

# FDIC Quarterly Banking Profile

FDIC-INSURED INSTITUTIONS FOURTH QUARTER 2002

- **Fourth-Quarter Earnings Are Third-Highest Ever**
- **Income And Profitability Set New Records In 2002**
- **Consumer Lending Continues To Sustain Asset Growth**
- **Noncurrent Loans Register First Decline In Three Years**
- **Eleven Failures In 2002 Are Most Since 1994**

## This Profile Inaugurates New Presentation Format

This issue of the *Quarterly Banking Profile* marks the introduction of a new format that presents the condition and performance of insured commercial banks and savings institutions as a single industry. It also contains new groupings of institutions that are based on specific business line concentrations. These changes recognize the elimination of most of the restrictions that differentiated commercial banks from savings institutions in the past, as well as the fact that specialized charters account for a significant segment of the industry.

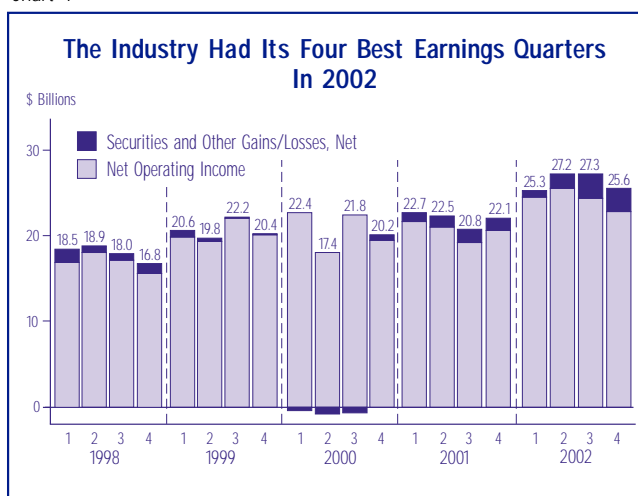
## Profitability Is Significantly Higher Than In Year-Ago Quarter

Insured commercial banks and savings institutions earned \$25.6 billion in the fourth quarter of 2002, a \$3.5-billion (16.0-percent) increase over the fourth quarter of 2001. The average return on assets (ROA) was 1.23 percent in the fourth quarter, compared to 1.12 percent in the fourth quarter of 2001. More than half of all banks and thrifts (55.8 percent) had higher quarterly ROAs than a year earlier, and almost half (49.0 percent) had an ROA of 1 percent or better for the quarter. The improvement in earnings in the fourth quarter had many sources. Expenses for credit losses were lower than a year earlier. Lower interest rates helped institutions realize increased gains on sales of securities. Gains on asset sales and increased service charges lifted noninterest income, and strong growth in interest-earning assets boosted net interest income.

## Loss Provisions Decline For First Time Since 1999

Banks and thrifts set aside \$13.7 billion in provisions for loan losses in the fourth quarter, \$2.5 billion (15.7 per-

Chart 1

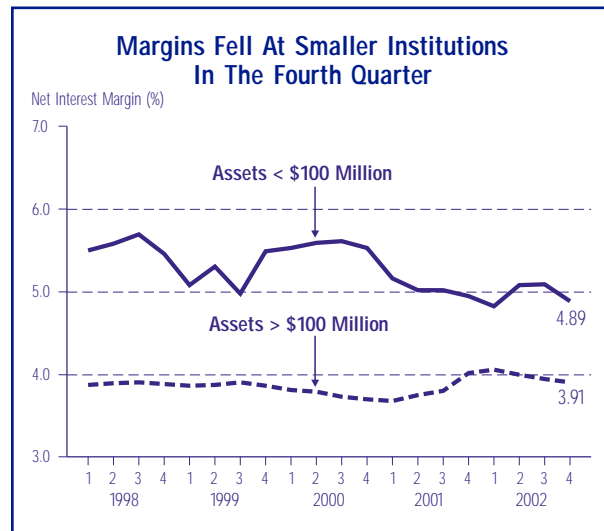


cent) less than a year earlier, when large banks had sizable provisions for troubled loans to large corporate and foreign borrowers. This is the first year-over-year decline in quarterly loss provisions in more than three years – since the third quarter of 1999. Sales of securities produced gains totaling \$4.2 billion, an increase of \$1.6 billion (58.7 percent) from the fourth quarter of 2001, and the second-highest quarterly total ever, after the \$4.3 billion in gains realized in the third quarter. Noninterest income was up by \$3.3 billion (7.7 percent), as gains on loan sales rose by \$1.5 billion (83.7 percent), and gains on sales of other assets increased by \$707 million. At banks that file Call reports, income from service charges on deposit accounts increased by \$578 million (7.8 percent). These improvements outweighed declines in other categories of noninterest income, such as trading revenue, which was down \$609 million (24.7 percent) from a year earlier, and fiduciary income, which was \$458 million (8.5 percent) lower.

## Falling Interest Rates Hurt Small Institutions' Margins

Net interest income was up by \$2.5 billion (3.7 percent) from a year earlier, even though net interest margins were narrower, because interest-earning assets were 7.4 percent higher than a year ago. The average net interest margin in the fourth quarter was 3.92 percent, down from 4.03 percent in the fourth quarter of 2001. With short-term interest rates falling during the fourth quarter, margins declined from third-quarter levels at small banks and thrifts, because their liabilities are less interest-sensitive than their assets in the current low-rate environment. At institutions with more than \$1 billion in assets, average margins were unchanged from third-quarter levels.

Chart 2



## Larger Institutions See Noninterest Expenses Rise

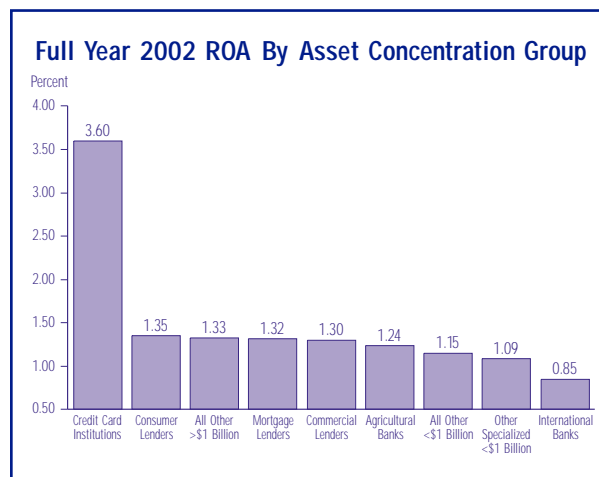
Noninterest expenses were \$4.6 billion (7.0 percent) higher than in the fourth quarter of 2001, as salaries and employee benefits costs increased by \$2.7 billion (9.8 percent). The increase in noninterest expenses outpaced growth in the industry's net operating revenues (net interest income plus total noninterest income), which were only 5.2 percent higher than a year earlier. As a result, the "efficiency ratio," which measures the extent to which noninterest expenses absorb net operating revenues, worsened slightly, rising to 58.4 percent from 56.6 percent in the fourth quarter of 2001. This increase in the relative burden of overhead expenses was concentrated among larger banks and thrifts; at institutions with less than \$100

million in assets, the average efficiency ratio improved.

## Credit Card Lenders Continue to Out-Perform Rest of Industry

Performance varied among different asset concentration groups, although most groups showed improved results compared to a year earlier. Two groups that include some of the largest banks – international banks and institutions with assets greater than \$1 billion that had no identified asset concentrations – were the exception, as their average ROAs in the fourth quarter were down from the fourth quarter of 2001. Institutions in these two groups together comprise almost 40 percent of total industry assets. Credit-card lenders registered both the highest quarterly ROA and the greatest improvement in ROA; their fourth-quarter average of 3.69 percent was three times the industry average, and was 76 basis points higher than a year earlier. This improvement was largely driven by strong growth in noninterest income and a reduced burden from loan-loss provisions. Mortgage lenders also registered improvement, thanks to strong demand for residential mortgage loans. Their average ROA of 1.39 percent was 42 basis points higher than a year earlier, as non-interest income was up substantially, and provisions for loan losses were lower. Commercial lenders enjoyed improved profitability, as their average ROA rose by 27 basis points, to 1.30 percent. This gain reflected reduced burdens from overhead expenses and loan-loss provisions, amid signs of improving credit quality in domestic portfolios.

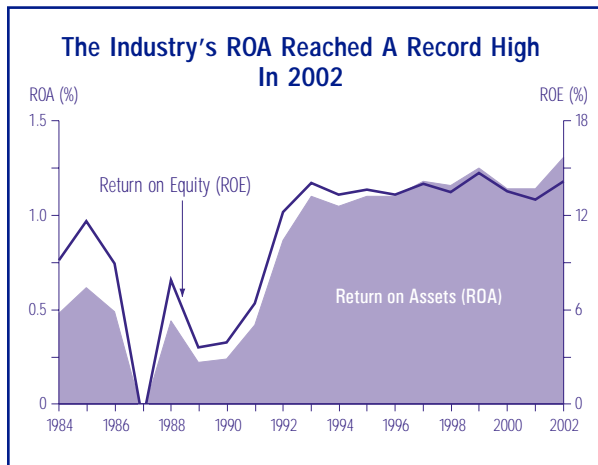
Chart 3



### Industry Earnings Exceeded \$100 Billion For First Time in 2002

The industry posted its four highest earnings quarters ever in 2002, as net income for the year soared to \$105.4 billion, surpassing the previous year's results by \$18.1 billion (20.8 percent). The industry's ROA in 2002 was a record 1.31 percent, eclipsing the high of 1.25 percent reached in 1999, and well above the 1.14 percent ROA registered in 2001. Almost two out of every three institutions (64.1 percent) had a higher ROA in 2002, and more than half (54.7 percent) reported an ROA of 1 percent or better for the year. Only 6.3 percent of insured banks and thrifts posted net losses in 2002, the lowest proportion in 4 years. Net interest margins were up in 2002, noninterest income growth was relatively strong, gains from securities sales were sharply higher, and noninterest expense growth was held in check. These positive developments outweighed the negative effect of higher expenses for credit losses.

Chart 4



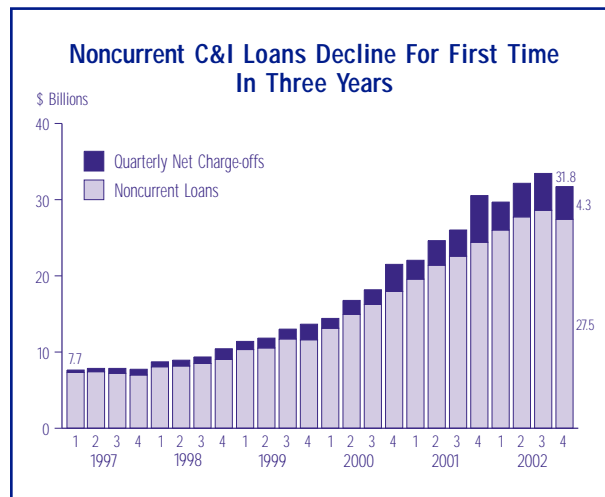
### Credit Cards, Mortgages, and Commercial Lending All Improved in 2002

Among the biggest gainers in 2002 were: credit-card lenders, whose average ROA rose to 3.60 percent, from 2.94 percent in 2001; mortgage lenders, whose ROA increased from 1.05 percent to 1.32 percent; and "other" institutions with assets greater than \$1 billion, whose average ROA rose from 1.09 percent to 1.33 percent. More modest improvements were reported by agricultural banks, who posted a 12 basis-point increase in ROA, and "other" institutions with assets less than \$1 billion, who had an 11 basis-point increase.

