
Report on the Condition of the U.S. Banking Industry: Second Quarter, 2006

Total assets of reporting bank holding companies rose 2.7 percent (\$304 billion) over the second quarter, to \$11.7 trillion.¹ Robust loan growth, concentrated in real estate, generated most of the increase. Earnings were dampened by continued pressure on net interest margins and modest growth in fee income, but benefited from loan expansion, reduced operating expenses, and securities gains. Credit quality remained excellent.

Loans expanded at a vigorous pace, rising 3.1 percent (\$172 billion) for the quarter. Lending activity was particularly strong in the residential mortgage segment, which grew 3.7 percent (\$71 billion) and accounted for more than 40 percent of loan growth. On balance sheet, commercial real estate loans—primarily loans secured by nonfarm, nonresidential properties and construction, land development, and other land loans—also continued to grow rapidly, rising 3.4 percent (\$39 billion). Unused commitments to lend expanded 4.2 percent, to \$5.8 trillion, with more than half of the increase driven by credit card lines.

Securities and money market assets (up 1.7 percent, or \$73 billion) increased more slowly than loans. Growth was constrained by a substantial reduction (\$48 billion) in money market holdings—with a fully offsetting decline in money market liabilities—at one bank holding company in which operations are predominantly concentrated at its securities broker-dealer subsidiary. Excluding this company, securities and money market assets increased 3 percent, slightly outpacing asset growth overall. Aggregate trading

assets jumped 8.2 percent (\$91 billion), mainly among the largest companies.

Deposit growth at 2.8 percent (\$153 billion) kept pace with balance sheet expansion. Most growth was concentrated in foreign and time deposits, rates on which moved up. Core deposits—which exclude time deposits in denominations higher than \$100,000, brokered deposits, and deposits booked in foreign offices—stayed roughly flat, with a rise in small time deposits partly offset by further declines in transaction accounts. While deposits funded more than half of asset growth, borrowings also advanced 2.6 percent (\$98 billion).

Higher dividend payouts by larger companies and increases in unrealized losses in available-for-sale investment account securities that reduced the accumulated other comprehensive income component restrained equity growth for the quarter. Equity was up just 1 percent (roughly \$9 billion). Given the more rapid advance in bank holding company assets, the equity to assets ratio dropped slightly from 8.19 percent to 8.06 percent. The tier 1 leverage, tier 1 risk-based, and total risk-based capital ratios, which do not reflect the unrealized losses on available-for-sale securities, also declined slightly, but remained sound at 6.28 percent, 8.94 percent, and 11.73 percent respectively.

Profitability remained strong in the quarter. Return on equity increased 26 basis points from the first quarter, to 15.17 percent, while the return on assets leveled off (up one basis point) to 1.22 percent. Net income improved 2.6 percent, to \$35 billion. Reduced noninterest expenses, due to lower incentive-based compensation at the largest companies, and increased realized gains on securities sales (from a \$474 million loss in the first quarter) bolstered earnings. Fee income also contributed to growth in earnings, benefiting from stronger mortgage-related and investment banking businesses, but was held back by declines in equity trading at the largest institutions. Despite further margin compression, net interest income grew 1.4 percent (\$1 billion) on a larger average earning assets base. The net interest margin fell 7 basis points, to 2.89 percent, owing to a higher

1. This report presents aggregate time-series data drawn primarily from the FR Y-9C and FR Y-9LP regulatory report forms submitted to the Federal Reserve each quarter by large bank holding companies (defined within the report as “all reporting bank holding companies”). Beginning with the quarter ended March 31, 2006, the Federal Reserve updated the filing requirements for these reports. Most notably, it raised the asset threshold requiring the filing of the reports to \$500 million from \$150 million. The changes to the filing requirements mitigated regulatory reporting burden by reducing the number of required respondents substantially. Despite the large drop in the number of filers, reporting bank holding companies still represent a substantial majority of all bank holding company assets (when assets of nonreporting bank holding companies are approximated using data for bank subsidiary assets).

cost of deposit funding, a competitive lending environment, and a flattened yield curve. Although 60 percent of the companies reduced provisioning, aggregate provisions for loan losses increased \$144 million (2.2 percent).

