer spending. This makes it unlikely that consumers will continue to drive growth in bank lending. Persistently high oil prices, or a sharp increase in interest rates, would drain more purchasing power from consumers, and further depress spending and borrowing. Moreover, three years into the recovery, commercial and industrial lending has yet to pick up, despite solid growth in business investment over the last year. Thus banks cannot count on either consumers or businesses to drive loan growth.

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

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q2	Preliminary 2004Q2
Number of institutions reporting	2,230	2,138	2,077	1,999	1,959	2,047	1,959
Total employees (FTEs)	948,549	966,545	993,469	1,000,493	1,058,108	1,036,594	1,058,108
Selected income data (\$)							
Net income	\$38,907	\$44,172	\$56,484	\$62,973	\$33,234	\$15,248	\$17,346
Net interest income	115,673	125,366	141,377	143,162	75,083	35,246	38,590
Provision for loan losses	20,536	28,921	32,613	24,010	10,032	6,294	4,878
Noninterest income	96,749	100,094	109,531	116,113	58,523	28,203	30,896
Noninterest expense	128,973	131,736	136,822	144,937	75,643	35,859	39,241
Net operating income	40,158	42,943	54,341	60,604	32,075	14,315	16,916
Cash dividends declared	32,327	27,783	41,757	45,047	15,838	9,720	9,984
Net charge-offs	17,227	25,107	31,381	26,973	11,267	6,570	5,546
Selected condition data (\$)							
Total assets	3,414,384	3,635,053	3,908,025	4,292,257	4,596,473	4,160,704	4,596,473
Total loans and leases	2,224,132	2,269,248	2,445,291	2,630,614	2,788,902	2,500,406	2,788,902
Reserve for losses	39,992	45,537	48,338	48,627	47,874	48,041	47,874
Securities	502,299	576,550	653,702	753,642	841,306	744,213	841,306
Other real estate owned	1,553	1,799	2,075	1,941	1,793	2,119	1,793
Noncurrent loans and leases	27,151	34,261	38,166	34,875	28,954	35,207	28,954
Total deposits	2,250,402	2,384,414	2,565,771	2,786,714	2,983,926	2,711,339	2,983,926
Domestic deposits	1,827,064	2,001,243	2,168,876	2,322,009	2,444,159	2,293,678	2,444,159
Equity capital	293,729	340,657	371,434	390,523	434,804	383,675	434,804
Off-balance-sheet derivatives	15,502,911	20,549,785	25,953,772	31,554,693	36,297,170	30,885,259	36,297,170
Performance ratios (annualized %)							
Return on equity	13.69	13.84	15.79	16.47	16.20	16.04	16.53
Return on assets	1.18	1.25	1.50	1.53	1.49	1.49	1.53
Net interest income to assets	3.50	3.56	3.76	3.47	3.37	3.45	3.41
Loss provision to assets	0.62	0.82	0.87	0.58	0.45	0.62	0.43
Net operating income to assets	1.21	1.22	1.44	1.47	1.44	1.40	1.50
Noninterest income to assets	2.92	2.84	2.91	2.82	2.63	2.76	2.73
Noninterest expense to assets	3.90	3.74	3.63	3.51	3.40	3.51	3.47
Loss provision to loans and leases	0.95	1.28	1.38	0.95	0.74	1.01	0.71
Net charge-offs to loans and leases	0.80	1.11	1.33	1.07	0.83	1.06	0.81
Loss provision to net charge-offs	119.21	115.19	103.93	89.02	89.04	95.79	87.96
Performance ratios (%)							
Percent of institutions unprofitable	6.91	7.48	6.93	5.60	5.82	6.30	5.97
Percent of institutions with earnings gains	66.64	56.83	71.21	56.03	56.81	53.69	56.97
Nonint. income to net operating revenue	45.55	44.40	43.65	44.78	43.80	44.45	44.46
Nonint. expense to net operating revenue	60.72	58.43	54.53	55.90	56.62	56.52	56.47
Condition ratios (%)							
Nonperforming assets to assets	0.86	1.01	1.06	0.89	0.69	0.92	0.69
Noncurrent loans to loans	1.22	1.51	1.56	1.33	1.04	1.41	1.04
Loss reserve to noncurrent loans	147.30	132.91	126.65	139.43	165.35	136.45	165.35
Loss reserve to loans	1.80	2.01	1.98	1.85	1.72	1.92	1.72
Equity capital to assets	8.60	9.37	9.50	9.10	9.46	9.22	9.46
Leverage ratio	7.49	7.81	7.88	7.70	7.48	7.83	7.48
Risk-based capital ratio	11.84	12.59	12.66	12.65	12.57	12.91	12.57
Net loans and leases to assets	63.97	61.17	61.33	60.15	59.63	58.94	59.63
Securities to assets	14.71	15.86	16.73	17.56	18.30	17.89	18.30
Appreciation in securities (% of par)	-0.01	0.47	2.12	0.88	-0.74	2.00	-0.74
Residential mortgage assets to assets	19.60	22.55	24.72	24.44	24.79	26.09	24.79
Total deposits to assets	65.91	65.60	65.65	64.92	64.92	65.17	64.92
Core deposits to assets	45.61	48.08	48.75	48.03	47.18	48.56	47.18
Volatile liabilities to assets	35.18	31.23	30.31	30.57	32.43	30.26	32.43