### Losses on Domestic C&I Loans Fell in the Fourth Quarter

Banks and thrifts charged-off \$12.2 billion in loans and leases during the fourth quarter, \$1.4 billion (10.0 percent) less than a year earlier. The improvement came from a \$1.8-billion (29.7-percent) decline in charge-offs of loans to commercial and industrial (C&I) borrowers. Net charge-offs on loans to domestic C&I borrowers were down by \$1.9 billion (33.6 percent), while net charge-offs on loans to non-U.S. borrowers increased by \$249 million (58.6 percent). Net charge-offs on leases increased by \$299 million (177.1 percent) compared to the fourth quarter of 2001. Net charge-offs on consumer loans other than credit cards were \$129 million (7.1 percent) higher than a year earlier.

Chart 5



### Noncurrent C&I Loans Also Register Improvement

The amount of banks' and thrifts' loans that were noncurrent (90 days or more past due or in nonaccrual status) declined by \$21 billion during the fourth quarter. Although small, this represented the first quarterly decline in noncurrent loans since the fourth quarter of 1999. The largest decline occurred in C&I loans, where noncurrent loans fell by \$1.2 billion (4.1 percent). Noncurrent construction and development loans declined by \$197 million (7.0 percent), and noncurrent leases shrank by \$156 million (8.1 percent). Against these improvements, noncurrent residential mortgage loans increased by \$895 million (6.8 percent), noncurrent credit card loans grew by \$471 million (7.9 percent), and non-

current other consumer loans rose by \$223 million (5.0 percent).

### Credit-Card Charge-Offs Rose Sharply in 2002

For all of 2002, insured banks and thrifts charged-off \$46.9 billion in loans and leases, an increase of \$8.1 billion (20.8 percent) over the previous year's charge-offs. The net charge-off rate for the year was 0.97 percent, the highest since 1992 (the charge-off rate in 2001 was 0.83 percent). Net charge-offs on credit card loans increased by \$4.2 billion (32.9 percent), while C&I charge-offs were up by \$2.1 billion (14.1 percent), and non credit-card consumer loan charge-offs rose by \$1.2 billion (22.4 percent). Net charge-offs of residential mortgage loans fell by \$485 million (23.5 percent) in 2002. Despite the heightened level of charge-off activity, noncurrent loans rose by \$6.4 billion (10.2 percent) during 2002.

[This was less than half the increase in noncurrent loans registered in 2001, when they increased by \$13.7 billion (28.0 percent).] Noncurrent C&I loans finished the year \$3.0 billion (12.4 percent) higher than at the end of 2001; noncurrent residential mortgage loans increased by \$1.7 billion (13.9 percent); and noncurrent credit card loans grew by \$1.3 billion (24.8 percent) during 2002.

### Consumer Categories Account for Bulk of Asset Growth

Total assets increased by \$162.8 billion (2.0 percent) in the fourth quarter, to \$8.4 trillion. Loans increased by \$103.3 billion (2.1 percent), while securities grew by \$43.2 billion (2.7 percent). Real estate

loan growth was particularly strong; the industry's portfolio of residential mortgage loans increased by \$67.1 billion (4.6 percent), while commercial real estate loans grew by \$16.9 billion (2.8 percent), and home equity loans were up by \$16.8 billion (7.0 percent). C&I loans fell for the eighth consecutive quarter, declining by \$8.5 billion (0.9 percent). Credit-card loans increased by \$9.6 billion (3.4 percent), while other consumer loans rose by \$9.1 billion (1.9 percent). The percentage of commercial banks' assets that were "long-term," i.e., assets with remaining maturities of 5 years or longer, increased from 20.9 percent to 21.2 percent during the quarter. This is the highest percentage ever reported by the banking industry.

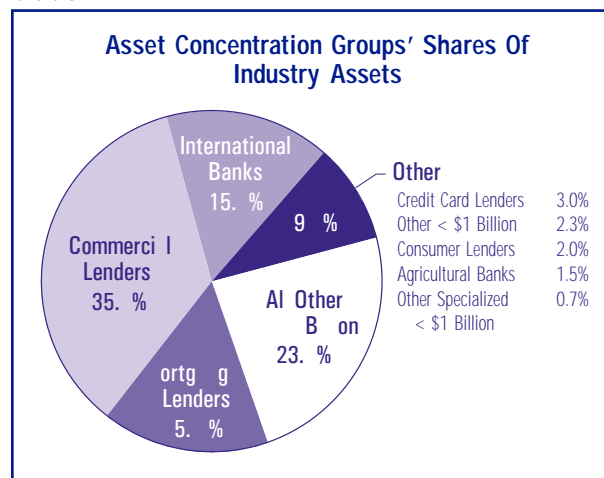
### Deposit Growth Reaches Four-Year High in Fourth Quarter

Total deposits increased by \$176.8 billion (3.3 percent) during the fourth quarter, the largest quarterly increase since the fourth quarter of 1998. Deposits in foreign offices grew by \$45.1 billion (7.4 percent). At insured commercial banks (these account details are not available for savings and loan associations), demand deposits increased by \$25.2 billion (4.5 percent), savings deposits grew by \$78.0 billion (4.0 percent), and time deposits fell by \$10.1 billion (0.8 percent). For all insured institutions, Fed funds purchased increased by \$22.2 billion (3.6 percent), and Federal Home Loan Bank (FHLB) borrowings declined by \$2.0 billion (0.4 percent) during the quarter.

### Two Failures in Fourth Quarter Bring 2002 Total to Eleven

The number of insured commercial banks and savings institutions reporting financial results declined by 61 in the fourth quarter. There were 28 new charters added, while 84 institutions were absorbed by mergers, and two institutions failed. During 2002, the number of reporters declined by 259 (2.7 percent). 94 new charters were added in 2002, while 336 institutions were absorbed in mergers, and 11 institutions failed. This is the largest number of bank and thrift failures in a year since 13 insured institutions failed in 1994. In the fourth quarter, the number of institutions on the FDIC's "Problem List" declined from 146 to 136, and assets of "problem" institutions fell from \$42 billion to \$39 billion. The "Problem List" began 2002 with 114 institutions with combined assets of \$40 billion.

Chart 6



**TABLE I-A. Selected Indicators, All FDIC-Insured Institutions\***

	2002	2001	2000	1999	1998	1997	1996
Return on assets (%) .....	1.31	1.14	1.14	1.25	1.16	1.18	1.1
Return on equity (%) .....	14.17	12.99	13.55	14.71	13.49	14.03	13.31
Core capital (leverage) ratio .....	7.87	7.79	7.71	7.8	7.59	7.62	7.66
Noncurrent assets plus other real estate owned to assets (%) .....	0.90	0.88	0.71	0.63	0.66	0.71	0.81
Net charge-offs to loans (%) .....	0.97	0.83	0.59	0.53	0.59	0.57	0.53
Asset growth rate (%) .....	7.20	5.45	8.40	5.40	8.11	7.73	5.04
Net interest margin (%) .....	3.96	3.78	3.78	3.90	3.91	4.04	4.06
Net operating income growth (%) .....	18.56	-0.87	1.95	19.91	2.91	13.29	3.62
Number of institutions reporting .....	9,354	9,613	9,904	10,221	10,463	10,922	11,453
Commercial banks .....	7,887	8,079	8,315	8,579	8,773	9,142	9,527
Savings Institutions .....	1,467	1,534	1,589	1,642	1,690	1,780	1,926
Percentage of unprofitable institutions (%) .....	6.29	8.21	7.53	7.64	5.97	4.72	5.59
Number of problem institutions .....	136	114	94	79	84	92	117
Assets of problem institutions (in billions) .....	\$39	\$40	\$24	\$10	\$11	\$6	\$12
Number of failed/assisted institutions .....	11	4	7	8	3	1	6

**TABLE II-A. Aggregate Condition and Income Data, All FDIC-Insured Institutions**

(dollar figures in millions)	4th Quarter 2002	3rd Quarter 2002	4th Quarter 2001	%Change 01:4-02:4		
Number of institutions reporting .....	9,354	9,415	9,613	-2.7		
Total employees (full-time equivalent) .....	2,017,498	2,003,532	1,967,615	2.5		
<b>CONDITION DATA</b>						
Total assets .....	\$8,434,686	\$8,271,853	\$7,868,395	7.2		
Loans secured by real estate .....	2,849,605	2,744,413	2,560,847	11.3		
1-4 Family residential mortgages .....	1,513,259	1,446,130	1,379,876	9.7		
Commercial real estate .....	628,240	611,307	569,484	10.3		
Construction and development .....	244,885	243,640	231,503	5.8		
Home equity lines .....	256,424	239,586	184,320	39.1		
Commercial & industrial loans .....	953,910	962,389	1,020,183	-6.5		
Loans to individuals .....	772,381	753,658	701,048	10.2		
Credit cards .....	291,505	281,883	250,317	16.5		
Farm loans .....	47,326	48,181	48,411	-2.2		
Other loans & leases .....	485,041	497,405	488,285	-0.7		
Less: Unearned income .....	3,549	3,789	3,276	8.3		
Total loans & leases .....	5,057,389	4,954,075	4,767,085	6.1		
Less: Reserve for losses .....	85,196	83,846	80,081	6.4		
Net loans and leases .....	4,972,193	4,870,229	4,687,005	6.1		
Securities .....	1,632,548	1,589,368	1,464,706	11.5		
Other real estate owned .....	5,250	5,040	4,617	13.7		
Goodwill and other intangibles .....	153,282	145,777	143,770	6.6		
All other assets .....	1,671,413	1,661,440	1,568,297	6.6		
Total liabilities and capital .....	8,434,686	8,271,853	7,868,395	7.2		
Deposits .....	5,568,653	5,391,808	5,189,370	7.3		
Domestic office deposits .....	4,910,620	4,778,834	4,559,864	7.7		
Foreign office deposits .....	658,033	612,973	629,506	4.5		
Other borrowed funds .....	1,569,081	1,576,018	1,496,092	4.9		
Subordinated debt .....	98,544	95,992	99,227	-0.7		
All other liabilities .....	421,805	444,617	376,540	12.0		
Equity capital .....	776,603	763,419	707,166	9.8		
Loans and leases 30-89 days past due .....	58,264	55,058	62,793	-7.2		
Noncurrent loans and leases .....	68,862	68,883	62,470	10.2		
Restructured loans and leases .....	3,255	3,547	3,192	2.0		
Direct and indirect investments in real estate .....	712	696	687	3.6		
Mortgage-backed securities .....	911,825	901,707	810,107	12.6		
Earning assets .....	7,291,237	7,154,193	6,790,966	7.4		
FHLB Advances .....	450,497	452,474	452,527	-0.5		
Unused loan commitments .....	5,636,905	5,583,506	5,148,544	9.5		
Trust assets .....	11,216,922	10,736,455	11,865,516	-5.5		
Assets securitized and sold** .....	1,202,730	1,185,021	1,163,888	3.3		
Notional amount of derivatives** .....	56,291,405	53,711,719	45,443,413	23.9		
<b>INCOME DATA</b>						
Total interest income .....	\$429,818	\$486,800	\$106,552	\$112,883	-5.6	
Total interest expense .....	152,838	235,010	35,812	44,634	-19.8	
Net interest income .....	276,981	251,791	70,740	68,249	3.7	
Provision for loan and lease losses .....	51,355	46,296	13,676	16,215	-15.7	
Total noninterest income .....	182,526	168,791	46,696	43,375	7.7	
Total noninterest expense .....	262,751	251,095	69,922	65,343	7.0	
Securities gains (losses) .....	12,124	8,734	4,214	2,655	58.7	
Applicable income taxes .....	52,122	44,025	18.4	10,216	21.0	
Extraordinary gains, net .....	-49	-649	N/M	-401	N/M	
Net income .....	105,353	87,250	25,643	22,103	16.0	
From international operations .....	5,964	6,926	-13.9	1,466	984	49.0
Net charge-offs .....	46,947	38,874	20.8	12,192	13,547	-10.0
Cash dividends .....	75,424	60,667	24.3	20,289	17,610	15.2
Retained earnings .....	29,930	26,583	12.6	5,355	4,493	19.2
Net operating income .....	97,227	82,010	18.6	22,845	20,714	10.3

\* Excludes insured branches of foreign banks (IBAs).

