Report on the Condition of the U.S. Banking Industry: Third Quarter, 2005

Aggregate assets at all reporting bank holding companies increased 2.6 percent, or $282 billion, to $11.2 trillion, with much of the growth coming from loans to finance real estate. Earnings were strong despite somewhat higher provisions that arose mainly from the summer's Gulf Coast hurricanes. Nonperforming asset measures stayed at a historically low level.

Loans advanced 2.8 percent ($152 billion), to $5.5 trillion, fueled primarily by increases in residential mortgages ($65 billion) and commercial real estate loans ($47 billion). Construction loans, which include loans to finance the construction of new homes, accounted for roughly half of the increase in commercial real estate lending. Loans to individuals other than for credit cards or mortgages continued to grow at an elevated pace, up 4.4 percent, or $22 billion. Growth in commercial and industrial loans decelerated from 3.8 percent in the previous quarter to 1.1 percent, or $11 billion. Similarly, the pace of increases in home equity lines of credit slowed in response to higher interest rates, falling to just 0.3 percent, or $1.3 billion. More generally, unused commitments to lend increased significantly, rising 4.1 percent ($206 billion), to $5.2 trillion, consistent with reports of a robust outlook for business loans.

Money market assets also increased substantially ($71 billion)—as did money market borrowings ($75 billion)—almost entirely at one of the five large bank holding companies for which banking operations represent only a small component of the consolidated entity.[1] Investment securities expanded 2.6 percent, or $48 billion, to $1.9 trillion, with most of the growth in Treasury and other debt securities.

Funding for the growth in assets was evenly balanced between deposits and short-term borrowings. Deposit growth for the quarter was concentrated in time deposits and MMDA and savings accounts, shifting the overall deposit composition toward higher-cost categories as transaction accounts declined. At 1.9 percent ($103 billion), overall deposit growth lagged the growth in loans, pushing the loan-to-deposit ratio up slightly to 99.2 percent.

Tier 1 and total risk-based capital ratios fell modestly to 9.16 and 11.9 percent, respectively, continuing the modest downward trend seen over the past two years. The leverage ratio, however, remained roughly unchanged at 6.53 percent.

Third quarter net income for all reporting bank holding companies rose six percent ($2.0 billion), to $34.7 billion, lifting quarterly returns on equity and assets to 15.14 percent and 1.25 percent, respectively, near historic highs. A surge in noninterest income, spurred by strong trading revenues at large institutions, contributed significantly to earnings improvement. Net interest margins narrowed further, down three basis points, to 3.06 percent, due to a flatter term structure, continued competition for loans and deposits, higher short-term funding rates, and a shift in deposit mix toward higher-cost certificates of deposit. Nonetheless, net interest income increased because of asset growth.

Moderating the improvement in earnings, a substantial increase in provisions for loan losses augmented loan-loss reserves for the first time since early 2004. Large institutions with credit exposures on the Gulf Coast accounted for almost half of this increase. Further contributing to escalating provisions were anticipated losses (largely on credit cards) from stepped-up personal bankruptcies filed before the implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 and, to a lesser extent, the introduction of higher minimum credit card payments. Despite the hurricanes and other one-time factors, however, the nonperforming assets ratio declined slightly during the quarter to a low 0.70 percent.

Assets at the fifty large bank holding companies increased just 0.9 percent, or $75 billion, influenced

1. Financial information for five large bank holding companies (BHCs) for which banking operations represent only a small component of the consolidated entity is included in the all reporting bank holding company data shown in table 1, but not in the data for the fifty large bank holding companies (table 2) or in the data for all other reporting bank holding companies (table 3). Three of these BHCs are insurance-oriented and two are brokerage-oriented. At the end of the third quarter, these five BHCs had combined assets of $925.8 billion, more than half in the securities and money market assets category. For further background on the institutions included in each table's data, see Board of Governors of the Federal Reserve System (2004) "Report on the Condition of the Banking Industry: Third Quarter, 2003," *Federal Reserve Bulletin*, vol. 90 (Winter) pp. 47–51.

significantly by Citigroup's sale of life insurance and annuities operations to an insurance-focused bank holding company (MetLife) during the quarter. Although this transaction had no net effect on the assets of all reporting bank holding companies, aggregate earnings reflected the $2.1 billion gain realized by Citigroup on this sale.