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

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q2	Preliminary 2004Q2
Percent of loans past due 30-89 days							
Total loans and leases	1.25	1.38	1.14	1.02	0.83	0.98	0.83
Loans secured by real estate (RE)	1.42	1.42	1.07	0.91	0.75	0.90	0.75
1- to 4-family residential mortgages	1.95	1.84	1.45	1.30	1.10	1.16	1.10
Home equity loans	1.07	0.79	0.61	0.45	0.35	0.48	0.35
Multifamily residential mortgages	0.59	0.82	0.42	0.54	0.43	0.55	0.43
Commercial RE loans	0.72	0.85	0.58	0.47	0.41	0.55	0.41
Construction RE loans	1.12	1.28	0.91	0.66	0.61	0.85	0.61
Commercial and industrial loans	0.71	0.94	0.76	0.63	0.55	0.79	0.55
Loans to individuals	2.40	2.38	2.15	2.08	1.79	1.78	1.79
Credit cards	2.50	2.52	2.57	2.48	2.18	2.12	2.18
Installment loans and other plans	2.31	2.62	2.07	1.95	1.66	1.76	1.66
All other loans and leases	0.56	0.84	0.55	0.34	0.24	0.47	0.24
Percent of loans noncurrent							
Total loans and leases	1.22	1.51	1.56	1.33	1.04	1.41	1.04
Loans secured by real estate (RE)	0.93	1.05	0.97	0.95	0.79	0.91	0.79
1- to 4-family residential mortgages	1.06	1.06	1.02	1.14	0.97	0.87	0.97
Home equity loans	0.41	0.38	0.32	0.24	0.18	0.28	0.18
Multifamily residential mortgages	0.55	0.54	0.48	0.45	0.44	0.49	0.44
Commercial RE loans	0.77	1.02	1.05	0.97	0.86	1.10	0.86
Construction RE loans	0.82	1.15	1.03	0.71	0.60	0.94	0.60
Commercial and industrial loans	1.66	2.44	3.00	2.19	1.57	2.80	1.57
Loans to individuals	1.46	1.49	1.60	1.78	1.62	1.47	1.62
Credit cards	1.90	2.05	2.16	2.24	1.90	1.84	1.90
Installment loans and other plans	1.06	1.24	1.30	1.55	1.56	1.37	1.56
All other loans and leases	0.86	1.19	1.11	0.74	0.45	0.95	0.45
Percent of loans charged-off, net							
Total loans and leases	0.80	1.11	1.33	1.07	0.83	1.06	0.81
Loans secured by real estate (RE)	0.12	0.26	0.19	0.21	0.10	0.16	0.09
1- to 4-family residential mortgages	0.14	0.32	0.17	0.24	0.12	0.13	0.09
Home equity loans	0.23	0.35	0.23	0.23	0.14	0.23	0.14
Multifamily residential mortgages	0.03	0.04	0.11	0.03	0.07	0.05	0.13
Commercial RE loans	0.07	0.16	0.17	0.13	0.06	0.15	0.07
Construction RE loans	0.05	0.15	0.19	0.14	0.04	0.17	0.03
Commercial and industrial loans	0.87	1.50	1.80	1.35	0.57	1.45	0.51
Loans to individuals	2.84	3.13	4.02	3.45	3.44	3.54	3.50
Credit cards	4.43	5.06	6.58	5.48	5.67	5.69	5.95
Installment loans and other plans	1.54	1.66	1.91	1.81	1.54	1.86	1.46
All other loans and leases	0.47	0.87	1.24	0.88	0.13	0.39	0.10
Loans outstanding (\$)							
Total loans and leases	\$2,224,132	\$2,269,248	\$2,445,291	\$2,630,614	\$2,788,902	\$2,500,406	\$2,788,902
Loans secured by real estate (RE)	892,138	976,094	1,139,263	1,254,981	1,358,775	1,219,136	1,358,775
1- to 4-family residential mortgages	443,000	472,680	573,669	605,100	630,802	618,980	630,802
Home equity loans	82,672	102,131	141,058	192,703	237,377	163,094	237,377
Multifamily residential mortgages	28,026	30,075	33,968	35,652	35,677	34,243	35,677
Commercial RE loans	221,267	236,489	253,427	269,936	285,159	260,020	285,159
Construction RE loans	76,899	91,437	95,361	104,218	114,714	97,838	114,714
Farmland loans	12,350	12,615	13,225	13,614	14,448	13,395	14,448
RE loans from foreign offices	27,923	30,668	28,556	33,758	40,598	31,567	40,598
Commercial and industrial loans	646,988	597,301	546,050	500,005	515,487	523,735	515,487
Loans to individuals	370,394	389,947	450,604	527,991	517,203	432,397	517,203
Credit cards*	176,425	166,628	209,971	250,893	235,816	187,506	235,816
Other revolving credit plans	.	29,258	33,243	32,883	32,200	32,405	32,200
Installment loans	193,969	194,060	207,390	244,215	249,186	212,486	249,186
All other loans and leases	316,177	307,851	311,822	349,521	399,395	327,649	399,395
Less: Unearned income	1,565	1,944	2,449	1,884	1,959	2,511	1,959

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

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2
Number of institutions reporting	886	817	992	974	123	122	46	46
Total employees (FTEs)	20,691	18,848	137,229	93,733	92,310	85,593	786,364	859,934
Selected income data (\$)								
Net income	\$25	\$111	\$862	\$878	\$1,502	\$1,280	\$12,859	\$15,077
Net interest income	451	427	2,500	2,504	3,294	3,105	29,001	32,555
Provision for loan losses	49	30	200	149	490	428	5,554	4,272
Noninterest income	201	163	1,330	1,343	3,250	2,281	23,422	27,109
Noninterest expense	540	417	2,486	2,504	3,869	3,023	28,963	33,297
Net operating income	23	111	830	876	1,452	1,274	12,010	14,655
Cash dividends declared	79	77	392	455	682	1,049	8,566	8,403
Net charge-offs	27	21	152	120	423	380	5,968	5,025
Selected condition data (\$)								
Total assets	47,873	44,946	272,124	271,779	373,093	361,318	3,467,613	3,918,430
Total loans and leases	28,105	26,660	167,950	172,443	231,738	222,250	2,072,614	2,367,549
Reserve for losses	407	389	2,423	2,398	3,722	3,157	41,489	41,930
Securities	11,872	11,898	67,823	68,495	75,468	86,296	589,049	674,618
Other real estate owned	79	71	306	278	215	177	1,519	1,266
Noncurrent loans and leases	366	311	1,695	1,410	2,251	1,591	30,896	25,641
Total deposits	40,112	37,513	220,068	218,358	242,304	237,517	2,208,856	2,490,538
Domestic deposits	40,086	37,501	219,711	218,187	239,757	234,774	1,794,124	1,953,697
Equity capital	5,538	5,183	27,842	27,241	42,968	39,255	307,328	363,125
Off-balance-sheet derivatives	14	10	4,336	2,642	22,209	17,930	31,213,460	36,708,189
Performance ratios (annualized %)								
Return on equity	1.81	8.45	12.56	12.85	14.17	13.20	16.87	17.31
Return on assets	0.21	0.99	1.28	1.31	1.61	1.44	1.52	1.57
Net interest income to assets	3.79	3.81	3.72	3.73	3.54	3.48	3.42	3.38
Loss provision to assets	0.41	0.27	0.30	0.22	0.53	0.48	0.65	0.44
Net operating income to assets	0.19	1.00	1.23	1.30	1.56	1.43	1.42	1.52
Noninterest income to assets	1.69	1.46	1.98	2.00	3.49	2.56	2.76	2.81
Noninterest expense to assets	4.54	3.72	3.70	3.73	4.16	3.39	3.42	3.46
Loss provision to loans and leases	0.71	0.46	0.48	0.35	0.85	0.78	1.08	0.74
Net charge-offs to loans and leases	0.38	0.32	0.37	0.28	0.73	0.69	1.16	0.87
Loss provision to net charge-offs	183.88	143.34	131.35	124.32	115.92	112.45	93.06	85.01
Performance ratios (%)								
Percent of institutions unprofitable	10.50	11.26	3.02	1.95	4.88	4.92	0.00	0.00
Percent of institutions with earnings gains	49.32	53.24	58.06	58.01	45.53	66.39	65.22	76.09
Nonint. income to net operating revenue	30.86	27.69	34.73	34.91	49.66	42.36	44.68	45.44
Nonint. expense to net operating revenue	82.88	70.71	64.92	65.09	59.13	56.13	55.25	55.81
Condition ratios (%)								
Nonperforming assets to assets	0.94	0.89	0.74	0.62	0.66	0.49	0.96	0.71
Noncurrent loans to loans	1.30	1.17	1.01	0.82	0.97	0.72	1.49	1.08
Loss reserve to noncurrent loans	111.24	125.19	142.97	169.99	165.39	198.36	134.28	163.53
Loss reserve to loans	1.45	1.46	1.44	1.39	1.61	1.42	2.00	1.77
Equity capital to assets	11.57	11.53	10.23	10.02	11.52	10.86	8.86	9.27
Leverage ratio	11.04	11.43	9.51	9.46	9.84	9.30	7.42	7.13
Risk-based capital ratio	18.24	18.82	15.05	14.74	16.55	15.47	12.37	12.14
Net loans and leases to assets	57.86	58.45	60.83	62.57	61.11	60.64	58.57	59.35
Securities to assets	24.80	26.47	24.92	25.20	20.23	23.88	16.99	17.22
Appreciation in securities (% of par)	2.46	-0.81	2.60	-0.80	3.16	-0.56	1.77	-0.75
Residential mortgage assets to assets	21.30	20.73	24.13	23.11	25.52	26.92	26.38	24.76
Total deposits to assets	83.79	83.46	80.87	80.34	64.94	65.74	63.70	63.56
Core deposits to assets	71.22	71.00	67.89	67.66	55.94	56.32	45.93	44.65
Volatile liabilities to assets	14.42	14.88	17.28	17.88	21.73	23.77	32.42	34.44