N/M - Not Meaningful

\*\* Commercial banks only.

**TABLE III-A. Full Year 2002, All FDIC-Insured Institutions**

FULL YEAR (The way it is...)	All Insured Institutions	Asset Concentration Groups*								
		International Banks	Agricultural Banks	Credit Card Lenders	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <\$1 Billion	All Other <\$1 Billion	All Other >\$1 Billion
Number of institutions reporting .....	9,354	6	1,823	39	4,071	1,110	195	488	1,523	99
Commercial banks .....	7,887	6	1,819	38	3,739	257	150	422	1,376	80
Savings institutions .....	1,467	0	4	1	332	853	45	66	147	19
Total assets (in billions) .....	\$8,434.7	\$1,323.9	\$123.7	\$248.7	\$2,963.2	\$1,342.6	\$166.3	\$60.2	\$196.8	\$2,009.4
Commercial banks .....	7,075.2	1,323.9	123.4	247.9	2,762.3	377.2	119.0	46.1	166.5	1,908.9
Savings institutions .....	1,359.5	0.0	0.3	0.8	200.9	965.3	47.3	14.1	30.3	100.5
Total deposits (in billions) .....	5,568.6	753.6	102.6	82.7	2,151.0	829.8	82.8	43.7	161.9	1,360.7
Commercial banks .....	4,689.5	753.6	102.4	82.2	2,013.0	219.9	52.8	33.5	137.9	1,294.3
Savings institutions .....	879.1	0.0	0.2	0.4	138.0	609.8	30.0	10.2	24.0	66.4
Net income (in millions) .....	105,353	10,522	1,486	8,581	36,791	16,950	2,125	749	2,177	25,973
Commercial banks .....	90,110	10,522	1,483	8,550	34,283	5,850	1,721	728	1,956	25,018
Savings institutions .....	15,243	0	3	32	2,508	11,099	404	21	221	955
<b>Performance Ratios (annualized, %)</b>										
Yield on earning assets .....	6.15	5.80	6.70	11.96	6.32	5.86	7.28	5.85	6.55	5.43
Cost of funding earning assets .....	2.19	2.40	2.54	2.86	2.12	2.47	2.59	2.45	2.44	1.79
Net interest margin .....	3.96	3.40	4.17	9.10	4.20	3.39	4.69	3.40	4.12	3.64
Noninterest income to assets .....	2.26	3.15	0.65	12.28	1.64	1.09	2.40	6.44	0.89	2.22
Noninterest expense to assets .....	3.26	3.71	2.73	9.48	3.05	2.36	3.58	7.70	2.94	2.97
Loan and lease loss provision to assets .....	0.64	0.93	0.24	4.95	0.52	0.17	1.19	0.27	0.26	0.43
Net operating income to assets .....	1.21	0.76	1.22	3.58	1.24	1.05	1.21	0.95	1.12	1.26
Pretax return on assets .....	1.95	1.33	1.55	5.67	1.90	2.04	2.14	1.72	1.51	1.98
Return on assets .....	1.31	0.85	1.24	3.60	1.30	1.32	1.35	1.09	1.15	1.33
Return on equity .....	14.17	11.09	11.58	24.54	13.91	14.69	18.49	6.32	10.85	14.63
Net charge-offs to loans and leases .....	0.97	1.89	0.29	6.31	0.65	0.20	1.07	1.36	0.35	0.81
Loan and lease loss provision to net charge-offs .....	109.39	114.04	133.21	98.35	117.78	127.27	142.96	56.24	127.58	98.95
Efficiency ratio .....	56.00	62.38	60.50	45.31	55.42	56.15	53.23	80.46	62.37	55.19
% of unprofitable institutions .....	6.29	16.67	2.63	5.13	8.33	4.68	4.10	12.91	4.79	2.02
% of institutions with earnings gains .....	74.17	50.00	68.07	74.36	76.98	81.53	80.00	54.71	74.13	74.75
<b>Condition Ratios(%)</b>										
Earning assets to total assets .....	86.44	79.50	91.60	86.62	89.12	90.22	91.20	87.66	91.74	83.27
Loss allowance to:										
Loans and leases .....	1.68	2.45	1.49	4.90	1.60	0.77	1.59	1.72	1.37	1.66
Noncurrent loans and leases .....	123.72	89.81	125.27	227.25	139.73	80.52	108.14	108.46	135.89	129.61
Noncurrent assets plus										
other real estate owned to assets .....	0.90	1.19	0.85	1.79	0.87	0.71	1.29	0.59	0.70	0.75
Equity capital ratio .....	9.21	7.52	10.76	15.18	9.39	9.09	7.35	17.19	10.62	9.07
Core capital (leverage) ratio .....	7.87	6.69	10.11	14.87	8.12	7.53	7.42	15.11	9.82	7.13
Tier 1 risk-based capital ratio .....	10.43	9.37	14.72	12.35	9.84	12.78	10.35	33.33	16.15	9.32
Total risk-based capital ratio .....	13.00	12.81	15.85	14.56	12.13	14.40	13.23	34.51	17.33	12.57
Net loans and leases to deposits .....	89.29	71.39	72.86	227.94	91.77	105.34	158.24	35.90	68.20	78.34
Net loans to total assets .....	58.95	40.64	60.43	75.76	66.62	65.10	78.75	26.09	56.09	53.05
Domestic deposits to total assets .....	58.22	26.32	82.94	30.02	70.21	60.77	49.77	71.64	82.08	59.77
<b>Structural Changes</b>										
New Charters .....	94	0	4	0	29	1	2	56	2	0
Institutions absorbed by mergers .....	336	0	26	2	218	37	1	1	31	20
Failed Institutions .....	11	0	1	1	7	1	0	0	1	0
<b>PRIOR FULL YEARS (The way it was...)</b>										
Number of institutions .....										
.....2001	9,613	5	1,875	56	3,968	1,242	229	476	1,661	101
.....1999	10,221	8	2,113	63	3,784	1,356	304	562	1,942	89
.....1997	10,922	11	2,377	73	3,437	1,615	338	611	2,365	95
Total assets (in billions) .....										
.....2001	\$7,868.4	\$1,176.3	\$120.1	\$335.2	\$3,538.3	\$1,178.7	\$140.8	\$49.7	\$202.7	\$1,126.7
.....1999	6,883.6	1,179.2	121.2	254.2	3,392.4	1,045.4	100.6	56.2	225.4	509.1
.....1997	6,041.0	1,383.2	120.4	213.2	2,019.1	966.9	117.8	65.0	279.5	876.1
Return on assets (%) .....										
.....2001	1.14	0.84	1.12	2.94	1.11	1.05	1.29	1.84	1.04	1.09
.....1999	1.25	0.93	1.18	3.51	1.27	1.03	1.36	1.67	1.27	1.26
.....1997	1.18	0.93	1.25	2.07	1.31	0.96	1.27	1.66	1.23	1.23
Net charge-offs to loans & leases (%) .....										
.....2001	0.83	0.88	0.36	4.53	0.68	0.19	1.39	0.48	0.33	0.75
.....1999	0.53	0.62	0.28	3.84	0.40	0.12	0.62	1.32	0.26	0.46
.....1997	0.57	0.25	0.23	4.70	0.38	0.18	0.97	0.30	0.29	0.56
Noncurrent assets plus										
OREO to assets .....										
.....2001	0.88	1.00	0.81	1.53	0.93	0.65	1.30	0.31	0.66	0.64
.....1999	0.63	0.66	0.72	1.55	0.59	0.47	1.06	0.30	0.54	0.60
.....1997	0.71	0.56	0.68	1.80	0.74	0.76	1.01	0.37	0.58	0.58
Equity capital ratio (%) .....										
.....2001	8.99	7.51	10.47	13.13	9.47	8.25	7.60	17.46	10.38	7.95
.....1999	8.35	6.48	10.13	13.02	8.50	7.90	8.80	14.87	9.88	8.29
.....1997	8.39	6.45	10.72	12.75	8.78	8.47	8.96	14.11	10.16	8.04

\* See page 8 for explanations.



