# Quarterly Banking Profile

FOURTH QUARTER 2004

- ***Net Income Of $31.8 Billion Is Third-Highest Ever***
- ***Lower Gains On Sales Of Securities, Higher Noninterest Expenses Reduce Earnings***
- ***Residential Real Estate Anchors Strong Asset Growth***
- ***Industry Assets Surpass $10 Trillion For First Time***
- ***Number Of "Problem" Banks Falls To Six-Year Low***

## Profits Recede From Record Levels

Strong loan growth and wider net interest margins did not offset the negative effects of merger expenses at large banks and lower gains on sales of securities and other assets in the fourth quarter. Insured commercial banks and savings institutions reported $31.8 billion in net income for the quarter, a decline of $668 million (2.1 percent) from the record earnings registered in the third quarter. Nevertheless, the industry's earnings were the third-highest ever reported, and represented a $787-million (2.5-percent) improvement over the fourth quarter of 2003. Also, the industry's net operating (core) income, which does not include gains on securities sales, set a new quarterly record of $30.9 billion. The average return on assets (ROA) was 1.28 percent in the fourth quarter, marking the first time in two years that the industry's quarterly ROA has been below 1.30 percent. Fewer than half of all insured banks and thrifts (48.4 percent) had an ROA of 1 percent or higher in the fourth quarter, but this was an improvement over the fourth quarter of 2003, when only 44.8 percent achieved this benchmark level of profitability. Almost two out of every three institutions (62.1 percent) had higher net income than in the fourth quarter of 2003.

## Strong Earning Asset Growth Lifts Net Interest Income

One area of particular strength in fourth-quarter results was net interest income, which was $2.0 billion (2.6 percent) higher than the third quarter's total, and $6.4 billion (8.8 percent) more than the industry reported in the fourth quarter of 2003. The average net interest margin (NIM) increased by one basis point from the level of the third quarter, after declining in each of the previous three quarters and in nine of the previous ten quarters. More than half of all institutions (53.3 percent) reported margin improvement. More important than the slight positive change in margins was the industry's strong growth in interest-bearing assets during the quarter, as earning assets increased by $207.4 billion (2.4 percent). Noninterest income also helped earnings in the fourth quarter. It was up from both the third quarter, and from the level of a

Chart 1

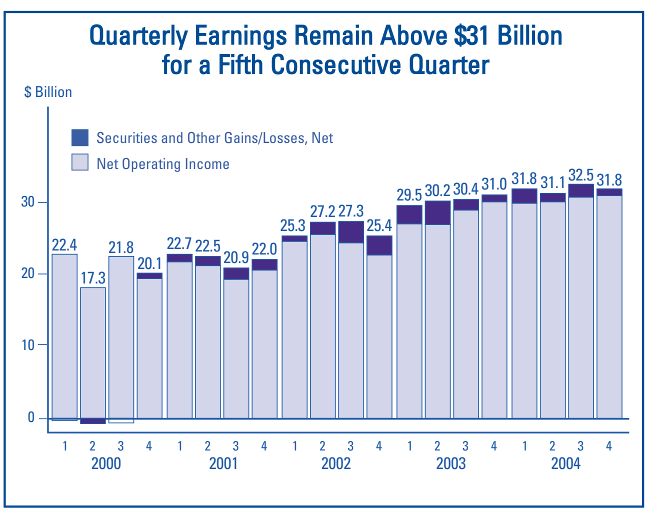
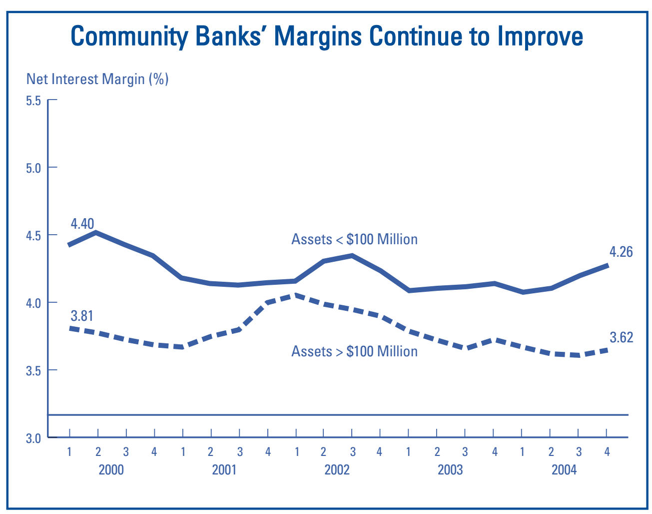



Chart 2



year earlier. Total noninterest income was $4.3 billion (8.5 percent) higher than in the third quarter, and was $1.4 billion (2.5 percent) higher than in the fourth quarter of 2003. Servicing fee income increased by $981 million (27.2 percent) compared to the third quarter, while trading income was $864 million (60.1 percent) higher, and investment banking fee income increased by $448 million (18.5 percent). Provisions for loan losses had a seasonal $391 million (5.3 percent) increase over the level of the third quarter, but were $1.1 billion (12.0 percent) lower than in the fourth quarter of 2003.

## Merger-Related Costs Contribute to Large Increase in Operating Expenses

Noninterest expense increased by $5.5 billion (7.3 percent) from the level of the third quarter, fueled by increased payroll and employee benefits expenses related to recent large bank merger transactions, and by other merger-related expenses. In addition to the impact of these higher expenses at large banks, the industry's profits were also negatively affected by reduced gains on securities sales. Securities gains of $1.2 billion were $1.3 billion (52.9 percent) lower than in the third quarter, as rising interest rates caused the market values of fixed-rate securities to decline.

## Full-Year Earnings Set a New Record for Fourth Consecutive Year

For all of 2004, insured institutions earned $123.0 billion, an increase of $2.5 billion (2.1 percent) compared to 2003. Almost two out of every three institutions (63.1 percent) reported higher net income in 2004. The improvement in total industry net income would have been greater, but for the accounting treatment of a few large mergers that occurred during 2004. Income earned by the acquired institutions before they were merged totaled more than $4.0 billion, but under purchase accounting rules, these earnings were not reflected in the total net income reported at year-end. Based on the reported results, the industry's ROA for 2004 was 1.29 percent, compared to a 1.38 percent ROA in 2003. Absent the effects of the merger accounting, the industry's ROA for 2004 would have been closer to 1.31 percent. More than half of all banks and thrifts (51.7 percent) had ROAs of 1 percent or better in 2004; in 2003, 51.3 percent of all institutions achieved this feat. Slightly more than half of all institutions (50.4 percent) reported higher ROAs in 2004 than in 2003. The two main contributors to the earnings improvement in 2004 were higher net interest income (up $12.9 billion, or 4.6 percent), and lower provisions for loan losses (down $8.3 billion, or 22.2 percent). Against these areas of strength, the improvement in industry profits was limited by a $16.0-billion (5.7 percent) increase in noninterest expenses and a $3.7-billion (32.7 percent) decline in gains on securities sales. Smaller gains on loan sales (down $6.4 billion, or 44.2 percent) and lower trading income (down $1.7 billion, or 14.9 percent) limited the year-to-year improvement in the industry's noninterest income to only $371 million (0.2 percent). The average net interest margin in 2004 was 3.53 percent, 20 basis points lower than the average in 2003, and the lowest annual average for the industry since 1990.

Chart 3

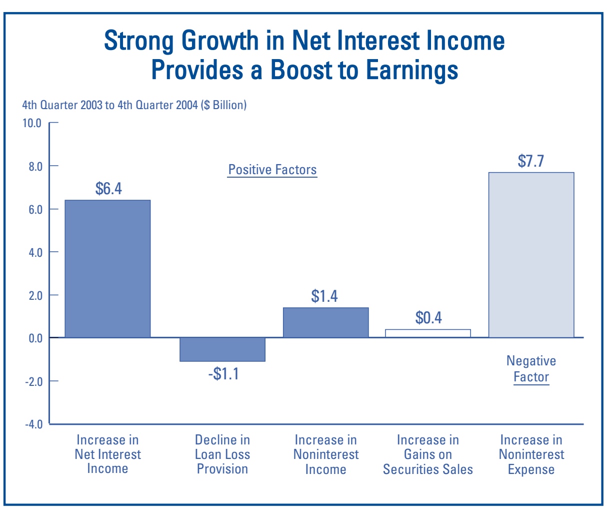
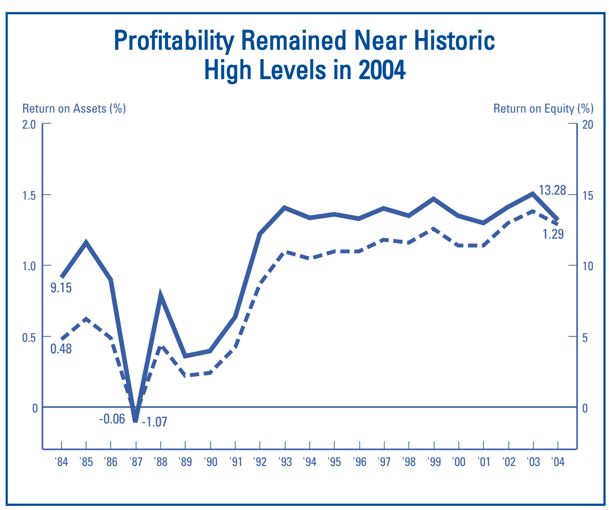



Chart 4



## Asset Quality Improvement Trend Enters Its Third Year

Asset quality continued to improve in the fourth quarter, marking the ninth quarter in a row that troubled loans have declined. Noncurrent loans fell by $1.7 billion (3.4 percent) during the quarter. Net charge-offs registered a seasonal $1.7-billion (22.7 percent) increase from the level of the third quarter, but were down by $1.6 billion (14.7 percent) compared to the fourth quarter of 2003. This improvement from year-earlier levels was led by a $1.1-billion (44.9-percent) decline in charge-offs of loans to commercial and industrial (C&I) borrowers. Charge-offs of residential mortgage loans were also significantly lower than a year earlier, falling by $642 million (64.5 percent). Overall, the industry's net charge-off rate in the fourth quarter was 0.61 percent, the lowest fourth-quarter level since 1996.

## Noncurrent Rate Hits Another Historic Low

The decline in noncurrent loans (loans 90 days or more past due or in nonaccrual status) during the fourth quarter was led by C&I noncurrents, which fell by $2.2 billion (16.3 percent). At the end of 2004, the total amount of noncurrent C&I loans stood at $11.2 billion, the lowest total since midyear 1999. The only other loan category with a significant decline in noncurrent loans was commercial real estate loans, where noncurrents fell by $432 million (7.6 percent). Noncurrent credit-card loans had a seasonal increase of $1.1 billion (15.3 percent) during the quarter. In other loan categories, noncurrent levels remained low. The percent of the industry's loans that were noncurrent declined from 0.85 percent to 0.80 percent during the quarter. This is the lowest this percentage has been in the 21 years that insured banks and thrifts have reported noncurrent loan amounts.

## Loss Reserves Register Largest Decline Since 1990

The total allowance for loan losses held by insured institutions fell for the fourth consecutive quarter, and the fifth time in the last six quarters. The $1.7-billion (2.1-percent) decline is the largest quarterly drop registered during this period. The last time that the industry's reserves fell by a larger amount was the second quarter of 1990, when reserves shrank by $2.1 billion (3.5 percent). Since the middle of 2003, the industry's loss reserves have fallen by $3.9 billion (4.5 percent). The reduction in reserves remains concentrated among large banks, which have been experiencing the greatest improvements in asset quality. In each of the last eight quarters, insured institutions with assets greater than $10 billion have set aside less in loan-loss provisions than they have charged-off. In the fourth quarter, the industry's net charge-offs exceeded its loss provisions by $1.3 billion. The ratio of reserves to total loans fell from 1.40 percent to 1.34 percent during the quarter, its lowest level since the middle of 1986. However, the decline in noncurrent loans during the quarter meant that the industry's "coverage ratio" improved from $1.65 in reserves for every $1.00 of noncurrent loans to $1.68, its highest level since the end of 1999.

## Equity Capital Ratio Remains Above 10 Percent

Equity capital growth continued to outpace growth in total assets, as the industry's equity-to-assets ratio rose for the sixth consecutive quarter. Internal capital generation remained strong, as retained earnings added $13.4 billion to capital in the fourth quarter. Higher goodwill added an additional $22.9 billion to equity. Equity capital increased by $38.5 billion (3.8 percent), and the industry's equity capital ratio rose from 10.13 percent to 10.28 percent. This is the highest level for this ratio since 1938. Regulatory capital ratios, which

Chart 5

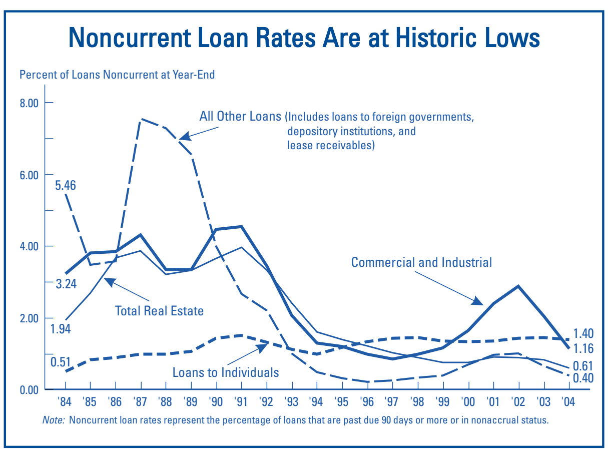
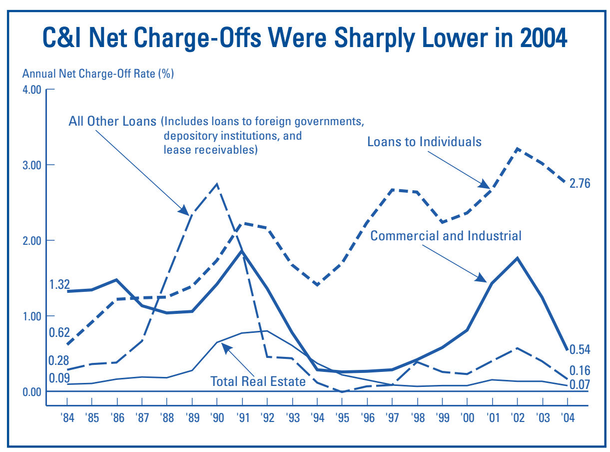



Chart 6



do not include goodwill, remained below their record highs. At the end of 2004, more than 98.9 percent of all insured institutions, representing 99.8 percent of industry assets, met or exceeded the highest regulatory capital standards.

