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U.S. International Transactions in 2002

Steven B. Kamin, of the Board's Division of International Finance, prepared this article. Faith E. Darling provided research assistance.

After slightly narrowing during the cyclical slowdown of 2001, the U.S. current account deficit widened in 2002, as it had over the previous decade. Two-thirds of the increase in the deficit last year was attributable to an increase in the deficit for trade in goods and services. In addition, net investment income receded as receipts from abroad declined more than payments on foreign investments in the United States.

Most of the rise in the trade deficit in 2002 was the result of an increase in the value of imported goods and services. Imports had declined sharply in the previous year in response to the slowdown in U.S. economic activity, and as activity accelerated in 2002, imports reversed much of their earlier decline. Although the pace of expansion also began to pick up in the economies of the United States' foreign trading partners last year, the value of U.S. exports declined for the second year in a row, albeit to a much smaller extent than in 2001.[1] These movements caused the deficit in goods and services to rise to $436 billion in 2002 (table 1).

A swing in the balance on investment income, from a $21 billion surplus in 2001 to a $5 billion deficit in 2002, reflected primarily a decline in net direct investment income. Increases in the profitability of foreign direct investment in the United States last year helped to boost payments to foreigners above the abnormally low levels of 2001. Receipts on U.S. direct investment abroad were held back by continued economic slack and low profits in many foreign economies. The deficit in portfolio income rose very slightly but would have increased considerably more were it not for the low levels of interest rates at home and abroad.

The record $503 billion current account deficit registered in 2002 was also a record as a share of GDP—4.8 percent (chart 1). The counterpart of this deficit was a $474 billion surplus in the financial account balance, an increase of $92 billion over the 2001 financial account surplus. The rise in the surplus was attributable primarily to stepped-up foreign official purchases of U.S. assets; changes in the components of private capital flows largely offset each other. The statistical discrepancy in the U.S. international accounts also rose.

An implication of the large U.S. current account deficits in recent years has been that, taken together,

1. In fact, as discussed below, although the value of exports for 2002 as a whole was below its 2001 level, exports actually rose from the fourth quarter of 2001 to the fourth quarter of 2002.

1. U.S. international transactions, 1998–2002

Billions of dollars except as noted

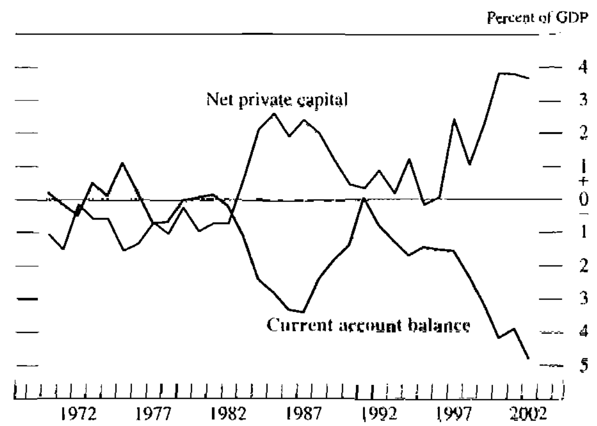
Item	1998	1999	2000	2001	2002	Change, 2001–02
Trade in goods and services, net	−167	−262	−379	−358	−436	−77
Goods, net	−247	−346	−452	−427	−484	−57
Services, net	80	84	74	69	49	−20
Investment income, net	13	24	28	21	−5	−26
Compensation of employees, net	−5	−6	−6	−6	−6	0
Unilateral current transfers, net	−45	−49	−53	−49	−56	−7
Current account balance	**−204**	**−293**	**−410**	**−393**	**−503**	**−110**
Official capital, net	−27	55	36	0	93	94
Private capital, net	91	210	373	382	381	−1
Financial account balance	**64**	**265**	**409**	**382**	**474**	**92**
Capital account balance	**1**	**−3**	**1**	**1**	**1**	**0**
Statistical discrepancy	**139**	**31**	**0**	**11**	**29**	**18**
MEMO						
Current account as percent of GDP	−2.3	−3.2	−4.2	−3.9	−4.8	−.9[1]

NOTE. Here and in the following tables, components may not sum to totals because of rounding.

1. Percentage point change.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis (BEA), U.S. international transactions accounts.

1. U.S. external balances, 1970–2002



NOTE. The data are annual.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis (BEA).

the economies of the rest of world have been running a current account surplus (see box "The Foreign Counterpart to the U.S. Current Account Deficit").

MAJOR ECONOMIC INFLUENCES ON U.S. INTERNATIONAL TRANSACTIONS

Several factors had a significant influence on U.S. international transactions in 2002: the emergence of the U.S. and foreign economies from the cyclical slowdown in 2001, increases in the prices of oil and other primary commodities, the reversal of the dollar's appreciating trend, and movements in real returns at home and abroad.

U.S. Economic Activity

After remaining unchanged during 2001, U.S. real GDP increased 2.9 percent between the fourth quarter of 2001 and the fourth quarter of 2002 (table 2). Economic conditions turned up notably during the first half of the year. Household spending on both personal consumption items and housing remained solid, businesses curtailed their inventory liquidation and began to raise spending on some types of capital equipment, and private employment began to edge higher. For the first half of 2002, real GDP grew 3.1 percent at an annual rate.

However, the momentum of the recovery diminished somewhat as the year progressed. Concerns about corporate governance weighed on financial markets, and a rise in international tensions boosted oil prices and exacerbated uncertainties already faced by businesses about the economic outlook. By midsummer, stock prices had declined, risk spreads widened, and liquidity eroded in corporate debt markets. These developments, combined with a high degree of underlying caution on the part of businesses, contributed to continued weak capital spending. With for-

2. Change in real GDP in the United States and abroad, 1999–2002
Percent, annual rate

Area	1999	2000	2001	2002	2001		2002	
					H1	H2	H1	H2
United States	**4.3**	**2.3**	**.1**	**2.9**	**−1.1**	**1.2**	**3.1**	**2.7**
Total foreign	**4.9**	**4.2**	**.1**	**2.8**	**−.2**	**.4**	**3.6**	**2.1**
Asian emerging markets[1]	8.6	6.1	1.0	5.5	−.9	2.9	6.9	4.2
China	4.1	8.0	7.5	8.0	8.0	7.1	8.9	7.1
Indonesia	5.3	6.4	1.7	3.8	6.2	−2.6	10.7	−2.7
Korea	13.8	5.1	4.2	7.0	3.3	5.0	8.0	6.1
Malaysia	11.8	6.2	−.6	5.5	−3.3	2.2	6.1	4.9
Philippines	5.1	3.7	3.9	5.8	4.0	3.7	5.6	5.9
Taiwan	5.9	4.5	−1.8	4.1	−6.9	3.5	4.8	3.4
Latin America[2]	4.4	4.4	−1.5	1.1	−1.5	−1.4	1.8	.5
Argentina	−.9	−1.9	−10.3	−4.0	−1.1	−18.6	−10.5	2.9
Brazil	3.5	4.0	−.7	3.4	.0	−1.4	3.5	3.3
Mexico	5.6	4.7	−1.5	2.1	−2.0	−1.0	3.2	.9
Venezuela	−4.1	5.6	.9	−16.7	2.2	−.4	−17.0	−16.4
Canada	5.7	3.5	.8	3.9	.4	1.2	5.2	2.6
European Union[3]	3.7	2.7	.6	1.4	1.1	.1	1.5	1.3
Japan	−.5	5.1	−2.4	2.8	−1.6	−3.2	2.9	2.7

NOTE. Aggregate measures are weighted by moving bilateral shares in U.S. exports of merchandise. Annual data are four-quarter changes. Half-yearly data are calculated as Q4/Q2 or Q2/Q4 changes at an annual rate.

1. Weighted average of China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand.

2. Weighted average of Argentina, Brazil, Chile, Colombia, Mexico, and Venezuela.

3. Member countries are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

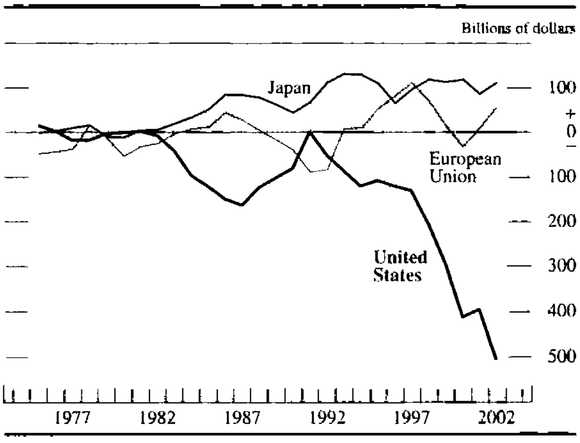
SOURCE. Various national sources; Federal Reserve seasonal adjustments in some cases.

The Foreign Counterpart to the U.S. Current Account Deficit

The counterpart of the current account deficit in the United States is an aggregate current account surplus in the rest of the world. Current account balances are influenced by a variety of factors that differ from country to country, and those of foreign economies exhibit quite diverse movements as the U.S. current account changes. In the 1980s, during the last large run-up in the U.S. current account deficit, much of the imbalance was matched by current account surpluses in the economies of the European Union (EU) and Japan. For example, in 1987, the U.S. current account deficit reached $161 billion, or 3.4 percent of GDP, while the EU countries and Japan recorded current account surpluses of $28 billion and $85 billion respectively (chart A). This state of affairs was broadly consistent with the importance of these two areas in U.S. trade at the time: Together, the EU countries and Japan accounted for about 40 percent of U.S. exports and imports. It was also consistent with the especially marked rise in the foreign exchange value of the dollar against the currencies of those countries in the mid-1980s.

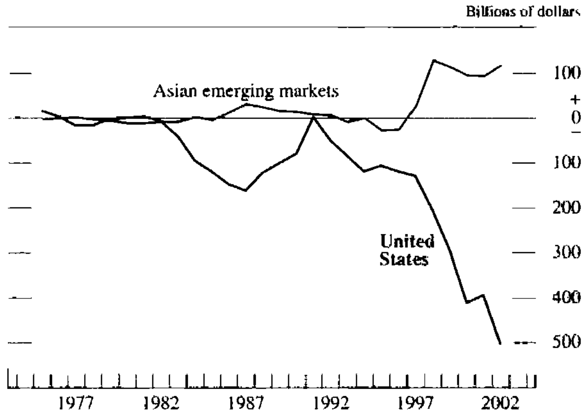
The most recent rise in the U.S. current account deficit has been associated with a distribution of counterpart surpluses abroad that differs somewhat from the 1980s pattern. As in the mid-1980s, Japan is running a surplus, although at about $110 billion last year it is only moderately larger than in 1987, even as the U.S. deficit is currently about three times as large as it was then. The European Union's surplus last year was only about $50 billion, a small counterpart to the U.S. deficit. Conversely, the Asian emerging-market economies, whose share of U.S. imports has risen from about 16 percent in the mid-1980s to about 24 percent more recently, ran a current account surplus of nearly $120 billion in 2002, a considerably larger balance than they recorded in the mid-1980s (chart B). Finally, the largest single counterpart to the U.S. imbalance is the global statistical discrepancy, which is the negative of the sum of the world's current accounts (chart C). In principle, the world's current accounts should sum to zero, but because of statistical problems and misreporting of payments and receipts, the statistical discrepancy is generally not zero and can sometimes be quite large. Increases in oil revenues earned by countries whose international transactions are not well reported, along with rising cross-border holdings of assets (returns on which also are frequently underreported), may explain some of the growth of the discrepancy in recent years.

A. Current account balances, United States, Japan, and the European Union, 1975–2002



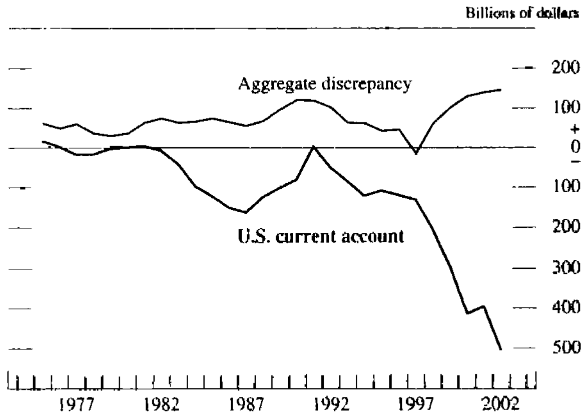
NOTE. The data are annual. For membership of the European Union, see note 3 of table 2 in the main text. The European Union balance is calculated as the sum of the balances of individual European Union countries.
SOURCE. BEA; International Monetary Fund (IMF), *World Economic Outlook* database.

B. Current account balances, United States and Asian emerging markets, 1975–2002



NOTE. The data are annual. The Asian emerging markets are China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand. For 2002, balances for some Asian economies are estimates.
SOURCE. BEA; IMF, *World Economic Outlook* database.

C. U.S. current account balance and aggregate statistical discrepancy for all countries, 1975–2002



NOTE. The data are annual.
SOURCE. BEA; IMF, *World Economic Outlook* database.

eign demand for U.S. products weakening as well, manufacturers trimmed production during the fall. Employment in the private sector declined again, and the unemployment rate moved up, reaching 6 percent in December. For the second half of 2002, the growth of real GDP declined to 2.7 percent at an annual rate, and for the fourth quarter it was only 1.4 percent.

Foreign Economic Activity

After a pronounced slowdown in 2001, economic activity accelerated in the economies of U.S. trading partners in 2002 as it did in the United States. Higher growth abroad reflected a number of factors, including monetary and fiscal stimulus, reductions in the pace of inventory liquidation, and the effect of increasing economic activity in the United States. The pickup in growth abroad, as in the United States, was concentrated in the first half of last year, as a strong rally in the high-tech exporting economies of emerging-market Asia was joined by robust growth in Canada and, to a lesser extent, Mexico. Growth in other regions—including the euro area and South America—remained subdued. As the U.S. economy decelerated in the second half, the pace of recovery slowed in Asia and Canada, while performance remained lackluster in much of the rest of the world.

The Canadian economy registered the strongest performance among the major foreign economies last year despite some slowing in the second half. Its strength reflected robust growth of consumption and residential construction as well as an end to inventory runoffs early in the year. As a net oil exporter, Canada has also benefited from the high level of oil prices, and because it is less dependent on high-tech production than is the United States, it likewise suffered less from the on-going weakness in that sector.

The Japanese economy grew during 2002, although the pace of growth was barely enough to offset the decline in output that took place in 2001. Japanese growth was driven mainly by exports, with smaller contributions coming from increased consumption and a slower pace of inventory reduction. However, private investment spending and conditions in labor markets remained weak, and deflation continued.

Economic performance in the euro area was quite sluggish last year. Although exports were up, growth in consumption was modest, and private investment declined. Economic weakness was especially pronounced in some of the larger countries—Germany, Italy, and, to a lesser extent, France—while growth in some of the smaller euro-area countries was more robust.

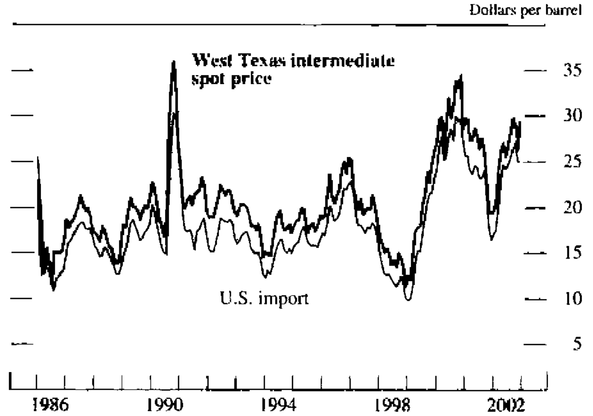
In the emerging-market economies last year, economic performance diverged considerably between Asia and Mexico, on the one hand, and the rest of Latin America, on the other. The Asian emerging-market economies generally performed well in 2002; they were led, as in previous years, by China, where real GDP again expanded more than 7 percent. Of the other emerging Asian economies, Korea recorded the strongest growth. The economy grew more rapidly in the first half of the year, when global demand for high-tech products rose most quickly and domestic demand (especially consumption) surged; growth slowed in the second half of the year as global high-tech demand weakened and tensions over North Korea intensified. Other economies in the region, including some of the larger Southeast Asian economies and Taiwan, also exhibited strong performance in the first half of 2002 followed by some weakening of growth in the second.

One of the few bright spots in Latin America last year was the Mexican economy—boosted by the U.S. recovery, its growth was moderate for the year as a whole despite some late slowing. Conversely, much of South America was beset by adverse economic, financial, and political developments. In Brazil, economic activity managed to expand in 2002, despite considerable financial volatility surrounding the October presidential election. Argentine GDP contracted further in 2002 after declining 10 percent in 2001, although financial and economic conditions appeared to stabilize in the second half of the year. Output plunged in Venezuela in the midst of extreme economic and political turmoil, including a coup attempt in April and a national strike declared in December.

Primary-Commodity Prices

Oil prices began 2002 at less than $20 per barrel for West Texas intermediate (chart 2), having declined considerably in the previous year amidst widespread economic weakness. Much of the decline occurred after the events of September 11, 2001, in response to a fall in jet fuel consumption, weaker economic activity, and reassurances of stable supply from Saudi Arabia. However, oil prices began rising again in February and March of 2002 in response to both improving global economic activity and a production-limiting agreement among OPEC and some major non-OPEC producers. As a consequence of this agreement, actual production declined, albeit not to the extent implied by the agreed limits. Heightened tensions in the Middle East, along with severe politi-

2. Oil prices, 1986–2002



NOTE. The data are monthly.
SOURCE. *Wall Street Journal;* BEA.

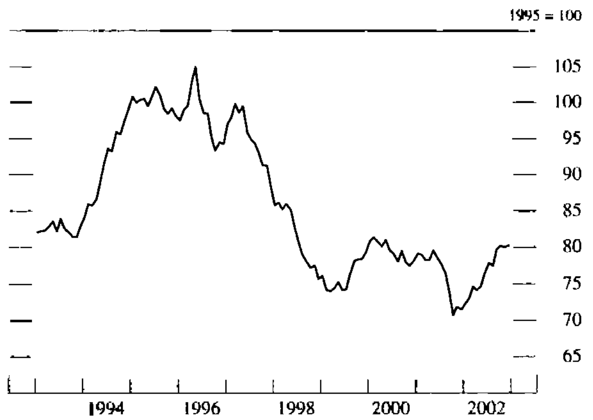
cal turmoil in Venezuela, also put upward pressure on oil prices. A strike in Venezuela, which began on December 2, 2002, caused already meager crude oil inventories in the United States to fall to levels not seen since the 1970s; the reduced inventories exacerbated the effect of the reduced production on oil prices.

Prices of nonfuel primary commodities (chart 3) also picked up somewhat last year after falling steadily throughout much of 2001. Most of the increase in prices reflected decreases in supply. Adverse weather in many parts of the world reduced harvests and sent prices of several agricultural commodities—wheat, soybeans, and cotton—soaring, albeit from very depressed levels. Also, cocoa prices rose because of a civil war in Ivory Coast, which produces a substantial fraction of the world's cocoa. Production restraint by copper producers led to a slight gain in the price of that commodity. Finally, the price of gold shot up more than 20 percent last year, most likely in response to heightened global tensions.

U.S. Price Competitiveness

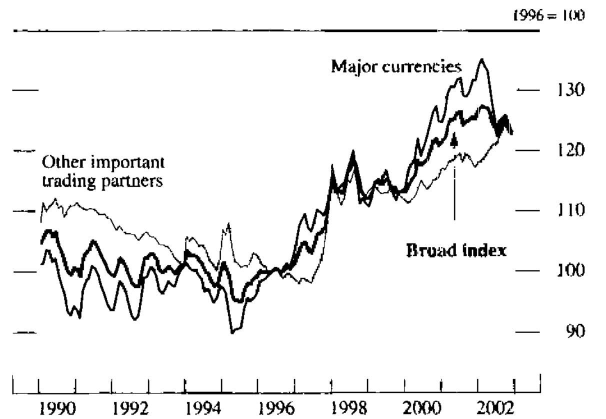
Changes in the price competitiveness of U.S. export and import-competing industries last year were primarily the result of changes in the foreign exchange value of the dollar, as well as relative movements in inflation rates at home and abroad. The price-adjusted broad dollar index is a measure of the foreign exchange value of the dollar in terms of the currencies of the United States' principal trading partners, adjusted for relative movements in U.S. and foreign inflation rates. Having appreciated substantially since the mid-1990s, the broad real dollar index extended its mild upward trend into the early part of 2002 (chart 4). However, the dollar weakened sharply in late spring and early summer amid deepening concerns about U.S. corporate governance and profitability. Around that time, market analysts also appeared to become more worried about the growing U.S. current account deficit and its potential negative influence on the future value of the dollar. After strengthening a bit around midyear as growth prospects for other major economies appeared to dim, the broad real dollar index dropped again late in the year as geopolitical tensions intensified; it registered a 1¾ percent decline for the year as a whole.

3. Price of world nonfuel primary commodities, 1993–2002



NOTE. The data are monthly. The price shown is a weighted average of forty-five prices.
SOURCE. IMF, *International Financial Statistics*, index of nonfuel primary commodity prices in dollars.

4. Foreign exchange value of the U.S. dollar, 1990–2002



NOTE. The data are monthly. Each data series is a price-adjusted index of foreign currency units per dollar. The broad index covers a large group of important U.S. trading partners. The major currencies index covers the currencies that are widely traded in international financial markets.

In 2002, the dollar depreciated against all of the major currencies—those currencies that trade widely in international financial markets—but the magnitude of these declines varied. The dollar showed particular weakness against the euro; the dollar's decline of 16 percent more than reversed a substantial portion of its rise against the euro in the preceding couple of years. The dollar declined about 10 percent against the yen last year. Relative to the Canadian dollar, however, the U.S. dollar declined only 1 percent on balance.

Even as the dollar declined 7 percent on a price-adjusted basis against the major currencies last year, it appreciated 4½ percent against a weighted average of the currencies of other U.S. trading partners. This appreciation occurred despite a decline in the dollar against the currencies of Asian emerging-market economies and is accounted for almost entirely by a rise of the dollar against the Mexican peso.

Developments in U.S. Trade in Goods and Services

The U.S. trade deficit in goods and services, having narrowed significantly in 2001, widened in 2002 and thereby resumed its trend of the past decade (table 3). The $77 billion expansion of the trade deficit last year reflected a $51 billion rise in the nominal value of imports and a $26 billion reduction—the second annual decline—in exports.

Movements in the annual totals of exports and imports from 2001 to 2002, however, obscure important movements of these trade figures over the course of last year. Nominal exports of goods and services hit their recent low in the fourth quarter of 2001 and then recovered substantially in the second and third quarters of 2002 before reversing some of these gains in the fourth quarter (chart 5). Hence, while the average value of exports in 2002 was below its 2001 level, owing to its very depressed level at the start of

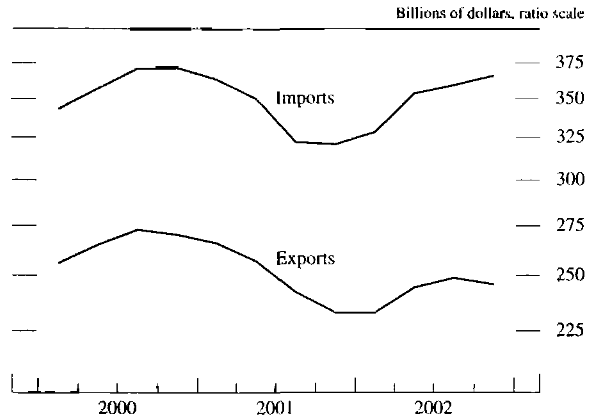
3. U.S. international trade in goods and services, 2000–2002
Billions of dollars except as noted

Item	2000	2001	2002	Change		Percent change, 2001–02	
				2000–01	2001–02	Year over year	Q4 to Q4
Balance (exports less imports)	**–379**	**–358**	**–436**	**20**	**–77**	...	...
Exports	**1,064**	**998**	**972**	**–66**	**–26**	**–3**	**5**
Services	292	279	289	–13	10	4	14
Goods	772	719	683	–53	–36	–5	2
Capital equipment	357	322	291	–35	–31	–10	–1
Aircraft and parts	48	53	51	5	–2	–4	–1
Computer equipment[1]	56	48	39	–8	–9	–19	–7
Semiconductors	60	45	42	–15	–3	–6	5
Telecommunications equipment	31	28	22	–3	–6	–20	–13
Other machinery and equipment	162	149	137	–13	–12	–8	0
Industrial supplies	173	160	157	–12	–3	–2	8
Automotive vehicles and parts	80	75	78	–5	3	4	4
Consumer goods	89	88	84	–1	–4	–4	1
Foods, feeds, and beverages	48	49	50	2	0	0	2
Other	25	24	23	–1	–1	–5	3
Imports	**1,443**	**1,356**	**1,407**	**–87**	**51**	**4**	**14**
Services	219	210	240	–8	30	14	19
Goods	1,224	1,146	1,167	–78	21	2	13
Oil	120	104	104	–17	0	0	46
Non-oil	1,104	1,042	1,063	–62	21	2	10
Capital equipment	347	298	284	–49	–14	–5	5
Aircraft and parts	26	31	26	5	–6	–18	–17
Computer equipment[1]	90	74	75	–16	1	2	8
Semiconductors	48	30	26	–18	–4	–14	6
Telecommunications equipment	33	25	23	–8	–1	–6	18
Other machinery and equipment	150	138	134	–12	–4	–3	6
Industrial supplies	182	173	166	–9	–7	–4	12
Automotive vehicles and parts	196	190	204	–6	14	7	11
Consumer goods	282	284	308	2	23	8	16
Foods, feeds, and beverages	46	47	50	1	3	7	10
Other	51	51	52	–1	1	2	1

1. Computers, accessories, peripherals, and parts.
... Not applicable.

Source. BEA, U.S. international transactions accounts.

5. U.S. imports and exports, 2000–2002



NOTE. The data are quarterly and seasonally adjusted.
SOURCE. BEA.

the year, these receipts actually grew about 5 percent between the fourth quarter of 2001 and the fourth quarter of 2002 (table 3). Similarly, nominal imports of goods and services rose much more rapidly on a Q4-to-Q4 basis (14 percent) than they did on a year-over-year basis (4 percent).

4. Change in the quantity of U.S. exports and imports of goods and services, 1999–2002
Percent change from fourth quarter to fourth quarter

Item	1999	2000	2001	2002
Exports	**5**	**7**	**-11**	**4**
Services	3	5	-9	11
Goods	6	8	-12	1
Capital equipment[1]	7	13	-21	-1
Aircraft and parts	-17	-14	-4	-3
Computer equipment[2]	13	23	-24	-2
Semiconductors	34	27	-35	8
Other machinery and equipment	8	14	-20	-2
Industrial supplies	7	7	-7	3
Automotive vehicles and parts	3	1	-5	3
Consumer goods	5	6	-6	2
Foods, feeds, and beverages	3	3	5	-6
Other	-1	6	-6	5
Imports	**12**	**11**	**-8**	**10**
Services	6	11	-9	12
Goods	13	11	-8	10
Oil	-3	13	0	4
Non-oil	15	11	-9	10
Capital equipment[1]	19	17	-21	7
Aircraft and parts	-2	22	3	-20
Computer equipment[2]	26	14	-14	14
Semiconductors	34	23	-51	9
Other machinery and equipment	15	17	-21	10
Industrial supplies	8	1	-5	8
Automotive vehicles and parts	14	2	-2	10
Consumer goods	17	16	-5	17
Foods, feeds, and beverages	11	6	5	6
Other	5	16	0	5

NOTE. Quantities are measured in chained (1996) dollars.
1 Data for telecommunications equipment not separately calculated.
2. Computers, accessories, peripherals, and parts.
SOURCE. BEA, national income and product accounts; Federal Reserve Board.

Measured both in terms of nominal values (table 3) and quantities (table 4), imports rose faster than exports between the fourth quarter of 2001 and the fourth quarter of 2002. Imports grew faster than exports despite the fact that real GDP here and abroad grew at about the same rate last year. This development is consistent, however, with a historical pattern in which the responsiveness of U.S. imports to income in the United States has been greater than the responsiveness of U.S. exports to income in the rest of the world. Moreover, because capital goods constitute a greater fraction of U.S. exports than they do of U.S. imports, the weakness in investment spending both here and abroad last year weighed more heavily on exports than on imports. Finally, although the dollar depreciated last year, the lagged effects of its earlier appreciation continued to support imports while restraining exports.

Exports

The 5 percent rise in the nominal value of exported goods and services between the fourth quarter of 2001 and the fourth quarter of 2002 reflects much stronger growth in exports of services than of goods. Services receipts rose 14 percent over this period after having declined sharply in 2001; much of the rebound was in receipts from foreign travelers in the United States, which recovered somewhat in 2002 following a plunge immediately after the September 11 terrorist attacks. Receipts from foreigners for other services moved up smartly as well.

In contrast, nominal exports of goods rose only 2 percent in 2002 (Q4 to Q4); they were held back by a 1 percent decline in export sales of capital goods. This slowing likely reflected the pronounced weakness of investment spending during the recent global slowdown, even as consumption spending held up more strongly. Especially large percentage declines in exports of computer and telecommunication equipment were consistent with continued weakness in the high-tech sector (as well as trend declines in computer prices), while the slight rise in exports of semiconductors reversed very little of their pronounced decline in 2001.

Outside of the capital goods sector, exports of industrial supplies grew substantially over the course of 2002, but most of this increase reflected higher prices rather than a sharp pick-up in quantities. Exports of automotive products also showed some strength; the increase was more than accounted for by higher shipments of vehicles and parts to Canada. The relatively flat dollar-value of sales of food, feed,

5. Distribution of U.S. exports of goods, by selected regions and countries, 2000–2002

Billions of dollars except as noted

Destination	2000	2001	2002	2001–02 Change	2001–02 Percent change, Q4 to Q4
All	**772**	**719**	**683**	**−36.2**	**2.0**
Western Europe	179	171	154	−17.8	−1.8
Canada	179	163	161	−2.4	6.2
Latin America	170	159	148	−10.6	−.6
Mexico	111	101	97	−3.8	1.1
Other	59	58	51	−6.8	−3.6
Asia	194	173	167	−5.6	3.3
Japan	63	56	50	−6.2	−2.3
Emerging markets[1]	130	117	118	.6	5.8
Other	50	52	52	.3	4.8

1. China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand.

SOURCE. BEA, U.S. international transactions accounts.

and beverages abroad reflected the offsetting effects of a sharp contraction in exported quantities of these products, in part resulting from poor harvests, and corresponding increases in their prices.

The distribution of U.S. sales of goods to different parts of the world in 2002 (table 5) was substantially influenced by the economic performance of our trading partners. Exports of goods to those regions showing the strongest performance last year—Canada, the Asian emerging-market economies, and Mexico—moved up on a Q4-to-Q4 basis, while sales to weaker economies—those of western Europe, Japan, and South America—declined. The rise over the course of 2002 in sales to Canada, which account for nearly a quarter of U.S. goods exports, was primarily accounted for by automotive products, industrial supplies, and consumer goods and was driven by strong household spending. Capital goods, which represent the largest end-use category of sales to Canada, remained about flat. Exports to the Asian emerging-market economies were boosted primarily by higher sales of industrial supplies (especially chemicals) and capital goods. In both western Europe and Japan, where economic activity has continued to be restrained by weak business investment, mild declines in U.S. goods exports resulted almost entirely from reductions in sales of capital goods.

The quantity of exports rose 4 percent in 2002 (Q4 to Q4) after declining sharply the previous year (table 4). As with movements in their value, the quantity of exported services rose considerably faster than that of goods. Exports of all major categories rose except for foods, feeds, and beverages, which declined markedly, and capital equipment.

6. Change in the prices of U.S. exports and imports of goods and services, 1999–2002

Percent change from fourth quarter to fourth quarter

Item	1999	2000	2001	2002
Exports	**0**	**1**	**−2**	**2**
Services	1	2	−2	2
Goods	0	1	−2	1
Capital equipment	−1	0	−1	−1
Aircraft and parts	2	5	5	3
Computer equipment	−7	−4	−4	−5
Semiconductors	−4	−5	−6	−3
Other machinery and equipment	0	1	0	0
Industrial supplies	4	4	−7	5
Automotive vehicles and parts	1	1	0	1
Consumer goods	0	0	0	−1
Foods, feeds, and beverages	−4	0	−1	7
Other	1	1	−2	2
Imports	**3**	**3**	**−5**	**4**
Services	0	3	3	7
Goods	4	3	−7	3
Oil	94	31	−36	40
Non-oil	−1	1	−4	0
Capital equipment	−4	−2	−3	−2
Aircraft and parts	2	4	3	2
Computer equipment	−11	−5	−12	−4
Semiconductors	−3	−2	−3	−3
Other machinery and equipment	−1	−1	−1	−2
Industrial supplies	4	11	−13	4
Automotive vehicles and parts	1	1	0	0
Consumer goods	−1	−1	−1	−1
Foods, feeds, and beverages	−3	−2	−3	4
Other	0	1	−2	1

NOTE. Price indexes are chain-weighted. See also notes to table 4.

After declining in 2001 in response to the slowdown in global growth, export prices rose 2 percent last year (Q4 to Q4, table 6); they were boosted by higher global growth, an associated firming of commodity prices (including petroleum prices), and perhaps some effects from the weakening dollar. Services prices recovered as demand for travel moved back up from lows reached after the events of September 11, 2001. Weather-related supply disruptions drove up prices of foods, feeds, and beverages 7 percent, while higher costs of petroleum products, natural gas, lumber, and steel led to a 5 percent rise in prices of industrial supplies. Prices of exported capital equipment edged down again last year and reflected trend declines in the prices of computers and semiconductors.

Imports

The value of imports rose 14 percent from the fourth quarter of 2001 to the fourth quarter of 2002 (table 3), though this gain in part reflects a bounce-back from the depressed levels reached in the aftermath of September 11, 2001. Services, rebounding especially quickly, rose 19 percent over the same period. As on the exports side, a surge in travel-related spending by U.S. residents abroad following the lows reached after September 11, 2001, accounted for much of this increase, although other types of services rose as well. Imports of goods also rose briskly over the course of last year, with increases on a Q4-to-Q4 basis registered for both the oil and non-oil categories.

Oil Imports

The value of oil imports rose 46 percent from the fourth quarter of 2001 to the fourth quarter of 2002 (table 3). This sharp rise primarily reflected a 40 percent rebound in the price of imported oil last year from its low level at the end of 2001. Additionally, the pickup in U.S. economic growth in 2002 led to a small rise in the quantity of oil imports on a Q4-to-Q4 basis; the quantity of oil imports was also boosted by some bounce-back from unusually depressed levels immediately after September 11, 2001, when travel fell off sharply. With domestic oil consumption last year exceeding the sum of imported and domestically produced oil, oil inventories declined.

Non-oil Imports

The quantity of non-oil imports rose 10 percent in 2002 (Q4 to Q4, table 4), reversing a decline of similar magnitude in the previous year. Reflecting the consumer-led nature of U.S. real GDP growth last year, increases were led by double-digit gains in real imports of automotive products and consumer goods. Imports of industrial supplies and capital equipment rose more moderately, with the latter being held back by a 20 percent decline in imports of aircraft and parts, which are quite volatile. Imports of both computer equipment and semiconductors bounced back in 2002 after sharp declines the previous year, but increases in the larger "Other machinery and equipment" category were more moderate and were well below the pace of the previous year's decline.

Several factors contributed to the substantial growth in the quantity of non-oil imports last year, which considerably outpaced the rise in U.S. GDP. First, as noted above, imports were unusually depressed in the fourth quarter of 2001, so some of the subsequent growth reflected a return to more normal levels. Second, U.S. non-oil imports, and tradable goods in general, are particularly cyclically sensitive. This sensitivity may result from the fact that the demand for goods tends to fluctuate over the course of the business cycle more than does the demand for services and hence more than does GDP as a whole; therefore, non-oil goods imports are also likely to fluctuate more widely than total GDP. To illustrate, the quantity of non-oil imports declined 9 percent in 2001 (Q4 to Q4), when U.S. activity had slowed but did not decline; non-oil imports then rose 10 percent in 2002, when U.S. growth picked up to only about 3 percent.[2] Third, as noted earlier, over long periods of time, U.S. imports have tended to grow more rapidly than U.S. GDP (even as exports have grown more in line with the GDP of U.S. trading partners). Finally, imports were likely buoyed by the value of the dollar, which remained quite strong by historical standards, notwithstanding some declines over the course of the year.

Prices of non-oil imports were flat last year after falling 4 percent in 2001 (table 6). Higher commodity prices, as well as the effects of the fall in the dollar later in the year, led to notable increases in the prices of imported industrial supplies and foods, feeds, and beverages. However, prices of computers and semiconductors extended their persistent declines, while still-weak demand in global manufacturing likely contributed to further declines in the prices of other machinery and equipment as well as consumer goods. A brisk 7 percent rise in services prices last year probably reflected the decline in the dollar.

DEVELOPMENTS IN THE NONTRADE CURRENT ACCOUNT

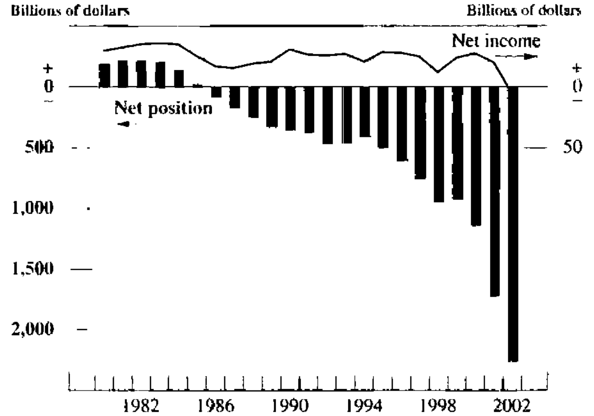
The major components of the current account other than trade in goods and services are investment income and unilateral transfers.

Investment Income

Net investment income is the difference between the income that U.S. residents earn on their holdings of foreign assets (receipts) and the income that foreigners earn on their holdings of U.S. assets (payments). If the rates of return on both of these holdings were equal, then movements in net investment income

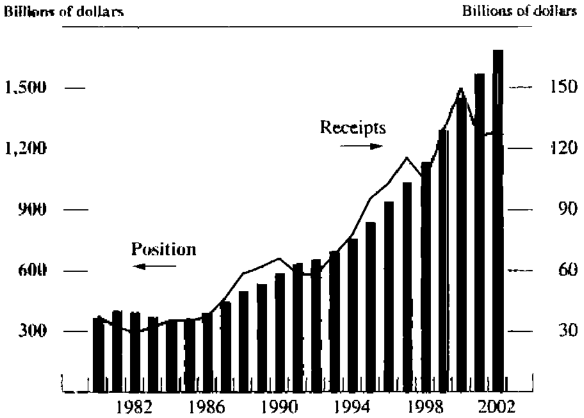
2. Analogously, the quantity of U.S. goods exports declined 12 percent from the fourth quarter of 2000 to the fourth quarter of 2001, when foreign growth declined to about zero. With foreign growth having recovered to nearly 3 percent in 2002, however, it is not clear why the growth of real goods exports rose only to 1 percent. This slow growth reflected an anomalous decline in December that was partially reversed in January 2003.

6. U.S. net international investment:
Position and income, 1980–2002



NOTE. The data are annual. The net position is the average of the year-end positions for the current and previous years. The year-end position for 2002 was constructed by adding the recorded portfolio investment flows during 2002 to the recorded year-end position for 2001. The net position excludes U.S. holdings of gold.
SOURCE. BEA; Federal Reserve Board.

7. U.S. direct investment abroad:
Position and receipts, 1980–2002



NOTE. The data are annual. The position is the average of the year-end current-cost measures for the current and previous years. The year-end position for 2002 was constructed by adding the recorded direct investment capital flows and current-cost adjustment during 2002 to the recorded year-end position for 2001.
SOURCE. BEA; Federal Reserve Board.

would exactly mirror movements in the net international investment position, that is, the difference between U.S. holdings of foreign assets and foreign holdings of U.S. assets. The net international investment position turned negative in 1986 and has declined progressively further since then as large net financial inflows have financed the United States' current account deficits (chart 6). Even as foreign acquisition of U.S. assets has substantially outpaced U.S. acquisition of foreign assets, however, net investment income remained positive until 2002 (table 7), as rates of return on U.S. holdings abroad—primarily through direct investments—have exceeded returns on foreign holdings in the United States.

Direct Investment Income

Net direct investment income—receipts from U.S. direct investment abroad less payments on foreign direct investment in the United States—declined $25 billion in 2002, to $78 billion (table 7). A small increase in direct investment receipts was outweighed by a much larger rise in payments last year.

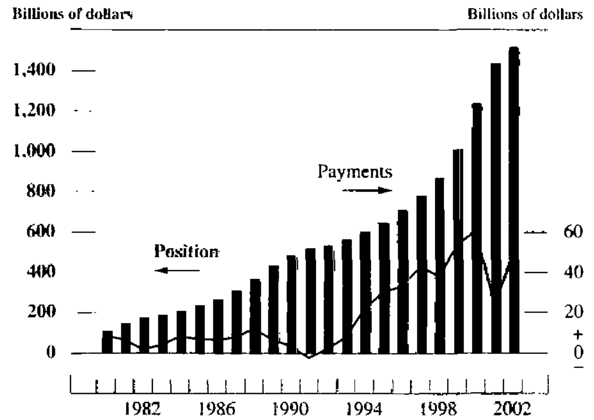
The $2 billion pickup in receipts on U.S. direct investment abroad last year was relatively meager, considering that the U.S. gross direct investment position abroad rose roughly $100 billion (chart 7) and that total foreign growth rebounded after stagnating in 2001. However, profits are likely to be related more to the level of capacity utilization than to the growth of real GDP as such. Foreign growth picked up last year but probably not enough to substantially increase resource utilization and profits. Moreover, more than half of U.S. direct investment is in Europe, where growth remained low relative to that in the United States or other U.S. trading partners. All of these factors likely held back the growth of receipts on U.S. direct investment abroad last year.

7 U.S. international investment: Receipts and payments, 1998–2002
Billions of dollars

Item	1998	1999	2000	2001	2002	Change, 2001–02
Net investment income	**13**	**24**	**28**	**21**	**–5**	**–26**
Direct investment						
Net income	66	75	89	103	78	–25
Receipts	104	128	150	126	128	2
Payments	38	53	61	23	50	27
Portfolio investment						
Net income	–53	–51	–61	–82	–83	–1
Receipts	153	160	201	155	114	–41
Payments	206	211	262	237	197	–40

SOURCE. BEA, U.S. international transactions accounts.

8. Foreign direct investment in the United States: Position and payments, 1980–2002



NOTE. See notes to chart 7.

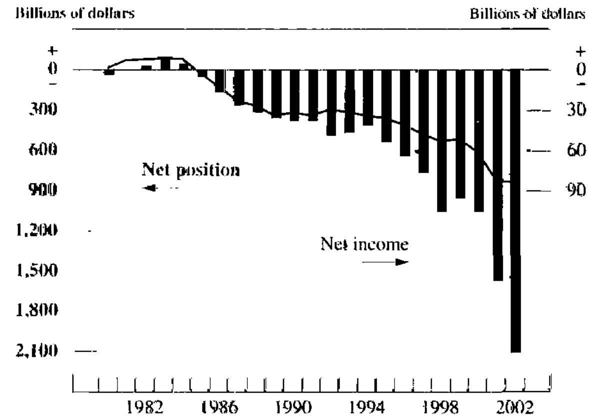
In contrast to receipts, payments rose a substantial $27 billion last year, bouncing back after a $38 billion decline in 2001. A small increase in foreign direct investment holdings in the United States (chart 8) explains some of the increase in payments. More importantly, increases in the profitability of foreign investments in the U.S. last year followed abnormally low levels in 2001 and helped to boost payments. The recovery in these profits was widespread, but the industries that fell most sharply in 2001—manufacturing and wholesale trade—showed the largest growth in 2002.

Portfolio Investment Income

Portfolio receipts represent the dividend and interest income that U.S. residents receive on their holdings of foreign financial assets, whereas portfolio payments represent the dividends and interest that foreigners receive on their holdings of U.S. financial assets. The Bureau of Economic Analysis (BEA) estimates these payments and receipts by applying estimates of the interest or dividend-payout rates for various assets to estimates of the holdings of those assets. Portfolio investment income does not include capital gains or losses associated with changes in asset prices.

Movements in net portfolio income—receipts minus payments—have tracked movements in the U.S. net portfolio investment position fairly closely (chart 9) because rates of return on portfolio investments in the United States and abroad are quite similar (chart 10). Net portfolio income turned negative in 1985, the same year that the net portfolio investment position moved from that of net creditor

9. Net portfolio investment: Position and income, 1980–2002



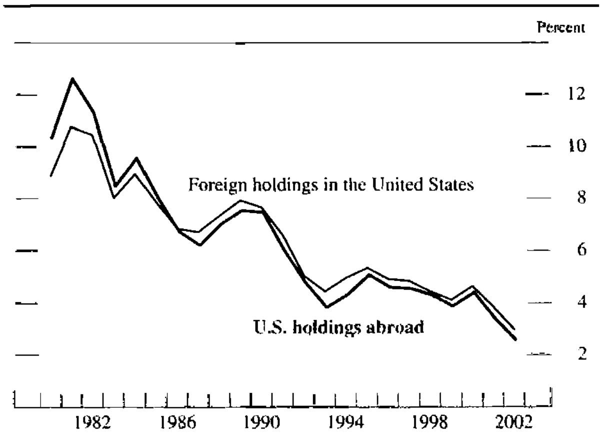
NOTE. The data are annual. The net position is the Federal Reserve Board's estimate of the average position during the year. Through 2001 these estimates are based on quarterly financial flows and year-end position estimates published by the BEA. For 2002, the average is based on year-end 2001 position data and quarterly financial flows during 2002. The net position excludes U.S. gold holdings and foreign holdings of U.S. currency.
SOURCE. BEA; Federal Reserve Board.

to net debtor, and it followed the general contour of the net investment position in subsequent years. More recently, however, declines in interest rates have tended to reduce both payments and receipts, thereby leading the deficit in portfolio income to widen more slowly than it would have otherwise. This effect was particularly pronounced last year, when the negative net income balance widened only $1 billion, to $83 billion.

Unilateral Transfers

Unilateral transfers include government grant and pension payments as well as private transfers to and

10. Rate of return on U.S. portfolio investments, 1980–2002



NOTE. The data are annual.

from foreigners. In 2002, the deficit on net unilateral transfers widened to $56 billion.

Financial and Capital Account Transactions

The counterpart of the increased U.S. current account deficit last year was a rise in net financial inflows of foreign savings. In recent years, net private capital inflows have accounted for most of the overall net inflows required to finance the current account deficit, and 2002 was no exception. However, even as the current account deficit rose to a record $503 billion last year, net private capital inflows remained about unchanged at $381 billion, while net official inflows jumped to $93 billion (table 8).

A prominent theme in last year's capital flows was the reduced demand by private foreign entities for U.S. corporate assets. Private foreign net purchases of all U.S. securities declined $62 billion in 2002. Net purchases of U.S. corporate and other bonds and of corporate stocks fell $41 billion and $63 billion respectively. These declines were only partially offset by a positive $43 billion swing of flows into U.S. Treasury and agency securities; these flows appear to have been driven by a flight to safety among investors. Private foreign direct investment in the United States also fell off substantially, from $131 billion in 2001 to $30 billion in 2002.

The decline in the demand for claims on the U.S. private sector last year may have been associated with increased concerns about future profitability and returns; these concerns were perhaps prompted by the uneven recovery of the U.S. economy and the continued poor performance of equity markets. Similar concerns may have prompted an analogous pullback of U.S. investments abroad. Private U.S. net purchases of foreign securities plummeted from $95 billion in 2001 to about zero last year. This drop reflected net sales of foreign bonds by U.S. private investors for the second consecutive year as well as sharply reduced purchases of foreign stocks. U.S. direct investment abroad held up, but that was due to U.S. corporations not repatriating earnings and extending more credit to their foreign affiliates; new equity capital channeled toward direct investment abroad fell from $50 billion in 2001 to $27 billion last year.

With private foreign purchases of U.S. assets falling about as much as private U.S. purchases of

8. Composition of U.S. capital flows, 1997–2002
Billions of dollars

Item	1997	1998	1999	2000	2001	2002	2002 H1	2002 H2
Current account balance	**−128**	**−204**	**−293**	**−410**	**−393**	**−503**	**−240**	**−263**
Capital account balance	**0**	**1**	**−3**	**1**	**1**	**1**	**0**	**0**
Financial account balance	**219**	**64**	**265**	**409**	**382**	**474**	**160**	**314**
Official capital, net	**18**	**−27**	**55**	**36**	**0**	**93**	**54**	**40**
Foreign official assets in the United States	19	−20	44	38	5	97	55	42
U.S. official reserve assets	−1	−7	9	0	−5	−4	−1	−2
Other U.S. government assets	0	0	3	−1	0	0	0	0
Private capital, net	**201**	**91**	**210**	**373**	**382**	**381**	**107**	**274**
Net inflows reported by U.S. banking offices	8	4	−22	−32	−18	92	−47	138
Securities transactions, net	173	49	126	251	305	340	155	185
Private foreign net purchases (+) of U.S. securities	292	185	254	378	400	338	163	175
Treasury securities	130	29	−44	−77	−8	53	−12	66
Agency bonds	26	5	43	96	86	68	35	33
Corporate and other bonds	67	106	143	166	202	161	104	57
Corporate stocks	69	46	113	192	119	56	36	19
U.S. net purchases (−) of foreign securities	−119	−136	−128	−128	−95	2	−8	10
Bonds	−61	−35	−14	−24	12	21	11	10
Stocks	−58	−101	−114	−104	−107	−19	−18	0
Stock swaps	−3	−96	−123	−80	−45	−3	−2	−1
Direct investment, net	1	36	101	129	3	−93	−50	−43
Foreign direct investment in the United States	106	179	289	308	131	30	14	16
U.S. direct investment abroad	−105	−143	−189	−178	−128	−124	−64	−59
Foreign holdings of U.S. currency	25	17	22	1	24	22	12	10
Other	−5	−15	−17	23	68	21	37	−16
Statistical discrepancy	**−91**	**139**	**31**	**0**	**11**	**29**	**79**	**−51**

SOURCE. BEA, U.S. international transactions accounts.

foreign assets, private net capital flows were about unchanged last year, even as the current account deficit rose $110 billion. Most of this shortfall in private financing was made up by a substantial rise in official net capital inflows to $93 billion, with nearly all of the remaining shortfall showing up in the statistical discrepancy. The higher pace of these acquisitions last year may have reflected the desire of some foreign authorities to restrain the rise in their currencies' value against the dollar by intervening in foreign exchange markets. This explanation is suggested by the concentration of foreign official inflows in the second and fourth quarters of last year, when the foreign exchange value of the dollar registered its largest declines.

Capital account transactions, which consist mainly of debt forgiveness and wealth transfers associated with immigration, netted to $1 billion last year, the same amount as in the previous two years.

PROSPECTS FOR 2003

Forecasters generally expect that rates of economic growth will pick up both in the United States and in its major trading partners later this year and in 2004. Assuming this acceleration of activity takes place as expected, the U.S. external deficit likely will widen as U.S. imports of goods and services rise by a greater amount than U.S. exports of goods and services. The decline in the dollar that has been observed from early 2002 to date is unlikely to restrain the widening of the deficit by much, as it has been relatively small—about 5 percent for the broad real dollar index—and its effects will be spread over a number of years. In fact, the initial effect of a depreciation of the dollar is generally to raise the U.S. current account deficit temporarily, since it raises import prices, and hence the value of imports, more rapidly than it stimulates sales of exports. □

Announcements

FEDERAL OPEN MARKET COMMITTEE DIRECTIVE

The Federal Open Market Committee decided on March 18, 2003, to keep its target for the federal funds rate unchanged at 1¼ percent.

While incoming economic data since the January meeting have been mixed, recent labor market indicators have proven disappointing. However, the hesitancy of the economic expansion appears to owe importantly to oil price premiums and other aspects of geopolitical uncertainties. The Committee believes that as those uncertainties lift, as most analysts expect, the accommodative stance of monetary policy, coupled with ongoing growth in productivity, will provide support to economic activity sufficient to engender an improving economic climate over time.