**TABLE IV-A. Fourth Quarter 2002, All FDIC-Insured Institutions**

FOURTH QUARTER (The way it is...)	Asset Concentration Groups*										
	All Insured Institutions	International Banks	Agricultural Banks	Credit Card Lenders	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <\$1 Billion	All Other <\$1 Billion	All Other >\$1 Billion	
Number of institutions reporting .....	9,354	6	1,823	39	4,071	1,110	195	488	1,523	99	
Commercial banks .....	7,887	6	1,819	38	3,739	257	150	422	1,376	80	
Savings institutions .....	1,467	0	4	1	332	853	45	66	147	19	
Total assets (in billions) .....	\$8,434.7	\$1,323.9	\$123.7	\$248.7	\$2,963.2	\$1,342.6	\$166.3	\$60.2	\$196.8	\$2,009.4	
Commercial banks .....	7,075.2	1,323.9	123.4	247.9	2,762.3	377.2	119.0	46.1	166.5	1,908.9	
Savings institutions .....	1,359.5	0.0	0.3	0.8	200.9	965.3	47.3	14.1	30.3	100.5	
Total deposits (in billions) .....	5,568.6	753.6	102.6	82.7	2,151.0	829.8	82.8	43.7	161.9	1,360.7	
Commercial banks .....	4,689.5	753.6	102.4	82.2	2,013.0	219.9	52.8	33.5	137.9	1,294.3	
Savings institutions .....	879.1	0.0	0.2	0.4	138.0	609.8	30.0	10.2	24.0	66.4	
Net income (in millions) .....	25,643	1,857	314	2,256	9,530	4,612	592	-128	506	6,106	
Commercial banks .....	21,657	1,857	313	2,248	8,804	1,549	453	138	453	5,842	
Savings institutions .....	3,986	0	1	8	726	3,063	139	-266	52	264	
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets .....	5.90	5.34	6.51	11.72	6.07	5.72	7.09	4.97	6.30	5.22	
Cost of funding earning assets .....	1.98	1.96	2.33	2.66	1.93	2.34	2.35	2.21	2.22	1.66	
Net interest margin .....	3.92	3.39	4.17	9.07	4.14	3.38	4.74	2.76	4.08	3.56	
Noninterest income to earning assets .....	2.24	2.94	0.69	11.80	1.69	1.17	2.33	5.64	0.96	2.21	
Noninterest expense to earning assets .....	3.35	3.98	2.98	9.32	3.09	2.48	3.45	9.29	3.07	3.02	
Loan and lease loss provision to assets .....	0.66	0.96	0.29	4.66	0.54	0.15	1.05	0.07	0.31	0.51	
Net operating income to assets .....	1.09	0.42	1.01	3.63	1.22	1.03	1.36	-0.53	1.01	1.13	
Pretax return on assets .....	1.82	0.93	1.27	5.81	1.87	2.14	2.24	-1.69	1.36	1.79	
Return on assets .....	1.23	0.57	1.03	3.69	1.30	1.39	1.42	-0.79	1.04	1.22	
Return on equity .....	13.30	7.54	9.43	24.25	13.82	15.24	19.30	-4.61	9.70	13.47	
Net charge-offs to loans and leases .....	0.97	1.87	0.44	5.47	0.65	0.29	1.14	2.33	0.49	0.90	
Loan and lease loss provision to net charge-offs .....	112.17	122.24	107.86	105.71	123.31	81.94	117.98	10.79	110.64	105.66	
Efficiency ratio .....	58.42	69.54	65.74	45.45	56.25	58.06	51.55	111.67	64.75	57.16	
% of unprofitable institutions .....	10.28	33.33	13.00	15.38	9.36	7.21	8.72	20.90	8.80	3.03	
% of institutions with earnings gains .....	63.14	50.00	55.07	64.10	70.15	64.41	63.08	46.31	59.09	54.55	
<b>Structural Changes</b>											
New Charters .....	28	0	1	0	7	1	0	17	2	0	
Institutions absorbed by mergers .....	84	0	4	0	58	6	0	1	8	7	
Failed Institutions .....	2	0	1	0	1	0	0	0	0	0	
<b>PRIOR FOURTH QUARTERS (The way it was...)</b>											
Return on assets (%) .....	2001	1.12	0.63	0.95	2.93	1.03	0.97	1.80	1.67	1.03	1.54
.....	1999	1.21	1.02	1.02	2.98	1.22	0.99	1.31	2.44	1.05	1.14
.....	1997	1.18	0.90	1.06	2.51	1.36	0.95	1.08	1.57	1.15	1.18
Net charge-offs to loans & leases (%) .....	2001	1.14	1.60	0.54	5.54	0.95	0.23	1.90	0.69	0.48	0.99
.....	1999	0.61	0.77	0.46	3.78	0.48	0.13	0.71	0.87	0.39	0.56
.....	1997	0.61	0.26	0.36	5.15	0.44	0.17	0.84	0.42	0.38	0.55

**\*Asset Concentration Group Definitions (Groups are hierarchical and mutually exclusive):**

International Banks - Banks with assets greater than \$10 billion and more than 25 percent of total assets in foreign offices.

Agricultural Banks - Banks whose agricultural production loans plus real estate loans secured by farmland exceed 25 percent of total loans and leases.

Credit-card Lenders - Institutions whose credit-card loans plus securitized receivables exceed 50 percent of total assets plus securitized receivables.

Commercial Lenders - Institutions whose commercial and industrial loans, plus real estate construction and development loans, plus loans secured by commercial real estate properties exceed 25 percent of total assets.

Mortgage Lenders - Institutions whose residential mortgage loans, plus mortgage-backed securities, exceed 50 percent of total assets.

Consumer Lenders - Institutions whose residential mortgage loans, plus credit-card loans, plus other loans to individuals, exceed 50 percent of total assets.

Other Specialized < \$1 Billion - Institutions with assets less than \$1 billion, whose loans and leases are less than 40 percent of total assets.

All Other < \$1 billion - Institutions with assets less than \$1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.

All Other > \$1 billion - Institutions with assets greater than \$1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.



**TABLE IV-A. Fourth Quarter 2002, All FDIC-Insured Institutions**

FOURTH QUARTER (The way it is...)	All Insured Institutions	Asset Size Distribution				Geographic Regions*					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting .....	9,354	4,680	4,118	450	106	1,212	1,237	2,055	2,167	1,901	782
Commercial Banks .....	7,887	4,168	3,314	325	80	626	1,076	1,681	2,052	1,761	691
Savings Institutions .....	1,467	512	804	125	26	586	161	374	115	140	91
Total assets (in billions) .....	\$8,434.7	\$237.8	\$1,125.0	\$1,278.3	\$5,793.7	\$2,892.8	\$1,710.7	\$1,571.1	\$440.1	\$581.6	\$1,238.4
Commercial Banks .....	7,075.2	211.3	869.5	936.7	5,057.7	2,405.4	1,590.9	1,439.9	395.3	493.2	750.5
Savings Institutions .....	1,359.5	26.5	255.4	341.6	735.9	487.4	119.9	131.2	44.8	88.3	487.9
Total deposits (in billions) .....	5,568.7	199.4	901.1	862.5	3,605.6	1,824.7	1,175.5	1,036.3	292.6	438.3	801.3
Commercial Banks .....	4,689.5	178.3	707.1	639.6	3,164.5	1,494.1	1,093.0	938.2	265.3	386.5	512.4
Savings Institutions .....	879.1	21.1	194.1	222.9	441.0	330.5	82.5	98.1	27.3	51.7	288.9
Net income (in millions) .....	25,643	511	2,844	4,681	17,607	6,758	5,439	4,704	1,718	1,985	5,039
Commercial Banks .....	21,657	451	2,540	3,548	15,118	5,258	5,091	4,686	1,600	1,593	3,428
Savings Institutions .....	3,986	59	305	2,488	1,133	1,499	349	18	118	392	1,610
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets .....	5.90	6.46	6.40	5.99	5.75	5.67	5.91	5.79	6.96	6.12	6.06
Cost of funding earning assets .....	1.98	2.23	2.26	2.10	1.89	2.06	1.98	2.05	2.05	1.84	1.77
Net interest margin .....	3.92	4.23	4.14	3.89	3.86	3.61	3.93	3.74	4.92	4.28	4.29
Noninterest income to earning assets .....	2.24	1.32	1.38	2.08	2.47	2.62	2.12	1.79	2.68	2.02	2.03
Noninterest expense to earning assets .....	3.35	3.77	3.49	3.21	3.34	3.58	3.31	2.95	3.97	3.74	2.97
Loan and lease loss provision to assets .....	0.66	0.35	0.39	0.44	0.77	0.81	0.53	0.56	0.96	0.38	0.59
Net operating income to assets .....	1.09	0.82	0.97	1.32	1.08	0.82	1.15	1.08	1.50	1.26	1.44
Pretax return on assets .....	1.82	1.14	1.37	2.20	1.85	1.46	1.79	1.76	2.32	1.89	2.58
Return on assets .....	1.23	0.87	1.02	1.49	1.23	0.95	1.28	1.20	1.58	1.38	1.66
Return on equity .....	13.30	7.63	10.07	14.76	13.95	10.65	13.58	13.95	15.31	14.26	16.54
Net charge-offs to loans and leases .....	0.97	0.45	0.53	0.64	1.17	1.36	0.79	0.79	1.20	0.54	0.86
Loan and lease loss provision to net charge-offs .....	112.17	126.05	116.33	111.53	111.63	118.07	107.75	107.90	115.28	116.78	103.01
Efficiency ratio .....	58.42	72.39	66.62	56.43	56.88	61.99	59.39	56.54	54.39	63.27	50.52
% of unprofitable institutions .....	10.28	16.18	4.54	3.11	3.77	9.57	11.32	8.03	10.66	11.68	11.25
% of institutions with earnings gains .....	63.14	58.03	67.70	72.44	71.70	66.09	67.58	64.28	57.59	60.55	70.20
<b>Structural Changes</b>											
New Charters .....	28	27	0	0	1	5	3	5	3	4	8
Institutions absorbed by mergers .....	84	38	35	9	2	14	18	15	16	11	10
Failed Institutions .....	2	2	0	0	0	0	0	0	0	2	0
<b>PRIOR FOURTH QUARTERS (The way it was...)</b>											
Return on assets (%) .....2001	1.12	0.64	1.05	1.37	1.10	0.69	1.38	1.21	1.58	1.26	1.50
..... 1999	1.21	0.79	1.16	1.33	1.21	1.18	1.26	1.18	1.38	1.11	1.24
..... 1997	1.18	0.94	1.16	1.41	1.13	1.11	1.00	1.24	1.51	1.22	1.30
Net charge-offs to loans & leases (%) .....2001	1.14	0.52	0.50	1.17	1.31	1.63	0.93	0.96	1.25	0.58	0.94
..... 1999	0.61	0.39	0.39	0.65	0.67	0.75	0.58	0.38	0.74	0.53	0.65
..... 1997	0.61	0.39	0.40	0.98	0.54	0.70	0.55	0.48	0.76	0.50	0.61

**\*Regions:**

New York - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico

Rhode Island, Vermont, U.S. Virgin Islands

Atlanta - Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia

Chicago - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

Kansas City - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Dallas - Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas

San Francisco - Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

**TABLE V-A. Loan Performance, All FDIC-Insured Institutions**

December 31, 2002	All Insured Institutions	Asset Concentration Groups*								
		International Banks	Agricultural Banks	Credit Card Lenders	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <\$1 Billion	All Other <\$1 Billion	All Other >\$1 Billion
<b>Percent of Loans 30-89 Days Past Due</b>										
All loans secured by real estate .....	1.04	1.78	1.36	1.11	0.90	1.04	1.34	1.27	1.61	1.07
Construction and development .....	0.93	3.53	1.60	0.75	0.91	1.14	1.92	1.55	1.45	0.63
Commercial real estate .....	0.68	0.51	1.27	0.16	0.68	0.59	0.77	0.69	1.15	0.61
Multifamily residential real estate .....	0.33	0.29	0.90	0.30	0.36	0.14	0.51	0.83	0.87	0.56
Home equity loans .....	0.53	0.60	0.57	0.75	0.51	0.30	0.86	0.51	0.68	0.65
Other 1-4 Family residential .....	1.35	2.06	1.96	2.62	1.33	1.19	1.62	1.64	1.91	1.36
Commercial and industrial loans .....	0.91	0.63	1.87	2.45	1.03	1.07	1.78	1.25	1.85	0.69
Loans to individuals .....	2.20	2.26	2.50	2.78	1.96	1.82	2.24	2.07	2.50	1.67
Credit card loans .....	2.70	2.82	1.72	2.82	2.30	1.53	2.41	2.48	2.53	1.60
Other loans to individuals .....	1.90	1.74	2.52	1.89	1.92	1.85	2.22	2.05	2.49	1.68
All other loans and leases (including farm) .....	0.59	0.56	0.92	0.01	0.89	0.50	2.70	0.65	0.96	0.27
Total loans and leases .....	1.15	1.31	1.42	2.61	1.02	1.07	1.89	1.36	1.73	0.93
<b>Percent of Loans Noncurrent**</b>										
All real estate loans .....	0.89	1.50	1.09	0.60	0.84	0.94	1.29	1.67	0.94	0.76
Construction and development .....	1.07	3.08	1.52	0.25	0.92	1.76	1.63	3.04	1.02	1.16
Commercial real estate .....	0.97	1.01	1.35	0.14	0.89	1.03	1.17	2.90	1.26	1.13
Multifamily residential real estate .....	0.32	1.35	0.86	0.00	0.35	0.15	0.52	0.30	0.76	0.39
Home equity loans .....	0.27	0.19	0.38	0.39	0.26	0.14	0.73	0.25	0.29	0.31
Other 1-4 Family residential .....	0.93	1.30	0.87	1.51	0.94	1.01	1.51	1.06	0.82	0.65
Commercial and industrial loans .....	2.88	5.32	1.86	1.83	2.13	1.78	2.78	2.82	1.62	3.07
Loans to individuals .....	1.44	2.22	0.81	2.33	0.76	0.61	1.40	0.72	0.85	0.59
Credit card loans .....	2.20	2.18	1.04	2.38	1.72	0.98	1.70	1.25	1.90	1.40
Other loans to individuals .....	0.97	2.26	0.80	0.88	0.64	0.56	1.35	0.70	0.79	0.49
All other loans and leases (including farm) .....	0.99	1.27	1.14	0.01	1.05	0.74	2.92	0.40	1.02	0.74
Total loans and leases .....	1.36	2.72	1.19	2.16	1.15	0.95	1.47	1.58	1.00	1.28
<b>Percent of Loans Charged-off (net, YTD)</b>										
All real estate loans .....	0.13	0.15	0.08	0.23	0.14	0.07	0.41	0.41	0.08	0.15
Construction and development .....	0.16	-0.14	0.16	0.33	0.15	0.13	0.33	0.48	0.17	0.22
Commercial real estate .....	0.14	-0.31	0.16	1.10	0.15	0.20	0.08	0.17	0.11	0.09
Multifamily residential real estate .....	0.04	0.57	0.00	0.00	0.04	0.00	0.75	0.04	0.06	0.07
Home equity loans .....	0.17	0.06	0.05	0.07	0.15	0.08	0.60	0.31	0.08	0.25
Other 1-4 Family residential .....	0.11	0.09	0.08	0.19	0.14	0.06	0.41	0.51	0.07	0.16
Commercial and industrial loans .....	1.75	2.23	0.76	5.98	1.46	1.61	2.00	1.53	0.83	1.96
Loans to individuals .....	3.21	4.18	0.71	6.92	1.56	1.23	1.38	3.56	1.12	1.51
Credit card loans .....	6.22	5.53	3.82	7.06	4.88	2.97	4.28	3.02	5.31	4.18
Other loans to individuals .....	1.44	3.06	0.61	3.16	1.14	1.04	0.89	4.00	0.89	1.20
All other loans and leases (including farm) .....	0.58	0.61	0.00	0.00	0.85	0.36	1.07	1.07	0.44	0.39
Total loans and leases .....	0.97	1.89	0.29	6.31	0.65	0.20	1.07	1.36	0.35	0.81
<b>Loans Outstanding (in billions)</b>										
All real estate loans .....	\$2,849.6	\$117.5	\$38.1	\$9.3	\$1,210.1	\$786.2	\$47.9	\$10.0	\$76.7	\$553.9
Construction and development .....	244.9	1.7	1.7	0.2	174.2	21.6	2.0	0.8	4.1	38.6
Commercial real estate .....	628.2	6.0	8.4	0.3	427.9	48.6	6.3	2.9	18.0	109.9
Multifamily residential real estate .....	134.2	1.1	0.6	0.1	77.5	38.4	0.6	0.3	1.6	14.1
Home equity loans .....	256.4	7.7	0.5	6.8	115.5	49.1	10.6	0.5	2.9	62.9
Other 1-4 Family residential .....	1,513.3	76.2	13.4	1.9	397.4	627.6	28.2	5.3	45.8	317.5
Commercial and industrial loans .....	953.9	155.3	11.0	7.2	464.7	37.3	8.5	2.2	12.2	255.6
Loans to individuals .....	772.4	153.3	6.8	175.6	182.8	42.0	74.8	2.7	17.2	117.2
Credit card loans .....	291.5	74.7	0.2	169.2	20.5	4.2	9.9	0.1	0.9	11.8
Other loans to individuals .....	480.9	78.6	6.6	6.4	162.3	37.8	64.9	2.6	16.3	105.4
All other loans and leases (including farm) .....	485.0	127.4	20.1	6.2	149.6	15.4	1.9	1.1	6.1	157.5
Total loans and leases .....	5,060.9	553.4	75.9	198.2	2,007.2	880.9	133.1	16.0	112.1	1,084.1
<b>Memo: Other Real Estate Owned (in millions)</b>										
All other real estate owned .....	5,249.9	293.3	142.7	10.2	2,443.0	1,083.9	188.9	90.2	223.5	774.1
Construction and development .....	581.7	0.0	12.0	0.0	368.5	147.7	1.2	0.9	22.5	28.9
Commercial real estate .....	1,992.9	96.0	56.5	0.9	1,089.7	121.8	9.6	82.9	87.1	448.5
Multifamily residential real estate .....	107.0	6.0	3.4	0.0	78.8	5.2	0.2	2.4	7.1	3.8
1-4 Family residential .....	2,382.9	110.3	36.2	9.3	858.8	807.6	176.2	13.9	95.2	275.4
Farmland .....	95.9	0.0	34.6	0.0	44.0	2.4	2.2	0.7	10.5	1.5

\* See page 8 for explanations.

\*\* Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

**TABLE V-A. Loan Performances, All FDIC-Insured Institutions**

December 31, 2002	All Insured Institutions	Asset Size Distribution				Geographic Regions*					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
<b>Percent of Loans 30-89 Days Past Due</b>											
All loans secured by real estate .....	1.04	1.53	1.06	0.84	1.07	1.09	0.90	1.30	0.92	1.22	0.86
Construction and development .....	0.93	1.25	0.99	0.95	0.87	1.00	0.61	1.25	0.93	1.03	0.89
Commercial real estate .....	0.68	1.09	0.73	0.69	0.60	0.70	0.57	0.86	0.72	0.87	0.42
Multifamily residential real estate .....	0.33	0.79	0.47	0.30	0.29	0.30	0.36	0.58	0.38	0.83	0.13
Home equity loans .....	0.53	0.60	0.50	0.46	0.55	0.47	0.55	0.61	0.56	0.59	0.42
Other 1-4 Family residential .....	1.35	2.04	1.47	1.02	1.37	1.33	1.23	1.79	1.09	1.64	1.11
Commercial and industrial loans .....	0.91	1.70	1.34	1.32	0.76	0.81	0.62	1.11	1.34	1.15	1.08
Loans to individuals .....	2.20	2.82	2.27	2.08	2.20	2.32	2.24	1.89	2.46	1.94	2.08
Credit card loans .....	2.70	1.95	3.99	2.70	2.66	2.82	4.31	2.04	2.76	1.05	2.15
Other loans to individuals .....	1.90	2.84	2.04	1.82	1.85	1.88	1.86	1.86	1.86	2.10	1.99
All other loans and leases (including farm) .....	0.59	0.93	0.78	0.66	0.55	0.56	0.28	0.77	0.88	0.85	0.50
Total loans and leases .....	1.15	1.63	1.19	1.07	1.14	1.22	0.95	1.26	1.34	1.28	1.02
<b>Percent of Loans Noncurrent*</b>											
All real estate loans .....	0.89	1.00	0.83	0.84	0.93	0.90	0.68	1.23	0.63	1.06	0.79
Construction and development .....	1.07	1.11	1.03	1.13	1.05	1.09	0.83	1.26	0.84	0.98	1.37
Commercial real estate .....	0.97	1.10	0.91	0.97	1.01	0.89	0.82	1.30	0.87	1.19	0.77
Multifamily residential real estate .....	0.32	0.70	0.39	0.45	0.22	0.21	0.30	0.50	0.36	1.73	0.09
Home equity loans .....	0.27	0.27	0.21	0.23	0.29	0.22	0.23	0.39	0.23	0.26	0.19
Other 1-4 Family residential .....	0.93	0.94	0.79	0.80	1.00	0.89	0.68	1.47	0.49	1.04	0.86
Commercial and industrial loans .....	2.88	1.62	1.48	1.80	3.31	4.06	2.74	2.36	1.37	1.56	2.02
Loans to individuals .....	1.44	1.02	0.92	1.01	1.58	2.03	0.94	0.70	1.81	0.69	1.15
Credit card loans .....	2.20	1.33	3.09	1.98	2.20	2.41	2.73	1.46	2.28	0.80	1.78
Other loans to individuals .....	0.97	1.02	0.63	0.60	1.11	1.70	0.62	0.57	0.86	0.67	0.40
All other loans and leases (including farm) .....	0.99	1.17	1.07	0.72	1.01	1.22	0.93	0.71	0.97	1.25	0.84
Total loans and leases .....	1.36	1.11	0.94	1.00	1.54	1.87	1.15	1.35	1.05	1.11	0.98
<b>Percent of Loans Charged-off (net, YTD)</b>											
All real estate loans .....	0.13	0.09	0.10	0.11	0.14	0.07	0.11	0.27	0.10	0.14	0.07
Construction and development .....	0.16	0.14	0.16	0.20	0.14	0.09	0.12	0.27	0.19	0.11	0.16
Commercial real estate .....	0.14	0.11	0.11	0.14	0.16	0.04	0.09	0.30	0.17	0.16	0.08
Multifamily residential real estate .....	0.04	0.03	0.04	0.05	0.04	0.03	0.02	0.11	0.08	0.15	0.00
Home equity loans .....	0.17	0.08	0.05	0.14	0.20	0.07	0.15	0.33	0.12	0.19	0.05
Other 1-4 Family residential .....	0.11	0.08	0.08	0.08	0.13	0.05	0.11	0.26	0.06	0.14	0.07
Commercial and industrial loans .....	1.75	0.81	0.95	1.26	1.97	2.09	1.79	1.45	0.86	0.91	2.12
Loans to individuals .....	3.21	0.95	1.85	2.78	3.52	4.20	1.84	1.94	4.23	1.15	3.79
Credit card loans .....	6.22	3.54	6.35	6.56	6.17	7.02	5.62	4.65	6.24	2.09	5.51
Other loans to individuals .....	1.44	0.88	1.07	1.05	1.63	1.85	1.14	1.43	0.64	1.00	1.63
All other loans and leases (including farm) .....	0.58	0.29	0.48	0.47	0.61	0.62	0.38	0.71	0.27	0.49	0.74
Total loans and leases .....	0.97	0.32	0.40	0.68	1.18	1.45	0.71	0.77	1.19	0.43	0.81
<b>Loans Outstanding (in billions)</b>											
All real estate loans .....	\$2,849.6	\$92.7	\$530.3	\$522.3	\$1,704.3	\$647.6	\$622.6	\$585.2	\$157.8	\$231.8	604.67
Construction and development .....	244.9	8.4	60.2	56.9	119.4	29.8	71.4	56.5	13.8	35.2	38.27
Commercial real estate .....	628.2	25.0	177.8	145.1	280.3	124.5	154.3	138.5	39.2	68.0	103.67
Multifamily residential real estate .....	134.2	2.2	23.0	33.2	75.9	34.4	17.1	25.5	4.8	6.6	45.84
Home equity loans .....	256.4	2.8	27.1	32.8	193.6	55.9	63.0	75.9	7.7	15.1	38.80
Other 1-4 Family residential .....	1,513.3	44.2	225.4	249.0	994.6	371.4	308.4	278.9	80.5	99.9	374.04
Commercial and industrial loans .....	953.9	22.4	103.6	120.8	707.2	318.2	212.0	217.5	43.4	61.0	\$101.9
Loans to individuals .....	772.4	15.9	64.0	104.3	588.2	308.2	129.4	115.2	72.6	45.3	101.7
Credit card loans .....	291.5	0.4	7.5	30.9	252.7	143.5	20.1	17.1	48.5	6.9	55.4
Other loans to individuals .....	480.9	15.5	56.5	73.5	335.5	164.8	109.3	98.1	24.1	38.4	46.3
All other loans and leases (including farm) .....	485.0	15.1	29.1	39.5	401.4	189.3	92.8	123.4	29.3	16.0	34.3
Total loans and leases .....	5,060.9	146.1	727.0	786.9	3,401.0	1,463.3	1,056.8	1,041.2	303.1	354.1	842.6
<b>Memo: Other Real Estate Owned (in millions)</b>											
All other real estate owned .....	5,249.9	365.0	1,417.1	888.4	2,579.5	761.3	1,195.0	1,241.6	418.3	816.1	817.7
Construction and development .....	581.7	39.6	235.5	118.0	188.5	43.3	154.3	86.8	63.1	127.3	106.8
Commercial real estate .....	1,992.9	147.5	650.3	387.4	807.6	296.4	625.2	308.2	177.2	320.6	265.2
Multifamily residential real estate .....	107.0	11.4	46.8	23.2	25.6	13.0	9.7	24.7	14.9	32.2	12.4
1-4 Family residential .....	2,382.9	135.1	451.4	351.8	1,444.6	316.3	396.7	810.3	140.3	304.2	415.1
Farmland .....	95.9	31.9	43.3	8.1	12.5	2.5	9.5	12.2	23.9	32.5	15.3