## Consumer Lending Provides Boost to Asset Growth

Renewed vigor in residential mortgage lending, combined with continued strength in home equity and credit-card lending, kept asset growth strong in the fourth quarter. Residential mortgages increased by $54.2 billion (3.0 percent), mortgage-backed securities grew by $62.1 billion (5.9 percent), and home equity loans rose by $30.8 billion (6.7 percent). Together, they accounted for 71 percent of the total growth in interest-bearing assets in the fourth quarter. Credit-card loans also registered strong growth in the quarter, increasing by $34.2 billion (9.4 percent). Growth in commercial loans, while less spectacular, was still significant. Real estate construction loans increased by $17.8 billion (5.6 percent) during the quarter, commercial real estate loans were up by $17.4 billion (2.4 percent), and C&I loans increased by $16.1 billion (1.7 percent). Loans to depository institutions declined by $52.8 billion (27.1 percent), due in part to a reduction in lending between related holding company subsidiaries.

## Deposit Growth Keeps Pace With Growth in Assets

Total deposits increased by $200.8 billion (3.1 percent) during the fourth quarter, as domestic interest-bearing deposits grew by $113.3 billion (2.5 percent), noninterest-bearing deposits increased by $41.4 billion (4.0 percent), and deposits in foreign offices rose by $46.0 billion (5.6 percent). Fed funds purchased declined by $13.3 billion (5.6 percent), while securities sold under agreements to repurchase fell by $40.0 billion (8.1 percent). Other nondeposit borrowings declined by $26.7 billion (2.3 percent), even though Federal Home Loan Bank (FHLB) advances increased by $10.6 billion (2.0 percent).

## The Number of Insured Institutions Falls Below 9,000 For the First Time

The number of insured commercial banks and savings institutions reporting financial results declined from 9,024 to 8,975 during the fourth quarter. This is the first time that the number of insured depository institutions has dropped below 9,000. There were 35 new charters added during the quarter, while 80 charters were absorbed by mergers. No insured institutions failed during the quarter. For all of 2004, the industry saw a net decline of 206 institutions, compared to a net decline of 173 institutions in 2003. There were 128 new charters added during 2004, and 322 charters were merged into other institutions. Three insured commercial banks and one insured savings institution failed during the year. The number of institutions on the FDIC's "Problem List" fell from 95 to 80 during the fourth quarter, while assets of "Problem" institutions increased from $25.1 billion to $28.2 billion. This is the smallest number of "Problem" institutions since the end of 1999. At the beginning of 2004, there were 116 "Problem" institutions, with total assets of $29.9 billion. Three mutually-owned savings institutions, with $975 million in assets, converted to stock ownership during the fourth quarter.

Chart 7

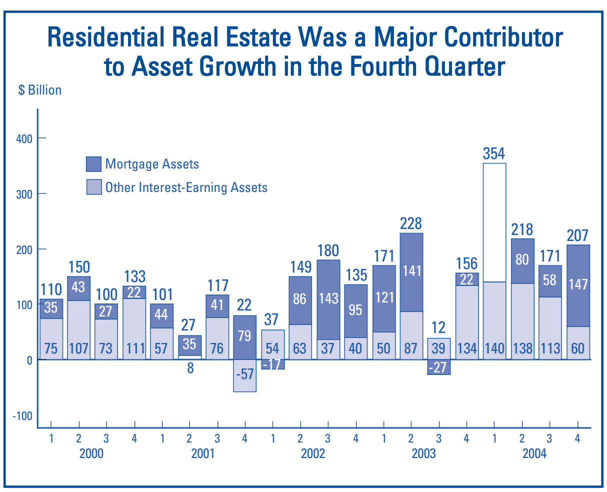
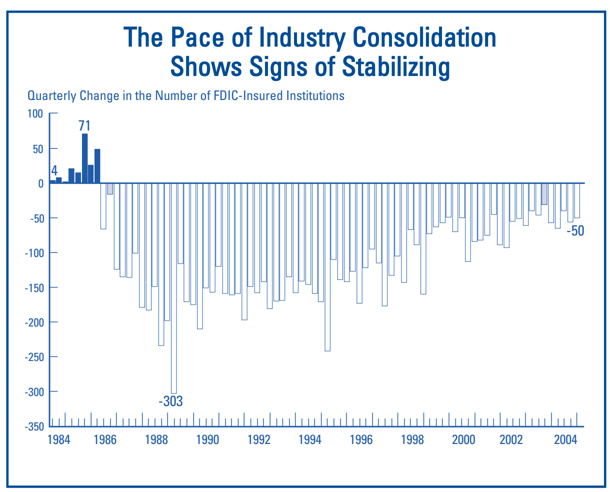



Chart 8



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

| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|---|---|
| Return on assets (%) | 1.29 | 1.38 | 1.30 | 1.14 | 1.14 | 1.26 | 1.16 |
| Return on equity (%) | 13.28 | 15.03 | 14.12 | 12.97 | 13.53 | 14.71 | 13.51 |
| Core capital (leverage) ratio (%) | 8.12 | 7.88 | 7.86 | 7.78 | 7.71 | 7.80 | 7.59 |
| Noncurrent assets plus | | | | | | | |
| other real estate owned to assets (%) | 0.53 | 0.75 | 0.90 | 0.87 | 0.71 | 0.63 | 0.66 |
| Net charge-offs to loans (%) | 0.56 | 0.78 | 0.97 | 0.83 | 0.59 | 0.53 | 0.59 |
| Asset growth rate (%) | 11.34 | 7.58 | 7.20 | 5.44 | 8.41 | 5.40 | 8.05 |
| Net interest margin (%) | 3.53 | 3.73 | 3.96 | 3.78 | 3.77 | 3.89 | 3.91 |
| Net operating income growth (%) | 4.43 | 15.90 | 18.36 | -0.85 | 1.71 | 19.73 | 3.04 |
| Number of institutions reporting | 8,975 | 9,181 | 9,354 | 9,614 | 9,904 | 10,222 | 10,464 |
| Commercial banks | 7,630 | 7,770 | 7,888 | 8,080 | 8,315 | 8,580 | 8,774 |
| Savings institutions | 1,345 | 1,411 | 1,466 | 1,534 | 1,589 | 1,642 | 1,690 |
| Percentage of unprofitable institutions (%) | 5.79 | 5.95 | 6.67 | 8.24 | 7.53 | 7.64 | 5.97 |
| Number of problem institutions | 80 | 116 | 136 | 114 | 94 | 79 | 84 |
| Assets of problem institutions (in billions) | $28 | $30 | $39 | $40 | $24 | $10 | $11 |
| Number of failed/assisted institutions | 4 | 3 | 11 | 4 | 7 | 8 | 3 |

* Excludes insured branches of foreign banks (IBAs).

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

| (dollar figures in millions) | 4th Quarter 2004 | 3rd Quarter 2004 | 4th Quarter 2003 | %Change 03:4-04:4 |
|---|---|---|---|---|
| Number of institutions reporting | 8,975 | 9,024 | 9,181 | -2.2 |
| Total employees (full-time equivalent) | 2,096,535 | 2,092,595 | 2,045,975 | 2.5 |
| **CONDITION DATA** | | | | |
| Total assets | $10,104,623 | $9,876,974 | $9,075,251 | 11.3 |
| Loans secured by real estate | 3,682,979 | 3,554,449 | 3,143,735 | 17.2 |
| 1-4 Family residential mortgages | 1,836,853 | 1,782,659 | 1,611,074 | 14.0 |
| Commercial real estate | 751,991 | 734,602 | 682,115 | 10.2 |
| Construction and development | 336,792 | 319,033 | 272,205 | 23.7 |
| Home equity lines | 490,670 | 459,830 | 346,080 | 41.8 |
| Commercial & industrial loans | 968,334 | 952,252 | 920,977 | 5.1 |
| Loans to individuals | 930,240 | 895,471 | 848,201 | 9.7 |
| Credit cards | 399,239 | 365,001 | 339,433 | 17.6 |
| Farm loans | 48,844 | 48,951 | 46,782 | 4.4 |
| Other loans & leases | 492,054 | 533,503 | 477,767 | 3.0 |
| Less: Unearned income | 3,355 | 3,196 | 3,004 | 11.7 |
| Total loans & leases | 6,119,096 | 5,981,431 | 5,434,457 | 12.6 |
| Less: Reserve for losses | 82,049 | 83,796 | 85,575 | -4.1 |
| Net loans and leases | 6,037,046 | 5,897,635 | 5,348,883 | 12.9 |
| Securities | 1,859,958 | 1,796,100 | 1,770,810 | 5.0 |
| Other real estate owned | 4,281 | 4,647 | 5,318 | -19.5 |
| Goodwill and other intangibles | 315,094 | 293,006 | 189,436 | 66.3 |
| All other assets | 1,888,243 | 1,885,587 | 1,760,804 | 7.2 |
| Total liabilities and capital | 10,104,623 | 9,876,974 | 9,075,251 | 11.3 |
| Deposits | 6,584,201 | 6,383,409 | 5,954,314 | 10.6 |
| Domestic office deposits | 5,718,309 | 5,563,549 | 5,213,143 | 9.7 |
| Foreign office deposits | 865,892 | 819,860 | 741,171 | 16.8 |
| Other borrowed funds | 1,904,941 | 1,963,950 | 1,734,626 | 9.8 |
| Subordinated debt | 118,536 | 110,803 | 106,683 | 11.1 |
| All other liabilities | 457,792 | 418,133 | 448,967 | 2.0 |
| Equity capital | 1,039,153 | 1,000,681 | 830,660 | 25.1 |
| Loans and leases 30-89 days past due | 51,267 | 49,621 | 54,705 | -6.3 |
| Noncurrent loans and leases | 48,902 | 50,639 | 60,973 | -19.8 |
| Restructured loans and leases | 2,640 | 2,532 | 3,399 | -22.3 |
| Direct and indirect investments in real estate | 848 | 851 | 713 | 19.0 |
| Mortgage-backed securities | 1,110,718 | 1,048,575 | 982,110 | 13.1 |
| Earning assets | 8,804,629 | 8,597,219 | 7,854,385 | 12.1 |
| FHLB advances | 541,736 | 531,176 | 479,735 | 12.9 |
| Unused loan commitments | 6,552,278 | 6,331,976 | 5,848,454 | 12.0 |
| Trust assets | 14,784,400 | 13,981,548 | 13,047,336 | 13.3 |
| Assets securitized and sold** | 928,237 | 891,590 | 870,560 | 6.6 |
| Notional amount of derivatives** | 88,313,781 | 84,837,602 | 71,379,983 | 23.7 |

| INCOME DATA | Full Year 2004 | Full Year 2003 | %Change | 4th Quarter 2004 | 4th Quarter 2003 | %Change 03:4-04:4 |
|---|---|---|---|---|---|---|
| Total interest income | $418,816 | $404,551 | 3.5 | $115,525 | $101,554 | 13.8 |
| Total interest expense | 123,991 | 122,631 | 1.1 | 36,462 | 28,898 | 26.2 |
| Net interest income | 294,826 | 281,920 | 4.6 | 79,063 | 72,656 | 8.8 |
| Provision for loan and lease losses | 29,042 | 37,350 | -22.2 | 7,795 | 8,854 | -12.0 |
| Total noninterest income | 203,035 | 202,663 | 0.2 | 55,406 | 54,049 | 2.5 |
| Total noninterest expense | 295,644 | 279,679 | 5.7 | 81,171 | 73,508 | 10.4 |
| Securities gains (losses) | 7,663 | 11,382 | -32.7 | 1,156 | 727 | 59.0 |
| Applicable income taxes | 58,163 | 58,871 | -1.2 | 14,961 | 14,488 | 3.3 |
| Extraordinary gains, net | 295 | 425 | -30.5 | 73 | 401 | -81.7 |
| Net income | 122,970 | 120,489 | 2.1 | 31,771 | 30,984 | 2.5 |
| From international operations | 8,561 | 7,328 | 16.8 | -53 | 1,065 | N/M |
| Net charge-offs | 32,066 | 40,806 | -21.4 | 9,139 | 10,709 | -14.7 |
| Cash dividends | 64,899 | 90,723 | -28.5 | 18,405 | 28,251 | -34.9 |
| Retained earnings | 58,071 | 29,766 | 95.1 | 13,365 | 2,733 | 389.0 |
| Net operating income | 117,290 | 112,318 | 4.4 | 30,914 | 30,030 | 2.9 |