Nonperforming assets inched up from a low level, but the ratio of nonperforming assets to loans and

related assets dropped slightly from 0.67 percent to 0.65 percent as loans expanded briskly. Net charge-offs increased as the moderating effect of last year's reform of the bankruptcy code on credit card losses continued to wane, but remained near historic lows at 0.48 percent of average loans. □

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}	2001	2002	2003	2004	2005	2004	2005				2006	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>Balance sheet</i>												
Total assets	7,487,107	7,989,910	8,880,558	10,339,801	11,333,100	10,339,801	10,710,570	10,956,171	11,257,415	11,333,100	11,352,835	11,656,441
Loans	3,835,237	4,083,169	4,435,653	5,109,493	5,659,808	5,109,493	5,192,276	5,363,646	5,525,962	5,659,808	5,561,703	5,733,310
Securities and money market	2,563,779	2,858,856	3,297,932	3,804,003	4,157,256	3,804,003	4,114,628	4,143,955	4,246,546	4,157,256	4,305,752	4,378,775
Allowance for loan losses	-68,829	-74,782	-73,817	-74,589	-73,031	-74,589	-73,378	-72,949	-74,097	-73,031	-70,544	-70,759
Other	1,156,920	1,122,668	1,220,790	1,500,894	1,589,068	1,500,894	1,477,045	1,521,520	1,559,005	1,589,068	1,555,924	1,615,116
Total liabilities	6,900,721	7,347,694	8,176,868	9,452,623	10,393,243	9,452,623	9,819,629	10,034,472	10,327,938	10,393,243	10,422,650	10,717,404
Deposits	4,026,460	4,356,585	4,705,045	5,249,494	5,700,850	5,249,494	5,349,427	5,448,059	5,563,636	5,700,850	5,553,762	5,707,211
Borrowings	2,072,505	2,242,717	2,629,293	3,157,578	3,586,922	3,157,578	3,424,013	3,525,137	3,667,710	3,586,922	3,825,102	3,922,825
Other ³	801,756	748,392	842,531	1,045,552	1,105,471	1,045,552	1,046,189	1,061,277	1,096,593	1,105,471	1,043,787	1,087,367
Total equity	586,386	642,216	703,690	887,178	939,857	887,178	890,941	921,699	929,477	939,857	930,185	939,037
<i>Off-balance-sheet</i>												
Unused commitments to lend ⁴	3,482,236	3,651,209	4,097,531	4,823,332	5,437,902	4,823,332	4,929,516	5,064,198	5,245,819	5,437,902	5,520,728	5,754,362