In light of the unusually large uncertainties clouding the geopolitical situation in the short run and their apparent effects on economic decisionmaking, the Committee does not believe it can usefully characterize the current balance of risks with respect to the prospects for its long-run goals of price stability and sustainable economic growth. Rather, the Committee decided to refrain from making that determination until some of those uncertainties abate. In the current circumstances, heightened surveillance is particularly informative.

Voting for the FOMC monetary policy action were Alan Greenspan, Chairman; William J. McDonough, Vice Chairman; Ben S. Bernanke; Susan S. Bies; J. Alfred Broaddus, Jr.; Roger W. Ferguson, Jr.; Edward M. Gramlich; Jack Guynn; Donald L. Kohn; Michael H. Moskow; Mark W. Olson; and Robert T. Parry.

REVISIONS TO OFFICIAL STAFF COMMENTARY ON REGULATION Z

The Federal Reserve Board on March 28, 2003, issued revisions to the official staff commentary that applies and interprets the requirements of Regulation Z, which implements the Truth in Lending Act.

The commentary revisions discuss the status of certain credit-card-related fees and the rules for replacing an accepted credit card with one or more cards.

In addition, the commentary revisions discuss the disclosure of private mortgage insurance premiums and the selection of Treasury security yields for determining whether a mortgage loan is covered by provisions in Regulation Z that implement the Home Ownership and Equity Protection Act.

At the time the proposed commentary revisions were published in December 2002, the Board also requested comment and information from the public about the design and operation of overdraft or "bounced check" protection services. Board staff is continuing to gather information on these services and will determine at a later date whether additional guidance for financial institutions is warranted under Regulation Z or other laws.

The revisions are effective April 1, 2003. The date for mandatory compliance is October 1, 2003.

JOINT FEDERAL RESERVE AND TREASURY REPORT ON GLOBAL COUNTERFEITING

The Federal Reserve Board and the Treasury Department on March 14, 2003, issued a joint report to Congress stating that procedures to combat international counterfeiting of U.S. currency are becoming more effective.

U.S. dollars are held and widely used around the world, and the popularity and ubiquity of the dollar make it a potential target for counterfeiters. The incidence of counterfeiting has declined markedly with the introduction of the 1996-series currency. An upcoming new series currency, to be introduced later this year, will further enhance the security of U.S. banknotes.

The report, *The Use and Counterfeiting of United States Currency Abroad, Part II*, mandated by the Congress as part of the Anti-Terrorism and Effective Death Penalty Act of 1996, represents a comprehensive review of the international use and counterfeiting of U.S. currency. The report details how the combined efforts of the Treasury, United States Secret Service, and Federal Reserve have held the incidence of counterfeiting at relatively low nominal levels.

"We continue to improve our currency and resist efforts by counterfeiters the world over to produce and pass counterfeit U.S. notes," said Treasury Secretary John W. Snow. "Only by such efforts can we guarantee that our currency will continue to remain a symbol of American strength and stability."

"U.S. currency continues to hold an important place in the payment system at home and abroad and maintaining its integrity is of utmost concern to the Federal Reserve," said Roger Ferguson, Vice Chairman of the Board of Governors of the Federal Reserve System. "A secure currency precludes the need for businesses, merchants and the public to expend significant resources and time validating the genuineness of currency. When payment systems work well, the economy functions more efficiently."

This second report to the Congress on the use and counterfeiting of U.S. currency abroad provides further evidence that improved note designs have been more difficult for counterfeiters to copy. The result has been much smaller proportions of counterfeits of new design notes among notes processed at Federal Reserve Banks.

According to the report, efforts to protect U.S. currency continue to be effective. The incidence of counterfeiting is low, with approximately one counterfeit note per 10,000 notes worldwide. The U.S. Secret Service is working closely with overseas banks and law enforcement agencies to help suppress counterfeiting activities.

The report highlights important steps the U.S. government is currently taking to combat global counterfeiting:

- The Secret Service web site allows law enforcement agencies and currency handlers worldwide to report instances of counterfeiting and to learn more about the characteristics of a suspect note.
- The Federal Reserve Bank of New York has established overseas cash depots at foreign commercial banks. These facilities allow overseas dollar users to obtain new U.S. currency more efficiently and increase the repatriation rate of worn and old-design U.S. currency.
- U.S. enforcement agencies are working with their overseas counterparts to target cities and countries that first receive counterfeit notes in the wholesale distribution chain.

The study concludes that overseas holdings of U.S currency ranged between $340 billion and $370 billion out of the roughly $620 billion in U.S. currency held outside U.S. depository institutions in the last quarter of 2002.

According to the report, advances in reprographic and computer technology will continue to necessitate new and innovative responses to maintain the overall security of U.S. currency. These efforts will include further security enhancements to the currency design, enhanced cooperation with international law enforcement agencies and additional training of foreign law enforcement, and financial officials in counterfeit detection.

The report is available online at http://www.federalreserve.gov/boarddocs/rptcongress/counterfeit2003.pdf.

Update of Interagency Policy Statement on Internal Auditing

The federal banking and thrift regulatory agencies on March 17, 2003, revised their guidance on the independence of accountants who provide institutions with both external and internal audit services to reflect the provisions of the Sarbanes–Oxley Act of 2002.

The updated *Interagency Policy Statement on the Internal Audit Function and Its Outsourcing*, which replaces a policy issued in 1997, also reflects the agencies' experience with the 1997 policy and incorporates recent developments in internal auditing. It was issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

The Sarbanes–Oxley Act and recently adopted Securities and Exchange Commission (SEC) rules prohibit an accounting firm from acting as the external auditor of a public company during the same period that the firm provides internal audit services to the company. The revised policy statement separately discusses the applicability of this prohibition to institutions that are public companies; insured depository institutions with $500 million or more in assets that are subject to the annual audit and reporting requirements of section 36 of the Federal Deposit Insurance Act; and nonpublic institutions that are not subject to section 36.

The existing guidelines for institutions subject to section 36 provide for their external auditors to meet the SEC's independence requirements. Auditors for these institutions, whether or not they are public companies, should comply with the prohibition on internal audit outsourcing in the SEC's rules.

The policy statement encourages nonpublic institutions not subject to section 36, which includes nonpublic depository institutions with less than

$500 million in assets, to refrain from outsourcing internal audit activities to their external auditor. If such an institution decides to use the same firm for both internal and external audit work, however, the audit committee should document its consideration of the independence issues associated with this arrangement.

In addition to changes related to the Sarbanes–Oxley Act, the agencies enhanced the 1997 policy statement's discussion of the responsibilities of the board of directors and senior management with respect to the internal audit function and its placement within an organization, its management and staffing, and the communication of concerns and weaknesses in accounting and internal control. The policy also reiterates the need for institutions to maintain strong systems of internal control, including internal controls over financial and regulatory reporting, and high-quality internal audit programs. Expanded guidance has been provided on the use of independent reviews of significant internal controls by small institutions that do not have a formal internal audit manager or staff. The policy statement also includes guidance for examiners on addressing concerns they may have about the adequacy of the internal audit function or related outsourcing arrangements.

Interagency Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System

Three federal regulatory agencies on April 8, 2003, issued an "Interagency Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System." Among other things, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission identified sound practices to strengthen the resilience of critical U.S. financial markets and minimize the immediate systemic effects of a wide-scale disruption.

On September 5, 2002, the agencies published for comment a draft of the paper in the *Federal Register*. The agencies have incorporated many of the suggestions that were made. The final paper, which applies most directly to the clearing and settlement activities of a limited number of financial institutions, provides more flexibility to firms in managing geographic dispersion of backup facilities and staffing arrangements, and takes into account other considerations relevant to cost-effective implementation of sound practices.

Online Resource on Personal Financial Education

The Federal Reserve Board on March 28, 2003, announced the launch of an online resource for researchers, educators, program directors, and others interested in advancing financial education programs.

The Financial Education Research Center was developed by the Federal Reserve Bank of Chicago to promote excellence in financial education by encouraging research and disseminating information through its repository of research studies and listings of major financial education programs throughout the country. The Center is housed on the Chicago Reserve Bank's web site (www.chicagofed.org/cedric/index.cfm).

The Federal Reserve Board and the twelve Federal Reserve Banks undertake a variety of educational programs and partnerships with financial education providers. The Financial Education Research Center is one aspect of the Federal Reserve's efforts to increase awareness and further the implementation of effective financial education programs and initiatives. To date, little broad-based empirical data have been gathered regarding the most effective means for improving individuals' personal financial practices. The online center is an additional tool for those interested in supporting financial education.

Inquiries regarding the submission of material for inclusion on the site should be directed to cedric@chi.frb.org.

Minutes of Discount Rate Meetings

The Federal Reserve Board on March 28, 2003, released the minutes of its discount rate meetings from January 6 to January 27, 2003.

Enforcement Actions

The Federal Reserve Board on March 17, 2003, announced the execution of a written agreement by and between Midstate Bancorp, Inc., Hinton, Oklahoma and the Federal Reserve Bank of Kansas City. The Federal Reserve Board also announced the execution of a written agreement by and among the Legacy Bank, Hinton, Oklahoma, the Federal Reserve Bank of Kansas City, and the Oklahoma State Banking Department. The Legacy Bank is a subsidiary of Midstate Bancorp, Inc.

The Federal Reserve Board on March 21, 2003, announced the execution of a written agreement by and between Barnes Banking Company, Kaysville, Utah, and the Federal Reserve Bank of San Francisco.

The Federal Reserve Board on March 27, 2003, announced the execution of a written agreement by and among Fifth Third Bancorp, Cincinnati, Ohio; the Fifth Third Bank, Cincinnati, Ohio; the Federal Reserve Bank of Cleveland; and the State of Ohio Department of Commerce, Division of Financial Institutions.

STAFF CHANGES

Maureen P. English, Associate Director in the Division of Consumer and Community Affairs, retired from the Board on April 3, 2003, after nearly twenty-seven years of service.

The Board of Governors has also approved the following officer promotions and appointment:

- The promotions of Marianne Emerson to Director and Maureen Hannan to Deputy Director in the Division of Information Technology;
- The appointment of H. Fay Peters as Deputy Director in the Management Division.

Marianne Emerson was appointed to the official staff as an Assistant Director in 1990 and has since managed all of the division's critical operations through a series of progressively more responsible assignments. Ms. Emerson has served as Deputy Director of the Division of Information Technology since 1999 and as Acting Director since 2002.

Maureen Hannan was appointed to the official staff in 1998 and had oversight responsibility for the collection and editing of the Board's micro economic and financial statistical data. Ms. Hannan has represented the Board on many Federal Reserve, interagency, and private-sector forums addressing information technology issues.

H. Fay Peters will have oversight responsibility for the day-to-day operations of the Management Division, including Human Resources, Finance and Accounting, Facilities, and the security program for the Board's premises and personnel. Ms. Peters joined the Federal Reserve System in 1982 as an attorney at the Federal Reserve Bank of Boston and was Assistant Counsel and Assistant Corporate Secretary when she left the Boston Bank in 1988 for a Senior Counsel position at the Federal Reserve Bank of Minneapolis. She was promoted in 1999 to Vice President and Equal Employment Opportunity (EEO) Officer. Ms. Peters has a B.S. degree in business administration from Northeastern University and a J.D. degree from the Boston University School of Law. □

Legal Developments

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Allied Irish Banks, p.l.c.
Dublin, Ireland

Order Approving Acquisition of Shares of a Bank Holding Company

Allied Irish Banks, p.l.c. ("Allied Irish"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire up to 25 percent of the voting shares of M&T Bank Corporation ("M&T")[1] and thereby indirectly acquire shares of M&T's subsidiary banks, including its lead subsidiary bank, Manufacturers and Traders Trust Company, both in Buffalo, New York ("Trust Company").[2] In addition, Allied Irish has requested the Board's approval under section 4(c)(8) and (j) of the BHC Act (12 U.S.C. § 1843(c)(8) and (j)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire shares of nonbanking subsidiaries of M&T.[3] Allied Irish also has applied under section 211.22(b)(2) of Regulation K (12 C.F.R. 211.22(b)(2)) to change its home state for purposes of the International Banking Act (12 U.S.C. § 3101 *et seq.* "IBA") from Maryland to New York.

Notice of the proposal, affording interested persons an opportunity to comment, has been published (67 *Federal Register* 69,223 (2002)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Allied Irish, with total assets of $87.3 billion, is the largest banking organization in Ireland.[4] Through Allfirst, it operates banks in Delaware, the District of Columbia, Maryland, Pennsylvania, and Virginia. Allied Irish also operates a branch in New York, New York, and representative offices in Atlanta, Georgia; Chicago, Illinois; Los Angeles, California; Philadelphia, Pennsylvania; San Francisco, California; and White Plains, New York.

M&T, with total consolidated assets of $34.1 billion, is the 33rd largest commercial banking organization in the United States.[5] M&T operates banks in Maryland, New York, Pennsylvania, and West Virginia.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of Allied Irish is Maryland, and Allied Irish proposes to acquire banks in Maryland, New York, Pennsylvania, and West Virginia.[6]

The Board may not approve a proposal subject to section 3(d) if, after consummation, the applicant would control more than 10 percent of the total deposits of insured depository institutions in the United States.[7] In addition, the Board may not approve a proposal if, after consummation, the applicant would control 30 percent or more of the total deposits of insured depository institutions in any state in which both the applicant and the organization to be

1. Under the terms of the proposal, Allied Irish would sell its wholly owned subsidiary bank holding company, Allfirst Financial Inc., Baltimore, Maryland ("Allfirst"), to M&T in exchange for the shares of M&T and other consideration. M&T and Trust Company have filed related applications with the Board to acquire Allfirst and Allfirst's nonbanking subsidiaries; to merge Allfirst's lead subsidiary bank, Allfirst Bank, also in Baltimore, into Trust Company; and for Trust Company to retain and operate branches at the locations of Allfirst Bank's offices. By order dated today, the Board has approved the M&T proposal. *M&T Bank Corporation* (Order dated March 11, 2003) ("M&T Order").

2. M&T's other subsidiary bank is M&T Bank, N.A., Oakfield, New York.

3. Allied Irish proposes to acquire shares in: (1) Martindale Andres & Company, LLC, West Conshohocken, Pennsylvania, and thereby engage in financial and investment advisory activities pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6)); and (2) Keystone Financial Life Insurance Corporation, Phoenix, Arizona, and thereby engage in providing credit insurance as principal, agent, or broker pursuant to section 225.28(b)(11) of Regulation Y (12 C.F.R. 225.28(b)(11)).

4. Asset data and ranking are as of September 30, 2002, and are based on the exchange rate then available.

5. Asset data and ranking are as of September 30, 2002. All other banking data are as of June 30, 2002, unless otherwise noted.

6. A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C). For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

Pursuant to the IBA and section 211.22(b)(2) of Regulation K (12 C.F.R. 211.22(b)(2)), Allied Irish has applied to change its home state from Maryland to New York on consummation of the proposed transaction. The Board has determined that Allied Irish satisfies the criteria for changing its home state and that allowing the proposed change would be consistent with competitive equity between foreign and domestic banks.

7. 12 U.S.C. § 1842(d)(2)(A). Insured depository institutions include all insured banks, savings banks, and savings associations.

acquired operate an insured depository institution, or such higher or lower percentage as established by state law.[8]

On consummation of this proposal and the related acquisition of Allfirst by M&T, Allied Irish would control less than 1 percent of the total deposits of insured depository institutions in the United States. Allied Irish would control less than 30 percent of total deposits held by insured depository institutions in Maryland, New York, or Pennsylvania.[9]

All other requirements of section 3(d) of the BHC Act are met. Allied Irish is adequately capitalized and adequately managed, as defined by applicable law. In addition, M&T's subsidiary banks have been in existence for the minimum time required by applicable state law.[10] In view of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Financial, Managerial, and Supervisory Considerations

The BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors.[11] In assessing the financial and managerial strength of Allied Irish and its subsidiaries, the Board has reviewed information provided by Allied Irish, confidential supervisory and examination information, and publicly reported and other financial information.

Since May 2002, Allied Irish has been subject to a written agreement with the Federal Reserve Bank of Richmond, the Maryland Commissioner of Financial Regulation, and the Central Bank of Ireland (the "Written Agreement") that addresses matters related to foreign exchange trading losses resulting from the illicit activities of a trader employed by Allfirst Bank. Among other things, the Written Agreement required Allied Irish to conduct a comprehensive and timely review of its U.S. operations, including risk management and internal controls, and required Allied Irish to submit a plan to the three regulatory agencies for improving the oversight of its U.S. operations. The Board has carefully considered Allied Irish's record of compliance with the requirements of the Written Agreement and concludes that its record is consistent with approval of this proposal.[12] The Written Agreement was lifted as of February 14, 2003, contingent on consummation of M&T's acquisition of Allfirst.

Allied Irish's capital levels exceed the minimum levels that would be required under the Basel Capital Accord, and its capital levels are considered equivalent to the capital levels that would be required of a U.S. banking organization. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval.

Section 3 of the BHC Act also provides that the Board may not approve an application involving a foreign bank unless it is "subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country."[13] The home country supervisor of Allied Irish is the Central Bank of Ireland ("CBI"), which is responsible for the supervision and regulation of Irish financial institutions.

In approving applications under the BHC Act, the Board previously has determined that Irish banks, including Allied Irish, are subject to comprehensive consolidated supervision by the CBI.[14] In this case, the Board finds that the CBI continues to supervise Allied Irish in substantially the same manner as it supervised Irish banks at the time of those previous determinations. Based on this finding and all the facts of record, the Board concludes that Allied Irish continues to be subject to comprehensive supervision on a consolidated basis by its home country supervisor.

In addition, section 3 of the BHC Act requires the Board to determine that a foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.[15] The Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Allied Irish operates and has communicated with relevant government authorities concerning access to information. In addition, Allied Irish previously

8. 12 U.S.C. § 1842(d)(2)(B)–(D).

9. Maryland's deposit cap is the same as that set forth in section 3(d)(2)(B) of the BHC Act. *See* Md. Code Ann., Fin. Inst. § 5-906(b) (Michie 2001) (30 percent). New York and Pennsylvania do not have deposit caps applicable to the proposal.

10. N.Y. Banking Law § 142-a(1) (5 years). Maryland, Pennsylvania and West Virginia do not have minimum age requirements applicable to the proposal. The Board also has taken into account the record of compliance of the subsidiary depository institutions of Allied Irish and M&T with applicable state community reinvestment laws.

11. One commenter expressed concern about the future prospects of the organizations under the proposal. Allied Irish has acknowledged it would be deemed to control M&T for purposes of the BHC Act and would be required to serve as a source of strength for M&T after consummation. *See* 12 C.F.R. 225.4(a)(1).

12. The Board also has carefully considered a comment requesting closer scrutiny of the application and notice in light of the foreign exchange trading losses. The commenter asserted that the questions associated with the management of Allied Irish were of greater concern because Allied Irish would be able to place four directors on the board of directors of M&T, thereby giving it more influence over M&T than it could exercise by virtue of its shareholdings alone. As noted above, the Board has carefully considered the record of Allied Irish's management in complying with the terms of the Written Agreement.

13. 12 U.S.C. § 1842(c)(3)(B). Under Regulation Y, the Board uses the standards enumerated in Regulation K to determine whether a foreign bank that has submitted an application under section 3 of the BHC Act is subject to consolidated home country supervision. *See* 12 C.F.R. 225.13(a)(4). Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship to affiliates, to assess the bank's overall financial condition and its compliance with law and regulations. *See* 12 C.F.R. 211.24(c)(1)(ii).

14. *See Anglo Irish Bank Corporation, plc*, 85 *Federal Reserve Bulletin* 587 (1999); *Allied Irish Banks, plc*, 83 *Federal Reserve Bulletin* 607 (1997).

15. *See, e.g.*, 12 U.S.C. § 1842(c)(3)(A).

has committed to make available to the Board such information on the operations of Allied Irish and its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act and other applicable federal law. Allied Irish also previously has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable Allied Irish and its affiliates to make such information available to the Board. In light of these commitments, the Board concludes that Allied Irish has provided adequate assurances of access to any appropriate information that the Board may request. Based on these and all the facts of record, the Board concludes that the supervisory factors it is required to consider are consistent with approval.

Competitive Considerations

As part of the Board's review under section 3 of the BHC Act, the Board has considered carefully the competitive effects of the proposal in light of all the facts of record. As discussed in detail in the M&T Order, the Board concluded that the combination of M&T and Allfirst would not likely result in any significantly adverse effects on competition or on the concentration of banking resources in any of the banking markets in which M&T or Allfirst operate banks. Based on all the facts of record, the Board concludes that competitive considerations related to the M&T and Allfirst aspects of this proposal are consistent with approval for the reasons discussed in the M&T Order and incorporated herein.

Allied Irish operates a branch and M&T operates a bank in the Metropolitan NY–NJ–PA–CT banking market ("New York market").[16] The Board has reviewed the competitive effects of the proposal in this banking market in light of all the facts of record, including the number of competitors that would remain in the market, the relative share of total deposits in depository institutions in the market ("market deposits")[17] controlled by Allied Irish and M&T, the concentration level of market deposits and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Merger Guidelines"), and other characteristics of the market.[18]

Allied Irish's New York branch controls deposits of $1.5 billion, representing less than 1 percent of market deposits. M&T operates the 20th largest depository institution in the market, controlling deposits of approximately $4.1 billion, representing less than 1 percent of market deposits. On consummation of the proposal, Allied Irish would control deposits of $5.6 billion. The market would remain unconcentrated under the DOJ Merger Guidelines and the HHI (907 points) would remain unchanged. Based on all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the New York market or in any other relevant banking market.

Convenience and Needs Considerations

In acting on proposals under section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the communities to be served.[19] The Board has carefully reviewed the effect of the proposal on convenience and needs considerations in light of all the facts of record, including comments received on the proposal and the records of performance of the relevant depository institutions under the Community Reinvestment Act ("CRA").[20] In the M&T Order, the Board reviewed the records of CRA performance of the relevant insured depository institutions and considered other information relating to the convenience and needs factor. Based on all the facts of record, the Board concludes that convenience and needs considerations are consistent with approval for the reasons discussed in the M&T Order and incorporated herein.

Nonbanking Activities

Allied Irish also has filed notice under section 4(c)(8) and (j) of the BHC Act to acquire nonbanking subsidiaries of M&T. The Board has determined by regulation that the types of activities for which notice has been provided are closely related to banking for purposes of section 4(c)(8) of the BHC Act and, therefore, permissible for bank holding companies.[21]

To approve this notice, the Board must determine that the proposed activities "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[22]

As part of its evaluation of the public interest factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries, including

16. The New York market is defined as New York City; Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, Ulster, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren, and portions of Mercer Counties in New Jersey; Pike County in Pennsylvania; and Fairfield and portions of Litchfield and New Haven Counties in Connecticut.

17. Market share data are as of June 30, 2002, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. *See First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

18. Under the DOJ Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market is considered unconcentrated if the post merger HHI is under 1000. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

19. 12 U.S.C. § 1842(c)(2).

20. 12 U.S.C. § 2901 *et seq.*

21. *See* 12 C.F.R. 225.28(b)(6) and (11).

22. 12 U.S.C. § 1843(j)(2)(A).

the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the proposal.

The Board also has considered the competitive effects of the proposed transaction under section 4 of the BHC Act. Allied Irish and M&T compete in providing credit-related insurance and financial and investment advisory services. The markets for these nonbanking activities are regional, national, or international in scope and are unconcentrated. The record in this case also indicates that there are numerous providers of these services. Based on all the facts of record, the Board concludes that consummation of the proposal would have a *de minimus* effect on competition for the relevant nonbanking activities.

The Board concludes that the conduct of the proposed nonbanking activity within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the standard in section 4(j) of the BHC Act is consistent with approval of Allied Irish's notice.

Conclusion

Based on the foregoing, and in light of all facts of record, the Board has determined that the applications and notice should be, and hereby are, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors it is required to consider under the BHC Act and the IBA. The Board's approval is specifically conditioned on compliance by Allied Irish with all the commitments and representations made or relied on in connection with the application and notice and with the conditions stated or referred to in this order. The Board's determination also is conditioned specifically on the Board's receiving access to information on the operations or activities of Allied Irish and any of its affiliates that the Board determines to be appropriate to assess and enforce compliance by Allied Irish and its affiliates with applicable federal statutes. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of up to 25 percent of M&T may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 11, 2003.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

SouthTrust Corporation
SouthTrust of Alabama, Inc.
SouthTrust Bank
All in Birmingham, Alabama

Order Approving the Acquisition of Bank Holding Companies, Merger of Banks, and Establishment of Branches

SouthTrust Corporation ("SouthTrust") and its wholly owned subsidiary, SouthTrust of Alabama, Inc. ("SouthTrust Alabama"), both bank holding companies subject to the provisions of the Bank Holding Company Act ("BHC Act"), have requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Founders Bancshares ("Founders") and its wholly owned subsidiaries, Skillman Bancshares ("Skillman") and Founders National Bank ("Founders Bank"), all in Dallas, Texas. SouthTrust's subsidiary bank, SouthTrust Bank ("SouthTrust Bank"), a state member bank in Birmingham, has requested the Board's approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to merge with Founders Bank, with SouthTrust Bank as the surviving entity.[1] In addition, SouthTrust Bank proposes to retain and operate branches at the main and branch offices of Founders Bank.[2]

Notice of the proposal, affording interested persons an opportunity to comment, has been published in accordance with the relevant statutes and the Board's Rules of Procedure (12 C.F.R. 262.3(b)) in the *Federal Register*

1. Under the proposal, SouthTrust Alabama would acquire all the issued and outstanding stock of Founders. Simultaneously with the acquisition of Founder's stock, Founders and Skillman would merge with and into SouthTrust Alabama and Founders Bank would merge with and into SouthTrust Bank.

2. *See* 12 U.S.C. §§ 321 & 1831u. The Founders Bank offices to be acquired by SouthTrust Bank are at 9696 Skillman Street and 10600 Forest Lane, both in Dallas.

(68 *Federal Register* 3,029 (2003)) and locally. As required by the BHC Act and the Bank Merger Act, reports on the competitive effects of the merger were requested from the U.S. Attorney General and the relevant banking agencies. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the statutory provisions that govern the retention and operation of interstate branches.

SouthTrust, with total assets of $50.8 billion, is the largest banking organization in Alabama. SouthTrust operates depository institutions in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. SouthTrust Bank is the 19th largest depository institution in Texas, controlling deposits of approximately $1.8 billion, representing less than 1 percent of total deposits of insured depository institutions in the state ("state deposits").[3] Founders Bank is the 230th largest depository institution in Texas, controlling deposits of $102.5 million, representing less than 1 percent of state deposits. On consummation of the proposal, SouthTrust Bank would become the 18th largest depository institution in Texas, controlling deposits of approximately $1.9 billion, representing less than 1 percent of state deposits.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of SouthTrust is Alabama, and SouthTrust proposes to acquire a bank in Texas.[4] Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that all conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[5] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Financial and Managerial Considerations

The BHC Act and the Bank Merger Act require the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors under the BHC Act. In assessing the financial and managerial strength of SouthTrust and its subsidiaries, the Board has reviewed information provided by SouthTrust, confidential supervisory and examination information, and publicly reported and other financial information. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are other supervisory factors under the BHC Act.

Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking. The BHC Act and the Bank Merger Act also prohibit the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[6]

SouthTrust Bank and Founders Bank compete directly in the Dallas, Texas, banking market ("Dallas banking market").[7] SouthTrust Bank is the 21st largest depository institution in the market, controlling less than 1 percent of total deposits in depository institutions in the market ("market deposits").[8] Founders Bank is the 41st largest depository institution in the market, also controlling less than 1 percent of market deposits. On consummation of the proposal, SouthTrust Bank would become the 16th largest depository institution in the market, controlling less than 1 percent of market deposits.

The Board has reviewed the competitive effects of the proposal in the Dallas banking market in light of all the facts of record, including the number of competitors that would remain in the market, the relative share of market deposits controlled by SouthTrust Bank and Founders Bank, the concentration level of market deposits and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice

3. Asset data are as of December 31, 2002. Deposit and state ranking data are as of June 30, 2002, and are adjusted to reflect mergers and acquisitions completed through December 6, 2002. In this context, depository institutions include commercial banks, savings banks, and savings associations.

4. *See* 12 U.S.C. § 1841(o)(4)(C).

5. 12 U.S.C. § 1842(d)(1)(A) & (B), 1842(d)(2)(A) & (B). SouthTrust is well capitalized and well managed, as defined by applicable law. Founders Bank has been in existence and operated for the minimum period of time required by Texas law. On consummation of the proposal, SouthTrust would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States. SouthTrust also would control less than 20 percent of the total deposits of insured depository institutions in Texas, the maximum percentage of total deposits in the state that is permitted under state law to be controlled by a bank holding company after an interstate acquisition. *See* Tx. Fin. Code Ann. § 202.002. All other requirements under section 3(d) of the BHC Act also would be met on consummation of the proposal.

6. 12 U.S.C. § 1842(c)(1)(A) & (B); 12 U.S.C. § 1828(c)(5)(A) & (B).

7. The Dallas banking market is defined as Dallas and Rockwall Counties, Denton and Lewisville in Denton County, McKinney and Plano in Collin County, Forney and Terrell in Kaufman County, Midlothian, Waxahachie and Ferris in Ellis County, and Grapevine and Arlington in Tarrant County, all in Texas.

8. Market share data are as of June 30, 2002, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. *See First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

Merger Guidelines ("DOJ Guidelines"), and other characteristics of the market.[9]

The Department of Justice has reviewed the proposal and advised the Board that consummation would not likely have a significantly adverse effect on competition in any relevant market. In addition, no federal banking agency has indicated that the proposal raises competitive issues.

Based on all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the Dallas banking market or in any other relevant banking market.

Convenience and Needs Considerations

In acting on this proposal, the Board also must consider the convenience and needs of the communities to be served and take into account the records of performance of the relevant insured depository institutions under the Community Reinvestment Act (12 U.S.C. §2901 *et seq.*) ("CRA"). The CRA requires the federal supervisory agencies to encourage insured depository institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation. The CRA requires the appropriate federal financial supervisory agency to take into account an insured depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansion proposals. The Board has considered carefully the effects of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including confidential supervisory information, comments received on the proposal, information on the performance under the CRA of the relevant insured depository institutions, publicly available data, and information submitted by SouthTrust.

The Board received comments from five community organizations opposing the proposal and expressing concerns about the record of SouthTrust Bank in meeting the convenience and needs of the communities it serves. Four of the commenters criticized SouthTrust Bank's record of lending to LMI and minority borrowers and borrowers in LMI census tracts in several of the bank's assessment areas in Alabama, Georgia, Mississippi, North Carolina, and South Carolina.[10] These commenters also criticized SouthTrust Bank's high denial rates of mortgage applications by African Americans in North Carolina, Alabama, Mississippi, and Georgia and stated that the denial rates suggested that SouthTrust Bank did not offer, or use effectively, flexible mortgage lending products. In addition, all five commenters criticized SouthTrust Bank's record of providing community development investments and services in one or more of the bank's assessment areas.[11]

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations of the CRA performance records of the relevant depository institutions by the appropriate federal supervisors. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[12]

SouthTrust Bank received a "satisfactory" CRA rating at its most recent CRA performance evaluation, as of April 2, 2001, from the Federal Reserve Bank of Atlanta. Founders Bank also received a "satisfactory" CRA rating at its most recent CRA performance evaluation, as of December 12, 1997, from the Office of the Comptroller of the Currency. SouthTrust has indicated that it intends to implement the CRA-related programs and activities and to offer the CRA-related products of SouthTrust Bank at the offices of Founders Bank on consummation of the proposal.

B. SouthTrust Bank's CRA Performance Record

1. *Lending Test.* Examiners rated SouthTrust Bank overall "high satisfactory" under the lending test at its most recent CRA performance examination for the review period January 1, 1999, through December 31, 2000.[13] Examiners concluded that the bank's lending reflected a good responsiveness to the credit needs of its assessment areas. They indicated that during the review period, SouthTrust Bank bought or originated 58,175 HMDA loans, totaling $6.1 billion, in its assessment areas. Moreover, examiners commended SouthTrust Bank for originating more than 90 percent of its small business, HMDA, and small farm loans in its assessment areas. Examiners also noted that

9. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), the HHI for the Dallas banking market would not increase and would remain moderately concentrated at 1,262 points. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points.

10. The commenters alleged, among other things, that SouthTrust Bank and its wholly owned subsidiary, SouthTrust Mortgage Corporation ("SouthTrust Mortgage"), engaged in disparate treatment of minority and nonminority individuals in mortgage lending by citing data submitted under the Home Mortgage Disclosure Act, 12 U.S.C. §2801 *et seq.* ("HMDA").

11. Commenters requested that SouthTrust Bank develop relationships with community development credit unions and other community organizations and enter into commitments with specific community organizations. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into agreements with any organization. Instead, the Board focuses on the existing record of an applicant and the programs that the applicant has in place to meet the credit needs of the communities it serves. *See Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994).

12. *See Interagency Questions and Answers Regarding Community Reinvestment*, 66 *Federal Register* 36,620 and 36,639 (2001).

13. Examiners took into account the home mortgage originations and purchases of SouthTrust Bank and SouthTrust Mortgage in evaluating the performance of SouthTrust Bank.

SouthTrust Bank's lending data reflected a good distribution of lending in geographies of different income levels and a good distribution of lending to borrowers of different income levels and businesses of different sizes.

As noted above, several commenters asserted that SouthTrust Bank's rate of denial for African-American applicants in some areas suggested that the bank did not offer, or use effectively, flexible lending products. Examiners reported that SouthTrust Bank used flexible lending practices in serving the credit needs of its assessment areas, which included a variety of affordable housing programs. In addition, since the examination, SouthTrust represented that SouthTrust Bank and SouthTrust Mortgage have made 2,821 loans totaling more than $258 million through affordable loan programs. SouthTrust also represented that it continues to offer a variety of affordable housing programs, including a no-down-payment program that offers a fixed rate mortgage with no down payment and no closing costs. Moreover, SouthTrust offers a first-time homebuyer program designed for LMI borrowers to obtain financing for a home in circumstances where a traditional loan program would not be available to them because of loan-to-value or down-payment requirements.

Examiners found that SouthTrust Bank made a relatively high amount of community development loans, totaling $174.2 million. These loans funded the construction, renovation, and purchase of affordable single and multifamily housing and industrial development in such areas as Birmingham ($1.9 million), Tampa, Florida ($15.7 million), Atlanta, Georgia ($3.8 million), Biloxi, Mississippi ($404,000), Raleigh, North Carolina ($7.7 million), Charleston, South Carolina ($200,000), Memphis, Tennessee ($2.8 million), and Beaumont, Texas ($1.3 million). SouthTrust reported that during 2001 and 2002, the bank made more than 600 community development loans that totaled more than $250 million throughout its assessment areas. These loans exceeded the amounts indicated in the following states: Alabama ($38 million), Georgia ($22 million), Mississippi ($36 million), North Carolina ($14 million), and South Carolina ($8 million).

Commenters cited criticisms of SouthTrust Bank's lending performance and ratings assigned to the bank in several assessments areas in the bank's overall assessment area.[14] Commenters noted that the bank received "low satisfactory" ratings under the lending test for Mississippi and North Carolina. In addition, commenters noted that examiners characterized SouthTrust Bank's geographic distribution of mortgage loans and small business loans in North Carolina as poor. One commenter also noted that the bank's lending to borrowers of different income levels in Mississippi was considered by examiners to be poor. Several commenters pointed out examiner criticisms of SouthTrust Bank's community development lending in certain geographic areas in Alabama, North Carolina, South Carolina, and Tennessee.

Although examiners criticized the bank's lending and assigned ratings of "low satisfactory" in some assessment areas, examiners also commended the bank's lending performance in other areas and assigned the bank "high satisfactory" ratings under the lending test in those areas. For example, the bank received "high satisfactory" ratings under the lending test statewide in Alabama, Florida, and Texas. After considering SouthTrust Bank's entire record in all the assessment areas reviewed, examiners assigned a "high satisfactory" rating under the lending test for the bank as a whole.

Similarly, in considering the convenience and needs factor under the BHC Act and the Bank Merger Act, the Board has considered the overall record of lending of SouthTrust Bank in all the markets in which it participates. The Board has reviewed carefully the examiners' evaluation of the bank's lending performance in the assessment areas reviewed and the conclusions on the bank's overall record of lending in the performance evaluation. In addition, the Board has considered supervisory information, information provided by SouthTrust, and publicly available information on the bank's record of lending since the examination in certain assessment areas, including those areas highlighted by the commenters.

2. *Investment Test.* Examiners rated SouthTrust Bank "high satisfactory" for its record of responding to the community development needs of its overall assessment area through investments and stated that the bank made significant use of community development investments to support community development initiatives. Examiners indicated that the bank made a significant level of qualified community development investments and grants, which totaled more than $146 million during the assessment period.[15] Examiners also noted that SouthTrust Bank's investment portfolio totaled approximately $9.9 billion as of December 31, 2000. Overall, examiners found that SouthTrust Bank showed good responsiveness to credit and community development needs.

Examiners indicated that SouthTrust Bank exhibited an excellent responsiveness to credit and community development needs in Alabama through its investment activities and reported that the bank invested approximately $31 million in community development financial institution investments ("CDFI investments"), low-income housing tax credits, and municipal bonds.[16] In Georgia, SouthTrust Bank invested approximately $14 million in municipal bonds and Federal National Mortgage Association wraps

14. In addition to the bankwide ratings, examiners also assigned overall ratings and separate ratings under the lending, investment and service tests for SouthTrust Bank's performance in six states, five multistate Metropolitan Statistical Areas ("MSAs"), and six other MSAs that are part of the bank's assessment areas.

15. SouthTrust represented that since its most recent performance evaluation, it has increased the amount of its qualified investments for community development purposes by an additional $90 million.

16. CDFI investments are investments by depository institutions in private-sector financial intermediaries, including credit unions, that have community development as their primary purpose. One commenter criticized the bank's commitment to community development in Alabama outside the Birmingham MSA. The Board notes that SouthTrust Bank received an "outstanding" rating under the investment test in Alabama, which included a review of the bank's assessment areas outside Birmingham.

("FNMA wraps").[17] Examiners also commended the bank for making an in-kind donation of a vacant branch in Georgia to a local business that conducts job training, credit counseling, and home ownership seminars to LMI individuals. Examiners reported that during the review period, SouthTrust Bank made qualifying investments of $14.4 million in North Carolina, more than $3.5 million in Mississippi, and $1.7 million in Tennessee.[18]

SouthTrust represented that since the most recent examination, SouthTrust Bank has undertaken other measures to provide economic and community support to projects and programs that assist LMI and minority populations. SouthTrust stated that the bank provided a branch location for a community development credit union and conducted three faith-based empowerment conferences in Alabama. In addition, SouthTrust Bank hired a technical assistance manager to provide investment and technical assistance to community development credit unions, community development corporations, and nonprofit organizations in Alabama and North Carolina. SouthTrust also stated that SouthTrust Bank received approval from the Federal Home Loan Bank of Atlanta for funding from the Economic Development and Growth Enhancement Program to support an organization in Augusta, Georgia, that will construct an office building in a low-income census tract. In addition, SouthTrust represented that the bank obtained funding from the same Federal Home Loan Bank to support initiatives of six local housing organizations that serve LMI persons and their communities, including organizations in North Carolina.

3. *Service Test.* Examiners rated SouthTrust Bank an overall "low satisfactory" in its most recent performance evaluation for its provision of community development and retail banking services.[19] Examiners found SouthTrust Bank's delivery systems and branch locations reasonably accessible, and that its hours of operation were convenient to most portions of its overall assessment area. Examiners noted that 18 percent of the bank's total branches were in LMI areas, which was highly representative of the number of families and businesses in LMI census tracts in SouthTrust Bank's assessment areas. In addition, examiners found that SouthTrust Bank provided an adequate level of community development services and stated that personnel used their financial expertise to provide financial services to benefit residents in the bank's assessment areas. Examiners also noted that the services provided were highly responsive to affordable housing needs in SouthTrust Bank's assessment areas.

C. HMDA

The Board also has carefully considered SouthTrust's lending record in light of public comments received by the Board on HMDA data reported by SouthTrust.[20] In considering this proposal, the Board has reviewed publicly available HMDA data for 2000 and 2001 from SouthTrust Bank, SouthTrust Mortgage, and lenders that operate in SouthTrust Bank's assessment areas, and preliminary HMDA data from 2002 from SouthTrust Bank and SouthTrust Mortgage.[21] Moreover, the Board has reviewed information about the loan underwriting processes of SouthTrust Bank and SouthTrust Mortgage, including management and audit functions governing loan underwriting, the credit review processes, and fair lending training provided to personnel.

The HMDA data generally indicate disparities in the rate SouthTrust denies applications by African Americans compared with those by nonminority applicants in many of the markets reviewed. In addition, the data generally indicate that the number and dollar volume of HMDA-reportable loan originations by SouthTrust to African-American and LMI borrowers and borrowers in LMI census tracts, as a percentage of its total HMDA-reportable lending in 2000 and 2001, were below the percentage of the HMDA-reporting lenders in the aggregate in many of the areas reviewed.

The Board is concerned when the record of an institution indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race, gender, or national origin. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[22] HMDA data, therefore, have limitations that

17. FNMA wraps are investments in pools of mortgages backed by investment-grade bond issuances used to aid in CRA initiatives, such as affordable housing projects.

18. Commenters underscored that examiners gave SouthTrust Bank "low satisfactory" ratings under the investment test for Mississippi and the Charlotte MSA, and "needs to improve" ratings in the Augusta, Georgia, and Chattanooga, Tennessee, MSAs. However, examiners gave the bank "high satisfactory" ratings under the investment test in Georgia, North Carolina, and Tennessee. In addition, SouthTrust represented that since the last performance evaluation, it made three investments in the Augusta MSA, totaling $2.4 million, and one in the Chattanooga MSA, totaling more than $911,000. SouthTrust also represented that since the performance evaluation, SouthTrust Bank has made community development investments of $44 million in Georgia, $9.7 million in Tennessee, $12 million in Mississippi, and $18 million in North Carolina.

19. Commenters noted that SouthTrust Bank was rated "low satisfactory" on the service test in North Carolina and the Chattanooga MSA.

20. Based on 2001 HMDA data, commenters criticized SouthTrust's record of home mortgage lending to African Americans, LMI borrowers, or borrowers in LMI census tracts in certain of the bank's assessment areas in Alabama, North Carolina, and South Carolina. Commenters also expressed concern about the bank's high rate of denials for African-American applicants in certain assessment areas in Alabama, Georgia, Mississippi, North Carolina, and South Carolina.

21. As a part of its review, the Board has evaluated the HMDA data for SouthTrust Bank and SouthTrust Mortgage, separately and combined, in certain markets.

22. The data do not, for example, account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for independent assessment of whether an applicant

make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including confidential supervisory information, examination reports that provide on-site evaluation of the compliance with fair lending laws by SouthTrust Bank and SouthTrust Mortgage, and the overall lending and community development activities of SouthTrust. At the last examination, examiners found no violations of the substantive provisions of fair lending and consumer protection laws at SouthTrust Bank or SouthTrust Mortgage and no evidence of prohibited discrimination or other illegal credit practices.

In addition, the SouthTrust HMDA data generally indicate that the volume of home mortgage originations increased significantly from 2000 to 2001, and the percentage increases in originations in the markets reviewed were comparable with those of the aggregate of lenders. The volume of HMDA loans to African Americans, LMI borrowers, and borrowers in LMI census tracts also increased between 2000 and 2001 in a number of the markets reviewed. Moreover, the 2001 HMDA data indicate that the ratio of denial rates of applications from African Americans compared with denial rates for nonminorities was comparable with this ratio for the aggregate of lenders in many of the markets reviewed.

As noted above, SouthTrust has in place a number of programs designed to help meet the credit needs of its communities, and examiners found that SouthTrust Bank has engaged in substantial lending throughout its assessment areas. In addition, SouthTrust has represented that it has undertaken several initiatives since its most recent performance evaluation and implemented additional programs in an effort to improve its lending to minority and LMI individuals and in LMI areas.

D. Conclusion on Convenience and Needs Considerations

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has considered carefully all the facts of record, including the comments received and the responses to the comments, evaluations of the performance of SouthTrust Bank and Founders Bank under the CRA, the relevant HMDA data for SouthTrust Bank and SouthTrust Mortgage, other information provided by SouthTrust, and confidential supervisory information. The Board also has reviewed information submitted by SouthTrust on its CRA performance and activities to help ensure compliance with fair lending laws since the last performance evaluation.

who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

The record indicates that SouthTrust has sound CRA performance overall in a number of areas. The record also indicates that there are opportunities for improvement in SouthTrust Bank's overall satisfactory CRA record, and in particular, its HMDA lending record, and the Board encourages SouthTrust to pursue those opportunities. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs of the communities to be served, including the CRA performance records of the institutions involved in the proposal, are consistent with approval of the proposal.[23]

Conclusion

Based on the foregoing and all facts of record, the Board has determined that the applications should be, and hereby are, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, and the statutory provisions that govern the retention and operation of interstate branches.

The Board's approval is specifically conditioned on compliance by SouthTrust and SouthTrust Bank with all the commitments and representations made in connection with the applications. These commitments, representations, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decisions and, as such, may be enforced in proceedings under applicable law.

The proposed transactions may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 19, 2003.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

23. Several commenters suggested that SouthTrust provided the Board with insufficient information when describing how it meets the convenience and needs of the communities it serves, and requested that SouthTrust provide the Board with specific information about its lending operations, level and types of community development loans and investments, and policies, practices, and initiatives for affordable loan products. The Board has accumulated a significant record in this case, including examination reports on the CRA and compliance records of SouthTrust, comments received from the public, information from SouthTrust in the application and in responses to requests for additional information from the Board, and responses by SouthTrust to the commenters. The Board has carefully evaluated the effect of the proposal on the convenience and needs of the communities to be served in light of all the information in the record and concludes that the record in this case is sufficient to warrant consideration of and action on the proposal at this time.

The Wakashio Bank, Limited
Tokyo, Japan

Order Approving the Formation of a Bank Holding Company

The Wakashio Bank, Limited, Tokyo, Japan ("Wakashio"), has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to become a bank holding company by merging with its affiliate, Sumitomo Mitsui Banking Corporation, also in Tokyo ("SMBC"), and by acquiring Manufacturers Bank, Los Angeles, California ("Bank").[1] Wakashio does not propose to expand the banking or nonbanking operations of SMBC in the United States or to acquire or control any additional U.S. banks.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (68 *Federal Register* 5640 (2003)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

SMBC, with total consolidated assets equivalent to $857.1 billion, ranks fourth among the world's commercial banks by assets.[3] Bank, SMBC's subsidiary depository institution, has total consolidated assets of $1.1 billion and controls deposits of $825.8 million, representing less than 1 percent of total deposits of insured depository institutions in California.[4] Wakashio has total assets of $4 billion and controls no U.S. depository institutions.[5]

Factors Reviewed by the Board

The BHC Act sets forth the factors that the Board must consider when reviewing the formation of a bank holding company or the acquisition of a bank.[6] These factors are the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved; the convenience and needs of the community to be served, including the records of performance of the relevant insured depository institutions under the Community Reinvestment Act ("CRA");[7] the availability of information needed to determine and enforce compliance with the BHC Act and other applicable federal banking laws; and, in the case of applications involving a foreign bank, whether the bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.[8]

The Board has considered these factors in light of a record that includes information provided by Wakashio, SMFG, and SMBC; confidential supervisory and examination information from various federal agencies; and publicly reported financial and other information. The Board also has considered information from the Financial Services Agency of Japan ("FSA"), the primary home country supervisor of SMBC. The Board notes that the FSA has issued a preliminary approval of the proposed restructuring. In addition, the Board has considered all comments received on the proposal.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[9] This proposal represents an internal reorganization of existing operations and would not result in either an expansion of operations or an acquisition of an additional bank in the United States. Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market.

Financial and Managerial Considerations

The Board has carefully considered the financial and managerial resources and future prospects of Wakashio, SMBC, and Bank and the effect the proposed transaction would have on such resources in light of all the facts of record, which include the examination records of Bank. The Board has also consulted with the FSA. The transaction confers some accounting and regulatory benefits in Japan under standards applied by the FSA.

No expansion or restructuring of existing U.S. operations would result from the proposed reorganization. In addition, the proposal would not materially affect the management of SMBC's operations, including its subsidiary insured depository institution, in the United States. The corporate

1. The merger of Wakashio and SMBC is scheduled to take place on March 17, 2003. Wakashio would be the surviving entity and would be renamed Sumitomo Mitsui Banking Corporation ("New SMBC"). Before the merger, Sumitomo Mitsui Financial Group, Inc., also in Tokyo ("SMFG") and the parent holding company of Wakashio and SMBC, plans to transfer ownership of Bank from SMBC to SMFG. SMFG has committed to promptly transfer Bank to New SMBC in accordance with required approvals and applicable waiting periods.

2. The Board has separately approved Wakashio's application to acquire the U.S. branches of SMBC. *See The Wakashio Bank, Limited* (Order dated March 14, 2003).

3. Asset and ranking data are as of September 30, 2002.

4. Asset, deposit, and state ranking data are as of June 30, 2002. In this context, depository institutions include commercial banks, savings associations, and savings banks.

5. Asset data are as of September 30, 2002.

6. A commenter has questioned the permissibility of a recently announced investment by The Goldman Sachs Group, Inc., New York, New York, in SMFG. The Board has previously reviewed this transaction and has not found that the proposal would cause Goldman to control SMFG for purposes of the BHC Act.

7. 12 U.S.C. § 2901 *et seq.*

8. *See* 12 U.S.C. § 1842(c).

9. 12 U.S.C. § 1842(c)(1).

reorganization would be effected through the exchange of shares. No debt would be issued by Wakashio, SMBC, or any of its subsidiaries as part of the transactions that would effect the reorganization. This transaction results in no substantive change in the capital of SMBC.

In this light, and based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Wakashio, SMBC, and Bank are consistent with approval.

Convenience and Needs Factor

The Board has carefully considered the effects of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including a comment received on the proposal, information on the performance under the CRA of the relevant subsidiary insured depository institution received from the Federal Deposit Insurance Corporation ("FDIC"), publicly available data, and information submitted by Wakashio. As noted above, the U.S. operations of SMBC and Bank would remain unaffected by the proposed reorganization.

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the CRA. As provided in the CRA, the Board evaluates an institution's record of performance in light of examinations by the appropriate federal supervisor. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[10]

Bank received a "satisfactory" rating at its most recent CRA performance evaluation by its primary federal supervisor, the FDIC, as of October 22, 2001.[11]

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has carefully considered all the facts of record, including the views of the commenter,[12] Wakashio's response, and reports of examinations of Bank's CRA performance. Based on the review of the entire record and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance record of the relevant depository institution, is consistent with approval.

Other Supervisory Considerations

Section 3 of the BHC Act also provides that the Board may not approve an application involving a foreign bank unless the bank is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country.[13] The Board previously determined, in applications under the International Banking Act and the BHC Act, that certain Japanese commercial banks were subject to comprehensive consolidated supervision by their home country supervisor.[14] In this case, the Board has determined that on consummation of the transaction, New SMBC would be supervised on substantially the same terms and conditions as these banks.

In addition, section 3 of the BHC Act requires the Board to determine that a foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.[15] The Board has reviewed the restrictions on disclosure in jurisdictions where Wakashio would have material operations and has communicated with relevant government authorities concerning access to information. Wakashio has committed that, to the extent not prohibited by applicable law, it will make available to the Board such information on the operations of New SMBC and its affiliates that the Board deems necessary to determine and enforce compliance with the

10. *See Interagency Questions and Answers Regarding Community Reinvestment*, 66 *Federal Register* 36,620 and 36,639 (2001).