** Commercial banks only.

N/M - Not Meaningful

## TABLE III-A. Full Year 2004, All FDIC-Insured Institutions

| | | Asset Concentration Groups* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **FULL YEAR (The way it is...)** | All Insured Institutions | Credit Card Banks | International Banks | Agricultural Banks | Commercial Lenders | Mortgage Lenders | Consumer Lenders | Other Specialized <$1 Billion | All Other <$1 Billion | All Other >$1 Billion |
| Number of institutions reporting | 8,975 | 34 | 5 | 1,730 | 4,424 | 990 | 132 | 465 | 1,120 | 75 |
| Commercial banks | 7,630 | 30 | 5 | 1,725 | 4,019 | 250 | 101 | 414 | 1,026 | 60 |
| Savings institutions | 1,345 | 4 | 0 | 5 | 405 | 740 | 31 | 51 | 94 | 15 |
| Total assets (in billions) | $10,104.6 | $382.5 | $1,881.3 | $138.3 | $3,301.3 | $1,503.6 | $104.1 | $51.6 | $143.6 | $2,598.4 |
| Commercial banks | 8,412.8 | 373.4 | 1,881.3 | 137.7 | 2,988.9 | 311.1 | 53.9 | 41.0 | 125.8 | 2,499.7 |
| Savings institutions | 1,691.8 | 9.1 | 0.0 | 0.6 | 312.3 | 1,192.5 | 50.2 | 10.5 | 17.8 | 98.7 |
| Total deposits (in billions) | 6,584.2 | 117.4 | 1,123.1 | 113.0 | 2,395.2 | 873.6 | 59.9 | 38.9 | 117.3 | 1,745.8 |
| Commercial banks | 5,592.8 | 115.7 | 1,123.1 | 112.6 | 2,190.8 | 198.0 | 28.8 | 31.1 | 103.2 | 1,689.6 |
| Savings institutions | 991.4 | 1.7 | 0.0 | 0.4 | 204.4 | 675.6 | 31.1 | 7.8 | 14.1 | 56.2 |
| Net income (in millions) | 122,970 | 13,373 | 13,864 | 1,646 | 40,696 | 16,358 | 1,768 | 860 | 1,546 | 32,859 |
| Commercial banks | 104,724 | 12,633 | 13,864 | 1,642 | 37,319 | 4,791 | 1,033 | 614 | 1,418 | 31,410 |
| Savings institutions | 18,246 | 740 | 0 | 4 | 3,377 | 11,567 | 734 | 246 | 128 | 1,450 |
| **Performance Ratios (%)** | | | | | | | | | | |
| Yield on earning assets | 5.02 | 11.25 | 4.02 | 5.68 | 5.26 | 4.80 | 6.88 | 4.54 | 5.40 | 4.54 |
| Cost of funding earning assets | 1.49 | 2.20 | 1.52 | 1.61 | 1.40 | 1.75 | 2.17 | 1.33 | 1.53 | 1.27 |
| Net interest margin | 3.53 | 9.05 | 2.50 | 4.07 | 3.86 | 3.05 | 4.71 | 3.20 | 3.86 | 3.27 |
| Noninterest income to assets | 2.13 | 11.18 | 2.51 | 0.69 | 1.51 | 1.20 | 2.26 | 6.55 | 1.16 | 1.96 |
| Noninterest expense to assets | 3.10 | 9.03 | 3.26 | 2.77 | 2.91 | 2.27 | 3.04 | 6.89 | 3.17 | 2.80 |
| Loan and lease loss provision to assets | 0.30 | 3.96 | 0.25 | 0.16 | 0.22 | 0.08 | 1.05 | 0.11 | 0.17 | 0.07 |
| Net operating income to assets | 1.23 | 3.79 | 0.74 | 1.22 | 1.28 | 1.06 | 1.64 | 1.64 | 1.07 | 1.26 |
| Pretax return on assets | 1.90 | 6.21 | 1.09 | 1.51 | 1.89 | 1.81 | 2.56 | 2.43 | 1.41 | 1.98 |
| Return on assets | 1.29 | 4.01 | 0.76 | 1.23 | 1.30 | 1.18 | 1.66 | 1.66 | 1.10 | 1.35 |
| Return on equity | 13.28 | 22.16 | 10.35 | 11.45 | 13.48 | 11.61 | 16.81 | 10.03 | 10.18 | 13.69 |
| Net charge-offs to loans and leases | 0.56 | 4.67 | 0.91 | 0.21 | 0.30 | 0.12 | 1.57 | 0.59 | 0.31 | 0.25 |
| Loan and lease loss provision to net charge-offs | 90.57 | 108.82 | 63.10 | 118.33 | 105.22 | 100.24 | 85.49 | 67.31 | 99.36 | 52.04 |
| Efficiency ratio | 58.03 | 45.29 | 70.16 | 62.07 | 57.10 | 56.46 | 45.53 | 72.42 | 66.92 | 57.71 |
| % of unprofitable institutions | 5.79 | 5.88 | 0.00 | 2.02 | 7.05 | 5.15 | 3.79 | 13.98 | 4.20 | 4.00 |
| % of institutions with earnings gains | 63.13 | 76.47 | 80.00 | 63.47 | 68.51 | 53.64 | 58.33 | 50.75 | 55.54 | 54.67 |
| **Condition Ratios (%)** | | | | | | | | | | |
| Earning assets to total assets | 87.13 | 82.95 | 81.47 | 91.91 | 90.18 | 92.17 | 90.73 | 88.93 | 92.11 | 84.36 |
| Loss allowance to: | | | | | | | | | | |
| Loans and leases | 1.34 | 4.27 | 1.74 | 1.43 | 1.30 | 0.53 | 1.66 | 1.66 | 1.34 | 1.16 |
| Noncurrent loans and leases | 167.78 | 215.84 | 135.34 | 156.74 | 206.31 | 97.06 | 259.42 | 168.43 | 155.30 | 156.27 |
| Noncurrent assets plus other real estate owned to assets | 0.53 | 1.52 | 0.57 | 0.68 | 0.51 | 0.43 | 0.53 | 0.31 | 0.59 | 0.45 |
| Equity capital ratio | 10.28 | 20.52 | 8.05 | 10.79 | 10.09 | 10.55 | 11.36 | 16.94 | 10.79 | 10.25 |
| Core capital (leverage) ratio | 8.12 | 16.64 | 6.05 | 10.37 | 8.29 | 9.10 | 8.82 | 15.17 | 10.38 | 7.20 |
| Tier 1 risk-based capital ratio | 10.76 | 14.59 | 8.38 | 14.71 | 10.14 | 15.36 | 13.07 | 34.70 | 17.32 | 9.45 |
| Total risk-based capital ratio | 13.19 | 17.34 | 12.03 | 15.82 | 12.18 | 16.86 | 14.62 | 35.95 | 18.55 | 12.12 |
| Net loans and leases to deposits | 91.69 | 239.79 | 69.91 | 76.64 | 93.90 | 120.82 | 135.96 | 33.54 | 67.56 | 80.51 |
| Net loans to total assets | 59.75 | 73.62 | 41.73 | 62.61 | 68.13 | 70.19 | 78.23 | 25.32 | 55.20 | 54.09 |
| Domestic deposits to total assets | 56.59 | 27.71 | 29.71 | 81.70 | 70.27 | 57.36 | 55.60 | 73.33 | 81.68 | 59.47 |
| **Structural Changes** | | | | | | | | | | |
| New Charters | 128 | 0 | 0 | 5 | 35 | 4 | 1 | 77 | 5 | 1 |
| Institutions absorbed by mergers | 322 | 1 | 2 | 24 | 210 | 26 | 13 | 6 | 20 | 20 |
| Failed Institutions | 4 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 1 | 0 |
| **PRIOR FULL YEARS (The way it was...)** | | | | | | | | | | |
| Number of institutions 2003 | 9,181 | 36 | 6 | 1,766 | 4,253 | 1,033 | 157 | 529 | 1,310 | 91 |
| 2001 | 9,614 | 56 | 5 | 1,875 | 3,967 | 1,242 | 228 | 477 | 1,663 | 101 |
| 1999 | 10,222 | 64 | 8 | 2,113 | 3,784 | 1,356 | 304 | 562 | 1,942 | 89 |
| Total assets (in billions) 2003 | $9,075.3 | $348.4 | $1,448.0 | $129.1 | $2,923.7 | $1,657.6 | $146.6 | $61.1 | $171.6 | $2,189.3 |
| 2001 | 7,869.2 | 334.7 | 1,176.3 | 120.1 | 3,539.2 | 1,178.8 | 140.8 | 49.7 | 202.9 | 1,126.7 |
| 1999 | 6,883.7 | 254.2 | 1,179.2 | 121.2 | 3,392.4 | 1,045.4 | 100.6 | 56.2 | 225.4 | 509.1 |
| Return on assets (%) 2003 | 1.38 | 4.08 | 1.10 | 1.20 | 1.28 | 1.38 | 1.32 | 1.85 | 1.06 | 1.33 |
| 2001 | 1.14 | 2.92 | 0.84 | 1.12 | 1.11 | 1.05 | 1.29 | 1.84 | 1.04 | 1.09 |
| 1999 | 1.26 | 3.52 | 0.93 | 1.18 | 1.27 | 1.03 | 1.36 | 1.67 | 1.27 | 1.26 |
| Net charge-offs to loans & leases (%) 2003 | 0.78 | 5.22 | 1.40 | 0.27 | 0.46 | 0.18 | 2.10 | 1.22 | 0.39 | 0.62 |
| 2001 | 0.83 | 4.52 | 0.88 | 0.36 | 0.68 | 0.19 | 1.39 | 0.50 | 0.33 | 0.75 |
| 1999 | 0.53 | 3.84 | 0.62 | 0.28 | 0.40 | 0.12 | 0.62 | 1.32 | 0.26 | 0.46 |
| Noncurrent assets plus OREO to assets (%) 2003 | 0.75 | 1.63 | 0.93 | 0.81 | 0.68 | 0.73 | 0.99 | 0.33 | 0.71 | 0.59 |
| 2001 | 0.87 | 1.54 | 1.00 | 0.81 | 0.92 | 0.65 | 1.30 | 0.31 | 0.66 | 0.64 |
| 1999 | 0.63 | 1.55 | 0.66 | 0.72 | 0.59 | 0.47 | 1.06 | 0.30 | 0.54 | 0.60 |
| Equity capital ratio (%) 2003 | 9.15 | 16.04 | 7.39 | 10.64 | 9.24 | 9.10 | 7.30 | 16.74 | 10.45 | 8.87 |
| 2001 | 8.98 | 13.13 | 7.51 | 10.47 | 9.46 | 8.25 | 7.60 | 17.56 | 10.37 | 7.95 |
| 1999 | 8.35 | 13.04 | 6.48 | 10.13 | 8.50 | 7.90 | 8.80 | 14.87 | 9.88 | 8.29 |

* See Table IV-A (page 8) for explanations.