Securitizations outstanding ⁵	276,717	295,001	298,348	353,978	389,726	353,978	366,430	367,887	375,142	389,726	394,600	388,744
Derivatives (notional value, billions) ⁶	48,261	57,866	72,883	89,115	99,077	89,115	92,621	96,653	98,281	99,077	109,261	117,992
<i>Income statement</i>												
Net income ⁷	67,208	86,013	107,885	113,317	133,047	28,653	32,598	33,072	34,543	32,837	34,266	35,148
Net interest income	224,127	245,251	256,562	278,075	295,789	70,822	72,434	73,153	74,848	75,363	72,726	73,737
Provisions for loan losses	40,665	45,089	33,052	28,608	32,618	7,793	6,580	6,824	9,972	9,243	6,662	6,806
Non-interest income	220,516	222,815	251,496	270,485	294,938	68,192	73,442	72,542	77,067	71,883	78,427	79,409
Non-interest expense	302,202	297,015	316,339	355,698	370,814	90,007	91,505	91,435	94,057	93,817	95,119	94,182
<i>MEMO</i>												
Realized securities gains or losses	4,348	4,594	5,771	5,043	1,332	81	417	1,478	484	-1,047	-474	49
<i>Ratios (percent)</i>												
Return on average equity	11.98	14.14	16.24	14.35	14.68	13.27	14.71	14.73	15.04	14.23	14.91	15.17
Return on average assets	.92	1.12	1.26	1.16	1.21	1.11	1.22	1.21	1.24	1.15	1.21	1.22
Net interest margin ⁸	3.61	3.74	3.51	3.37	3.09	3.29	3.16	3.08	3.07	3.05	2.96	2.89
Efficiency ratio ⁷	66.71	62.24	61.65	63.40	61.70	64.13	61.12	61.47	61.74	63.92	61.93	61.37
Nonperforming assets to loans and related assets	1.44	1.44	1.15	.82	.69	.82	.76	.71	.70	.69	.67	.65
Net charge-offs to average loans	.91	1.04	.84	.67	.62	.71	.57	.52	.65	.72	.45	.48
Loans to deposits	95.25	93.72	94.27	97.33	99.28	97.33	97.06	98.45	99.32	99.28	100.14	100.46
<i>Regulatory capital ratios</i>												
Tier 1 risk-based	8.94	9.24	9.59	9.35	9.14	9.35	9.28	9.27	9.17	9.14	8.96	8.94
Total risk-based	11.93	12.30	12.61	12.22	11.87	12.22	12.15	12.03	11.91	11.87	11.75	11.73
Leverage	6.69	6.73	6.88	6.59	6.50	6.59	6.49	6.53	6.54	6.50	6.33	6.28
Number of bank holding companies	1,842	1,979	2,134	2,254	2,268	2,254	2,282	2,296	2,290	2,268	1,003	995