1. Financial characteristics of all reporting bank holding companies in the United States

Millions of dollars except as noted, not seasonally adjusted

Account or ratio[1, 2]	2000	2001	2002	2003	2004	2004				2005		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Balance sheet												
Total assets	**6,745,836**	**7,486,952**	**7,991,161**	**8,880,661**	**10,339,839**	**9,357,969**	**9,711,531**	**9,959,685**	**10,339,839**	**10,710,584**	**10,956,178**	**11,237,913**
Loans	3,728,570	3,832,553	4,079,878	4,435,683	5,109,518	4,614,913	4,802,958	4,948,873	5,109,518	5,185,007	5,355,072	5,506,691
Securities and money market	2,197,434	2,568,704	2,867,137	3,302,401	3,804,003	3,542,305	3,580,333	3,628,275	3,804,003	4,064,697	4,099,618	4,240,534
Allowance for loan losses	−60,376	−68,833	−74,784	−73,817	−74,590	−76,744	−76,533	−76,045	−74,590	−73,385	−72,954	−73,949
Other	880,209	1,154,529	1,118,931	1,216,395	1,500,909	1,277,496	1,404,772	1,458,582	1,500,909	1,534,264	1,574,443	1,564,638
Total liabilities	**6,227,975**	**6,901,281**	**7,350,380**	**8,177,652**	**9,453,246**	**8,613,886**	**8,938,465**	**9,107,754**	**9,453,246**	**9,820,040**	**10,035,265**	**10,310,107**
Deposits	3,771,749	4,025,769	4,357,245	4,705,043	5,249,488	4,847,908	5,005,099	5,064,670	5,249,488	5,349,230	5,447,870	5,551,289
Borrowings	1,991,564	2,073,770	2,244,492	2,630,242	3,158,539	2,903,088	2,956,549	3,055,319	3,158,539	3,423,243	3,525,387	3,663,114
Other[3]	464,662	801,742	748,643	842,367	1,045,219	862,891	976,816	987,765	1,045,219	1,047,567	1,062,008	1,095,704
Total equity	**517,861**	**585,671**	**640,781**	**703,009**	**886,593**	**744,083**	**773,066**	**851,931**	**886,593**	**890,544**	**920,913**	**927,806**
Off-balance-sheet												
Unused commitments to lend[4]	3,297,511	3,481,745	3,650,669	4,097,531	4,823,334	4,354,895	4,426,497	4,574,267	4,823,334	4,910,034	5,040,259	5,245,823