## TABLE III-A. Full Year 2004, All FDIC-Insured Institutions

| | | Asset Size Distribution | | | | Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **FULL YEAR (The way it is...)** | All Insured Institutions | 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 | 8,975 | 4,093 | 4,285 | 480 | 117 | 1,129 | 1,219 | 1,951 | 2,094 | 1,834 | 748 |
| Commercial banks | 7,630 | 3,655 | 3,530 | 360 | 85 | 595 | 1,073 | 1,603 | 1,988 | 1,704 | 667 |
| Savings institutions | 1,345 | 438 | 755 | 120 | 32 | 534 | 146 | 348 | 106 | 130 | 81 |
| Total assets (in billions) | $10,104.6 | $211.7 | $1,199.2 | $1,316.4 | $7,377.4 | $2,854.8 | $2,177.1 | $2,387.6 | $768.1 | $603.1 | $1,313.9 |
| Commercial banks | 8,412.8 | 189.0 | 953.4 | 973.0 | 6,297.3 | 2,268.7 | 2,029.6 | 2,233.5 | 723.6 | 509.9 | 647.5 |
| Savings institutions | 1,691.8 | 22.6 | 245.7 | 343.4 | 1,080.1 | 586.1 | 147.5 | 154.1 | 44.6 | 93.2 | 666.4 |
| Total deposits (in billions) | 6,584.2 | 175.6 | 955.9 | 890.0 | 4,562.7 | 1,839.3 | 1,495.1 | 1,493.2 | 541.2 | 447.4 | 768.0 |
| Commercial banks | 5,592.8 | 158.2 | 770.9 | 666.5 | 3,997.2 | 1,469.1 | 1,397.2 | 1,388.2 | 513.5 | 395.0 | 429.8 |
| Savings institutions | 991.4 | 17.4 | 185.0 | 223.4 | 565.5 | 370.2 | 97.9 | 105.0 | 27.7 | 52.4 | 338.3 |
| Net income (in millions) | 122,970 | 2,070 | 13,608 | 17,930 | 89,362 | 35,758 | 27,979 | 20,769 | 11,618 | 7,259 | 19,587 |
| Commercial banks | 104,724 | 1,802 | 11,637 | 13,421 | 77,864 | 29,724 | 26,488 | 18,992 | 11,402 | 5,594 | 12,523 |
| Savings institutions | 18,246 | 268 | 1,970 | 4,509 | 11,498 | 6,034 | 1,491 | 1,777 | 216 | 1,665 | 7,064 |
| **Performance Ratios (%)** | | | | | | | | | | | |
| Yield on earning assets | 5.02 | 5.65 | 5.63 | 5.35 | 4.83 | 5.16 | 5.08 | 4.18 | 5.82 | 5.11 | 5.62 |
| Cost of funding earning assets | 1.49 | 1.51 | 1.60 | 1.53 | 1.46 | 1.62 | 1.55 | 1.42 | 1.27 | 1.33 | 1.42 |
| Net interest margin | 3.53 | 4.14 | 4.03 | 3.82 | 3.37 | 3.55 | 3.53 | 2.76 | 4.54 | 3.78 | 4.21 |
| Noninterest income to assets | 2.13 | 1.28 | 1.29 | 1.92 | 2.32 | 2.67 | 1.92 | 1.77 | 2.83 | 1.44 | 1.88 |
| Noninterest expense to assets | 3.10 | 3.59 | 3.19 | 3.16 | 3.05 | 3.38 | 2.96 | 2.76 | 4.07 | 3.07 | 2.75 |
| Loan and lease loss provision to assets | 0.30 | 0.22 | 0.23 | 0.32 | 0.32 | 0.41 | 0.16 | 0.18 | 0.47 | 0.18 | 0.50 |
| Net operating income to assets | 1.23 | 0.98 | 1.16 | 1.30 | 1.23 | 1.32 | 1.28 | 0.82 | 1.54 | 1.18 | 1.56 |
| Pretax return on assets | 1.90 | 1.30 | 1.62 | 2.14 | 1.92 | 2.01 | 1.99 | 1.29 | 2.30 | 1.68 | 2.52 |
| Return on assets | 1.29 | 1.01 | 1.19 | 1.44 | 1.28 | 1.37 | 1.38 | 0.88 | 1.55 | 1.26 | 1.61 |
| Return on equity | 13.28 | 8.45 | 11.75 | 13.41 | 13.71 | 13.04 | 16.03 | 10.46 | 14.95 | 12.66 | 13.65 |
| Net charge-offs to loans and leases | 0.56 | 0.27 | 0.27 | 0.40 | 0.65 | 0.88 | 0.31 | 0.41 | 0.75 | 0.27 | 0.60 |
| Loan and lease loss provision to net charge-offs | 90.57 | 131.90 | 127.77 | 124.29 | 83.13 | 86.28 | 86.17 | 79.85 | 87.40 | 109.99 | 113.10 |
| Efficiency ratio | 58.03 | 70.41 | 63.40 | 57.17 | 56.99 | 57.09 | 58.46 | 65.20 | 58.15 | 62.80 | 47.39 |
| % of unprofitable institutions | 5.79 | 10.04 | 2.19 | 2.92 | 0.85 | 5.85 | 9.19 | 5.13 | 3.20 | 6.05 | 8.56 |
| % of institutions with earnings gains | 63.13 | 58.15 | 67.12 | 68.75 | 68.38 | 61.03 | 73.01 | 53.87 | 62.46 | 64.56 | 72.73 |
| **Condition Ratios (%)** | | | | | | | | | | | |
| Earning assets to total assets | 87.13 | 91.95 | 92.18 | 91.41 | 85.41 | 85.44 | 87.33 | 85.69 | 88.22 | 89.49 | 91.41 |
| Loss Allowance to: | | | | | | | | | | | |
| Loans and leases | 1.34 | 1.37 | 1.28 | 1.33 | 1.35 | 1.64 | 1.13 | 1.35 | 1.45 | 1.22 | 1.12 |
| Noncurrent loans and leases | 167.78 | 142.68 | 186.98 | 191.93 | 161.74 | 161.83 | 219.87 | 154.70 | 141.81 | 158.44 | 180.73 |
| Noncurrent assets plus other real estate owned to assets | 0.53 | 0.74 | 0.56 | 0.52 | 0.53 | 0.58 | 0.35 | 0.55 | 0.81 | 0.61 | 0.51 |
| Equity capital ratio | 10.28 | 11.82 | 10.17 | 10.86 | 10.16 | 11.20 | 8.76 | 9.36 | 10.62 | 10.78 | 12.06 |
| Core capital (leverage) ratio | 8.12 | 11.58 | 9.65 | 9.35 | 7.54 | 8.20 | 7.21 | 7.31 | 8.65 | 8.56 | 10.38 |
| Tier 1 risk-based capital ratio | 10.76 | 17.58 | 13.58 | 12.93 | 9.78 | 11.30 | 9.32 | 9.32 | 10.69 | 12.12 | 14.40 |
| Total risk-based capital ratio | 13.19 | 18.69 | 14.76 | 14.36 | 12.61 | 14.08 | 11.53 | 12.24 | 12.60 | 13.51 | 16.30 |
| Net loans and leases to deposits | 91.69 | 73.65 | 82.96 | 95.30 | 93.51 | 83.97 | 85.19 | 88.26 | 102.20 | 83.06 | 127.11 |
| Net loans to total assets | 59.75 | 61.10 | 66.13 | 64.43 | 57.83 | 54.10 | 58.50 | 55.20 | 72.00 | 61.62 | 74.30 |
| Domestic deposits to total assets | 56.59 | 82.95 | 79.57 | 66.76 | 50.28 | 47.65 | 62.57 | 53.10 | 68.24 | 73.79 | 57.75 |
| **Structural Changes** | | | | | | | | | | | |
| New Charters | 128 | 122 | 4 | 1 | 1 | 16 | 46 | 9 | 10 | 21 | 26 |
| Institutions absorbed by mergers | 322 | 114 | 155 | 46 | 7 | 63 | 43 | 65 | 61 | 47 | 43 |
| Failed Institutions | 4 | 4 | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 1 |
| **PRIOR FULL YEARS (The way it was...)** | | | | | | | | | | | |
| Number of institutions 2003 | 9,181 | 4,390 | 4,210 | 471 | 110 | 1,173 | 1,227 | 2,011 | 2,133 | 1,866 | 771 |
| 2001 | 9,614 | 5,063 | 4,006 | 444 | 101 | 1,263 | 1,273 | 2,108 | 2,216 | 1,955 | 799 |
| 1999 | 10,222 | 5,821 | 3,860 | 449 | 92 | 1,315 | 1,342 | 2,285 | 2,331 | 2,104 | 845 |
| Total assets (in billions) 2003 | $9,075.3 | $225.7 | $1,160.4 | $1,312.6 | $6,376.5 | $3,084.8 | $1,882.6 | $1,693.8 | $456.3 | $563.3 | $1,394.3 |
| 2001 | 7,869.2 | 251.2 | 1,070.7 | 1,272.5 | 5,274.9 | 2,703.5 | 1,586.7 | 1,493.0 | 406.4 | 543.3 | 1,136.4 |
| 1999 | 6,883.7 | 276.2 | 999.6 | 1,277.4 | 4,330.4 | 2,393.6 | 1,480.7 | 1,140.2 | 431.0 | 560.3 | 877.8 |
| Return on assets (%) 2003 | 1.38 | 0.95 | 1.18 | 1.41 | 1.42 | 1.28 | 1.38 | 1.31 | 1.63 | 1.37 | 1.62 |
| 2001 | 1.14 | 0.85 | 1.08 | 1.26 | 1.13 | 1.01 | 1.09 | 1.07 | 1.42 | 1.25 | 1.46 |
| 1999 | 1.26 | 0.96 | 1.22 | 1.38 | 1.24 | 1.20 | 1.26 | 1.23 | 1.42 | 1.22 | 1.36 |
| Net charge-offs to loans & leases (%) 2003 | 0.78 | 0.31 | 0.36 | 0.54 | 0.94 | 1.16 | 0.54 | 0.72 | 1.09 | 0.40 | 0.58 |
| 2001 | 0.83 | 0.33 | 0.35 | 0.83 | 0.96 | 1.02 | 0.75 | 0.79 | 0.80 | 0.43 | 0.80 |
| 1999 | 0.53 | 0.34 | 0.30 | 0.56 | 0.60 | 0.67 | 0.45 | 0.34 | 0.70 | 0.40 | 0.63 |
| Noncurrent assets plus OREO to assets (%) 2003 | 0.75 | 0.83 | 0.69 | 0.62 | 0.78 | 0.78 | 0.56 | 0.86 | 0.84 | 0.76 | 0.76 |
| 2001 | 0.87 | 0.81 | 0.70 | 0.72 | 0.95 | 0.89 | 0.86 | 0.99 | 0.77 | 0.79 | 0.76 |
| 1999 | 0.63 | 0.66 | 0.57 | 0.62 | 0.64 | 0.70 | 0.58 | 0.56 | 0.59 | 0.63 | 0.60 |
| Equity capital ratio (%) 2003 | 9.15 | 11.49 | 10.05 | 10.35 | 8.66 | 9.05 | 8.78 | 8.49 | 10.58 | 9.60 | 10.05 |
| 2001 | 8.98 | 11.08 | 9.85 | 9.49 | 8.59 | 8.77 | 9.62 | 8.47 | 8.93 | 9.38 | 9.12 |
| 1999 | 8.35 | 10.92 | 9.51 | 8.93 | 7.74 | 8.01 | 8.62 | 8.10 | 8.92 | 8.47 | 8.79 |

* See Table IV-A (page 9) for explanations.

## TABLE IV-A. Fourth Quarter 2004, All FDIC-Insured Institutions

| | | Asset Concentration Groups* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **FOURTH QUARTER** **(The way it is...)** | All Insured Institutions | Credit Card Banks | International Banks | Agricultural Banks | Commercial Lenders | Mortgage Lenders | Consumer Lenders | Other Specialized <$1 Billion | All Other <$1 Billion | All Other >$1 Billion |
| Number of institutions reporting | 8,975 | 34 | 5 | 1,730 | 4,424 | 990 | 132 | 465 | 1,120 | 75 |
| Commercial banks | 7,630 | 30 | 5 | 1,725 | 4,019 | 250 | 101 | 414 | 1,026 | 60 |
| Savings institutions | 1,345 | 4 | 0 | 5 | 405 | 740 | 31 | 51 | 94 | 15 |
| Total assets (in billions) | $10,104.6 | $382.5 | $1,881.3 | $138.3 | $3,301.3 | $1,503.6 | $104.1 | $51.6 | $143.6 | $2,598.4 |
| Commercial banks | 8,412.8 | 373.4 | 1,881.3 | 137.7 | 2,988.9 | 311.1 | 53.9 | 41.0 | 125.8 | 2,499.7 |
| Savings institutions | 1,691.8 | 9.1 | 0.0 | 0.6 | 312.3 | 1,192.5 | 50.2 | 10.5 | 17.8 | 98.7 |
| Total deposits (in billions) | 6,584.2 | 117.4 | 1,123.1 | 113.0 | 2,395.2 | 873.6 | 59.9 | 38.9 | 117.3 | 1,745.8 |
| Commercial banks | 5,592.8 | 115.7 | 1,123.1 | 112.6 | 2,190.8 | 198.0 | 28.8 | 31.1 | 103.2 | 1,689.6 |
| Savings institutions | 991.4 | 1.7 | 0.0 | 0.4 | 204.4 | 675.6 | 31.1 | 7.8 | 14.1 | 56.2 |
| Net income (in millions) | 31,771 | 3,264 | 3,626 | 372 | 10,274 | 4,526 | 418 | 229 | 369 | 8,693 |
| Commercial banks | 27,030 | 3,097 | 3,626 | 371 | 9,427 | 1,329 | 245 | 152 | 335 | 8,449 |
| Savings institutions | 4,740 | 167 | 0 | 1 | 847 | 3,197 | 173 | 77 | 34 | 245 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | |
| Yield on earning assets | 5.31 | 11.93 | 4.38 | 5.81 | 5.53 | 4.96 | 7.26 | 4.66 | 5.48 | 4.85 |
| Cost of funding earning assets | 1.68 | 2.45 | 1.77 | 1.67 | 1.56 | 1.91 | 2.51 | 1.38 | 1.57 | 1.48 |
| Net interest margin | 3.63 | 9.47 | 2.60 | 4.14 | 3.97 | 3.05 | 4.74 | 3.28 | 3.90 | 3.37 |
| Noninterest income to assets | 2.22 | 11.86 | 2.59 | 0.71 | 1.49 | 1.30 | 2.09 | 7.11 | 1.23 | 2.11 |
| Noninterest expense to assets | 3.26 | 9.99 | 3.51 | 3.01 | 3.02 | 2.27 | 3.17 | 7.26 | 3.32 | 2.94 |
| Loan and lease loss provision to assets | 0.31 | 4.69 | 0.22 | 0.17 | 0.20 | 0.09 | 1.00 | 0.12 | 0.20 | 0.03 |
| Net operating income to assets | 1.24 | 3.35 | 0.75 | 1.10 | 1.27 | 1.14 | 1.47 | 1.75 | 1.02 | 1.33 |
| Pretax return on assets | 1.88 | 5.63 | 1.04 | 1.33 | 1.85 | 1.89 | 2.32 | 2.66 | 1.32 | 2.01 |
| Return on assets | 1.28 | 3.63 | 0.77 | 1.09 | 1.26 | 1.23 | 1.51 | 1.77 | 1.03 | 1.36 |
| Return on equity | 12.57 | 18.89 | 9.68 | 10.05 | 12.71 | 11.78 | 14.31 | 10.42 | 9.52 | 13.18 |
| Net charge-offs to loans and leases | 0.61 | 4.67 | 1.10 | 0.32 | 0.35 | 0.15 | 1.44 | 0.54 | 0.40 | 0.24 |
| Loan and lease loss provision to net charge-offs | 85.29 | 130.92 | 45.47 | 82.76 | 82.54 | 91.75 | 85.96 | 82.34 | 88.27 | 19.81 |
| Efficiency ratio | 58.75 | 47.19 | 72.36 | 65.82 | 57.91 | 54.78 | 48.72 | 71.44 | 68.47 | 57.87 |
| % of unprofitable institutions | 9.18 | 11.76 | 0.00 | 10.00 | 8.32 | 8.28 | 6.06 | 19.57 | 8.39 | 5.33 |
| % of institutions with earnings gains | 62.14 | 61.76 | 40.00 | 56.07 | 69.17 | 58.89 | 59.85 | 47.74 | 53.13 | 60.00 |
| **Structural Changes** | | | | | | | | | | |
| New Charters | 35 | 0 | 0 | 1 | 11 | 1 | 0 | 21 | 1 | 0 |
| Institutions absorbed by mergers | 80 | 1 | 2 | 7 | 55 | 7 | 0 | 1 | 3 | 4 |
| Failed Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR FOURTH QUARTERS** **(The way it was...)** | | | | | | | | | | |
| Return on assets (%) 2003 | 1.38 | 4.64 | 1.22 | 1.05 | 1.22 | 1.26 | 1.07 | 3.41 | 0.93 | 1.31 |
| 2001 | 1.12 | 2.84 | 0.63 | 0.95 | 1.02 | 0.97 | 1.80 | 1.66 | 1.03 | 1.54 |
| 1999 | 1.21 | 2.98 | 1.02 | 1.02 | 1.22 | 0.99 | 1.31 | 2.44 | 1.06 | 1.14 |
| Net charge-offs to loans & leases (%) 2003 | 0.80 | 5.31 | 1.36 | 0.43 | 0.49 | 0.13 | 2.82 | 0.56 | 0.46 | 0.56 |
| 2001 | 1.14 | 5.53 | 1.60 | 0.54 | 0.94 | 0.23 | 1.90 | 0.70 | 0.47 | 0.99 |
| 1999 | 0.61 | 3.78 | 0.77 | 0.46 | 0.48 | 0.13 | 0.71 | 0.87 | 0.39 | 0.56 |