Footnotes appear on p. B12.

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}	2001	2002	2003	2004	2005	2004	2005				2006	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>Balance sheet</i>												
Total assets	5,896,783	6,256,824	6,926,108	7,963,241	8,645,888	7,963,241	8,226,990	8,440,266	8,515,432	8,645,888	8,970,662	9,282,941
Loans	2,968,905	3,153,028	3,404,117	3,945,799	4,351,995	3,945,799	4,001,893	4,121,526	4,241,636	4,351,995	4,456,423	4,598,577
Securities and money market	2,050,129	2,276,872	2,628,112	2,913,583	3,188,236	2,913,583	3,147,849	3,210,407	3,200,593	3,188,236	3,378,174	3,505,834
Allowance for loan losses	-56,737	-61,324	-59,548	-59,656	-57,219	-59,656	-58,287	-57,595	-58,368	-57,219	-57,413	-57,432
Other	934,487	888,248	953,428	1,163,516	1,162,877	1,163,516	1,135,535	1,165,928	1,131,572	1,162,877	1,193,478	1,235,963
Total liabilities	5,446,449	5,767,409	6,393,247	7,271,689	7,918,171	7,271,689	7,531,639	7,725,734	7,797,427	7,918,171	8,212,994	8,518,106
Deposits	3,036,830	3,273,801	3,531,832	3,967,576	4,297,653	3,967,576	4,038,580	4,102,410	4,172,538	4,297,653	4,402,954	4,540,867
Borrowings	1,875,435	2,037,450	2,358,631	2,712,748	3,077,129	2,712,748	2,896,505	3,024,117	3,097,466	3,077,129	3,248,232	3,379,098
Other ³	534,184	456,158	502,784	591,365	543,390	591,365	596,555	599,207	527,423	543,390	561,808	598,141
Total equity	450,334	489,415	532,862	691,552	727,717	691,552	695,351	714,532	718,005	727,717	757,668	764,835
<i>Off-balance-sheet</i>												
Unused commitments to lend ⁴	3,242,175	3,391,837	3,807,849	4,490,684	5,050,405	4,490,684	4,582,671	4,702,953	4,867,314	5,050,405	5,166,727	5,387,508
Securitized assets outstanding ⁵	271,825	289,905	293,046	348,986	384,996	348,986	361,524	363,221	370,518	384,996	391,756	385,937
Derivatives (notional value, billions) ⁶	48,144	57,746	72,692	88,671	98,749	88,671	92,136	96,300	97,994	98,749	108,963	117,631
<i>Income statement</i>												
Net income ⁷	53,411	68,756	87,858	90,408	106,132	23,455	26,168	25,326	27,761	26,881	29,074	29,689
Net interest income	166,848	183,553	192,195	206,579	215,352	52,844	53,289	53,668	54,200	54,204	55,423	56,645
Provisions for loan losses	35,767	39,400	28,573	25,197	29,128	6,748	5,765	6,035	9,031	8,297	6,034	6,141
Non-interest income	176,226	174,233	196,967	210,812	230,868	55,061	57,860	55,123	59,997	57,884	64,299	65,147
Non-interest expense	225,124	216,533	230,158	259,732	266,747	66,870	66,560	65,694	66,693	67,799	71,902	71,201
<i>MEMO</i>												
Realized securities gains or losses	4,330	5,022	5,217	4,174	1,702	133	227	1,426	469	-420	-117	374
<i>Ratios (percent)</i>												
Return on average equity	12.38	14.74	17.43	14.83	15.05	13.90	15.10	14.46	15.57	15.04	15.51	15.60
Return on average assets93	1.13	1.31	1.19	1.25	1.18	1.28	1.20	1.30	1.24	1.30	1.27
Net interest margin ⁸	3.39	3.56	3.36	3.21	2.92	3.17	3.01	2.91	2.89	2.86	2.83	2.76
Efficiency ratio ⁷	64.36	59.40	58.63	60.57	58.70	61.39	58.03	58.81	58.28	61.29	59.28	58.55
Nonperforming assets to loans and related assets	1.56	1.55	1.21	.84	.70	.84	.78	.72	.71	.70	.68	.66
Net charge-offs to average loans	1.03	1.20	.97	.79	.74	.83	.69	.62	.78	.86	.53	.56
Loans to deposits	97.76	96.31	96.38	99.45	101.26	99.45	99.09	100.47	101.66	101.26	101.21	101.27
<i>Regulatory capital ratios</i>												
Tier 1 risk-based	8.26	8.55	8.83	8.59	8.45	8.59	8.54	8.48	8.48	8.45	8.43	8.42
Total risk-based	11.61	11.98	12.21	11.86	11.56	11.86	11.81	11.61	11.62	11.56	11.55	11.56
Leverage	6.26	6.28	6.38	6.18	6.16	6.18	6.10	6.08	6.17	6.16	6.10	6.03

Footnotes appear on p. B12.