\* See page 9 for explanations.

\*\* Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

- **BIF Reserve Ratio Rises 2 Basis Points To 1.27 Percent**
- **BIF Unrealized Gains On Securities Total \$566 Million In 2002**
- **SAIF Reserve Ratio Declines 1 Basis Point**
- **Full Year Insured Deposit Growth Second Largest In Last Sixteen Years**
- **Eleven Insured Institutions Fail During Year, Largest Number Since 1994**

Deposits insured by the FDIC approached \$3.4 trillion in 2002, as the number of insured institutions (including IBAs) fell below 9,400 for the first time. Insured deposits rose by 1.2 percent during the fourth quarter, bringing the growth rate for the full year to 5.5 percent. Full year growth exceeded the previous year's 5.1 percent rise, and was the second largest increase in sixteen years. Insured deposits at the 9,372 insured institutions rose by \$177 billion in 2002, including an \$8.3 billion (4.3 percent) increase in insured brokered deposits. Among insured institutions that sweep cash management funds from brokerage affiliates into FDIC-insured accounts, insured brokered deposits decreased by \$235 million during the year. Since their inception sweeps from brokerage affiliates of FDIC-insured institutions have added \$83.4 billion to the amount of deposits insured by the FDIC. These amounts have effectively reduced the BIF reserve ratio by 4 basis points and the SAIF reserve ratio by one basis point.

Deposits insured by the Bank Insurance Fund (BIF) grew by 0.7 percent during the fourth quarter and by 4.9 percent for the full year, exceeding \$2.5 trillion at year-end. The balance of the BIF rose by \$667 million during the fourth quarter to \$32.1 billion (unaudited) on December 31, 2002. The lion's share of the increase (\$497 million) came from reducing reserves previously set aside for estimated failure costs. This was the largest quarterly increase in the fund since the third quarter of 2000, when it increased by \$775 million (boosted by a \$423 million reversal of reserves for estimated future losses). The BIF fund balance increased by \$1.6 billion during 2002, the largest calendar-year increase since the \$3.6 billion increase in 1995. Unrealized gains on securities accounted for \$566 million or 35 percent of the rise. During the fourth quarter, interest rate fluctuations caused the BIF's unrealized gains on securities to decline from \$638 million to \$566 million. During 2001, the BIF's unrealized gains on securities increased by \$26 million.

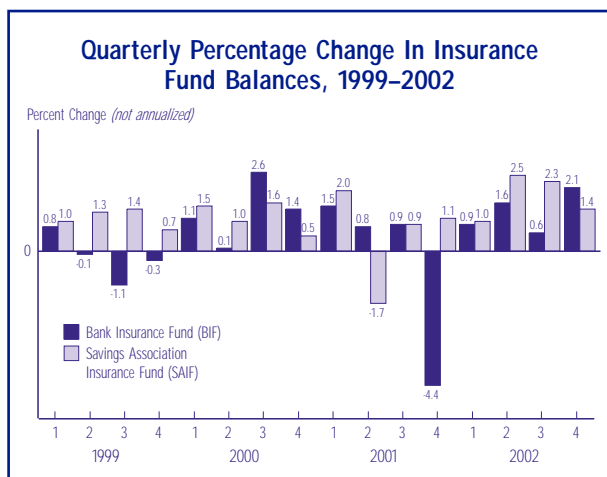
On December 31, 2002 the reserve ratio for the Bank Insurance Fund was 1.27 percent, two basis points

above September 30, 2002, and one basis point higher than twelve months earlier (as of year-end 2002, the BIF reserve ratio would change roughly one basis point for every \$250 million change in the BIF fund balance or every \$20 billion movement in the amount of deposits insured by the BIF).

The reserve ratio of the Savings Association Insurance Fund (SAIF) was 1.37 percent at year-end 2002, up from 1.36 percent at year-end 2001. The balance of the SAIF was \$11.7 billion (unaudited) on December 31, 2002. SAIF insured deposits were \$860 billion at year-end, having grown 2.7 percent during the fourth quarter and 7.4 percent for the full year.

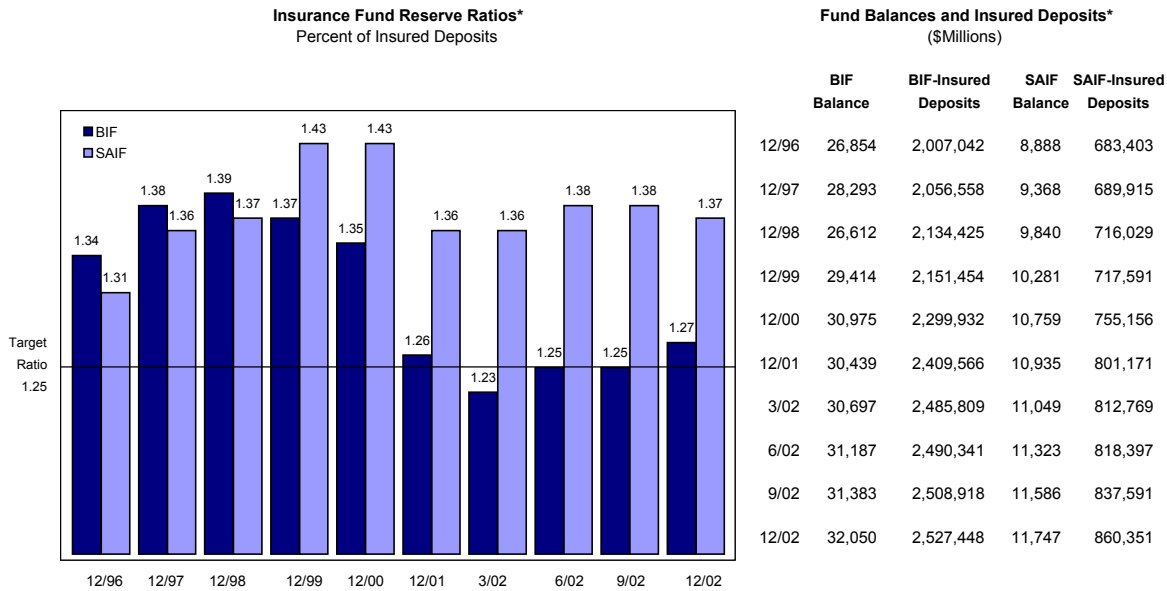
Two FDIC-insured institutions failed during the fourth quarter of 2002; both were BIF member commercial banks. At the time of failure these institutions had \$106 million in combined assets. For all of 2002, 11 FDIC-insured institutions failed—10 BIF-member institutions with assets of \$2.5 billion at an estimated cost of \$628 million and one SAIF-member institution with assets of \$50 million and an estimated cost of \$1 million. Eleven failures is the largest number since 1994 when 15 insured institutions failed, 13 BIF members and two SAIF members.

Chart 1



**TABLE I-B. Selected Insurance Fund Indicators\***

<i>(dollar figures in millions)</i>	Preliminary 4th Quarter 2002	3rd Quarter 2002	4th Quarter 2001	%Change 01:4-02:4
<b>Bank Insurance Fund</b>				
Reserve ratio (%).....	1.27	1.25	1.26	0.8
Fund balance.....	\$32,050	\$31,383	\$30,439	5.3
Estimated insured deposits.....	2,527,448	2,508,918	2,409,566	4.9
SAIF-member Oakars.....	92,805	90,071	69,309	33.9
BIF-members.....	2,434,644	2,418,847	2,340,257	4.0
Assessment base.....	3,867,096	3,764,891	3,584,000	7.9
SAIF-member Oakars.....	95,189	91,753	70,591	34.8
BIF-members.....	3,771,907	3,673,137	3,513,409	7.4
<b>Savings Association Insurance Fund</b>				
Reserve ratio (%).....	1.37	1.38	1.36	0.8
Fund balance.....	\$11,747	\$11,586	\$10,935	7.4
Estimated insured deposits.....	860,351	837,591	801,171	7.4
BIF-member Oakars.....	374,623	359,491	349,228	7.3
SAIF-member Sassadors.....	91,753	93,013	70,026	31.0
Other SAIF members.....	393,975	385,087	381,917	3.2
Assessment base.....	990,231	958,935	897,292	10.4
BIF-member Oakars.....	378,377	364,197	352,051	7.5
SAIF-member Sassadors.....	112,855	113,805	88,977	26.8
Other SAIF members.....	498,999	480,932	456,265	9.4



\* A reserve ratio is the fund balance as a percentage of estimated insured deposits. As with other Call Report items, prior periods may reflect adjustments. As a result, prior period reserve ratios may differ from previously reported values. Only year end fund balances are audited by GAO. Fund balances for the most recent period are unaudited. BIF-insured deposit totals include U.S. branches of foreign banks.