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

Credit-card Lenders - Institutions whose credit-card loans plus securitized receivables exceed 50 percent of total assets plus securitized receivables.
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 the total loans and leases.
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 2004, All FDIC-Insured Institutions

| | | Asset Size Distribution | | | | Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **FOURTH QUARTER (The way it is...)** | All Insured Institutions | 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 | 8,975 | 4,093 | 4,285 | 480 | 117 | 1,129 | 1,219 | 1,951 | 2,094 | 1,834 | 748 |
| Commercial banks | 7,630 | 3,655 | 3,530 | 360 | 85 | 595 | 1,073 | 1,603 | 1,988 | 1,704 | 667 |
| Savings institutions | 1,345 | 438 | 755 | 120 | 32 | 534 | 146 | 348 | 106 | 130 | 81 |
| Total assets (in billions) | $10,104.6 | $211.7 | $1,199.2 | $1,316.4 | $7,377.4 | $2,854.8 | $2,177.1 | $2,387.6 | $768.1 | $603.1 | $1,313.9 |
| Commercial banks | 8,412.8 | 189.0 | 953.4 | 973.0 | 6,297.3 | 2,268.7 | 2,029.6 | 2,233.5 | 723.6 | 509.9 | 647.5 |
| Savings institutions | 1,691.8 | 22.6 | 245.7 | 343.4 | 1,080.1 | 586.1 | 147.5 | 154.1 | 44.6 | 93.2 | 666.4 |
| Total deposits (in billions) | 6,584.2 | 175.6 | 955.9 | 890.0 | 4,562.7 | 1,839.3 | 1,495.1 | 1,493.2 | 541.2 | 447.4 | 768.0 |
| Commercial banks | 5,592.8 | 158.2 | 770.9 | 666.5 | 3,997.2 | 1,469.1 | 1,397.2 | 1,388.2 | 513.5 | 395.0 | 429.8 |
| Savings institutions | 991.4 | 17.4 | 185.0 | 223.4 | 565.5 | 370.2 | 97.9 | 105.0 | 27.7 | 52.4 | 338.3 |
| Net income (in millions) | 31,771 | 481 | 3,432 | 4,382 | 23,475 | 9,528 | 7,011 | 5,115 | 3,210 | 1,761 | 5,147 |
| Commercial banks | 27,030 | 402 | 2,939 | 3,377 | 20,313 | 7,942 | 6,673 | 4,722 | 3,112 | 1,447 | 3,135 |
| Savings institutions | 4,740 | 79 | 493 | 1,005 | 3,163 | 1,586 | 338 | 392 | 98 | 315 | 2,012 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | | |
| Yield on earning assets | 5.31 | 5.83 | 5.79 | 5.54 | 5.16 | 5.56 | 5.14 | 4.63 | 5.91 | 5.58 | 5.79 |
| Cost of funding earning assets | 1.68 | 1.57 | 1.68 | 1.68 | 1.68 | 1.83 | 1.65 | 1.66 | 1.44 | 1.55 | 1.61 |
| Net interest margin | 3.63 | 4.26 | 4.11 | 3.86 | 3.49 | 3.73 | 3.49 | 2.97 | 4.47 | 4.02 | 4.18 |
| Noninterest income to assets | 2.22 | 1.37 | 1.28 | 1.94 | 2.45 | 2.79 | 1.96 | 1.86 | 3.13 | 1.49 | 1.92 |
| Noninterest expense to assets | 3.26 | 3.86 | 3.26 | 3.22 | 3.25 | 3.57 | 2.98 | 3.10 | 4.25 | 3.31 | 2.75 |
| Loan and lease loss provision to assets | 0.31 | 0.25 | 0.26 | 0.36 | 0.32 | 0.46 | 0.17 | 0.17 | 0.33 | 0.20 | 0.54 |
| Net operating income to assets | 1.24 | 0.90 | 1.14 | 1.24 | 1.27 | 1.34 | 1.28 | 0.80 | 1.68 | 1.16 | 1.57 |
| Pretax return on assets | 1.88 | 1.20 | 1.58 | 2.06 | 1.91 | 2.01 | 1.90 | 1.23 | 2.50 | 1.61 | 2.49 |
| Return on assets | 1.28 | 0.92 | 1.16 | 1.35 | 1.29 | 1.37 | 1.31 | 0.85 | 1.68 | 1.18 | 1.59 |
| Return on equity | 12.57 | 7.69 | 11.37 | 12.38 | 12.98 | 12.49 | 15.22 | 9.21 | 15.92 | 11.29 | 13.20 |
| Net charge-offs to loans and leases | 0.61 | 0.37 | 0.35 | 0.46 | 0.69 | 0.89 | 0.32 | 0.59 | 0.72 | 0.34 | 0.59 |
| Loan and lease loss provision to net charge-offs | 85.29 | 106.98 | 111.40 | 117.54 | 78.17 | 93.87 | 89.08 | 51.35 | 63.22 | 94.26 | 122.59 |
| Efficiency ratio | 58.75 | 72.74 | 63.83 | 57.77 | 57.76 | 57.56 | 58.11 | 67.95 | 58.79 | 64.09 | 46.95 |
| % of unprofitable institutions | 9.18 | 15.29 | 4.11 | 4.38 | 0.85 | 7.53 | 10.75 | 7.69 | 8.83 | 11.07 | 9.36 |
| % of institutions with earnings gains | 62.14 | 56.17 | 66.44 | 73.96 | 64.96 | 62.98 | 68.33 | 61.40 | 58.17 | 58.29 | 73.26 |
| **Structural Changes** | | | | | | | | | | | |
| New Charters | 35 | 34 | 1 | 0 | 0 | 4 | 9 | 3 | 4 | 9 | 6 |
| Institutions absorbed by mergers | 80 | 39 | 31 | 6 | 4 | 12 | 12 | 20 | 13 | 13 | 10 |
| Failed Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR FOURTH QUARTERS (The way it was...)** | | | | | | | | | | | |
| Return on assets (%) 2003 | 1.38 | 0.85 | 1.15 | 1.42 | 1.43 | 1.34 | 1.34 | 1.30 | 1.63 | 1.26 | 1.58 |
| 2001 | 1.12 | 0.63 | 1.03 | 1.37 | 1.10 | 0.69 | 1.38 | 1.20 | 1.58 | 1.26 | 1.47 |
| 1999 | 1.21 | 0.79 | 1.17 | 1.33 | 1.21 | 1.18 | 1.26 | 1.18 | 1.38 | 1.11 | 1.24 |
| Net charge-offs to loans & leases (%) 2003 | 0.80 | 0.43 | 0.48 | 0.60 | 0.92 | 1.06 | 0.49 | 0.90 | 1.42 | 0.47 | 0.54 |
| 2001 | 1.14 | 0.52 | 0.49 | 1.17 | 1.30 | 1.63 | 0.93 | 0.94 | 1.25 | 0.58 | 0.93 |
| 1999 | 0.61 | 0.40 | 0.39 | 0.65 | 0.67 | 0.75 | 0.58 | 0.38 | 0.74 | 0.53 | 0.65 |

*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

| | | Asset Concentration Groups* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2004** | All Insured Institutions | Credit Card Banks | International Banks | Agricultural Banks | Commercial Lenders | Mortgage Lenders | Consumer Lenders | Other Specialized <$1 Billion | All Other <$1 Billion | All Other >$1 Billion |
| **Percent of Loans 30-89 Days Past Due** | | | | | | | | | | |
| All loans secured by real estate | 0.70 | 0.70 | 0.83 | 0.99 | 0.63 | 0.72 | 1.15 | 1.26 | 1.35 | 0.71 |
| Construction and development | 0.60 | 0.00 | 0.88 | 0.89 | 0.58 | 0.85 | 1.11 | 0.62 | 1.12 | 0.47 |
| Commercial real estate | 0.49 | 0.03 | 1.30 | 0.89 | 0.47 | 0.41 | 0.51 | 0.92 | 0.99 | 0.36 |
| Multifamily residential real estate | 0.24 | 0.00 | 1.12 | 0.60 | 0.28 | 0.12 | 0.00 | 0.58 | 0.84 | 0.15 |
| Home equity loans | 0.36 | 0.62 | 0.48 | 0.54 | 0.32 | 0.30 | 0.20 | 0.32 | 0.50 | 0.39 |
| Other 1-4 family residential | 0.93 | 1.44 | 0.79 | 1.61 | 1.01 | 0.83 | 1.63 | 1.64 | 1.65 | 0.94 |
| Commercial and industrial loans | 0.68 | 2.21 | 0.68 | 1.43 | 0.75 | 0.58 | 1.07 | 1.16 | 1.37 | 0.45 |
| Loans to individuals | 1.80 | 2.49 | 1.79 | 2.22 | 1.40 | 1.13 | 1.43 | 2.42 | 2.26 | 1.42 |
| Credit card loans | 2.28 | 2.56 | 1.86 | 2.27 | 1.95 | 1.28 | 1.37 | 3.01 | 2.45 | 1.95 |
| Other loans to individuals | 1.45 | 1.50 | 1.75 | 2.22 | 1.33 | 1.11 | 1.45 | 2.36 | 2.25 | 1.30 |
| All other loans and leases (including farm) | 0.37 | 0.01 | 0.27 | 0.60 | 0.58 | 0.55 | 0.23 | 0.36 | 0.54 | 0.34 |
| Total loans and leases | 0.84 | 2.32 | 0.89 | 1.05 | 0.71 | 0.74 | 1.30 | 1.36 | 1.42 | 0.70 |
| **Percent of Loans Noncurrent**** | | | | | | | | | | |
| All real estate loans | 0.61 | 0.09 | 0.94 | 0.84 | 0.56 | 0.54 | 0.34 | 0.93 | 0.84 | 0.70 |
| Construction and development | 0.48 | 0.19 | 1.14 | 0.61 | 0.43 | 0.80 | 0.46 | 2.03 | 0.78 | 0.40 |
| Commercial real estate | 0.69 | 0.44 | 1.61 | 1.15 | 0.65 | 0.74 | 0.55 | 1.05 | 1.21 | 0.61 |
| Multifamily residential real estate | 0.26 | 0.00 | 1.67 | 0.53 | 0.26 | 0.10 | 0.23 | 0.12 | 0.91 | 0.40 |
| Home equity loans | 0.18 | 0.07 | 0.35 | 0.23 | 0.18 | 0.15 | 0.02 | 0.13 | 0.18 | 0.17 |
| Other 1-4 family residential | 0.71 | 0.26 | 0.75 | 0.81 | 0.71 | 0.59 | 0.41 | 0.77 | 0.75 | 0.91 |
| Commercial and industrial loans | 1.16 | 1.16 | 2.09 | 1.57 | 0.90 | 0.84 | 0.76 | 1.41 | 1.33 | 1.02 |
| Loans to individuals | 1.40 | 2.18 | 2.07 | 0.79 | 0.55 | 0.37 | 0.76 | 1.02 | 0.78 | 0.77 |
| Credit card loans | 1.99 | 2.24 | 1.66 | 1.82 | 1.32 | 1.00 | 1.24 | 2.73 | 2.16 | 1.80 |
| Other loans to individuals | 0.95 | 1.32 | 2.38 | 0.75 | 0.46 | 0.28 | 0.60 | 0.87 | 0.69 | 0.55 |
| All other loans and leases (including farm) | 0.40 | 0.00 | 0.22 | 0.74 | 0.53 | 0.58 | 0.50 | 0.61 | 0.54 | 0.49 |
| Total loans and leases | 0.80 | 1.98 | 1.28 | 0.91 | 0.63 | 0.54 | 0.64 | 0.98 | 0.86 | 0.74 |
| **Percent of Loans Charged-off (net, YTD)** | | | | | | | | | | |
| All real estate loans | 0.07 | 0.09 | 0.09 | 0.07 | 0.09 | 0.04 | 0.09 | 0.07 | 0.09 | 0.06 |
| Construction and development | 0.05 | 0.00 | 0.03 | 0.06 | 0.06 | 0.05 | 0.24 | 0.11 | 0.08 | 0.03 |
| Commercial real estate | 0.07 | 0.00 | -0.05 | 0.09 | 0.08 | 0.04 | 0.13 | 0.10 | 0.13 | 0.06 |
| Multifamily residential real estate | 0.03 | 0.00 | 0.21 | 0.13 | 0.04 | 0.00 | 0.62 | 0.03 | 0.02 | 0.01 |
| Home equity loans | 0.09 | 0.10 | 0.10 | 0.05 | 0.12 | 0.06 | 0.03 | 0.09 | 0.06 | 0.09 |
| Other 1-4 family residential | 0.06 | 0.03 | 0.09 | 0.10 | 0.12 | 0.04 | 0.09 | 0.04 | 0.08 | 0.05 |
| Commercial and industrial loans | 0.54 | 3.44 | 0.42 | 0.55 | 0.58 | 0.51 | 2.72 | 0.65 | 0.66 | 0.40 |
| Loans to individuals | 2.76 | 5.12 | 3.15 | 0.78 | 1.24 | 1.43 | 2.33 | 2.73 | 1.14 | 1.13 |
| Credit card loans | 5.01 | 5.23 | 4.69 | 4.96 | 4.30 | 3.47 | 5.57 | 14.26 | 6.29 | 4.25 |
| Other loans to individuals | 1.28 | 3.66 | 2.20 | 0.60 | 0.92 | 1.12 | 1.26 | 1.82 | 0.79 | 0.67 |
| All other loans and leases (including farm) | 0.16 | 0.00 | 0.05 | 0.00 | 0.40 | 0.40 | 0.17 | 0.26 | 0.28 | 0.14 |
| Total loans and leases | 0.60 | 4.70 | 0.90 | 0.20 | 0.30 | 0.10 | 1.60 | 0.60 | 0.30 | 0.20 |
| **Loans Outstanding (in billions)** | | | | | | | | | | |
| All real estate loans | $3,683.0 | $19.8 | $201.4 | $47.7 | $1,517.0 | $971.5 | $22.9 | $9.1 | $55.7 | $838.0 |
| Construction and development | 336.8 | 0.0 | 6.9 | 3.0 | 248.5 | 24.7 | 0.7 | 0.7 | 3.2 | 49.0 |
| Commercial real estate | 752.0 | 0.1 | 19.0 | 12.2 | 524.0 | 50.1 | 2.1 | 2.6 | 13.5 | 128.4 |
| Multifamily residential real estate | 169.0 | 0.0 | 2.3 | 0.9 | 100.8 | 45.4 | 0.3 | 0.3 | 1.0 | 18.0 |
| Home equity loans | 490.7 | 17.6 | 35.7 | 0.9 | 166.6 | 98.1 | 5.4 | 0.3 | 2.6 | 163.4 |
| Other 1-4 family residential | 1,836.9 | 2.1 | 96.7 | 14.3 | 453.5 | 752.3 | 14.2 | 4.9 | 31.8 | 467.0 |
| Commercial and industrial loans | 968.3 | 7.0 | 173.8 | 12.3 | 463.0 | 37.6 | 7.4 | 1.6 | 8.4 | 257.1 |
| Loans to individuals | 930.2 | 263.1 | 205.9 | 6.5 | 182.8 | 43.7 | 51.3 | 1.9 | 11.0 | 164.1 |
| Credit card loans | 399.2 | 244.3 | 87.1 | 0.3 | 18.9 | 5.6 | 12.6 | 0.2 | 0.6 | 29.6 |
| Other loans to individuals | 531.0 | 18.8 | 118.8 | 6.3 | 163.9 | 38.0 | 38.6 | 1.7 | 10.4 | 134.4 |
| All other loans and leases (including farm) | 540.9 | 4.2 | 219.5 | 21.3 | 117.0 | 8.4 | 1.3 | 0.7 | 5.3 | 163.1 |
| Total loans and leases | 6,122.5 | 294.2 | 800.6 | 87.9 | 2,279.8 | 1,061.1 | 82.9 | 13.3 | 80.4 | 1,422.3 |
| **Memo: Other Real Estate Owned (in millions)** | | | | | | | | | | |
| All other real estate owned | 4,281.4 | 0.9 | 214.0 | 135.1 | 2,235.6 | 749.6 | 18.5 | 27.3 | 148.6 | 751.8 |
| Construction and development | 509.3 | 0.0 | 3.7 | 10.4 | 339.5 | 51.9 | 0.7 | 2.7 | 15.2 | 85.1 |
| Commercial real estate | 1,312.6 | 0.7 | 9.0 | 51.3 | 982.8 | 67.1 | 4.1 | 13.4 | 58.2 | 126.0 |
| Multifamily residential real estate | 102.1 | 0.0 | 0.0 | 1.9 | 66.5 | 7.7 | 0.2 | 0.6 | 2.9 | 22.3 |
| 1-4 family residential | 2,189.2 | 0.2 | 134.2 | 42.6 | 814.9 | 623.2 | 13.6 | 9.9 | 66.3 | 484.3 |
| Farmland | 79.2 | 0.0 | 0.0 | 29.0 | 34.7 | 0.2 | 0.2 | 0.8 | 6.0 | 8.3 |