11. The commenter noted that Bank received a "low satisfactory" rating in its performance evaluation under the investment test. Although examiners determined that Bank had not acted in a leadership role relative to community development investments, they considered its investments to be responsive to the needs identified in Bank's assessment areas, including those neighborhoods designated as low- and moderate-income. Wakashio states that Bank has substantially improved its community development investments since the date of the last evaluation, noting that Bank currently has approximately $8.3 million in community development investments. These investments include $5 million in a CRA-qualified fund investment that closed in December 2002.

12. The commenter also noted that the section of the examination addressing the lending test stated that the distribution of small business loans reflected poor dispersion among businesses with gross annual revenue of $1 million or less. Bank has defined its business strategy as serving manufacturers, distributors, wholesalers, importers, and commercial real estate developers that have revenues of more than $5 million and require loans of more than $1 million. The examiners noted that Bank's business lending was well distributed in its assessment area and that almost half of the loans originated in its Los Angeles and Orange County assessment areas were made to businesses in low- and moderate-income census tracts. The examiners also stated that Bank's low loan penetration among small businesses was given less weight in the bank's overall rating because of its primary target market and business strategy.

Examiners rated Bank "high satisfactory" under the lending test, in part because they concluded that it had an outstanding record of originating and maintaining community development loans, and they described the bank as a leader in community development lending.

13. 12 U.S.C. § 1842(c)(3)(B). Under Regulation Y, the Board uses the standards enumerated in Regulation K to determine whether a foreign bank that has applied under section 3 of the BHC Act is subject to consolidated home country supervision. *See* 12 C.F.R. 225.13(a)(4). Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship to any affiliates, to assess the bank's overall financial condition and its compliance with law and regulation. *See* 12 C.F.R. 211.24(c)(1).

14. *See The Sumitomo Bank, Limited*, 82 *Federal Reserve Bulletin* 369 (1996); *Mizuho Holdings, Inc.*, 86 *Federal Reserve Bulletin* 776 (2000); *UJF Holdings, Inc.*, 87 *Federal Reserve Bulletin* 270 (2001); and *Mitsubishi Tokyo Financial Group, Inc.*, 87 *Federal Reserve Bulletin* 349 (2001).

15. *See* 12 U.S.C. § 1842(c)(3)(A).

BHC Act and other applicable federal law. Wakashio also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable its affiliates to make any such information available to the Board. In light of these commitments, the Board has concluded that Wakashio has provided adequate assurances of access to any appropriate information the Board may request. For these reasons, and based on all the facts of record, the Board has concluded that the supervisory factors it is required to consider under section 3(c)(3) of the BHC Act are consistent with approval.

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Wakashio, SMBC, SMFG, and New SMBC with all the representations and commitments made in connection with the application, with the conditions stated or referred to in this order, and on the receipt by Wakashio of all necessary regulatory approvals. These representations, commitments, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The banking transaction shall not be consummated before the fifteenth calendar day after the effective date of this order, and the transaction may not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 14, 2003.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

Orders Issued Under Sections 3 and 4 of the Bank Holding Company Act

Forest Merger Corporation
Arlington, Virginia

FBR TRS Holdings, Inc.
Arlington, Virginia

Order Approving Formation of Bank Holding Companies and Determination on Financial Holding Company Elections

Friedman, Billings, Ramsey Group, Inc., Arlington, Virginia ("FBRG"), a financial holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has submitted applications and notices on behalf of Forest Merger Corporation ("Forest") and Forest's wholly owned subsidiary, FBR TRS Holdings, Inc. ("Holdings"), under sections 3 and 4 of the BHC Act in connection with a reorganization of FBRG and its subsidiaries. Forest and Holdings (jointly, "Applicants"), which are currently owned and controlled by FBRG, have requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to become bank holding companies and to acquire control of FBRG, FBR Asset Investment Corporation, Arlington ("Asset"), FBR Bancorp, Inc., Arlington ("Bancorp"), a financial holding company, and FBR National Bank & Trust, Bethesda, Maryland ("Bank").[1] On consummation of the proposal, FBRG and Asset would be merged with and into Forest, with Forest as the surviving corporation, and Forest would be renamed Friedman, Billings, Ramsey Group, Inc. ("New FBR").

As part of this proposal, Applicants have also filed elections to become financial holding companies pursuant to section 4(k) and (*l*) of the BHC Act (12 U.S.C. § 1843(k) & (*l*)) and section 225.82 of the Board's Regulation Y (12 C.F.R. 225.82).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (68 *Federal Register* 1,851; 3,531; and 3,885 (2003)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

FBRG, with total consolidated assets of $496 million, is a bank holding company that qualifies as a financial holding company and is engaged primarily in securities underwriting and dealing, securities brokerage, investment advi-

1. In connection with the reorganization, Applicants have also requested the Board's approval under section 3 to acquire interests in the following banks: 5.2 percent of the voting shares of ITLA Capital Corporation, a bank holding company that controls Imperial Capital Bank, both in La Jolla, California; voting authority over 5.58 percent of the voting shares of Pacific Crest Capital, Inc., a bank holding company that controls Pacific Crest Bank, both in Agoura Hills, California; voting authority over 5.77 percent of the voting shares of Hingham Institution for Savings, Hingham, Massachusetts; voting authority over 9.7 percent of the voting shares of Bancorp Rhode Island, Inc., Providence, a bank holding company that controls Bank Rhode Island, East Providence, both in Rhode Island; voting authority over 5.1 percent of the voting shares of The Banc Corporation, Birmingham, a bank holding company that controls The Bank, Warrior, both in Alabama; and voting authority over approximately 5.1 percent of the voting shares of Pacific Union Bank, Los Angeles, California.

Applicants have also requested the Board's permission under section 4 to acquire interests in the following savings associations: voting authority over 5.74 percent of the voting shares of First Bell Bancorp, Inc., Pittsburgh, parent company of Bell Federal Savings and Loan Association, Bellevue, both in Pennsylvania; voting authority over 5.67 percent of the voting shares of Quaker City Bancorp, Inc., parent company of Quaker City Bank, both in Whittier, California; and voting authority over 6.1 percent of the voting shares of Hawthorne Financial Corporation, parent company of Hawthorne Savings, F.S.B., both in El Segundo, California.

sory, and merchant banking activities.[2] In the United States, FBRG conducts its securities and advisory activities through several subsidiaries subject to regulation by the Securities and Exchange Commission ("SEC"), including Friedman, Billings, Ramsey & Co., Inc., Arlington, a broker–dealer registered with the SEC under section 15 of the Securities Exchange Act of 1934 (15 U.S.C. §78*o*). Bank is the only bank controlled by FBRG and, with assets of $90.2 million, it is the 107th largest depository institution in Maryland. Bank controls deposits of approximately $33.4 million in the state, representing less than 1 percent of deposits in depository institutions in Maryland.[3]

Factors Governing Board Review of Transaction

The BHC Act sets forth the factors that the Board must consider when reviewing the formation of a bank holding company or the acquisition of a bank. These factors are the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved in the proposal; the convenience and needs of the communities to be served, including the records of performance under the Community Reinvestment Act (12 U.S.C. §2901 *et seq.*) ("CRA") of the insured depository institutions involved in the transaction, and other supervisory factors.

The Board has considered these factors in light of a record that includes information provided by FBRG, confidential supervisory and examination information from various federal agencies, and publicly reported financial and other information. In addition, the Board has considered a public comment received on the proposal.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant market. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[4] This proposal represents an internal reorganization of the existing operations of FBRG and would not result in either an expansion of operations or the acquisition of an additional bank. There is also no evidence in this case that the transaction would lessen competition or create a monopoly in any relevant market. Based on all the facts of record, the Board has determined that competitive factors are consistent with approval of the proposal.

Financial, Managerial, and Other Supervisory Considerations

The BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal and certain other supervisory factors. In evaluating the financial and managerial factors, the Board has reviewed confidential examination and other supervisory information evaluating the financial and managerial strength of Applicants; FBRG and its affiliates, including its regulated subsidiaries; and Bank.

After consummation of the proposal, New FBR would elect to be treated as a real estate investment trust ("REIT") under the Internal Revenue Code ("IR Code").[5] New FBR and its subsidiaries and affiliates would continue to engage only in activities that are permissible for a financial holding company under section 4(k) of the BHC Act.

Certain requirements applicable to New FBR under the IR Code might limit its ability to serve as a source of financial strength to Bank, because the requirements may limit the amount of capital available to a bank subsidiary of a bank holding company that is organized as a REIT.[6] Applicants note, however, that New FBR may downstream capital to Holdings and retain income earned at the Holdings level to support the operations of Bank.[7]

Applicants have also stated that, for a variety of business reasons unrelated to the BHC Act requirements, Applicants intend to discontinue being financial holding companies and to limit the activities of Bank to those of a limited-purpose trust company. In particular, Applicants have committed that, within six months of consummation of the proposed reorganization, Bank will limit its operations so that it no longer meets the definition of a bank under section 2(c)(1) of the BHC Act. New FBR would then cease to be a bank holding company.

Bank is currently well capitalized under relevant federal guidelines, and all the subsidiaries of FBRG that are subject to regulatory capital requirements exceed the required minimum capital levels. The Board notes that after accounting for certain requirements under the IR Code, New FBR would have, *pro forma,* more than adequate capital to support the ongoing operations of Bank for six months.

The Board has carefully considered the financial and managerial resources of Applicants and Bank in light of all the facts of record, including commitments made by Appli-

2. Asset data for FBRG are as of September 30, 2002.

3. Asset data for Bank are as of December 31, 2002. Deposit and ranking data are as of June 30, 2002.

4. 12 U.S.C. §1842(c)(1).

5. *See* 12 U.S.C. §§856–860.

6. Under the IR Code, the amount of non-REIT assets that a REIT may hold in a taxable REIT subsidiary, which is subject to taxation at ordinary corporate rates, is limited to 20 percent of the REIT's total assets. *See* 12 U.S.C. §856(c). A REIT is also required to distribute 90 percent of its net income to its shareholders each year. *See* 12 U.S.C. §857(a). Holdings, which would be the parent of Bancorp and Bank, would be organized as a taxable REIT subsidiary.

7. Applicants note that income earned by a taxable REIT subsidiary is not subject to the mandatory distribution requirement until paid as a dividend to the REIT. Moreover, funds invested by a REIT in its taxable REIT subsidiary are not subject to the mandatory distribution requirement.

cants, and has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved are consistent with approval, as are other supervisory factors.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the CRA.[8] The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation, and requires the appropriate federal supervisory agency to take into account the credit needs of its entire community, include low- and moderate-income neighborhoods, in evaluating bank holding company formation proposals. The Board has, therefore, carefully considered the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including a comment received on the proposal, and the records of the relevant depository institutions under the CRA.[9]

The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the CRA. In this case, the Board notes that the proposal would effect a corporate reorganization and would not result in an expansion of operations or the acquisition of an additional bank. In addition, FBRG holds a small number of shares as a passive minority investor in several depository institutions over which it exercises no control.

As provided in the CRA, the Board evaluates the record of performance of an institution in light of examinations by the appropriate federal supervisors of the CRA performance records of that institution. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[10]

The Board has reviewed in detail Bank's record of performance under the CRA, as well as information presented by Applicants related to the convenience and needs factor. Before its acquisition by FBRG, Bank, then doing business as Rushmore Trust and Savings, FSB ("Rushmore"), received an overall rating of "satisfactory" from its primary federal supervisor, the Office of Thrift Supervision ("OTS"), at its most recent evaluation for CRA performance, as of June 1999.[11]

Each of the institutions in which Applicants would have an investment of less than 10 percent also received a "satisfactory" or better rating from its federal supervisory agency in its most recent examination for CRA performance.[12] Moreover, examiners found no evidence of prohibited discrimination, other illegal credit practices, or violations of the fair lending laws at any of the depository institutions involved in the proposal.

Based on all the facts of record, the Board has concluded that considerations related to the convenience and needs of the communities to be served, including the CRA performance records of the institutions involved, are consistent with approval.

Nonbanking Activities

In connection with the reorganization, Applicants have also filed notices under section 4(c)(8) and (j) of the BHC Act to retain interests of greater than 5 percent of the voting shares of three savings and loan associations held by FBRG and thereby engage in operating savings and loan associations.[13] To approve the notices, the Board must determine that the proposed acquisitions may reasonably be expected to produce benefits to the public that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.[14]

FBRG has indicated that it expects the proposal would improve the financial position and future business prospects of the organization. The proposal also represents a reorganization of FBRG, and would not entail the acquisition of any new banking interests or commencement of any new nonbanking activities. Therefore, the Board has con-

8. *See* 12 U.S.C. § 2903(a)(2).

9. The commenter expressed concern about several institutions in which Applicants would hold less than a 10 percent voting interest by asserting that Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") data reported by Hingham Institution for Savings ("Hingham") and Bell Federal Savings and Loan Association ("Bell") revealed a pattern of excluding African-American and Hispanic communities and individuals in the Boston, Massachusetts, and Pittsburgh, Pennsylvania, Metropolitan Statistical Areas ("MSA"). The commenter also made a similar allegation based on a review of the HMDA data of Pacific Crest Mortgage Company for loans made in the Riverside County, California, MSA. Pacific Crest Mortgage is not affiliated with any company involved in this proposal.

The commenter also objected to one institution's participation in a loan program based on anticipated tax refunds. The Board notes that neither FBRG nor its subsidiaries or affiliates makes this type of loan.

10. The Interagency Questions and Answers Regarding Community Reinvestment provide that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record. *See* 66 *Federal Register* 36,620 and 36,639 (2001).

11. Rushmore converted to a national bank immediately prior to its acquisition by FBRG in 2001.

12. These institutions received the following ratings from the federal supervisors as of the dates indicated: (1) Hingham, "satisfactory," Federal Deposit Insurance Corporation ("FDIC"), January 2001; (2) Bell, "satisfactory, " OTS, June 2001; (3) Imperial Capital Bank, "satisfactory," FDIC, March 2001; (4) Pacific Crest Bank, "satisfactory," FDIC, September 2002; (5) Quaker City Bank, "outstanding," OTS, June 2001; (6) Hawthorne Savings Bank, F.S.B., "outstanding," OTS, July 2002; (7) Bank Rhode Island, "satisfactory," FDIC, July 2002; (8) The Bank, "satisfactory," Federal Reserve Bank of Atlanta, September 2001; and (9) Pacific Union Bank, "outstanding," FDIC, April 2001.

13. The Board has previously determined that operating a savings association is closely related to banking for purposes of section 4(c)(8) of the BHC Act. *See* 12 C.F.R. 225.28(b)(4)(ii).

14. *See* 12 U.S.C. § 1843(j)(2)(A).

cluded that the conduct of the proposed nonbanking activities within the framework established in this order, prior orders, and Regulation Y is unlikely to result in any of the adverse effects noted above that would not be outweighed by the public benefits of the proposal, such as gains in efficiency.

Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that it must consider under the standard of section 4(j) of the BHC Act is favorable and consistent with approval.

Conclusion Regarding Bank Holding Company Formation

Based on the foregoing, the Board has determined that the applications and notices should be, and hereby are, approved.[15] In reaching its conclusion, the Board has considered all the facts of record in light of the factors the Board is required to consider under the BHC Act.

The Board's approval is specifically conditioned on compliance by Applicants with all the commitments made in connection with the applications and notices. For purposes of this action, the commitments relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The banking acquisitions shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal shall not be consummated later than three months after the effective date of this order, unless such periods are extended for good cause by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

15. The commenter requested that the Board hold a hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authority. The Board's regulations provide for a hearing under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. 12 C.F.R. 225.25(a)(2). Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e).

The Board has considered carefully the commenter's request in light of all the facts of record. In the Board's view, the public has had ample opportunity to submit comments on the proposal, and in fact, the commenter has submitted a written comment that the Board has considered carefully in acting on the proposal. The request fails to identify disputed issues of fact that are material to the Board's decision that would be clarified by a public meeting or hearing. Moreover, the commenter's request fails to demonstrate why its written comments do not present its views adequately or why a meeting or hearing would otherwise be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request for a hearing on the proposal is denied.

Financial Holding Company Elections

Applicants have also filed with the Board elections to become financial holding companies pursuant to section 4(k) and (*l*) of the BHC Act and section 225.82 of Regulation Y. Applicants have certified that Bank is well capitalized and well managed and have provided all the information required under Regulation Y.

The Board has reviewed the examination ratings received by Bank under the CRA and other relevant examinations and information. Based on all the facts of record, the Board has determined that these elections to become financial holding companies will become effective on consummation of the proposal, if on that date Bank remains well capitalized and well managed and has at least a satisfactory CRA rating.

By order of the Board of Governors, effective March 14, 2003.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

M&T Bank Corporation
Buffalo, New York

Order Approving the Acquisition of a Bank Holding Company, Merger of Banks, and Establishment of Branches

M&T Bank Corporation ("M&T"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Allfirst Financial Inc. ("Allfirst") and thereby acquire Allfirst's subsidiary banks, including its lead subsidiary bank, Allfirst Bank, both in Baltimore, Maryland.[1] In addition, M&T has requested the Board's approval under section 4(c)(8) and (j) of the BHC Act (12 U.S.C. § 1843(c)(8) and (j)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire the nonbanking subsidiaries of Allfirst.[2] M&T also has filed notice under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and subpart A of the Board's Regulation K (12 C.F.R. 211, subpart A) to acquire certain foreign investments controlled by Allfirst.

1. Allfirst's other subsidiary bank is Allfirst Financial Center, N.A., Millsboro, Delaware ("Allfirst Delaware"). M&T would acquire Allfirst from Allied Irish Banks, p.l.c., Dublin, Ireland ("Allied Irish"), in exchange for shares of M&T and other consideration. Allied Irish has filed a related application to acquire the shares of M&T. By order dated today, the Board has approved the Allied Irish proposal. *Allied Irish Banks, p.l.c.* (Order dated March 11, 2003).

2. The nonbanking subsidiaries are listed in Appendix A.

M&T's lead bank, Manufacturers and Traders Trust Company, also in Buffalo ("Trust Company"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with Allfirst Bank, with Trust Company as the surviving institution. In addition, Trust Company proposes to retain and operate branches at the locations of the main office and branches of Allfirst Bank,[3] including Allfirst Bank's foreign branch in George Town, Cayman Islands.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the BHC Act, the Bank Merger Act, and the Board's Rules of Procedure (12 C.F.R. 262.3(b)) in the *Federal Register* (67 *Federal Register* 69,223 (2002)) and locally. As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act, the Bank Merger Act, and the statutory provisions that govern the retention and operation of interstate branches.

M&T, with total consolidated assets of $34.1 billion, is the 33rd largest commercial banking organization in the United States, controlling less than 1 percent of the total assets of insured commercial banks in the United States ("total banking assets").[4] M&T operates banks in Maryland, New York, Pennsylvania, and West Virginia. M&T is the sixth largest banking organization in New York, controlling deposits of $15.7 billion, representing approximately 3 percent of total deposits in depository institutions in the state ("state deposits").[5] M&T is the sixth largest banking organization in Pennsylvania, controlling deposits of $4.5 billion, representing approximately 2.4 percent of state deposits, and the seventeenth largest banking organization in Maryland, controlling deposits of $470 million, representing less than 1 percent of state deposits.

Allfirst, with total consolidated assets of $18.3 billion, is the 46th largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets. The banks owned by Allfirst operate in Delaware, the District of Columbia, Maryland, Pennsylvania, and Virginia. Allfirst is the second largest banking organization in Maryland, controlling deposits of $7.5 billion, representing approximately 10.6 percent of state deposits, and the eighth largest banking organization in Pennsylvania, controlling deposits of $3.6 billion, representing approximately 1.9 percent of state deposits.

After consummation of the proposal, M&T would become the 22nd largest commercial banking organization in the United States, with total consolidated assets of $52.4 billion, representing less than 1 percent of total banking assets. M&T would remain the sixth largest banking organization in Pennsylvania, controlling deposits of $8.1 billion, representing approximately 4.3 percent of state deposits, and the second largest banking organization in Maryland, controlling deposits of approximately $8 billion, representing approximately 11.3 percent of state deposits.[6]

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company if certain conditions are met. The Board may not approve a proposal subject to section 3(d) if, after consummation, the applicant would control more than 10 percent of the total deposits of insured depository institutions in the United States.[7] In addition, the Board may not approve a proposal if, after consummation of the proposal, the applicant would control 30 percent or more of the total deposits of insured depository institutions in any state in which both the applicant and the organization to be acquired operate an insured depository institution, or such higher or lower percentage as established by state law.[8]

For purposes of the BHC Act, the home state of M&T is New York, the home state of Allfirst is Maryland, and Allfirst's subsidiary banks are located in Delaware, the District of Columbia, Maryland, Pennsylvania, and Virginia.[9] On consummation of the proposal, M&T would control less than 1 percent of the total deposits of insured depository institutions in the United States.[10] M&T would control less than 30 percent of total deposits held by insured depository institutions in Maryland or Pennsylvania, the only states in which both M&T and Allfirst operate banks.[11]

All other requirements of section 3(d) of the BHC Act are met. M&T is adequately capitalized and adequately managed, as defined by applicable law. In addition, Allfirst's subsidiary banks have been in existence for the minimum age requirements established by applicable state

3. *See* 12 U.S.C §§ 321, 601, and 1831u. The branches are listed in Appendix B.

4. Asset data are as of September 30, 2002.

5. Unless otherwise noted, depository institutions include commercial banks, savings banks, and savings associations. Deposit data are as of June 30, 2002.

6. M&T does not currently control deposits in Delaware, the District of Columbia, or Virginia, so the percentage of deposits in those states would not increase on consummation of this proposal.

7. 12 U.S.C. § 1842(d)(2)(A). Insured depository institutions include all insured banks, savings banks, and savings associations.

8. 12 U.S.C. § 1842(d)(2)(B)–(D).

9. A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C). For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

10. Data are as of June 30, 2002.

11. Maryland's deposit cap is the same as that set forth in section 3(d)(2)(B) of the BHC Act. *See* Md. Code Ann., Fin. Inst. § 5-906(b) (Michie 2001) (30 percent). Pennsylvania does not have a deposit cap applicable to the proposal.

law.[12] Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that all conditions for an interstate acquisition enumerated in section 3(d) are met in this case. In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Factors

The Bank Merger Act and section 3 of the BHC Act prohibit the Board from approving a proposal that would result in a monopoly or be in furtherance of a monopoly.[13] The acts also prohibit the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[14]

M&T and Allfirst compete directly in seven banking markets.[15] The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the markets, the relative share of total deposits in depository institutions controlled by M&T and Allfirst in the markets ("market deposits"),[16] the concentration level of market deposits and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),[17] and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines in all relevant banking markets. After consummation of the proposal, one market would remain unconcentrated and six markets would remain moderately concentrated as measured by the HHI. The Department of Justice has reviewed the proposal and advised the Board that its consummation would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, no banking agency has indicated that the proposal raises competitive issues. Based on these and all the facts of record, the Board concludes that consummation of the proposal is not likely to result in any significantly adverse effects on competition or on the concentration of banking resources in the banking markets noted above or in any other relevant banking market.

Financial, Managerial, and Other Supervisory Factors

The Bank Merger Act and section 3 of the BHC Act also require that the Board consider the financial and managerial resources and future prospects of the organizations involved in a proposal as well as certain other supervisory factors under the BHC Act.[18] The Board has considered carefully the financial and managerial resources and future prospects of M&T, Allfirst, and their respective subsidiary banks and other supervisory factors in light of all the facts of record, including comments received on the proposal, reports of examination and other confidential supervisory information assessing the financial and managerial resources of the organizations, and information provided by M&T and Allfirst. Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved are consistent with approval, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.

Convenience and Needs Factor

In acting on proposals under the Bank Merger Act and section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the communities to be served.[19] The Community Reinvestment Act (12 U.S.C. §2901 *et seq.*) ("CRA") requires that each insured depository institution be assessed on its record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, consistent with safe and sound operation of the institution. The CRA requires the Board, in evaluating proposals under the Bank Merger Act and section 3 of the BHC Act, to take into account the CRA performance records of the insured depository institutions involved.[20] The Board has carefully considered the convenience and needs factor and the CRA performance records of each subsidiary bank of M&T and

12. Pursuant to 12 U.S.C. § 1842(d)(1)(B)(ii), the applicable age requirement for the District of Columbia is five years. *See* D.C. Code Ann. § 26-706.01(a). Delaware, Maryland, Pennsylvania, and Virginia do not have minimum age requirements applicable to the proposal. The Board also has taken into account M&T's record of compliance with applicable state community reinvestment laws.

13. 12 U.S.C. § § 1828(c)(5)(A) and 1842(c)(1)(A).

14. *See* 12 U.S.C. §§ 1828(c)(5)(B) and 1842(c)(1)(B).

15. The markets are described in Appendix C. The proposal's effects on the concentration of banking resources in them are discussed in Appendix D.

16. Deposit and market share data are based on annual branch reports filed as of June 30, 2002, and on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has previously indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

17. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market is considered unconcentrated if the post merger HHI is under 1000, and moderately concentrated if the post merger HHI is between 1000 and 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

18. 12 U.S.C. §§ 1828(c)(5) and 1842(c).

19. 12 U.S.C. §§ 1828(c)(5) and 1842(c)(2).

20. 12 U.S.C. §§ 2903(a)(2) and 2902(4).

Allfirst in light of all the facts of record, including public comments on the proposal.

A. Summary of Public Comments

Two commenters submitted letters about the proposal. One commenter contended, based on data submitted under the Home Mortgage Disclosure Act (12 U.S.C. §2801 *et seq.*) ("HMDA"), that M&T engaged in disparate treatment of minority individuals in home mortgage lending, and that M&T denied loan applications from minorities more frequently than it denied applications from nonminorities. The other commenter asserted that M&T's branch distribution in the New York Consolidated Metropolitan Statistical Area ("CMSA") was inadequate, and that although 30 percent of the tracts in the assessment area were LMI tracts, only 14 percent of M&T's branches were in LMI tracts. That commenter also expressed concern about M&T's commitment to retaining branches in New York City's LMI neighborhoods.

B. CRA Performance Examinations

An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[21] Both of M&T's subsidiary banks received ratings of "satisfactory" or better in the most recent examinations of their CRA performance. Trust Company, which accounts for approximately 98 percent of the total consolidated assets of M&T, received an "outstanding" rating from the Federal Reserve Bank of New York, as of June 2002 ("2002 Evaluation"). Trust Company also received an "outstanding" rating from the New York State Banking Department, as of April 2000. M&T Bank, National Association, Oakfield, New York, received a "satisfactory" rating from the Office of the Comptroller of the Currency, as of January 2000.

Allfirst Bank received a "satisfactory" rating from the Federal Reserve Bank of Richmond, as of January 2001 ("2001 Evaluation").[22] M&T has stated that it intends to retain Allfirst Bank's CRA program and structure after consummation of the proposal to assist M&T in ascertaining the needs of the communities served by Allfirst.

C. CRA Performance of Trust Company

Overview: In the 2002 Evaluation,[23] Trust Company received "outstanding" ratings under the lending, investment, and service performance tests.[24] Examiners characterized the level of Trust Company's responsiveness to retail credit needs in its assessment areas as excellent. Trust Company and its affiliates originated and purchased more than $4.3 billion of HMDA-reportable loans during the review period. Examiners concluded that Trust Company's lending was good in terms of overall geographic distribution and distribution to borrowers of different income levels.

Examiners stated that Trust Company offered a number of innovative and flexible lending products to increase lending in LMI geographies and to LMI borrowers, including Federal Housing Administration ("FHA") mortgages, which were offered throughout Trust Company's assessment areas. During the review period, Trust Company made 674 mortgage loans totaling $40 million through a program that featured below-market interest rates, reduced down-payment requirements, and other favorable terms.

Trust Company made more than 19,800 small business loans during the review period, totaling more than $2.5 billion.[25] Examiners noted that Trust Company had a good distribution of loans to businesses of different sizes throughout its assessment areas.

Examiners characterized Trust Company's community development lending performance as excellent. During the evaluation period, Trust Company extended qualified community development loan commitments totaling $294 million and issued $35 million in letters of credit for affordable housing and other community development purposes. Examiners concluded that Trust Company's $92 million in loan commitments to LMI healthcare facility projects for the elderly indicated a high level of responsiveness to community credit needs in light of the large elderly population in many of Trust Company's assessment areas.

Examiners stated that Trust Company's community development investments exhibited excellent responsiveness to the most urgent credit and community development needs in its assessment areas. Trust Company's qualified investments totaled $56 million, including investments of $40 million during the evaluation period. Examiners reported that $7 million in investments were for revitalizing inner cities, which examiners described as a critical need in Trust Company's assessment areas in upstate New York. Examiners also noted grants totaling $1.1 million to a school in an LMI area, which examiners considered to be a nonroutine investment.

Examiners concluded that Trust Company's branches were readily accessible to all portions of its assessment areas.[26] Examiners stated that Trust Company also

21. *See Interagency Questions and Answers Regarding Community Reinvestment*, 66 *Federal Register* 36,620 and 36,639 (2001).

22. Allfirst Delaware does not grant credit to the public in the ordinary course of business, and it is treated as a special purpose bank that is not subject to evaluation under the CRA. *See* 12 C.F.R. 25.11(b)(3).

23. The 2002 Evaluation covered a review period of January 1, 2000, through December 31, 2001.

24. Trust Company elected to have the Federal Reserve Bank of New York ("FRBNY") consider the lending activity in its assessment areas by certain Trust Company subsidiaries and affiliates, including M&T Mortgage Corporation and M&T Real Estate, Inc., both in Buffalo, New York, and subsidiaries of Trust Company, and M&T Bank, National Association, a direct subsidiary of M&T.

25. For purposes of this analysis, small business loans are business loans with an original amount of $1 million or less.

26. One commenter referred to portions of the previous CRA evaluation of Trust Company, as of June 2000 ("2000 Evaluation"), which assessed Trust Company's branch distribution as weak in

enhanced distribution of banking services through ATMs, on-line banking, telephone banking, and other alternative delivery systems. They further noted that Trust Company offered Lifeline Checking Accounts, an electronic benefits transfer program, low-fee checking accounts for nonprofit organizations, and other products designed to directly or indirectly assist LMI individuals.

Examiners described Trust Company as a leader in providing community development services. During the review period, Trust Company employees participated in more than 400 workshops, seminars, and conferences throughout its assessment areas and provided technical assistance to more than 100 organizations that addressed the needs of LMI individuals and communities. Trust Company also participated in the Federal Home Loan Bank Affordable Housing Program by sponsoring 24 grant applications to construct and rehabilitate housing for LMI individuals.

New York. In the 2002 Evaluation, Trust Company received an "outstanding" rating under the lending test in its New York assessment areas.[27] During the review period, Trust Company originated or purchased HMDA-reportable loans in New York totaling more than $3.36 billion. Examiners reported that in 2000, Trust Company's 3 percent market share of deposits in its assessment areas compared favorably with its 3 percent market share of all HMDA-reportable loans originated or purchased in New York State.

Examiners concluded that the distribution of Trust Company's HMDA-reportable loans among borrowers of different income levels was good, as was the geographic distribution of its lending. Examiners stated that Trust Company's distribution of HMDA-reportable loans to low-income borrowers was adequate and consistent with available lending opportunities, which had been limited by economic conditions and by disparities between housing prices and income levels.[28] Examiners characterized Trust Company's distribution of HMDA-reportable loans to moderate-income borrowers as good. To assist LMI borrowers in New York, Trust Company offered loans through the Federal National Mortgage Association (Fannie Mae) "Get Started" program, as well as FHA mortgages and flexible mortgages through the State of New York Mortgage Association.

During the review period, Trust Company originated and purchased nearly 16,000 small business or small farm loans in New York, totaling almost $2 billion. Examiners stated that Trust Company's distribution of loans among businesses of different sizes was good.

Examiners described Trust Company's community development lending performance as excellent.[29] Trust Company's loan commitments in New York during the review period totaled $246 million, and Trust Company also provided $30 million in letters of credit. Examiners reported that Trust Company's community development lending for affordable housing, an identified credit need in Trust Company's assessment areas, totaled $136 million.

In the 2002 Evaluation, Trust Company received an "outstanding" rating under the investment test in its New York assessment areas. Examiners stated that Trust Company's level of qualified community development investments, which totaled $44 million, exhibited excellent responsiveness to credit and community development needs in New York. More than $20 million of the investments were invested on a statewide basis, including $10 million in collateral trust notes to develop affordable housing, $5 million in mortgage-backed securities to fund loans to LMI borrowers, and $4 million to community development organizations. Examiners reported that Trust Company also invested $2 million in projects qualifying for low-income housing tax credits and contributed $4 million to support charitable community development projects and programs.

Trust Company received an "outstanding" rating under the service test in the New York assessment areas. Examiners stated that Trust Company's branches were readily accessible to all geographies and to individuals of different income levels and that variations in products and services did not inconvenience LMI individuals or customers in LMI geographies. Examiners also reported that Trust Company organized or participated in many workshops on affordable housing and financial literacy. In addition, Trust Company employees served on the boards and committees of organizations that addressed the needs of LMI individuals and communities.

service to LMI census tracts in the New York–Northern New Jersey–Long Island–Connecticut Consolidated Metropolitan Statistical Area ("New York CMSA"). The 2002 Evaluation rated Trust Company as "outstanding" for its performance under the service test in the New York CMSA. The 2002 Evaluation noted that an increased percentage of Trust Company's branches in the New York CMSA were in LMI census tracts compared with 2000, and that a number of branches were contiguous to LMI census tracts in the New York CMSA. Examiners also reported in the 2002 Evaluation that Trust Company's alternative delivery systems enhanced its distribution of banking services in the New York CMSA.

27. Trust Company's New York assessment areas in the 2002 Evaluation consisted of a portion of the New York CMSA; the Buffalo–Niagara Falls, Rochester, Albany–Schenectady–Troy, Utica–Rome, Binghamton, and Jamestown Metropolitan Statistical Areas ("MSAs"); portions of the Syracuse and Elmira MSAs; Seneca, Tompkins, Wyoming, Cattaraugus, Sullivan, and Ulster Counties; and portions of Courtland, Steuben, and Allegany Counties.

28. One commenter, citing the 2000 Evaluation, asserted that Trust Company's lending to low-income borrowers in the New York CSMA was weak. The 2002 Evaluation noted that Trust Company's performance exceeded the performance of lenders in the aggregate ("aggregate lenders") in the New York CMSA and that the high cost of real estate and the relatively low incomes in the New York CSMA limited home ownership opportunities for low-income families.

29. One commenter urged that Trust Company increase its community development lending to nonprofit organizations and its staffing levels for community development programs in New York City. The CRA requires that, in considering an acquisition proposal, the Board carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to provide commitments for future performance or staffing levels. Trust Company's CRA-related activities will be reviewed by the FRBNY in future performance evaluations, and its CRA performance record will be considered in any subsequent applications by Trust Company to acquire a depository institution.

Pennsylvania. Examiners noted that during the review period, Trust Company significantly expanded its presence in Pennsylvania as a result of Trust Company's merger in October 2000 with Keystone Financial Bank, National Association, Harrisburg, Pennsylvania.[30] Accordingly, Trust Company was engaged in integrating and developing products, systems, and staff during the review period.

The 2002 Evaluation rated Trust Company's performance under the lending test as "high satisfactory" in its Pennsylvania assessment areas. During the review period, Trust Company originated or purchased HMDA-reportable loans in Pennsylvania totaling more than $757 million. Examiners concluded that the geographic distribution of Trust Company's HMDA-reportable loans was good, as was distribution among borrowers of different income levels. Examiners characterized Trust Company's distribution of HMDA-reportable loans to moderate-income borrowers as good and its distribution to low-income borrowers as adequate. During the review period, Trust Company made 286 home purchase loans in Pennsylvania through its Opportunity Loan program, which focuses on LMI borrowers and features reduced down-payment requirements, prepurchase counseling, and options for financing closing costs.

During the review period, Trust Company originated and purchased more than 2,100 small business loans in Pennsylvania, totaling more than $247 million. Examiners reported that Trust Company's distribution of loans among businesses of different sizes was good.

Examiners described Trust Company's community development lending performance as good. Trust Company's loan commitments totaled $43 million, and Trust Company also provided $5 million in letters of credit to support economic development. Examiners noted that Trust Company's lending commitments for affordable housing totaled $16 million and that its commitments for economic development totaled $26 million.

In the 2002 Evaluation, Trust Company received an "outstanding" rating under the investment test in its Pennsylvania assessment areas. Examiners stated that Trust Company's level of qualified community development investments, which totaled $11.4 million, demonstrated strong responsiveness to credit and community development needs. Examiners favorably cited Trust Company's $2.3 million investment in a small business investment company that financed small- and medium-sized manufacturing, distribution, and service companies in eastern Pennsylvania. Examiners also noted that Trust Company's investments in agencies engaged in community revitalization totaled $1.5 million and that its grants to community development organizations totaled more than $1 million.

Trust Company received an "outstanding" rating under the service test in the Pennylvania assessment areas. Examiners stated that Trust Company's branches were readily accessible to all geographies and to individuals of different income levels and that variations in products and services did not inconvenience LMI individuals or customers in LMI geographies. Examiners also reported that Trust Company organized or participated in many workshops on affordable housing and financial literacy. In addition, Trust Company employees served on the boards and committees of organizations that addressed the needs of LMI individuals and communities.

D. CRA Performance of Allfirst Bank

In the 2001 Evaluation, Allfirst Bank received "high satisfactory" ratings under the lending, investment, and service performance tests.[31] Allfirst Bank originated and purchased HMDA-reportable loans totaling more than $750 million in its assessment areas during the review period. Examiners concluded that the overall distribution of loans to borrowers of different income levels was good, and loan penetration for LMI geographies ranged from good to excellent in Allfirst Bank's assessment areas.

Examiners noted that Allfirst Bank assisted LMI borrowers in obtaining affordable housing by offering FHA and Department of Veterans Affairs ("VA") loans and other mortgage loans through state and local affordable housing programs. In 2000, Allfirst Bank originated 459 mortgage loans through these programs, totaling $93.4 million.

Allfirst Bank made more than 6,100 small business loans in its assessment areas during the review period, totaling more than $695 million. Examiners stated that the bank's record of lending to businesses of different sizes ranged from adequate to good, while its small business loan penetration for LMI geographies ranged from good to excellent. Examiners noted that Allfirst Bank originated 108 Small Business Administration loans, totaling $21 million during 2000. Examiners reported that Allfirst Bank made a relatively high level of community development loans during the review period, totaling almost $101 million.

Allfirst Bank's qualified community development investments during the review period consisted primarily of investments in projects qualifying for low-income housing tax credits. Examiners noted that the bank had created the Allfirst Affordable Housing Fund, which promoted affordable housing by facilitating investment in projects qualifying for low-income housing tax credits and by providing bridge financing to developers. During the review period, Allfirst Bank also made community development grants and contributions totaling $3.3 million.

Examiners considered Allfirst Bank's branch and ATM locations to be readily accessible to all portions of the

30. Before the review period, Trust Company's Pennsylvania branches operated in the Scranton–Wilkes-Barre–Hazleton MSA. After the merger with Keystone Financial Bank, National Association, Trust Company's Pennsylvania assessment areas for the review period consisted of the Pennsylvania portions of the Philadelphia–Wilmington–Atlantic City, PA–NJ–DE–MD CMSA; the Harrisburg–Lebanon–Carlisle, Scranton–Wilkes-Barre–Hazleton, Altoona, State College, Reading, York, Allentown–Bethlehem–Easton, and Williamsport MSAs, in Pennsylvania; a portion of the Lancaster MSA, in Pennsylvania; and Adams, Bedford, Bradford, Clearfield, Clinton, Franklin, Huntingdon, Monroe, Montour, Northumberland, Schuylkill, Snyder, Sullivan, Tioga, and Union Counties.

31. The 2001 Evaluation covered a review period of January 1, 1999, through December 31, 2000.

bank's assessment areas. Examiners also noted that Allfirst Bank provided affordable homebuying workshops and seminars and counseling to small business owners.

E. HMDA Data

The Board also has considered M&T's lending record in light of comments on the 2001 HMDA data reported by M&T's subsidiaries. The Board notes that 2001 HMDA data indicate that M&T's denial disparity ratio for Hispanic applicants was higher than the denial disparity ratio for the aggregate lenders in five of the six MSAs reviewed.[32] In addition, M&T's denial disparity ratio for African Americans was higher than the denial disparity ratios for aggregate lenders in the two MSAs in which, of the six MSAs reviewed, M&T made most of its mortgage loans. The data reviewed also indicate that the percentages of M&T's total HMDA-reportable loans to African-American and Hispanic individuals in 2001 were below the percentages for the aggregate lenders in three MSAs and above the percentages for the aggregate lenders in three MSAs.[33] Finally, the percentage of M&T's total HMDA-reportable loans to LMI individuals in 2001 exceeded the percentage for the aggregate lenders in five of the six MSAs reviewed.

The Board is concerned when an institution's record indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound banking, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because the data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[34] HMDA data, therefore, have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has carefully considered the data and comments in light of other information. Examiners conducting a fair lending review of Trust Company in connection with the 2002 Evaluation reviewed loan applications from the Buffalo MSA and found that credit criteria were consistently applied to all applicants regardless of race. Examiners discovered no evidence of prohibited discrimination or other illegal credit practices. The Board has also considered the HMDA data in light of the overall lending records of M&T and Allfirst. Those records, which include the programs discussed above, show that the organizations' subsidiary banks make credit available to all applicant groups and significantly help to meet the credit needs of their communities, including LMI areas.

F. Conclusion on the Convenience and Needs Factor

In reviewing the proposal's effect on the convenience and needs of the communities to be served by the combined organization, the Board has carefully considered the entire record, including the public comments received and reports of examinations of the CRA performance of the institutions involved. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant insured depository institutions, are consistent with approval of the proposal.

Nonbanking Activities

M&T also has filed notice under section 4(c)(8) and (j) of the BHC Act to acquire nonbanking subsidiaries of Allfirst. The Board has determined by regulation that the types of activities for which notice has been provided are closely related to banking for purposes of section 4(c)(8) of the BHC Act and, therefore, permissible for bank holding companies.[35] M&T has committed to conduct the nonbanking activities in accordance with the Board's regulations and orders governing these activities for bank holding companies.

To approve this notice, the Board must determine that the proposed activities "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[36]

As part of its evaluation of the public interest factors, the Board considered the financial condition and managerial resources of M&T and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the proposal.

32. The denial disparity ratio compares the denial rate for minority loan applicants with that for nonminority applicants. The Board reviewed the 2000 and 2001 HMDA data for Trust Company and its affiliates in the following MSAs: Buffalo, New York City, and Nassau-Suffolk, New York; Philadelphia and Harrisburg, Pennsylvania; and Baltimore, Maryland. The Board's review included the HMDA data for M&T Mortgage Corporation and M&T Real Estate, Inc.

33. The data indicate that the percentages of Trust Company's total HMDA-reportable loans to minorities were not markedly below the percentages for the aggregate lenders in the three MSAs in which Trust Company lagged those lenders.

34. The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

35. *See* 12 C.F.R. 225.28(b)(1), (3), (6), (11), and (14).

36. 12 U.S.C. § 1843(j)(2)(A).

The Board also has considered the competitive effects of the proposed transaction under section 4 of the BHC Act. To the extent that M&T and Allfirst offer different types of nonbanking products or services, the proposal would not result in a significant loss of competition. M&T and Allfirst compete directly in the following activities: originating and servicing capital equipment leases, providing credit-related insurance, providing commercial real estate lending services, and providing financial and investment advisory services. The markets for these nonbanking activities are regional, national, or international in scope and are unconcentrated. The record in this case also indicates that there are numerous providers of these services. Based on all the facts of record, the Board concludes that consummation of the proposal would have a *de minimis* effect on competition for the relevant nonbanking activities.

M&T has indicated that consummation of the proposal would provide customers of the two organizations with access to services across a broader geographic area. M&T also has asserted that customers of both organizations would gain access to a broader variety of nonbanking products, including investment products and insurance products.

The Board concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal discussed above. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the standard in section 4(j) of the BHC Act is consistent with approval of M&T's notice.

Trust Company also intends to operate Allfirst's existing limited-purpose foreign branch in George Town, Cayman Islands, under section 25 of the Federal Reserve Act and the general consent provisions of section 211.3(b) of Regulation K (12 C.F.R. 211.3(b)). Trust Company has made certain commitments in connection with this acquisition. In addition, M&T has provided notice under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and section 211.9 of the Board's Regulation K (12 C.F.R. 211.9)) of its intention to acquire certain foreign investments controlled by Allfirst.[37] The Board has concluded that all the factors it is required to consider under the Federal Reserve Act, the BHC Act, and the Board's Regulation K in connection with this notice are consistent with approval.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications and notices should be, and hereby are, approved.[38] In reaching its conclusion, the Board has considered all the facts of record in light of the factors it is required to consider under the BHC Act, the Bank Merger Act, the Federal Reserve Act, and the statutory factors it is required to consider when reviewing an application for retaining and operating branches.[39] The Board's approval is specifically conditioned on compliance by M&T with all the commitments made in connection with these applications and notices and with the conditions stated or referenced in this order. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The banking acquisitions shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 11, 2003.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

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37. These investments are in Compania La Proa, Ltd., George Town, Cayman Islands, and Bemberg Industrial, S.A., Buenos Aires, Argentina.

38. One commenter suggested, particularly in light of the 2000 Evaluation, that the Board condition its approval of the proposal on a requirement that M&T commit to keep the branches Trust Company operates in LMI neighborhoods in the New York City area open for ten years and open five new branches there within the next two years. As previously noted, the 2002 Evaluation rated Trust Company "outstanding" both in the delivery of retail and community development services in all assessment areas and for its performance on the service test in the New York CMSA. *See also* discussion in footnote 29.

39. One commenter requested that the Board extend the comment period on the proposal. The Board has accumulated a significant record in this case, including reports of examination, supervisory information, public reports and information, and considerable public comment. In the Board's view, commenters have had ample opportunity to submit their views and, in fact, they have provided substantial written submissions that have been considered carefully by the Board in acting on the proposal. Moreover, the BHC Act and Regulation Y require the Board to act on proposals submitted under those provisions within certain time periods. 12 U.S.C. §§ 1842(b) and 1843(j)(1); 12 C.F.R. 225.15(d) and 225.24(d). Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant Board action at this time and that an extension of the comment period is not warranted.

APPENDIX A

Nonbanking Subsidiaries of Allfirst to be Acquired Under the Notice

1. Allfirst Mortgage Corporation, Baltimore, Maryland, and thereby engage in extending credit and servicing loans pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));
2. Loans USA, Inc., Pasadena, Maryland, and thereby engage in extending credit and servicing loans pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));
3. Allfirst Leasing Corporation, Baltimore, Maryland, and thereby engage in leasing personal or real property pursuant to section 225.28(b)(3) of Regulation Y (12 C.F.R. 225.28(b)(3));
4. Zirkin-Cutler Investments, Inc., Bethesda, Maryland, and thereby engage in financial and investment advisory activities pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));
5. Allfirst Life Insurance Corporation, Phoenix, Arizona, and thereby engage in providing credit insurance as principal, agent, or broker pursuant to section 225.28(b)(11) of Regulation Y (12 C.F.R. 225.28(b)(11)); and
6. Williams, Daniels & Associates, Inc., Baltimore, Maryland, and thereby engage in data processing activities pursuant to section 225.28(b)(14) of Regulation Y (12 C.F.R. 225.28(b)(14)).

APPENDIX B

Branches to be Established by Trust Company

District of Columbia

555 12th Street, N.W.
1730 Pennsylvania Avenue, N.W.
1899 L Street, N.W.
5630 Connecticut Avenue, N.W.
500 C Street, S.W.
6434 Georgia Avenue, N.W.
2865 Alabama Avenue, S.E.
1680 K Street, N.W.
2440 Wisconsin Avenue, N.W.
2620 Connecticut Avenue, N.W.