**TABLE II-B. Closed/Assisted Institutions**

<i>(dollar figures in millions)</i>	2002	2001	2000	1999	1998	1997	1996
<b>BIF Members</b>							
Number of institutions.....	10	3	6	7	3	1	5
Total assets.....	\$2,508	\$54	\$378	\$1,490	\$371	\$27	\$186
<b>SAIF Members</b>							
Number of institutions.....	1	1	1	1	0	0	1
Total assets.....	\$50	\$2,200	\$30	\$71	\$0	\$0	\$34

**TABLE III-B. Selected Indicators, By Fund Membership\***

<i>(dollar figures in millions)</i>	2002	2001	2000	1999	1998	1997	1996
<b>BIF Members</b>							
Number of institutions reporting.....	8,125	8,326	8,571	8,834	9,031	9,404	9,823
BIF-member Oakars.....	801	766	743	744	745	778	793
Other BIF-members.....	7,324	7,560	7,828	8,090	8,286	8,626	9,030
Total assets.....	\$ 7,334,672	\$6,856,659	\$6,509,644	\$5,980,072	\$5,702,659	\$5,285,302	\$4,857,772
Total deposits.....	4,854,901	4,567,547	4,337,665	3,987,339	3,843,778	3,611,387	3,404,204
Net income.....	92,891	76,626	73,580	73,916	64,303	61,417	54,458
Return on assets (%).....	1.33	1.14	1.18	1.29	1.18	1.22	1.17
Return on equity (%).....	14.37	12.93	13.89	15.10	13.80	14.43	14.14
Noncurrent assets plus OREO to assets (%).....	0.91	0.90	0.72	0.62	0.64	0.67	0.77
Number of problem institutions.....	116	90	74	66	68	73	86
Assets of problem institutions.....	\$32,176	\$31,881	\$10,787	\$4,450	\$5,326	\$4,598	\$6,624
Number of failed/assisted institutions.....	10	3	6	7	3	1	5
Assets of failed/assisted institutions.....	\$2,508	\$54	\$378	\$1,490	\$371	\$27	\$182
<b>SAIF Members</b>							
Number of institutions reporting.....	1,229	1,287	1,333	1,387	1,432	1,518	1,629
SAIF-member Oakars.....	133	130	123	123	116	112	94
Other SAIF-members.....	1,096	1,157	1,210	1,264	1,316	1,406	1,535
Total assets.....	\$ 1,100,013	\$1,011,736	\$952,161	\$903,532	\$828,177	\$755,724	\$749,573
Total deposits.....	713,752	621,823	577,100	550,703	542,481	514,409	520,855
Net income.....	12,463	10,624	8,070	8,450	7,598	6,486	4,892
Return on assets (%).....	1.17	1.11	0.89	0.99	0.98	0.94	0.67
Return on equity (%).....	12.79	13.46	11.12	11.97	11.34	11.13	8.08
Noncurrent assets plus OREO to assets (%).....	0.79	0.75	0.65	0.64	0.80	0.98	1.07
Number of problem institutions.....	20	24	20	13	16	19	31
Assets of problem institutions.....	\$6,751	\$7,923	\$13,053	\$5,524	\$5,992	\$1,662	\$5,548
Number of failed/assisted institutions.....	1	1	1	1	0	0	1
Assets of failed/assisted institutions.....	\$50	\$2,200	\$30	\$71	\$0	\$0	\$35

\* Excludes insured branches of foreign banks (IBAs).

**TABLE IV-B. Estimated FDIC-Insured Deposits by Fund Membership and Type of Institution**

<i>(dollar figures in millions)</i>	Number of Institutions	Total Assets	Domestic Deposits*	Estimated Insured Deposits		
				BIF	SAIF	Total
<b>December 31, 2002</b>						
<b>Commercial Banks and Savings Institutions</b>						
FDIC-Insured Commercial Banks.....	7,887	7,075,212	4,031,486	2,277,676	391,203	2,668,878
BIF-member.....	7,779	6,914,517	3,926,113	2,245,503	338,604	2,584,107
SAIF-member.....	108	160,695	105,373	32,172	52,599	84,771
FDIC-Supervised.....	4,859	1,304,240	960,549	623,628	80,482	704,109
OCC-Supervised.....	2,078	3,908,098	2,168,905	1,211,723	226,915	1,438,638
Federal Reserve-Supervised.....	950	1,862,875	902,032	442,325	83,806	526,131
FDIC-Insured Savings Institutions.....	1,467	1,359,474	879,134	248,552	469,149	717,701
OTS-Supervised Savings Institutions.....	974	1,012,646	632,558	108,265	405,373	513,638
BIF-member.....	41	138,496	71,147	50,155	11,398	61,553
SAIF-member.....	933	874,149	561,411	58,110	393,975	452,085
FDIC-Supervised State Savings Banks.....	493	346,828	246,576	140,287	63,776	204,063
BIF-member.....	305	281,659	199,970	137,765	24,621	162,386
SAIF-member.....	188	65,170	46,606	2,522	39,154	41,676
<b>Total Commercial Banks and Savings Institutions.....</b>	<b>9,354</b>	<b>8,434,686</b>	<b>4,910,620</b>	<b>2,526,228</b>	<b>860,351</b>	<b>3,386,579</b>
BIF-member.....	8,125	7,334,672	4,197,230	2,433,423	374,624	2,808,047
SAIF-member.....	1,229	1,100,013	713,390	92,805	485,728	578,532
<b>Other FDIC-Insured Institutions</b>						
U.S. Branches of Foreign Banks.....	18	11,398	5,614	1,220	0	1,220
<b>Total FDIC-Insured Institutions.....</b>	<b>9,372</b>	<b>8,446,084</b>	<b>4,916,234</b>	<b>2,527,448</b>	<b>860,351</b>	<b>3,387,800</b>

\* Excludes \$658 billion in foreign office deposits, which are uninsured.

**TABLE V-B. Assessment Base Distribution and Rate Schedules**

**BIF Assessment Base Distribution**  
**Assessable Deposits in Millions as of December 31, 2002**  
**Supervisory and Capital Ratings for First Semiannual Assessment Period, 2003**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	7,470	91.7	441	5.4	97	1.2
Assessable deposit base.....	\$3,738	96.7	\$87	2.3	\$23	0.6
2. Adequately capitalized						
Number of institutions.....	106	1.3	13	0.2	10	0.1
Assessable deposit base.....	\$15	0.4	\$2	0.0	\$1	0.0
3. Undercapitalized						
Number of institutions.....	1	0.0	0	0.0	5	0.1
Assessable deposit base.....	\$0	0.0	\$0	0.0	\$1	0.0

Note: "Number" reflects the number of BIF members; "Base" reflects the BIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

**SAIF Assessment Base Distribution**  
**Assessable Deposits in Millions as of December 31, 2002**  
**Supervisory and Capital Ratings for First Semiannual Assessment Period, 2003**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	1,113	90.6	82	6.7	18	1.5
Assessable deposit base.....	\$959	96.9	\$27	2.7	\$2	0.2
2. Adequately capitalized						
Number of institutions.....	7	0.6	4	0.3	4	0.3
Assessable deposit base.....	\$1	0.1	\$0	0.0	\$0	0.0
3. Undercapitalized						
Number of institutions.....	0	0.0	0	0.0	1	0.1
Assessable deposit base.....	\$0	0.0	\$0	0.0	\$0	0.0

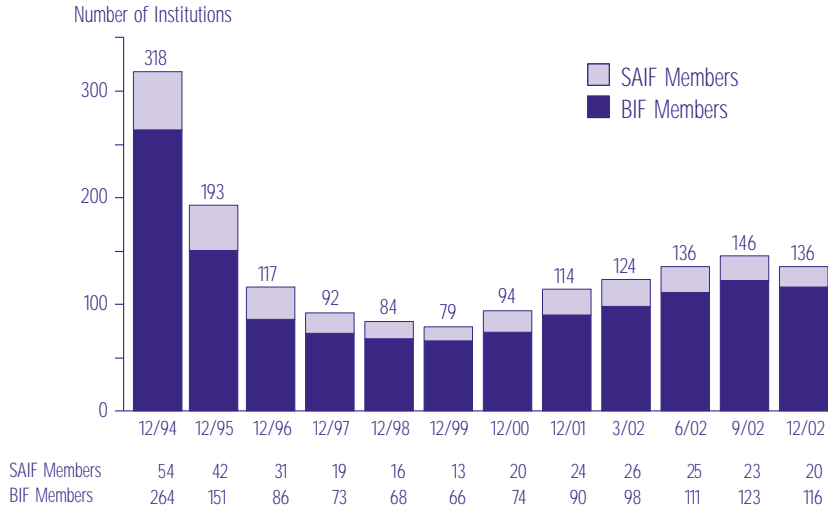
Note: "Number" reflects the number of SAIF members; "Base" reflects the SAIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

**Assessment Rate Schedules**  
**First Semiannual 2003 Assessment Period**  
**Cents Per \$100 of Assessable Deposits**

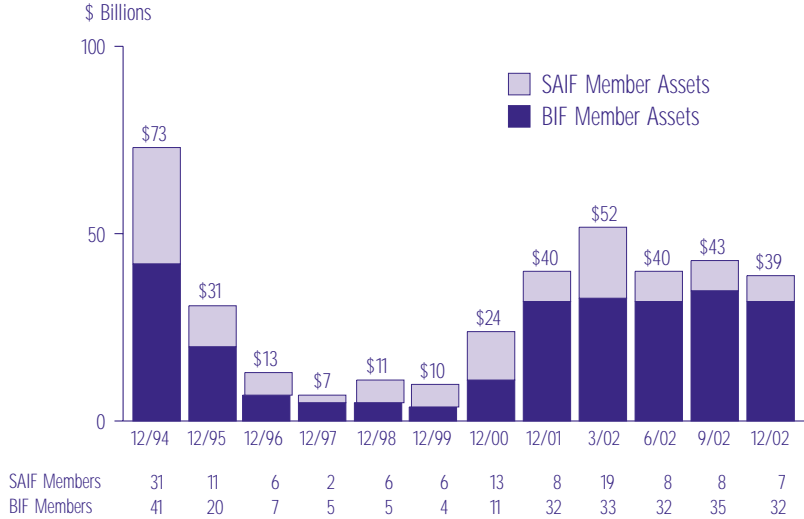
Capital Group	Supervisory Risk Subgroup		
	A	B	C
1. Well Capitalized.....	0	3	17
2. Adequately Capitalized.....	3	10	24
3. Undercapitalized.....	10	24	27

Note: Rates for the BIF and the SAIF are set separately by the FDIC. Currently, the rate schedules are identical.

## Number of FDIC-Insured "Problem" Institutions, 1994–2002



## Assets of FDIC-Insured "Problem" Institutions, 1994–2002





## Notes To Users

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time.

### Tables I-A through V-A.

The information presented in Tables I-A through V-A of the *FDIC Quarterly Banking Profile* is aggregated for all FDIC-insured Institutions, both commercial banks and savings institutions. Some tables are arrayed by groups of FDIC-insured institutions based on predominant types of asset concentration, while other tables aggregate institutions by asset size and geographic region. Quarterly and full-year data are provided for selected indicators, including aggregate condition and income data, performance ratios, condition ratios and structural changes, as well as past due, noncurrent and charge-off information for loans outstanding and other assets.

### Tables I-B through V-B.

A separate set of tables (Tables I-B through V-B) provides quarterly and annual data related to the bank (BIF) and savings association (SAIF) insurance funds, closed/assisted institutions, and assessments.

Summary balance-sheet and earnings data are provided for commercial banks and savings institutions according to insurance fund membership. BIF-member institutions may acquire SAIF-insured deposits, resulting in institutions with some deposits covered by both insurance funds. Also, SAIF members may acquire BIF-insured deposits. The insurance fund membership does not necessarily reflect which fund insures the largest percentage of an institution's deposits. Therefore, the BIF-member and the SAIF-member tables each include deposits from both insurance funds. Depository institutions that are not insured by the FDIC through either the BIF or SAIF are not included in the *FDIC Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charter.