* See Table IV-A (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 Performance, All FDIC-Insured Institutions

| December 31, 2004 | 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 |
| **Percent of Loans 30-89 Days Past Due** | | | | | | | | | | | |
| All loans secured by real estate | 0.70 | 1.22 | 0.78 | 0.54 | 0.71 | 0.67 | 0.61 | 0.87 | 0.79 | 0.86 | 0.57 |
| Construction and development | 0.60 | 0.78 | 0.61 | 0.52 | 0.63 | 0.57 | 0.38 | 0.82 | 0.84 | 0.63 | 0.59 |
| Commercial real estate | 0.49 | 0.85 | 0.57 | 0.40 | 0.46 | 0.55 | 0.36 | 0.64 | 0.48 | 0.65 | 0.28 |
| Multifamily residential real estate | 0.24 | 0.74 | 0.37 | 0.25 | 0.20 | 0.14 | 0.27 | 0.49 | 0.40 | 0.69 | 0.11 |
| Home equity loans | 0.36 | 0.56 | 0.40 | 0.36 | 0.36 | 0.37 | 0.33 | 0.41 | 0.44 | 0.38 | 0.22 |
| Other 1-4 family residential | 0.93 | 1.77 | 1.19 | 0.72 | 0.90 | 0.78 | 0.90 | 1.22 | 1.17 | 1.24 | 0.75 |
| Commercial and industrial loans | 0.68 | 1.40 | 0.99 | 0.95 | 0.57 | 0.61 | 0.49 | 0.70 | 0.68 | 0.75 | 1.15 |
| Loans to individuals | 1.80 | 2.51 | 2.14 | 2.20 | 1.72 | 2.01 | 1.73 | 1.53 | 1.96 | 1.50 | 1.67 |
| Credit card loans | 2.28 | 1.76 | 5.44 | 3.57 | 2.10 | 2.32 | 3.05 | 2.32 | 2.40 | 0.69 | 1.99 |
| Other loans to individuals | 1.45 | 2.53 | 1.74 | 1.37 | 1.39 | 1.67 | 1.41 | 1.26 | 1.38 | 1.72 | 1.21 |
| All other loans and leases (including farm) | 0.37 | 0.60 | 0.57 | 0.44 | 0.35 | 0.42 | 0.18 | 0.43 | 0.35 | 0.65 | 0.40 |
| Total loans and leases | 0.84 | 1.30 | 0.90 | 0.77 | 0.83 | 0.93 | 0.68 | 0.86 | 0.93 | 0.90 | 0.78 |
| **Percent of Loans Noncurrent**** | | | | | | | | | | | |
| All real estate loans | 0.61 | 0.86 | 0.61 | 0.56 | 0.62 | 0.55 | 0.39 | 0.86 | 1.01 | 0.74 | 0.45 |
| Construction and development | 0.48 | 0.64 | 0.50 | 0.47 | 0.46 | 0.48 | 0.26 | 0.73 | 0.59 | 0.51 | 0.46 |
| Commercial real estate | 0.69 | 0.93 | 0.68 | 0.72 | 0.67 | 0.64 | 0.47 | 1.01 | 0.70 | 0.82 | 0.55 |
| Multifamily residential real estate | 0.26 | 0.44 | 0.43 | 0.26 | 0.21 | 0.14 | 0.33 | 0.60 | 0.61 | 0.74 | 0.05 |
| Home equity loans | 0.18 | 0.26 | 0.19 | 0.20 | 0.17 | 0.14 | 0.14 | 0.26 | 0.19 | 0.16 | 0.11 |
| Other 1-4 family residential | 0.71 | 0.96 | 0.66 | 0.58 | 0.74 | 0.52 | 0.46 | 1.06 | 1.71 | 0.84 | 0.52 |
| Commercial and industrial loans | 1.16 | 1.48 | 1.03 | 1.03 | 1.19 | 1.40 | 0.83 | 1.38 | 0.83 | 1.00 | 0.99 |
| Loans to individuals | 1.40 | 0.95 | 0.86 | 1.16 | 1.47 | 2.08 | 0.90 | 0.70 | 1.47 | 0.57 | 1.22 |
| Credit card loans | 1.99 | 1.32 | 3.28 | 2.40 | 1.93 | 2.18 | 2.00 | 1.60 | 2.20 | 0.57 | 1.77 |
| Other loans to individuals | 0.95 | 0.95 | 0.57 | 0.40 | 1.07 | 1.96 | 0.63 | 0.39 | 0.49 | 0.56 | 0.43 |
| All other loans and leases (including farm) | 0.40 | 0.84 | 0.66 | 0.57 | 0.35 | 0.38 | 0.36 | 0.32 | 0.54 | 0.85 | 0.62 |
| Total loans and leases | 0.80 | 0.96 | 0.68 | 0.70 | 0.84 | 1.01 | 0.51 | 0.87 | 1.02 | 0.77 | 0.62 |
| **Percent of Loans Charged-off (net, YTD)** | | | | | | | | | | | |
| All real estate loans | 0.07 | 0.09 | 0.07 | 0.07 | 0.07 | 0.04 | 0.06 | 0.14 | 0.07 | 0.09 | 0.03 |
| Construction and development | 0.05 | 0.10 | 0.06 | 0.05 | 0.04 | 0.02 | 0.03 | 0.10 | 0.07 | 0.06 | 0.02 |
| Commercial real estate | 0.07 | 0.10 | 0.07 | 0.09 | 0.06 | 0.03 | 0.06 | 0.14 | 0.07 | 0.09 | 0.03 |
| Multifamily residential real estate | 0.03 | 0.04 | 0.09 | 0.02 | 0.02 | 0.01 | 0.04 | 0.09 | 0.05 | 0.11 | 0.00 |
| Home equity loans | 0.09 | 0.10 | 0.06 | 0.11 | 0.09 | 0.04 | 0.10 | 0.14 | 0.12 | 0.13 | 0.02 |
| Other 1-4 family residential | 0.06 | 0.09 | 0.06 | 0.06 | 0.07 | 0.03 | 0.05 | 0.15 | 0.05 | 0.10 | 0.04 |
| Commercial and industrial loans | 0.54 | 0.62 | 0.59 | 0.65 | 0.51 | 0.45 | 0.48 | 0.47 | 0.60 | 0.44 | 1.10 |
| Loans to individuals | 2.76 | 1.05 | 1.75 | 2.28 | 2.93 | 3.55 | 1.64 | 1.78 | 3.60 | 1.04 | 3.27 |
| Credit card loans | 5.01 | 2.60 | 9.28 | 4.81 | 4.95 | 5.15 | 5.41 | 4.44 | 5.74 | 2.01 | 4.61 |
| Other loans to individuals | 1.28 | 1.02 | 0.86 | 0.83 | 1.40 | 1.98 | 0.79 | 1.15 | 0.71 | 0.82 | 1.30 |
| All other loans and leases (including farm) | 0.16 | 0.19 | 0.26 | 0.29 | 0.14 | 0.13 | 0.14 | 0.18 | 0.12 | 0.39 | 0.18 |
| Total loans and leases | 0.60 | 0.30 | 0.30 | 0.40 | 0.70 | 0.90 | 0.30 | 0.40 | 0.70 | 0.30 | 0.60 |
| **Loans Outstanding (in billions)** | | | | | | | | | | | |
| All real estate loans | $3,683.0 | $86.2 | $607.7 | $608.4 | $2,380.7 | $792.1 | $831.1 | $738.2 | $342.1 | $254.5 | $725.0 |
| Construction and development | 336.8 | 9.1 | 89.8 | 82.5 | 155.3 | 38.6 | 105.5 | 73.6 | 29.3 | 45.1 | 44.8 |
| Commercial real estate | 752.0 | 24.1 | 212.2 | 184.3 | 331.3 | 150.1 | 177.7 | 164.6 | 74.1 | 78.1 | 107.3 |
| Multifamily residential real estate | 169.0 | 2.0 | 26.1 | 40.0 | 100.9 | 44.8 | 19.3 | 30.3 | 8.6 | 6.7 | 59.2 |
| Home equity loans | 490.7 | 3.2 | 36.5 | 48.4 | 402.6 | 91.9 | 121.8 | 127.3 | 70.9 | 19.9 | 58.8 |
| Other 1-4 family residential | 1,836.9 | 37.8 | 222.2 | 246.0 | 1,330.9 | 419.7 | 398.2 | 330.4 | 144.5 | 93.8 | 450.3 |
| Commercial and industrial loans | 968.3 | 19.2 | 109.3 | 126.3 | 713.5 | 260.0 | 204.6 | 259.1 | 79.0 | 64.6 | 101.1 |
| Loans to individuals | 930.2 | 12.4 | 55.6 | 91.8 | 770.4 | 349.3 | 140.3 | 168.3 | 92.8 | 40.6 | 139.0 |
| Credit card loans | 399.2 | 0.2 | 6.0 | 34.7 | 358.4 | 185.4 | 27.4 | 42.8 | 53.0 | 8.6 | 82.0 |
| Other loans to individuals | 531.0 | 12.1 | 49.6 | 57.1 | 412.1 | 163.9 | 112.8 | 125.5 | 39.8 | 32.0 | 57.0 |
| All other loans and leases (including farm) | 540.9 | 13.5 | 31.3 | 33.5 | 462.6 | 170.8 | 112.8 | 170.4 | 47.3 | 16.8 | 22.8 |
| Total loans and leases | 6,122.5 | 131.2 | 803.9 | 860.1 | 4,327.2 | 1,572.2 | 1,288.7 | 1,336.0 | 561.3 | 376.5 | 987.8 |
| **Memo: Other Real Estate Owned (in millions)** | | | | | | | | | | | |
| All other real estate owned | 4,281.4 | 304.7 | 1,238.8 | 756.5 | 1,981.4 | 459.3 | 833.1 | 1,190.1 | 486.1 | 782.9 | 529.9 |
| Construction and development | 509.3 | 38.5 | 200.9 | 151.2 | 118.6 | 23.5 | 111.5 | 94.4 | 52.0 | 182.5 | 45.3 |
| Commercial real estate | 1,312.6 | 113.1 | 566.2 | 311.6 | 321.7 | 135.3 | 270.7 | 294.9 | 160.5 | 298.9 | 152.3 |
| Multifamily residential real estate | 102.1 | 10.3 | 44.2 | 32.4 | 15.2 | 6.0 | 18.3 | 35.0 | 8.1 | 28.2 | 6.4 |
| 1-4 family residential | 2,189.2 | 121.3 | 387.2 | 256.5 | 1,424.1 | 198.3 | 425.7 | 758.1 | 240.7 | 251.7 | 314.8 |
| Farmland | 79.2 | 21.7 | 41.0 | 6.9 | 9.5 | 3.4 | 8.3 | 8.1 | 26.1 | 22.5 | 10.8 |

* See Table IV-A (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.