Maryland

776 East 25th Street, Baltimore
207 West Bel Air Avenue, Aberdeen
801 Elkridge Landing Road, Linthicum Heights
101 Big Elk Mall, Elkton
25 South Charles Street, Baltimore
D Street & Arnold Avenue, Andrews Air Force Base
1230 Bay Dale Drive, Arnold
5 South Bond Street, Bel Air
12 Office Street, Bel Air
579 Baltimore Pike, Bel Air
5910 York Road, Baltimore
432 South Broadway, Baltimore
5738 Ritchie Highway, Baltimore
32 York Road, Towson
7500 B Connelley Drive, Hanover
11325 Seven Locks Road, Potomac
405 Sunburst Highway, Cambridge
823 South Salisbury Boulevard, Salisbury
155 East Carroll Street, Salisbury
705 Frederick Road, Baltimore
17724 Garland Groh Boulevard, Hagerstown
37660 Mohawk Drive, Charlotte Hall
6304 Kirby Road, Clinton
10431 York Road, Cockeysville
4511 Knox Road, College Park
10025 Governor Warfield Parkway, Columbia
26 North Court Street, Frederick
19 East Cross Street, Baltimore
632 East Bayfront Road, Deale
126 Market Street, Denton
15850 Crabbs Branch Way, Rockville
One Bank Street & Quince Orchard Road, Gaithersburg
6395 Dobbin Road, Columbia
930 Dual Highway, Hagerstown
17 Center Place, Dundalk
10090 Southern Maryland Boulevard, Dunkirk
8314 Pulaski Highway, Baltimore
3150 Solomon's Island Road, Edgewater
1325-D Liberty Road, Sykesville
One Boxridge Drive, Abingdon
809 Eastern Boulevard, Baltimore
3700 Donnell Drive, Forestville
11807 Livingston Road, Fort Washington
1201 Agora Drive, Suite 1-A, Bel Air
5585 Spectrum Drive, Frederick
20 East Franklin Street, Baltimore
Frederick Towne Mall, 1301 West Patrick Street, Frederick
215 North Frederick Avenue, Gaithersburg
12914 Middlebrook Road, Germantown
223 Glebe Road, Easton
7560 South Ritchie Highway, Glen Burnie
12041 Georgia Avenue, Wheaton
7599 Greenbelt Road, Greenbelt
100 North Greene Street, Baltimore
1200 North Main Street, Hampstead
279 North Pennsylvania Avenue, Hancock
212 Mount Carmel Road, Parkton
715 North Howard Street, Baltimore
120 Shawan Road, Hunt Valley
5642 Baltimore National Pike, Baltimore
400 East Pratt Street, Baltimore
34th & Charles Street, Baltimore
10420 Montgomery Avenue, Kensington
3706 Howard Avenue, Kensington
60 Kent Town Market, Chester
6267 Kenwood Avenue, Baltimore
8640 Guilford Road, B-90, Columbia

10410 Campus Way South, Largo
14060 Baltimore Boulevard, Laurel
9600 Medical Center Drive, Rockville
2525 Pot Springs Road, Lutherville–Timonium
7900 Ritchie Highway, Suite 207, Glen Burnie
1115 Merritt Boulevard, Baltimore
21006 Frederick Road, Germantown
12831 Coastal Highway, Ocean City
101 West Washington Street, Hagerstown
8812 Waltham Woods Road, Baltimore
2730 North Salisbury Boulevard, Salisbury
200 Northern Avenue, Hagerstown
5100 Campbell Boulevard, White Marsh
18216 Downsville Pike, Hagerstown
5805 Stevens Forest Road, Columbia
491 Olde Mill Shopping Center Road, Millersville
3221 Spartan Drive, Olney
4800 Hampden Lane, Bethesda
561 East Ordnance Road, Glen Burnie
9780 Grofs Mill Drive, Owings Mills
6262 Oxon Hill Road, Oxon Hill
9840 Reisterstown Road, Owings Mills
7904 Harford Road, Baltimore
2027 Somerville Road, Annapolis
3470 Annapolis Road, Baltimore
13409 Pennsylvania Avenue, Hagerstown
2301 Cleanleigh Drive, Baltimore
8675 Bel Air Road, Baltimore
3717 Old Court Road, Pikesville
3741 Old Court Road, Pikesville
19616-M Fisher Avenue, Poolesville
10128 River Road, Potomac
510 Solomon's Island Road North, Prince Frederick
126 Chartley Boulevard, Reisterstown
2841 Tome Highway, Colora
8493 Fort Smallwood Road, Pasadena
4 Courthouse Square, Rockville
51 West Edmonston Drive, Rockville
5201 Roland Avenue, Baltimore
222 Phillip Morris Drive, Salisbury
7615 Bellona Avenue, Towson
7005 Security Boulevard, Baltimore
5724 Wabash Avenue, Baltimore
929 West Seventh Street, Frederick
534 Ritchie Highway, Severna Park
456-D Ritchie Highway, Severna Park
576 Ritchie Highway, Severna Park
8737 Colesville Road, Silver Spring
87 High Street, Waldorf
110 West Market Street, Snow Hill
5230 North Point Boulevard, Baltimore
3401 Eastern Avenue, Baltimore
9125 Baltimore National Pike, Ellicott City
St. Paul & Saratoga Streets, Baltimore
504 East Ridgeville Boulevard, Mount Airy
400 Englar Road, Westminster
12200 Tech Road, Silver Spring
9625 Deereco Road, Timonium
405 Washington Avenue, Towson
University Hospital, 22 South Greene Street, First Floor, Baltimore
14700 Main Street, Upper Marlboro
17301 Valley Mall Drive, Hagerstown
11175 Mall Circle, Waldorf
118 New Market Place, Gambrills
199 Thomas Johnson Drive, Frederick
26075 Ridge Road, Damascus
4126 East Joppa Road, Baltimore
448 Prospect Boulevard, Frederick
943 Pulaski Highway, Havre de Grace
3331 Corridor Market Place, Laurel
1001 Twin Arch Road, Mount Airy
6093 Spring Ridge Parkway, Frederick
67 West Street, Annapolis
625-A Baltimore Boulevard, Westminster
1409 Pulaski Highway, Edgewood
38 West Ridgely Road, Timonium

Pennsylvania

109 West Market Street, York
1123 North George Street, York
121 West Market Street, York
21 East Market Street, York
800 East Market Street, York
960 South George Street, York
710 East Main Street, Annville
1275 Baltimore Street, Hanover
248 North Mill Street, Birdsboro
200 East Philadelphia Avenue, Boyertown
835 East Philadelphia Avenue, Boyertown
801 East Philadelphia Avenue, Suite 2, Boyertown
510 West Broad Street, Bethlehem
2715 North Meridian Boulevard, Wyomissing
3045 Market Street, Camp Hill
750 Lombard Road, Red Lion
2 West High Street, Carlisle
812½ West High Street, Carlisle
375 South Cedar Crest Boulevard, Allentown
44 Lincoln Way West, Chambersburg
55 South Main Street, Chambersburg
1603 Manheim Pike, Lancaster
4950 Jonestown Road, Harrisburg
369 Locust Street, Columbia
900 Country Club Road, Red Lion
105 Dart Drive, Hanover
6960 Delta Road, Delta
3995 Carlisle Road, Dover
4200 Derry Street, Harrisburg
1701 Oregon Pike, Lancaster
500 Eisenhower Drive, Hanover
4000 Perkiomen Avenue, Reading
482 Fishing Creek Road, Etters
Market & Main Streets, Fawn Grove
50 North Fifth Street, Reading
69 East Forrest Avenue, Shrewsbury
202 West High Street, Gettysburg

255 South Spring Garden Street, Carlisle
44 Natural Springs Road, Gettysburg
701–703 South Antrim Way, Greencastle
2001 Lincoln Way East, Chambersburg
1000 Haines Road, York
5528 Carlisle Pike, Mechanicsburg
13 Baltimore Street, Hanover
3502 Paxton Street, Harrisburg
213 Market Street, Harrisburg
730 Main Street, Hellertown
740 West Chocolate Avenue, Hershey
344 South 10th Street, Lemoyne
4711 Horseshoe Pike, Honey Brook
8 East Main Street, Hummelstown
3621 Old Philadelphia Pike, Intercourse
3201 Lehigh Street, Allentown
4120 Linglestown Road, Linglestown
2100 North Second Street, Harrisburg
301 North George Street Ext., Manchester
5219 Simpson Ferry Road, Mechanicsburg
2075 Scotland Avenue, Chambersburg
10 North Main Street, Mercersburg
21 George Street, Reading
210 East Main Street, New Holland
370 North 7th Street, Lebanon
2775 Paxton Street, Harrisburg
2551 Walnut Street, Penbrook
1750 Philadelphia Avenue, Chambersburg
425 Westminster Avenue, Hanover
2186 East High Street, Pottstown
2055 South Queen Street, York
837 Quentin Road, Lebanon
425 Loucks Road, York
11973 Buchanan Trail East, Waynesboro
5021 Route 873, Schnecksville
One West Lancaster Avenue, Shillington
1990 Carlisle Road, York
35–39 East King Street, Shippensburg
200 Luther Road, Shrewsbury
2421 Old Philadelphia Pike, Lancaster
4830 Penn Avenue, Sinking Spring
33 Roth Church Road, Spring Grove
160 Spring Street, Reading
903 State Drive, Lebanon
One South Front Street, Steelton
10 North Main Street, Stewartstown
430 Stouffer Avenue, Chambersburg
75 Main Street, Strausstown
423 North Enola Road, Enola
10 Penn Newberry Commons, Etters
1250 West Tilghman Street, Allentown
2 West Franklin Street, Topton
4435 Pottsville Pike, Reading
4206 Union Deposit Road, Harrisburg
1355 East Lehman Street, Lebanon
28 Walnut Bottom Road, Shippensburg
1629 South Market Street, Elizabethtown
1603 Lincoln Highway, East, Lancaster
441 West Main, Mount Joy
1802 Roosevelt Avenue, York
1475 Kenneth Road, York
1200 Market Street, Lemoyne
1401 West Market Street, York
1847 Columbia Avenue, Lancaster
2903 North 7th Street, Harrisburg
400 North Third Street, Womelsdorf
750 Hellam Street, Wrightsville
800 Penn Avenue, Wyomissing
2801 East Market Street, York

Virginia

43911 Farmwell Hunt Plaza, Ashburn
14245-R Centreville Square, Store 8, Centreville
21099 Dulles Towne Circle, Sterling
1025 Herndon Parkway, Herndon
345 East Market Street, Leesburg
10254 Main Street, Fairfax
6832 Old Dominion Drive, McLean
1416 North Point Village Center, Reston
Bowman & Fountain Drives, Reston
21700 Town Center Plaza, Sterling
8601 Westwood Center Drive, Vienna
10697 Braddock Road, Fairfax

Cayman Islands

Cardinal Avenue, George Town

APPENDIX C

Banking Markets in which M&T and Allfirst Compete Directly

Maryland	
Hagerstown	Washington County, Maryland; and Fulton County, Pennsylvania.
Pennsylvania	
Harrisburg	Cumberland, Dauphin, Juniata, Lebanon, and Perry Counties.
Lancaster	Lancaster County.
Lehigh Valley	Carbon, Lehigh, and Northampton Counties.
Philadelphia	Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pennsylvania; and Burlington, Camden, Gloucester, and Salem Counties, the City of Trenton, and the townships of Ewing, Hamilton, and Lawrence, New Jersey.
Reading	Berks County.
York	Adams and York Counties.

APPENDIX D

Data for Banking Markets in which M&T and Allfirst Compete Directly

Maryland	
Hagerstown	Allfirst operates the largest depository institution in the market, controlling deposits of approximately $496.9 million, representing approximately 16.8 percent of market deposits. M&T operates the fourth largest depository institution in the market, controlling deposits of approximately $339.7 million, representing approximately 11.4 percent of market deposits. On consummation of the proposal, M&T would operate the largest depository institution in the market, controlling deposits of approximately $836.6 million, representing 28.2 percent of market deposits. The HHI would increase by 384 points to 1461.
Pennsylvania	
Harrisburg	Allfirst operates the largest depository institution in the market, controlling deposits of approximately $1.07 billion, representing approximately 13.4 percent of market deposits. M&T operates the eighth largest depository institution in the market, controlling deposits of approximately $432.5 million, representing approximately 5.4 percent of market deposits. On consummation of the proposal, M&T would operate the largest depository institution in the market, controlling deposits of approximately $1.5 billion, representing 18.8 percent of market deposits. The HHI would increase by 146 points to 909.
Lancaster	Allfirst operates the seventh largest depository institution in the market, controlling deposits of approximately $266.5 million, representing approximately 4.4 percent of market deposits. M&T operates the 19th largest depository institution in the market, controlling deposits of approximately $12.9 million, representing less than 1 percent of market deposits. On consummation of the proposal, M&T would operate the seventh largest depository institution in the market, controlling deposits of approximately $279.4 million, representing 4.6 percent of market deposits. The HHI would increase by 2 points to 1269.

APPENDIX D—CONTINUED

Lehigh Valley	Allfirst operates the 20th largest depository institution in the market, controlling deposits of approximately $108.1 million, representing approximately 1.4 percent of market deposits. M&T operates the 25th largest depository institution in the market, controlling deposits of approximately $44.3 million, representing less than 1 percent of market deposits. On consummation of the proposal, M&T would operate the 14th largest depository institution in the market, controlling deposits of approximately $152.5 million, representing approximately 2 percent of market deposits. The HHI would increase by 2 points to 1193.
Philadelphia	M&T operates the 15th largest depository institution in the market, controlling deposits of approximately $696.5 million, representing approximately less than 1 percent of market deposits. Allfirst operates the 95th largest depository institution in the market, controlling deposits of approximately $42.1 million, representing less than 1 percent of market deposits. On consummation of the proposal, M&T would operate the 15th largest depository institution in the market, controlling deposits of approximately $738.5 million, representing 1 percent of market deposits. The HHI would increase by 1 point to 1057.
Reading	Allfirst operates the fourth largest depository institution in the market, controlling deposits of approximately $525.6 million, representing approximately 12.1 percent of market deposits. M&T operates the 11th largest depository institution in the market, controlling deposits of approximately $110.9 million, representing 2.6 percent of market deposits. On consummation of the proposal, M&T would operate the fourth largest depository institution in the market, controlling deposits of approximately $636.5 million, representing 14.7 percent of market deposits. The HHI would increase by 71 points to 1333.

APPENDIX D—CONTINUED

York	Allfirst operates the largest depository institution in the market, controlling deposits of approximately $1.38 billion, representing approximately 24.9 percent of market deposits. M&T operates the 14th largest depository institution in the market, controlling deposits of approximately $61.3 million, representing approximately 1.1 percent of market deposits. On consummation of the proposal, M&T would operate the largest depository institution in the market, controlling deposits of approximately $1.44 billion, representing approximately 26 percent of market deposits. The HHI would increase by 55 points to 1227.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Bancolombia, S.A. Medellin, Colombia

Order Approving Establishment of an Agency

Bancolombia, S.A. ("Bank"), Medellin, Colombia, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. §3105(d)) to establish an agency in Miami, Florida. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish an agency in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Miami, Florida (*Miami Daily Business Review*, April 1, 2002). The time for filing comments has expired, and the application and all comments received have been considered.

Bank, with total consolidated assets of approximately $4.3 billion, is the largest commercial bank in Colombia.[1] Bank's shares are publicly traded in Colombia and the United States. Suramericana de Inversiones S.A. ("Suramericana"), a Colombian insurance company, and Compania de Cementos Argos, S.A. ("Argos"), a Colombian industrial company, control approximately 53 percent of Bank's shares.[2] Bank's remaining shares are widely held, with no individual or entity controlling more than 10 percent of voting shares.

Bank engages in commercial and retail banking and international trade services through more than 320 branches, and it engages in leasing, trust, fiduciary, asset management, investment banking, and securities brokerage services through several subsidiaries. In addition, Bank operates bank subsidiaries in Panama and the Cayman Islands. Bank does not have any operations in the United States.

The proposed agency would complement and expand Bank's current business. It primarily would offer corporate banking, correspondent banking, international trade, private banking, cash management, and portfolio investment services.

In order to approve an application by a foreign bank to establish an agency in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. §3105(d)(2); 12 C.F.R. 211.24).[3] The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. §3105(d)(3)–(4); 12 C.F.R. 211.24(c)(2)–(3)).

The IBA includes a limited exception to the general requirement relating to comprehensive, consolidated supervision (12 U.S.C. §3105(d)(6)). This exception provides that, if the Board is unable to find that a foreign bank seeking to establish a branch, agency, or commercial lending company is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate

1. Unless otherwise indicated all data are as of December 31, 2002.

2. Due to significant cross-shareholdings, Suramericana and Argos are subsidiaries of each other. Suramericana and Argos are part of a loosely associated group of Colombian financial services and industrial companies collectively referred to as Grupo Empresarial Antioqueno ("Grupo"). Other Grupo-associated companies own a combined 9.1 percent of Bank's voting shares. Grupo is not a legal entity and has no formal status under Colombian corporate, securities, or banking laws, although Grupo companies informally coordinate when making certain strategic business decisions. Suramericana and Argos are considered to control Bank for purposes of the Bank Holding Company Act of 1956, as amended ("BHC Act"), and the IBA and are considered to be "ultimate parents" of Bank for purposes of Regulation K. The 37.9 percent of Bank's voting shares not owned by Grupo-associated companies are widely held, with no single individual or entity owning 5 percent or more of voting shares.

3. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

authorities in its home country, the Board may nevertheless approve an application by such foreign bank if:

(i) The appropriate authorities in the home country of the foreign bank are actively working to establish arrangements for the consolidated supervision of such bank; and
(ii) All other factors are consistent with approval (12 U.S.C. §3105(d)(6)(A)).

In deciding whether to exercise its discretion to approve an application under authority of this exception, the Board shall also consider whether the foreign bank has adopted and implemented procedures to combat money laundering (12 U.S.C. §3105(d)(6)(B)). The Board also may take into account whether the home country of the foreign bank is developing a legal regime to address money laundering or is participating in multilateral efforts to combat money laundering (12 U.S.C. §3105(d)(6)(B)).

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues. With respect to supervision by home country authorities, the Board previously has determined, in connection with an application involving another bank in Colombia, that the bank's home country authorities were working to establish arrangements for the consolidated supervision of the bank.[4] Bank is supervised by the Colombia Superintendency of Banking on substantially the same terms and conditions as that other bank.

The Colombian government has taken a number of steps to combat money laundering. In the past decade, Colombia has enacted legislation to prevent money laundering and has established a regulatory infrastructure to assist this effort. Colombia has established a Financial Information and Analysis Unit in the Ministry of Finance, which is responsible for gathering and centralizing information from public and private entities in Colombia, as well as analyzing such information. The Prosecutor General's office has established a unit to investigate and prosecute money laundering cases and forfeiture actions. In addition, the Superintendency has issued circulars that require financial institutions to establish systems for the prevention of money laundering.

Colombia participates in international fora that address the issues of asset forfeiture and the prevention of money laundering. Colombia is a party to the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances ("Convention"), and the United States has certified that Colombia has taken adequate measures to achieve full compliance with the goals and objectives of the Convention. Colombia also has signed the U.N. Convention against Transnational Organized Crime and is a member of the Organization of American States Inter-American Drug Abuse Control Commission Experts Group to Control Money Laundering. Colombia is not a member of the Financial Action Task Force ("FATF"), although FATF's recommendations have been taken into account by Bank in developing its manuals, internal procedures, and training courses.

Bank has taken measures to ensure compliance with Colombian law and regulations, including implementing policies and procedures related to "know-your-customer" practices, suspicious transaction reporting, record keeping, and employee training.[5] An internal central compliance unit monitors Bank's adherence to these policies and procedures.

Based on all the facts of record, it has been determined that Bank's home country authorities are actively working to establish arrangements for the consolidated supervision of Bank, and that considerations relating to the steps taken by Bank and its home country to combat money laundering are consistent with approval under this standard.

The additional standards set forth in the IBA (12 U.S.C. §3105(d)(3)–(4); 12 C.F.R. 211.24(c)(2)) have also been taken into account. The Superintendency has no objection to the establishment of the proposed agency.

Bank must comply with the minimum capital standards of the Basel Capital Accord ("Accord"), as implemented by Colombia. Bank's capital is in excess of the minimum levels that would be required by the Accord and is considered equivalent to the capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed agency. Bank has established controls and procedures for the proposed agency to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

With respect to access to information about the operations of Bank and its parents, the restrictions on disclosure in relevant jurisdictions in which Bank and its parents operate have been reviewed and communications with relevant government authorities regarding access to information have been conducted. Bank and its parents have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the BHC Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law, Bank and its parents have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the Superintendency may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, Bank has provided adequate assurances of access to any necessary information that the Board may request.

4. *Banco de Bogota, S.A.*, 87 *Federal Reserve Bulletin* 552 (2001).

5. Bank's foreign bank subsidiaries have adopted the same policies and procedures for the prevention of money laundering.

On the basis of all the facts of record, and subject to the commitments made by Bank and its parents, as well as the terms and conditions set forth in this order, Bank's application to establish an agency should be, and hereby is, approved.[6] Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and its parents with the commitments made in connection with this application and with the conditions in this order.[7] The commitments and conditions referred to above are conditions imposed in writing in connection with this decision and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board, effective March 27, 2003.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

6. Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board. *See* 12 C.F.R. 265.7(d)(12).

7. The Board's authority to approve the establishment of the proposed agency parallels the continuing authority of the State of Florida to license offices of a foreign bank. The approval of this application does not supplant the authority of the State of Florida, or its agent, the Florida Department of Banking and Finance, to license the proposed office of Bank in accordance with any terms or conditions that it may impose.

DEPFA BANK plc
Dublin, Ireland

Order Approving Establishment of an Agency

DEPFA BANK plc ("Bank"), Dublin, Ireland, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish an agency in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish an agency in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in New York, New York (*New York Post,* October 3, 2002). The time for filing comments has expired, and all comments have been considered.

Bank, with total assets of approximately $146 billion, is the largest bank in Ireland.[1] Bank was formed in 2002 as part of a reorganization of the DEPFA Group. In that reorganization, the group's public finance business was separated from its real property business. Bank is the parent company of the public finance business, which includes DEPFA Deutsche Pfandbriefbank AG, Frankfurt, Germany. DEPFA Holding Verwaltungsgesellschaft mBH ("DEPFA Holding"), Düsseldorf, Germany, owns 40.8 percent of Bank. DEPFA Holding also owns 40.8 percent of Aareal Bank AG, Wiesbaden, Germany, which took over all the real property business formerly conducted by members of the DEPFA Group. DEPFA Holding is an investment vehicle for eight primarily financial institutions in Germany, Switzerland, and France. No other shareholder owns more than 5 percent of the shares of Bank. Bank is a qualifying foreign banking organization under Regulation K.

Bank currently operates a U.S. nonbanking subsidiary, DEPFA USA Inc., New York, New York, that provides research and advisory services in the areas of economics, banking, and capital markets.

Bank seeks to establish the New York agency to expand the range of services offered and activities in the United States. On establishment of the proposed agency, Bank intends to liquidate DEPFA USA Inc. and transfer its assets and business to the agency. In addition, the proposed agency would provide a range of services to U.S. municipalities and government-sponsored entities.

In order to approve an application by a foreign bank to establish an agency in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).[2] The Board may also take into account additional standards as set forth in the IBA

1. Asset data are as of June 30, 2002.

2. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

and Regulation K (12 U.S.C. §3105(d)(3)–(4); 12 C.F.R. 211.24(c)(2)–(3)).

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

With respect to supervision by home country authorities, the Federal Reserve previously has determined, in connection with applications involving other banks in Ireland, that those banks were subject to home country supervision on a consolidated basis.[3] Bank is supervised by the banking regulatory authorities in Ireland on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. §3105(d)(3)–(4); 12 C.F.R. 211.24(c)(2)–(3)). The home country supervisor of Bank has no objection to the establishment of the proposed agency.

Ireland's risk-based capital standards are consistent with those established by the Basel Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basel Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed agency. In addition, Bank has established controls and procedures for the proposed agency to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Ireland is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering. In accordance with these recommendations, Ireland has enacted laws and developed regulatory standards to deter money laundering. Money laundering is illegal in Ireland, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. Bank has policies and procedures to comply with these laws and regulations that are monitored by governmental entities responsible for anti-money laundering compliance.

With respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities regarding access to information. Bank and its ultimate parent, DEPFA Holding, have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank and DEPFA Holding have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank and DEPFA Holding have provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and DEPFA Holding, as well as the terms and conditions set forth in this order, Bank's application to establish an agency in New York, New York, is hereby approved.[4] Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application and with the conditions in this order.[5] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with this decision and may be enforced in proceedings under 12 U.S.C. §1818 against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board, effective March 21, 2003.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

The Wakashio Bank, Limited
Tokyo, Japan

Order Approving Establishment of Branches

The Wakashio Bank, Limited, Tokyo, Japan ("Wakashio"), a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. §3105(d)) to establish branches in Los Angeles and San Francisco, California, and New York,

3. *See Anglo Irish Bank Corporation plc*, 85 *Federal Reserve Bulletin* 587 (1999); *Allied Irish Banks, p.l.c.*, 83 *Federal Reserve Bulletin* 607 (1997); *Bank of Ireland*, 81 *Federal Reserve Bulletin* 511 (1995).

4. Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.

5. The Board's authority to approve the establishment of the proposed agency parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the New York State Banking Department to license the proposed agency of Bank in accordance with any terms or conditions that it may impose.

New York.[1] The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the Board's approval to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Los Angeles, California (*Los Angeles Times*, January 21, 2003); San Francisco, California (*San Francisco Chronicle*, January 21, 2003); and New York, New York (*New York Times*, January 28, 2003). The time for filing comments has expired, and all comments have been considered.[2]

Wakashio, with consolidated assets of approximately \$4 billion,[3] is a community bank that serves individuals and small businesses in the Tokyo metropolitan area. Wakashio was a subsidiary of Sumitomo Mitsui Banking Corporation ("SMBC"), also in Tokyo.[4] As part of an internal reorganization on January 17, 2003, Wakashio became a direct subsidiary of Sumitomo Mitsui Financial Group ("SMFG"), the top-tier holding company of SMBC.[5] SMBC plans to merge with and into Wakashio, with Wakashio as the surviving entity.[6]

SMBC has three branches in the United States that offer general commercial banking services for Japanese and U.S. corporate customers. On the merger of SMBC into Wakashio, New SMBC would acquire these branches.

The proposed branches would continue the operations and activities of the former SMBC branches. The transaction confers some accounting and regulatory benefits in Japan under standards applied by the Financial Services Agency of Japan ("FSA"). No expansion or restructuring of existing U.S. operations would result from the proposed reorganization. In addition, the proposal would not materially affect the management of SMBC's operations, including its subsidiary insured depository institution, in the United States. The corporate reorganization would be effected through the exchange of shares. No debt would be issued by Wakashio, SMBC, or any of its subsidiaries as part of the transactions that would effect the reorganization. This transaction results in no substantive change in the capital of SMBC.

In order to approve an application by a foreign bank to establish branches in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. §3105(d)(2); 12 C.F.R. 211.24).[7] The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. §3105(d)(3)–(4); 12 C.F.R. 211.24(c)(2)).

As noted above, Wakashio engages directly in the business of banking outside the United States. Wakashio also has provided the Board with information necessary to assess the relevant issues in the application. The Board has previously determined, in applications under the IBA and Bank Holding Company Act ("BHCA"), that certain Japanese commercial banks were subject to comprehensive consolidated supervision by their home country supervisor.[8] In this case, the Board has determined that on consummation of the transaction, New SMBC would be supervised on substantially the same terms and conditions as these banks.

Based on all the facts of record, the Board has determined that New SMBC would be subject to comprehensive supervision on a consolidated basis by its home country supervisor after consummation of the proposal.

The additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. §3105(d)(3)–(4); 12 C.F.R. 211.24(c)(2)) have also been taken into account. The FSA has no objection to the establishment of the proposed branches.

Japan has enacted laws, and the FSA has promulgated implementing regulations, designed to prevent money laundering. The laws and regulations require financial institutions, including savings banks, to establish and implement policies, procedures, and controls for preventing and detecting money laundering and to report certain cash transactions and suspicious transactions to appropriate authorities. Compliance with applicable laws and regulations is monitored by the FSA and the institution's external

1. The Board has separately approved Wakashio's application to become a bank holding company with respect to Manufacturers Bank, Los Angeles, California. *See The Wakashio Bank, Limited* (Order dated March 14, 2003) ("Section 3 Order").

2. One comment was received. *See* Section 3 Order for a discussion of the concerns expressed by the commenter.

3. Asset data are as of September 30, 2002. Dollar amounts are converted from Japanese yen at ¥121.65 = US \$1.

4. SMBC, with total consolidated assets equivalent to \$857.1 billion, ranks fourth among the world's commercial banks by assets.

5. SMFG was formed in December 2002.

6. Wakashio would be renamed Sumitomo Mitsui Banking Corporation ("New SMBC") on consummation of the merger.

7. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

8. *See The Sumitomo Bank, Limited*, 82 *Federal Reserve Bulletin* 369 (1996); *Mizuho Holdings, Inc.*, 86 *Federal Reserve Bulletin* 776 (2000); *UJF Holdings, Inc.*, 87 *Federal Reserve Bulletin* 270 (2001); and *Mitsubishi Tokyo Financial Group, Inc.*, 87 *Federal Reserve Bulletin* 349 (2001).

auditors. Wakashio has policies and procedures to comply with these laws and regulations.

Financial factors are considered consistent with approval of this non-expansionary reorganization. Managerial resources of Wakashio also are considered consistent with approval, and Wakashio appears to have the experience and capacity to support the proposed branches. In addition, Wakashio has established controls and procedures for the proposed branches to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

With respect to access to information about Wakashio's operations, the restrictions on disclosure in relevant jurisdictions in which Wakashio operates have been reviewed and the relevant government authorities have been communicated with regarding access to information. Wakashio has committed to make available to the Board such information on the operations of New SMBC and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the BHCA, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Wakashio has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the FSA may share information on Wakashio's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board has determined that Wakashio has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Wakashio, and the terms and conditions set forth in this order, Wakashio's application to establish branches is hereby approved. Should any restrictions on access to information on the operations or activities of New SMBC and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by New SMBC or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of New SMBC's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by New SMBC with the commitments made in connection with the application and with the conditions in this order.[9] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with this decision and may be enforced in proceedings under 12 U.S.C. § 1818 against New SMBC and its affiliates.

By order of the Board of Governors, effective March 14, 2003.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

9. The authority to approve the establishment of the proposed branches parallels the continuing authority of the States of California and New York to license offices of a foreign bank. The approval of this application does not supplant the authority of those states or their agents, the California Department of Financial Institutions or the New York State Banking Department ("Departments"), to license the proposed offices of New SMBC in accordance with any terms or conditions that the Departments may impose.

Legal Developments continue on page 240.

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
ABM Holding Company, Miltonvale, Kansas	Citizens State Bank, Miltonvale, Kansas	Kansas City	March 12, 2003
Bank of Commerce Holdings, Inc., Sarasota, Florida	The Bank of Commerce, Sarasota, Florida	Atlanta	March 14, 2003
Bank of Granite Corporation, Granite Falls, North Carolina	First Commerce Corporation, Charlotte, North Carolina	Richmond	March 6, 2003
BNW Bancorp, Inc., Bellingham, Washington	Bank NorthWest, Bellingham, Washington	San Francisco	March 5, 2003
Cera Stichting VZW, Belgium Cera Beheersmaatschappij N.V., Belgium Cera Holding CVBA, Belgium Almancora CVA, Belgium Almanij N.V., Belgium KBC Bankverzekeringsholding N.V., Belgium KBC Bank N.V., Belgium	LBS Bank, New York, New York Nova Ljubljanska Banka d.d, Ljubljana, Slovenia	New York	March 24, 2003
First Bancorp, Inc., Lebanon, Virginia	First Commonwealth Bank, Wise, Virginia	Richmond	March 20, 2003
First Banks, Inc., St. Louis, Missouri	Bank of Ste. Genevieve, Sainte Genevieve, Missouri Allegiant Bancorp, Inc., St. Louis, Missouri	St. Louis	March 3, 2003
First National Bancorp, Inc., Libby, Montana	Montana First National Bancorporation, Kalispell, Montana Montana First National Bank, Kalispell, Montana	Minneapolis	March 19, 2003
F.N.B. Corporation, Naples, Florida	Charter Banking Corporation, Tampa, Florida Southern Exchange Bank, Tampa, Florida	Atlanta	March 15, 2003
Foundation Bancorp, Inc., Bellevue, Washington	Foundation Bank, Bellevue, Washington	San Francisco	March 5, 2003
Georgia Commerce Bancshares, Inc., Atlanta, Georgia	Georgia Commerce Bank, Atlanta, Georgia	Atlanta	March 5, 2003
Healthcare Bancorp, Inc., Broken Arrow, Oklahoma	First BankCentre, Broken Arrow, Oklahoma	Kansas City	March 21, 2003
Heritage Bancshares, Inc., Topeka, Kansas	Heritage Bank, Topeka, Kansas	Kansas City	March 21, 2003
Interchange Financial Services Corporation, Saddle Brook, New Jersey	Bridge View Bancorp, Englewood Cliffs, New Jersey	New York	March 19, 2003

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Liberty Financial Services, Inc., Sioux City, Iowa	Liberty National Bank, Sioux City, Iowa Frontier Bank, Rock Rapids, Iowa Rock Rivers Bancorp., Rock Rapids, Iowa	Chicago	February 28, 2003
Mechanics Banc Holding Company, Water Valley, Mississippi	Mechanics Bank, Water Valley, Mississippi	St. Louis	March 6, 2003
Morton Bancorp, Inc., Morton, Mississippi	Bank of Morton, Morton, Mississippi	Atlanta	March 6, 2003
Putnam Bancorp MHC, Inc., Putnam, Connecticut PSB Holdings, Inc., Putnam, Connecticut	Putnam Savings Bank, Putnam, Connecticut	Boston	March 11, 2003
Ruff Management, LLC, Longview, Texas	Ruff Family Partners, Ltd., Longview, Texas	Dallas	March 19, 2003
Surrey Bancorp, Mount Airy, North Carolina	Surrey Bank & Trust, Mount Airy, North Carolina	Richmond	March 6, 2003
United Community Banks, Inc., Blairsville, Georgia	First Georgia Holding, Inc., Brunswick, Georgia First Georgia Bank, Brunswick, Georgia	Atlanta	March 14, 2003
Uwharrie Capital Corp., Albemarle, North Carolina	Cabarrus Bank & Trust Company, Concord, North Carolina	Richmond	March 19, 2003
VSB Bancorp, Inc., Staten Island, New York	Victory State Bank, Staten Island, New York	New York	February 28, 2003
Waumandee Bancshares, Ltd., Waumandee, Wisconsin	Waumandee State Bank, Waumandee, Wisconsin	Minneapolis	March 11, 2003

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
FNB Corp., Asheboro, North Carolina	Dover Mortgage Company, Charlotte, North Carolina	Richmond	March 25, 2003
Integra Bank Corporation, Evansville, Indiana	Integra Reinsurance Company, Ltd., Turks and Caicos Islands, British West Indies Integra Bank, National Association, Evansville, Indiana	St. Louis	March 7, 2003
Ocean Bankshares, Inc., Miami, Florida	Ocean Bank, Miami, Florida	Atlanta	March 12, 2003
SSB Holding Co., Inc., Baxter, Iowa	To engage *de novo* in the nonbanking activity of extending credit and servicing loans	Chicago	March 11, 2003

APPLICATIONS APPROVED UNDER BANK MERGER ACT By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Bridge View Bank, Englewood Cliffs, New Jersey	Interchange Bank, Saddle Brook, New Jersey	New York	March 19, 2003
First Bank, Creve Coeur, Missouri	First Bank & Trust, San Francisco, California	St. Louis	March 14, 2003
The First Bank and Trust Company, Lebanon, Virginia	First Commonwealth Bank, Wise, Virginia	Richmond	March 20, 2003
State Bank of La Crosse, La Crosse, Wisconsin	First National Bank, La Crescent, Minnesota	Minneapolis	March 21, 2003

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Sedgwick v. United States, No. 02-5378 (D.C. Circuit, filed November 26, 2002). Appeal of the dismissal of appellant's claim for a declaratory judgment under the Federal Tort Claims Act and the Constitution regarding the banking agencies' alleged failure to intervene on his behalf in civil litigation involving a regulated institution. On March 20, 2003, the court of appeals summarily affirmed the district court's dismissal of the action.

Albrecht v. Board of Governors, No. 02-5325 (D.C. Cir., filed October 18, 2002). Appeal of district court order dismissing challenge to the method of funding of the retirement plan for certain Board employees.

Caesar v. United States, No. 02-0612 (EGS) (D.D.C.), removed on April 1, 2002 from No. 02-1502 (D.C. Superior Court, originally filed March 1, 2002). Action seeking damages for personal injury. On March 30, 2003, the district court granted the government's motion to dismiss the action.

Community Bank & Trust v. United States, No. 01-571C (Ct. Fed. Cl., filed October 3, 2001). Action challenging on constitutional grounds the failure to pay interest on reserve accounts held at Federal Reserve Banks.

Artis v. Greenspan, No. 01-CV-0400 (EGS) (D.D.C., complaint filed February 22, 2001). Employment discrimination action. On August 15, 2001, the district court consolidated the action with *Artis v. Greenspan,* No. 99-CV-2073 (EGS) (D.D.C., filed August 3, 1999), also an employment discrimination action.

Fraternal Order of Police v. Board of Governors, No. 1:98CV03116 (WBB)(D.D.C., filed December 22, 1998). Declaratory judgment action challenging Board regulation on labor-management relations at Reserve Banks.

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

Reported by Banks in the United States

Reported by Nonbanking Business Enterprises in the United States

Securities Holdings and Transactions

Interest and Exchange Rates

Guide to Tables

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears in column heading when about half the figures in the column have been revised from the most recently published table.)
*	Amount insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is in millions)
0	Calculated to be zero
. . .	Cell not applicable
ABS	Asset-backed security
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
CRA	Community Reinvestment Act of 1977
FAMC	Federal Agricultural Mortgage Corporation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSA	Farm Service Agency
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GDP	Gross domestic product
GNMA	Government National Mortgage Association
GSE	Government-sponsored enterprise
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IOs	Interest only, stripped, mortgage-backed securities
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NAICS	North American Industry Classification System
NOW	Negotiable order of withdrawal
OCDs	Other checkable deposits
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PMI	Private mortgage insurance
POs	Principal only, stripped, mortgage-backed securities
REIT	Real estate investment trust
REMICs	Real estate mortgage investment conduits
RHS	Rural Housing Service
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
TIIS	Treasury inflation-indexed securities
VA	Department of Veterans Affairs

GENERAL INFORMATION

In many of the tables, components do not sum to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the U.S. Treasury.

"State and local government" also includes municipalities, special districts, and other political subdivisions.

1.10 RESERVES AND MONEY STOCK MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	2002				2002			2003	
	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.	Jan.[r]	Feb.
Reserves of depository institutions[2]									
1 Total	−12.6	−13.5	−2.0	.3	−2.1	15.4	13.0	14.7	4.4
2 Required	−12.3	−12.4	−4.8	−2.1	−4.5	13.9	1.6	26.0	−3.1
3 Nonborrowed	−12.2	−14.0	−3.5	1.2	.6	11.5	19.0	16.3	4.4
4 Monetary base[3]	8.8	7.5	6.9	5.0	5.1	5.7	7.5	6.7	10.0
Concepts of money[4]									
5 M1	5.7	−.6	3.1	4.5	11.2	−.9	7.8	1.7	19.3
6 M2	6.7	4.1	9.1	7.1	8.3	8.1	3.2	6.0	11.2
7 M3	5.8	4.1	7.7	7.5	.8	17.2	7.5[r]	−.7	7.7
Nontransaction components									
8 In M2[5]	7.0	5.4	10.8	7.8	7.5	10.5	1.9	7.2	9.1
9 In M3 only[6]	3.8	4.2	4.5	8.2	−15.3	37.2	16.9[r]	−15.2	.2
Time and savings deposits									
Commercial banks									
10 Savings, including MMDAs	20.4	15.1	20.1	16.9	14.3	20.9	3.6	18.6	15.8
11 Small time[7]	−16.1	−6.3	−6.3	−9.1	−8.7	−7.3	−9.0	−8.0	−8.5
12 Large time[8,9]	5.1	12.4	3.7	−4.0	9.9	−13.3	−32.6	14.6	18.4
Thrift institutions									
13 Savings, including MMDAs	31.0	24.0	20.5	20.5	22.3	13.9	21.7	21.3	26.9
14 Small time[7]	−12.3	−16.6	−12.3	−6.5[r]	−5.9	−4.4	−2.8[r]	−5.2	−6.8
15 Large time[8]	1.5	−8.1	−3.2	11.1	10.7	16.9	15.6	13.4	2.0
Money market mutual funds									
16 Retail	−7.8	−9.2	4.7	−4.4	−2.8	1.9	−8.0	−14.6	−3.7
17 Institution-only	3.5	3.9	−.8	1.9	−41.3	68.7	25.0	−35.3	−20.1
Repurchase agreements and eurodollars									
18 Repurchase agreements[10]	3.0	−.7	27.5	45.0	−4.8	55.3	77.7	−23.8	34.0
19 Eurodollars[10]	3.6	−4.7	.2	14.6[r]	11.6	12.0	7.9[r]	10.1	−19.0

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding during preceding month or quarter.

2. Figures incorporate adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements (See also table 1.20.)

3. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

4. Composition of the money stock measures is as follows:

M1: (1) currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float, and (4) other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2: M1 plus (1) savings (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds.

Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more), (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

5. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances, each seasonally adjusted separately.

6. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) eurodollars (overnight and term) of U.S. addressees, each seasonally adjusted separately.

7. Small time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRA and Keogh account balances at commercial banks and thrift institutions are subtracted from small time deposits.

8. Large time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

9. Large time deposits at commercial banks less those held by money market funds, depository institutions, the U.S. government, and foreign banks and official institutions.

10. Includes both overnight and term.

1.11 RESERVE BALANCES OF DEPOSITORY INSTITUTIONS[1]

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2002	2003		2003						
	Dec.	Jan.	Feb.	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	690,026	694,979	696,613	692,996	696,984	690,574	694,474	691,400	701,766	696,923
2 Securities held outright	621,828	629,416	631,830	629,416	629,416	629,416	629,415	629,951	631,009	634,932
3 U.S. Treasury[2]	621,818	629,406	631,820	629,406	629,406	629,406	629,405	629,941	630,999	634,922
4 Bills[3]	219,169	226,682	228,026	226,682	226,682	226,682	226,682	226,941	227,294	230,030
5 Notes and bonds, nominal[3]	389,156	389,219	390,305	389,219	389,219	389,219	389,219	389,504	390,217	391,412
6 Notes and bonds, inflation-indexed[3]	12,242	12,242	12,242	12,242	12,242	12,242	12,242	12,242	12,242	12,242
7 Inflation compensation[4]	1,251	1,263	1,247	1,263	1,263	1,263	1,261	1,253	1,245	1,238
8 Federal agency[3]	10	10	10	10	10	10	10	10	10	10
9 Repurchase agreements[5]	29,476	25,395	24,558	24,428	27,036	20,143	24,393	19,285	30,067	23,321
10 Loans to depository institutions	89	28	19	16	19	52	15	31	19	13
11 Primary credit[6]	0	15	15	6	12	45	11	28	14	10
12 Secondary credit[6]	0	0	0	0	0	0	0	0	0	0
13 Seasonal credit	46	11	4	11	7	7	4	3	5	4
14 Adjustment credit[6]	42	2	0	0	0	0	0	0	0	0
15 Float	604	565	977	−291	786	744	577	1,698	831	1,322
16 Other Federal Reserve assets	38,029	39,575	39,229	39,426	39,726	40,220	40,074	40,436	39,840	37,335
17 Gold stock	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043
18 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
19 Treasury currency outstanding	34,539	34,597	34,650	34,597	34,597	34,597	34,597	34,630	34,657	34,684
ABSORBING RESERVE FUNDS										
20 Currency in circulation	678,660	677,745	680,336	676,426	675,941	674,782	675,778	678,459	682,830	682,262
21 Reverse repurchase agreements[7]	12,862	18,534	18,222	18,152	18,567	18,397	18,483	18,949	17,925	17,738
22 Foreign official and international accounts	12,862	18,534	17,954	18,152	18,567	18,397	18,483	17,878	17,925	17,738
23 Dealers	0	0	268	0	0	0	0	1,071	0	0
24 Treasury cash holdings	370	366	354	369	368	360	360	356	358	347
25 Deposits with Federal Reserve Banks, other than reserve balances	16,074	17,053	16,236	16,755	17,637	18,034	16,456	15,954	16,157	16,510
26 U.S. Treasury, general account	4,891	5,773	5,053	5,244	6,133	7,162	5,392	4,681	5,048	5,249
27 Foreign official	134	126	125	173	113	114	108	115	132	111
28 Service-related	10,808	10,907	10,819	11,128	11,166	10,538	10,724	10,918	10,730	10,904
29 Required clearing balances	10,407	10,484	10,330	10,538	10,539	10,355	10,355	10,317	10,315	10,337
30 Adjustments to compensate for float	402	423	489	590	627	183	368	601	415	567
31 Other	242	247	239	210	225	221	232	239	247	245
32 Other liabilities and capital	20,061	19,651	19,664	19,738	19,916	19,873	19,513	19,450	19,659	19,964
33 Reserve balances with Federal Reserve Banks[8]	9,781	9,469	9,693	9,395	12,395	6,968	11,724	6,104	12,738	8,029

Factor	End-of-month figures			Wednesday figures						
	Dec.	Jan.	Feb.	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	708,078	697,826	701,055	698,283	711,435	692,303	687,800	691,731	706,863	700,685
2 Securities held outright	629,416	629,416	636,921	629,416	629,416	629,416	629,411	630,957	631,273	636,006
3 U.S. Treasury[2]	629,406	629,406	636,911	629,406	629,406	629,406	629,401	630,947	631,263	635,996
4 Bills[3]	226,682	226,682	230,843	226,682	226,682	226,682	226,682	227,238	227,561	230,606
5 Notes and bonds, nominal[3]	389,219	389,219	392,593	389,219	389,219	389,219	389,219	390,217	390,217	391,913
6 Notes and bonds, inflation-indexed[3]	12,242	12,242	12,242	12,242	12,242	12,242	12,242	12,242	12,242	12,242
7 Inflation compensation[4]	1,263	1,263	1,233	1,263	1,263	1,263	1,257	1,250	1,242	1,235
8 Federal agency[3]	10	10	10	10	10	10	10	10	10	10
9 Repurchase agreements[5]	39,500	24,750	26,900	30,000	36,750	20,500	27,750	20,746	34,496	25,750
10 Loans to depository institutions	40	7	5	15	13	11	15	4	17	6
11 Primary credit[6]	0	1	1	5	6	4	13	0	13	1
12 Secondary credit[6]	0	0	0	0	0	0	0	0	0	0
13 Seasonal credit	31	6	4	10	7	7	2	4	4	5
14 Adjustment credit[6]	9	0	0	0	0	0	0	0	0	0
15 Float	418	3,768	4	−507	5,372	1,961	−9,649	−516	3,838	1,307
16 Other Federal Reserve assets	38,703	39,884	37,225	39,359	39,884	40,414	40,273	40,541	37,239	37,616
17 Gold stock	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043
18 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
19 Treasury currency outstanding	34,597	34,597	34,710	34,597	34,597	34,597	34,597	34,630	34,657	34,684
ABSORBING RESERVE FUNDS										
20 Currency in circulation	687,518	674,736	681,634	676,076	676,437	675,733	677,992	681,216	684,226	682,915
21 Reverse repurchase agreements[7]	21,091	18,370	18,018	17,813	18,523	18,466	17,986	17,604	17,850	17,421
22 Foreign official and international accounts	21,091	18,370	18,018	17,813	18,523	18,466	17,986	17,604	17,850	17,421
23 Dealers	0	0	0	0	0	0	0	0	0	0
24 Treasury cash holdings	367	361	343	369	360	361	356	360	348	343
25 Deposits with Federal Reserve Banks, other than reserve balances	16,356	16,558	15,406	16,785	17,635	17,882	16,782	14,777	15,553	16,246
26 U.S. Treasury, general account	4,420	5,509	4,268	5,192	6,119	7,030	5,664	3,527	4,407	4,950
27 Foreign official	136	102	224	253	122	100	148	103	134	154
28 Service-related	10,648	10,724	10,721	11,128	11,166	10,538	10,724	10,918	10,730	10,904
29 Required clearing balances	10,534	10,356	10,336	10,538	10,539	10,355	10,355	10,317	10,315	10,337
30 Adjustments to compensate for float	114	368	385	590	627	183	368	601	415	567
31 Other	1,152	223	193	213	228	214	246	228	281	238
32 Other liabilities and capital	18,977	19,478	19,739	19,631	19,549	19,574	19,274	19,265	19,665	19,699
33 Reserve balances with Federal Reserve Banks[8]	11,608	16,163	13,868	15,449	26,771	8,127	3,250	6,383	17,121	11,988

1. Amounts of vault cash held as reserves are shown in table 1.12, line 2.
2. Includes securities lent to dealers, which are fully collateralized by other U.S. Treasury securities.
3. Face value of the securities.
4. Compensation that adjusts for the effect of inflation on the original face value of inflation-indexed securities.
5. Cash value of agreements, which are fully collateralized by U.S. Treasury and federal agency securities.
6. The Federal Reserve Banks began offering primary credit and secondary credit on January 9, 2003. The adjustment credit program was discontinued.
7. Cash value of agreements, which are fully collateralized by U.S. Treasury securities. The Federal Reserve Banks began using these agreements on December 13, 2002.
8. Excludes required clearing balances and adjustments to compensate for float.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	2000	2001	2002	2002					2003	
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Reserve balances with Reserve Banks[2]	7,022	9,053	9,873	8,520	8,731	8,836	9,695	9,873	10,004	9,807
2 Total vault cash[3]	45,245	43,919	43,334	42,892	42,231	42,933	42,144	43,334	46,210	45,939
3 Applied vault cash[4]	31,451	32,024	30,300	31,335	30,176	29,849	29,446	30,300	32,738	32,066
4 Surplus vault cash[5]	13,794	11,895	13,033	11,557	12,055	13,084	12,698	13,033	13,471	13,873
5 Total reserves[6]	38,473	41,077	40,173	39,854	38,907	38,685	39,141	40,173	42,743	41,873
6 Required reserves	37,046	39,428	38,176	38,217	37,431	37,134	37,525	38,176	41,082	39,966
7 Excess reserve balances at Reserve Banks[7]	1,427	1,649	1,997	1,637	1,476	1,550	1,616	1,997	1,660	1,908
8 Total borrowing at Reserve Banks	210	67	80	333	229	143	272	80	27	25
9 Primary	...	...	...	...	...	...	...	...	12	21
10 Secondary	...	...	...	...	...	...	...	...	0	0
11 Seasonal	111	33	45	185	169	120	60	45	13	5
12 Adjustment	99	34	35	148	60	23	211	35	2	...

Reserve classification	Biweekly averages of daily figures for two-week periods ending on dates indicated									
	2002					2003				
	Oct. 30	Nov. 13	Nov. 27	Dec. 11	Dec. 25	Jan. 8	Jan. 22	Feb. 5	Feb. 19	Mar. 5
1 Reserve balances with Reserve Banks[2]	9,634	8,864	10,497	9,559	10,408	9,200	10,894	9,336	9,431	10,654
2 Total vault cash[3]	42,465	41,720	42,605	41,827	43,740	45,148	44,363	50,026	46,005	43,567
3 Applied vault cash[4]	30,573	28,302	30,514	29,419	30,292	31,935	31,500	35,378	30,911	32,024
4 Surplus vault cash[5]	11,892	13,418	12,092	12,408	13,448	13,213	12,863	14,648	15,095	11,543
5 Total reserves[6]	40,207	37,166	41,010	38,978	40,700	41,135	42,394	44,714	40,342	42,678
6 Required reserves	38,688	35,492	39,441	37,394	38,225	39,495	40,631	43,196	38,009	41,215
7 Excess reserve balances at Reserve Banks[7]	1,519	1,674	1,569	1,583	2,475	1,640	1,763	1,518	2,332	1,463
8 Total borrowing at Reserve Banks	111	366	214	133	57	36	18	34	25	21
9 Primary	...	...	...	...	...	...	9	28	21	17
10 Secondary	...	...	...	...	...	...	0	0	0	0
11 Seasonal	107	67	57	50	48	29	9	6	4	5
12 Adjustment	4	299	157	83	10	8	...	...	...	...

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Vault cash eligible to satisfy reserve requirements. It includes only vault cash held by those banks and thrift institutions that are not exempt from reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Primary credit[1]			Secondary credit[2]			Seasonal credit[3]		
	On 4/11/03	Effective date	Previous rate	On 4/11/03	Effective date	Previous rate	On 4/11/03	Effective date	Previous rate
Boston	2.25	1/9/03	n/a	2.75	1/9/03	n/a	1.25	4/3/03	1.20
New York									
Philadelphia									
Cleveland									
Richmond									
Atlanta									
Chicago									
St. Louis									
Minneapolis									
Kansas City									
Dallas									
San Francisco	2.25	1/9/03	n/a	2.75	1/9/03	n/a	1.25	4/3/03	1.25

Range of rates for primary credit

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Jan. 9, 2003 (beginning of program)	2.25	2.25						

Range of rates for adjustment credit in recent years[4]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1995	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 3	5.00	5.00
1998—Oct. 15	4.75–5.00	4.75
16	4.75	4.75
Nov. 17	4.50–4.75	4.50
19	4.50	4.50
1999—Aug. 24	4.50–4.75	4.75
26	4.75	4.75
Nov. 16	4.75–5.00	4.75
18	5.00	5.00

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
2000—Feb. 2	5.00–5.25	5.25
4	5.25	5.25
Mar. 21	5.25–5.50	5.50
23	5.50	5.50
May 16	5.50–6.00	5.50
19	6.00	6.00
2001—Jan. 3	5.75–6.00	5.75
4	5.50–5.75	5.50
5	5.50	5.50
31	5.00–5.50	5.00
Feb. 1	5.00	5.00
Mar. 20	4.50–5.00	4.50
21	4.50	4.50
Apr. 18	4.00–4.50	4.00
20	4.00	4.00
2001—May 15	3.50–4.00	3.50
17	3.50	3.50

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
2001—June 27	3.25–3.50	3.25
29	3.25	3.25
Aug. 21	3.00–3.25	3.00
23	3.00	3.00
Sept. 17	2.50–3.00	2.50
18	2.50	2.50
Oct. 2	2.00–2.50	2.00
4	2.00	2.00
Nov. 6	1.50–2.00	1.50
8	1.50	1.50
Dec. 11	1.25–1.50	1.25
13	1.25	1.25
2002—Nov. 6	0.75–1.25	0.75
7	0.75	0.75
In effect Jan. 8, 2003 (end of program)	0.75	0.75

1. Available for very short terms as a backup source of liquidity to depository institutions that are in generally sound financial condition in the judgment of the lending Federal Reserve Bank.
2. Available in appropriate circumstances to depository institutions that do not qualify for primary credit.
3. Available to help relatively small depository institutions meet regular seasonal needs for funds that arise from a clear pattern of intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates charged by market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period.
4. Was available until January 8, 2003, to help depository institutions meet temporary needs for funds that could not be met through reasonable alternative sources. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941,* and *1941–1970*; and the *Statistical Digest, 1970–1979, 1980–1989,* and *1990–1995*. See also the Board's Statistics: Releases and Historical Data web pages (http://www.federalreserve.gov/releases/H15/data.htm).

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$6 million[3]	0	12/26/02
2 More than $6 million–$42.1 million[4]	3	12/26/02
3 More than $42.1 million[5]	10	12/26/02
4 Nonpersonal time deposits[6]	0	12/27/90
5 Eurocurrency liabilities[7]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under the Monetary Control Act of 1980, depository institutions include commercial banks, savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorized transfers for the purpose of making payments to third persons or others. However, accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month (of which no more than three may be by check, draft, debit card, or similar order payable directly to third parties) are savings deposits, not transaction accounts.

3. Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 26, 2002, for depository institutions that report weekly, and with the period beginning January 16, 2003, for institutions that report quarterly, the exemption was raised from $5.7 million to $6.0 million.

4. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 26, 2002, for depository institutions that report weekly, and with the period beginning January 16, 2003, for institutions that report quarterly, the amount was increased from $41.3 million to $42.1 million.

