

Report on the Condition of the U.S. Banking Industry: Fourth Quarter, 2003

The assets of reporting bank holding companies expanded roughly \$130 billion, or 1.6 percent, in the fourth quarter. Securities and money market assets accounted for most of the increase, rising about \$120 billion after having declined in the third quarter. Bank holding companies added to their holdings of mortgage pass-through securities and direct obligations of U.S. government agencies. Loans grew 1.4 percent, a more modest pace than in recent periods, tempered by continuing declines in commercial and industrial lending and some shrinkage in the stock of residential mortgage loans held for sale to securitization vehicles (related to slower mortgage originations). Deposits and borrowings increased 2.3 percent and 2.4 percent, respectively, in part compensating for a decline in other liabilities.

Undrawn commitments to lend rose more than \$200 billion, or 5.4 percent, in the quarter and reached the \$4.0 trillion level for the first time. Most of the increase was in the credit card category, due in large part to the acquisition during the quarter of large credit card portfolios from non-bank-holding-company firms.

Asset quality showed further signs of improvement. Nonperforming assets continued to decline—both in absolute terms and as a share of loans—as they have since late 2002. The net charge-off ratio increased slightly in the fourth quarter, to 0.83 percent of average loans, but remained well below year-earlier levels.

Net income rose overall to \$28.3 billion for the fourth quarter, bringing full-year profits to \$100 billion for the first time. Net interest income accounted for much of the quarterly improvement and was fueled by healthy growth in securities holdings and a rebound in yields on mortgage-backed securities—the latter related to slower prepayments. Net interest margins inched up to 3.46 percent of period-average earning assets, representing at the least a pause in the steady contraction that margins have sustained since late 2001. Non-interest income recovered 4.5 percent after a small third-quarter decline, supported by higher fees from asset management, mortgage servicing, and investment banking. Non-interest expense, which often jumps in the final quarter of a year, increased only modestly in this case and continued to represent roughly 62 percent of pretax revenue.

All of the quarterly gain in aggregate earnings occurred at the “fifty large” bank holding companies. For “all other” bank holding companies, aggregate earnings declined slightly in the fourth quarter as they had in the third quarter. Non-interest costs at these smaller bank holding companies expanded nearly 6 percent in the fourth quarter, while non-interest income slipped slightly. The net charge-off ratio rose significantly at smaller institutions in the fourth quarter, although at 0.49 percent of average loans it was still only half the level of the “fifty large” bank holding companies.