### DATA SOURCES

The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Call Reports* and the OTS *Thrift Financial Reports* submitted by all FDIC-insured depository institutions. This information is stored on and retrieved from the FDIC's Research Information System (RIS) data base.

### COMPUTATION METHODOLOGY

Certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*. Parent institutions are required to file consolidated reports, while their subsidiary financial institutions are still required to file separate reports. Data from subsidiary institution reports are included in the *Quarterly Banking Profile* tables, which can lead to double-counting. No adjustments are made for any double-counting of subsidiary data.

All asset and liability figures used in calculating performance ratios represent average amounts 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, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers. Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period.

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. In addition, institutions may change their charters, resulting in an inter-industry migration, e.g., savings institutions can convert to commercial banks or commercial banks may convert to savings institutions. These situations can affect state and regional statistics.

### ACCOUNTING CHANGES

**Goodwill and intangible assets** — FAS 141 terminates the use of pooling-of-interest accounting for business combinations after 2001 and requires purchase accounting. Under FAS 142 amortization of goodwill is eliminated. Only intangible assets other than goodwill are amortized each quarter. In addition companies are required to test for impairment of both goodwill and other intangibles once each fiscal year. The year 2002, the first fiscal year affected by this accounting change, has been designated a transitional year and the amount of initial impairments are to be recorded as extraordinary losses on a "net of tax" basis (and not as noninterest expense). Subsequent annual review of intangibles and goodwill impairment may require additional noninterest expense recognition.

**FASB Statement No. 133 *Accounting for Derivative Instruments and Hedging Activities*** — establishes new accounting and reporting standards. Derivatives were previously off-balance sheet items, but beginning in 2001 all banks must recognize derivatives as either assets or liabilities on the balance sheet, measured at fair value. A derivative may be specifically designated as a "fair value hedge," a "cash flow hedge," or a hedge of a foreign currency exposure. The accounting for changes in the value of a derivative (gains and losses) depends on the intended use of the derivative, its resulting designation, and the effectiveness of the hedge. Derivatives held for purposes other than trading are reported as "other assets" (positive fair values) or "other liabilities" (negative fair values). For a fair value hedge, the gain or loss is recognized in earnings and "effectively" offsets loss or gain on the hedged item attributable to the risk being hedged. Any ineffectiveness of the hedge could result in a net gain or loss on the income statement. Accumulated net gains (losses) on cash flow hedges are recorded on the balance sheet as "accumulated other comprehensive income" and the periodic change in the accumulated net gains (losses) for cash flow hedges is reflected directly in equity as the value of the derivative changes.

Initial transition adjustments upon adoption of FAS 133 are reported as adjustments to net income in the income statement as extraordinary items. Upon implementing FAS 133, a bank may transfer any debt security categorized as held-to-maturity into the available-for-sale category or the trading category. Unrealized gains (losses) on transferred held-to-maturity debt securities on the date of initial application must be reflected as an adjustment to net income if transferred to the trading category or an adjustment to equity if transferred to the available-for-sale category.

**Subchapter S Corporations** — The Small Business Job Protection Act of 1996 changed the Internal Revenue Code to allow financial institutions to elect Subchapter S corporation status, beginning in 1997. A Subchapter S corporation is treated as a pass-through entity, similar to a partnership, for federal income tax purposes. It is generally not subject to any federal income taxes at the corporate level. Its taxable income flows through to its shareholders in proportion to their stock ownership, and the shareholders generally pay federal income taxes on their share of this taxable income. This can have the effect of reducing institutions' reported taxes and increasing their after-tax earnings.

The election of Subchapter S status may result in an increase in shareholders' personal tax liability. Therefore, some S corporations may increase the amount of earnings distributed as dividends to compensate for higher personal taxes.

## DEFINITIONS (in alphabetical order)

**All other assets** — total cash, balances due from depository institutions, premises, fixed assets, direct investments in real estate, investment in unconsolidated subsidiaries, customers' liability on acceptances outstanding, assets held in trading accounts, federal funds sold, securities purchased with agreements to resell, fair market value of derivatives, and other assets.

**All other liabilities** — bank's liability on acceptances, limited-life preferred stock, allowance for estimated off-balance sheet credit losses, fair market value of derivatives, and other liabilities.

**Assessment base distribution** — assessable deposits consist of BIF and SAIF deposits in banks' domestic offices with certain adjustments. Each institution's assessment depends on its assigned risk-based capital category and supervisory risk subgroup:

(Percent)	Total Risk-Based Capital *		Tier 1 Risk-Based Capital *		Tier 1 Leverage		Tangible Equity
Well-capitalized	≥10	and	≥6	and	≥5		-
Adequately capitalized	≥8	and	≥4	and	≥4		-
Undercapitalized	≥6	and	≥3	and	≥3		-
Significantly undercapitalized	<6	or	<3	or	<3	and	>2
Critically undercapitalized	-		-		-		<_2

\*As a percentage of risk-weighted assets.

For purpose of BIF and SAIF assessments, risk-based assessment rules combine the three lowest capital rating categories into a single "undercapitalized" group. Supervisory risk subgroup assignments are based on supervisory ratings. Generally, the strongest institutions (those rated 1 or 2) are in subgroup A, those rated 3 are in subgroup B, and those rated 4 or 5 are in subgroup C.

**Assets securitized and sold** — total outstanding principal balance of assets sold and securitized with servicing retained or other seller-provided credit enhancements.

**BIF-insured deposits (estimated)** — the portion of estimated insured deposits that is insured by the BIF. For SAIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from BIF members.

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

**Core capital** — common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries, less goodwill and other ineligible intangi-

ble assets. The amount of eligible intangibles (including servicing rights) included in core capital is limited in accordance with supervisory capital regulations.

**Cost of funding earning assets** — total interest expense paid on deposits and other borrowed money as a percentage of average earning assets.

**Derivatives (notional amount)** — represents the sum of the following: interest-rate contracts (defined as the "notional" value of interest-rate swap, futures, forward and option contracts), foreign-exchange-rate contracts, commodity contracts and equity contracts (defined similarly to interest-rate contracts).

**Futures and forward contracts** — a contract in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of an underlying variable or index at a specified price or yield. These contracts exist for a variety of variables or indices, (traditional agricultural or physical commodities, as well as currencies and interest rates). Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms and are traded over the counter.

**Option contracts** — a contract in which the buyer acquires the right to buy from or sell to another party some specified amount of an underlying variable or index at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the variable or index at the discretion of the buyer of the contract.

**Swaps** — an obligation between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity (notional principal) of the underlying variable or index by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

**Domestic deposits to total assets** — total domestic office deposits as a percent of total assets on a consolidated basis.

**Earning assets** — all loans and other investments that earn interest or dividend income.

**Efficiency Ratio** — Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income. This ratio measures the proportion of net operating revenues that are absorbed by overhead expenses, so that a lower value indicates greater efficiency.

**Estimated insured deposits** — in general, insured deposits are total domestic deposits minus estimated uninsured deposits. While the uninsured estimate is calculated as the sum of the excess amounts in accounts over \$100,000, beginning June 30, 2000 the amount of estimated uninsured deposits was adjusted to consider a financial institution's better estimate. Since March 31, 2002, all institutions provide a reasonable estimate of uninsured deposits from their systems and records.

**Failed/assisted institutions** — an institution fails when regulators take control of the institution, placing the assets and liabilities into a bridge bank, conservatorship, receivership, or another healthy institution. This action may require the FDIC to provide funds to cover losses. An institution is defined as "assisted" when the institution remains open and receives some insurance funds in order to continue operating.

**FHLB advances** — all borrowings by FDIC insured institutions from the Federal Home Loan Bank System (FHLB), as reported by Call Report filers and by TFR filers.

**Goodwill and other intangibles** — intangible assets include servicing rights, purchased credit card relationships and

other identifiable intangible assets.

**Loans secured by real estate** — includes home equity loans, junior liens secured by 1-4 family residential properties and all other loans secured by real estate.

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

**Long-term assets (5+ years)** — loans and debt securities with remaining maturities or repricing intervals of over five years.

**Mortgage-backed securities** — certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Also, see “Securities”, below.

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

**Net interest margin** — the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

**Net loans to total assets** — loans and lease financing receivables, net of unearned income, allowance and reserves, as a percent of total assets on a consolidated basis.

**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).

**Noncurrent assets** — the sum of loans, leases, debt securities and other assets that are 90 days or more past due, or in nonaccrual status.

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

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

**Other borrowed funds** — federal funds purchased, securities sold with agreements to repurchase, demand notes issued to the U.S. Treasury, FHLB advances, other borrowed money, mortgage indebtedness, obligations under capitalized leases and trading liabilities, less revaluation losses on assets held in trading accounts.

**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. For institutions that file a Thrift Financial Report (TFR), the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for TFR filers the components of other real estate owned are reported gross of valuation allowances.

**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.

**“Problem” institutions** — federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. “Problem” institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a “4” or “5”. For all BIF-member institutions, and for all SAIF-member institutions for which the FDIC is the primary federal

regulator, FDIC composite ratings are used. For all SAIF-member institutions whose primary federal regulator is the OTS, the OTS composite rating is used.

**Reserves for losses** — the allowance for loan and lease losses on a consolidated basis. Prior to March 31, 2001 reserves for losses included the allocated transfer risk reserve, which is no longer included as part of the loss reserve, but netted from loans and leases.

**Restructured loans and leases** — loan and lease financing receivables with terms restructured from the original contract. Excludes restructured loans and leases that are not in compliance with the modified terms.

**Retained earnings** — net income less cash dividends on common and preferred stock for the reporting period.

**Return on assets** — net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets. The basic yardstick of bank profitability.

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

**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. A conversion factor is used to assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

**SAIF-insured deposits (estimated)** — the portion of estimated insured deposits that is insured by the SAIF. For BIF-member “Oakar” institutions, it represents the adjusted attributable amount acquired from SAIF members.

**Securities** — excludes securities held in trading accounts. Banks’ securities portfolios consist of securities designated as “held-to-maturity”, which are reported at amortized cost (book value), and securities designated as “available-for-sale”, reported at fair (market) value.

**Securities gains (losses)** — realized gains (losses) on held-to-maturity and available-for-sale securities, before adjustments for income taxes. Thrift Financial Report (TFR) filers also include gains (losses) on the sales of assets held for sale.

**Troubled real estate asset rate** — noncurrent real estate loans plus other real estate owned as a percent of total real estate loans and other real estate owned.

**Trust assets** — market value, or other reasonably available value of fiduciary and related assets, to include marketable securities, and other financial and physical assets. Common physical assets held in fiduciary accounts include real estate, equipment, collectibles, and household goods. Such fiduciary assets are not included in the assets of the financial institution.

**Unearned income & contra accounts** — unearned income for Call Report filers only.

**Unused loan commitments** — includes credit card lines, home equity lines, commitments to make loans for construction, loans secured by commercial real estate, and unused commitments to originate or purchase loans.

**Volatile liabilities** — the sum of large-denomination time deposits, foreign-office deposits, federal funds purchased, securities sold under agreements to repurchase, and other borrowings.

**Yield on earning assets** — total interest, dividend and fee income earned on loans and investments as a percentage of average earning assets.

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The **FDIC Quarterly Banking Profile** is available on-line by visiting the FDIC's website at [www.fdic.gov](http://www.fdic.gov). Comparable financial data for individual institutions can now be obtained from the FDIC's Institution Directory (I.D.) System on this web site.

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