5. The reserve requirement was reduced from 12 percent to 10 percent on April 2, 1992, for institutions that report weekly, and on April 16, 1992, for institutions that report quarterly.

6 For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years was reduced from 3 percent to 1.5 percent for the maintenance period that began December 13, 1990, and to zero for the maintenance period that began December 27, 1990. For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years was reduced from 3 percent to zero on January 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1.5 years or more has been zero since October 6, 1983.

7. The reserve requirement on eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

	Type of transaction and maturity	2000	2001	2002	2002						2003
					July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	U.S. TREASURY SECURITIES[2]										
	Outright transactions (excluding matched transactions)										
	Treasury bills										
1	Gross purchases	8,676	15,503	21,421	4,838	529	750	0	250	0	0
2	Gross sales	0	0	0	0	0	0	0	0	0	0
3	Exchanges	477,904	542,736	657,931	45,828	63,083	53,314	62,947	51,394	53,374	71,075
4	For new bills	477,904	542,736	657,931	45,828	63,083	53,314	62,947	51,394	53,374	71,075
5	Redemptions	24,522	10,095	0	0	0	0	0	0	0	0
	Others within one year										
6	Gross purchases	8,809	15,663	12,720	1,104	445	1,286	0	0	0	0
7	Gross sales	0	0	0	0	0	0	0	0	0	0
8	Maturity shifts	62,025	70,336	89,108	11,052	8,987	11,174	6,143	3,688	13,448	6,216
9	Exchanges	-54,656	-72,004	-92,075	-14,183	-5,040	-15,189	-5,435	-1,419	-12,059	-6,834
10	Redemptions	3,779	16,802	0	0	0	0	0	0	0	0
	One to five years										
11	Gross purchases	14,482	22,814	12,748	1,755	1,921	0	0	0	339	0
12	Gross sales	0	0	0	0	0	0	0	0	0	0
13	Maturity shifts	-52,068	-45,211	-73,093	-11,052	-629	-11,174	-6,143	-2,380	-13,448	-6,216
14	Exchanges	46,177	64,519	88,276	13,283	3,396	15,189	5,435	1,308	12,059	6,834
	Five to ten years										
15	Gross purchases	5,871	6,003	5,074	577	690	51	0	0	314	0
16	Gross sales	0	0	0	0	0	0	0	0	0	0
17	Maturity shifts	-6,801	-21,063	-11,588	0	-6,714	0	0	722	0	0
18	Exchanges	6,585	6,063	3,800	900	1,645	0	0	111	0	0
	More than ten years										
19	Gross purchases	5,833	8,531	2,280	63	80	0	0	0	0	0
20	Gross sales	0	0	0	0	0	0	0	0	0	0
21	Maturity shifts	-3,155	-4,062	-4,427	0	-1,645	0	0	-2,030	0	0
22	Exchanges	1,894	1,423	0	0	0	0	0	0	0	0
	All maturities										
23	Gross purchases	43,670	68,513	54,242	8,336	3,665	2,087	0	250	653	0
24	Gross sales	0	0	0	0	0	0	0	0	0	0
25	Redemptions	28,301	26,897	0	0	0	0	0	0	0	0
	Matched transactions										
26	Gross purchases	4,415,905	4,722,667	4,981,624	513,400	495,729	449,250	429,029	378,381	195,565	0
27	Gross sales	4,397,835	4,724,743	4,958,437	511,902	497,031	449,986	425,399	377,535	175,820	0
	Repurchase agreements										
28	Gross purchases	0	0	0	0	0	0	0	0	0	0
29	Gross sales	0	0	0	0	0	0	0	0	0	0
	Reverse repurchase agreements										
30	Gross purchases	0	0	0	0	0	0	0	0	231,272	392,530
31	Gross sales	0	0	0	0	0	0	0	0	252,363	389,810
32	Net change in U.S. Treasury securities	33,439	39,540	77,430	9,834	2,363	1,351	3,630	1,096	-693	2,720
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
33	Gross purchases	0	0	0	0	0	0	0	0	0	0
34	Gross sales	0	0	0	0	0	0	0	0	0	0
35	Redemptions	51	120	0	0	0	0	0	0	0	0
	Repurchase agreements										
36	Gross purchases	0	0	0	0	0	0	0	0	0	0
37	Gross sales	0	0	0	0	0	0	0	0	0	0
38	Net change in federal agency obligations	-51	-120	0	0	0	0	0	0	0	0
	TRIPARTY OBLIGATIONS										
	Repurchase agreements										
39	Gross purchases	890,236	1,497,713	1,143,126	68,750	84,000	93,500	72,000	113,501	112,750	135,749
40	Gross sales	987,501	1,490,838	1,153,876	81,250	80,500	94,750	77,250	101,501	101,750	150,499
41	Net change in triparty obligations	-97,265	6,875	-10,750	-12,500	3,500	-1,250	-5,250	12,000	11,000	-14,750
42	**Total net change in System Open Market Account**	**-63,877**	**46,295**	**66,680**	**-2,666**	**5,863**	**101**	**-1,620**	**13,096**	**10,307**	**-12,030**

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account, all other figures increase such holdings.

2. Transactions exclude changes in compensation for the effects of inflation on the principal of inflation-indexed securities. Transactions include the rollover of inflation compensation into new securities.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	2003					2002	2003	
	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26	Dec.	Jan.	Feb.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	1,111	1,134	1,142	1,123	1,100	988	1,148	1,104
4 Securities, repurchase agreements, and loans	649,927	657,177	651,707	665,786	661,761	668,956	654,173	663,826
5 Securities held outright	629,416	629,411	630,957	631,273	636,006	629,416	629,416	636,921
6 U.S. Treasury[2]	629,406	629,401	630,947	631,263	635,996	629,406	629,406	636,911
7 Bills[3]	226,682	226,682	227,238	227,561	230,606	226,682	226,682	230,843
8 Notes and bonds, nominal[3]	389,219	389,219	390,217	390,217	391,913	389,219	389,219	392,593
9 Notes and bonds, inflation-indexed[3]	12,242	12,242	12,242	12,242	12,242	12,242	12,242	12,242
10 Inflation compensation[4]	1,263	1,257	1,250	1,242	1,235	1,263	1,263	1,233
11 Federal agency[3]	10	10	10	10	10	10	10	10
12 Repurchase agreements[5]	20,500	27,750	20,746	34,496	25,750	39,500	24,750	26,900
13 Loans	11	15	4	17	6	40	7	5
14 Items in process of collection	9,250	8,959	7,829	14,167	9,197	10,291	9,038	6,051
15 Bank premises	1,543	1,539	1,541	1,557	1,557	1,543	1,540	1,554
16 Other assets	38,747	38,611	38,833	35,548	36,130	37,031	38,225	35,745
17 Denominated in foreign currencies[6]	17,299	17,178	16,977	17,180	17,330	16,913	17,075	17,246
18 All other[7]	21,448	21,432	21,856	18,368	18,800	20,118	21,151	18,499
19 **Total assets**	**713,818**	**720,659**	**714,292**	**731,420**	**722,984**	**732,048**	**717,363**	**721,519**
LIABILITIES								
20 Federal Reserve notes, net of F.R. Bank holdings	642,604	644,880	648,083	651,036	649,670	654,272	641,644	648,366
21 Reverse repurchase agreements[8]	18,466	17,986	17,604	17,850	17,421	21,091	18,370	18,018
22 Deposits	25,671	29,814	21,565	32,828	28,898	28,249	31,982	29,446
23 Depository institutions	18,327	23,756	17,707	28,006	23,556	22,541	26,147	24,761
24 U.S. Treasury, general account	7,030	5,664	3,527	4,407	4,950	4,420	5,509	4,268
25 Foreign official	100	148	103	134	154	136	102	224
26 Other	214	246	228	281	238	1,152	223	193
27 Deferred availability cash items	7,503	8,704	7,775	10,040	7,296	9,459	5,890	5,950
28 Other liabilities and accrued dividends[9]	2,242	2,231	2,277	2,249	2,276	2,217	2,267	2,277
29 **Total liabilities**	**696,486**	**703,616**	**697,304**	**714,004**	**705,561**	**715,288**	**700,152**	**704,057**
CAPITAL ACCOUNTS								
30 Capital paid in	8,399	8,404	8,404	8,434	8,440	8,380	8,400	8,456
31 Surplus	8,380	8,380	8,357	8,380	8,380	8,380	8,380	8,380
32 Other capital accounts	552	260	227	603	603	0	431	626
33 **Total capital**	**17,332**	**17,043**	**16,988**	**17,416**	**17,423**	**16,760**	**17,211**	**17,462**
MEMO								
34 Marketable securities held in custody for foreign official and international accounts[3,10]	858,621	868,037	872,033	878,685	880,187	855,053	863,815	888,946
35 U.S. Treasury	687,352	697,891	698,215	706,434	702,807	690,003	694,983	710,187
36 Federal agency	171,269	170,145	173,818	172,250	177,380	165,050	168,832	178,759
	Federal Reserve note and collateral statement							
37 Federal Reserve notes, net of F.R. Bank holdings	642,604	644,880	648,083	651,036	649,670	654,272	641,644	648,366
38 Collateral held against Federal Reserve notes	642,604	644,880	648,083	651,036	649,670	654,272	641,644	648,366
39 Gold certificate account	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039
40 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
41 U.S. Treasury and agency securities pledged[11]	629,365	631,641	634,094	637,798	636,432	641,034	628,405	635,128
42 Other eligible assets	0	0	751	0	0	0	0	0
MEMO								
43 Total U.S. Treasury and agency securities[11]	649,916	657,161	651,703	665,769	661,756	668,916	654,166	663,821
44 Less: face value of securities under reverse repurchase agreements[12]	18,472[r]	17,992	17,610	17,856	17,427	21,098	18,379	18,028
45 U.S. Treasury and agency securities eligible to be pledged	631,445[r]	639,169	634,094	647,913	644,329	647,818	635,787	645,794

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Includes securities lent to dealers, which are fully collateralized by other U.S. Treasury securities.
3. Face value of the securities.
4. Compensation that adjusts for the effect of inflation on the original face value of inflation-indexed securities.
5. Cash value of agreements, which are fully collateralized by U.S. Treasury and federal agency securities.
6. Valued daily at market exchange rates.
7. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
8. Cash value of agreements, which are fully collateralized by U.S. Treasury securities. The Federal Reserve Banks began using these agreements on December 13, 2002.
9. Includes exchange-translation account reflecting the daily revaluation at market exchange rates of foreign exchange commitments.
10. Includes U.S. Treasury STRIPS and other zero coupon bonds at face value.
11. Includes face value of U.S. Treasury and agency securities held outright, compensation to adjust for the effect of inflation on the original face value of inflation-indexed securities, and cash value of repurchase agreements.
12. Face value of agreements, which are fully collateralized by U.S. Treasury securities. The Federal Reserve Banks began using these agreements on December 13, 2002.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	2003					2002	2003	
	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26	Dec.	Jan.	Feb.
1 **Total loans**	**11**	**15**	**4**	**17**	**6**	**40**	**7**	**5**
2 Within fifteen days[1]	11	13	0	17	6	35	6	5
3 Sixteen days to ninety days	0	2	4	0	0	5	1	0
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities**[2]	**629,406**	**629,401**	**630,947**	**631,263**	**635,996**	**629,406**	**629,406**	**636,911**
6 Within fifteen days[1]	49,592	45,981	44,507	46,317	45,075	27,444	32,974	23,882
7 Sixteen days to ninety days	130,709	134,667	136,637	131,154	133,699	154,225	147,674	146,519
8 Ninety-one days to one year	143,207	142,243	142,780	145,010	146,752	141,840	142,243	147,029
9 One year to five years	174,818	175,434	175,832	177,990	178,982	172,758	175,436	187,927
10 Five years to ten years	51,240	51,239	51,356	50,961	51,659	53,300	51,240	51,727
11 More than ten years	79,840	79,837	79,834	79,831	79,828	79,840	79,840	79,827
12 **Total federal agency obligations**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
13 Within fifteen days[1]	0	0	0	0	0	0	0	0
14 Sixteen days to ninety days	0	0	0	0	0	0	0	0
15 Ninety-one days to one year	10	10	10	10	10	10	10	10
16 One year to five years	0	0	0	0	0	0	0	0
17 Five years to ten years	0	0	0	0	0	0	0	0
18 More than ten years	0	0	0	0	0	0	0	0

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

2. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1999 Dec.	2000 Dec.	2001 Dec.	2002 Dec.	2002 July	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.	2002 Dec.	2003 Jan.	2003 Feb.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	41.81	38.54	41.24	40.12	39.67	39.98	39.25	39.18	39.69	40.12	40.61	40.76
2 Nonborrowed reserves[4]	41.49	38.33	41.18	40.04	39.48	39.64	39.02	39.04	39.41	40.04	40.58	40.73
3 Required reserves	40.51	37.11	39.60	38.12	38.30	38.34	37.78	37.63	38.07	38.12	38.95	38.85
4 Monetary base[5]	593.14	584.72	635.56	681.77	666.91	669.93	671.45	674.30	677.52	681.77	685.59r	691.28
	Not seasonally adjusted											
5 Total reserves[6]	41.89	38.53	41.20	40.03	39.32	39.74	38.78	38.54	38.98	40.03	42.73	41.87
6 Nonborrowed reserves	41.57	38.32	41.13	39.95	39.13	39.41	38.55	38.40	38.71	39.95	42.70	41.85
7 Required reserves[7]	40.59	37.10	39.55	38.03	37.94	38.10	37.31	36.99	37.37	38.03	41.07	39.96
8 Monetary base[8]	600.72	590.06	639.91	686.17	668.75	669.31	669.71	671.48	676.66	686.17	688.27r	690.17
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[9]												
9 Total reserves[10]	41.65	38.47	41.08	40.17	39.41	39.85	38.91	38.69	39.14	40.17	42.74	41.87
10 Nonborrowed reserves	41.33	38.26	41.01	40.09	39.22	39.52	38.68	38.54	38.87	40.09	42.72	41.85
11 Required reserves	40.36	37.05	39.43	38.18	38.04	38.22	37.43	37.13	37.53	38.18	41.08	39.97
12 Monetary base[11]	608.02	596.98	648.74	697.09	678.98	679.55	679.96	681.83	687.23	697.09	699.18r	700.96
13 Excess reserves[12]	1.30	1.43	1.65	2.00	1.37	1.64	1.48	1.55	1.62	2.00	1.66	1.91
14 Borrowings from the Federal Reserve	.32	.21	.07	.08	.19	.33	.23	.14	.27	.08	.03	.03

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the effect on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10.)

3. Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).

4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).

5. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

6. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).

7. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

8. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

9. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with regulatory changes in reserve requirements.

10. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.

11. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

12. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

1.21 MONEY STOCK MEASURES[1]

Billions of dollars, averages of daily figures

Item	1999 Dec.	2000 Dec.	2001 Dec.	2002 Dec.	2002 Nov.	2002 Dec.	2003 Jan.	2003 Feb.
	Seasonally adjusted							
Measures[2]								
1 M1	1,121.9	1,084.9	1,173.4	1,210.5	1,202.7	1,210.5	1,212.2[r]	1,231.7
2 M2	4,648.0	4,926.9	5,440.6	5,796.5	5,781.3	5,796.5	5,825.7[r]	5,880.0
3 M3	6,528.6	7,090.5	7,993.5	8,511.1[r]	8,458.3	8,511.1[r]	8,506.0[r]	8,560.7
M1 components								
4 Currency[3]	517.5	531.0	581.4	626.7	623.0	626.7	630.2	635.3
5 Travelers checks[4]	8.3	8.0	7.8	7.5	7.5	7.5	7.6	7.6
6 Demand deposits[5]	352.2	306.7	325.6	296.4	294.0	296.4	295.4	305.2
7 Other checkable deposits[6]	244.0	239.2	258.8	279.9	278.3	279.9	279.1	283.6
Nontransaction components								
8 In M2[7]	3,526.0	3,842.0	4,267.1	4,586.0	4,578.6	4,586.0	4,613.5	4,648.3
9 In M3 only[8]	1,880.6	2,163.6	2,552.9	2,714.6[r]	2,677.0	2,714.6[r]	2,680.2[r]	2,680.7
Commercial banks								
10 Savings deposits, including MMDAs	1,288.8	1,422.3	1,734.5	2,047.4	2,041.3	2,047.4	2,079.1	2,106.4
11 Small time deposits[9]	634.7	698.8	634.2	583.6	588.0	583.6	579.7	575.6
12 Large time deposits[10,11]	650.2	717.4	670.8	683.2	702.3	683.2	691.5[r]	702.1
Thrift institutions								
13 Savings deposits, including MMDAs	449.6	451.7	569.0	710.3	697.7	710.3	722.9	739.1
14 Small time deposits[9]	320.3	344.4	338.7	300.3[r]	301.0	300.3[r]	299.0[r]	297.3
15 Large time deposits[10]	91.0	102.9	114.9	116.7	115.2	116.7	118.0	118.2
Money market mutual funds								
16 Retail	832.7	924.8	990.7	944.3	950.6	944.3	932.8	929.9
17 Institution-only	634.4	788.2	1,189.7	1,233.0	1,207.8	1,233.0	1,196.7	1,176.7
Repurchase agreements and eurodollars								
18 Repurchase agreements[12]	335.7	363.5	375.0	468.6	440.1	468.6	459.3	472.3
19 Eurodollars[12]	169.2	191.5	202.5	213.0[r]	211.6	213.0[r]	214.8[r]	211.4
	Not seasonally adjusted							
Measures[2]								
20 M1	1,148.3	1,112.3	1,203.5	1,240.4	1,201.4	1,240.4	1,219.3	1,217.6
21 M2	4,675.0	4,962.3	5,483.5	5,845.8	5,795.8	5,845.8	5,834.8	5,862.3
22 M3	6,571.1	7,145.0	8,065.2	8,588.6[r]	8,474.1[r]	8,588.6[r]	8,549.9[r]	8,590.4
M1 components								
23 Currency[3]	521.5	535.2	584.9	629.9	622.6	629.9	628.0[r]	634.4
24 Travelers checks[4]	8.4	8.1	7.9	7.7	7.6	7.7	7.7	7.7
25 Demand deposits[5]	371.8	326.5	347.6	316.8	296.1	316.8	300.1	296.7
26 Other checkable deposits[6]	246.6	242.5	263.2	286.0	275.0[r]	286.0	283.4	278.8
Nontransaction components								
27 In M2[7]	3,526.7	3,849.9	4,280.0	4,605.4	4,594.4	4,605.4	4,615.4[r]	4,644.8
28 In M3 only[8]	1,896.2	2,182.8	2,581.7	2,742.8[r]	2,678.3	2,742.8[r]	2,715.2[r]	2,728.0
Commercial banks								
29 Savings deposits, including MMDAs	1,288.8	1,426.9	1,742.3	2,060.0[r]	2,054.5	2,060.0[r]	2,074.5[r]	2,095.5
30 Small time deposits[9]	635.7	700.0	635.2	584.3	589.4	584.3	579.8	575.4
31 Large time deposits[10,11]	651.7	717.6	669.7	681.6	704.5	681.6	685.8[r]	698.2
Thrift institutions								
32 Savings deposits, including MMDAs	449.6	453.1	571.5	714.7	702.2	714.7	721.3	735.3
33 Small time deposits[9]	320.8	345.0	339.2	300.7	301.7	300.7	299.1	297.2
34 Large time deposits[10]	91.2	103.0	114.7	116.4	115.5	116.4	117.0	117.5
Money market mutual funds								
35 Retail	832.0	925.0	991.8	945.8	946.6	945.8	940.8	941.3
36 Institution-only	648.2	805.6	1,217.7	1,260.8	1,211.8	1,260.8	1,234.0	1,214.1
Repurchase agreements and eurodollars								
37 Repurchase agreements[12]	334.7	364.2	376.5	470.4	435.5	470.4	462.8	483.4
38 Eurodollars[12]	170.4	192.4	203.0	213.6[r]	211.0	213.6[r]	215.6[r]	214.7

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data starting in 1959 are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Composition of the money stock measures is as follows:

M1: (1) currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float, and (4) other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2: M1 plus (1) savings deposits (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more) issued by all depository institutions, (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

3. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of depository institutions.

4. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers. Travelers checks issued by depository institutions are included in demand deposits.

5. Demand deposits at commercial banks and foreign-related institutions other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS account balances at all depository institutions, credit union share draft account balances, and demand deposits at thrift institutions.

7. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances.

8. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) eurodollars (overnight and term) of U.S. addressees.

9. Small time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRAs and Keogh accounts at commercial banks and thrift institutions are subtracted from small time deposits.

10. Large time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

11. Large time deposits at commercial banks less those held by money market funds, depository institutions, the U.S. government, and foreign banks and official institutions.

12. Includes both overnight and term.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2002					2003		2003			
	Feb.	Aug.	Sept.r	Oct.r	Nov.r	Dec.r	Jan.r	Feb.	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	Seasonally adjusted											
Assets												
1 Bank credit	5,438.9	5,672.8	5,730.1	5,759.9	5,837.8	5,886.6	5,892.3	5,970.8	5,936.8	5,958.2	5,971.3	5,992.1
2 Securities in bank credit	1,488.5	1,632.9	1,643.5	1,643.8	1,688.6	1,715.1	1,722.4	1,768.8	1,745.6	1,756.3	1,770.4	1,784.0
3 U.S. government securities	832.6r	946.1r	962.8	972.4	1,001.6	1,012.6	1,013.3	1,037.9	1,028.1	1,029.1	1,038.8	1,047.4
4 Other securities	655.9r	686.8r	680.8	671.4	687.0	702.5	709.1	730.9	717.5	727.2	731.5	736.6
5 Loans and leases in bank credit[2]	3,950.4	4,039.9	4,086.5	4,116.1	4,149.2	4,171.5	4,169.9	4,202.0	4,191.1	4,201.9	4,200.9	4,208.1
6 Commercial and industrial	1,028.8	981.3r	974.6	968.2	966.1	964.1	958.9	952.3	952.6	952.0	954.1	951.5
7 Real estate	1,789.2	1,902.0r	1,936.4	1,968.3	2,000.3	2,021.0	2,039.0	2,069.4	2,062.3	2,074.4	2,065.2	2,070.1
8 Revolving home equity	162.2	197.7	200.9	204.9	207.8	212.4	216.9	222.1	220.3	220.6	222.2	223.9
9 Other	1,627.0	1,704.3r	1,735.5	1,763.4	1,792.6	1,808.5	1,822.1	1,847.3	1,842.0	1,853.8	1,843.0	1,846.2
10 Consumer	564.4	574.7	582.7	584.5	585.0	586.1	591.7	593.9	592.7	592.2	596.6	594.7
11 Security[3]	153.4	176.7	181.4	183.1	186.6	191.6	176.8	184.0	177.6	182.0	183.7	189.1
12 Other loans and leases	414.6	405.2r	411.5	412.0	411.1	408.7	403.5	402.4	405.8	401.3	401.4	402.7
13 Interbank loans	278.3	305.6	318.3	326.8	328.4	331.5	309.4	306.3	312.1	291.7	308.7	311.9
14 Cash assets[4]	297.6	318.1	317.2	318.4	314.8	317.7	314.4	315.0	322.9	310.1	320.0	306.8
15 Other assets[5]	489.3r	499.8r	499.0	512.4	518.4	518.1	517.3	539.9	539.3	548.1	544.7	529.7
16 **Total assets[6]**	**6,428.6r**	**6,721.3r**	**6,789.6**	**6,842.1**	**6,923.7**	**6,978.2**	**6,956.6**	**7,054.9**	**7,034.3**	**7,031.4**	**7,067.3**	**7,063.1**
Liabilities												
17 Deposits	4,268.1	4,460.5	4,473.5	4,483.0	4,500.2	4,484.2	4,503.2	4,534.2	4,547.6	4,522.9	4,534.8	4,521.9
18 Transaction	624.9	599.1	584.0	611.3	606.1	613.8	606.1	607.0	588.1	587.9	621.7	627.4
19 Nontransaction	3,643.2	3,861.4	3,889.5	3,871.8	3,894.1	3,870.4	3,897.1	3,927.2	3,959.5	3,934.9	3,913.1	3,894.6
20 Large time	1,011.5	1,049.2	1,043.3	1,020.0	1,002.3	977.9	988.0	1,002.4	1,007.5	999.3	1,001.0	1,001.4
21 Other	2,631.7	2,812.2	2,846.2	2,851.7	2,891.8	2,892.5	2,909.1	2,924.8	2,952.0	2,935.6	2,912.1	2,893.2
22 Borrowings	1,231.7	1,292.7	1,322.3	1,332.9	1,365.2	1,397.3	1,335.3	1,370.5	1,365.8	1,349.2	1,361.9	1,398.1
23 From banks in the U.S.	393.9r	404.9r	416.0	414.9	420.6	415.8	378.5	383.4	391.3	371.5	380.0	390.5
24 From others	837.7r	887.8r	906.2	918.0	944.5	981.6	956.8	987.1	974.5	977.6	981.8	1,007.5
25 Net due to related foreign offices	109.5	94.1	100.3	119.4	122.3	150.3	151.4	142.5	142.2	153.0	150.6	129.8
26 Other liabilities	338.9	430.4	435.4	440.0	444.4	453.7	460.1	476.6	454.0	475.6	485.8	477.7
27 **Total liabilities**	**5,948.2**	**6,277.7**	**6,331.4**	**6,375.3**	**6,432.1**	**6,485.5**	**6,450.0**	**6,523.8**	**6,509.6**	**6,500.6**	**6,533.1**	**6,527.5**
28 Residual (assets less liabilities)[7]	480.4r	443.6r	458.2	466.8	491.6	492.7	506.5	531.2	524.7	530.7	534.3	535.6
	Not seasonally adjusted											
Assets												
29 Bank credit	5,444.1	5,650.4	5,723.2	5,763.9	5,854.4	5,923.5	5,912.0	5,977.3	5,951.9	5,967.9	5,971.6	5,993.7
30 Securities in bank credit	1,496.0	1,624.3	1,639.8	1,643.1	1,692.8	1,724.1	1,732.4	1,778.4	1,756.7	1,765.0	1,779.9	1,792.3
31 U.S. government securities	839.6r	939.8r	959.3	968.6	1,002.5	1,018.3	1,019.6	1,046.9	1,037.5	1,037.7	1,047.6	1,055.6
32 Other securities	656.4r	684.5r	680.5	674.5	690.4	705.8	712.7	731.5	719.1	727.3	732.3	736.7
33 Loans and leases in bank credit[2]	3,948.1	4,026.1	4,083.4	4,120.8	4,161.6	4,199.3	4,179.6	4,198.9	4,195.3	4,202.9	4,191.7	4,201.4
34 Commercial and industrial	1,027.7	975.8r	972.4	969.4	967.4	963.9	954.8	951.1	950.1	950.2	952.8	950.8
35 Real estate	1,784.0	1,903.1r	1,938.5	1,970.5	2,005.4	2,025.8	2,038.1	2,063.5	2,059.0	2,071.9	2,057.7	2,061.1
36 Revolving home equity	162.2	197.8	201.9	205.5	208.5	212.6	216.6	222.0	220.3	221.0	222.3	223.5
37 Other	1,621.9	1,705.3r	1,736.6	1,765.0	1,796.9	1,813.2	1,821.5	1,841.4	1,838.7	1,850.9	1,835.4	1,837.6
38 Consumer	566.7	571.2	582.2	585.1	587.5	596.1	600.1	596.7	597.5	595.8	599.3	596.5
39 Credit cards and related plans	223.6	224.4	231.2	232.1	231.5	238.5	235.4	228.6	226.0	224.8	232.0	231.5
40 Other	343.2	346.8	351.0	353.0	356.0	357.7	364.7	368.1	371.6	371.0	367.3	365.0
41 Security[3]	155.1	172.2	179.6	185.5	190.3	200.5	182.5	186.9	183.5	185.9	182.3	192.9
42 Other loans and leases	414.5	403.8r	410.7	410.3	410.9	413.0	404.3	400.7	405.1	399.1	399.5	400.1
43 Interbank loans	277.0	299.2	310.5	321.5	332.3	338.4	307.2	305.2	312.7	291.7	305.2	306.9
44 Cash assets[4]	298.9	303.8	314.1	320.7	324.7	338.4	328.0	316.0	317.3	302.5	336.1	308.4
45 Other assets[5]	488.3r	497.2r	501.5	511.1	519.6	521.5	519.3	539.1	541.8	548.5	541.1	526.7
46 **Total assets[6]**	**6,432.5r**	**6,675.4r**	**6,774.1**	**6,842.1**	**6,955.1**	**7,045.9**	**6,989.9**	**7,060.2**	**7,046.7**	**7,033.6**	**7,076.4**	**7,058.2**
Liabilities												
47 Deposits	4,284.0	4,413.7	4,441.4	4,467.9	4,520.0	4,533.9	4,527.6	4,551.8	4,570.6	4,542.4	4,554.8	4,528.8
48 Transaction	619.7	583.8	577.8	606.1	611.7	641.3	618.4	602.0	583.0	577.2	623.5	620.6
49 Nontransaction	3,664.3	3,829.9	3,863.6	3,861.8	3,908.3	3,892.6	3,909.2	3,949.8	3,987.6	3,965.2	3,931.3	3,908.2
50 Large time	1,018.7	1,033.5	1,028.7	1,013.9	1,009.3	991.8	1,000.1	1,009.3	1,017.3	1,008.7	1,005.6	1,007.0
51 Other	2,645.7	2,796.4	2,834.9	2,847.9	2,899.0	2,900.7	2,909.1	2,940.5	2,970.4	2,956.5	2,925.8	2,901.2
52 Borrowings	1,234.6	1,272.6	1,319.7	1,334.9	1,368.3	1,397.0	1,348.4	1,373.2	1,374.5	1,350.9	1,367.5	1,394.3
53 From banks in the U.S.	398.9r	399.7r	409.2	413.1	417.8	417.2	383.2	388.3	396.4	376.0	385.9	394.4
54 From others	835.7r	872.9r	910.5	921.7	950.5	979.7	965.2	984.9	978.1	974.9	981.6	999.9
55 Net due to related foreign offices	116.2	91.1	100.9	118.7	125.9	156.7	158.8	149.3	147.4	159.3	157.6	139.2
56 Other liabilities	344.0	427.6	435.5	440.1	450.1	460.8	468.4	484.3	460.3	482.6	494.0	488.2
57 **Total liabilities**	**5,978.8**	**6,205.0**	**6,297.5**	**6,361.6**	**6,464.3**	**6,548.4**	**6,503.3**	**6,558.5**	**6,552.7**	**6,535.2**	**6,573.9**	**6,550.5**
58 Residual (assets less liabilities)[7]	453.7r	470.4r	476.6	480.5	490.8	497.5	486.6	501.7	494.0	498.4	502.5	507.7

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2002					2003		2003			
	Feb.	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[r]	Feb.	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	Seasonally adjusted											
Assets												
1 Bank credit	4,846.7	5,051.9	5,111.3	5,145.6	5,216.8	5,251.9	5,267.4	5,334.0	5,304.1	5,324.5	5,337.0	5,351.9
2 Securities in bank credit	1,255.0	1,383.0	1,396.0	1,398.3	1,439.3	1,451.2	1,456.9	1,492.8	1,471.2	1,480.2	1,495.6	1,508.5
3 U.S. government securities	763.2[r]	864.3[r]	876.1[r]	883.5	908.7	911.6	911.9	931.7	923.1	923.1	933.5	940.3
4 Other securities	491.8[r]	518.7[r]	520.0[r]	514.7	530.7	539.6	545.0	561.1	548.1	557.1	562.1	568.1
5 Loans and leases in bank credit[2]	3,591.8	3,668.9	3,715.3	3,747.3	3,777.5	3,800.7	3,810.5	3,841.2	3,832.9	3,844.3	3,841.4	3,843.5
6 Commercial and industrial	830.6	791.4[r]	789.1[r]	787.0	787.1	786.0	784.0	780.9	780.4	780.5	782.4	780.5
7 Real estate	1,771.8	1,883.2[r]	1,917.4[r]	1,948.8	1,980.5	2,001.6	2,020.2	2,051.5	2,044.4	2,056.5	2,047.4	2,052.1
8 Revolving home equity	162.2	197.7	200.9	204.9	207.8	212.4	216.9	222.1	220.3	220.6	222.2	223.9
9 Other	1,609.6	1,685.5[r]	1,716.5[r]	1,743.9	1,772.7	1,789.1	1,803.3	1,829.4	1,824.2	1,835.9	1,825.2	1,828.2
10 Consumer	564.4	574.7	582.7	584.5	585.0	586.1	591.7	593.9	592.7	592.2	596.6	594.7
11 Security[3]	78.5	86.2	86.7	86.0	81.5	81.4	71.4	72.9	70.5	73.7	73.8	73.7
12 Other loans and leases	346.5	333.5[r]	339.5[r]	341.0	343.3	345.6	343.2	342.0	344.9	341.3	341.2	342.5
13 Interbank loans	258.1	287.1	296.7[r]	301.9	301.8	299.7	278.5	275.4	283.0	260.9	278.3	279.6
14 Cash assets[4]	255.3	271.6	271.2	273.3	274.1	275.2	276.5	279.2	286.7	274.8	284.1	270.9
15 Other assets[5]	459.7[r]	470.8[r]	470.5[r]	477.3	480.4	476.9	470.6	492.2	489.5	499.8	498.1	482.5
16 **Total assets**[6]	**5,744.8**[r]	**6,006.8**[r]	**6,075.1**[r]	**6,123.1**	**6,197.8**	**6,228.4**	**6,216.6**	**6,304.2**	**6,287.0**	**6,283.8**	**6,320.6**	**6,307.9**
Liabilities												
17 Deposits	3,797.8	3,965.5	3,987.4	4,016.7	4,051.7	4,060.2	4,071.2	4,087.3	4,096.9	4,077.8	4,093.6	4,072.6
18 Transaction	614.7	589.1	573.9	601.5	596.6	604.3	596.3	597.2	578.7	578.5	612.2	617.4
19 Nontransaction	3,183.1	3,376.4	3,413.5	3,415.1	3,455.0	3,455.9	3,474.9	3,490.1	3,518.3	3,499.3	3,481.4	3,455.2
20 Large time	553.7	569.9	573.3	571.3	571.6	570.3	580.4	586.2	588.8	584.5	588.1	583.7
21 Other	2,629.5	2,806.5	2,840.2	2,843.8	2,883.5	2,885.5	2,894.5	2,903.9	2,929.5	2,914.8	2,893.3	2,871.5
22 Borrowings	1,043.0	1,078.9	1,098.2	1,099.0	1,110.6	1,114.4	1,057.4	1,087.2	1,089.8	1,070.0	1,088.3	1,100.8
23 From banks in the U.S.	371.9[r]	383.2[r]	393.3[r]	391.7	395.1	385.9	347.3	351.9	361.5	347.4	348.3	352.3
24 From others	671.1[r]	695.7[r]	704.9[r]	707.3	715.5	728.5	710.1	735.3	728.2	722.6	740.0	748.5
25 Net due to related foreign offices	170.0	179.7	184.1	191.9	196.8	211.4	223.2	224.1	218.7	227.4	227.3	225.2
26 Other liabilities	259.3	333.6	342.7	340.3	345.3	353.8	363.2	377.8	356.7	380.1	381.9	380.4
27 **Total liabilities**	**5,270.1**	**5,557.7**	**5,612.4**	**5,647.9**	**5,704.4**	**5,739.7**	**5,715.0**	**5,776.4**	**5,762.1**	**5,755.2**	**5,791.1**	**5,779.0**
28 Residual (assets less liabilities)[7]	474.7[r]	449.2[r]	462.7[r]	475.2	493.4	488.7	501.6	527.7	524.9	528.6	529.5	528.9
	Not seasonally adjusted											
Assets												
29 Bank credit	4,847.9	5,035.6	5,107.8	5,149.6	5,230.7	5,279.7	5,279.9	5,335.4	5,311.7	5,327.1	5,335.7	5,348.4
30 Securities in bank credit	1,262.5	1,374.3	1,392.3	1,397.6	1,443.6	1,460.2	1,466.9	1,502.4	1,482.2	1,489.0	1,505.1	1,516.8
31 U.S. government securities	770.2[r]	858.0[r]	872.6[r]	879.7	909.5	917.3	918.2	940.7	932.5	931.7	942.2	948.6
32 Other securities	492.2[r]	516.3[r]	519.7[r]	517.9	534.1	542.9	548.7	561.6	549.7	557.3	562.9	568.2
33 Loans and leases in bank credit[2]	3,585.4	3,661.3	3,715.5	3,752.0	3,787.1	3,819.5	3,813.0	3,833.1	3,829.5	3,838.1	3,830.6	3,831.6
34 Commercial and industrial	827.9	787.5[r]	787.1[r]	787.6	786.9	784.3	779.2	778.3	777.5	777.3	779.5	778.4
35 Real estate	1,766.7	1,884.3[r]	1,919.5[r]	1,950.9	1,985.6	2,006.4	2,019.3	2,045.6	2,041.1	2,054.0	2,039.9	2,043.1
36 Revolving home equity	162.2	197.8	201.9	205.5	208.5	212.6	216.6	222.0	220.3	221.0	222.3	223.5
37 Other	1,604.5	1,686.5[r]	1,717.6[r]	1,745.5	1,777.1	1,793.8	1,802.7	1,823.5	1,820.8	1,832.9	1,817.6	1,819.6
38 Consumer	566.7	571.2	582.2	585.1	587.5	596.1	600.1	596.7	597.5	595.8	599.3	596.5
39 Credit cards and related plans	223.6	224.4	231.2	232.1	231.5	238.5	235.4	228.6	226.0	224.8	232.0	231.5
40 Other	343.2	346.8	351.0	353.0	356.0	357.7	364.7	368.1	371.6	371.0	367.3	365.0
41 Security[3]	77.8	85.0	87.7	88.3	83.9	84.4	71.2	72.3	69.6	72.2	72.3	73.6
42 Other loans and leases	346.3	333.4[r]	339.1[r]	340.1	343.1	348.2	343.3	340.2	343.7	338.9	339.6	340.0
43 Interbank loans	256.8	280.7	288.8	296.5	305.7	306.6	276.3	274.3	283.6	260.9	274.9	274.7
44 Cash assets[4]	255.6	258.7	268.0	274.7	281.6	293.3	288.0	279.4	279.9	266.1	299.4	272.1
45 Other assets[5]	458.2[r]	468.6[r]	472.5[r]	476.6	481.8	479.2	471.4	490.5	490.6	499.1	494.3	478.8
46 **Total assets**[6]	**5,743.2**[r]	**5,968.9**[r]	**6,062.3**[r]	**6,122.8**	**6,224.3**	**6,283.3**	**6,239.5**	**6,302.7**	**6,289.1**	**6,276.6**	**6,327.1**	**6,296.9**
Liabilities												
47 Deposits	3,808.3	3,933.0	3,967.4	4,009.0	4,067.9	4,098.2	4,085.7	4,099.8	4,112.4	4,090.8	4,110.6	4,074.1
48 Transaction	609.3	574.0	567.6	596.2	602.1	631.2	608.4	592.1	573.4	567.6	613.6	610.5
49 Nontransaction	3,199.0	3,359.1	3,399.9[r]	3,412.7	3,465.8	3,467.0	3,477.3	3,507.7	3,539.0	3,523.2	3,497.0	3,463.5
50 Large time	555.6	568.3	570.7	572.5	575.1	573.4	583.1	588.3	591.5	587.8	590.1	584.3
51 Other	2,643.4	2,790.8	2,829.1	2,840.2	2,890.7	2,893.6	2,894.2	2,919.3	2,947.4	2,935.4	2,906.9	2,879.2
52 Borrowings	1,045.9	1,058.8	1,095.6	1,101.0	1,113.7	1,114.0	1,070.6	1,089.9	1,098.5	1,071.7	1,093.9	1,097.0
53 From banks in the U.S.	376.9[r]	378.1[r]	386.5[r]	390.0	392.3	387.3	352.1	356.8	366.6	351.8	354.1	356.1
54 From others	669.0[r]	680.8[r]	709.1[r]	711.0	721.4	726.7	718.5	733.1	731.9	719.9	739.8	740.9
55 Net due to related foreign offices	173.8	178.7	183.6	192.5	201.5	215.6	228.1	228.8	223.1	231.5	232.5	231.1
56 Other liabilities	263.2	332.0	342.2	341.2	351.7	359.4	369.8	384.0	362.5	385.5	388.9	388.4
57 **Total liabilities**	**5,291.2**[r]	**5,502.6**	**5,588.8**	**5,643.7**	**5,734.8**	**5,787.2**	**5,754.3**	**5,802.4**	**5,796.5**	**5,779.5**	**5,825.9**	**5,790.6**
58 Residual (assets less liabilities)[7]	452.0[r]	466.3[r]	473.5[r]	479.1	489.5	496.1	485.3	500.3	492.6	497.1	501.1	506.3

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2002					2003		2003			
	Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	Seasonally adjusted											
Assets												
1 Bank credit	2,628.1r	2,724.9r	2,763.0r	2,775.9r	2,828.6r	2,855.2r	2,863.8r	2,914.4	2,888.1	2,908.8	2,915.2	2,929.5
2 Securities in bank credit	631.0	736.9	745.8	743.7	780.1	787.9	794.1	829.7	805.3	816.6	833.8	848.3
3 U.S. government securities	360.9r	427.5r	432.0r	435.2r	455.4r	455.4r	456.6r	475.9	463.7	467.4	479.3	486.7
4 Trading account	33.6	48.0	42.6	37.8	48.1	44.5	41.3	54.7	48.5	54.6	53.9	60.3
5 Investment account	327.3r	379.5r	389.3r	397.5r	407.4r	410.9r	415.2r	421.2	415.2	412.8	425.3	426.4
6 Other securities	270.1r	309.4r	313.9r	308.4r	324.7r	332.5r	337.5r	353.9	341.6	349.2	354.5	361.5
7 Trading account	130.0	174.5	172.7	161.5	171.8	176.2	183.2	199.7	187.5	194.9	199.9	207.9
8 Investment account	140.2r	135.0r	141.1r	146.9r	152.9r	156.4r	154.3r	154.2	154.1	154.3	154.6	153.6
9 State and local government	27.8	28.0	28.4	28.7	29.1	29.4	29.6	29.8	29.8	29.9	29.7	29.8
10 Other	112.4r	106.9r	112.8r	118.2r	123.8r	127.0r	124.7r	124.4	124.3	124.5	124.9	123.7
11 Loans and leases in bank credit[2]	1,997.0r	1,988.0r	2,017.2r	2,032.3r	2,048.4	2,067.2r	2,069.7r	2,084.7	2,082.8	2,092.2	2,081.4	2,081.2
12 Commercial and industrial	528.7	487.7	484.2	481.1r	479.3r	477.1r	474.4r	469.0	469.0	469.1	469.9	468.6
13 Bankers acceptances	.0	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
14 Other	528.7	487.7	484.2	481.1r	479.3r	477.1r	474.4r	469.0	469.0	469.1	469.9	468.6
15 Real estate	855.2	902.2r	923.1r	942.0r	965.0	983.9	1,000.0	1,021.5	1,018.0	1,027.0	1,017.6	1,019.4
16 Revolving home equity	101.9	124.6	126.8	129.5	131.7	135.7	138.9	141.8	140.7	140.9	141.5	142.8
17 Other	753.4	777.7r	796.3r	812.5r	833.2	848.3	861.1	879.8	877.4	886.2	876.1	876.6
18 Consumer	293.8r	289.7r	296.5r	296.9r	295.2	294.7r	296.2r	294.4	295.6	295.7	294.2	293.1
19 Security[3]	70.7	78.2	78.5	77.6	73.2	73.0	62.9	64.3	61.9	65.3	65.1	64.8
20 Federal funds sold to and repurchase agreements with broker–dealers	57.6	66.3	67.9	66.8	62.0	62.0	51.9	53.2	51.2	53.8	53.2	54.4
21 Other	13.1	11.9	10.5	10.8	11.3	11.0	11.0	11.1	10.6	11.5	12.0	10.4
22 State and local government	13.8	12.9	13.0	12.9	12.1	11.8	11.9	12.2	11.9	12.2	12.1	12.3
23 Agricultural	9.6	8.2	8.2	8.1	8.1	8.1	8.1	7.8	7.9	7.8	7.8	7.7
24 Federal funds sold to and repurchase agreements with others	23.3	16.6	19.8	19.2	18.5	22.4	22.9	23.2	25.0	23.0	22.2	23.6
25 All other loans	70.5	66.4r	68.1r	70.2r	74.0r	74.4r	73.6r	72.5	73.5	72.2	72.8	72.1
26 Lease-financing receivables	131.3	126.1	125.9	124.2	123.0	121.8	119.9	119.8	119.9	119.8	119.7	119.7
27 Interbank loans	158.8	176.5	182.0	181.7	180.3	178.7	156.1	149.3	158.9	140.9	151.7	146.5
28 Federal funds sold to and repurchase agreements with commercial banks	85.2	86.8	89.2	84.0	87.3	85.3	86.7	80.1	89.1	72.0	82.6	77.4
29 Other	73.5	89.7	92.9	97.7	93.0	93.4	69.4	69.1	69.8	68.9	69.1	69.1
30 Cash assets[4]	143.4	146.9	144.4	144.1	145.0	146.6	145.8	146.3	151.2	142.1	150.6	140.6
31 Other assets[5]	318.5r	325.6r	323.4r	332.3r	332.4r	327.1r	320.7r	337.7	334.2	342.8	344.1	331.2
32 **Total assets**[6]	**3,204.0r**	**3,330.7r**	**3,369.9r**	**3,391.1r**	**3,443.2r**	**3,464.8r**	**3,442.6r**	**3,503.5**	**3,488.5**	**3,490.7**	**3,517.2**	**3,503.6**
Liabilities												
33 Deposits	1,804.2	1,872.9	1,883.6	1,899.9	1,924.4	1,936.4	1,946.8r	1,946.1	1,961.4	1,946.7	1,949.7	1,924.9
34 Transaction	311.1	282.4	268.4	286.9	282.6	288.5	283.1	283.2	270.5	271.6	295.1	293.6
35 Nontransaction	1,493.1	1,590.5	1,615.2	1,612.9	1,641.8	1,647.9	1,663.7r	1,662.9	1,690.9	1,675.1	1,654.7	1,631.3
36 Large time	252.0	268.3	270.8	266.4	265.2r	261.4r	272.1r	275.0	278.8	274.8	277.2	270.6
37 Other	1,241.1	1,322.1	1,344.4	1,346.6	1,376.6r	1,386.5r	1,391.6r	1,388.0	1,412.1	1,400.3	1,377.5	1,360.7
38 Borrowings	711.0	720.6	724.0	721.7	733.5	724.9	652.9	679.5	681.2	659.5	677.8	696.7
39 From banks in the U.S.	251.3	251.3	258.0	257.8	264.2	246.3	192.9	194.3	204.3	188.4	190.1	195.4
40 From others	459.7	469.3	466.0	463.9	469.3	478.7	460.0	485.2	476.9	471.1	487.7	501.3
41 Net due to related foreign offices	159.1	171.2	175.4	179.5	185.5	199.0	208.0r	211.1	203.6	214.9	214.6	212.4
42 Other liabilities	199.3	267.3	274.5	271.3	274.4	283.2	286.1r	298.0	277.6	300.9	302.4	299.7
43 **Total liabilities**	**2,873.6**	**3,032.0**	**3,057.5**	**3,072.3**	**3,117.8**	**3,143.6**	**3,093.8**	**3,134.7**	**3,123.8**	**3,121.9**	**3,144.6**	**3,133.7**
44 Residual (assets less liabilities)[7]	330.5r	298.6r	312.5r	318.8r	325.4r	321.2r	348.8r	368.8	364.6	368.8	372.6	369.9

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2002					2003		2003			
	Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	Not seasonally adjusted											
Assets												
45 Bank credit	2,632.9[r]	2,711.6[r]	2,757.5[r]	2,774.6[r]	2,836.7[r]	2,869.6[r]	2,874.6[r]	2,919.6	2,897.1	2,913.3	2,920.0	2,931.1
46 Securities in bank credit	636.8	730.6	743.1	744.2	784.5	794.1	802.8	837.3	814.7	822.7	841.9	854.6
47 U.S. government securities	366.2[r]	423.5[r]	429.5[r]	432.6[r]	456.5[r]	458.2[r]	461.7[r]	482.9	471.5	473.3	486.6	493.0
48 Trading account	34.1	47.6	42.4	37.6	48.2	44.8	41.8	55.5	49.3	55.3	54.8	61.1
49 Investment account	332.1[r]	375.9[r]	387.1[r]	395.1[r]	408.3[r]	413.5[r]	419.9[r]	427.4	422.2	418.0	431.8	431.9
50 Mortgage-backed securities	258.3	304.7	308.2	313.1	324.6	317.0	323.1	329.4	324.2	322.5	333.7	332.7
51 Other	73.7[r]	71.3[r]	79.0[r]	82.0[r]	83.7[r]	96.5[r]	96.7[r]	98.0	97.9	95.6	98.1	99.2
52 One year or less	17.1[r]	17.2[r]	19.8[r]	21.7[r]	23.0[r]	24.0[r]	21.2[r]	22.7	20.0	22.6	22.9	23.9
53 One to five years	44.5	42.2	46.3	49.9	47.1	56.2	58.2	56.9	59.3	56.8	56.8	56.0
54 More than five years	12.1	11.8	12.9	10.4	13.5	16.3	17.4	18.4	18.6	16.2	18.5	19.4
55 Other securities	270.6[r]	307.1[r]	313.6[r]	311.6[r]	328.1[r]	335.8[r]	341.1[r]	354.4	343.2	349.4	355.3	361.6
56 Trading account	130.2	173.1	172.6	163.2	173.6	177.9	185.1	200.0	188.4	195.0	200.4	208.0
57 Investment account	140.4[r]	133.9[r]	141.0[r]	148.4[r]	154.5[r]	157.9[r]	156.0[r]	154.4	154.9	154.4	154.9	153.6
58 State and local government	27.8	27.8	28.4	29.0	29.4	29.7	30.0	29.8	29.9	29.9	29.7	29.8
59 Other	112.6[r]	106.1[r]	112.7[r]	119.4[r]	125.0[r]	128.3[r]	126.0[r]	124.6	124.9	124.5	125.2	123.7
60 Loans and leases in bank credit[2]	1,996.1[r]	1,981.0[r]	2,014.3[r]	2,030.4[r]	2,052.1	2,075.5[r]	2,071.8[r]	2,082.3	2,082.4	2,090.6	2,078.1	2,076.5
61 Commercial and industrial	527.6	485.3	483.8	481.9[r]	480.1[r]	475.3[r]	470.5[r]	467.9	467.5	467.5	468.8	467.8
62 Bankers acceptances	.0	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
63 Other	527.6	485.3	483.8	481.9[r]	480.1[r]	475.3[r]	470.5[r]	467.9	467.5	467.5	468.8	467.8
64 Real estate	852.0	902.7[r]	923.5[r]	940.9[r]	966.9	985.8	999.4	1,017.8	1,016.1	1,025.7	1,012.9	1,012.9
65 Revolving home equity	102.0	124.9	127.3	129.5	131.9	135.2	138.3	141.9	140.7	141.3	141.9	142.8
66 Other	438.5[r]	465.2[r]	482.9[r]	495.3	518.7	534.5[r]	544.7[r]	559.3	559.2	568.2	554.6	552.9
67 Commercial	311.5[r]	312.6[r]	313.4[r]	316.1[r]	316.4	316.0[r]	316.4[r]	316.6	316.2	316.2	316.4	317.2
68 Consumer	296.2[r]	287.5[r]	294.0[r]	293.9[r]	294.0[r]	297.8[r]	301.0[r]	297.3	299.3	298.9	297.2	295.6
69 Credit cards and related plans	122.2[r]	114.7[r]	118.4[r]	116.8[r]	114.0	116.5[r]	115.2[r]	109.7	109.5	109.3	110.1	110.0
70 Other	174.1	172.8	175.6	177.2	180.0	181.3	185.7	187.6	189.8	189.6	187.1	185.5
71 Security[3]	70.0	77.1	79.7	80.0	75.3	75.9	62.9	63.7	61.0	63.7	63.8	64.9
72 Federal funds sold to and repurchase agreements with broker–dealers	57.0	65.3	69.0	68.8	63.7	64.5	51.9	52.7	50.5	52.5	52.1	54.5
73 Other	13.0	11.7	10.7	11.1	11.6	11.4	11.0	11.0	10.5	11.2	11.7	10.4
74 State and local government	13.8	12.9	13.0	12.9	12.1	11.8	11.9	12.2	11.9	12.2	12.1	12.3
75 Agricultural	9.5	8.2	8.2	8.0	8.0	8.1	8.1	7.7	7.8	7.8	7.7	7.6
76 Federal funds sold to and repurchase agreements with others	24.7	16.6	19.8	19.2	18.5	22.4	22.9	23.2	25.0	23.0	22.2	23.6
77 All other loans	69.5	65.9[r]	68.3[r]	70.1[r]	74.5[r]	76.2[r]	73.3[r]	71.5	72.3	70.5	72.3	71.0
78 Lease-financing receivables	132.8	124.8	124.0	123.6	122.7	122.3	121.9	121.1	121.5	121.2	121.0	120.9
79 Interbank loans	157.0	172.0	177.0	177.3	182.1	182.9	155.7	147.6	157.0	139.6	149.7	143.8
80 Federal funds sold to and repurchase agreements with commercial banks	84.3	84.6	86.8	82.0	88.2	87.3	86.5	79.2	88.1	71.3	81.5	76.0
81 Other	72.7	87.4	90.2	95.3	93.9	95.5	69.2	68.3	69.0	68.2	68.2	67.8
82 Cash assets[4]	144.1	137.9	141.6	145.1	148.0	157.5	154.4	147.0	147.2	137.9	161.2	141.1
83 Other assets[5]	316.9[r]	323.4[r]	325.4[r]	331.6[r]	333.9[r]	329.4[r]	321.5[r]	335.9	335.3	342.1	340.3	327.6
84 **Total assets[6]**	**3,206.0[r]**	**3,301.4[r]**	**3,358.4[r]**	**3,386.0[r]**	**3,457.3[r]**	**3,496.4[r]**	**3,462.5[r]**	**3,505.7**	**3,492.5**	**3,488.6**	**3,526.6**	**3,499.3**
Liabilities												
85 Deposits	1,810.7	1,856.4	1,874.8	1,896.8	1,933.4	1,952.6	1,950.5[r]	1,954.2	1,966.8	1,955.0	1,962.8	1,927.5
86 Transaction	307.7	271.0	264.0	283.0	285.5	305.0	291.0	280.1	265.6	264.9	297.3	289.9
87 Nontransaction	1,502.9	1,585.5	1,610.9	1,613.9	1,647.9	1,647.6	1,659.5[r]	1,674.1	1,701.3	1,690.1	1,665.5	1,637.6
88 Large time	253.9	266.7	268.3	267.6	268.7[r]	264.5[r]	274.8	277.1	281.6	278.1	279.2	271.2
89 Other	1,249.0	1,318.8	1,342.6	1,346.3	1,379.2[r]	1,383.2[r]	1,384.7[r]	1,396.9	1,419.7	1,412.0	1,386.3	1,366.4
90 Borrowings	714.0	700.6	721.4	723.6	736.6	724.5	666.1	682.2	690.0	661.3	683.4	692.9
91 From banks in the U.S.	256.2	246.1	251.1	256.0	261.3	247.7	197.7	199.2	209.4	192.9	196.0	199.2
92 From nonbanks in the U.S.	457.7	454.4	470.3	467.6	475.3	476.8	468.4	483.0	480.6	468.3	487.5	493.7
93 Net due to related foreign offices	162.8	170.2	175.0	180.2	190.2	203.2	212.9[r]	215.8	208.0	218.9	219.9	218.3
94 Other liabilities	203.3	265.7	274.0	272.2	280.8	288.9	292.7[r]	304.2	283.4	306.3	309.4	307.7
95 **Total liabilities**	**2,890.7**	**2,992.9**	**3,045.2**	**3,072.8**	**3,141.1**	**3,169.3**	**3,122.2**	**3,156.4**	**3,148.2**	**3,141.5**	**3,175.5**	**3,146.4**
96 Residual (assets less liabilities)[7]	315.3[r]	308.4[r]	313.2[r]	313.2[r]	316.3[r]	327.1[r]	340.3[r]	349.4	344.2	347.0	351.1	352.8