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}	2001	2002	2003	2004	2005	2004	2005				2006	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>Balance sheet</i>												
Total assets	1,277,090	1,401,227	1,527,308	1,686,798	1,846,496	1,686,798	1,717,675	1,767,744	1,816,198	1,846,496	1,533,908	1,559,106
Loans	812,179	875,986	952,217	1,081,393	1,222,260	1,081,393	1,108,765	1,155,948	1,194,967	1,222,260	1,015,838	1,044,850
Securities and money market	357,366	406,771	446,237	470,040	465,922	470,040	468,314	463,460	467,758	465,922	386,457	375,857
Allowance for loan losses	-11,727	-13,021	-13,852	-14,533	-15,343	-14,533	-14,654	-14,901	-15,253	-15,343	-12,704	-12,897
Other	119,273	131,491	142,706	149,898	173,656	149,898	155,251	163,236	168,725	173,656	144,318	151,296
Total liabilities	1,162,232	1,271,919	1,387,290	1,531,062	1,678,565	1,531,062	1,562,077	1,606,086	1,651,157	1,678,565	1,393,756	1,416,917
Deposits	975,514	1,064,802	1,150,648	1,262,006	1,396,880	1,262,006	1,291,162	1,325,494	1,370,318	1,396,880	1,143,429	1,158,982
Borrowings	161,450	176,225	202,893	228,755	235,401	228,755	228,424	238,313	234,934	235,401	206,535	213,895
Other ³	25,267	30,892	33,748	40,302	46,284	40,302	42,491	42,280	45,905	46,284	43,792	44,040
Total equity	114,859	129,308	140,018	155,737	167,930	155,737	155,597	161,658	165,040	167,930	140,152	142,189
<i>Off-balance-sheet</i>												
Unused commitments to lend ⁴	229,887	247,466	276,769	319,277	367,264	319,277	332,445	345,663	359,746	367,264	329,823	336,227
Securitizations outstanding ⁵	4,567	4,358	4,159	2,877	2,885	2,877	2,792	2,667	2,697	2,885	2,844	2,806
Derivatives (notional value, billions) ⁶	89	88	94	144	103	144	98	99	100	103	86	88
<i>Income statement</i>												
Net income ⁷	13,659	16,469	17,626	19,244	21,306	4,831	5,154	5,433	5,617	5,102	4,472	4,774
Net interest income	45,676	50,475	52,266	56,545	62,698	14,723	15,049	15,484	16,116	16,049	13,294	13,443
Provisions for loan losses	4,461	5,058	4,262	3,179	3,191	763	684	735	892	881	578	631
Non-interest income	22,118	24,282	27,311	25,934	26,410	6,299	6,569	6,646	6,930	6,264	6,063	6,224
Non-interest expense	43,828	46,390	50,672	52,661	56,323	13,681	13,783	13,845	14,325	14,369	12,252	12,241
MEMO												
Realized securities gains or losses	727	651	962	531	35	-3	98	61	66	-190	22	32
<i>Ratios (percent)</i>												
Return on average equity	12.54	13.55	13.08	13.16	13.24	12.60	13.25	13.70	13.74	12.29	12.91	13.52
Return on average assets	1.13	1.25	1.20	1.20	1.21	1.16	1.22	1.25	1.26	1.12	1.19	1.24
Net interest margin ⁸	4.20	4.25	3.97	3.93	3.97	3.94	3.97	3.98	4.00	3.93	3.94	3.89
Efficiency ratio ⁷	63.75	61.05	62.93	62.68	61.89	64.01	62.59	61.76	61.54	62.74	61.98	61.54
Nonperforming assets to loans and related assets	.99	1.04	.99	.77	.69	.77	.75	.71	.69	.69	.67	.65
Net charge-offs to average loans	.44	.46	.39	.25	.20	.30	.17	.19	.21	.24	.15	.18
Loans to deposits	83.26	82.27	82.75	85.69	87.50	85.69	85.87	87.21	87.20	87.50	88.84	90.15
<i>Regulatory capital ratios</i>												
Tier 1 risk-based	12.24	12.47	12.61	12.45	12.17	12.45	12.32	12.16	12.12	12.17	11.93	11.83
Total risk-based	13.80	14.08	14.30	14.07	13.72	14.07	13.92	13.72	13.67	13.72	13.50	13.42
Leverage	8.78	8.91	9.07	9.15	9.19	9.15	9.12	9.12	9.15	9.19	9.17	9.16
Number of other reporting bank holding companies	1,777	1,914	2,069	2,197	2,213	2,197	2,225	2,239	2,233	2,213	950	942

Footnotes appear on p. B12.