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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}	1999	2000	2001	2002	2003	2002			2003			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Balance sheet</i>												
Total assets	6,205,131	6,682,719	7,439,323	7,930,057	8,819,467	7,623,734	7,776,519	7,930,057	8,165,955	8,661,400	8,683,368	8,819,467
Loans	3,381,377	3,693,963	3,800,958	4,041,220	4,393,666	3,828,026	3,908,801	4,041,220	4,109,272	4,261,680	4,332,719	4,393,666
Securities and money market	2,075,524	2,177,628	2,554,074	2,846,398	3,285,907	2,761,576	2,847,808	2,846,398	3,000,025	3,207,814	3,166,019	3,285,907
Allowance for loan losses	-54,336	-58,709	-66,705	-71,914	-72,206	-69,361	-70,264	-71,914	-71,668	-71,955	-71,369	-72,206
Other	802,566	869,837	1,150,997	1,114,353	1,212,100	1,103,494	1,090,174	1,114,353	1,128,327	1,263,861	1,255,999	1,212,100
Total liabilities	5,742,150	6,172,225	6,858,551	7,295,544	8,123,613	7,012,587	7,156,132	7,295,544	7,517,055	7,988,409	8,003,351	8,123,613
Deposits	3,500,632	3,748,468	4,001,377	4,326,602	4,674,108	4,050,023	4,157,546	4,326,602	4,420,283	4,565,704	4,570,537	4,674,108
Borrowings	1,762,964	1,964,922	2,057,607	2,223,501	2,610,429	2,176,850	2,260,137	2,223,501	2,311,491	2,504,626	2,549,138	2,610,429
Other ³	478,555	458,835	799,568	745,441	839,076	785,714	738,450	745,441	785,282	918,082	883,677	839,076
Total equity	462,981	510,494	580,773	634,513	695,854	611,147	620,387	634,513	648,900	672,991	680,017	695,854
<i>Off-balance-sheet</i>												
Unused commitments to lend ⁴	3,095,397	3,297,511	3,481,744	3,650,669	4,097,594	3,547,956	3,610,928	3,650,669	3,714,160	3,756,486	3,887,356	4,097,594
Securitizations outstanding ⁵	n.a.	n.a.	276,717	295,001	298,348	282,556	287,846	295,001	284,429	285,286	290,328	298,348
Derivatives (notional value, billions) ⁶	37,786	43,483	48,261	57,734	72,870	52,614	55,464	57,734	63,993	68,222	69,411	72,870
<i>Income statement</i>												
Net income ⁷	76,649	72,055	65,377	84,534	106,614	21,382	21,499	18,694	24,740	26,312	27,228	28,334
Net interest income	187,103	195,079	221,406	242,645	254,212	60,787	60,093	61,626	62,209	63,106	63,846	65,051
Provisions for loan losses	20,067	26,864	39,522	42,922	31,532	10,372	11,149	11,541	8,573	8,429	7,113	7,417
Non-interest income	173,041	195,995	214,061	215,826	245,029	52,637	53,635	56,738	57,485	61,785	61,495	64,265
Non-interest expense	224,044	253,165	297,108	291,948	311,032	71,172	71,522	79,002	74,268	77,631	78,122	81,011
Security gains or losses	3,114	-588	4,294	4,493	5,770	519	1,772	1,633	1,850	2,671	579	670
<i>Ratios (percent)</i>												
Return on average equity	17.50	15.15	11.79	14.04	16.23	14.25	14.17	12.12	15.64	16.12	16.41	16.71
Return on average assets	1.30	1.12	.91	1.10	1.26	1.13	1.12	.94	1.22	1.25	1.25	1.30
Net interest margin ⁸	3.72	3.57	3.59	3.72	3.49	3.77	3.68	3.63	3.58	3.50	3.43	3.46
Efficiency ratio ⁷	60.87	62.57	65.77	62.42	61.53	62.23	62.75	65.67	62.05	62.64	62.25	62.32
Nonperforming assets to loans and related assets	.84	1.07	1.45	1.46	1.16	1.53	1.65	1.46	1.43	1.34	1.24	1.16
Net charge-offs to average loans	.54	.65	.89	1.02	.81	1.01	1.09	1.03	.84	.80	.75	.83
Loans to deposits	96.59	98.55	94.99	93.40	94.00	94.52	94.02	93.40	92.96	93.34	94.80	94.00
<i>Regulatory capital ratios</i>												
Tier 1 risk-based	8.78	8.81	8.91	9.21	9.55	9.30	9.33	9.21	9.33	9.29	9.51	9.55
Total risk-based	11.71	11.78	11.91	12.29	12.58	12.35	12.38	12.29	12.42	12.30	12.52	12.58
Leverage	7.00	6.80	6.65	6.69	6.84	6.84	6.79	6.69	6.72	6.74	6.73	6.84
Number of reporting bank holding companies	1,647	1,727	1,842	1,979	2,133	1,907	1,946	1,979	2,036	2,064	2,120	2,133

Footnotes appear on p. 196.