## Insurance Fund Indicators Fourth Quarter 2004

- ***BIF Reserve Ratio Falls 2 Basis Points, Ends Year at 1.30 Percent***
- ***SAIF Reserve Ratio Rises 1 Basis Point to 1.34 Percent***
- ***Four Institutions Fail During Year***

Insured deposits rose by 1.9 percent during the fourth quarter, bringing the growth rate for the full year to 5.0 percent. Full year growth for 2004 was more than double the 2.0 percent rise of the previous year. Insured deposits at the 8,975 banks and thrifts rose by $171 billion during 2004.

Deposits insured by the Bank Insurance Fund (BIF) grew by 2.3 percent during the fourth quarter and by 4.5 percent for the full year, to $2.7 trillion at year-end. Between September 30 and December 31, two-thirds of all BIF-member institutions reported increases in insured deposits. On December 31, 2004, the balance of the BIF was $34.8 billion, $320 million higher than three months earlier. About 40 percent of the quarterly increase ($136 million) came from reducing reserves previously set aside for losses. During 2004, the BIF balance increased by $1.0 billion, the smallest full year increase in three years. Reducing reserves previously set aside for losses added $269 million to the fund, compared to the prior year's reserve reduction, which contributed $931 million to the BIF. Rising interest rates during 2004 caused the BIF to record an unrealized loss on available-for-sale securities which reduced the fund by $112 million. Unrealized losses on available-for-sale securities reduced the BIF by $10 million in 2003. The reserve ratio for the Bank Insurance Fund ended 2004 at 1.30 percent, two basis points lower than the previous quarter, and two basis points lower than the previous year-end. As of year-end 2004, the BIF reserve ratio would change roughly one basis point for every $267 million change in the BIF fund balance or every $20.7 billion movement in the amount of deposits insured by the BIF.

SAIF insured deposits increased by 0.8 percent ($7.7 billion) during the fourth quarter, ending 2004 at $951 billion. This was the slowest quarterly growth since the third quarter of 2003 when SAIF-insured deposits decreased by 0.4 percent.

On December 31, 2004, the Savings Association Insurance Fund (SAIF) balance was $12.7 billion, $197 million higher than three months earlier. This was the largest quarterly increase in the SAIF since the third quarter of 2002 when the fund increased by $263 million. Nearly half of the quarter's growth ($95 million) was attributable to reducing reserves previously set aside for losses. The quarterly increase to the SAIF more than offset the growth in SAIF insured deposits, causing the SAIF reserve ratio to rise one basis point during the fourth quarter to 1.34 percent.

There were no failures of FDIC-insured institutions during the fourth quarter of 2004. For all of 2004, four FDIC-insured institutions failed. Three BIF-members failed with combined assets of $151 million and an estimated failure cost of $9.4 million, and one SAIF-member failed with assets of $15 million and an estimated failure cost of zero.

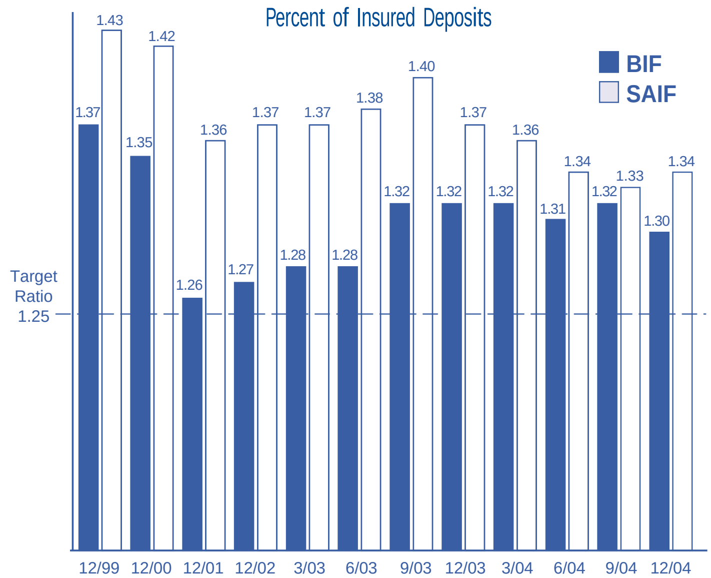
**Changes in Insurance Fund Balances**

| *(dollar figures in millions)* | Bank Insurance Fund | | | | | | | Savings Association Insurance Fund | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **4th Qtr. 2004** | **3rd Qtr. 2004** | **2nd Qtr. 2004** | **1st Qtr. 2004** | **4th Qtr. 2003** | **3rd Qtr. 2003** | **2nd Qtr. 2003** | **4th Qtr. 2004** | **3rd Qtr. 2004** | **2nd Qtr. 2004** | **1st Qtr. 2004** | **4th Qtr. 2003** | **3rd Qtr. 2003** | **2nd Qtr. 2003** |
| **Beginning Fund Balance** | **$34,467** | **$34,110** | **$34,164** | **$33,782** | **$33,462** | **$32,800** | **$32,382** | **$12,523** | **$12,411** | **$12,394** | **$12,240** | **$12,186** | **$12,083** | **$11,906** |
| Unrealized Gain (Loss) on Available-For-Sale Securities | –32 | 77 | –332 | 175 | –106 | –45 | 38 | –10 | 24 | –109 | 59 | -37 | -16 | 13 |
| Provision for Insurance Losses | –136 | –64 | –32 | –37 | –246 | –543 | –133 | –95 | 24 | –2 | 1 | 10 | -26 | -45 |
| All Other Income, Net of Expenses | 216 | 216 | 246 | 170 | 180 | 164 | 247 | 112 | 112 | 124 | 96 | 101 | 93 | 119 |
| Total Fund Balance Change | 320 | 357 | –54 | 382 | 320 | 662 | 418 | 197 | 112 | 17 | 154 | 54 | 103 | 177 |
| **Ending Fund Balance** | **$34,787** | **$34,467** | **$34,110** | **$34,164** | **$33,782** | **$33,462** | **$32,800** | **$12,720** | **$12,523** | **$12,411** | **$12,394** | **$12,240** | **$12,186** | **$12,083** |

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

| *(dollar figures in millions)* | Preliminary 4th Quarter 2004 | 3rd Quarter 2004 | 4th Quarter 2003 | %Change 03:12-04:12 |
|---|---|---|---|---|
| ***Bank Insurance Fund*** | | | | |
| Reserve ratio (%) | 1.30 | 1.32 | 1.32 | -1.5 |
| Fund Balance | $34,787 | $34,467 | $33,782 | 3.0 |
| Estimated insured deposits | 2,672,397 | 2,611,916 | 2,556,288 | 4.5 |
| SAIF-member Oakars | 103,333 | 105,554 | 100,795 | 2.5 |
| BIF-members | 2,569,063 | 2,506,362 | 2,455,493 | 4.6 |
| Assessment base | 4,530,207 | 4,387,985 | 4,128,777 | 9.7 |
| SAIF-member Oakars | 112,796 | 111,307 | 103,574 | 8.9 |
| BIF-members | 4,417,411 | 4,276,678 | 4,025,203 | 9.7 |
| ***Savings Association Insurance Fund*** | | | | |
| Reserve ratio (%) | 1.34 | 1.33 | 1.37 | -2.1 |
| Fund Balance | $12,720 | $12,523 | $12,240 | 3.9 |
| Estimated insured deposits | 951,316 | 943,666 | 896,123 | 6.2 |
| BIF-member Oakars | 443,763 | 441,935 | 405,737 | 9.4 |
| SAIF-member Sassers | 93,026 | 92,183 | 95,031 | -2.1 |
| Other SAIF members | 414,527 | 409,548 | 395,355 | 4.8 |
| Assessment base | 1,156,473 | 1,128,078 | 1,044,046 | 10.8 |
| BIF-member Oakars | 459,855 | 447,269 | 409,424 | 12.3 |
| SAIF-member Sassers | 120,937 | 119,590 | 120,418 | 0.4 |
| Other SAIF members | 575,680 | 561,218 | 514,205 | 12.0 |

### Insurance Fund Reserve Ratios*
Percent of Insured Deposits




### Fund Balances and Insured Deposits*
($Millions)

| | BIF Balance | BIF-Insured Deposits | SAIF Balance | SAIF-Insured Deposits |
|---|---|---|---|---|
| 12/99 | 29,414 | 2,151,454 | 10,281 | 717,591 |
| 12/00 | 30,975 | 2,299,932 | 10,759 | 755,156 |
| 12/01 | 30,439 | 2,409,566 | 10,935 | 801,171 |
| 3/02 | 30,697 | 2,495,498 | 11,049 | 810,902 |
| 6/02 | 31,187 | 2,490,954 | 11,323 | 818,806 |
| 9/02 | 31,383 | 2,513,160 | 11,586 | 833,029 |
| 12/02 | 32,050 | 2,524,474 | 11,747 | 859,205 |
| 3/03 | 32,382 | 2,531,307 | 11,906 | 867,908 |
| 6/03 | 32,800 | 2,562,053 | 12,083 | 876,305 |
| 9/03 | 33,462 | 2,541,540 | 12,186 | 872,777 |
| 12/03 | 33,782 | 2,556,288 | 12,240 | 896,123 |
| 3/04 | 34,164 | 2,586,469 | 12,394 | 914,475 |
| 6/04 | 34,110 | 2,605,720 | 12,411 | 926,570 |
| 9/04 | 34,467 | 2,611,916 | 12,523 | 943,666 |
| 12/04 | 34,787 | 2,672,397 | 12,720 | 951,316 |

* Estimated insured deposits are based on preliminary data. 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

| *(dollar figures in millions)* | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|---|---|
| BIF Members | | | | | | | |
| Number of institutions | 3 | 3 | 10 | 3 | 6 | 7 | 3 |
| Total assets | $151 | $1,097 | $2,508 | $54 | $378 | $1,490 | $371 |
| SAIF Members | | | | | | | |
| Number of institutions | 1 | 0 | 1 | 1 | 1 | 1 | 0 |
| Total assets | $15 | $0 | $50 | $2,200 | $30 | $71 | $0 |

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

| (dollar figures in millions) | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---|---|---|---|---|---|---|
| ***BIF Members*** | | | | | | | |
| Number of institutions reporting | 7,839 | 7,995 | 8,125 | 8,327 | 8,572 | 8,835 | 9,032 |
| BIF-member Oakars | 773 | 766 | 801 | 766 | 743 | 744 | 745 |
| Other BIF-members | 7,066 | 7,229 | 7,324 | 7,561 | 7,829 | 8,091 | 8,287 |
| Total assets | $8,743,794 | $7,899,294 | $7,336,225 | $6,857,472 | $6,510,744 | $5,980,127 | $5,702,872 |
| Total deposits | 5,773,607 | 5,210,272 | 4,854,891 | 4,567,604 | 4,337,661 | 3,987,336 | 3,843,779 |
| Net income | 109,232 | 106,315 | 92,644 | 76,500 | 73,430 | 73,952 | 64,451 |
| Return on assets (%) | 1.31 | 1.40 | 1.32 | 1.14 | 1.18 | 1.29 | 1.18 |
| Return on equity (%) | 13.73 | 15.21 | 14.34 | 12.91 | 13.86 | 15.11 | 13.82 |
| Noncurrent assets plus OREO to assets (%) | 0.54 | 0.76 | 0.91 | 0.89 | 0.72 | 0.62 | 0.64 |
| Number of problem institutions | 69 | 102 | 116 | 90 | 74 | 66 | 68 |
| Assets of problem institutions | $27,161 | $28,812 | $32,176 | $31,881 | $10,787 | $4,450 | $5,326 |
| Number of failed/assisted institutions | 3 | 3 | 10 | 3 | 6 | 7 | 3 |
| Assets of failed/assisted institutions | $151 | $1,097 | $2,508 | $54 | $378 | $1,490 | $371 |
| ***SAIF Members*** | | | | | | | |
| Number of institutions reporting | 1,136 | 1,186 | 1,229 | 1,287 | 1,332 | 1,387 | 1,432 |
| SAIF-member Oakars | 149 | 146 | 133 | 130 | 122 | 123 | 116 |
| Other SAIF-members | 987 | 1,040 | 1,096 | 1,157 | 1,210 | 1,264 | 1,316 |
| Total assets | $1,360,829 | $1,177,483 | $1,099,965 | $1,011,736 | $952,154 | $903,532 | $828,177 |
| Total deposits | 810,588 | 744,016 | 713,599 | 621,824 | 577,100 | 550,703 | 542,481 |
| Net income | 13,744 | 14,319 | 12,462 | 10,623 | 8,071 | 8,450 | 7,568 |
| Return on assets (%) | 1.09 | 1.25 | 1.17 | 1.11 | 0.89 | 0.99 | 0.98 |
| Return on equity (%) | 10.14 | 13.86 | 12.79 | 13.46 | 11.12 | 11.97 | 11.29 |
| Noncurrent assets plus OREO to assets (%) | 0.50 | 0.69 | 0.79 | 0.75 | 0.65 | 0.64 | 0.80 |
| Number of problem institutions | 11 | 14 | 20 | 24 | 20 | 13 | 16 |
| Assets of problem institutions | $1,089 | $1,105 | $6,751 | $7,923 | $13,053 | $5,524 | $5,992 |
| Number of failed/assisted institutions | 1 | 0 | 1 | 1 | 1 | 1 | 0 |
| Assets of failed/assisted institutions | $15 | $0 | $50 | $2,200 | $30 | $71 | $0 |

* Excludes insured branches of foreign banks (IBAs).