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

Millions of dollars except as noted, not seasonally adjusted

Account	2001	2002	2003	2004	2005	2004		2005				2006		
						Q4	Q1	Q2	Q3	Q4	Q1	Q2		
<i>Bank holding companies that qualify as financial holding companies^{11, 12}</i>														
<i>Domestic</i>														
Number	388	434	451	472	461	472	470	468	471	461	289	288		
Total assets	5,436,743	5,917,109	6,605,686	7,456,569	8,184,677	7,456,569	7,643,649	7,898,330	8,068,742	8,184,677	8,468,806	8,721,000		
<i>Foreign-owned¹³</i>														
Number	10	11	12	14	14	14	15	15	15	14	14	14		
Total assets	621,442	616,254	710,441	1,376,333	1,561,580	1,376,333	1,526,168	1,516,408	1,625,281	1,561,580	1,689,001	1,710,637		
Total U.S. commercial bank assets¹⁴	6,416,080	6,897,215	7,397,903	8,207,714	8,994,064	8,207,714	8,544,414	8,676,294	8,857,369	8,994,071	9,286,848	9,554,923		
<i>By ownership</i>														
Reporting bank holding companies	5,942,670	6,429,231	6,941,106	7,785,988	8,439,788	7,785,988	8,011,264	8,138,007	8,312,461	8,439,915	8,203,720	8,595,385		
Other bank holding companies	230,467	227,016	219,222	209,115	220,133	209,115	204,891	206,367	211,840	220,143	740,544	609,203		
Independent banks	242,944	240,968	237,575	212,611	334,143	212,611	328,259	331,920	333,067	334,013	342,584	350,335		
<i>Assets associated with nonbanking activities^{12, 15}</i>														
Insurance	426,462	372,405	437,503	579,111	602,258	579,111	587,000	598,669	601,076	602,258	527,193	528,828		
Securities broker-dealers	n.a.	630,851	656,775	892,571	1,170,659	892,571	1,168,482	1,165,688	1,231,410	1,170,659	1,314,092	1,298,790		
Thrift institutions	91,170	107,422	133,056	191,201	220,819	191,201	194,267	201,317	210,811	220,819	231,207	243,863		
Foreign nonbank institutions	138,977	145,344	170,630	216,758	242,408	216,758	219,829	231,566	242,333	242,408	268,848	267,345		
Other nonbank institutions	1,674,267	561,710	678,086	954,845	969,255	954,845	886,022	910,770	954,085	969,255	927,934	1,018,219		
<i>Number of bank holding companies engaged in nonbanking activities^{12, 15}</i>														
Insurance	143	96	102	97	97	97	97	99	98	97	81	82		
Securities broker-dealers	n.a.	47	50	44	46	44	43	45	46	46	41	41		
Thrift institutions	38	32	27	27	26	27	27	27	25	26	22	24		
Foreign nonbank institutions	32	37	42	39	35	39	38	37	38	35	33	34		
Other nonbank institutions	743	880	1,042	1,026	845	1,026	926	885	875	845	509	496		
<i>Foreign-owned bank holding companies¹³</i>														
Number	23	26	27	29	29	29	29	30	30	29	24	24		
Total assets	764,411	762,901	934,085	1,537,208	1,747,797	1,537,208	1,690,119	1,698,197	1,811,451	1,747,797	1,822,367	1,847,094		
Employees of reporting bank holding companies (full-time equivalent)	1,985,981	1,992,559	2,034,358	2,162,179	2,241,112	2,162,179	2,168,165	2,199,910	2,221,004	2,241,112	2,150,153	2,173,503		
<i>Assets of fifty large bank holding companies^{9, 16}</i>														
Fixed panel (from table 2)	5,896,783	6,256,824	6,926,108	7,963,241	8,645,888	7,963,241	8,226,990	8,440,266	8,515,432	8,645,888	8,970,662	9,282,941		
Fifty large as of reporting date	5,732,621	6,032,000	6,666,488	7,940,955	8,631,229	7,940,955	8,206,462	8,417,847	8,489,633	8,631,229	8,970,662	9,282,941		
Percent of all reporting bank holding companies	77	75	75	77	76	77	77	77	75	76	79	80		

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. For quarters beginning on or after March 31, 2006, this report covers top-tier bank holding companies with consolidated assets of at least \$500 million and some smaller top-tier firms that filed the FR Y-9C as required by Federal Reserve Banks for supervisory purposes or on a voluntary basis. Before March 31, 2006, aggregate data refer to top-tier bank holding companies with consolidated assets of at least \$150 million and smaller multibank holding companies with debt outstanding to the general public or 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 applied when calculating the contractual payments. 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. Excludes 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. 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.