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

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2
Percent of loans past due 30-89 days								
Total loans and leases	1.40	1.31	1.02	0.86	0.97	0.65	0.97	0.84
Loans secured by real estate (RE)	1.21	1.13	0.83	0.73	0.78	0.42	0.92	0.79
1- to 4-family residential mortgages	1.64	1.55	1.13	1.05	1.13	0.57	1.16	1.15
Home equity loans	0.54	0.51	0.50	0.33	0.43	0.25	0.49	0.36
Multifamily residential mortgages	0.76	0.93	0.46	0.50	0.51	0.29	0.58	0.43
Commercial RE loans	0.94	0.81	0.62	0.58	0.44	0.30	0.54	0.38
Construction RE loans	1.14	1.12	0.93	0.69	0.72	0.46	0.86	0.63
Commercial and industrial loans	1.73	1.63	1.29	0.98	1.12	0.98	0.72	0.47
Loans to individuals	2.32	2.35	1.87	1.79	1.68	1.52	1.79	1.80
Credit cards	2.20	1.93	3.27	3.19	2.26	2.51	2.09	2.15
Installment loans and other plans	2.36	2.40	1.64	1.54	1.44	1.09	1.80	1.69
All other loans and leases	0.92	0.73	0.84	0.60	0.49	0.36	0.45	0.22
Percent of loans noncurrent								
Total loans and leases	1.30	1.17	1.01	0.82	0.97	0.72	1.49	1.08
Loans secured by real estate (RE)	1.16	1.00	0.87	0.74	0.87	0.59	0.91	0.81
1- to 4-family residential mortgages	1.01	0.96	0.79	0.69	0.92	0.50	0.87	1.03
Home equity loans	0.28	0.11	0.20	0.15	0.31	0.18	0.28	0.18
Multifamily residential mortgages	0.96	0.65	0.47	0.52	0.46	0.27	0.50	0.45
Commercial RE loans	1.21	1.12	1.04	0.82	0.95	0.85	1.15	0.86
Construction RE loans	1.28	0.88	0.73	0.80	0.81	0.42	0.99	0.60
Commercial and industrial loans	1.97	2.04	1.50	1.21	1.44	1.04	3.01	1.65
Loans to individuals	0.84	0.82	0.87	0.79	1.15	0.97	1.55	1.68
Credit cards	1.70	1.68	2.74	2.50	1.98	2.23	1.81	1.88
Installment loans and other plans	0.82	0.79	0.53	0.46	0.69	0.34	1.55	1.71
All other loans and leases	1.55	1.15	1.40	0.68	0.39	0.50	0.97	0.44
Percent of loans charged-off, net								
Total loans and leases	0.38	0.32	0.37	0.28	0.73	0.69	1.16	0.87
Loans secured by real estate (RE)	0.07	0.08	0.09	0.06	0.11	0.10	0.18	0.10
1- to 4-family residential mortgages	0.09	0.08	0.09	0.07	0.12	0.11	0.14	0.09
Home equity loans	-0.01	0.04	0.03	0.03	0.08	0.09	0.24	0.14
Multifamily residential mortgages	0.00	-0.01	0.06	0.03	0.06	0.52	0.05	0.07
Commercial RE loans	0.08	0.11	0.13	0.06	0.08	0.07	0.18	0.07
Construction RE loans	0.12	0.04	0.06	0.04	0.18	0.06	0.19	0.02
Commercial and industrial loans	0.88	0.92	0.68	0.48	1.13	0.76	1.53	0.48
Loans to individuals	1.38	0.98	1.57	1.54	2.57	4.33	3.76	3.54
Credit cards	14.59	4.05	6.13	6.66	5.44	11.00	5.70	5.75
Installment loans and other plans	0.72	0.84	0.71	0.50	1.01	0.79	2.08	1.56
All other loans and leases	0.26	0.08	0.36	0.28	0.19	0.09	0.41	0.10
Loans outstanding (\$)								
Total loans and leases	\$28,105	\$26,660	\$167,950	\$172,443	\$231,738	\$222,250	\$2,072,614	\$2,367,549
Loans secured by real estate (RE)	16,917	16,356	112,693	118,237	127,494	136,271	962,033	1,087,910
1- to 4-family residential mortgages	6,968	6,468	39,819	38,199	55,892	51,932	516,301	534,202
Home equity loans	479	531	6,064	7,200	9,081	10,350	147,470	219,295
Multifamily residential mortgages	436	433	4,343	4,419	4,703	5,066	24,761	25,760
Commercial RE loans	5,275	5,218	44,231	47,958	40,767	47,484	169,748	184,498
Construction RE loans	1,654	1,720	13,040	14,661	14,934	19,104	68,209	79,230
Farmland loans	2,104	1,986	5,197	5,797	1,655	1,753	4,439	4,913
RE loans from foreign offices	0	0	0	3	462	583	31,105	40,012
Commercial and industrial loans	4,568	4,307	27,676	28,106	39,891	44,248	451,600	438,826
Loans to individuals	3,367	3,051	18,011	16,122	41,422	24,041	369,596	473,988
Credit cards	127	140	2,879	2,698	15,482	8,203	169,018	224,776
Other revolving credit plans	48	37	358	335	1,742	1,115	30,257	30,713
Installment loans	3,192	2,874	14,774	13,089	24,197	14,724	170,322	218,499
All other loans and leases	3,284	2,969	9,756	10,154	23,019	17,795	291,591	368,478
Less: Unearned income	31	24	187	176	88	106	2,206	1,653