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}	1999	2000	2001	2002	2003	2002			2003			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Balance sheet</i>												
Total assets	5,037,884	5,404,222	5,746,706	6,066,493	6,666,488	5,877,749	5,969,920	6,066,493	6,220,563	6,589,174	6,600,308	6,666,488
Loans	2,642,839	2,874,638	2,878,573	3,043,955	3,249,806	2,884,503	2,937,799	3,043,955	3,076,486	3,168,988	3,222,116	3,249,806
Securities and money market	1,739,572	1,818,397	2,009,620	2,220,356	2,553,531	2,185,616	2,242,632	2,220,356	2,331,105	2,492,101	2,460,249	2,553,531
Allowance for loan losses	-44,054	-47,171	-53,904	-57,642	-57,004	-55,914	-56,363	-57,642	-57,049	-56,938	-56,135	-57,004
Other	699,527	758,358	912,417	859,824	920,156	863,544	845,852	859,824	870,022	985,023	974,078	920,156
Total liabilities	4,674,181	5,004,053	5,311,719	5,596,714	6,159,340	5,421,428	5,510,255	5,596,714	5,742,702	6,096,082	6,101,096	6,159,340
Deposits	2,635,845	2,795,936	2,966,151	3,191,827	3,427,923	2,978,617	3,049,718	3,191,827	3,247,738	3,360,549	3,353,428	3,427,923
Borrowings	1,586,963	1,777,262	1,821,140	1,960,517	2,242,425	1,937,932	2,013,970	1,960,517	2,023,682	2,161,088	2,204,271	2,242,425
Other ³	451,373	430,855	524,428	444,370	488,992	504,880	446,568	444,370	471,283	574,446	543,398	488,992
Total equity	363,703	400,169	434,987	469,778	507,148	456,321	459,665	469,778	477,861	493,092	499,212	507,148
<i>Off-balance-sheet</i>												
Unused commitments to lend ⁴	2,870,114	3,065,766	3,226,898	3,373,532	3,781,455	3,284,565	3,335,157	3,373,532	3,423,912	3,452,041	3,574,967	3,781,455
Securitizations outstanding ⁵	n.a.	n.a.	269,056	279,632	280,221	270,738	274,012	279,632	267,113	271,626	274,294	280,221
Derivatives (notional value, billions) ⁶ ..	37,746	43,416	47,833	57,320	72,295	52,220	55,011	57,320	63,536	67,636	68,799	72,295
<i>Income statement</i>												
Net income ⁷	63,666	58,801	50,202	65,442	82,953	16,621	16,513	13,949	19,319	20,423	20,829	22,382
Net interest income	144,859	149,598	160,597	176,014	182,758	44,051	42,896	45,009	44,896	45,179	45,978	46,704
Provisions for loan losses	17,173	23,167	34,434	36,981	26,799	9,041	9,660	9,839	7,438	7,198	5,871	6,292
Non-interest income	154,461	176,137	167,136	164,079	185,195	40,345	41,043	42,058	43,737	46,952	46,020	48,485
Non-interest expense	185,306	210,902	216,214	206,447	218,514	50,241	50,420	55,787	52,153	54,456	55,419	56,485
Security gains or losses	2,219	-585	4,099	4,474	5,104	552	1,651	1,672	1,775	2,353	450	525
<i>Ratios (percent)</i>												
Return on average equity	18.68	15.82	12.01	14.56	17.21	14.76	14.62	12.20	16.55	17.08	17.11	18.03
Return on average assets	1.33	1.13	.89	1.11	1.28	1.14	1.12	.92	1.24	1.28	1.26	1.35
Net interest margin ⁸	3.59	3.42	3.34	3.51	3.30	3.56	3.42	3.46	3.38	3.29	3.25	3.28
Efficiency ratio ⁷	60.45	62.48	63.04	59.42	58.63	58.92	60.01	62.81	59.17	59.58	60.16	58.92
Nonperforming assets to loans and related assets .....	.89	1.16	1.53	1.55	1.18	1.64	1.80	1.55	1.52	1.43	1.31	1.18
Net charge-offs to average loans .....	.61	.74	1.03	1.19	.95	1.20	1.29	1.18	1.02	.95	.87	.96
Loans to deposits	100.27	102.81	97.05	95.37	94.80	96.84	96.33	95.37	94.73	94.30	96.08	94.80
<i>Regulatory capital ratios</i>												
Tier 1 risk-based	8.06	8.14	8.17	8.43	8.68	8.56	8.57	8.43	8.54	8.45	8.70	8.68
Total risk-based	11.29	11.42	11.55	11.92	12.11	12.01	12.05	11.92	12.04	11.87	12.12	12.11
Leverage	6.61	6.40	6.19	6.18	6.27	6.38	6.29	6.18	6.19	6.20	6.20	6.27

Footnotes appear on p. 196.