Securitizations outstanding[5]	n.a.	276,717	295,001	298,348	353,978	308,543	314,258	313,436	353,978	366,430	367,639	374,909
Derivatives (notional value, billions)[6]	43,608	48,276	57,886	72,914	89,115	79,273	83,109	84,723	89,115	92,623	96,658	98,275
Income statement												
Net income[7]	73,168	66,510	85,732	107,939	114,290	30,721	25,866	30,160	28,853	32,909	32,707	34,702
Net interest income	197,695	224,470	246,048	257,537	280,623	67,630	71,451	72,038	71,675	72,817	73,179	74,533
Provisions for loan losses	27,604	40,661	45,086	33,052	28,606	7,165	6,994	7,383	7,793	6,577	6,823	9,929
Non-interest income	200,872	218,984	221,516	250,608	271,465	67,222	73,714	66,986	67,661	73,221	72,266	77,490
Non-interest expense	258,213	302,141	296,966	316,338	357,711	82,984	101,029	87,213	90,009	91,256	91,684	93,898
MEMO												
Realized security gains or losses	−605	4,338	4,598	5,771	5,491	1,978	1,011	2,001	480	417	1,478	471
Ratios (percent)												
Return on average equity	15.19	11.86	14.11	16.28	14.39	17.07	13.50	14.55	13.37	14.86	14.58	15.14
Return on average assets	1.13	.91	1.11	1.26	1.17	1.33	1.07	1.22	1.12	1.24	1.20	1.25
Net interest margin[8]	3.58	3.61	3.74	3.51	3.38	3.43	3.48	3.44	3.29	3.18	3.09	3.06
Efficiency ratio[7]	63.95	66.94	62.41	61.76	63.45	61.36	67.09	62.34	64.35	60.47	61.40	61.69
Nonperforming assets to loans and related assets	1.09	1.44	1.44	1.15	.82	1.09	.96	.89	.82	.76	.71	.70
Net charge-offs to average loans	.64	.89	1.04	.84	.67	.72	.66	.60	.71	.57	.52	.65
Loans to deposits	98.86	95.20	93.63	94.28	97.33	95.19	95.96	97.71	97.33	96.93	98.30	99.20
Regulatory capital ratios												
Tier 1 risk-based	8.84	8.92	9.22	9.58	9.37	9.54	9.39	9.34	9.37	9.31	9.30	9.16
Total risk-based	11.80	11.92	12.28	12.60	12.25	12.45	12.25	12.17	12.25	12.18	12.06	11.90
Leverage	6.81	6.68	6.72	6.87	6.61	6.87	6.67	6.72	6.61	6.51	6.54	6.53
Number of reporting bank holding companies	1,727	1,842	1,979	2,134	2,254	2,193	2,211	2,240	2,254	2,282	2,296	2,288