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

| (dollar figures in millions) | Number of | Total | Domestic | Estimated Insured Deposits | | |
|---|---|---|---|---|---|---|
| December 31, 2004 | Institutions | Assets | Depostis* | BIF | SAIF | Total |
| ***Commercial Banks and Savings Institutions*** | | | | | | |
| FDIC-Insured Commercial Banks | 7,630 | 8,412,844 | 4,726,933 | 2,412,426 | 454,133 | 2,866,558 |
| BIF-member | 7,517 | 8,219,137 | 4,610,412 | 2,381,303 | 397,449 | 2,778,752 |
| SAIF-member | 113 | 193,707 | 116,521 | 31,123 | 56,684 | 87,807 |
| FDIC-Supervised | 4,804 | 1,535,686 | 1,126,979 | 676,989 | 98,800 | 775,789 |
| OCC-Supervised | 1,907 | 5,601,668 | 2,848,766 | 1,374,719 | 267,778 | 1,642,497 |
| Federal Reserve-Supervised | 919 | 1,275,490 | 751,188 | 360,717 | 87,555 | 448,272 |
| FDIC-Insured Savings Institutions | 1,345 | 1,691,779 | 991,376 | 259,035 | 497,183 | 756,218 |
| OTS-Supervised Savings Institutions | 886 | 1,348,976 | 759,402 | 132,272 | 441,101 | 573,373 |
| BIF-member | 43 | 245,147 | 112,865 | 62,952 | 26,575 | 89,527 |
| SAIF-member | 843 | 1,103,829 | 646,537 | 69,320 | 414,527 | 483,847 |
| FDIC-Supervised State Savings Banks | 459 | 342,803 | 231,975 | 126,763 | 56,082 | 182,845 |
| BIF-member | 279 | 279,510 | 186,568 | 123,873 | 19,739 | 143,613 |
| SAIF-member | 180 | 63,293 | 45,407 | 2,890 | 36,342 | 39,232 |
| ***Total Commercial Banks and Savings Institutions*** | 8,975 | 10,104,623 | 5,718,309 | 2,671,461 | 951,316 | 3,622,777 |
| BIF-member | 7,839 | 8,743,794 | 4,909,844 | 2,568,128 | 443,763 | 3,011,891 |
| SAIF-member | 1,136 | 1,360,829 | 808,465 | 103,333 | 507,553 | 610,886 |
| ***Other FDIC-Insured Institutions*** | | | | | | |
| U.S. Branches of Foreign Banks | 13 | 10,198 | 5,032 | 935 | 0 | 935 |
| ***Total FDIC-Insured Institutions*** | 8,988 | 10,114,820 | 5,723,341 | 2,672,397 | 951,316 | 3,623,712 |

* Excludes $866 billion in foreign office deposits, which are uninsured.

## TABLE V-B. Assessment Base Distribution and Rate Schedule

### BIF Assessment Base Distribution
### Assessable Deposits in Billions as of December 31, 2004
### Supervisory and Capital Ratings for First Semiannual Assessment Period, 2005

| | Supervisory Risk Subgroup | | | | | |
|---|---|---|---|---|---|---|
| **Capital Group** | **A** | | **B** | | **C** | |
| 1. Well-capitalized | | | | | | |
| Number of institutions | 7,326 | 93.3% | 393 | 5.0% | 61 | 0.8% |
| Assessable deposit base | $4,450 | 98.2% | $49 | 1.1% | $18 | 0.4% |
| 2. Adequately capitalized | | | | | | |
| Number of institutions | 59 | 0.8% | 2 | 0.0% | 8 | 0.1% |
| Assessable deposit base | $11 | 0.2% | $1 | 0.0% | $1 | 0.0% |
| 3. Undercapitalized | | | | | | |
| Number of institutions | 1 | 0.0% | 0 | 0.0% | 2 | 0.0% |
| Assessable deposit base | $0 | 0.0% | $0 | 0.0% | $0 | 0.0% |

NOTE: "Number" reflects the number of BIF members; "Base" reflects the BIF-assessable deposits held by both SAIF and BIF 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 Billions as of December 31, 2004
### Supervisory and Capital Ratings for First Semiannual Assessment Period, 2005

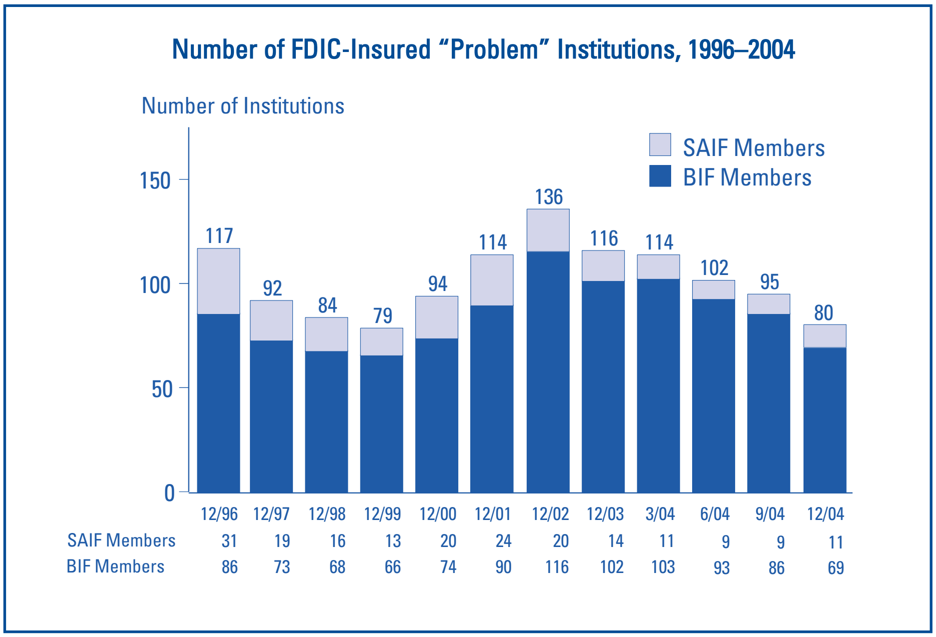
| | Supervisory Risk Subgroup | | | | | |
|---|---|---|---|---|---|---|
| **Capital Group** | **A** | | **B** | | **C** | |
| 1. Well-capitalized | | | | | | |
| Number of institutions | 1,058 | 93.3% | 65 | 5.4% | 9 | 0.8% |
| Assessable deposit base | $1,143 | 98.7% | $13 | 1.1% | $1 | 0.0% |
| 2. Adequately capitalized | | | | | | |
| Number of institutions | 2 | 0.3% | 1 | 0.2% | 0 | 0.0% |
| Assessable deposit base | $0 | 0.2% | $0 | 0.0% | $0 | 0.0% |
| 3. Undercapitalized | | | | | | |
| Number of institutions | 0 | 0.0% | 0 | 0.0% | 1 | 0.0% |
| Assessable deposit base | $0 | 0.0% | $0 | 0.0% | $0 | 0.0% |

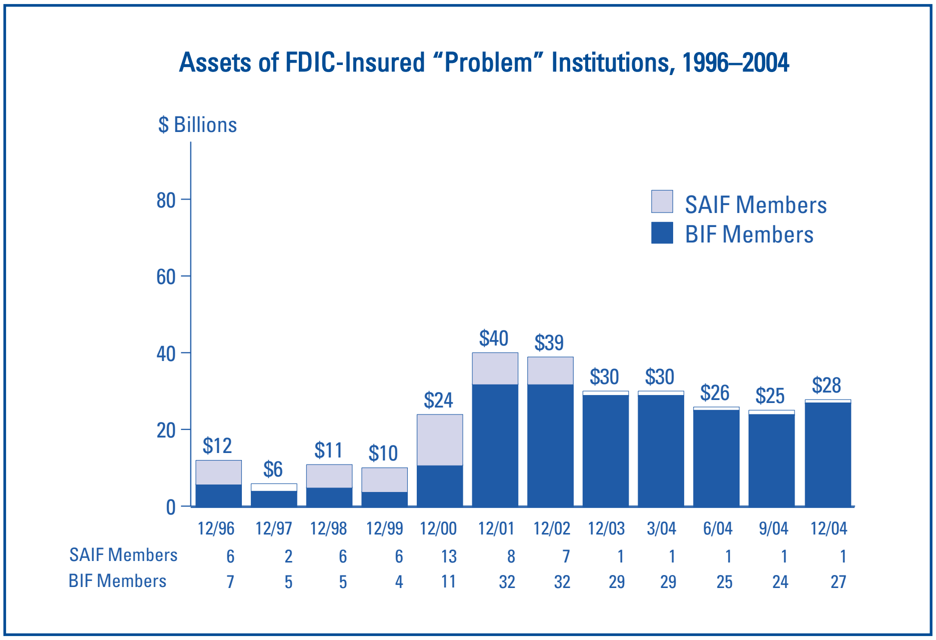
NOTE: "Number" reflects the number of SAIF members; "Base" reflects the SAIF-assessable deposits held by both BIF and SAIF members.
Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

### Assessment Rate Schedule
### First Semiannual 2005 Assessment Period
### Cents per $100 of Assessable Deposits

| | Supervisory Risk Subgroup | | |
|---|---|---|---|
| **Capital Group** | **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, 1996–2004
Number of Institutions
SAIF Members
BIF Members
150
100
50
0
117
92
84
79
94
114
136
116
114
102
95
80
12/96 12/97 12/98 12/99 12/00 12/01 12/02 12/03 3/04 6/04 9/04 12/04
SAIF Members 31 19 16 13 20 24 20 14 11 9 9 11
BIF Members 86 73 68 66 74 90 116 102 103 93 86 69


Assets of FDIC-Insured "Problem" Institutions, 1996–2004
$ Billions
SAIF Members
BIF Members
80
60
40
20
0
$12
$6
$11
$10
$24
$40
$39
$30
$30
$26
$25
$28
12/96 12/97 12/98 12/99 12/00 12/01 12/02 12/03 3/04 6/04 9/04 12/04
SAIF Members 6 2 6 6 13 8 7 1 1 1 1 1
BIF Members 7 5 5 4 11 32 32 29 29 25 24 27

# 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. Therefore, the BIF-member and the SAIF-member tables each include deposits from both insurance funds. Prior to the fourth quarter of 2004, all SAIF deposits held by BIF-member institutions and all BIF deposits held by SAIF members (Adjusted Attributable Deposit Amounts, or AADAs) were treated as fully insured. Beginning in the fourth quarter of 2004, the insured portions of newly acquired AADAs are based on the estimated insured share of deposits at the acquired institution. Effective with this change, the insured portion of the AADA is assumed to grow at the same rate as each institution's total estimated insured deposits.

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.

### ACCOUNTING CHANGES

**FASB Interpretation No. 45** — In November 2002, the FASB issued Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. This interpretation clarifies that a guarantor is required to recognize, at the inception of a guarantee (financial standby letters of credit, performance standby letters of credit), a liability for the fair value of the obligation undertaken in issuing the guarantee. Banks apply the initial recognition and measurement provisions of Interpretation No. 45 on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the bank's fiscal year end. A bank's previous accounting for guarantees issued prior to January 1, 2003, is not revised.

**FASB Interpretation No. 46** — The FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities*, in January 2003 and revised it in December 2003. Generally, banks with variable interests in variable interest entities created after December 31, 2003, must consolidate them. The timing of consolidation varies with certain situations with application as late as 2005. The assets and liabilities of a consolidated variable interest entity are reported on a line-by-line basis according to the asset and liability categories shown on the bank's balance sheet, as well as related income items. Most small banks are unlikely to have any "variable interests" in variable interest entities.

**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. 147 clarifies that acquisitions of financial institutions (except transactions between two or more mutual enterprises), including branch acquisitions that meet the definition of a business combination, should be accounted for by the purchase method under FASB Statement No. 141. This accounting standard includes transition provisions that apply to unidentifiable intangible assets previously accounted for in accordance with FASB Statement No. 72. If the transaction (such as a branch acquisition) in which an unidentifiable intangible asset arose does not meet the definition of a business combination, this intangible asset is not be reported as "Goodwill" on the Call Report balance sheet. Rather, this unidentifiable intangible asset is reported as "Other intangible assets," and must continue to be amortized and the amortization expense should be reported in the Call Report income statement.

**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.

**FASB Statement No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*** — provides guidance on the circumstances in which a loan commitment must be accounted for as derivative. Under Statement No. 149, loan commitments that relate to the origination of mortgage loans that will be held for sale, commonly referred to as interest rate lock commitments, must be accounted for as derivatives on the balance sheet by the issuer of the commitment.

**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 | $\geq$10 | *and* | $\geq$6 | *and* | $\geq$5 | | – |
| Adequately capitalized | $\geq$8 | *and* | $\geq$4 | *and* | $\geq$4 | | – |
| Undercapitalized | $\geq$6 | *and* | $\geq$3 | *and* | $\geq$3 | | – |
| Significantly undercapitalized | <6 | *or* | <3 | *or* | <3 | *and* | >2 |
| Critically undercapitalized | – | | – | | – | | $\leq$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 is based on 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 intangible 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. Between March 31, 2001 and March 31, 2003 reserves for losses did not include the allocated transfer risk reserve, which was 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 is based on 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. (Excluded are commitments after June 2003 for originated mortgage loans held for sale, which are accounted for as derivatives on the balance sheet.)

**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. 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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