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}	1999	2000	2001	2002	2003	2002			2003			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Balance sheet</i>												
Total assets	1,129,948	1,235,593	1,342,167	1,473,670	1,627,879	1,387,618	1,438,498	1,473,670	1,524,324	1,573,027	1,583,049	1,627,879
Loans	722,961	801,474	854,000	922,055	1,014,025	877,180	903,953	922,055	942,134	970,419	985,317	1,014,025
Securities and money market	315,988	336,212	374,253	426,523	474,916	395,588	414,565	426,523	455,721	469,932	464,299	474,916
Allowance for loan losses	-10,085	-11,306	-12,350	-13,725	-14,706	-12,962	-13,433	-13,725	-14,133	-14,437	-14,697	-14,706
Other	101,084	109,214	126,264	138,817	153,644	127,812	133,414	138,817	140,602	147,112	148,130	153,644
Total liabilities	1,033,372	1,128,098	1,221,663	1,337,591	1,478,068	1,258,648	1,304,740	1,337,591	1,383,242	1,427,605	1,438,006	1,478,068
Deposits	858,101	945,865	1,020,435	1,113,679	1,214,285	1,053,692	1,089,210	1,113,679	1,148,153	1,176,226	1,186,247	1,214,285
Borrowings	154,126	156,722	174,063	191,267	227,532	175,973	182,911	191,267	199,804	214,356	216,481	227,532
Other ³	21,145	25,512	27,165	32,645	36,251	28,983	32,619	32,645	35,286	37,023	35,278	36,251
Total equity	96,576	107,495	120,504	136,079	149,811	128,970	133,759	136,079	141,082	145,422	145,043	149,811
<i>Off-balance-sheet</i>												
Unused commitments to lend ⁴	213,740	223,142	243,485	264,028	295,535	250,464	262,323	264,028	275,666	285,583	291,655	295,535
Securitizations outstanding ⁵	n.a.	n.a.	4,567	4,942	4,893	4,350	4,178	4,942	4,994	5,205	5,116	4,893
Derivatives (notional value, billions) ⁶ ..	28	54	92	92	99	94	111	92	103	110	104	99
<i>Income statement</i>												
Net income ⁷	12,777	13,174	14,448	17,463	18,887	4,313	4,546	4,270	4,688	4,915	4,798	4,486
Net interest income	41,923	45,233	47,754	52,925	55,173	13,291	13,601	13,331	13,580	13,774	13,700	14,118
Provisions for loan losses	2,798	3,552	4,599	5,246	4,451	1,194	1,394	1,486	1,051	1,137	1,098	1,166
Non-interest income	16,774	17,921	23,142	25,412	28,772	6,005	6,425	6,820	6,876	7,559	7,230	7,107
Non-interest expense	37,103	40,393	45,582	48,296	52,893	11,982	12,083	12,719	12,689	13,326	13,072	13,807
Security gains or losses	826	-10	796	729	1,073	164	263	185	301	431	132	209
<i>Ratios (percent)</i>												
Return on average equity	13.26	13.03	12.45	13.68	13.26	13.78	13.94	12.80	13.54	13.81	13.50	12.22
Return on average assets	1.17	1.12	1.13	1.26	1.22	1.26	1.29	1.18	1.26	1.28	1.23	1.12
Net interest margin ⁸	4.28	4.26	4.16	4.25	3.98	4.27	4.35	4.12	4.06	4.01	3.91	3.94
Efficiency ratio ⁷	62.47	62.36	63.45	60.73	62.33	62.37	59.89	62.72	61.49	63.05	62.08	64.77
Nonperforming assets to loans and related assets .....	.68	.76	.96	1.02	.97	.97	1.02	1.02	1.13	1.09	1.03	.97
Net charge-offs to average loans .....	.30	.32	.43	.46	.38	.42	.45	.53	.32	.37	.36	.49
Loans to deposits	84.25	84.73	83.69	82.79	83.51	83.25	82.99	82.79	82.06	82.50	83.06	83.51
<i>Regulatory capital ratios</i>												
Tier 1 risk-based	12.19	11.85	12.18	12.42	12.53	12.53	12.53	12.42	12.57	12.54	12.54	12.53
Total risk-based	13.64	13.32	13.77	14.06	14.26	14.15	14.16	14.06	14.25	14.23	14.26	14.26
Leverage	8.59	8.54	8.74	8.87	9.00	8.96	8.97	8.87	8.96	8.94	8.95	9.00
Number of other reporting bank holding companies	1,569	1,661	1,786	1,923	2,077	1,851	1,890	1,923	1,980	2,008	2,064	2,077

Footnotes appear on p. 196.