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

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	217	234	389	406	562	151	1,959
Total employees (FTEs)	339,016	222,301	212,506	158,791	88,682	36,812	1,058,108
Selected income data (\$)							
Net income	\$4,881	\$4,124	\$3,777	\$2,165	\$797	\$1,603	\$17,346
Net interest income	11,083	8,447	7,911	5,416	2,309	3,423	38,590
Provision for loan losses	2,082	355	468	847	229	897	4,878
Noninterest income	12,242	5,180	5,491	4,711	1,288	1,984	30,896
Noninterest expense	14,018	7,960	7,109	5,892	2,246	2,016	39,241
Net operating income	4,853	3,550	3,913	2,193	812	1,596	16,916
Cash dividends declared	1,100	2,774	3,984	1,272	403	451	9,984
Net charge-offs	2,605	307	685	919	211	820	5,546
Selected condition data (\$)							
Total assets	1,306,672	1,216,468	1,020,879	537,736	262,936	251,783	4,596,473
Total loans and leases	721,725	643,392	667,275	398,738	166,183	191,589	2,788,902
Reserve for losses	17,185	7,502	10,163	6,733	2,144	4,147	47,874
Securities	233,109	271,249	181,724	60,111	60,856	34,257	841,306
Other real estate owned	157	345	650	296	295	51	1,793
Noncurrent loans and leases	11,186	3,816	6,389	2,902	1,288	3,373	28,954
Total deposits	853,341	819,550	628,478	361,590	198,003	122,964	2,983,926
Domestic deposits	511,121	724,046	556,177	342,239	196,560	114,014	2,444,159
Equity capital	150,155	93,744	83,136	55,719	24,718	27,333	434,804
Off-balance-sheet derivatives	14,899,908	18,845,911	1,774,076	686,767	48,863	41,645	36,297,170
Performance ratios (annualized %)							
Return on equity	14.48	17.55	17.93	15.66	12.94	24.04	16.53
Return on assets	1.54	1.37	1.47	1.64	1.23	2.71	1.53
Net interest income to assets	3.50	2.81	3.08	4.10	3.56	5.78	3.41
Loss provision to assets	0.66	0.12	0.18	0.64	0.35	1.52	0.43
Net operating income to assets	1.53	1.18	1.53	1.66	1.25	2.70	1.50
Noninterest income to assets	3.86	1.72	2.14	3.57	1.98	3.35	2.73
Noninterest expense to assets	4.42	2.64	2.77	4.46	3.46	3.41	3.47
Loss provision to loans and leases	1.19	0.22	0.28	0.87	0.56	2.07	0.71
Net charge-offs to loans and leases	1.48	0.19	0.41	0.94	0.52	1.89	0.81
Loss provision to net charge-offs	79.93	115.75	68.38	92.17	108.19	109.51	87.96
Performance ratios (%)							
Percent of institutions unprofitable	5.99	9.40	4.11	4.68	6.23	7.95	5.97
Percent of institutions with earnings gains	54.84	64.53	49.61	51.97	57.83	77.48	56.97
Nonint. income to net operating revenue	52.48	38.01	40.97	46.52	35.80	36.70	44.46
Nonint. expense to net operating revenue	60.10	58.42	53.04	58.18	62.43	37.29	56.47
Condition ratios (%)							
Nonperforming assets to assets	0.89	0.37	0.72	0.60	0.60	1.36	0.69
Noncurrent loans to loans	1.55	0.59	0.96	0.73	0.77	1.76	1.04
Loss reserve to noncurrent loans	153.63	196.60	159.07	232.01	166.52	122.95	165.35
Loss reserve to loans	2.38	1.17	1.52	1.69	1.29	2.16	1.72
Equity capital to assets	11.49	7.71	8.14	10.36	9.40	10.86	9.46
Leverage ratio	8.15	6.41	7.07	7.80	8.25	9.66	7.48
Risk-based capital ratio	13.47	11.58	12.14	12.10	12.78	14.99	12.57
Net loans and leases to assets	53.92	52.27	64.37	72.90	62.39	74.45	59.63
Securities to assets	17.84	22.30	17.80	11.18	23.14	13.61	18.30
Appreciation in securities (% of par)	-0.71	-0.79	-0.99	0.88	-1.36	-0.92	-0.74
Residential mortgage assets to assets	12.96	36.14	24.92	24.78	26.98	28.59	24.79
Total deposits to assets	65.31	67.37	61.56	67.24	75.30	48.84	64.92
Core deposits to assets	33.89	54.36	49.56	54.94	61.69	40.13	47.18
Volatile liabilities to assets	42.54	28.45	29.26	22.76	23.95	41.55	32.43

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	0.95	0.55	0.87	0.84	0.81	1.25	0.83
Loans secured by real estate (RE)	0.65	0.61	1.04	0.65	0.73	0.83	0.75
1- to 4-family residential mortgages	0.88	0.91	1.62	0.99	1.01	1.12	1.10
Home equity loans	0.30	0.32	0.44	0.32	0.42	0.16	0.35
Multifamily residential mortgages	0.37	0.11	0.67	0.43	0.54	0.15	0.43
Commercial RE loans	0.40	0.17	0.66	0.31	0.55	0.27	0.41
Construction RE loans	0.75	0.20	0.94	0.52	0.54	1.07	0.61
Commercial and industrial loans	0.54	0.27	0.61	0.61	0.78	1.06	0.55
Loans to individuals	1.92	1.48	1.36	1.94	1.49	2.04	1.79
Credit cards	2.16	1.28	1.87	2.39	1.87	2.12	2.18
Installment loans and other plans	2.03	1.58	1.36	1.31	1.53	1.86	1.66
All other loans and leases	0.22	0.07	0.34	0.24	0.76	0.35	0.24
Percent of loans noncurrent							
Total loans and leases	1.55	0.59	0.96	0.73	0.77	1.76	1.04
Loans secured by real estate (RE)	0.76	0.38	1.11	0.50	0.72	2.07	0.79
1- to 4-family residential mortgages	0.65	0.43	1.62	0.36	0.77	3.12	0.97
Home equity loans	0.14	0.11	0.25	0.20	0.18	0.03	0.18
Multifamily residential mortgages	0.63	0.21	0.50	0.76	0.31	0.13	0.44
Commercial RE loans	0.94	0.48	1.17	0.98	0.77	0.77	0.86
Construction RE loans	0.78	0.28	0.77	0.92	0.61	0.39	0.60
Commercial and industrial loans	2.23	1.44	1.38	0.95	1.00	1.22	1.57
Loans to individuals	2.34	0.69	0.58	1.50	0.51	1.66	1.62
Credit cards	1.94	0.96	1.51	2.17	1.55	1.71	1.90
Installment loans and other plans	3.38	0.73	0.41	0.45	0.48	1.59	1.56
All other loans and leases	0.64	0.42	0.31	0.28	0.99	0.62	0.45
Percent of loans charged-off, net							
Total loans and leases	1.48	0.19	0.41	0.94	0.52	1.89	0.81
Loans secured by real estate (RE)	0.05	0.05	0.19	0.06	0.19	-0.01	0.09
1- to 4-family residential mortgages	0.04	0.05	0.24	0.05	0.17	-0.02	0.09
Home equity loans	0.03	0.15	0.21	0.11	0.23	0.00	0.14
Multifamily residential mortgages	0.02	0.00	0.25	-0.08	0.53	-0.01	0.13
Commercial RE loans	-0.01	0.04	0.13	0.05	0.18	0.00	0.07
Construction RE loans	-0.01	-0.01	0.03	0.00	0.17	0.00	0.03
Commercial and industrial loans	0.27	0.54	0.42	0.54	1.29	1.16	0.51
Loans to individuals	4.51	0.64	1.70	4.13	1.04	4.74	3.50
Credit cards	6.25	3.09	4.58	6.23	5.01	5.45	5.95
Installment loans and other plans	2.55	0.62	1.09	0.69	0.84	0.62	1.46
All other loans and leases	0.05	0.07	0.16	0.10	0.45	-0.05	0.10
Loans outstanding (\$)							
Total loans and leases	\$721,725	\$643,392	\$667,275	\$398,738	\$166,183	\$191,589	\$2,788,902
Loans secured by real estate (RE)	219,802	389,424	335,701	212,252	107,251	94,346	1,358,775
1- to 4-family residential mortgages	85,307	218,878	140,613	95,748	35,289	54,966	630,802
Home equity loans	46,705	52,945	67,864	54,642	11,527	3,694	237,377
Multifamily residential mortgages	4,455	7,929	13,100	4,382	2,810	3,003	35,677
Commercial RE loans	40,055	72,848	76,129	39,338	32,832	23,957	285,159
Construction RE loans	8,777	31,912	33,638	13,690	18,470	8,227	114,714
Farmland loans	838	1,907	3,764	4,452	2,988	499	14,448
RE loans from foreign offices	33,664	3,003	593	0	3,337	1	40,598
Commercial and industrial loans	158,786	110,604	132,848	53,277	35,118	24,854	515,487
Loans to individuals	222,485	56,938	79,511	78,066	15,589	64,615	517,203
Credit cards	116,717	436	13,996	48,504	766	55,397	235,816
Other revolving credit plans	19,061	3,633	4,828	2,612	576	1,489	32,200
Installment loans	86,707	52,868	60,687	26,950	14,247	7,728	249,186
All other loans and leases	122,155	86,561	119,282	55,168	8,336	7,892	399,395
Less: Unearned income	1,504	135	66	23	113	118	1,959