Footnotes appear on p. B5.

2. Financial characteristics of fifty large bank holding companies in the United States

Millions of dollars except as noted, not seasonally adjusted

Account or ratio[2, 9]	2000	2001	2002	2003	2004	2004				2005		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Balance sheet												
Total assets	**5,512,347**	**5,884,763**	**6,245,841**	**6,904,453**	**7,939,683**	**7,348,075**	**7,538,219**	**7,739,375**	**7,939,683**	**8,203,706**	**8,415,117**	**8,489,633**
Loans	2,939,971	2,959,024	3,142,117	3,389,569	3,930,667	3,549,509	3,684,995	3,792,824	3,930,667	3,979,426	4,097,703	4,219,537
Securities and money market	1,848,917	2,051,787	2,282,015	2,627,207	2,906,482	2,852,911	2,838,186	2,877,270	2,906,482	3,091,535	3,158,002	3,192,465
Allowance for loan losses	−49,291	−56,635	−61,213	−59,381	−59,501	−62,004	−61,583	−60,971	−59,501	−58,136	−57,442	−58,214
Other	772,750	930,587	882,923	947,059	1,162,035	1,007,660	1,076,621	1,130,251	1,162,035	1,190,882	1,216,854	1,135,846
Total liabilities	**5,101,049**	**5,436,029**	**5,758,821**	**6,373,730**	**7,250,493**	**6,780,663**	**6,948,697**	**7,082,122**	**7,250,493**	**7,510,491**	**7,703,132**	**7,773,889**
Deposits	2,850,567	3,026,178	3,264,019	3,516,299	3,951,188	3,633,531	3,762,700	3,796,536	3,951,188	4,020,766	4,082,670	4,151,706
Borrowings	1,812,975	1,876,054	2,038,758	2,355,463	2,708,953	2,611,397	2,639,524	2,738,503	2,708,953	2,892,529	3,021,302	3,095,761
Other[3]	437,507	533,797	456,044	501,968	590,353	535,735	546,473	547,083	590,353	597,196	599,160	526,423
Total equity	**411,299**	**448,734**	**487,021**	**530,723**	**689,190**	**567,412**	**589,523**	**657,253**	**689,190**	**693,216**	**711,986**	**715,744**
Off-balance-sheet												
Unused commitments to lend[4]	3,074,741	3,238,141	3,387,169	3,802,988	4,485,869	4,054,254	4,113,338	4,241,621	4,485,869	4,558,373	4,673,678	4,863,599
Securitizations outstanding[5]	n.a.	271,825	289,905	293,046	348,986	304,545	307,878	307,325	348,986	361,524	362,973	370,284
Derivatives (notional value, billions)[6]	43,542	48,158	57,766	72,723	88,671	79,042	82,841	84,460	88,671	92,136	96,303	97,994
Income statement												
Net income[7]	60,496	52,626	68,391	87,689	91,039	25,222	19,484	24,069	23,574	26,393	24,925	27,989
Net interest income	153,662	166,822	183,958	192,467	208,439	50,921	52,483	53,711	53,496	53,490	53,506	54,063
Provisions for loan losses	23,985	35,739	39,370	28,543	25,183	6,385	6,201	6,588	6,738	5,759	6,027	9,023
Non-interest income	181,672	174,481	172,740	195,743	211,357	53,262	56,521	51,253	54,438	57,542	54,795	60,320
Non-interest expense	217,113	224,644	216,055	229,509	261,076	60,842	74,524	62,537	66,697	66,135	65,766	66,509
MEMO												
Realized security gains or losses	−610	4,313	5,028	5,158	4,587	1,604	697	1,744	520	211	1,426	464
Ratios (percent)												
Return on average equity	15.86	12.22	14.71	17.48	14.86	18.33	13.31	14.98	14.02	15.28	14.29	15.75
Return on average assets	1.14	.92	1.13	1.31	1.19	1.39	1.03	1.25	1.19	1.29	1.18	1.32
Net interest margin[8]	3.45	3.39	3.56	3.36	3.22	3.28	3.27	3.29	3.17	3.03	2.93	2.89
Efficiency ratio[7]	64.08	64.63	59.59	58.75	60.66	58.33	65.00	58.95	61.65	57.15	58.67	58.12
Nonperforming assets to loans and related assets	1.17	1.56	1.56	1.22	.84	1.13	1.00	.91	.84	.78	.72	.71
Net charge-offs to average loans	.73	1.01	1.20	.97	.80	.88	.78	.71	.83	.69	.63	.78
Loans to deposits	103.14	97.78	96.27	96.40	99.48	97.69	97.93	99.90	99.48	98.97	100.37	101.63
Regulatory capital ratios												
Tier 1 risk-based	8.21	8.23	8.51	8.81	8.57	8.76	8.61	8.59	8.57	8.52	8.45	8.46
Total risk-based	11.46	11.58	11.95	12.18	11.84	12.04	11.86	11.81	11.84	11.80	11.59	11.60
Leverage	6.44	6.24	6.25	6.36	6.16	6.36	6.14	6.22	6.16	6.09	6.06	6.16