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2002					2003		2003			
	Feb.	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[r]	Feb.	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	Seasonally adjusted											
Assets												
1 Bank credit	2,218.7[r]	2,326.9[r]	2,348.4[r]	2,369.7	2,388.3	2,396.7	2,403.6	2,419.6	2,416.0	2,415.6	2,421.7	2,422.4
2 Securities in bank credit	624.0	646.0	650.2	654.6	659.2	663.3	662.9	663.1	665.9	663.6	661.8	660.2
3 U.S. government securities	402.3	436.8	444.1	448.3	453.2	456.3	455.3	455.9	459.4	455.7	454.2	453.6
4 Other securities	221.6	209.2	206.1	206.3	206.0	207.0	207.5	207.2	206.5	207.9	207.6	206.6
5 Loans and leases in bank credit[2]	1,594.7[r]	1,680.9[r]	1,698.1[r]	1,715.0	1,729.1	1,733.5	1,740.7	1,756.5	1,750.2	1,752.1	1,760.0	1,762.2
6 Commercial and industrial	301.8[r]	303.7[r]	305.0[r]	305.9	307.9	308.9	309.6	311.9	311.4	311.4	312.5	311.9
7 Real estate	916.5	980.9[r]	994.2[r]	1,006.7	1,015.6	1,017.7	1,020.3	1,029.9	1,026.4	1,029.4	1,029.9	1,032.7
8 Revolving home equity	60.3	73.1	74.1	75.4	76.1	76.8	78.0	80.3	79.6	79.7	80.7	81.0
9 Other	856.2	907.8[r]	920.1[r]	931.4	939.5	940.9	942.2	949.6	946.8	949.7	949.1	951.7
10 Consumer	270.6[r]	285.0[r]	286.1[r]	287.7	289.7	291.4	295.5	299.5	297.1	296.5	302.4	301.6
11 Security[3]	7.8	8.0	8.2	8.4	8.3	8.4	8.5	8.6	8.6	8.5	8.7	8.9
12 Other loans and leases	97.9	103.3	104.6	106.4	107.6	107.0	106.8	106.6	106.7	106.2	106.6	107.1
13 Interbank loans	99.3	110.6	114.6	120.2	121.5	121.0	122.4	126.1	124.1	120.0	126.7	133.1
14 Cash assets[4]	111.9	124.7	126.8[r]	129.1	129.1	128.6	130.7	132.9	135.5	132.8	133.6	130.3
15 Other assets[5]	141.2	145.2	147.1	145.0	147.9	149.7	149.8	154.6	155.3	157.0	154.0	151.2
16 **Total assets[6]**	**2,540.7[r]**	**2,676.2[r]**	**2,705.2[r]**	**2,732.0**	**2,754.6**	**2,763.6**	**2,774.1**	**2,800.7**	**2,798.5**	**2,793.1**	**2,803.3**	**2,804.3**
Liabilities												
17 Deposits	1,993.6	2,092.6	2,103.9[r]	2,116.8	2,127.3	2,123.8	2,124.4	2,141.2	2,135.5	2,131.1	2,143.8	2,147.8
18 Transaction	303.6	306.7	305.5	314.6	314.1	315.8	313.3	314.1	308.2	306.9	317.1	323.8
19 Nontransaction	1,690.0	1,785.9	1,798.4[r]	1,802.2	1,813.2	1,807.9	1,811.2	1,827.2	1,827.3	1,824.2	1,826.7	1,823.9
20 Large time	301.7	301.6	302.5	304.9	306.4	308.9	308.3	311.2	310.0	309.7	310.9	313.1
21 Other	1,388.4	1,484.3	1,495.9	1,497.3	1,506.8	1,499.0	1,502.9	1,515.9	1,517.3	1,514.5	1,515.8	1,510.9
22 Borrowings	332.0	358.3	374.2	377.4	377.1	389.5	404.5	407.7	408.6	410.4	410.5	404.1
23 From banks in the U.S.	120.6[r]	131.9[r]	135.3[r]	133.9	131.0	139.6	154.4	157.5	157.2	158.9	158.1	156.9
24 From others	211.3[r]	226.3[r]	238.8[r]	243.4	246.1	249.9	250.1	250.2	251.4	251.5	252.3	247.2
25 Net due to related foreign offices	10.9	8.5	8.6	12.3	11.3	12.4	15.2	13.0	15.1	12.6	12.6	12.8
26 Other liabilities	60.0	66.3	68.2	69.0	70.9	70.5	77.1	79.8	79.1	79.2	79.5	80.7
27 **Total liabilities**	**2,396.5**	**2,525.6[r]**	**2,554.9**	**2,575.5**	**2,586.6**	**2,596.2**	**2,621.2**	**2,641.7**	**2,638.3**	**2,633.3**	**2,646.5**	**2,645.4**
28 Residual (assets less liabilities)[7]	144.2[r]	150.5[r]	150.3[r]	156.5	168.0	167.5	152.8	159.0	160.2	159.8	156.9	158.9
	Not seasonally adjusted											
Assets												
29 Bank credit	2,215.0[r]	2,324.0[r]	2,350.4[r]	2,375.0	2,394.0	2,410.1	2,405.3	2,415.8	2,414.6	2,413.8	2,415.8	2,417.3
30 Securities in bank credit	625.7	643.7	649.2	653.4	659.0	666.1	664.1	665.0	667.5	666.3	663.3	662.2
31 U.S. government securities	404.0	434.4	443.0[r]	447.1	453.1	459.1	456.6	457.8	461.1	458.4	455.7	455.6
32 Other securities	221.6	209.2	206.1	206.3	206.0	207.0	207.5	207.2	206.5	207.9	207.6	206.6
33 Loans and leases in bank credit[2]	1,589.3[r]	1,680.3[r]	1,701.2[r]	1,721.6	1,735.0	1,744.0	1,741.2	1,750.8	1,747.1	1,747.5	1,752.5	1,755.1
34 Commercial and industrial	300.4	302.2[r]	303.3[r]	305.8	306.8	309.0	308.6	310.3	310.0	309.8	310.7	310.5
35 Real estate	914.6	981.6[r]	995.9[r]	1,010.0	1,018.7	1,020.6	1,019.9	1,027.8	1,025.0	1,028.2	1,027.0	1,030.2
36 Revolving home equity	60.2	72.9	74.6	75.9	76.6	77.4	78.3	80.1	79.6	79.7	80.4	80.6
37 Other	854.5	908.7[r]	921.3[r]	934.1	942.0	943.2	941.6	947.7	945.4	948.5	946.6	949.5
38 Consumer	270.5[r]	283.7[r]	288.2[r]	291.2	293.6	298.3	299.1	299.4	298.3	296.9	302.1	300.9
39 Credit cards and related plans	101.4[r]	109.7[r]	112.8[r]	115.3	117.5	122.0	120.2	118.9	116.5	115.5	121.9	121.4
40 Other	169.1	174.1	175.4	175.9	176.0	176.4	178.9	180.5	181.8	181.4	180.2	179.5
41 Security[3]	7.8	7.9	8.0	8.3	8.6	8.6	8.3	8.6	8.6	8.4	8.5	8.7
42 Other loans and leases	96.0	104.9	105.8	106.4	107.3	107.5	105.3	104.6	105.1	104.2	104.3	104.7
43 Interbank loans	99.8	108.7	111.8	119.2	123.6	123.8	120.6	126.7	126.5	121.4	125.2	130.9
44 Cash assets[4]	111.5	120.9	126.4	129.6	133.6	135.8	133.7	132.4	132.7	128.2	138.1	131.0
45 Other assets[5]	141.2	145.2	147.1	145.0	147.9	149.7	149.8	154.6	155.3	157.0	154.0	151.2
46 **Total assets[6]**	**2,537.2[r]**	**2,667.5[r]**	**2,704.0[r]**	**2,736.8**	**2,766.9**	**2,786.9**	**2,777.0**	**2,797.0**	**2,796.7**	**2,788.0**	**2,800.5**	**2,797.6**
Liabilities												
47 Deposits	1,997.7	2,076.6	2,092.6	2,112.1	2,134.5	2,145.5	2,135.3	2,145.6	2,145.5	2,135.8	2,147.9	2,146.5
48 Transaction	301.6	303.0	303.6	313.3	316.5	326.2	317.5	312.0	307.8	302.7	316.3	320.6
49 Nontransaction	1,696.1	1,773.6	1,789.0	1,798.8	1,817.9	1,819.4	1,817.8	1,833.6	1,837.7	1,833.1	1,831.5	1,825.9
50 Large time	301.7	301.6	302.5	304.9	306.4	308.9	308.3	311.2	310.0	309.7	310.9	313.1
51 Other	1,394.4	1,472.0	1,486.5	1,493.9	1,511.5	1,510.4	1,509.5	1,522.4	1,527.7	1,523.4	1,520.6	1,512.9
52 Borrowings	332.0	358.3	374.2	377.4	377.1	389.5	404.5	407.7	408.6	410.4	410.5	404.1
53 From banks in the U.S.	120.6[r]	131.9[r]	135.3[r]	133.9	131.0	139.6	154.4	157.5	157.2	158.9	158.1	156.9
54 From others	211.3[r]	226.3[r]	238.8[r]	243.4	246.1	249.9	250.1	250.2	251.4	251.5	252.3	247.2
55 Net due to related foreign offices	10.9	8.5	8.6	12.3	11.3	12.4	15.2	13.0	15.1	12.6	12.6	12.8
56 Other liabilities	60.0	66.3	68.2	69.0	70.9	70.5	77.1	79.8	79.1	79.2	79.5	80.7
57 **Total liabilities**	**2,400.5**	**2,509.6**	**2,543.6**	**2,570.8**	**2,593.8**	**2,618.0**	**2,632.1**	**2,646.1**	**2,648.2**	**2,638.0**	**2,650.5**	**2,644.1**
58 Residual (assets less liabilities)[7]	136.6[r]	157.9[r]	160.3[r]	166.0	173.2	169.0	144.9	150.9	148.4	150.0	150.0	153.5

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2002					2003		2003			
	Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	Seasonally adjusted											
Assets												
1 Bank credit	592.2	620.9	618.7	614.3[r]	621.0[r]	634.7	624.9	636.8	632.6	633.7	634.4	640.2
2 Securities in bank credit	233.5	250.0	247.5[r]	245.5[r]	249.3[r]	263.9	265.5	276.0	274.4	276.1	274.8	275.6
3 U.S. government securities	69.4	81.8	86.7	88.9[r]	92.9[r]	101.0[r]	101.4[r]	106.2	105.0	106.0	105.4	107.1
4 Other securities	164.2	168.1	160.8	156.6[r]	156.3[r]	162.9[r]	164.1[r]	169.8	169.5	170.1	169.4	168.5
5 Loans and leases in bank credit[2]	358.6	370.9	371.2[r]	368.8[r]	371.7[r]	370.8	359.4	360.8	358.2	357.6	359.6	364.6
6 Commercial and industrial	198.2	189.9	185.4[r]	181.2[r]	179.0[r]	178.1[r]	174.9[r]	171.4	172.2	171.4	171.7	171.0
7 Real estate	17.4	18.8	19.0	19.5	19.8	19.4	18.7	17.9	17.9	17.9	17.8	18.0
8 Security[3]	74.9	90.5	94.8	97.1	105.1	110.2	105.4	111.1	107.1	108.3	109.9	115.4
9 Other loans and leases	68.1	71.7	72.0	71.0	67.8	63.1	60.3	60.4	61.0	60.0	60.2	60.2
10 Interbank loans	20.2	18.5	21.7	24.9	26.6	31.8	30.9	30.9	29.1	30.8	30.4	32.2
11 Cash assets[4]	42.3	46.5	46.0	45.1[r]	40.7[r]	42.5	37.9	35.8	36.1	35.3	35.9	35.9
12 Other assets[5]	29.5	29.0	28.4[r]	35.1	38.0	41.2	46.7	47.7	49.8	48.2	46.6	47.2
13 **Total assets[6]**	**683.8**	**714.5**	**714.5**	**719.0[r]**	**725.9**	**749.8**	**739.9[r]**	**750.8**	**747.3**	**747.6**	**746.8**	**755.2**
Liabilities												
14 Deposits	470.3	495.1	486.0	466.4	448.5	424.0	432.0	446.9	450.7	445.1	441.2	449.3
15 Transaction	10.2	10.1	10.1	9.7[r]	9.5	9.5	9.7	9.7	9.4	9.5	9.6	10.0
16 Nontransaction	460.0	485.0	475.9	456.6	439.1	414.5	422.2	437.1	441.3	435.6	431.6	439.3
17 Borrowings	188.7	213.8	224.1[r]	233.9	254.6	282.9	277.9	283.3	276.0	279.2	273.6	297.3
18 From banks in the U.S.	22.0	21.6	22.7	23.1	25.5	29.9	31.2	31.5	29.8	24.2	31.8	38.2
19 From others	166.7	192.1	201.4[r]	210.7	229.1	253.0	246.7	251.8	246.2	255.0	241.8	259.1
20 Net due to related foreign offices	−60.5	−85.6	−83.7[r]	−72.5[r]	−74.5[r]	−61.1[r]	−71.8[r]	−81.6	−76.4	−74.4	−76.6	−95.3
21 Other liabilities	79.6	96.8	92.7	99.7	99.1	99.9	97.0	98.8	97.2	95.5	103.9	97.2
22 **Total liabilities**	**678.1**	**720.0**	**719.1**	**727.4[r]**	**727.7[r]**	**745.8**	**735.0[r]**	**747.4**	**747.5**	**745.4**	**742.0**	**748.5**
23 Residual (assets less liabilities)[7]	5.7	−5.5	−4.6	−8.4	−1.8	4.0	4.9	3.4	−.1	2.2	4.8	6.7
	Not seasonally adjusted											
Assets												
24 Bank credit	596.2	614.7	615.4	614.3[r]	623.8[r]	643.8	632.1[r]	641.8	640.3	640.9	635.9	645.3
25 Securities in bank credit	233.5	250.0	247.5[r]	245.5[r]	249.3[r]	263.9	265.5	276.0	274.4	276.1	274.8	275.6
26 U.S. government securities	69.4	81.8	86.7	88.9[r]	92.9[r]	101.0[r]	101.4[r]	106.2	105.0	106.0	105.4	107.1
27 Trading account	10.5[r]	13.0	15.2	18.6	20.2	30.3	31.6	34.4	33.1	33.7	33.5	36.5
28 Investment account	58.9[r]	68.8	71.5	70.3[r]	72.8[r]	70.7[r]	69.8[r]	71.8	71.9	72.2	71.8	70.6
29 Other securities	164.2	168.1	160.8	156.6[r]	156.3[r]	162.9[r]	164.1[r]	169.8	169.5	170.1	169.4	168.5
30 Trading account	101.4	109.8	103.9	100.5	99.3	99.7	98.9	97.9	99.5	97.2	96.5	97.4
31 Investment account	62.7	58.4	56.9	56.2[r]	57.1[r]	63.3	65.2[r]	72.0	70.0	72.9	73.0	71.1
32 Loans and leases in bank credit[2]	362.6	364.8	367.9	368.8[r]	374.5[r]	379.8[r]	366.6	365.8	365.8	364.8	361.1	369.8
33 Commercial and industrial	199.8	188.3	185.4	181.8[r]	180.5[r]	179.6[r]	175.6	172.8	172.6	173.0	173.3	172.4
34 Real estate	17.4	18.8	19.0	19.5	19.8	19.4	18.7	17.9	17.9	17.9	17.8	18.0
35 Security[3]	77.3	87.2	91.9	97.2	106.4	116.0	111.2	114.7	113.9	113.8	110.0	119.2
36 Other loans and leases	68.2	70.4	71.6	70.2	67.8	64.8	61.0	60.5	61.4	60.2	59.9	60.1
37 Interbank loans	20.2	18.5	21.7	24.9	26.6	31.8	30.9	30.9	29.1	30.8	30.4	32.2
38 Cash assets[4]	43.2	45.1	46.1	46.0[r]	43.1[r]	45.1	39.9	36.5	37.4	36.4	36.7	36.2
39 Other assets[5]	30.1	28.6	29.0	34.5	37.8	42.3	47.9	48.6	51.2	49.4	46.8	47.9
40 **Total assets[6]**	**689.3**	**706.5**	**711.7**	**719.3[r]**	**730.9**	**762.6**	**750.4[r]**	**757.5**	**757.6**	**757.1**	**749.4**	**761.3**
Liabilities												
41 Deposits	475.7	480.6	474.0	458.9	452.2[r]	435.7	441.8	452.0	458.2	451.6	444.2	454.7
42 Transaction	10.4	9.8	10.3	9.9	9.6	10.2	10.0	9.9	9.6	9.6	9.9	10.0
43 Nontransaction	465.3	470.8	463.8[r]	449.1[r]	442.5	425.5	431.9	442.1	448.6	442.0	434.3	444.7
44 Borrowings	188.7	213.8	224.1[r]	233.9	254.6	282.9	277.9	283.3	276.0	279.2	273.6	297.3
45 From banks in the U.S.	22.0	21.6	22.7	23.1	25.5	29.9	31.2	31.5	29.8	24.2	31.8	38.2
46 From others	166.7	192.1	201.4[r]	210.7	229.1	253.0	246.7	251.8	246.2	255.0	241.8	259.1
47 Net due to related foreign offices	−57.6	−87.6	−82.7	−73.8[r]	−75.6[r]	−58.9[r]	−69.3	−79.5	−75.7	−72.2	−74.9	−91.9
48 Other liabilities	80.8	95.6	93.3	98.9	98.3	101.4	98.6[r]	100.3	97.7	97.1	105.2	99.8
49 **Total liabilities**	**687.6**	**702.4**	**708.7[r]**	**717.9[r]**	**729.5[r]**	**761.2**	**749.0[r]**	**756.1**	**756.2**	**755.7**	**748.0**	**759.9**
50 Residual (assets less liabilities)[7]	1.8[r]	4.1	3.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

F. Memo items

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2002					2003		2003			
	Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items[8]	81.7	112.3	119.1	110.9	117.1	124.4	130.5	143.3	131.7	139.6	142.5	150.3
2 Revaluation losses on off-balance-sheet items[8]	59.7	94.2	100.5	94.2	100.8	105.6	108.8	121.2	110.9	117.9	119.8	127.5
3 Mortgage-backed securities[9]	296.8	338.5	343.9	355.2	370.4	363.1	368.8	374.8	369.9	368.0	379.1	377.3
4 Pass-through	200.2	253.7	255.0	261.7	274.6	265.6	271.2	276.5	269.9	268.2	282.1	281.4
5 CMO, REMIC, and other	96.7	84.8	88.9	93.5	95.8	97.4	97.6	98.3	99.9	99.8	97.0	95.9
6 Net unrealized gains (losses) on available-for-sale securities[10]	3.5	9.1	11.5	12.5	11.8	11.0	12.2	12.1	11.6	11.6	11.9	12.4
7 Off-shore credit to U.S. residents[11]	19.8	19.0	19.0	18.4	18.5	18.7	18.3	18.2	18.2	18.4	18.1	18.4
8 Securitized consumer loans[12]	132.2[r]	142.8[r]	141.9[r]	144.3[r]	148.5[r]	150.1[r]	149.7[r]	150.6	150.8	150.5	150.0	151.1
9 Credit cards and related plans	120.7	125.5	125.0	127.5	131.4	133.2	132.2	134.8	134.9	134.6	134.2	135.3
10 Other	11.6[r]	17.3[r]	16.9[r]	16.9[r]	17.0[r]	16.9[r]	17.5[r]	15.8	15.9	15.9	15.8	15.8
11 Securitized business loans[12]	19.4	17.8	17.8[r]	17.8[r]	17.4[r]	17.2[r]	16.9[r]	17.2	17.1	17.3	17.2	17.1
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities[9]	276.3[r]	295.1[r]	300.4[r]	303.3[r]	305.3[r]	307.2[r]	306.7	312.5	312.4	312.0	312.3	311.0
13 Securitized consumer loans[12]	207.6	202.1	199.9	198.3	198.7	201.2	205.6	204.5	206.2	206.0	204.1	202.5
14 Credit cards and related plans	200.0	199.0	195.9	189.3	189.8	192.5	197.1	196.0	197.7	197.6	195.6	194.1
15 Other	7.6	3.1	3.9	8.9	8.9	8.7	8.5	8.4	8.5	8.5	8.5	8.4
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items[8]	53.0	65.1	62.5	61.9	63.2	64.0	66.5	66.5	67.8	65.9	65.5	66.6
17 Revaluation losses on off-balance-sheet items[8]	48.0	64.8	61.5	60.2	60.4	60.1	63.0	65.1	65.5	63.6	64.6	65.8
18 Securitized business loans[12]	13.0	9.1	8.1	7.6	7.3	6.9	5.8	4.8	4.8	4.8	4.9	4.8

NOTE. Tables 1.26, 1.27, and 1.28 have been revised to reflect changes in the Board's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States." Table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," and table 1.28, "Large Weekly Reporting U.S. Branches and Agencies of Foreign Banks," are no longer being published in the *Bulletin*. Instead, abbreviated balance sheets for both large and small domestically chartered banks have been included in table 1.26, parts C and D. Data are both merger-adjusted and break-adjusted. In addition, data from large weekly reporting U.S. branches and agencies of foreign banks have been replaced by balance sheet estimates of all foreign-related institutions and are included in table 1.26, part E. These data are break-adjusted.

The not-seasonally-adjusted data for all tables now contain additional balance sheet items, which were available as of October 2, 1996.

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks, and Edge Act and agreement corporations (foreign-related institutions). Excludes International Banking Facilities. Data are Wednesday values or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

The data for large and small domestic banks presented on pp. A17–19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

2. Excludes federal funds sold to, reverse RPs with, and loans made to commercial banks in the United States, all of which are included in "Interbank loans."

3. Consists of reverse RPs with brokers and dealers and loans to purchase and carry securities.

4. Includes vault cash, cash items in process of collection, balances due from depository institutions, and balances due from Federal Reserve Banks.

5. Excludes the due-from position with related foreign offices, which is included in "Net due to related foreign offices."

6. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis. On a seasonally adjusted basis, this item reflects any differences in the seasonal patterns estimated for total assets and total liabilities.

8. Fair value of derivative contracts (interest rate, foreign exchange rate, other commodity and equity contracts) in a gain/loss position, as determined under FASB Interpretation No. 39.

9. Includes mortgage-backed securities issued by U.S. government agencies, U.S government-sponsored enterprises, and private entities.

10. Difference between fair value and historical cost for securities classified as available-for-sale under FASB Statement No 115. Data are reported net of tax effects. Data shown are restated to include an estimate of these tax effects.

11. Mainly commercial and industrial loans but also includes an unknown amount of credit extended to other than nonfinancial businesses.

12. Total amount outstanding.

1.32 COMMERCIAL PAPER OUTSTANDING

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2002					2003
	1998	1999	2000	2001	2002	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 **All issuers**	**1,163,303**	**1,403,023**	**1,615,341**	**1,438,764**	**1,321,517**	**1,375,414**	**1,338,119**	**1,350,182**	**1,351,428**	**1,321,517**	**1,345,460**
Financial companies[1]											
2 Dealer-placed paper, total[2]	614,142	786,643	973,060	989,364	949,683	863,215	856,037	973,150	982,239	949,683	955,386
3 Directly placed paper, total[3]	322,030	337,240	298,848	224,553	217,787	343,733	322,729	219,581	211,574	217,787	236,820
4 Nonfinancial companies[4]	227,132	279,140	343,433	224,847	154,047	168,466	159,353	157,451	157,615	154,047	153,254

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
2000—Jan. 1	8.50	2000	9.23	2001—Jan.	9.05	2002—Jan.	4.75
Feb. 3	8.75	2001	6.91	Feb.	8.50	Feb.	4.75
Mar. 22	9.00	2002	4.67	Mar.	8.32	Mar.	4.75
May 17	9.50			Apr.	7.80	Apr.	4.75
		2000—Jan.	8.50	May	7.24	May	4.75
2001—Jan. 4	9.00	Feb.	8.73	June	6.98	June	4.75
Feb. 1	8.50	Mar.	8.83	July	6.75	July	4.75
Mar. 21	8.00	Apr.	9.00	Aug.	6.67	Aug.	4.75
Apr. 19	7.50	May	9.24	Sept.	6.28	Sept.	4.75
May 16	7.00	June	9.50	Oct.	5.53	Oct.	4.75
June 28	6.75	July	9.50	Nov.	5.10	Nov.	4.35
Aug. 22	6.50	Aug.	9.50	Dec.	4.84	Dec.	4.25
Sept. 18	6.00	Sept.	9.50				
Oct. 3	5.50	Oct.	9.50			2003—Jan.	4.25
Nov. 7	5.00	Nov.	9.50			Feb.	4.25
Dec. 12	4.75	Dec.	9.50			Mar.	4.25
2002—Nov. 7	4.25						

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

Item	2000	2001	2002	2002		2003		2003, week ending				
				Nov.	Dec.	Jan.	Feb.	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	6.24	3.88	1.67	1.34	1.24	1.24	1.26	1.24	1.29	1.22	1.30	1.24
2 Discount window primary credit[2,4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.25	2.25	2.25	2.25	2.25	2.25
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	6.27	3.78	1.67	1.34	1.31	1.25	1.24	1.24	1.23	1.24	1.25	1.25
4 2-month	6.29	3.68	1.67	1.35	1.32	1.26	1.25	1.24	1.26	1.23	1.25	1.25
5 3-month	6.31	3.65	1.69	1.36	1.31	1.26	1.26	1.24	1.24	1.26	1.27	1.25
Financial												
6 1-month	6.28	3.80	1.68	1.34	1.31	1.26	1.25	1.25	1.25	1.24	1.25	1.25
7 2-month	6.30	3.71	1.69	1.37	1.32	1.27	1.25	1.25	1.25	1.26	1.24	1.25
8 3-month	6.33	3.65	1.70	1.37	1.32	1.27	1.25	1.25	1.25	1.25	1.25	1.25
Certificates of deposit, secondary market[3,7]												
9 1-month	6.35	3.84	1.72	1.39	1.37	1.29	1.27	1.27	1.27	1.27	1.27	1.27
10 3-month	6.46	3.71	1.73	1.39	1.34	1.29	1.27	1.27	1.27	1.26	1.27	1.27
11 6-month	6.59	3.66	1.81	1.40	1.36	1.30	1.27	1.27	1.27	1.26	1.27	1.27
12 Eurodollar deposits, 3-month[3,8]	6.45	3.70	1.73	1.39	1.35	1.29	1.26	1.26	1.26	1.26	1.27	1.26
U.S. Treasury bills												
Secondary market[3,5]												
13 4-week	n.a.	2.43	1.60	1.24	1.18	1.15	1.18	1.15	1.15	1.16	1.17	1.21
14 3-month	5.82	3.40	1.61	1.23	1.19	1.17	1.17	1.16	1.15	1.16	1.17	1.19
15 6-month	5.90	3.34	1.68	1.27	1.24	1.20	1.18	1.17	1.17	1.17	1.18	1.18
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
16 1-year	6.11	3.49	2.00	1.49	1.45	1.36	1.30	1.32	1.32	1.30	1.30	1.27
17 2-year	6.26	3.83	2.64	1.92	1.84	1.74	1.63	1.72	1.69	1.63	1.62	1.57
18 3-year	6.22	4.09	3.10	2.32	2.23	2.18	2.05	2.16	2.14	2.06	2.04	1.96
19 5-year	6.16	4.56	3.82	3.05	3.03	3.05	2.90	3.01	3.02	2.94	2.87	2.76
20 7-year	6.20	4.88	4.30	3.64	3.63	3.60	3.45	3.56	3.55	3.50	3.42	3.31
21 10-year	6.03	5.02	4.61	4.05	4.03	4.05	3.90	4.01	3.98	3.95	3.89	3.78
22 20-year	6.23	5.63	5.43	5.04	5.01	5.02	4.87	4.96	4.92	4.91	4.88	4.78
Treasury long-term average[10,11]												
23 25 years and above	n.a.	n.a.	5.41	5.10	5.06	5.07	4.93	5.00	4.95	4.97	4.95	4.86
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
24 Aaa	5.58	5.01	4.87	4.77	4.70	4.72	4.57	4.72	4.68	4.59	4.52	4.48
25 Baa	6.19	5.75	5.64	5.62	5.57	5.61	5.48	5.59	5.58	5.50	5.44	5.38
26 *Bond Buyer* series[13]	5.71	5.15	5.04	4.95	4.85	4.90	4.81	4.90	4.88	4.83	4.79	4.74
CORPORATE BONDS												
27 Seasoned issues, all industries[14]	7.98	7.49	7.10	6.88	6.77	6.72	6.50	6.63	6.53	6.52	6.50	6.43
Rating group												
28 Aaa[15]	7.62	7.08	6.49	6.31	6.21	6.17	5.95	6.09	5.99	5.97	5.96	5.89
29 Aa	7.83	7.26	6.93	6.71	6.63	6.59	6.34	6.48	6.37	6.37	6.35	6.28
30 A	8.11	7.67	7.18	6.89	6.80	6.77	6.63	6.73	6.65	6.66	6.65	6.57
31 Baa	8.37	7.95	7.80	7.62	7.45	7.35	7.06	7.21	7.10	7.09	7.06	6.97
MEMO												
Dividend–price ratio[16]												
32 Common stocks	1.15	1.32	1.61	1.73	1.77	1.81	1.91	1.86	1.93	1.93	1.89	1.89

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly statistical release. For ordering address, see inside front cover.

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days, ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. The rate charged for primary credit under an amendment to the Board's Regulation A, which became effective January 9, 2003. This rate replaces that for adjustment credit, which was discontinued after January 8, 2003. For further information, see: http://www.federalreserve.gov/boarddocs/press/bcreg/2002/20021031 2/default.htm. The rate is that reported for the Federal Reserve Bank of New York. Historical series for the rate on adjustment credit is available at: http://www.federalreserve.gov/releases.gov/releases/h15/data.htm.
5. Quoted on a discount basis.
6. Interest rates interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). See the Board's Commercial Paper web pages (http://www.federalreserve.gov/releases/cp) for more information.
7. An average of dealer offering rates on nationally traded certificates of deposit.
8. Bid rates for eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.
9. Yields on actively traded issues adjusted to constant maturities.
10. Based on the unweighted average of the bid yields for all Treasury fixed-coupon securities with remaining terms to maturity of 25 years and over.
11. A factor for adjusting the daily long-term average in order to estimate a 30-year rate can be found at http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/ltcompositeindex.html.
12. General obligation bonds based on Thursday figures; Moody's Investors Service.
13. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moody's A1 rating. Based on Thursday figures.
14. Daily figures are averages of Aaa, Aa, A, and Baa yields from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
15. Effective December 7, 2001, the Moody's Aaa yield includes yields only for industrial firms. Prior to December 7, 2001, the Aaa yield represented both utilities and industrial.
16. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

SOURCE: U.S. Department of the Treasury.

1.36 STOCK MARKET Selected Statistics

Indicator	2000	2001	2002	2002 June	2002 July	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.	2002 Dec.	2003 Jan.	2003 Feb.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	6,806.46	6,407.95	5,571.46	5,755.89	5,139.94	5,200.62	4,980.65	4,862.70	5,104.89	5,075.76	5,055.78	4,738.56
2 Industrial	809.40	749.46	656.44	677.58	603.04	611.34	589.14	574.45	597.75	593.15	587.78	553.90
3 Transportation	414.73	444.45	430.63	449.42	416.07	409.96	388.19	383.41	405.03	401.39	394.60	367.55
4 Utility	478.99	377.72	260.50	265.21	230.21	225.52	210.76	207.83	229.41	236.71	236.42	214.64
5 Finance	552.48	596.61	554.88	577.05	524.01	533.60	506.05	494.06	523.50	519.72	522.51	485.72
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,427.22	1,194.18	993.94	1,014.05	903.59	912.55	867.81	854.63	909.93	899.18	895.84	837.62
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	922.22	879.08	860.11	911.59	840.76	843.89	852.03	807.38	820.62	823.77	824.64	818.84
Volume of trading (thousands of shares)												
8 New York Stock Exchange	1,026,867	1,216,529	1,411,689	1,539,282	1,848,962	1,317,105	1,370,143	1,619,896	1,427,254	1,210,332	1,441,846	1,302,011
9 American Stock Exchange	51,437	68,074	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**198,790**	**150,450**	**134,380**	**146,270**	**136,160**	**132,800**	**130,210**	**130,570**	**133,060**	**134,380**	**134,910**	**134,030**
Free credit balances at brokers[4]												
11 Margin accounts[5]	100,680	101,640	95,690	95,830	98,080	95,400	98,630	96,620	91,240	95,690	96,430	95,400
12 Cash accounts	84,400	78,040	73,340	68,280	68,860	63,700	67,550	66,780	67,380	73,340	66,200	67,260

	Margin requirements (percent of market value and effective date)[6]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. Series initiated in June 1984.
6. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	2000	2001				2002			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**5,803.5**	**5,800.6**	**5,753.9**	**5,834.5**	**5,970.3**	**6,032.4**	**6,153.3**	**6,255.4**	**6,433.0**
2 Public debt securities	5,662.2	5,773.7	5,726.8	5,807.5	5,943.4	6,006.0	6,126.5	6,228.2	6,405.7
3 Held by public	3,527.4	3,434.4	3,274.2	3,338.7	3,393.8	3,443.7	3,463.5	3,552.6	3,647.4
4 Held by agencies	2,248.7	2,339.4	2,452.6	2,468.8	2,549.7	2,562.4	2,662.9	2,675.6	2,758.3
5 Agency securities	27.4	26.8	27.1	27.0	26.8	26.4	26.8	27.2	27.3
6 Held by public	27.3	26.8	27.1	27.0	26.8	26.4	26.8	27.2	27.3
7 Held by agencies	.1	.1	.0	.0	.0	.0	.0	.0	.0
8 **Debt subject to statutory limit**	**5,580.5**	**5,692.5**	**5,645.0**	**5,732.6**	**5,871.4**	**5,935.1**	**6,058.3**	**6,161.4**	**6,359.4**
9 Public debt securities	5,580.2	5,692.3	5,644.8	5,732.4	5,871.2	5,935.0	6,058.1	6,161.1	6,359.1
10 Other debt[1]	.2	.2	.2	.2	.3	.2	.2	.3	.3
MEMO									
11 Statutory debt limit	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	6,400.0	6,400.0	6,400.0

1. Consists of guaranteed debt of U.S. Treasury and other federal agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCE. U.S. Department of the Treasury, *Monthly Statement of the Public Debt of the United States* and *Monthly Treasury Statement*.

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1999	2000	2001	2002	2002			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**5,776.1**	**5,662.2**	**5,943.4**	**6,405.7**	**6,006.0**	**6,126.5**	**6,228.2**	**6,405.7**
By type								
2 Interest-bearing	5,766.1	5,618.1	5,930.8	6,391.4	5,962.2	6,087.0	6,216.3	6,391.4
3 Marketable	3,281.0	2,966.9	2,982.9	3,205.1	3,003.3	3,024.8	3,136.6	3,205.1
4 Bills	737.1	646.9	811.3	888.8	834.4	822.5	868.3	888.8
5 Notes	1,784.5	1,557.3	1,413.9	1,580.8	1,411.7	1,446.9	1,521.5	1,580.8
6 Bonds	643.7	626.5	602.7	588.7	596.7	592.9	592.9	588.7
7 Inflation-indexed notes and bonds[1]	100.7	121.2	140.1	146.9	145.6	147.5	138.9	146.9
8 Nonmarketable[2]	2,485.1	2,651.2	2,947.9	3,186.3	2,958.9	3,062.2	3,079.6	3,186.3
9 State and local government series	165.7	151.0	146.3	153.4	141.1	142.8	144.3	153.4
10 Foreign issues[3]	31.3	27.2	15.4	11.2	14.6	13.3	12.5	11.2
11 Government	31.3	27.2	15.4	11.2	14.6	13.3	12.5	11.2
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	179.4	176.9	181.5	184.8	183.6	184.8	185.6	184.8
14 Government account series[4]	2,078.7	2,266.1	2,574.8	2,806.9	2,589.7	2,691.4	2,707.3	2,806.9
15 Non-interest-bearing	10.0	44.2	12.7	14.3	43.8	39.5	12.0	14.3
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	2,064.2	2,270.1	2,572.2	2,757.8	2,581.4	2,686.0	2,701.3	2,757.8
17 Federal Reserve Banks[6]	478.0	511.7	551.7	629.4	575.4	590.7	604.2	629.4
18 Private investors	3,233.9	2,880.4	2,819.5	3,018.5	2,849.2	2,849.8	2,924.8	3,018.5
19 Depository institutions	248.7	201.5	181.5	223.2	187.6	204.4	210.4	223.2
20 Mutual funds	228.6	220.8	257.5	278.1	264.9	250.0	253.6	278.1
21 Insurance companies	123.4	110.2	105.7	117.4	108.4	110.3	116.0	117.4
22 State and local treasuries[7]	266.8	236.2	256.5	274.2	261.2	271.7	269.4	274.2
Individuals								
23 Savings bonds	186.4	184.8	190.3	194.9	191.9	192.7	193.3	194.9
24 Pension funds	321.0	304.1	281.6	284.2	293.3	286.0	284.9	284.2
25 Private	109.8	108.4	104.2	111.4	106.3	108.8	110.9	111.4
26 State and Local	211.2	195.7	177.4	172.8	187.0	177.2	174.1	172.8
27 Foreign and international[8]	1,268.7	1,034.2	1,053.1	1,174.2	1,056.5	1,068.1	1,128.6	1,174.2
28 Other miscellaneous investors[7,9]	590.3	588.7	493.3	n.a.	485.4	466.5	471.1	n.a.

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. U.S. Treasury securities bought outright by Federal Reserve Banks, see *Bulletin* table 1.18.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Includes nonmarketable foreign series Treasury securities and Treasury deposit funds. Excludes Treasury securities held under repurchase agreements in custody accounts at the Federal Reserve Bank of New York.
9. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

SOURCES. Data by type of security, U.S. Treasury Department, *Monthly Statement of the Public Debt of the United States*; data by holder, Federal Reserve Board of Governors, *Flow of Funds Accounts of the United States* and U.S. Treasury Department, *Treasury Bulletin*, unless otherwise noted.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	2002 Nov.	2002 Dec.	2003 Jan.	2003, week ending Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
By type of security												
1 U.S. Treasury bills	48,070	44,252	39,484	44,452	40,845	37,031	40,224	38,052	44,310	37,510	38,707	44,677
Treasury coupon securities by maturity												
2 Three years or less	141,467	98,091	122,814	50,663	116,047	139,902	108,177	124,329	122,494	114,312	95,291	126,063
3 More than three but less than or equal to six years	118,430	78,534	119,127	36,370	141,958	132,622	104,298	98,307	110,023	128,243	97,747	104,503
4 More than six but less than or equal to eleven years	98,012	61,252	75,346	28,264	69,120	88,242	70,103	73,479	73,820	88,227	90,878	83,004
5 More than eleven	20,833	15,748	16,002	10,331	14,469	16,369	16,861	16,642	15,594	22,002	17,694	23,597
6 Inflation-indexed[2]	2,603	2,380	3,969	1,532	7,402	3,292	2,746	2,451	3,316	3,248	2,185	3,477
Federal agency and government-sponsored enterprises												
7 Discount notes	51,785	54,947	56,755	57,667	62,335	54,697	58,095	51,741	57,810	54,206	61,150	51,402
Coupon securities by maturity												
8 Three years or less	12,727	8,787	12,752	5,492	12,515	13,891	10,728	11,844	16,818	10,336	8,791	10,657
9 More than three years but less than or equal to six years	8,893	6,270	10,444	2,588	11,226	9,346	11,343	9,738	11,206	11,438	7,708	10,259
10 More than six years but less than or equal to eleven years	7,383	5,976	6,839	2,243	5,839	8,773	6,408	6,852	5,337	4,550	7,782	5,445
11 More than eleven years	1,219	897	988	813	821	1,527	694	941	761	585	2,009	936
12 Mortgage-backed	194,006	153,693	201,113[r]	77,533	276,025	241,250	135,934	152,512	165,350	254,910	181,176	177,764
Corporate securities												
13 One year or less	111,148	101,904	109,068[r]	83,300	105,664	112,043	118,518	103,376	105,468	104,604	118,895	115,302
14 More than one year	22,421	15,482	22,404	4,126	18,492	24,116	19,841	26,287	23,318	24,000	18,873	20,942
By type of counterparty												
With interdealer broker												
15 U.S. Treasury	205,144	137,745	170,999	70,851	171,563	182,096	158,681	164,015	183,940	189,323	156,672	170,636
16 Federal agency and government-sponsored enterprises	10,018	7,381	10,127	4,273	9,649	10,618	10,771	10,233	8,541	8,885	7,844	7,883
17 Mortgage-backed	49,075	36,156	54,576[r]	16,842	69,875	58,790	35,992	50,663	52,743	75,820	54,089	52,611
18 Corporate	431	433	616	64	543	677	524	661	714	553	368	466
With other												
19 U.S. Treasury	224,271	162,512	205,741	100,760	218,277	235,361	183,729	189,245	185,617	204,218	185,828	214,685
20 Federal agency and government-sponsored enterprises	71,989	69,496	77,652	64,530	83,086	77,615	76,497	70,884	83,390	72,229	79,595	70,814
21 Mortgage-backed	144,931	117,537	146,537[r]	60,692	206,150	182,460	99,943	101,849	112,607	179,089	127,088	125,153
22 Corporate	133,138	116,953	130,855[r]	87,362	123,613	135,481	137,835	129,002	128,072	128,051	137,400	135,779

NOTE. Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 4, 2001. Current weekly data may be found at the Federal Reserve Bank of New York web site (http:www.newyorkfed.org/pihome/statistics) under the Primary Dealer heading.

1. The figures represent purchases and sales in the market by the primary U.S. government securities dealers reporting to the Federal Reserve Bank of New York. Outright transactions include all U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities scheduled for immediate and forward delivery, as well as all U.S. government securities traded on a when-issued basis between the announcement and issue date. Data do not include transactions under repurchase and reverse repurchase (resale) agreements. Averages are based on the number of trading days in the week.

2. Outright Treasury inflation-indexed securities (TIIS) transactions are reported at principal value, excluding accrued interest, where principal value reflects the original issuance par amount (unadjusted for inflation) times the price times the index ratio.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item, by type of security	2002 Nov.	2002 Dec.	2003 Jan.	2003, week ending Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19
	Net outright positions[2]										
1 U.S. Treasury bills	21,827	27,911	23,749	22,849	30,612	27,776	20,672	15,946	24,171	31,778	40,149
Treasury coupon securities by maturity											
2 Three years or less	-25,283	-22,860	-19,950	-26,020	-24,014	-25,729	-20,489	-9,703	-16,436	-18,025	-15,372
3 More than three years but less than or equal to six years	-30,766	-33,784	-33,546	-32,883	-25,657	-31,449	-38,417	-38,614	-34,042	-27,510	-29,391
4 More than six but less than or equal to eleven years	-15,248	-19,587	-18,697	-19,408	-18,584	-18,828	-17,603	-19,813	-18,197	-13,268	-13,100
5 More than eleven	1,106	1,813	4,522	3,706	4,264	4,833	5,075	4,250	3,759	3,220	5,155
6 Inflation-indexed	1,402	4,312	1,268	3,195	708	740	1,387	2,028	1,038	2,222	2,071
Federal agency and government-sponsored enterprises											
7 Discount notes	51,259	51,664	55,562	41,205	53,082	58,959	48,878	61,236	63,066	57,514	54,573
Coupon securities, by maturity											
8 Three years or less	16,344	18,834	15,969	19,754	18,118	13,441	16,572	15,243	15,827	19,734	16,576
9 More than three years but less than or equal to six years	-407	587	4,501	100	3,059	4,289	4,879	5,459	7,812	9,268	6,025
10 More than six but less than or equal to eleven years	1,556	2,333	1,521	2,197	1,410	2,399	1,155	1,107	1,236	207	822
11 More than eleven	2,994	2,757	2,200	2,453	2,571	2,239	2,043	1,982	1,958	2,095	2,203
12 Mortgage-backed	8,176	12,650	23,387	20,316	12,043	20,425	25,035	33,740	32,996	28,681	21,290
Corporate securities											
13 One year or less	21,645	25,588	25,810	22,714	23,602	25,656	26,446	26,498	30,987	25,718	30,300
14 More than one year	50,912	55,865	53,119	59,712	54,642	54,930	52,358	50,787	48,978	48,276	53,681
	Financing[3]										
Securities in, U.S. Treasury											
15 Overnight and continuing	614,961	605,390	629,534	628,260	632,534	642,916	623,757	618,617	631,268	641,428	673,773
16 Term	937,618	918,379	716,731	606,042	670,679	702,996	722,327	770,564	773,324	798,446	622,685
Federal agency and government-sponsored enterprises											
17 Overnight and continuing	145,420	143,451	153,105	156,702	159,469	147,538	149,462	154,502	156,371	159,292	162,395
18 Term	315,176	294,633	228,176	211,024	227,203	224,307	230,440	232,573	230,380	231,468	216,628
Mortgage-backed securities											
19 Overnight and continuing	48,995	35,872	37,003	42,826	47,571	35,239	36,140	29,138	33,821	37,946	51,364
20 Term	277,966	274,185	250,974	227,205	253,088	251,774	247,109	257,452	243,508	248,270	242,632
Corporate securities											
21 Overnight and continuing	49,184	49,163	58,162	55,493	57,743	57,928	58,051	58,759	60,079	60,680	61,367
22 Term	26,247	24,654	24,045	24,697	23,962	23,881	24,357	23,645	24,887	24,964	24,702
MEMO											
Reverse repurchase agreements											
23 Overnight and continuing	456,710	440,006	425,659	478,500	446,333	423,856	408,808	415,652	427,199	446,710	492,350
24 Term	1,404,106	1,352,627	1,058,223	896,060	1,016,245	1,043,024	1,063,055	1,119,107	1,109,413	1,140,885	943,789
Securities out, U.S. Treasury											
25 Overnight and continuing	573,787	585,423	586,166	617,379	579,704	597,525	582,890	582,617	577,312	593,721	633,936
26 Term	875,065	842,700	656,962	523,487	621,245	647,239	659,977	702,113	714,152	742,013	564,162
Federal agency and government-sponsored enterprises											
27 Overnight and continuing	276,128	271,376	293,172	266,398	297,118	283,500	281,190	308,888	313,538	310,052	301,736
28 Term	245,811	232,535	153,444	147,595	156,350	152,494	154,818	150,466	155,138	160,989	149,215
Mortgage-backed securities											
29 Overnight and continuing	316,240	300,834	334,095	291,863	286,744	329,449	363,297	367,868	316,794	307,924	363,780
30 Term	170,818	170,735	153,932	140,737	166,052	154,005	150,152	149,285	147,341	152,537	146,900
Corporate securities											
31 Overnight and continuing	133,692	135,776	135,890	133,477	137,182	136,059	133,222	135,480	142,755	137,209	143,942
32 Term	20,946	17,694	19,581	16,264	17,394	19,070	21,393	20,537	21,002	22,395	22,240
MEMO											
Repurchase agreements											
33 Overnight and continuing	1,139,287	1,127,804	1,159,110	1,124,399	1,119,989	1,154,848	1,166,601	1,200,763	1,156,305	1,149,294	1,238,659
34 Term	1,279,914	1,233,261	951,521	799,181	931,963	940,780	953,180	986,973	1,003,848	1,043,656	846,904

NOTE. Major changes in the report form filed by primary dealers included a break in many series as of the week ending July 4, 2001. Current weekly data may be found at the Federal Reserve Bank of New York web site (http://www.newyorkfed.org/pihome/statistics) under the Primary Dealer heading.

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Net outright positions include all U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities scheduled for immediate and forward delivery, as well as U.S. government securities traded on a when-issued basis between the announcement and issue date.