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

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q2	Preliminary 2004Q2
Number of institutions reporting	8,315	8,080	7,888	7,770	7,691	7,833	7,691
Total employees (FTEs)	1,670,758	1,701,721	1,745,614	1,759,517	1,861,969	1,802,575	1,861,969
Selected income data (\$)							
Net income	\$70,795	\$73,830	\$89,726	\$102,441	\$53,065	\$25,492	\$26,646
Net interest income	203,584	214,676	236,657	239,981	124,663	59,907	63,924
Provision for loan losses	30,026	43,337	48,195	34,837	13,569	9,241	6,680
Noninterest income	154,247	158,206	172,408	186,505	95,123	46,125	48,803
Noninterest expense	216,831	223,254	233,586	245,991	129,916	61,669	67,289
Net operating income	72,383	71,002	85,425	98,194	51,518	23,632	26,115
Cash dividends declared	53,854	54,228	67,536	77,835	28,378	21,983	16,991
Net charge-offs	24,771	36,474	44,538	37,933	15,200	9,519	7,493
Selected condition data (\$)							
Total assets	6,245,560	6,552,421	7,076,587	7,601,109	8,048,367	7,484,750	8,048,367
Total loans and leases	3,815,498	3,884,336	4,156,181	4,428,813	4,671,708	4,293,867	4,671,708
Reserve for losses	64,120	72,273	76,999	77,152	75,537	77,295	75,537
Securities	1,078,985	1,172,540	1,334,830	1,456,308	1,558,426	1,445,337	1,558,426
Other real estate owned	2,912	3,569	4,165	4,218	3,901	4,396	3,901
Noncurrent loans and leases	42,930	54,578	60,550	52,908	44,862	56,809	44,862
Total deposits	4,179,567	4,377,558	4,689,852	5,029,020	5,326,484	4,925,698	5,326,484
Domestic deposits	3,472,901	3,748,042	4,031,815	4,287,849	4,499,012	4,247,610	4,499,012
Equity capital	530,356	593,696	647,452	691,931	742,064	676,435	742,064
Off-balance-sheet derivatives	40,570,263	45,325,982	56,208,607	71,089,869	81,016,991	65,946,284	81,016,991
Performance ratios (annualized %)							
Return on equity	13.99	13.09	14.47	15.31	14.84	15.28	14.64
Return on assets	1.18	1.15	1.33	1.40	1.36	1.39	1.34
Net interest income to assets	3.40	3.35	3.50	3.27	3.19	3.27	3.22
Loss provision to assets	0.50	0.68	0.71	0.48	0.35	0.50	0.34
Net operating income to assets	1.21	1.11	1.26	1.34	1.32	1.29	1.32
Noninterest income to assets	2.58	2.47	2.55	2.54	2.43	2.52	2.46
Noninterest expense to assets	3.62	3.48	3.46	3.35	3.32	3.36	3.39
Loss provision to loans and leases	0.82	1.12	1.21	0.82	0.60	0.87	0.58
Net charge-offs to loans and leases	0.67	0.95	1.12	0.89	0.67	0.90	0.65
Loss provision to net charge-offs	121.14	118.82	108.21	91.84	89.27	97.08	89.16
Performance ratios (%)							
Percent of institutions unprofitable	7.34	8.13	6.64	5.98	5.30	5.99	5.66
Percent of institutions with earnings gains	67.31	56.25	72.69	59.23	58.34	56.45	57.51
Nonint. income to net operating revenue	43.11	42.43	42.15	43.73	43.28	43.50	43.29
Nonint. expense to net operating revenue	60.60	59.87	57.10	57.68	59.11	58.16	59.69
Condition ratios (%)							
Nonperforming assets to assets	0.74	0.92	0.94	0.77	0.62	0.84	0.62
Noncurrent loans to loans	1.13	1.41	1.46	1.19	0.96	1.32	0.96
Loss reserve to noncurrent loans	149.36	132.42	127.17	145.82	168.38	136.06	168.38
Loss reserve to loans	1.68	1.86	1.85	1.74	1.62	1.80	1.62
Equity capital to assets	8.49	9.06	9.15	9.10	9.22	9.04	9.22
Leverage ratio	7.69	7.78	7.83	7.85	7.73	7.84	7.73
Risk-based capital ratio	12.12	12.70	12.77	12.75	12.73	12.86	12.73
Net loans and leases to assets	60.06	58.18	57.64	57.25	57.11	56.34	57.11
Securities to assets	17.28	17.89	18.86	19.16	19.36	19.31	19.36
Appreciation in securities (% of par)	0.20	0.82	2.22	0.84	-0.84	2.04	-0.84
Residential mortgage assets to assets	20.19	21.64	23.30	23.28	23.74	24.40	23.74
Total deposits to assets	66.92	66.81	66.27	66.16	66.18	65.81	66.18
Core deposits to assets	46.39	48.72	48.68	48.55	47.93	48.61	47.93
Volatile liabilities to assets	34.97	31.45	31.41	31.03	32.58	30.92	32.58

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

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q2	Preliminary 2004Q2
Percent of loans past due 30-89 days							
Total loans and leases	1.25	1.37	1.17	1.02	0.83	1.00	0.83
Loans secured by real estate (RE)	1.26	1.31	1.08	0.90	0.72	0.90	0.72
1- to 4-family residential mortgages	1.72	1.69	1.49	1.29	1.01	1.17	1.01
Home equity loans	0.98	0.79	0.59	0.45	0.34	0.47	0.34
Multifamily residential mortgages	0.55	0.72	0.46	0.48	0.36	0.42	0.36
Commercial RE loans	0.74	0.90	0.68	0.56	0.50	0.63	0.50
Construction RE loans	1.06	1.21	0.89	0.69	0.61	0.84	0.61
Commercial and industrial loans	0.83	1.01	0.89	0.72	0.66	0.86	0.66
Loans to individuals	2.47	2.46	2.22	2.09	1.76	1.87	1.76
Credit cards	2.66	2.70	2.72	2.54	2.23	2.34	2.23
Installment loans and other plans	2.34	2.54	2.08	1.93	1.57	1.74	1.57
All other loans and leases	0.64	0.84	0.58	0.48	0.33	0.49	0.33
Percent of loans noncurrent							
Total loans and leases	1.13	1.41	1.46	1.19	0.96	1.32	0.96
Loans secured by real estate (RE)	0.81	0.96	0.89	0.86	0.72	0.85	0.72
1- to 4-family residential mortgages	0.90	0.97	0.93	1.00	0.84	0.82	0.84
Home equity loans	0.37	0.37	0.30	0.24	0.18	0.27	0.18
Multifamily residential mortgages	0.44	0.46	0.38	0.38	0.37	0.42	0.37
Commercial RE loans	0.72	0.96	0.94	0.90	0.82	0.99	0.82
Construction RE loans	0.76	1.06	0.98	0.70	0.57	0.89	0.57
Commercial and industrial loans	1.66	2.41	2.93	2.10	1.62	2.70	1.62
Loans to individuals	1.41	1.43	1.51	1.52	1.37	1.37	1.37
Credit cards	2.01	2.12	2.24	2.21	1.89	1.95	1.89
Installment loans and other plans	0.98	1.12	1.14	1.14	1.12	1.14	1.12
All other loans and leases	0.70	0.97	1.01	0.66	0.44	0.90	0.44
Percent of loans charged-off, net							
Total loans and leases	0.67	0.95	1.12	0.89	0.67	0.90	0.65
Loans secured by real estate (RE)	0.09	0.19	0.15	0.17	0.09	0.15	0.09
1- to 4-family residential mortgages	0.11	0.22	0.14	0.19	0.10	0.14	0.09
Home equity loans	0.18	0.27	0.19	0.20	0.13	0.19	0.14
Multifamily residential mortgages	0.03	0.04	0.08	0.03	0.04	0.04	0.07
Commercial RE loans	0.05	0.13	0.15	0.13	0.07	0.14	0.08
Construction RE loans	0.05	0.14	0.17	0.14	0.04	0.13	0.04
Commercial and industrial loans	0.81	1.43	1.76	1.26	0.60	1.33	0.56
Loans to individuals	2.43	2.73	3.34	3.04	2.94	3.06	2.97
Credit cards	4.39	5.12	6.38	5.57	5.53	6.03	5.77
Installment loans and other plans	1.18	1.29	1.46	1.45	1.23	1.36	1.16
All other loans and leases	0.45	0.80	1.15	0.80	0.15	0.39	0.13
Loans outstanding (\$)							
Total loans and leases	\$3,815,498	\$3,884,336	\$4,156,181	\$4,428,813	\$4,671,708	\$4,293,867	\$4,671,708
Loans secured by real estate (RE)	1,673,324	1,800,228	2,068,150	2,272,461	2,461,384	2,205,179	2,461,384
1- to 4-family residential mortgages	790,028	810,781	945,705	994,153	1,056,320	1,009,513	1,056,320
Home equity loans	127,694	154,193	214,724	284,511	341,167	246,312	341,167
Multifamily residential mortgages	60,406	64,131	71,934	79,678	83,026	76,672	83,026
Commercial RE loans	466,453	505,882	555,990	602,367	634,714	577,313	634,714
Construction RE loans	162,613	193,014	207,452	231,481	255,945	218,661	255,945
Farmland loans	34,096	35,533	38,066	40,699	42,965	39,711	42,965
RE loans from foreign offices	32,033	36,695	34,280	39,572	47,248	36,999	47,248
Commercial and industrial loans	1,051,992	981,130	910,811	869,711	875,332	890,204	875,332
Loans to individuals	606,695	629,412	703,748	770,351	757,971	690,259	757,971
Credit cards*	249,425	232,448	275,957	316,006	298,132	251,142	298,132
Other revolving credit plans		34,202	38,209	37,558	36,606	37,044	36,606
Installment loans	357,269	362,762	389,582	416,786	423,233	402,074	423,233
All other loans and leases	486,400	476,689	476,872	519,159	579,939	511,672	579,939
Less: Unearned income	2,912	3,123	3,401	2,870	2,919	3,448	2,919