Footnotes appear on p. B5.

3. Financial characteristics of all other reporting bank holding companies in the United States

Millions of dollars except as noted, not seasonally adjusted

Account[1, 10]	2000	2001	2002	2003	2004	2004				2005		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Balance sheet												
Total assets	**1,175,255**	**1,288,955**	**1,413,460**	**1,549,066**	**1,710,394**	**1,589,910**	**1,636,640**	**1,675,090**	**1,710,394**	**1,740,972**	**1,792,900**	**1,822,494**
Loans	764,249	819,375	883,606	966,795	1,096,550	994,816	1,032,777	1,068,411	1,096,550	1,123,962	1,171,197	1,197,796
Securities and money market	319,990	360,634	409,909	451,610	477,141	467,644	466,532	468,881	477,141	474,698	471,527	469,873
Allowance for loan losses	−10,817	−11,834	−13,133	−14,019	−14,690	−14,348	−14,595	−14,767	−14,690	−14,812	−15,058	−15,258
Other	101,833	120,780	133,079	144,680	151,393	141,797	151,927	152,564	151,393	157,124	165,234	170,084
Total liabilities	**1,074,102**	**1,173,211**	**1,283,194**	**1,407,590**	**1,552,881**	**1,444,353**	**1,491,634**	**1,520,905**	**1,552,881**	**1,583,636**	**1,629,482**	**1,656,864**
Deposits	909,354	985,476	1,075,244	1,166,179	1,278,388	1,198,727	1,224,810	1,250,168	1,278,388	1,308,778	1,345,045	1,378,803
Borrowings	143,987	162,096	176,691	207,010	233,512	204,894	228,010	229,563	233,512	231,629	241,378	232,044
Other[3]	20,761	25,640	31,259	34,400	40,981	40,732	38,813	41,175	40,981	43,229	43,059	46,017
Total equity	**101,153**	**115,744**	**130,266**	**141,477**	**157,514**	**145,557**	**145,007**	**154,184**	**157,514**	**157,336**	**163,419**	**165,630**
Off-balance-sheet												
Unused commitments to lend[4]	213,707	233,430	251,594	281,630	324,094	287,259	298,142	315,329	324,094	337,261	350,998	363,465
Securitizations outstanding[5]	n.a.	4,567	4,358	4,159	2,877	2,875	3,000	2,757	2,877	2,792	2,667	2,697
Derivatives (notional value, billions)[6]	49	89	88	95	144	121	112	121	144	99	101	95
Income statement												
Net income[7]	12,377	13,745	16,553	17,850	19,586	4,811	4,829	5,034	4,912	5,240	5,470	5,548
Net interest income	43,302	46,045	50,867	52,970	57,233	13,825	13,977	14,507	14,925	15,232	15,672	15,937
Provisions for loan losses	3,448	4,485	5,084	4,292	3,191	813	797	809	772	688	742	858
Non-interest income	16,095	22,330	24,477	27,648	26,369	6,736	6,667	6,575	6,391	6,666	6,697	7,031
Non-interest expense	37,988	44,247	46,820	51,320	53,329	13,109	13,098	13,266	13,856	13,958	14,022	14,350
MEMO												
Realized security gains or losses	−1	734	650	1,021	566	314	111	133	9	114	61	59
Ratios (percent)												
Return on average equity	13.07	12.52	13.52	13.12	13.25	13.55	13.30	13.49	12.67	13.32	13.64	13.53
Return on average assets	1.11	1.12	1.24	1.20	1.20	1.23	1.20	1.22	1.16	1.22	1.24	1.24
Net interest margin[8]	4.30	4.20	4.25	3.99	3.92	3.96	3.88	3.91	3.94	3.96	3.96	3.93
Efficiency ratio[7]	62.33	63.83	61.14	62.95	62.66	62.98	62.76	62.82	63.98	62.61	61.89	61.95
Nonperforming assets to loans and related assets	.78	.98	1.03	.98	.77	.97	.87	.85	.77	.75	.71	.69
Net charge-offs to average loans	.33	.44	.46	.39	.25	.23	.25	.24	.29	.17	.19	.20
Loans to deposits	84.04	83.15	82.18	82.90	85.78	82.99	84.32	85.46	85.78	85.88	87.07	86.87
Regulatory capital ratios												
Tier 1 risk-based	11.80	12.25	12.48	12.60	12.46	12.63	12.50	12.48	12.46	12.33	12.16	12.14
Total risk-based	13.26	13.81	14.08	14.28	14.07	14.29	14.14	14.11	14.07	13.92	13.73	13.71
Leverage	8.49	8.78	8.91	9.05	9.15	9.11	9.10	9.14	9.15	9.12	9.11	9.16
Number of other reporting bank holding companies	1,652	1,779	1,916	2,071	2,199	2,131	2,149	2,182	2,199	2,227	2,241	2,233

Footnotes appear on p. B5.