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

Millions of dollars except as noted, not seasonally adjusted

Account	1999	2000	2001	2002	2003	2002			2003			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Bank holding companies that qualify as financial holding companies^{11, 12}</i>												
<i>Domestic</i>												
Number	n.a.	299	388	434	451	411	415	434	437	440	448	451
Total assets	n.a.	4,494,270	5,436,785	5,916,835	6,605,627	5,643,267	5,706,966	5,916,835	6,061,677	6,433,712	6,447,116	6,605,627
<i>Foreign-owned¹³</i>												
Number	n.a.	9	10	11	12	11	11	11	11	11	11	12
Total assets	n.a.	502,506	621,442	616,254	710,443	656,344	689,804	616,254	648,017	732,695	729,244	710,443
Total U.S. commercial bank assets¹⁴												
	5,673,702	6,129,534	6,415,909	6,897,447	7,398,689	6,572,090	6,762,780	6,897,447	7,031,480	7,325,659	7,294,142	7,398,689
<i>By ownership</i>												
Reporting bank holding companies	5,226,027	5,657,210	5,942,575	6,429,738	6,941,741	6,107,717	6,296,385	6,429,738	6,578,067	6,863,642	6,842,982	6,941,741
Other bank holding companies	226,916	229,274	230,464	227,017	219,402	226,558	226,602	227,017	222,670	222,997	217,038	219,402
Independent banks	220,759	243,050	242,870	240,692	237,546	237,815	239,793	240,692	230,743	239,020	234,122	237,546
<i>Assets associated with nonbanking activities^{12, 15}</i>												
Insurance	n.a.	n.a.	426,462	350,633	411,927	386,590	338,384	350,633	359,968	384,000	398,379	411,927
Securities broker-dealers	n.a.	n.a.	n.a.	630,851	636,854	695,814	703,738	630,851	709,839	656,919	667,455	636,854
Thrift institutions	117,699	102,218	91,170	107,422	133,057	53,938	56,063	107,422	126,375	124,640	143,578	133,057
Foreign nonbank institutions	78,712	132,629	138,977	145,344	170,600	149,674	144,814	145,344	154,812	160,515	162,789	170,600
Other nonbank institutions	879,793	1,234,714	1,674,267	561,712	705,949	466,371	493,780	561,712	524,697	740,215	755,056	705,949
<i>Number of bank holding companies engaged in nonbanking activities^{12, 15}</i>												
Insurance	n.a.	n.a.	143	86	102	92	91	86	91	92	101	102
Securities broker-dealers	n.a.	n.a.	n.a.	47	51	47	47	47	48	50	46	51
Thrift institutions	57	50	38	32	27	37	37	32	31	31	29	27
Foreign nonbank institutions	25	25	32	37	41	35	38	37	38	40	39	41
Other nonbank institutions	559	633	743	880	1,034	798	835	880	911	944	989	1,034
<i>Foreign-owned bank holding companies¹³</i>												
Number	18	21	23	26	28	24	24	26	26	27	28	28
Total assets	535,024	636,669	764,411	762,901	934,781	787,998	827,867	762,901	799,540	946,847	947,932	934,781
Employees of reporting bank holding companies (full-time equivalent)	1,775,418	1,859,930	1,985,981	1,992,559	2,034,551	2,000,084	1,979,260	1,992,559	2,000,168	2,019,953	2,031,029	2,034,551
<i>Assets of fifty large bank holding companies^{9, 17}</i>												
Fixed panel (from table 2)	5,037,884	5,404,222	5,746,706	6,066,493	6,666,488	5,877,749	5,969,920	6,066,493	6,220,563	6,589,174	6,600,308	6,666,488
Fifty large as of reporting date	4,809,785	5,319,129	5,732,621	6,032,000	6,666,488	5,861,542	5,951,115	6,032,000	6,203,000	6,587,000	6,602,255	6,666,488
Percent of all reporting bank holding companies	77.50	79.60	77.10	76.10	75.60	76.90	76.50	76.10	76.00	76.10	76.00	75.60

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 of bank holding company restatements to 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.