3. Figures cover financing U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities. Financing transactions for Treasury inflation-indexed securities (TIIS) are reported in actual funds paid or received, except for pledged securities. TIIS that are issued as pledged securities are reported at par value, which is the value of the security at original issuance (unadjusted for inflation).

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1999	2000	2001	2002	2002				
					Aug.	Sept.	Oct.	Nov.	Dec.
1 **Federal and federally sponsored agencies**	**1,616,492**	**1,851,632**	**2,121,057**	n.a.	**2,226,713**	**2,269,256**	**2,289,622**	**2,305,945**	n.a.
2 Federal agencies	26,376	25,666	276	n.a.	164	304	318	342	n.a.
3 Defense Department[1]	6	6	6	n.a.	6	6	6	6	n.a.
4 Export–Import Bank[2,3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	126	255	26,828	n.a.	26,274	27,170	26,725	26,863	n.a.
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
7 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	26,370	25,660	270	n.a.	158	298	312	336	n.a.
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	1,590,116	1,825,966	2,120,781	2,351,037	2,226,549	2,268,952	2,289,304	2,305,607	2,351,037
11 Federal Home Loan Banks	529,005	594,404	623,740	674,841	659,258	668,703	679,209	674,847	674,841
12 Federal Home Loan Mortgage Corporation	360,711	426,899	565,071	648,894	603,135	623,267	625,328	643,201	648,894
13 Federal National Mortgage Association	547,619	642,700	763,500	851,000	789,900	800,300	804,800	811,700	851,000
14 Farm Credit Banks[8]	68,883	74,181	76,673	85,088	81,658	82,741	83,145	83,884	85,088
15 Student Loan Marketing Association[9]	41,988	45,375	48,350	47,900	49,500	50,300	54,200	48,700	47,900
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**42,152**	**40,575**	**39,096**	n.a.	**42,825**	**39,604**	**37,084**	**37,418**	n.a.
Lending to federal and federally sponsored agencies									
20 Export–Import Bank[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
21 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	6,665	5,275	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
26 Rural Electrification Administration	14,085	13,126	13,876	n.a.	13,599	14,029	14,058	14,209	n.a.
27 Other	21,402	22,174	25,220	n.a.	29,226	25,575	23,026	23,209	n.a.

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; the Department of Health, Education, and Welfare; the Department of Housing and Urban Development; the Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agriculture Mortgage Corporation; therefore, details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES State and Local Governments

Millions of dollars

Type of issue or issuer, or use	2000	2001	2002	2002 July	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.	2002 Dec.	2003 Jan.	2003 Feb.
1 **All issues, new and refunding**[1]	**180,403**	**291,937**	**364,030**	**28,113**	**31,691**	**27,422**	**44,574**	**37,188**	**27,549**	**26,731**	**29,928**
By type of issue											
2 General obligation	64,475	118,554	145,323	12,352	13,187	9,628	18,595	11,023	8,431	8,112	12,723
3 Revenue	115,928	170,047	214,788	15,642	18,692	17,751	24,074	24,942	18,961	17,049	17,206
By type of issuer											
4 State	19,944	30,099	33,931	3,404	3,472	2,442	4,199	2,109	1,670	1,927	3,404
5 Special district or statutory authority[2]	121,185	197,462	259,070	18,229	23,104	19,171	31,793	28,296	20,151	17,979	20,892
6 Municipality, county, or township	39,273	61,040	67,121	6,361	5,302	5,767	6,678	5,570	5,570	5,290	5,632
7 **Issues for new capital**	**154,257**	**200,322**	**243,431**	**19,872**	**20,632**	**15,140**	**30,230**	**26,563**	**19,888**	**18,645**	**20,196**
By use of proceeds											
8 Education	38,665	50,054	57,894	4,205	3,968	3,529	5,209	3,743	5,292	4,823	5,908
9 Transportation	19,730	21,411	22,093	3,251	4,413	1,398	1,476	1,250	1,060	1,417	1,618
10 Utilities and conservation	11,917	21,917	33,404	1,660	2,806	2,038	6,922	8,379	2,031	2,196	173
11 Social welfare	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	7,122	6,607	7,227	760	283	574	1,225	821	796	422	1,022
13 Other purposes	47,309	55,733	73,033	5,893	6,537	5,597	6,996	7,189	4,992	7,400	8,340

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCE. Securities Data Company beginning January 1990; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	2000	2001	2002	2002 June	2002 July	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.	2002 Dec.	2003 Jan.
1 **All issues**[1]	**1,079,727**	**1,541,821**	**1,429,298**	**149,753**	**68,426**	**97,665**	**135,176**	**93,439**	**119,659**	**127,061**	**123,736**
2 **Bonds**[2]	**944,810**	**1,413,267**	**1,318,863**	**133,217**	**63,912**	**93,659**	**127,881**	**85,606**	**109,726**	**120,183**	**116,609**
By type of offering											
3 Sold in the United States	822,012	1,356,879	1,232,618	121,491	60,549	90,215	123,449	81,409	104,112	114,332	110,383
4 Sold abroad	122,798	56,389	86,246	11,725	3,362	3,444	4,432	4,197	5,614	5,851	6,226
MEMO											
5 Private placements, domestic	18,370	8,734	n.a.	3,068	0	0	65	0	3,525	5,060[r]	4,700
By industry group											
6 Nonfinancial	258,804	459,560	282,484	27,693	7,624	14,960	19,988	14,906	22,029	20,751	28,461
7 Financial	686,006	953,707	1,036,379	105,524	56,288	78,699	107,893	70,700	87,697	99,433	88,148
8 **Stocks**[3]	**311,941**	**230,632**	**170,673**	**16,536**	**4,514**	**4,006**	**7,295**	**7,833**	**9,933**	**6,878**	**7,127**
By type of offering											
9 Public	134,917	128,554	110,435	16,536	4,514	4,006	7,295	7,833	9,933	6,878	7,127
10 Private placement[4]	177,024	102,078	60,238	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	118,369	77,577	62,115	11,608	1,833	539	2,754	3,731	4,533	4,154	3,793
12 Financial	16,548	50,977	48,320	4,928	2,681	3,467	4,541	4,102	5,400	2,724	3,334

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data include 144(a) offerings.
3. Monthly data cover only public offerings.
4. Data for private placements are not available at a monthly frequency.

SOURCE. Securities Data Company and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	2001	2002	2002						2003	
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.
1 **Sales of own shares**[2]	**1,806,474**	**1,826,045**	**170,946**	**151,136**	**125,408**	**164,959**	**137,914**	**134,383**	**152,647**	**121,632**
2 Redemptions of own shares	1,677,266	1,702,671	200,148	136,210	126,760	167,039	122,125	135,213	138,951	113,018
3 Net sales[3]	129,208	123,374	−29,202	14,926	−1,352	−2,080	15,789	−830	13,696	8,614
4 **Assets**[4]	**4,689,624**	**4,119,322**	**4,124,186**	**4,170,641**	**3,899,858**	**4,059,765**	**4,249,351**	**4,119,322**	**4,060,568**	**4,032,773**
5 Cash[5]	219,620	208,479	199,586	220,425	199,778	204,019	219,213	208,479	212,792	200,060
6 Other	4,470,004	3,910,843	3,924,600	3,950,216	3,700,080	3,855,746	4,030,138	3,910,843	3,847,776	3,832,713

1. Data include stock, hybrid, and bond mutual funds and exclude money market mutual funds.
2. Excludes reinvestment of net income dividends and capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	2000	2001	2002	2001			2002			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross[2]	959.4	948.5	945.5	988.9	967.9	948.5	930.1	942.1	945.8	945.5
2 Consumer	328.7	340.2	315.7	324.7	329.4	340.2	329.9	332.1	334.7	315.7
3 Business	458.4	447.0	455.3	481.9	451.1	447.0	443.0	449.4	445.5	455.3
4 Real estate	172.3	161.3	174.5	182.3	187.4	161.3	157.2	160.5	165.5	174.5
5 LESS: Reserves for unearned income	69.8	60.6	57.7	61.6	60.8	60.6	59.5	58.5	58.0	57.7
6 Reserves for losses	16.7	21.0	24.0	17.4	18.0	21.0	21.5	21.6	22.1	24.0
7 Accounts receivable, net	872.9	866.8	863.8	909.9	889.1	866.8	849.1	862.0	865.7	863.8
8 All other	461.2	523.4	588.5	458.9	478.7	523.4	515.2	530.5	558.0	588.5
9 **Total assets**	**1,334.1**	**1,390.2**	**1,452.3**	**1,368.8**	**1,367.8**	**1,390.2**	**1,364.3**	**1,392.5**	**1,423.7**	**1,452.3**
LIABILITIES AND CAPITAL										
10 Bank loans	35.9	50.8	57.6	45.3	44.5	50.8	49.4	56.9	74.9	57.6
11 Commercial paper	238.8	158.6	141.5	181.6	171.0	158.6	137.0	130.8	143.1	141.5
Debt										
12 Owed to parent	102.6	99.2	87.5	93.4	91.7	99.2	82.6	83.3	82.9	87.5
13 Not elsewhere classified	502.3	567.4	621.3	542.2	555.8	567.4	574.5	597.2	584.9	621.3
14 All other liabilities	301.9	325.6	336.6	336.4	327.6	325.6	329.2	331.5	343.4	336.6
15 Capital, surplus, and undivided profits	152.5	188.7	207.9	170.0	177.2	188.7	191.7	192.9	194.5	207.9
16 **Total liabilities and capital**	**1,334.1**	**1,390.2**	**1,452.3**	**1,368.8**	**1,367.8**	**1,390.2**	**1,364.3**	**1,392.5**	**1,423.7**	**1,452.3**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.
2. Before deduction for unearned income and losses. Excludes pools of securitized assets.

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	2000	2001	2002[r]	2002					2003
				Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.
	Seasonally adjusted								
1 **Total**	**1,186.3[r]**	**1,246.7[r]**	**1,270.3**	**1,269.9**	**1,267.2**	**1,266.4**	**1,270.3**	**1,270.3**	**1,276.0**
2 Consumer	465.1[r]	513.4[r]	513.3	524.7	523.0	517.7	513.8	513.3	518.2
3 Real estate	198.9	207.7	216.5	209.6	207.9	211.7	214.2	216.5	217.0
4 Business	522.3[r]	525.6[r]	540.6	535.5	536.2	537.0	542.3	540.6	540.8
	Not seasonally adjusted								
5 **Total**	**1,192.9[r]**	**1,253.9[r]**	**1,277.7**	**1,261.2**	**1,260.9**	**1,263.6**	**1,268.0**	**1,277.7**	**1,278.6**
6 Consumer	469.0[r]	518.3[r]	518.5	525.2	523.0	519.0	517.7	518.5	519.5
7 Motor vehicle loans	141.6	173.9	160.2	170.3	176.5	169.9	159.8	160.2	160.1
8 Motor vehicle leases	108.2	103.5	83.3	90.5	88.5	86.7	85.2	83.3	81.9
9 Revolving[2]	38.3[r]	31.7[r]	39.1	36.7	37.4	37.5	37.2	39.1	39.6
10 Other[3]	40.7	31.1	33.1	33.0	32.3	31.3	31.4	33.1	33.3
Securitized assets[4]									
11 Motor vehicle loans	97.1	131.9	151.9	144.4	138.9	144.1	153.9	151.9	154.3
12 Motor vehicle leases	6.6	6.8	5.7	6.0	6.0	5.9	5.8	5.7	5.7
13 Revolving	19.6	25.0	31.1	29.9	29.1	29.2	30.2	31.1	30.4
14 Other	17.1	14.3	14.0	14.4	14.4	14.4	14.2	14.0	14.2
15 Real estate	198.9	207.7	216.5	209.6	207.9	211.7	214.2	216.5	217.0
16 One- to four-family	130.6	120.1	135.0	128.7	126.5	130.5	132.8	135.0	135.9
17 Other	41.7	41.2	39.5	38.8	39.0	39.0	39.3	39.5	39.4
Securitized real estate assets[4]									
18 One- to four-family	24.7	40.7	39.7	40.4	40.1	40.1	39.9	39.7	39.4
19 Other	1.9	5.7	2.2	1.7	2.2	2.2	2.2	2.2	2.2
20 Business	525.0	527.9	542.7	526.4	530.0	532.9	536.1	542.7	542.1
21 Motor vehicles	75.5	54.0	60.7	56.0	56.9	57.3	58.2	60.7	58.6
22 Retail loans	18.3	16.1	15.4	17.2	17.6	18.0	15.7	15.4	15.2
23 Wholesale loans[5]	39.7	20.3	29.3	22.2	23.3	23.5	26.7	29.3	27.5
24 Leases	17.6	17.6	16.0	16.6	15.9	15.9	15.8	16.0	15.9
25 Equipment	283.5	289.4	292.1	287.5	289.2	288.4	288.4	292.1	291.3
26 Loans	70.2	77.8	83.3	81.4	82.8	81.9	82.2	83.3	83.8
27 Leases	213.3	211.6	208.8	206.1	206.4	206.5	206.2	208.8	207.5
28 Other business receivables[6]	99.4	103.5	102.5	99.8	99.4	97.0	95.7	102.5	104.7
Securitized assets[4]									
29 Motor vehicles	37.8	50.1	50.2	41.0	43.8	47.0	50.4	50.2	50.3
30 Retail loans	3.2	5.1	2.4	2.2	2.2	1.9	2.5	2.4	2.4
31 Wholesale loans	32.5	42.5	45.9	36.5	39.3	42.8	45.6	45.9	46.1
32 Leases	2.2	2.5	1.9	2.3	2.3	2.3	2.3	1.9	1.8
33 Equipment	23.1	23.2	20.2	22.0	21.6	23.9	24.3	20.2	20.1
34 Loans	15.5	16.4	13.0	15.4	14.8	17.2	17.6	13.0	12.9
35 Leases	7.6	6.8	7.2	6.6	6.7	6.7	6.7	7.2	7.2
36 Other business receivables[6]	5.6	7.7	17.1	20.1	19.1	19.2	19.2	17.1	17.1

NOTE. This table has been revised to incorporate several changes resulting from the benchmarking of finance company receivables to the June 1996 Survey of Finance Companies. In that benchmark survey, and in the monthly surveys that have followed, more detailed breakdowns have been obtained for some components. In addition, previously unavailable data on securitized real estate loans are now included in this table. The new information has resulted in some reclassification of receivables among the three major categories (consumer, real estate, and business) and in discontinuities in some component series between May and June 1996.

Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

1. Owned receivables are those carried on the balance sheet of the institution. Managed receivables are outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator. Data are shown before deductions for unearned income and losses. Components may not sum to totals because of rounding.

2. Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods, such as appliances, apparel, boats, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

6. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	2000	2001	2002	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.	2002 Dec.	2003 Jan.	2003 Feb.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	234.5	245.0	261.1	267.5	266.7	258.7	256.7	266.9	278.9	235.1
2 Amount of loan (thousands of dollars)	177.0	184.2	197.0	199.1	201.1	195.0	193.3	205.1	214.0	179.3
3 Loan-to-price ratio (percent)	77.4	77.3	77.8	77.3	77.6	77.7	77.4	79.0	79.3	78.0
4 Maturity (years)	29.2	28.8	28.9	29.0	29.1	28.8	28.4	28.7	28.9	28.3
5 Fees and charges (percent of loan amount)[2]	.70	.67	.62	.59	.60	.63	.61	.64	.79	.37
Yield (percent per year)										
6 Contract rate[1]	7.41	6.90	6.35	6.17	6.09	6.00	5.99	5.95	6.00	5.76
7 Effective rate[1,3]	7.52	7.00	6.44	6.26	6.17	6.09	6.08	6.04	6.12	5.82
8 Contract rate (HUD series)[4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (section 203)[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	7.57	6.36	5.81	5.53	5.15	5.31	5.29	5.17	5.18	5.03
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	610,122	707,015	790,800	746,101	751,423	751,347	760,759	790,800	810,609	816,747
12 FHA/VA insured	61,539	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Conventional	548,583	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	154,231	270,384	370,641	23,123	33,518	32,853	47,307	67,891	57,281	40,420
Mortgage commitments (during period)										
15 Issued[7]	163,689	304,084	400,327	42,555	58,055	68,463	53,286	30,769	n.a.	n.a.
16 To sell[8]	11,786	7,586	12,268	1,292	1,016	1,121	520	1,555	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	385,693	491,719	568,173	525,795	530,694	536,389	549,380	568,173	568,494	561,534
18 FHA/VA insured	3,332	3,506	4,573	4,195	4,634	4,724	4,019	4,573	n.a.	n.a.
19 Conventional	382,361	488,213	563,600	521,600	526,060	531,665	545,361	563,600	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	174,043	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Sales	166,901	389,611	547,046	34,937	46,369	60,516	62,354	73,184	48,169	41,831
22 Mortgage commitments contracted (during period)[9]	169,231	417,434	615,981	44,401	57,793	73,639	74,340	91,223	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for the Federal National Mortgage Association exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1999	2000	2001	2001	2002			
				Q4	Q1	Q2	Q3	Q4[p]
1 **All holders**	**6,320,135**	**6,894,097**	**7,597,732**	**7,597,732**	**7,763,084**	**7,978,272**	**8,209,225**	**8,476,304**
By type of property								
2 One- to four-family residences	4,790,601	5,208,604	5,738,228	5,738,228	5,876,695	6,048,445	6,245,941	6,459,659
3 Multifamily residences	369,003	405,430	453,100	453,100	461,198	472,262	479,919	496,733
4 Nonfarm, nonresidential	1,057,568	1,171,205	1,290,069	1,290,069	1,307,076	1,337,136	1,359,812	1,394,692
5 Farm	102,964	108,858	116,336	116,336	118,116	120,428	123,553	125,220
By type of holder								
6 Major financial institutions	2,394,271	2,618,969	2,791,076	2,791,076	2,789,654	2,860,853	2,981,236	3,087,646
7 Commercial banks[2]	1,495,420	1,660,054	1,789,819	1,789,819	1,800,362	1,873,203	1,961,908	2,059,079
8 One- to four-family	879,576	965,635	1,023,851	1,023,851	1,018,478	1,070,522	1,143,938	1,222,461
9 Multifamily	67,665	77,803	84,851	84,851	86,719	90,743	90,929	94,169
10 Nonfarm, nonresidential	516,333	582,577	645,619	645,619	659,187	674,972	689,288	704,454
11 Farm	31,846	34,039	35,498	35,498	35,978	36,966	37,753	37,995
12 Savings institutions[3]	668,064	722,974	758,236	758,236	745,998	742,732	773,689	781,255
13 One- to four-family	548,222	594,221	620,579	620,579	605,171	599,402	625,424	631,399
14 Multifamily	59,309	61,258	64,592	64,592	65,199	66,009	68,668	67,840
15 Nonfarm, nonresidential	60,063	66,965	72,534	72,534	75,077	76,768	79,036	81,435
16 Farm	470	529	531	531	551	552	560	581
17 Life insurance companies	230,787	235,941	243,021	243,021	243,293	244,918	245,639	247,312
18 One- to four-family	5,934	4,903	4,931	4,931	4,938	5,162	5,176	5,210
19 Multifamily	32,818	33,681	35,631	35,631	35,671	35,818	35,921	36,161
20 Nonfarm, nonresidential	179,048	183,757	188,376	188,376	188,599	189,850	190,398	191,666
21 Farm	12,987	13,600	14,083	14,083	14,085	14,088	14,144	14,275
22 Federal and related agencies	320,054	344,225	376,999	376,999	385,027	396,091	412,014	437,100
23 Government National Mortgage Association	7	6	8	8	8	8	8	5
24 One- to four-family	7	6	8	8	8	8	8	5
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	73,871	73,323	72,452	72,452	72,362	71,970	72,030	72,377
27 One- to four-family	16,506	16,372	15,824	15,824	15,665	15,273	15,139	14,908
28 Multifamily	11,741	11,733	11,712	11,712	11,707	11,692	11,686	11,669
29 Nonfarm, nonresidential	41,355	41,070	40,965	40,965	41,134	41,188	41,439	42,101
30 Farm	4,268	4,148	3,952	3,952	3,855	3,817	3,766	3,700
31 Federal Housing Admin. and Dept. of Veterans Affairs	3,712	3,507	3,290	3,290	3,361	3,473	2,973	3,854
32 One- to four-family	1,851	1,308	1,260	1,260	1,255	1,254	1,252	1,262
33 Multifamily	1,861	2,199	2,031	2,031	2,105	2,218	1,721	2,592
34 Resolution Trust Corporation	0	0	0	0	0	0	0	0
35 One- to four-family	0	0	0	0	0	0	0	0
36 Multifamily	0	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	152	45	13	13	7	22	13	46
40 One- to four-family	25	7	2	2	1	4	2	7
41 Multifamily	29	9	3	3	1	4	2	9
42 Nonfarm, nonresidential	98	29	8	8	4	14	8	30
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	149,422	155,626	169,908	169,908	176,051	180,491	184,191	190,501
45 One- to four-family	141,195	144,150	155,060	155,060	160,300	164,038	167,006	171,490
46 Multifamily	8,227	11,476	14,848	14,848	15,751	16,453	17,185	19,011
47 Federal Land Banks	34,187	36,326	40,885	40,885	41,981	42,951	44,782	45,863
48 One- to four-family	2,012	2,137	2,406	2,406	2,470	2,527	2,635	2,699
49 Farm	32,175	34,189	38,479	38,479	39,511	40,424	42,147	43,164
50 Federal Home Loan Mortgage Corporation	56,676	59,240	62,792	62,792	59,624	58,872	60,934	63,887
51 One- to four-family	44,321	42,871	40,309	40,309	35,955	34,062	34,616	35,851
52 Multifamily	12,355	16,369	22,483	22,483	23,669	24,810	26,318	28,036
53 Mortgage pools or trusts[5]	2,947,690	3,231,401	3,714,706	3,714,706	3,869,374	3,986,827	4,065,965	4,182,833
54 Government National Mortgage Association	582,263	611,553	591,368	591,368	587,204	583,745	567,428	537,927
55 One- to four-family	565,189	592,624	569,460	569,460	564,108	559,549	542,250	512,137
56 Multifamily	17,074	18,929	21,908	21,908	23,096	24,196	25,178	25,790
57 Federal Home Loan Mortgage Corporation	749,081	822,310	948,409	948,409	1,012,478	1,053,261	1,058,176	1,082,062
58 One- to four-family	744,619	816,602	940,933	940,933	1,005,136	1,045,981	1,050,899	1,072,990
59 Multifamily	4,462	5,708	7,476	7,476	7,342	7,280	7,277	9,072
60 Federal National Mortgage Association	960,883	1,057,750	1,290,351	1,290,351	1,355,404	1,404,594	1,458,945	1,538,287
61 One- to four-family	924,941	1,016,398	1,238,125	1,238,125	1,301,374	1,349,442	1,402,929	1,478,610
62 Multifamily	35,942	41,352	52,226	52,226	54,030	55,152	56,016	59,677
63 Farmers Home Administration[4]	0	0	0	0	0	0	0	0
64 One- to four-family	0	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
67 Farm	0	0	0	0	0	0	0	0
68 Private mortgage conduits	655,463	739,788	884,578	884,578	914,288	945,227	981,416	1,024,557
69 One- to four-family[6]	455,021	499,834	591,200	591,200	616,300	638,300	669,300	694,800
70 Multifamily	42,045	48,894	56,591	56,591	57,339	58,783	59,446	62,987
71 Nonfarm, nonresidential	158,398	191,060	236,787	236,787	240,649	248,144	252,669	266,770
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	658,120	699,503	714,950	714,950	719,029	734,502	750,010	768,724
74 One- to four-family	459,385	495,605	506,786	506,786	514,043	524,741	538,393	555,356
75 Multifamily	75,244	75,799	78,593	78,593	78,426	78,979	79,462	79,627
76 Nonfarm, nonresidential	102,274	105,747	105,780	105,780	102,425	106,201	106,973	108,237
77 Farm	21,217	22,352	23,792	23,792	24,135	24,581	25,183	25,504

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Includes securitized home equity loans.
7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCE. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities and other sources.

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	2000	2001	2002[r]	2002 Aug.[r]	2002 Sept.[r]	2002 Oct.[r]	2002 Nov.[r]	2002 Dec.[r]	2003 Jan.
	Seasonally adjusted								
1 **Total**	**1,559,469[r]**	**1,666,816[r]**	**1,726,401**	**1,725,418**	**1,726,912**	**1,727,992**	**1,725,125**	**1,726,401**	**1,738,729**
2 Revolving	667,332[r]	701,285[r]	712,398	720,651	717,653	717,279	716,376	712,398	715,661
3 Nonrevolving[2]	892,137[r]	965,531[r]	1,014,002	1,004,766	1,009,260	1,010,713	1,008,749	1,014,002	1,023,068
	Not seasonally adjusted								
4 **Total**	**1,593,051[r]**	**1,701,856**	**1,762,262**	**1,724,225**	**1,721,809**	**1,727,420**	**1,735,697**	**1,762,262**	**1,753,711**
By major holder									
5 Commercial banks	541,470	558,421	587,355	572,443	575,730	577,428	580,385	587,355	582,635
6 Finance companies	219,783[r]	236,559	232,269	239,857	246,072	238,571	228,241	232,269	230,111
7 Credit unions	184,434	189,570	195,744	195,488	195,884	197,072	196,807	195,744	195,164
8 Savings institutions	64,557	69,070	68,591	70,055	65,094	66,272	67,413	68,591	67,635
9 Nonfinancial business	82,662	67,955	56,912	52,101	49,170	49,075	49,812	56,912	52,892
10 Pools of securitized assets[3]	500,145	580,281	621,391	594,281	589,859	599,003	613,040	621,391	625,274
By major type of credit[4]									
11 Revolving	692,955[r]	727,297	738,404	718,353	711,670	710,701	717,668	738,404	727,120
12 Commercial banks	218,063	224,878	231,449	224,695	226,193	224,897	226,237	231,449	221,818
13 Finance companies	37,561[r]	31,538	38,948	36,528	37,280	37,351	37,014	38,948	38,388
14 Credit unions	22,226	22,265	22,228	21,449	21,304	21,119	21,260	22,228	21,645
15 Savings institutions	16,560	17,767	16,193	17,869	14,758	15,242	15,710	16,193	15,811
16 Nonfinancial business	42,430	29,790	19,221	16,747	14,129	14,100	14,315	19,221	16,547
17 Pools of securitized assets[3]	356,114	401,059	410,365	401,064	398,005	397,992	403,132	410,365	412,911
18 Nonrevolving	900,095	974,559	1,023,858	1,005,872	1,010,139	1,016,719	1,018,029	1,023,858	1,026,591
19 Commercial banks	323,407	333,543	355,906	347,748	349,537	352,531	354,148	355,906	360,817
20 Finance companies	182,221	205,021	193,321	203,329	208,792	201,219	191,226	193,321	191,723
21 Credit unions	162,208	167,305	173,516	174,039	174,580	175,953	175,547	173,516	173,519
22 Savings institutions	47,997	51,303	52,398	52,186	50,335	51,031	51,703	52,398	51,824
23 Nonfinancial business	40,232	38,165	37,691	35,354	35,041	34,975	35,497	37,691	36,346
24 Pools of securitized assets[3]	144,031	179,222	211,026	193,217	191,854	201,011	209,908	211,026	212,363

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals, excluding loans secured by real estate. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises motor vehicle loans, mobile home loans, and all other loans that are not included in revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
4. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	2000	2001	2002	2002 July	2002 Aug.	2002 Sept.	2002 Oct.[r]	2002 Nov.	2002 Dec.	2003 Jan.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.34	8.50	6.71	n.a.	5.95	n.a.	n.a.	5.67	n.a.	n.a.
2 24-month personal	13.90	13.22	11.59	n.a.	11.28	n.a.	n.a.	10.78	n.a.	n.a.
Credit card plan										
3 All accounts	15.71	14.89	13.42	n.a.	13.37	n.a.	n.a.	13.13	n.a.	n.a.
4 Accounts assessed interest	14.91	14.44	13.09	n.a.	13.26	n.a.	n.a.	12.78	n.a.	n.a.
Auto finance companies										
5 New car	6.61	5.65	4.29	3.58	2.17	2.29	2.62	3.41[r]	3.50	3.13
6 Used car	13.55	12.18	10.74[r]	10.59	10.46	10.44	10.59	10.70[r]	10.48	10.37
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.9	55.1	56.8	58.9	59.2	58.4	57.4	57.2	57.5	58.5
8 Used car	57.0	57.5	57.5[r]	57.8	57.6	57.5	57.4	56.9	56.7	57.5
Loan-to-value ratio										
9 New car	92	91	94[r]	95	97	97	96	95	96	96
10 Used car	99	100	100	100	100	100	101	100	100	100
Amount financed (dollars)										
11 New car	20,923	22,822	24,747[r]	25,092	26,455	26,331	26,099	26,104[r]	26,647	26,443
12 Used car	14,058	14,416	14,532[r]	14,701	14,679	14,801	14,702	14,610[r]	14,639	14,499

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Data are available for only the second month of each quarter.
3. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]

Billions of dollars; quarterly data at seasonally adjusted annual rates

	Transaction category or sector	1997	1998	1999	2000	2001	2001			2002			
							Q2	Q3	Q4	Q1	Q2	Q3	Q4
		Nonfinancial sectors											
1	**Total net borrowing by domestic nonfinancial sectors**	**789.9**	**1,046.2**	**1,031.6**	**840.9**	**1,125.9**	**1,082.6**	**1,285.8**	**1,193.0**	**966.2**	**1,627.6**	**1,298.0**	**1,563.2**
	By sector and instrument												
2	Federal government	23.1	−52.6	−71.2	−295.9	−5.6	−215.8	209.3	43.4	39.8	526.0	265.7	198.5
3	Treasury securities	23.2	−54.6	−71.0	−294.9	−5.0	−216.9	209.7	44.2	41.6	524.2	264.2	198.1
4	Budget agency securities and mortgages	−.1	2.0	−.2	−1.0	−.5	1.1	−.4	−.7	−1.8	1.8	1.6	.4
5	Nonfederal	766.8	1,098.8	1,102.8	1,136.8	1,131.5	1,298.4	1,076.4	1,149.5	926.4	1,101.6	1,032.3	1,364.7
	By instrument												
6	Commercial paper	13.7	24.4	37.4	48.1	−88.3	−133.4	−66.1	45.5	−144.4	−81.7	−17.4	−13.2
7	Municipal securities and loans	56.9	84.2	54.4	23.6	119.2	132.4	80.4	170.0	74.6	195.4	156.9	224.9
8	Corporate bonds	150.5	235.2	217.8	161.3	340.5	444.5	191.4	325.0	253.7	191.4	−29.1	116.8
9	Bank loans n.e.c.	106.4	108.2	82.8	101.7	−82.7	−125.1	−24.3	−166.0	−17.2	−192.8	−125.0	−33.6
10	Other loans and advances	59.5	82.1	46.0	95.0	29.3	132.3	59.4	−107.3	−19.2	77.2	77.6	4.0
11	Mortgages	322.3	489.8	564.9	568.2	704.7	767.5	770.2	733.0	696.6	831.3	911.3	1,064.8
12	Home	258.3	387.7	424.6	418.4	530.9	608.3	560.0	531.1	601.3	657.3	778.7	854.7
13	Multifamily residential	7.3	23.4	35.7	34.0	47.9	40.8	56.5	56.5	29.3	44.4	29.5	63.3
14	Commercial	53.5	72.2	98.8	109.2	118.4	106.5	146.7	138.6	59.2	120.6	90.1	140.2
15	Farm	3.1	6.5	5.8	6.5	7.5	11.9	7.0	6.8	6.9	9.1	13.1	6.5
16	Consumer credit	57.5	75.0	99.5	139.0	108.8	80.2	65.4	149.4	82.3	80.8	57.9	1.0
	By borrowing sector												
17	Household	332.7	454.8	498.0	546.0	611.8	661.4	656.9	621.7	704.9	684.1	755.7	883.1
18	Nonfinancial business	392.5	576.3	566.3	575.4	417.6	520.6	352.6	390.2	154.9	234.8	132.6	285.0
19	Corporate	291.6	408.6	378.5	380.4	253.3	339.1	194.4	240.8	39.3	93.6	−10.5	125.8
20	Nonfarm noncorporate	94.7	159.7	182.4	184.1	156.8	170.1	153.8	141.1	110.3	132.7	128.8	155.2
21	Farm	6.2	8.0	5.5	10.9	7.5	11.5	4.4	8.3	5.3	8.5	14.2	4.0
22	State and local government	41.5	67.7	38.5	15.5	102.2	116.5	67.0	137.6	66.6	182.7	144.0	196.5
23	Foreign net borrowing in United States	71.8	43.2	25.2	65.7	−37.4	−50.5	−106.7	16.0	77.3	15.1	−32.1	29.6
24	Commercial paper	3.7	7.8	16.3	31.7	−14.2	−3.8	−25.2	5.9	66.8	36.5	3.9	37.3
25	Bonds	61.4	34.9	14.1	23.9	−12.1	−15.8	−83.9	29.7	−2.3	−41.0	−22.5	−1.0
26	Bank loans n.e.c.	8.5	6.6	.5	11.4	−7.3	−31.4	4.2	−16.3	13.9	22.0	−11.7	−2.8
27	Other loans and advances	−1.8	−6.0	−5.7	−1.3	−3.7	.5	−1.8	−3.3	−1.2	−2.4	−1.8	−3.9
28	**Total domestic plus foreign**	**861.7**	**1,089.4**	**1,056.7**	**906.6**	**1,088.5**	**1,032.2**	**1,179.1**	**1,208.9**	**1,043.4**	**1,642.7**	**1,265.9**	**1,592.8**
		Financial sectors											
29	**Total net borrowing by financial sectors**	**662.2**	**1,087.2**	**1,073.3**	**809.0**	**958.5**	**828.2**	**1,113.5**	**976.5**	**869.8**	**870.0**	**852.1**	**1,097.7**
	By instrument												
30	Federal government-related	212.9	470.9	592.0	433.5	629.3	674.6	818.4	591.8	691.1	487.8	420.9	642.5
31	Government-sponsored enterprise securities	98.4	278.3	318.2	234.1	290.8	268.3	326.2	306.5	191.3	141.7	249.1	347.6
32	Mortgage pool securities	114.6	192.6	273.8	199.4	338.5	406.2	492.2	285.3	499.8	346.1	171.8	294.9
33	Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34	Private	449.3	616.3	481.3	375.5	329.2	153.7	295.1	384.7	178.7	382.2	431.2	455.2
35	Open market paper	166.7	161.0	176.2	127.7	−61.9	−77.9	−72.2	−13.6	−178.3	−109.1	84.3	−76.5
36	Corporate bonds	218.9	310.2	207.1	199.3	341.1	223.2	308.8	372.7	354.1	435.8	188.6	617.6
37	Bank loans n.e.c.	13.3	30.1	−14.2	−.2	13.8	10.8	1.6	18.3	.2	31.9	82.3	−70.6
38	Other loans and advances	35.6	90.2	107.1	42.5	34.9	−18.7	58.8	8.9	−3.9	16.7	71.9	−17.2
39	Mortgages	14.9	24.8	5.1	6.2	1.3	16.2	−1.9	−1.6	6.6	7.0	4.1	1.9
	By borrowing sector												
40	Commercial banking	46.1	72.9	67.2	60.0	52.9	−10.5	39.7	44.1	24.3	13.3	62.2	93.5
41	Savings institutions	19.7	52.2	48.0	27.3	7.4	3.4	39.4	−68.6	−33.1	−12.1	37.1	−47.1
42	Credit unions	.1	.6	2.2	.0	1.5	.8	1.5	4.4	2.4	2.0	3.1	.4
43	Life insurance companies	.2	.7	.7	−.7	.6	.1	3.5	1.4	2.4	1.2	2.0	2.5
44	Government-sponsored enterprises	98.4	278.3	318.2	234.1	290.8	268.3	326.2	306.5	191.3	141.7	249.1	347.6
45	Federally related mortgage pools	114.6	192.6	273.8	199.4	338.5	406.2	492.2	285.3	499.8	346.1	171.8	294.9
46	Issuers of asset-backed securities (ABSs)	202.2	321.4	212.3	189.7	317.6	205.9	313.9	430.0	263.6	241.6	194.1	356.3
47	Finance companies	57.8	57.1	70.3	81.2	−.2	36.8	41.8	−25.3	−31.2	80.2	106.4	19.2
48	Mortgage companies	−4.6	1.6	.2	.1	.7	.6	.8	.6	.8	.7	.7	.7
49	Real estate investment trusts (REITs)	39.6	62.7	6.3	2.7	2.5	10.5	−2.4	7.8	7.4	25.3	26.6	15.1
50	Brokers and dealers	8.1	7.2	−17.2	15.6	1.4	35.6	12.6	−18.9	−15.7	17.5	15.2	−24.1
51	Funding corporations	79.9	40.0	91.5	−.4	−55.2	−129.6	−155.7	9.1	−42.2	12.4	−16.4	38.7

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1997	1998	1999	2000	2001	2001			2002			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
52 **Total net borrowing, all sectors**	**1,523.9**	**2,176.7**	**2,130.0**	**1,715.6**	**2,047.1**	**1,860.4**	**2,292.6**	**2,185.4**	**1,913.3**	**2,512.7**	**2,118.0**	**2,690.5**
53 Open market paper	184.1	193.1	229.9	207.6	−164.4	−215.1	−163.5	37.8	−255.9	−154.3	70.8	−52.4
54 U.S. government securities	236.0	418.3	520.7	137.6	623.8	458.8	1,027.8	635.2	730.9	1,013.8	686.7	841.0
55 Municipal securities	56.9	84.2	54.4	23.6	119.2	132.4	80.4	170.0	74.6	195.4	156.9	224.9
56 Corporate and foreign bonds	430.8	580.2	439.1	384.4	669.5	651.9	416.3	727.4	605.5	586.2	136.9	733.4
57 Bank loans n.e.c.	128.2	145.0	69.0	112.8	−76.2	−145.7	−18.5	−164.0	−3.0	−139.0	−54.3	−107.0
58 Other loans and advances	93.2	166.3	147.4	136.2	60.4	114.2	116.5	−101.8	−24.2	91.5	147.6	−17.2
59 Mortgages	337.2	514.6	570.0	574.4	706.0	783.8	768.2	731.4	703.1	838.3	915.4	1,066.7
60 Consumer credit	57.5	75.0	99.5	139.0	108.8	80.2	65.4	149.4	82.3	80.8	57.9	1.0
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**218.7**	**165.9**	**191.2**	**236.1**	**301.9**	**419.9**	**151.8**	**397.9**	**437.6**	**282.4**	**−77.1**	**271.6**
62 Corporate equities	−46.4	−113.7	.0	1.1	100.5	146.4	−8.6	142.0	50.7	182.4	−114.2	66.7
63 Nonfinancial corporations	−77.4	−215.5	−110.4	−118.2	−47.4	−57.9	−108.6	−4.2	−8.0	17.9	−130.8	−39.9
64 Foreign shares purchased by U.S. residents	57.6	101.3	114.3	103.6	106.8	222.9	43.5	74.7	−5.9	79.7	−50.6	52.7
65 Financial corporations	−26.6	.6	−4.0	15.7	41.1	−18.6	56.5	71.5	64.6	84.8	67.3	54.0
66 Mutual fund shares	265.1	279.5	191.2	235.0	201.4	273.5	160.4	255.9	386.9	100.0	37.1	204.9

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F4. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1997	1998	1999	2000	2001	2001			2002			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,523.9**	**2,176.7**	**2,130.0**	**1,715.6**	**2,047.1**	**1,860.4**	**2,292.6**	**2,185.4**	**1,913.3**	**2,512.7**	**2,118.0**	**2,690.5**
2 Domestic nonfederal nonfinancial sectors	15.4	259.1	227.3	−116.6	−24.1	−117.2	70.5	92.5	155.9	272.5	−240.2	150.2
3 Household	25.3	127.3	217.3	−140.6	−52.7	−101.1	53.8	18.2	101.3	223.4	−250.4	148.6
4 Nonfinancial corporate business	−12.7	−16.0	−15.6	23.4	−11.5	−29.5	−44.5	29.9	52.3	3.2	−5.5	−41.3
5 Nonfarm noncorporate business	2.6	13.3	−2.9	1.3	2.0	.3	3.3	2.0	3.3	3.3	−2.2	−1.0
6 State and local governments	.1	134.5	28.4	−.8	38.1	13.1	57.9	42.4	−1.1	42.5	17.8	43.8
7 Federal government	5.1	13.5	5.8	7.3	6.0	9.4	3.3	7.0	4.7	8.8	6.8	10.3
8 Rest of the world	259.6	172.5	139.7	225.9	320.6	254.9	269.2	432.5	171.8	542.6	450.0	503.0
9 Financial sectors	1,243.9	1,731.6	1,757.2	1,599.0	1,744.6	1,713.4	1,949.6	1,653.4	1,580.9	1,688.8	1,901.4	2,027.0
10 Monetary authority	38.3	21.1	25.7	33.7	39.9	26.9	8.4	85.1	81.6	43.4	67.3	118.7
11 Commercial banking	324.3	305.6	312.2	357.9	205.2	107.8	267.9	314.6	188.9	384.3	624.0	442.6
12 U.S.-chartered banks	274.9	312.1	318.6	339.5	191.6	156.5	242.5	275.0	168.2	343.8	599.9	462.8
13 Foreign banking offices in United States	40.2	−11.6	−17.0	23.9	−.6	−50.1	21.1	−7.8	2.1	33.7	21.8	−31.3
14 Bank holding companies	5.4	−.9	6.2	−12.2	4.2	−2.8	−1.4	13.6	12.0	1.9	−1.6	.2
15 Banks in U.S.-affiliated areas	3.7	6.0	4.4	6.7	10.0	4.2	5.7	33.9	6.6	4.9	4.0	10.9
16 Savings institutions	−4.7	36.2	67.7	56.2	42.8	55.8	−4.7	73.1	12.3	−23.5	79.7	73.4
17 Credit unions	16.8	18.9	27.5	28.0	41.5	9.6	61.1	60.5	58.3	41.1	39.9	37.3
18 Bank personal trusts and estates	−25.0	−12.8	27.8	.8	−28.1	−28.1	−28.0	−28.1	1.0	.9	.8	.8
19 Life insurance companies	104.8	76.9	53.5	57.9	130.9	143.6	186.9	81.3	260.6	175.1	267.6	156.1
20 Other insurance companies	25.2	5.8	−3.0	−8.7	9.0	.1	5.1	28.5	36.7	35.4	21.7	28.2
21 Private pension funds	47.6	−23.4	17.0	33.4	20.3	44.7	10.4	5.3	27.4	46.2	35.9	14.4
22 State and local government retirement funds	67.1	72.1	46.9	54.6	−17.7	77.0	−74.2	−2.7	70.5	−54.5	−10.4	9.4
23 Money market mutual funds	87.5	244.0	182.0	143.0	246.0	245.3	311.8	49.1	−241.3	−86.7	−74.4	301.2
24 Mutual funds	80.9	127.3	48.4	21.0	126.0	169.1	102.7	139.3	243.3	41.9	162.7	128.9
25 Closed-end funds	−2.9	5.2	8.2	−6.3	7.1	−4.9	23.9	16.6	21.6	−.4	−3.3	−1.8
26 Government-sponsored enterprises	106.3	314.0	291.3	256.4	309.0	297.2	274.3	335.3	236.7	129.0	204.4	319.5
27 Federally related mortgage pools	114.6	192.6	273.8	199.4	338.5	406.2	492.2	285.3	499.8	346.1	171.8	294.9
28 Asset-backed securities issuers (ABSs)	163.8	281.7	194.1	159.9	291.4	177.6	288.3	407.3	239.4	219.4	171.5	334.5
29 Finance companies	23.1	77.3	97.0	108.0	−5.7	112.1	−43.3	−100.5	−28.2	39.6	80.0	−21.2
30 Mortgage companies	−9.1	3.2	.3	.2	1.4	1.1	1.7	1.2	1.6	1.4	1.5	1.5
31 Real estate investment trusts (REITs)	20.2	−5.1	−2.6	−6.3	6.7	1.1	7.8	14.0	26.3	31.8	27.6	8.1
32 Brokers and dealers	14.9	6.8	−34.7	68.9	92.4	53.4	184.5	−110.5	−219.5	402.8	−208.6	147.5
33 Funding corporations	50.4	−15.8	124.0	41.0	−112.2	−182.3	−127.4	−1.2	63.7	−84.5	226.6	−366.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,523.9**	**2,176.7**	**2,130.0**	**1,715.6**	**2,047.1**	**1,860.4**	**2,292.6**	**2,185.4**	**1,913.3**	**2,512.7**	**2,118.0**	**2,690.5**
Other financial sources												
35 Official foreign exchange	.7	6.6	−8.7	−.4	4.3	4.7	13.7	.2	−3.0	12.9	24.6	4.9
36 Special drawing rights certificates	−.5	.0	−3.0	−4.0	.0	.0	.0	.0	.0	.0	.0	.0
37 Treasury currency	.5	.6	1.0	2.4	1.3	1.3	2.2	.0	.9	.6	2.4	.0
38 Foreign deposits	107.7	6.5	61.0	135.1	28.0	−175.9	41.5	17.9	−59.1	53.3	68.7	122.1
39 Net interbank transactions	−19.7	−31.8	15.0	15.1	−31.7	−25.4	−1.1	41.5	12.9	−164.6	59.0	118.2
40 Checkable deposits and currency	41.2	47.3	151.2	−71.4	204.3	151.4	215.0	278.1	−171.9	178.0	211.5	−36.1
41 Small time and savings deposits	97.1	152.4	45.1	188.8	267.2	242.1	230.3	329.7	259.7	249.0	327.6	272.9
42 Large time deposits	122.5	91.8	131.1	116.2	68.6	43.0	19.5	77.8	270.0	34.9	27.8	−110.1
43 Money market fund shares	155.9	287.2	249.1	233.3	428.6	370.0	386.1	379.8	−315.7	103.4	−192.6	337.6
44 Security repurchase agreements	120.9	91.3	169.8	113.2	22.3	117.8	212.7	−138.3	119.4	362.4	−91.1	−17.1
45 Corporate equities	−46.4	−113.7	.0	1.1	100.5	146.4	−8.6	142.0	50.7	182.4	−114.2	66.7
46 Mutual fund shares	265.1	279.5	191.2	235.0	201.4	273.5	160.4	255.9	386.9	100.0	37.1	204.9
47 Trade payables	139.8	106.4	268.6	425.4	−67.3	−69.6	−185.8	−160.9	182.1	27.2	160.2	89.8
48 Security credit	111.0	103.2	104.4	146.1	3.1	−73.9	561.3	−383.7	−190.7	−131.9	−69.6	−13.1
49 Life insurance reserves	59.3	48.0	50.8	50.2	77.2	52.2	74.7	119.6	93.9	92.2	119.7	97.5
50 Pension fund reserves	201.4	217.4	181.8	209.0	208.4	209.1	180.3	148.2	137.0	145.5	317.2	236.7
51 Taxes payable	22.3	19.6	30.7	32.8	17.5	14.8	104.9	−54.8	3.6	40.4	48.5	23.4
52 Investment in bank personal trusts	−53.0	−46.1	−8.1	56.6	−59.9	−62.2	−57.3	−57.7	−3.7	−2.4	−2.1	−1.3
53 Noncorporate proprietors' equity	−40.7	−57.8	−62.4	−11.5	−18.6	−26.4	−34.3	8.4	1.5	−32.9	−86.2	−33.7
54 Miscellaneous	456.7	889.0	1,036.3	1,413.5	774.6	974.1	935.6	317.6	207.1	640.1	942.1	528.1
55 **Total financial sources**	**3,265.9**	**4,274.0**	**4,734.9**	**5,002.2**	**4,277.0**	**4,027.4**	**5,143.8**	**3,506.7**	**2,895.0**	**4,403.2**	**3,908.4**	**4,582.1**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.1	−.7	−1.2	−.1	−.3	.9	.0	−1.5	−.9	1.1	−1.1
57 Foreign deposits	106.2	−8.5	42.6	55.9	11.1	−166.8	55.3	−27.5	−33.6	94.8	50.8	115.0
58 Net interbank liabilities	−19.9	3.8	.1	20.4	17.2	17.0	7.4	22.6	39.8	−9.5	13.2	−17.0
59 Security repurchase agreements	63.2	57.7	35.7	122.6	−53.9	129.8	106.3	−166.2	157.9	224.3	−285.7	−24.7
60 Taxes payable	28.0	19.7	11.7	26.2	22.1	3.1	25.4	35.0	14.3	−52.3	16.2	−47.6
61 Miscellaneous	−285.4	−226.9	−291.4	−370.5	−252.3	−480.5	37.0	−314.4	−300.9	33.8	98.3	53.1
Floats not included in assets (−)												
62 Federal government checkable deposits	−2.7	2.6	−7.4	9.0	5.7	60.9	−20.1	−91.8	15.1	77.1	−40.3	−51.7
63 Other checkable deposits	−3.9	−3.1	−.8	1.7	4.5	3.9	5.0	5.7	6.1	7.1	7.6	8.4
64 Trade credit	−25.5	−43.3	6.8	32.4	12.5	6.3	−28.3	50.5	−36.3	−92.8	−27.0	−39.5
65 **Total identified to sectors as assets**	**3,406.0**	**4,472.0**	**4,938.4**	**5,105.8**	**4,510.2**	**4,453.8**	**4,955.0**	**3,992.9**	**3,033.9**	**4,121.7**	**4,074.1**	**4,587.3**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.1 and F.5. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1998	1999	2000	2001	2001			2002			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**16,240.5**	**17,306.8**	**18,166.8**	**19,293.3**	**18,600.5**	**18,918.3**	**19,293.3**	**19,533.3**	**19,848.3**	**20,179.3**	**20,657.1**
By sector and instrument											
2 Federal government	3,752.2	3,681.0	3,385.1	3,379.5	3,251.4	3,320.0	3,379.5	3,430.3	3,451.4	3,540.8	3,637.0
3 Treasury securities	3,723.7	3,652.7	3,357.8	3,352.7	3,224.3	3,293.0	3,352.7	3,404.0	3,424.6	3,513.6	3,609.8
4 Budget agency securities and mortgages	28.5	28.3	27.3	26.8	27.0	27.0	26.8	26.3	26.8	27.2	27.3
5 Nonfederal	12,488.4	13,625.8	14,781.7	15,913.8	15,349.1	15,598.3	15,913.8	16,103.0	16,396.9	16,638.5	17,020.0
By instrument											
6 Commercial paper	193.0	230.3	278.4	190.1	223.3	201.3	190.1	167.5	148.4	142.2	126.0
7 Municipal securities and loans	1,402.9	1,457.2	1,480.9	1,600.1	1,547.0	1,555.1	1,600.1	1,623.3	1,677.6	1,704.2	1,763.1
8 Corporate bonds	1,846.0	2,063.9	2,225.1	2,565.6	2,436.5	2,484.4	2,565.6	2,629.0	2,676.9	2,669.6	2,698.8
9 Bank loans n.e.c.	1,148.6	1,231.4	1,333.1	1,251.0	1,293.6	1,285.1	1,251.0	1,237.3	1,192.1	1,159.1	1,158.8
10 Other loans and advances	907.2	953.5	1,059.6	1,088.8	1,103.6	1,110.1	1,088.8	1,089.6	1,106.0	1,116.9	1,123.7
11 Mortgages	5,644.1	6,243.4	6,811.6	7,516.3	7,136.9	7,333.1	7,516.3	7,679.1	7,894.6	8,125.5	8,392.3
12 Home	4,366.0	4,790.6	5,209.0	5,739.9	5,463.4	5,607.3	5,739.9	5,878.8	6,050.8	6,248.7	6,462.9
13 Multifamily residential	308.0	343.9	378.0	425.8	397.6	411.7	425.8	433.2	444.3	451.6	467.5
14 Commercial	873.6	1,006.5	1,115.8	1,234.2	1,162.9	1,199.6	1,234.2	1,249.0	1,279.1	1,301.6	1,336.7
15 Farm	96.6	102.3	108.9	116.3	113.0	114.6	116.3	118.1	120.4	123.6	125.2
16 Consumer credit	1,346.6	1,446.1	1,593.1	1,701.9	1,608.2	1,629.3	1,701.9	1,677.2	1,701.3	1,720.9	1,757.4
By borrowing sector											
17 Households	6,011.8	6,510.0	7,075.1	7,686.8	7,322.8	7,493.5	7,686.8	7,802.1	7,987.8	8,183.3	8,443.8
18 Nonfinancial business	5,338.2	5,938.9	6,514.3	6,932.5	6,774.1	6,847.3	6,932.5	6,985.1	7,042.8	7,064.9	7,134.3
19 Corporate	3,790.6	4,203.5	4,583.9	4,837.8	4,755.4	4,790.5	4,837.8	4,863.2	4,883.0	4,871.0	4,899.8
20 Nonfarm noncorporate	1,383.7	1,566.1	1,750.2	1,907.0	1,833.5	1,870.8	1,907.0	1,934.7	1,968.0	1,999.0	2,038.7
21 Farm	163.9	169.4	180.2	187.7	185.2	185.9	187.7	187.1	191.8	194.9	195.7
22 State and local government	1,138.3	1,176.9	1,192.3	1,294.5	1,252.2	1,257.6	1,294.5	1,315.8	1,366.2	1,390.3	1,442.0
23 **Foreign credit market debt held in United States**	**651.3**	**676.7**	**742.3**	**704.9**	**726.1**	**701.7**	**704.9**	**724.2**	**725.6**	**720.2**	**727.4**
24 Commercial paper	72.9	89.2	120.9	106.7	110.1	106.3	106.7	123.6	130.2	134.0	142.8
25 Bonds	462.6	476.7	500.6	488.4	502.0	481.0	488.4	487.9	477.6	472.0	471.7
26 Bank loans n.e.c.	58.7	59.2	70.5	63.2	66.2	67.3	63.2	66.7	72.2	69.3	68.6
27 Other loans and advances	57.1	51.6	50.3	46.6	47.7	47.0	46.6	46.0	45.5	44.9	44.2
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**16,891.8**	**17,983.5**	**18,909.1**	**19,998.2**	**19,326.6**	**19,620.0**	**19,998.2**	**20,257.5**	**20,573.8**	**20,899.5**	**21,384.4**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**6,545.2**	**7,618.5**	**8,439.5**	**9,395.3**	**8,851.0**	**9,120.1**	**9,395.3**	**9,591.8**	**9,804.7**	**10,007.6**	**10,317.7**
By instrument											
30 Federal government-related	3,292.0	3,884.0	4,317.4	4,944.1	4,591.6	4,796.2	4,944.1	5,116.9	5,238.8	5,344.1	5,504.7
31 Government-sponsored enterprise securities	1,273.6	1,591.7	1,825.8	2,114.0	1,955.8	2,037.4	2,114.0	2,161.8	2,197.2	2,259.5	2,346.4
32 Mortgage pool securities	2,018.4	2,292.2	2,491.6	2,830.1	2,635.7	2,758.8	2,830.1	2,955.1	3,041.6	3,084.5	3,158.3
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	0
34 Private	3,253.2	3,734.6	4,122.0	4,451.2	4,259.4	4,323.9	4,451.2	4,474.9	4,565.9	4,663.6	4,813.1
35 Open market paper	906.7	1,082.9	1,210.7	1,148.8	1,144.5	1,110.2	1,148.8	1,090.9	1,046.9	1,049.5	1,078.9
36 Corporate bonds	1,878.7	2,085.9	2,297.2	2,638.3	2,478.8	2,561.6	2,638.3	2,730.6	2,847.1	2,901.0	3,037.3
37 Bank loans n.e.c.	107.5	93.2	93.0	106.8	100.4	100.2	106.8	105.1	113.5	133.3	117.7
38 Other loans and advances	288.7	395.8	438.3	473.2	450.7	467.2	473.2	462.4	470.8	491.2	490.0
39 Mortgages	71.6	76.7	82.9	84.2	85.1	84.6	84.2	85.9	87.6	88.6	89.1
By borrowing sector											
40 Commercial banks	188.6	230.0	266.7	296.0	274.7	281.4	296.0	295.8	310.4	318.9	326.1
41 Bank holding companies	193.5	219.3	242.5	266.1	269.0	272.7	266.1	269.0	264.2	271.8	284.3
42 Savings institutions	212.4	260.4	287.7	295.1	294.4	305.6	295.1	280.5	275.3	286.4	281.3
43 Credit unions	1.1	3.4	3.4	4.9	3.5	3.8	4.9	5.5	6.0	6.8	6.9
44 Life insurance companies	2.5	3.2	2.5	3.1	1.9	2.8	3.1	3.7	4.0	4.5	5.1
45 Government-sponsored enterprises	1,273.6	1,591.7	1,825.8	2,114.0	1,955.8	2,037.4	2,114.0	2,161.8	2,197.2	2,259.5	2,346.4
46 Federally related mortgage pools	2,018.4	2,292.2	2,491.6	2,830.1	2,635.7	2,758.8	2,830.1	2,955.1	3,041.6	3,084.5	3,158.3
47 Issuers of asset-backed securities (ABSs)	1,398.0	1,610.3	1,812.0	2,129.5	1,937.3	2,019.1	2,129.5	2,187.7	2,249.6	2,301.5	2,393.5
48 Brokers and dealers	42.5	25.3	40.9	42.3	43.9	47.1	42.3	38.4	42.8	46.6	40.6
49 Finance companies	625.5	695.7	776.9	776.7	769.0	771.2	776.7	760.8	784.9	802.9	820.4
50 Mortgage companies	17.7	17.8	17.9	18.6	18.2	18.5	18.6	18.8	19.0	19.2	19.3
51 Real estate investment trusts (REITs)	158.8	165.1	167.8	170.2	168.9	168.3	170.2	172.1	178.4	185.1	188.8
52 Funding corporations	412.6	504.0	503.7	448.4	478.6	433.6	448.4	442.6	431.3	420.0	446.6
	All sectors										
53 **Total credit market debt, domestic and foreign**	**23,437.1**	**25,602.0**	**27,348.6**	**29,393.6**	**28,177.5**	**28,740.1**	**29,393.6**	**29,849.3**	**30,378.5**	**30,907.1**	**31,702.2**
54 Open market paper	1,172.6	1,402.4	1,610.0	1,445.6	1,477.9	1,417.8	1,445.6	1,382.0	1,325.5	1,325.7	1,347.7
55 U.S. government securities	7,044.2	7,564.9	7,702.5	8,323.6	7,842.9	8,116.2	8,323.6	8,547.2	8,690.2	8,884.9	9,141.7
56 Municipal securities	1,402.9	1,457.2	1,480.9	1,600.1	1,547.0	1,555.1	1,600.1	1,623.3	1,677.6	1,704.2	1,763.1
57 Corporate and foreign bonds	4,187.4	4,626.4	5,022.9	5,692.3	5,417.3	5,527.0	5,692.3	5,847.5	6,001.6	6,042.6	6,207.8
58 Bank loans n.e.c.	1,314.8	1,383.8	1,496.6	1,421.0	1,460.2	1,452.6	1,421.0	1,409.1	1,377.8	1,361.7	1,345.1
59 Other loans and advances	1,253.0	1,400.9	1,548.2	1,608.6	1,602.0	1,624.4	1,608.6	1,598.0	1,622.3	1,653.0	1,658.0
60 Mortgages	5,715.7	6,320.1	6,894.5	7,600.5	7,222.0	7,417.8	7,600.5	7,764.9	7,982.2	8,214.2	8,481.4
61 Consumer credit	1,346.6	1,446.1	1,593.1	1,701.9	1,608.2	1,629.3	1,701.9	1,677.2	1,701.3	1,720.9	1,757.4