4. Nonfinancial characteristics of all reporting bank holding companies in the United States

Millions of dollars except as noted, not seasonally adjusted

Account	2000	2001	2002	2003	2004	2004				2005		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Bank holding companies that qualify as financial holding companies [11, 12]												
Domestic												
Number	300	389	435	452	474	465	471	477	474	472	470	470
Total assets	4,497,781	5,440,842	5,921,493	6,610,429	7,462,622	6,856,173	7,082,367	7,279,238	7,462,622	7,650,658	7,905,412	8,055,975
Foreign-owned [13]												
Number	9	10	11	12	14	13	14	14	14	15	15	15
Total assets	502,506	621,442	616,254	710,441	1,376,333	994,672	1,117,266	1,193,984	1,376,333	1,526,168	1,516,408	1,625,281
Total U.S. commercial bank assets [14]	**6,130,086**	**6,416,080**	**6,897,215**	**7,397,903**	**8,207,714**	**7,614,478**	**7,850,587**	**8,041,199**	**8,207,714**	**8,403,918**	**8,534,536**	**8,715,501**
By ownership												
Reporting bank holding companies	5,657,210	5,942,670	6,429,231	6,941,106	7,786,033	7,165,662	7,409,187	7,599,697	7,786,033	7,991,934	8,119,076	8,293,331
Other bank holding companies	229,274	230,467	227,016	219,222	209,176	213,193	211,725	208,697	209,176	204,796	206,260	211,750
Independent banks	243,603	242,944	240,968	237,575	212,504	235,623	229,675	232,805	212,504	207,189	209,199	210,420
Assets associated with nonbanking activities [12, 15]												
Insurance	n.a.	426,462	372,405	437,503	579,111	468,168	583,073	579,785	579,111	574,466	582,023	594,068
Securities broker–dealers	n.a.	n.a.	630,851	656,775	892,571	713,794	710,485	756,869	892,571	1,168,482	1,165,690	1,231,412
Thrift institutions	102,218	91,170	107,422	133,056	191,201	139,713	156,033	162,396	191,201	194,267	201,317	210,182
Foreign nonbank institutions	132,629	138,977	145,344	170,630	216,758	184,366	226,094	230,569	216,758	219,828	231,564	242,332
Other nonbank institutions	1,234,714	1,674,267	561,712	678,088	954,849	844,638	862,230	887,848	954,849	898,472	927,398	961,065
Number of bank holding companies engaged in nonbanking activities [12, 15]												
Insurance	n.a.	143	96	102	97	100	101	98	97	97	99	98
Securities broker–dealers	n.a.	n.a.	47	50	44	49	48	45	44	43	46	47
Thrift institutions	50	38	32	27	27	29	27	25	27	27	27	24
Foreign nonbank institutions	25	32	37	42	39	42	41	40	39	38	37	38
Other nonbank institutions	633	743	880	1,042	1,026	1,010	1,030	1,050	1,026	926	885	875
Foreign-owned bank holding companies [13]												
Number	21	23	26	27	29	27	28	28	29	29	30	30
Total assets	636,669	764,411	762,901	934,085	1,537,208	1,145,476	1,271,378	1,349,900	1,537,208	1,690,119	1,698,197	1,811,451
Employees of reporting bank holding companies (full-time equivalent)	1,859,930	1,985,981	1,992,559	2,034,358	2,162,179	2,099,126	2,085,733	2,133,299	2,162,179	2,168,162	2,199,910	2,218,470
Assets of fifty large bank holding companies [9, 17]												
Fixed panel (from table 2)	5,512,347	5,884,763	6,245,841	6,904,453	7,939,683	7,348,075	7,538,219	7,739,375	7,939,683	8,203,706	8,415,117	8,489,633
Fifty large as of reporting date	5,319,129	5,732,621	6,032,000	6,666,488	7,940,955	7,045,844	7,385,384	7,644,504	7,940,955	8,206,462	8,417,847	8,489,633
Percent of all reporting bank holding companies	78.90	76.60	75.50	75.10	76.80	75.30	76.00	76.80	76.80	76.60	76.80	75.50

NOTE: All data are as of the most recent period shown. The historical figures may not match those in earlier versions of this table because of mergers, significant acquisitions or divestitures, or revisions or restatements to bank holding company financial reports. Data for the most recent period may not include all late-filing institutions.

1. Covers top-tier bank holding companies except (1) those with consolidated assets of less than $150 million and with only one subsidiary bank and (2) multibank holding companies with consolidated assets of less than $150 million, with no debt outstanding to the general public and not engaged in certain nonbanking activities.

2. Data for all reporting bank holding companies and the fifty large bank holding companies reflect merger adjustments to the fifty large bank holding companies. Merger adjustments account for mergers, acquisitions, other business combinations and large divestitures that occurred during the time period covered in the tables so that the historical information on each of the fifty underlying institutions depicts, to the greatest extent possible, the institutions as they exist in the most recent period. In general, adjustments for mergers among bank holding companies reflect the combination of historical data from predecessor bank holding companies.