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

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2
Number of institutions reporting	4,026	3,819	3,386	3,444	340	342	81	86
Total employees (FTEs)	80,087	77,345	343,702	346,268	247,072	226,683	1,131,714	1,211,673
Selected income data (\$)								
Net income	\$442	\$497	\$2,841	\$2,886	\$3,699	\$3,369	\$18,510	\$19,894
Net interest income	1,954	1,887	8,445	8,713	8,644	8,160	40,864	45,164
Provision for loan losses	151	111	669	543	1,177	812	7,244	5,214
Noninterest income	627	474	3,252	3,283	6,433	5,069	35,814	39,977
Noninterest expense	1,856	1,628	7,271	7,554	8,579	7,439	43,963	50,667
Net operating income	422	494	2,738	2,871	3,537	3,323	16,935	19,426
Cash dividends declared	290	285	1,321	1,376	8,483	2,907	11,890	12,422
Net charge-offs	100	71	513	411	1,180	731	7,726	6,280
Selected condition data (\$)								
Total assets	206,283	197,767	896,698	923,586	968,239	934,177	5,413,529	5,992,837
Total loans and leases	125,623	121,881	579,625	613,024	591,668	584,414	2,996,951	3,352,388
Reserve for losses	1,869	1,793	8,563	8,706	9,912	8,876	56,951	56,162
Securities	49,067	50,141	206,265	211,624	233,323	231,978	956,683	1,064,683
Other real estate owned	338	296	1,256	1,176	636	541	2,167	1,889
Noncurrent loans and leases	1,595	1,332	5,707	4,827	6,125	4,667	43,381	34,037
Total deposits	173,542	165,687	729,705	747,647	652,548	634,365	3,369,903	3,778,786
Domestic deposits	173,517	165,675	728,335	746,104	642,912	625,200	2,702,846	2,962,033
Equity capital	23,234	22,238	89,116	89,908	102,765	97,862	461,320	532,055
Off-balance-sheet derivatives	130	157	9,362	5,985	66,647	58,356	66,479,221	81,624,612
Performance ratios (annualized %)								
Return on equity	7.68	8.86	12.94	12.81	14.68	13.83	16.25	15.36
Return on assets	0.87	1.01	1.28	1.27	1.55	1.47	1.40	1.35
Net interest income to assets	3.83	3.84	3.82	3.82	3.62	3.56	3.09	3.06
Loss provision to assets	0.30	0.23	0.30	0.24	0.49	0.35	0.55	0.35
Net operating income to assets	0.83	1.01	1.24	1.26	1.48	1.45	1.28	1.32
Noninterest income to assets	1.23	0.96	1.47	1.44	2.69	2.21	2.71	2.71
Noninterest expense to assets	3.63	3.31	3.28	3.31	3.59	3.24	3.33	3.43
Loss provision to loans and leases	0.49	0.37	0.47	0.36	0.81	0.57	0.98	0.64
Net charge-offs to loans and leases	0.32	0.24	0.36	0.27	0.81	0.51	1.04	0.76
Loss provision to net charge-offs	151.40	156.15	130.29	132.34	99.72	111.04	93.77	83.03
Performance ratios (%)								
Percent of institutions unprofitable	9.02	9.27	2.75	2.03	3.24	2.34	2.47	3.49
Percent of institutions with earnings gains	50.22	54.52	62.97	59.61	64.12	65.79	61.73	73.26
Nonint. income to net operating revenue	24.28	20.07	27.80	27.36	42.67	38.32	46.71	46.95
Nonint. expense to net operating revenue	71.92	68.94	62.16	62.98	56.90	56.23	57.34	59.51
Condition ratios (%)								
Nonperforming assets to assets	0.94	0.83	0.78	0.65	0.70	0.56	0.87	0.62
Noncurrent loans to loans	1.27	1.09	0.98	0.79	1.04	0.80	1.45	1.02
Loss reserve to noncurrent loans	117.18	134.66	150.04	180.36	161.81	190.20	131.28	165.01
Loss reserve to loans	1.49	1.47	1.48	1.42	1.68	1.52	1.90	1.68
Equity capital to assets	11.26	11.24	9.94	9.73	10.61	10.48	8.52	8.88
Leverage ratio	10.78	11.15	9.32	9.37	9.30	9.32	7.20	7.11
Risk-based capital ratio	17.26	17.76	14.26	14.11	14.80	14.43	12.18	12.13
Net loans and leases to assets	59.99	60.72	63.68	65.43	60.08	61.61	54.31	55.00
Securities to assets	23.79	25.35	23.00	22.91	24.10	24.83	17.67	17.77
Appreciation in securities (% of par)	2.55	-0.76	2.57	-0.77	2.32	-0.86	1.83	-0.86
Residential mortgage assets to assets	21.16	20.63	23.21	22.12	26.36	26.14	24.37	23.71
Total deposits to assets	84.13	83.78	81.38	80.95	67.40	67.91	62.25	63.06
Core deposits to assets	71.40	71.23	68.05	67.69	55.35	55.80	43.31	42.89
Volatile liabilities to assets	14.37	14.75	17.27	18.00	24.34	25.75	34.98	36.48