The data for the fifty large bank holding companies have also been adjusted as necessary to match the historical figures in each company's most recently available financial statement.

In general, the data are not adjusted for changes in generally accepted accounting principles.

3. Includes minority interests in consolidated subsidiaries.

4. Includes credit card lines of credit as well as commercial lines of credit.

5. Includes loans sold to securitization vehicles in which bank holding companies retain some interest, whether through recourse or seller-provided credit enhancements or by servicing the underlying assets. Securitization data were first collected on the FR Y-9C report for June 2001.

6. The notional value of a derivative is the reference amount of an asset on which an interest rate or price differential is calculated. The total notional value of a bank holding company's derivatives holdings is the sum of the notional values of each derivative contract regardless of whether the bank holding company is a payor or recipient of payments under the contract. The actual cash flows and fair market values associated with these derivative contracts are generally only a small fraction of the contract's notional value.

7. Income statement subtotals for all reporting bank holding companies and the fifty large bank holding companies exclude extraordinary items, the cumulative effects of changes in accounting principles, and discontinued operations at the fifty large institutions and therefore will not sum to Net income. The efficiency ratio is calculated excluding nonrecurring income and expenses.

8. Calculated on a fully-taxable-equivalent basis.

9. In general, the fifty large bank holding companies are the fifty largest bank holding companies as measured by total consolidated assets for the latest period shown. Excludes a few large bank holding companies whose commercial banking operations account for only a small portion of assets and earnings.

10. Excludes predecessor bank holding companies that were subsequently merged into other bank holding companies in the panel of fifty large bank holding companies. Also excludes those bank holding companies excluded from the panel of fifty large bank holding companies because commercial banking operations represent only a small part of their consolidated operations.

11. Exclude qualifying institutions that are not reporting bank holding companies.

12. No data related to financial holding companies and only some data on nonbanking activities were collected on the FR Y-9C report before implementation of the Gramm–Leach–Bliley Act in 2000.

13. A bank holding company is considered "foreign-owned" if it is majority-owned by a foreign entity. Data for foreign-owned companies do not include data for branches and agencies of foreign banks operating in the United States.

14. Total assets of insured commercial banks in the United States as reported in the commercial bank Call Report (FFIEC 031 or 041, Reports of Condition and Income). Excludes data for a small number of commercial banks owned by other commercial banks that file separate call reports yet are also covered by the reports filed by their parent banks. Also excludes data for mutual savings banks.

15. Data for thrift, foreign nonbank, and other nonbank institutions are total assets of each type of subsidiary as reported in the FR Y-9LP report. Data cover those subsidiaries in which the top-tier bank holding company directly or indirectly owns or controls more than 50 percent of the outstanding voting stock and that has been consolidated using generally accepted accounting principles. Data for securities broker–dealers are net assets (that is, total assets, excluding intercompany transactions) of broker–dealer subsidiaries engaged in activities pursuant to the Gramm–Leach–Bliley Act, as reported on schedule HC-M of the FR Y-9C report. Data for insurance activities are all insurance-related assets held by the bank holding company as reported on schedule HC-I of the FR Y-9C report.

Beginning in 2002:Q1, insurance totals exclude intercompany transactions and subsidiaries engaged in credit-related insurance or those engaged principally in insurance agency activities. Beginning in 2002:Q2, insurance totals include only newly authorized insurance activities under the Gramm–Leach–Bliley Act.

16. Aggregate assets of thrift subsidiaries were affected significantly by the conversion of Charter One's thrift subsidiary (with assets of $37 billion) to a commercial bank in the second quarter of 2002 and the acquisition by Citigroup of Golden State Bancorp (a thrift institution with assets of $55 billion) in the fourth quarter of 2002.

17. Changes over time in the total assets of the time-varying panel of fifty large bank holding companies are attributable to (1) changes in the companies that make up the panel and (2) to a small extent, restatements of financial reports between periods.

n.a. Not available

SOURCE: Federal Reserve Reports FRY-9C and FR Y-9LP, Federal Reserve National Information Center, and published financial reports.