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

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2	2003Q2	2004Q2
Percent of loans past due 30-89 days								
Total loans and leases	1.52	1.28	1.06	0.87	1.04	0.76	0.95	0.82
Loans secured by real estate (RE)	1.35	1.13	0.88	0.74	0.77	0.51	0.91	0.74
1- to 4-family residential mortgages	1.80	1.63	1.25	1.14	0.99	0.68	1.17	1.02
Home equity loans	0.69	0.53	0.52	0.36	0.45	0.33	0.47	0.34
Multifamily residential mortgages	1.06	0.53	0.40	0.46	0.37	0.23	0.42	0.38
Commercial RE loans	1.02	0.84	0.68	0.57	0.66	0.44	0.55	0.46
Construction RE loans	1.24	0.86	0.88	0.63	0.80	0.49	0.82	0.63
Commercial and industrial loans	1.81	1.54	1.30	1.02	1.22	1.03	0.70	0.51
Loans to individuals	2.53	2.37	2.05	1.90	1.97	1.95	1.81	1.71
Credit cards	2.11	2.37	4.66	4.32	2.89	3.04	2.19	2.13
Installment loans and other plans	2.58	2.40	1.78	1.64	1.54	1.49	1.74	1.54
All other loans and leases	1.01	0.73	0.80	0.60	0.59	0.44	0.44	0.30
Percent of loans noncurrent								
Total loans and leases	1.27	1.09	0.98	0.79	1.04	0.80	1.45	1.02
Loans secured by real estate (RE)	1.11	0.96	0.85	0.69	0.87	0.69	0.83	0.72
1- to 4-family residential mortgages	1.00	0.96	0.80	0.73	0.87	0.71	0.81	0.88
Home equity loans	0.34	0.20	0.26	0.19	0.30	0.21	0.27	0.18
Multifamily residential mortgages	0.91	0.55	0.47	0.59	0.47	0.28	0.36	0.32
Commercial RE loans	1.17	1.05	0.93	0.76	0.98	0.85	1.02	0.81
Construction RE loans	1.27	0.84	0.92	0.59	0.90	0.57	0.85	0.54
Commercial and industrial loans	1.89	1.70	1.46	1.18	1.74	1.17	3.05	1.76
Loans to individuals	0.97	0.95	0.91	0.80	1.00	0.93	1.49	1.46
Credit cards	1.38	1.57	3.26	2.79	1.90	2.01	1.92	1.87
Installment loans and other plans	0.98	0.95	0.64	0.56	0.52	0.41	1.35	1.28
All other loans and leases	1.47	1.07	1.33	0.81	0.69	0.57	0.87	0.39
Percent of loans charged-off, net								
Total loans and leases	0.32	0.24	0.36	0.27	0.81	0.51	1.04	0.76
Loans secured by real estate (RE)	0.08	0.06	0.10	0.07	0.14	0.09	0.17	0.09
1- to 4-family residential mortgages	0.09	0.09	0.09	0.08	0.12	0.09	0.15	0.09
Home equity loans	0.03	0.08	0.05	0.07	0.16	0.17	0.22	0.14
Multifamily residential mortgages	0.14	0.02	0.03	0.04	0.05	0.14	0.03	0.05
Commercial RE loans	0.09	0.05	0.12	0.07	0.17	0.09	0.15	0.07
Construction RE loans	0.12	0.02	0.11	0.04	0.18	0.04	0.13	0.04
Commercial and industrial loans	0.74	0.60	0.75	0.54	1.08	0.59	1.47	0.56
Loans to individuals	1.01	0.82	1.63	1.54	3.24	2.99	3.23	3.12
Credit cards	8.17	3.72	8.00	8.38	7.99	7.20	5.70	5.60
Installment loans and other plans	0.81	0.76	0.82	0.66	0.98	0.89	1.54	1.27
All other loans and leases	0.32	0.15	0.34	0.25	0.34	0.14	0.40	0.12
Loans outstanding (\$)								
Total loans and leases	\$125,623	\$121,881	\$579,625	\$613,024	\$591,668	\$584,414	\$2,996,951	\$3,352,388
Loans secured by real estate (RE)	76,008	75,691	401,975	435,843	349,325	374,951	1,377,871	1,574,899
1- to 4-family residential mortgages	31,181	29,524	131,952	130,583	130,242	122,624	716,138	773,589
Home equity loans	2,317	2,569	21,025	25,132	25,140	29,543	197,830	283,923
Multifamily residential mortgages	1,728	1,751	15,283	16,503	16,080	19,160	43,581	45,611
Commercial RE loans	23,251	23,584	162,197	178,744	126,052	141,060	265,813	291,325
Construction RE loans	7,324	8,048	53,591	65,124	46,320	56,106	111,426	126,666
Farmland loans	10,207	10,214	17,896	19,720	4,429	5,500	7,179	7,530
RE loans from foreign offices	0	0	31	36	1,064	958	35,903	46,254
Commercial and industrial loans	20,928	19,814	96,229	98,668	106,714	109,545	666,333	647,305
Loans to individuals	13,983	12,590	52,597	49,105	94,887	63,545	528,793	632,732
Credit cards	345	278	5,916	5,531	33,854	21,035	211,027	271,288
Other revolving credit plans	226	165	1,581	1,422	2,855	2,376	32,382	32,643
Installment loans	13,412	12,147	45,099	42,151	58,178	40,134	285,385	328,800
All other loans and leases	14,801	13,868	29,392	29,953	41,224	36,843	426,256	499,276
Less: Unearned income	98	82	567	544	482	470	2,302	1,823

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

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

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	601	1,077	1,629	2,011	1,713	660	7,691
Total employees (FTEs)	571,291	426,148	340,046	247,177	171,408	105,899	1,861,969
Selected income data (\$)							
Net income	\$7,226	\$6,617	\$5,341	\$2,780	\$1,475	\$3,207	\$26,646
Net interest income	18,645	14,268	12,098	7,144	4,406	7,362	63,924
Provision for loan losses	2,514	860	771	973	343	1,219	6,680
Noninterest income	20,850	9,555	7,711	5,216	1,996	3,474	48,803
Noninterest expense	26,463	13,941	10,974	7,209	4,037	4,663	67,289
Net operating income	7,125	6,053	5,471	2,804	1,484	3,178	26,115
Cash dividends declared	2,501	5,241	5,008	1,587	720	1,934	16,991
Net charge-offs	3,254	761	1,000	1,034	296	1,148	7,493
Selected condition data (\$)							
Total assets	2,767,280	1,900,786	1,552,228	715,174	484,287	628,612	8,048,367
Total loans and leases	1,295,026	1,107,427	1,011,595	521,265	301,199	435,195	4,671,708
Reserve for losses	25,867	13,871	15,210	8,752	4,052	7,785	75,537
Securities	520,301	407,577	296,067	98,658	121,110	114,713	1,558,426
Other real estate owned	410	884	1,149	531	677	250	3,901
Noncurrent loans and leases	17,125	6,755	9,602	3,972	2,487	4,921	44,862
Total deposits	1,724,259	1,300,993	1,017,354	502,347	379,569	401,962	5,326,484
Domestic deposits	1,151,369	1,180,026	918,197	482,996	378,106	388,318	4,499,012
Equity capital	264,577	157,739	129,131	74,026	46,281	70,310	742,064
Off-balance-sheet derivatives	59,203,919	19,033,453	1,895,096	690,254	50,344	143,925	81,016,991
Performance ratios (annualized %)							
Return on equity	11.59	16.71	16.34	15.12	12.75	18.41	14.64
Return on assets	1.07	1.41	1.38	1.58	1.23	2.10	1.34
Net interest income to assets	2.76	3.04	3.12	4.05	3.69	4.82	3.22
Loss provision to assets	0.37	0.18	0.20	0.55	0.29	0.80	0.34
Net operating income to assets	1.05	1.29	1.41	1.59	1.24	2.08	1.32
Noninterest income to assets	3.08	2.03	1.99	2.96	1.67	2.28	2.46
Noninterest expense to assets	3.91	2.97	2.83	4.09	3.38	3.05	3.39
Loss provision to loans and leases	0.80	0.31	0.31	0.76	0.47	1.18	0.58
Net charge-offs to loans and leases	1.03	0.28	0.40	0.81	0.40	1.11	0.65
Loss provision to net charge-offs	77.28	113.06	77.12	94.06	115.90	106.15	89.16
Performance ratios (%)							
Percent of institutions unprofitable	8.15	8.26	4.24	3.28	6.30	8.18	5.66
Percent of institutions with earnings gains	57.07	66.20	48.19	56.64	58.20	67.58	57.51
Nonint. income to net operating revenue	52.79	40.11	38.93	42.20	31.18	32.06	43.29
Nonint. expense to net operating revenue	67.00	58.52	55.40	58.33	63.06	43.03	59.69
Condition ratios (%)							
Nonperforming assets to assets	0.66	0.42	0.72	0.63	0.65	0.83	0.62
Noncurrent loans to loans	1.32	0.61	0.95	0.76	0.83	1.13	0.96
Loss reserve to noncurrent loans	151.05	205.35	158.41	220.34	162.92	158.20	168.38
Loss reserve to loans	2.00	1.25	1.50	1.68	1.35	1.79	1.62
Equity capital to assets	9.56	8.30	8.32	10.35	9.56	11.18	9.22
Leverage ratio	7.45	7.04	7.60	8.27	8.66	10.06	7.73
Risk-based capital ratio	13.07	11.86	12.25	12.58	13.56	14.75	12.73
Net loans and leases to assets	45.86	57.53	64.19	71.66	61.36	67.99	57.11
Securities to assets	18.80	21.44	19.07	13.80	25.01	18.25	19.36
Appreciation in securities (% of par)	-1.05	-0.64	-1.06	0.30	-1.15	-0.68	-0.84
Residential mortgage assets to assets	17.61	32.24	24.19	23.09	26.32	22.64	23.74
Total deposits to assets	62.31	68.45	65.54	70.24	78.38	63.94	66.18
Core deposits to assets	34.03	54.66	52.38	58.32	64.14	53.45	47.93
Volatile liabilities to assets	44.68	26.84	27.92	21.08	21.98	29.46	32.58

Loan performance, FDIC-insured commercial banks by region

Second quarter 2004

(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Percent of loans past due 30-89 days							
Total loans and leases	0.89	0.66	0.84	0.88	0.92	0.89	0.83
Loans secured by real estate (RE)	0.69	0.61	0.92	0.70	0.82	0.57	0.72
1-4 family residential mortgages	0.78	0.91	1.42	1.04	1.18	0.90	1.01
Home equity loans	0.29	0.31	0.42	0.34	0.42	0.22	0.34
Multifamily residential mortgages	0.24	0.27	0.59	0.52	0.57	0.10	0.36
Commercial RE loans	0.67	0.33	0.67	0.47	0.61	0.27	0.50
Construction RE loans	0.69	0.39	0.81	0.60	0.65	0.74	0.61
Commercial and industrial loans	0.59	0.49	0.71	0.74	0.90	0.92	0.66
Loans to individuals	1.84	1.76	1.35	2.02	1.74	1.70	1.76
Credit cards	2.20	3.07	1.83	2.55	1.83	1.93	2.23
Installment loans and other plans	1.76	1.57	1.34	1.40	1.78	1.26	1.57
All other loans and leases	0.37	0.13	0.39	0.31	0.72	0.37	0.33
Percent of loans noncurrent							
Total loans and leases	1.32	0.61	0.95	0.76	0.83	1.13	0.96
Loans secured by real estate (RE)	0.66	0.44	1.04	0.56	0.76	1.11	0.72
1-4 family residential mortgages	0.58	0.50	1.41	0.44	0.79	1.98	0.84
Home equity loans	0.13	0.13	0.26	0.20	0.20	0.10	0.18
Multifamily residential mortgages	0.24	0.26	0.62	0.61	0.50	0.07	0.37
Commercial RE loans	0.85	0.55	1.16	0.87	0.84	0.63	0.82
Construction RE loans	0.68	0.33	0.80	0.81	0.58	0.51	0.57
Commercial and industrial loans	2.54	1.22	1.34	1.06	1.07	1.17	1.62
Loans to individuals	1.95	0.85	0.54	1.47	0.64	1.23	1.37
Credit cards	2.01	1.77	1.50	2.22	1.40	1.56	1.89
Installment loans and other plans	2.15	0.69	0.40	0.49	0.62	0.54	1.12
All other loans and leases	0.49	0.38	0.34	0.39	1.14	0.72	0.44
Percent of loans charged-off, net							
Total loans and leases	1.03	0.28	0.40	0.81	0.40	1.11	0.65
Loans secured by real estate (RE)	0.03	0.07	0.18	0.06	0.15	0.01	0.09
1-4 family residential mortgages	0.03	0.06	0.22	0.06	0.16	-0.01	0.09
Home equity loans	0.03	0.15	0.21	0.12	0.22	0.02	0.14
Multifamily residential mortgages	0.03	0.01	0.15	-0.02	0.30	0.01	0.07
Commercial RE loans	-0.03	0.08	0.16	0.05	0.11	0.03	0.08
Construction RE loans	-0.01	0.03	0.05	0.01	0.12	0.01	0.04
Commercial and industrial loans	0.42	0.46	0.53	0.52	1.01	1.08	0.56
Loans to individuals	3.84	1.30	1.47	4.00	0.98	3.59	2.97
Credit cards	6.32	4.27	4.52	6.49	4.51	4.94	5.77
Installment loans and other plans	1.84	0.68	0.98	0.64	0.82	0.60	1.16
All other loans and leases	0.05	0.13	0.22	0.11	0.31	0.10	0.13
Loans outstanding (\$)							
Total loans and leases	\$1,295,026	\$1,107,427	\$1,011,595	\$521,265	\$301,199	\$435,195	\$4,671,708
Loans secured by real estate (RE)	505,479	689,744	540,683	288,757	199,449	237,271	2,461,384
1-4 family residential mortgages	246,492	323,102	209,125	117,794	66,091	93,717	1,056,320
Home equity loans	72,479	89,746	93,995	58,154	14,144	12,649	341,167
Multifamily residential mortgages	17,736	16,839	22,763	6,908	5,340	13,440	83,026
Commercial RE loans	102,947	164,494	146,332	67,216	68,770	84,955	634,714
Construction RE loans	24,323	87,136	57,830	24,253	34,057	28,346	255,945
Farmland loans	1,837	5,425	10,003	14,431	7,711	3,557	42,965
RE loans from foreign offices	39,663	3,003	636	0	3,337	608	47,248
Commercial and industrial loans	265,763	188,520	216,558	75,232	57,350	71,908	875,332
Loans to individuals	308,529	119,335	107,028	87,903	29,524	105,651	757,971
Credit cards	137,770	20,557	15,007	50,572	1,357	72,868	298,132
Other revolving credit plans	20,341	4,932	5,369	2,756	791	2,416	36,606
Installment loans	150,417	93,846	86,652	34,576	27,376	30,367	423,233
All other loans and leases	216,959	110,168	147,470	69,429	15,104	20,810	579,939
Less: Unearned income	1,703	339	145	56	230	446	2,919