1. Data in this table appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1998	1999	2000	2001	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**23,437.1**	**25,602.0**	**27,348.6**	**29,393.6**	**28,177.5**	**28,740.1**	**29,393.6**	**29,849.3**	**30,378.5**	**30,907.1**	**31,702.2**
2 Domestic nonfederal nonfinancial sectors	3,312.6	3,600.8	3,455.5	3,417.8	3,366.5	3,359.6	3,417.8	3,442.6	3,498.9	3,417.2	3,502.3
3 Household	2,264.1	2,542.4	2,373.1	2,306.9	2,290.6	2,282.7	2,306.9	2,337.9	2,374.6	2,292.7	2,362.6
4 Nonfinancial corporate business	241.5	226.0	249.4	237.9	225.4	214.8	237.9	230.4	235.0	235.4	240.1
5 Nonfarm noncorporate business	67.5	64.6	65.9	67.9	66.6	67.4	67.9	68.7	69.6	69.0	68.8
6 State and local governments	739.4	767.8	767.0	805.1	784.0	794.6	805.1	805.6	819.7	820.1	830.9
7 Federal government	219.0	258.0	265.3	271.3	268.7	269.6	271.3	272.5	274.7	276.4	279.0
8 Rest of the world	2,278.2	2,354.6	2,621.1	2,954.4	2,766.8	2,837.5	2,954.4	3,000.6	3,133.2	3,249.5	3,371.3
9 Financial sectors	17,627.3	19,388.7	21,006.7	22,750.1	21,775.4	22,273.4	22,750.1	23,133.5	23,471.8	23,964.0	24,549.6
10 Monetary authority	452.5	478.1	511.8	551.7	535.1	534.1	551.7	575.4	590.7	604.2	629.4
11 Commercial banking	4,336.1	4,648.3	5,006.3	5,210.5	5,041.5	5,100.6	5,210.5	5,231.3	5,328.3	5,476.2	5,620.5
12 U.S.-chartered banks	3,761.4	4,080.0	4,419.5	4,610.1	4,463.5	4,513.5	4,610.1	4,629.3	4,719.7	4,858.4	5,003.8
13 Foreign banking offices in United States	504.5	487.4	511.3	510.7	501.3	509.3	510.7	507.7	512.6	521.2	517.3
14 Bank holding companies	26.5	32.7	20.5	24.7	21.6	21.3	24.7	27.7	28.1	27.7	27.8
15 Banks in U.S.-affiliated areas	43.8	48.3	55.0	65.0	55.1	56.5	65.0	66.6	67.9	68.8	71.6
16 Savings institutions	964.7	1,032.4	1,088.6	1,131.4	1,116.1	1,118.1	1,131.4	1,134.7	1,130.9	1,153.7	1,166.9
17 Credit unions	324.2	351.7	379.7	421.2	392.4	408.4	421.2	434.3	447.7	458.5	465.3
18 Bank personal trusts and estates	194.1	222.0	222.8	194.7	208.8	201.8	194.7	195.0	195.2	195.4	195.6
19 Life insurance companies	1,828.0	1,886.0	1,943.9	2,074.8	2,004.8	2,054.8	2,074.8	2,136.9	2,180.1	2,250.7	2,289.6
20 Other insurance companies	521.1	518.2	509.4	518.4	510.0	511.3	518.4	527.6	536.4	541.9	548.9
21 Private pension funds	651.2	668.2	701.6	721.9	718.0	720.6	721.9	728.7	740.3	749.3	752.9
22 State and local government retirement funds	704.6	751.4	806.0	788.4	807.6	789.0	788.4	806.0	792.4	789.8	792.1
23 Money market mutual funds	965.9	1,147.8	1,290.9	1,536.9	1,414.3	1,494.9	1,536.9	1,496.4	1,419.3	1,405.7	1,511.6
24 Mutual funds	1,028.4	1,076.8	1,097.8	1,223.8	1,160.3	1,188.2	1,223.8	1,276.8	1,291.6	1,334.5	1,368.0
25 Closed-end funds	98.4	106.6	100.3	107.4	97.3	103.3	107.4	112.8	112.8	111.9	111.5
26 Government-sponsored enterprises	1,252.3	1,543.5	1,807.1	2,114.3	1,956.1	2,026.1	2,114.3	2,163.8	2,199.9	2,252.9	2,336.7
27 Federally related mortgage pools	2,018.4	2,292.2	2,491.6	2,830.1	2,635.7	2,758.8	2,830.1	2,955.1	3,041.6	3,084.5	3,158.3
28 Asset-backed securities (ABSs) issuers	1,219.4	1,413.6	1,585.4	1,876.8	1,696.6	1,772.1	1,876.8	1,928.9	1,985.3	2,031.5	2,118.1
29 Finance companies	645.5	742.5	850.5	844.8	878.5	859.5	844.8	832.4	845.6	857.1	862.4
30 Mortgage companies	35.3	35.6	35.9	37.2	36.5	36.9	37.2	37.6	38.0	38.3	38.7
31 Real estate investment trusts (REITs)	45.5	42.9	36.6	43.3	37.9	39.8	43.3	49.9	57.9	64.8	66.8
32 Brokers and dealers	189.4	154.7	223.6	316.0	288.4	366.4	316.0	299.6	352.6	335.2	346.6
33 Funding corporations	152.3	276.0	317.0	206.3	239.5	188.8	206.3	210.3	185.4	224.1	166.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**23,437.1**	**25,602.0**	**27,348.6**	**29,393.6**	**28,177.5**	**28,740.1**	**29,393.6**	**29,849.3**	**30,378.5**	**30,907.1**	**31,702.2**
Other liabilities											
35 Official foreign exchange	60.1	50.1	46.1	46.8	43.4	49.0	46.8	45.7	47.2	53.1	55.8
36 Special drawing rights certificates	9.2	6.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
37 Treasury currency	19.9	20.9	23.2	24.5	23.9	24.5	24.5	24.7	24.8	25.5	25.5
38 Foreign deposits	642.3	703.6	824.5	908.9	837.6	848.0	908.9	894.1	907.4	924.6	955.2
39 Net interbank liabilities	189.4	202.4	221.2	187.7	158.7	166.5	187.7	161.1	130.6	149.0	191.3
40 Checkable deposits and currency	1,333.3	1,484.5	1,413.1	1,603.2	1,449.6	1,487.1	1,603.2	1,525.2	1,571.0	1,610.7	1,648.6
41 Small time and savings deposits	2,626.5	2,671.6	2,860.4	3,127.6	2,992.4	3,047.6	3,127.6	3,229.6	3,257.6	3,339.0	3,404.9
42 Large time deposits	805.3	936.4	1,052.6	1,121.1	1,087.3	1,094.2	1,121.1	1,178.9	1,188.7	1,197.7	1,176.8
43 Money market fund shares	1,329.7	1,578.8	1,812.1	2,240.7	2,014.7	2,115.4	2,240.7	2,202.6	2,150.3	2,105.9	2,223.9
44 Security repurchase agreements	913.8	1,083.6	1,196.8	1,231.8	1,205.4	1,251.9	1,231.8	1,262.4	1,343.1	1,313.7	1,325.2
45 Mutual fund shares	3,613.1	4,538.5	4,434.6	4,135.5	4,259.5	3,753.1	4,135.5	4,247.0	3,926.6	3,452.3	3,634.6
46 Security credit	572.2	676.6	822.7	825.9	781.5	919.9	825.9	778.0	745.6	726.3	724.5
47 Life insurance reserves	718.3	783.9	819.1	880.0	840.3	844.0	880.0	904.2	915.2	927.9	958.4
48 Pension fund reserves	8,208.4	9,065.3	9,069.0	8,693.4	8,862.6	8,281.0	8,693.4	8,822.2	8,328.1	7,732.4	8,053.3
49 Trade payables	2,073.8	2,342.4	2,767.9	2,700.6	2,756.4	2,725.7	2,700.6	2,724.3	2,721.6	2,779.2	2,815.4
50 Taxes payable	170.7	201.4	234.2	251.7	241.2	270.1	251.7	258.9	265.0	279.6	280.7
51 Investment in bank personal trusts	1,001.0	1,130.4	1,095.8	960.7	1,024.6	916.5	960.7	963.2	893.5	811.6	840.9
52 Miscellaneous	7,617.2	8,499.5	9,717.2	10,505.4	10,491.8	10,919.8	10,505.4	10,539.1	10,829.7	11,304.4	11,394.1
53 **Total liabilities**	**55,341.1**	**61,578.0**	**65,761.2**	**68,841.3**	**67,250.6**	**67,456.6**	**68,841.3**	**69,612.6**	**69,626.9**	**69,642.2**	**71,413.3**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.6	21.4	21.6	21.8	21.5	22.0	21.8	21.9	22.3	22.8	23.2
55 Corporate equities	15,577.3	19,581.2	17,611.9	15,245.5	16,281.6	13,673.4	15,245.5	15,264.1	13,363.0	10,960.1	11,734.5
56 Household equity in noncorporate business	4,285.7	4,523.1	4,753.2	4,837.2	4,817.0	4,865.2	4,837.2	4,864.4	4,933.7	4,983.6	5,021.8
Liabilities not identified as assets (−)											
57 Treasury currency	−6.4	−7.1	−8.5	−8.6	−8.8	−8.6	−8.6	−8.9	−9.1	−8.9	−9.1
58 Foreign deposits	542.8	585.7	627.4	694.9	631.6	645.4	694.9	686.5	710.2	722.9	751.7
59 Net interbank transactions	−26.5	−28.5	−4.3	11.1	3.8	4.5	11.1	21.9	18.4	16.5	14.9
60 Security repurchase agreements	230.6	266.4	388.9	348.5	379.4	398.7	348.5	401.6	463.3	381.6	366.5
61 Taxes payable	121.2	129.4	146.3	121.8	150.5	167.3	121.8	109.9	162.8	152.8	156.8
62 Miscellaneous	−1,972.7	−2,427.9	−2,902.8	−3,147.0	−2,806.3	−2,643.0	−3,147.0	−3,105.7	−3,140.6	−3,033.6	−3,036.1
Floats not included in assets (−)											
63 Federal government checkable deposits	−3.9	−9.8	−2.3	−12.3	−3.6	−4.0	−12.3	−9.6	−9.3	−14.8	−11.7
64 Other checkable deposits	23.1	22.3	24.0	28.6	25.5	19.2	28.6	26.3	31.4	25.8	35.9
65 Trade credit	84.8	95.6	128.0	140.5	61.8	52.0	140.5	85.7	33.0	25.5	91.6
66 **Totals identified to sectors as assets**	**76,232.7**	**87,077.5**	**89,751.1**	**90,768.3**	**89,936.9**	**87,385.5**	**90,768.3**	**91,555.1**	**89,685.8**	**87,340.6**	**89,832.3**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.1 and L.5. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	2002				2002				2002			
	Q1	Q2	Q3	Q4[r]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[r]
	Output (1997=100)				Capacity (percent of 1997 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**109.3**	**110.5**	**111.4**	**110.5**	**145.4**	**145.9**	**146.2**	**146.6**	**75.1**	**75.7**	**76.2**	**75.4**
2 Manufacturing	110.5	111.4	112.3	111.3	150.5	150.9	151.1	151.4	73.4	73.9	74.3	73.5
3 Manufacturing (NAICS)	110.8	111.8	112.6	111.6	151.8	152.2	152.5	152.8	73.0	73.5	73.8	73.0
4 Durable manufacturing	119.7	121.2	122.3	121.5	171.5	172.5	173.4	174.2	69.8	70.2	70.5	69.8
5 Primary metal	84.9	85.6	85.9	86.0	112.7	112.0	111.4	110.8	75.3	76.4	77.1	77.6
6 Fabricated metal products	98.0	99.1	99.5	99.1	139.0	139.3	139.4	139.6	70.5	71.2	71.3	71.0
7 Machinery	87.5	88.6	88.7	86.7	129.9	129.9	129.9	129.9	67.3	68.2	68.3	66.7
8 Computer and electronic products	216.2	219.6	222.6	224.3	344.0	350.1	355.4	360.3	62.9	62.7	62.6	62.3
9 Electrical equipment, appliances, and components	97.6	98.3	97.7	97.2	129.6	129.1	128.6	128.2	75.3	76.1	75.9	75.8
10 Motor vehicles and parts	112.8	116.8	121.7	120.0	144.9	145.9	147.1	148.4	77.9	80.0	82.7	80.9
11 Aerospace and miscellaneous transportation equipment	90.8	87.6	85.9	85.1	145.7	145.5	145.3	145.1	62.3	60.2	59.1	58.6
12 Nondurable manufacturing	99.1	99.7	100.1	98.9	127.9	127.7	127.5	127.3	77.5	78.1	78.5	77.7
13 Food, beverage, and tobacco products	100.8	100.8	100.1	98.8	125.9	125.8	125.7	125.6	80.1	80.2	79.7	78.7
14 Textile and product mills	82.1	83.3	82.9	81.3	112.8	112.3	111.7	111.1	72.8	74.2	74.2	73.2
15 Paper	91.7	94.2	95.7	96.7	114.5	114.2	114.0	113.8	80.1	82.5	84.0	85.0
16 Petroleum and coal products	103.3	103.3	102.3	102.8	114.7	114.9	115.2	115.7	90.1	89.9	88.7	88.9
17 Chemical	104.9	105.3	106.4	104.1	141.0	141.2	141.2	141.3	74.4	74.6	75.3	73.7
18 Plastics and rubber products	103.6	106.6	107.3	105.6	134.8	134.2	133.6	132.9	76.9	79.4	80.4	79.4
19 Other manufacturing (non-NAICS)	105.2	104.6	106.0	105.9	131.1	130.3	129.5	128.7	80.3	80.3	81.8	82.3
20 Mining	94.0	93.4	93.5	93.8	110.3	110.2	110.1	110.2	85.2	84.8	84.9	85.1
21 Electric and gas utilities	105.6	110.2	112.5	111.5	123.5	125.5	127.6	129.7	85.5	87.8	88.2	86.0
MEMOS												
22 Computers, communications equipment, and semiconductors	282.2	290.3	295.5	300.3	456.8	466.7	475.3	483.3	61.8	62.2	62.2	62.1
23 Total excluding computers, communications equipment, and semiconductors	99.6	100.6	101.3	100.4	130.3	130.4	130.5	130.6	76.5	77.1	77.6	76.8
24 Manufacturing excluding computers, communications equipment, and semiconductors	99.2	99.9	100.5	99.5	132.7	132.6	132.6	132.6	74.8	75.3	75.8	75.1

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]—Continued

Seasonally adjusted

Series	1973	1975	Previous cycle[3]		Latest cycle[4]		2002	2002				2003	
	High	Low	High	Low	High	Low	Feb.	Sept.	Oct.	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**88.8**	**74.0**	**86.6**	**70.8**	**85.1**	**78.6**	**75.1**	**76.0**	**75.5**	**75.6**	**75.1**	**75.6**	**75.6**
2 Manufacturing	88.0	71.6	86.3	68.6	85.5	77.2	73.4	74.1	73.7	73.7	73.2	73.6	73.4
3 Manufacturing (NAICS)	88.1	71.4	86.3	67.9	85.5	77.0	73.0	73.6	73.1	73.3	72.7	73.0	72.9
4 Durable manufacturing	88.9	69.6	87.0	63.1	84.5	73.4	69.8	70.2	69.9	70.2	69.2	70.0	69.6
5 Primary metal	100.9	68.9	91.3	47.2	95.3	75.2	75.7	76.5	78.9	77.8	76.1	77.1	76.0
6 Fabricated metal products	91.8	69.6	83.1	61.7	80.1	71.0	70.6	71.2	71.5	70.7	70.8	70.9	70.3
7 Machinery	94.2	74.2	92.8	58.3	84.7	72.9	67.2	67.9	66.8	67.3	66.1	66.7	67.0
8 Computer and electronic products	87.0	66.9	89.8	77.3	81.5	76.4	62.6	62.5	62.5	62.3	61.9	62.5	62.9
9 Electrical equipment, appliances, and components	99.3	68.5	91.9	64.4	87.5	75.0	75.4	75.1	75.3	75.6	76.5	75.9	76.5
10 Motor vehicles and parts	95.3	55.3	96.2	45.2	90.0	56.6	78.3	82.1	80.0	83.5	79.1	82.4	80.1
11 Aerospace and miscellaneous transportation equipment	75.0	66.3	84.6	69.8	88.9	81.9	62.4	59.0	58.9	58.4	58.5	58.9	58.6
12 Nondurable manufacturing	87.5	72.5	85.7	75.6	86.9	81.8	77.4	78.4	77.8	77.7	77.5	77.4	77.5
13 Food, beverage, and tobacco products	85.9	78.0	84.3	80.2	85.5	81.3	80.1	79.5	79.2	78.5	78.3	78.6	78.2
14 Textile and product mills	89.8	62.8	90.1	72.3	91.1	77.1	72.5	73.8	73.0	73.5	73.0	72.0	72.5
15 Paper	97.4	74.7	95.6	81.3	94.0	85.4	80.2	84.4	84.1	85.1	85.7	83.0	84.0
16 Petroleum and coal products	93.2	81.0	92.3	71.1	88.9	82.5	90.7	87.6	86.1	89.8	90.7	88.1	88.4
17 Chemical	85.0	68.9	83.0	67.9	85.6	80.8	74.1	75.1	74.1	73.8	73.3	73.3	73.7
18 Plastics and rubber products	96.3	61.6	90.5	70.5	91.2	77.1	76.6	80.4	79.9	79.6	78.8	79.2	79.4
19 Other manufacturing (non-NAICS)	85.7	75.7	88.1	85.7	90.2	79.1	80.0	82.8	82.7	81.9	82.3	82.6	83.2
20 Mining	93.6	87.6	94.2	78.6	85.6	83.3	85.4	83.8	83.9	85.0	86.6	85.0	85.8
21 Electric and gas utilities	96.2	82.7	87.9	77.2	92.6	84.2	85.2	88.4	86.9	86.4	84.8	87.8	88.5
MEMOS													
22 Computers, communications equipment, and semiconductors	84.5	63.1	89.9	75.6	80.4	74.6	61.6	62.0	62.3	62.4	61.6	62.3	63.1
23 Total excluding computers, communications equipment, and semiconductors	89.1	74.3	86.6	70.5	85.5	78.8	76.4	77.5	76.9	77.0	76.5	77.0	77.0
24 Manufacturing excluding computers communications equipment, and semiconductors	88.3	71.9	86.3	68.1	86.1	77.3	74.8	75.7	75.2	75.3	74.7	75.1	74.9

Note. The statistics in the G.17 release cover output, capacity, and capacity utilization in the industrial sector, which the Federal Reserve defines are manufacturing, mining, and electric and gas utilities. *Manufacturing consists of those industries included in the North American* Industry Classification System, or NAICS, manufacturing plus those industries—logging and newspaper, periodical, book, and directory publishing—that have traditionally been considered manufacturing and included in the industrial sector.

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization *rates was released in December 2002. The recent annual revision is described in the April* 2003 issue of the *Bulletin*.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Monthly highs, 1978–80; monthly lows, 1982.

4. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	2002 avg.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.[r]	2002 Dec.[r]	2003 Jan.[r]	2003 Feb.[p]
			Index (1997=100)												
MAJOR MARKETS															
1 **Total IP**	**100.0**	**110.5**	**109.2**	**109.6**	**110.1**	**110.4**	**110.8**	**111.6**	**111.3**	**111.2**	**110.6**	**110.8**	**110.1**	**111.0**	**111.1**
Market groups															
2 Final products and nonindustrial supplies	60.8	109.3	108.5	108.9	109.1	109.3	109.6	110.1	109.8	109.8	109.1	109.3	108.3	109.3	109.3
3 Consumer goods	29.0	107.5	106.7	107.4	107.5	107.3	107.8	108.5	107.8	107.9	107.0	107.8	106.7	107.8	107.5
4 Durable	5.8	117.3	115.3	115.7	116.5	117.2	118.6	120.0	119.3	118.7	117.0	121.0	117.8	120.5	118.7
5 Automotive products	2.5	125.4	121.3	121.7	123.8	124.2	127.4	130.6	130.6	129.3	125.9	132.4	125.9	131.3	128.4
6 Home electronics	0.4	142.9	153.1	150.2	139.9	143.8	135.3	137.0	135.4	142.6	140.1	142.1	145.3	144.1	143.2
7 Appliances, furniture, carpeting	1.3	106.9	107.9	108.1	108.2	109.1	107.5	106.9	104.5	104.6	104.9	107.1	107.8	105.9	106.4
8 Miscellaneous goods	1.6	98.5	97.1	98.2	98.1	98.9	100.2	99.2	98.3	97.8	98.2	98.3	98.7	99.3	98.2
9 Nondurable	23.2	104.1	103.6	104.4	104.4	103.9	104.1	104.6	103.8	104.2	103.6	103.3	102.9	103.5	103.6
10 Non-energy	20.2	102.6	103.0	103.5	102.8	102.2	102.8	102.8	102.4	102.6	102.0	101.3	100.9	101.2	101.1
11 Foods and tobacco	10.4	99.5	100.2	100.8	100.4	100.0	100.2	99.8	99.2	99.1	98.7	97.9	97.4	97.9	97.2
12 Clothing	2.4	72.4	72.7	74.4	72.7	72.9	72.9	73.2	71.3	72.1	70.2	70.6	70.0	70.0	69.7
13 Chemical products	4.6	119.1	119.9	120.1	118.5	116.8	118.3	119.5	119.0	119.5	118.3	118.0	117.1	117.0	117.6
14 Paper products	2.9	108.1	106.6	107.2	106.0	106.2	107.2	107.1	108.4	109.8	110.0	108.8	109.1	109.8	110.8
15 Energy	3.0	112.0	107.1	109.4	112.8	112.5	110.9	114.0	111.6	112.8	111.8	114.0	113.3	115.6	116.9
16 Business equipment	13.2	107.3	108.1	107.8	107.7	108.0	108.0	107.3	108.1	106.9	106.0	106.1	104.7	105.6	105.6
17 Transit	2.5	81.2	86.9	84.8	83.2	82.0	81.1	80.2	81.1	79.7	77.3	77.9	75.0	75.2	74.1
18 Information processing	5.4	153.8	154.3	155.5	154.7	154.9	154.9	153.5	153.7	152.1	153.1	152.8	152.6	155.9	156.2
19 Industrial and other	5.3	91.5	90.5	90.3	91.1	91.9	92.2	92.0	92.9	92.0	91.2	91.1	90.0	90.3	90.6
20 Defense and space equipment	3.4	101.2	99.7	99.8	99.9	100.6	101.2	101.2	101.9	102.0	102.5	101.7	102.3	104.0	104.2
21 Construction supplies	5.4	104.0	103.1	104.0	104.0	104.6	104.5	104.4	104.8	104.5	104.2	103.8	102.8	103.0	102.8
22 Business supplies	9.1	121.9	119.4	119.7	120.7	121.5	121.8	123.2	122.6	123.6	123.1	122.5	122.0	123.5	124.4
23 Materials	39.2	112.2	110.2	110.7	111.6	112.2	112.6	113.8	113.6	113.4	112.8	113.1	112.8	113.4	113.8
24 Non-energy	29.6	115.8	113.7	114.0	115.0	115.8	116.4	117.2	117.4	117.2	116.7	116.7	116.2	116.8	116.8
25 Durable	20.7	128.1	125.6	125.8	127.1	127.8	128.6	129.4	130.0	129.5	129.5	129.7	128.5	130.2	130.1
26 Consumer parts	4.0	110.9	109.2	109.2	110.8	110.1	110.4	113.4	112.3	112.4	111.7	114.6	111.5	115.0	113.0
27 Equipment parts	7.5	182.7	177.6	177.6	179.8	182.3	183.6	184.2	186.3	185.7	185.7	185.3	184.6	186.6	189.1
28 Other	9.2	97.1	95.9	96.0	96.7	97.2	97.9	97.7	98.3	97.7	98.0	97.2	96.9	97.4	97.1
29 Nondurable	8.9	97.0	95.4	95.9	96.5	97.3	97.6	98.4	98.2	98.3	97.1	97.0	97.3	96.4	96.8
30 Textile	1.1	77.6	76.3	77.7	77.8	78.2	78.5	79.6	77.8	78.4	77.2	77.0	75.6	75.8	75.8
31 Paper	1.8	95.0	92.6	91.9	93.3	94.8	93.6	95.8	96.1	96.7	96.8	96.9	98.7	96.1	96.8
32 Chemical	4.0	99.1	97.2	98.8	99.6	100.4	100.6	101.3	100.7	100.2	98.2	97.9	97.4	97.2	97.7
33 Energy	9.6	98.7	97.1	97.9	98.6	98.5	98.6	101.0	99.3	99.1	98.4	99.4	99.7	100.5	101.8
SPECIAL AGGREGATES															
34 Total excluding computers, communication equipment, and semiconductors	94.7	100.5	99.6	99.9	100.3	100.5	100.8	101.5	101.2	101.2	100.5	100.6	100.0	100.7	100.7
35 Total excluding motor vehicles and parts	94.3	110.0	108.9	109.4	109.7	110.1	110.3	110.8	110.5	110.5	110.0	109.8	109.6	110.1	110.4
			Gross value (billions of 1996 dollars, annual rates)												
36 **Final products and nonindustrial supplies**	**100.0**	**2,793.3**	**2,774.9**	**2,787.1**	**2,796.7**	**2,802.2**	**2,809.9**	**2,828.0**	**2,821.5**	**2,817.8**	**2,793.6**	**2,817.8**	**2,785.7**	**2,812.0**	**2,808.1**
37 Final products	77.2	2,018.6	2,006.4	2,013.9	2,020.7	2,021.4	2,028.7	2,042.2	2,038.1	2,031.4	2,010.8	2,037.3	2,011.2	2,031.1	2,024.2
38 Consumer goods	51.9	1,384.7	1,371.5	1,380.1	1,386.3	1,384.8	1,390.2	1,404.1	1,395.9	1,394.3	1,379.1	1,402.0	1,384.5	1,399.1	1,392.6
39 Equipment total	25.3	624.9	627.5	625.4	625.3	628.1	629.9	627.9	633.6	627.7	622.6	624.4	615.9	620.7	621.0
40 Nonindustrial supplies	22.8	774.6	768.5	773.2	776.1	780.9	781.3	785.9	783.5	786.6	783.2	780.5	774.6	781.0	784.1

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Monthly data seasonally adjusted

Group	NAICS code[2]	1992 proportion	2002 avg.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.[r]	2002 Dec.[r]	2003 Jan.[r]	2003 Feb.[p]
				Index (1997=100)												
INDUSTRY GROUPS																
41 Manufacturing	.	85.4	111.4	110.4	110.7	111.0	111.4	111.9	112.3	112.4	112.1	111.4	111.6	110.8	111.5	111.4
42 Manufacturing (NAICS)	.	79.1	111.7	110.8	111.0	111.4	111.9	112.2	112.7	112.8	112.4	111.7	112.0	111.1	111.8	111.7
43 Durable manufacturing	.	43.0	121.1	119.8	119.8	120.5	121.2	121.8	122.2	122.7	122.0	121.5	122.2	120.7	122.3	121.9
44 Wood products	321	1.5	100.5	99.9	101.7	100.8	101.0	102.2	101.9	102.5	100.7	99.2	98.3	96.7	99.4	98.2
45 Nonmetallic mineral products	327	2.0	108.0	106.4	106.6	107.4	107.7	106.6	107.7	108.5	109.8	109.3	110.2	109.2	109.3	109.7
46 Primary metal	331	2.7	85.6	85.3	85.1	84.6	85.9	86.2	85.0	87.6	85.0	87.6	86.2	84.2	85.2	84.1
47 Fabricated metal products	332	5.3	99.0	98.2	98.2	98.4	99.7	99.3	99.7	99.3	99.4	99.8	98.7	98.9	99.1	98.3
48 Machinery	333	5.7	87.9	87.3	88.0	88.3	88.5	88.9	88.4	89.4	88.2	86.8	87.4	85.8	86.6	87.0
49 Computer and electronic products	334	8.8	220.4	215.5	216.9	217.9	220.0	220.8	221.5	223.0	223.2	224.2	224.5	224.1	227.5	230.4
50 Electrical equipment, appliances, and components	335	2.5	97.8	97.7	96.8	97.2	98.9	98.7	98.4	98.0	96.5	96.6	97.0	98.0	97.2	98.0
51 Motor vehicles and parts	3361–3	5.7	117.3	113.4	113.3	115.9	115.8	118.6	122.1	122.0	121.1	118.3	123.9	117.8	123.1	120.2
52 Aerospace and miscellaneous transportation equipment	3364–9	4.5	87.6	90.9	89.5	88.3	87.6	86.9	85.7	86.3	85.7	85.5	84.8	84.9	85.5	85.0
53 Furniture and related products	337	1.5	101.3	102.6	101.7	101.8	101.5	101.6	101.4	100.5	101.4	100.7	100.6	99.3	99.0	99.3
54 Miscellaneous	339	2.8	109.6	107.8	107.4	109.6	110.2	110.7	110.6	110.2	109.1	109.3	108.6	110.1	109.2	109.0
55 Nondurable manufacturing	.	36.1	99.5	99.0	99.5	99.5	99.7	99.9	100.4	100.0	100.0	99.1	98.9	98.7	98.5	98.6
56 Food, beverage, and tobacco products	311,2	10.9	100.2	100.8	101.4	101.0	100.6	100.9	100.5	100.0	99.9	99.5	98.6	98.3	98.7	98.1
57 Textile and product mills	313,4	1.8	82.5	81.8	83.0	82.9	83.6	83.4	83.9	82.5	82.3	81.3	81.7	81.0	79.7	80.2
58 Apparel and leather	315,6	2.2	72.2	72.5	74.1	72.5	72.7	72.6	73.0	71.2	71.8	70.2	70.5	69.8	69.9	69.6
59 Paper	322	3.3	94.6	91.8	91.6	93.0	95.0	94.7	95.2	95.8	96.1	95.7	96.8	97.5	94.4	95.5
60 Printing and support	323	2.8	97.8	96.9	95.2	95.5	96.2	95.5	98.4	98.6	99.9	99.5	98.4	99.6	101.1	101.1
61 Petroleum and coal products	324	1.4	102.9	104.0	103.5	104.2	103.4	102.4	103.0	102.7	101.0	99.4	103.9	105.0	102.1	102.7
62 Chemical	325	10.3	105.1	104.6	105.2	105.1	105.0	105.7	106.9	106.2	106.1	104.6	104.2	103.6	103.6	104.3
63 Plastics and rubber products	326	3.4	106.0	103.3	105.1	105.7	106.7	107.4	107.5	107.3	107.2	106.4	105.8	104.6	105.1	105.2
64 Other manufacturing (non-NAICS)	1133,5111	4.3	105.5	104.9	105.0	104.1	104.2	105.5	105.0	105.8	107.1	106.7	105.4	105.7	106.1	106.8
65 Mining	21	6.6	93.8	94.2	93.6	93.4	93.4	93.5	94.4	93.9	92.2	92.3	93.6	95.4	93.7	94.6
66 Utilities	2211,2	10.1	110.2	105.2	108.0	110.6	110.1	110.1	113.7	110.4	113.3	112.1	112.1	110.5	114.9	116.4
67 Electric	2211	8.6	111.8	107.1	110.1	112.5	111.2	111.4	115.7	112.2	115.8	113.7	113.3	112.2	116.8	118.1
68 Natural gas	2212	1.6	97.5	95.0	96.9	100.2	104.4	103.2	102.7	100.8	99.9	103.6	105.8	101.6	105.1	107.4
69 Manufacturing excluding computers, communications equipment, and semiconductors	.	78.0	99.8	99.2	99.4	99.5	99.9	100.2	100.6	100.6	100.4	99.7	99.8	99.1	99.6	99.4
70 Manufacturing excluding motor vehicles and parts		77.6	110.9	110.2	110.5	110.5	111.0	111.3	111.4	111.5	111.3	110.8	110.5	110.2	110.5	110.6

Note. The statistics in the G.17 release cover output, capacity, and capacity utilization in the industrial sector, which the Federal Reserve defines are manufacturing, mining, and electric and gas utilities. Manufacturing consists of those industries included in the North American Industry Classification System, or NAICS, manufacturing plus those industries—logging and newspaper, periodical, book, and directory publishing—that have traditionally been considered manufacturing and included in the industrial sector.

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 2002. The recent annual revision is described in the April 2003 issue of the *Bulletin*.

2. North American Industry Classification System

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	2000	2001	2002	2001	2002			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	–410,341	–393,371	–503,427	–95,086	–112,542	–127,697	–126,337	–136,854
2 Balance on goods and services	–378,681	–358,290	–435,542	–88,028	–95,629	–109,446	–110,257	–120,213
3 Exports	1,064,239	998,022	971,864	232,930	232,959	244,251	248,917	245,740
4 Imports	–1,442,920	–1,356,312	–1,407,406	–320,958	–328,588	–353,697	–359,174	–365,953
5 Income, net	21,782	14,382	–11,862	6,521	–982	–5,324	–3,007	–2,553
6 Investment, net	27,651	20,539	–5,424	8,102	636	–3,675	–1,462	–927
7 Direct	88,862	102,595	77,947	28,602	22,023	18,749	18,626	18,548
8 Portfolio	–61,211	–82,056	–83,371	–20,500	–21,387	–22,424	–20,088	–19,475
9 Compensation of employees	–5,869	–6,157	–6,438	–1,581	–1,618	–1,649	–1,545	–1,626
10 Unilateral current transfers, net	–53,442	–49,463	–56,023	–13,579	–15,931	–12,927	–13,073	–14,088
11 Change in U.S. government assets other than official reserve assets, net (increase, –)	–941	–486	379	143	133	42	–27	231
12 Change in U.S. official reserve assets (increase, –)	–290	–4,911	–3,681	–199	390	–1,843	–1,416	–812
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	–722	–630	–475	–140	–109	–107	–132	–127
15 Reserve position in International Monetary Fund	2,308	–3,600	–2,632	83	652	–1,607	–1,136	–541
16 Foreign currencies	–1,876	–681	–574	–142	–153	–129	–148	–144
17 Change in U.S. private assets abroad (increase, –)	–605,258	–365,565	–152,867	–100,032	–26,707	–129,544	41,714	–38,334
18 Bank-reported claims[2]	–148,657	–128,705	–3,072	–83,682	727	–68,655	53,815	11,041
19 Nonbank-reported claims	–150,805	–14,358	–28,489	37,210	65	–16,693	–4,226	–7,635
20 U.S. purchase of foreign securities, net	–127,502	–94,662	2,222	–26,090	2,047	–9,675	18,543	–8,693
21 U.S. direct investments abroad, net	–178,294	–127,840	–123,528	–27,470	–29,546	–34,521	–26,418	–33,047
22 Change in foreign official assets in United States (increase, +)	37,640	5,224	96,630	5,086	7,641	47,252	9,534	32,203
23 U.S. Treasury securities	–10,233	10,745	43,656	16,760	–582	15,193	1,415	27,630
24 Other U.S. government obligations	40,909	20,920	30,357	7,630	7,296	6,548	10,885	5,628
25 Other U.S. government liabilities[2]	–1,909	–1,882	158	–504	–790	54	1,001	–107
26 Other U.S. liabilities reported by U.S. banks[2]	5,746	–30,278	18,831	–20,507	991	24,531	–4,602	–2,089
27 Other foreign official assets[3]	3,127	5,719	3,628	1,707	726	926	835	1,141
28 Change in foreign private assets in United States (increase, +)	978,346	747,582	533,734	245,711	105,959	157,159	119,786	150,827
29 U.S. bank-reported liabilities[4]	116,971	110,667	94,605	85,598	–11,051	32,240	18,793	54,623
30 U.S. nonbank-reported liabilities	174,251	82,353	49,736	1,170	32,345	21,056	–3,804	139
31 Foreign private purchases of U.S. Treasury securities, net	–76,965	–7,670	53,155	27,229	–7,282	–5,124	52,856	12,705
32 U.S. currency flows	1,129	23,783	21,513	10,497	4,525	7,183	2,556	7,249
33 Foreign purchases of other U.S. securities, net	455,213	407,653	284,611	99,320	71,095	104,404	46,494	62,618
34 Foreign direct investments in United States, net	307,747	130,796	30,114	21,897	16,327	–2,600	2,891	13,493
35 Capital account transactions, net[5]	837	826	708	205	208	200	156	144
36 Discrepancy	7	10,701	28,524	–55,828	24,918	54,431	–43,410	–7,405
37 Due to seasonal adjustment	...	...	...	1,721	10,269	1,504	–13,991	2,228
38 Before seasonal adjustment	7	10,701	28,524	–57,549	14,649	52,927	–29,419	–9,633
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, –)	–290	–4,911	–3,681	–199	390	–1,843	–1,416	–812
40 Foreign official assets in United States, excluding line 25 (increase, +)	39,549	7,106	96,472	5,590	8,431	47,198	8,533	32,310
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	12,000	–1,725	–8,132	3,382	–8,532	838	–1,289	851

1. Seasonal factors are not calculated for lines 11–16, 18–20, 22–35, and 38–41.
2. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
3. Consists of investments in U.S corporate stocks and in debt securities of private corporations and state and local governments.
4. Reporting banks included all types of depository institutions as well as some brokers and dealers.
5. Consists of capital transfers (such as those of accompanying migrants entering or leaving the country and debt forgiveness) and the acquisition and disposal of nonproduced nonfinancial assets.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1999	2000	2001	2002					2003		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 **Total**	**71,516**	**67,647**	**68,654**	**75,307**	**75,860**	**75,499**	**75,690**	**79,006**	**78,434**	**78,579**	**80,049**
2 Gold stock[1]	11,048	11,046	11,045	11,042	11,042	11,042	11,043	11,043	11,043	11,043	11,043
3 Special drawing rights[2,3]	10,336	10,539	10,774	11,752	11,710	11,700	11,855	12,166	11,298	11,368	11,392
4 Reserve position in International Monetary Fund[2]	17,950	14,824	17,854	20,043	20,857	20,586	20,480	21,979	21,953	21,686	22,858
5 Foreign currencies[4]	32,182	31,238	28,981	32,470	32,251	32,171	32,312	33,818	34,140	34,482	34,756

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1999	2000	2001	2002					2003		
				Aug.	Sept.	Oct.	Nov	Dec.	Jan.	Feb.	Mar.p
1 **Deposits**	**71**	**215**	**61**	**86**	**150**	**89**	**78**	**136**	**102**	**224**	**254**
Held in custody											
2 U.S. Treasury securities[2]	632,482	594,094	592,630	638,003	644,381	647,165	669,092	678,106	683,837	700,341	710,955
3 Earmarked gold[3]	9,933	9,451	9,099	9,064	9,057	9,050	9,045	9,045	9,045	9,045	9,045

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	2000[r]	2001[r]	2002						2003
			July[r]	Aug.[r]	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Total**[1]	**975,304**	**987,568**	**1,046,327**	**1,048,990**	**1,050,056**	**1,048,005**	**1,069,610**	**1,082,363**	**1,087,200**
By type									
2 Liabilities reported by banks in the United States[2]	144,593	123,425	141,870	138,281	143,028	136,637	138,414	140,935	136,962
3 U.S. Treasury bills and certificates[3]	153,010	161,719	187,997	188,805	185,187	138,474	190,111	190,375	194,762
U.S. Treasury bonds and notes									
4 Marketable	450,832	454,306	449,736	450,371	446,860	446,307	462,884	469,592	468,956
5 Nonmarketable[4]	5,348	3,411	3,020	3,040	3,058	3,078	3,097	2,769	2,786
6 U.S. securities other than U.S. Treasury securities[5]	221,521	244,707	263,704	268,493	271,923	273,509	275,104	278,692	283,734
By area									
7 Europe[1]	240,325	243,448	256,529	255,235	260,423	254,343	265,751	273,052	270,065
8 Canada	13,727	13,440	10,682	10,886	10,097	10,300	10,975	11,079	10,455
9 Latin America and Caribbean	70,442	71,103	62,863	62,026	62,227	64,289	63,002	63,244	62,016
10 Asia	626,017	635,180	690,405	693,752	690,902	692,351	701,172	706,287	718,275
11 Africa	14,690	15,167	15,233	15,257	14,514	15,524	15,602	15,338	14,589
12 Other countries	10,101	9,228	10,613	11,832	11,891	11,196	13,106	13,361	11,798

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the Treasury by banks (including Federal Reserve Banks) and securities dealers in the United States, and in periodic benchmark surveys of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1]

Payable in Foreign Currencies

Millions of dollars, end of period

Item	1999	2000	2001	2002			
				Mar.	June[r]	Sept.[r]	Dec.
1 Banks' liabilities	88,537	77,779	79,363	74,955	89,823	81,719	80,541
2 Banks' claims	67,365	56,912	74,840	77,746	90,622	85,165	76,618
3 Deposits	34,426	23,315	44,094	46,778	51,860	44,511	33,085
4 Other claims	32,939	33,597	30,746	30,968	38,762	40,654	43,533
5 Claims of banks' domestic customers[2]	20,826	24,411	17,631	16,642	15,848	20,475	33,632

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

Item	2000	2001	2002	2002						2003
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,511,410**	**1,636,538**	**1,818,537[r]**	**1,705,426**	**1,763,311**	**1,748,201**	**1,834,787**	**1,776,379**	**1,818,537[r]**	**1,764,072**
2 Banks' own liabilities	1,077,636	1,181,097	1,274,247[r]	1,179,129	1,225,442	1,218,213	1,305,746	1,242,296	1,274,247[r]	1,221,152
3 Demand deposits	33,365	33,603	35,273[r]	32,558	31,428	32,027	31,607	35,051	35,273[r]	32,499
4 Time deposits[2]	187,883	158,139[r]	134,716[r]	128,215	128,345	123,330	131,119[r]	128,414[r]	134,716[r]	130,468
5 Other[3]	171,401	197,064[r]	251,787[r]	253,602	259,415	274,658	265,120[r]	258,584[r]	251,787[r]	272,384
6 Own foreign offices[4]	684,987	792,291	852,471[r]	764,754	806,254	788,198	877,900	820,247	852,471[r]	785,801
7 Banks' custodial liabilities[5]	433,774	455,441	544,290	526,297	537,869	529,988	529,041	534,083	544,290	542,920
8 U.S. Treasury bills and certificates[6]	177,846	186,115	229,511	224,429	227,338	224,733	223,569	226,302	229,511	231,363
9 Short-term agency securities[7]	n.a.	59,781	73,475	70,872	72,848	71,048	69,223	66,579	73,475	68,323
10 Other negotiable and readily transferable instruments[8]	145,840	80,026	90,673	88,061	90,697	90,986	91,288	90,332	90,673	92,892
11 Other	110,088	129,519	150,631	142,935	146,986	143,221	144,961	150,870	150,631	150,342
12 Nonmonetary international and regional organizations[9]	12,542	10,830	13,503	11,495	10,540	11,796	13,153	12,253	13,503	14,578
13 Banks' own liabilities	12,140	10,169	12,396	10,993	9,986	11,008	12,538	11,475	12,396	13,874
14 Demand deposits	41	35	44	15	34	52	61	42	44	37
15 Time deposits[2]	6,246	3,756	5,759[r]	7,394	6,294	5,702	6,201[r]	5,235[r]	5,759[r]	5,214
16 Other[3]	5,853	6,378	6,593[r]	3,584	3,658	5,254	6,276[r]	6,198[r]	6,593[r]	8,623
17 Banks' custodial liabilities[5]	402	661	1,107	502	554	788	615	778	1,107	704
18 U.S. Treasury bills and certificates[6]	252	600	1,089	481	532	764	597	760	1,089	687
19 Short-term agency securities[7]	n.a.	40	0	0	0	0	0	0	0	0
20 Other negotiable and readily transferable instruments[8]	149	21	18	21	22	18	18	18	18	17
21 Other	1	0	0	0	0	6	0	0	0	0
22 Official institutions[10]	297,603	285,144[r]	331,310[r]	329,867	327,086	328,215	325,111	328,525	331,310[r]	331,724
23 Banks' own liabilities	96,989	83,824[r]	90,738[r]	93,571	89,340	96,513	91,466	93,476	90,738[r]	90,681
24 Demand deposits	3,952	2,988	2,535	2,146	1,946	1,900	2,915	3,658	2,535	1,978
25 Time deposits[2]	35,573	19,680[r]	17,583[r]	13,879	14,733	13,588	14,400[r]	13,521[r]	17,583[r]	14,653
26 Other[3]	57,464	61,156[r]	70,620[r]	77,546	72,661	81,025	74,151[r]	76,297[r]	70,620[r]	74,050
27 Banks' custodial liabilities[5]	200,614	201,320	240,572	236,296	237,746	231,702	233,645	235,049	240,572	241,043
28 U.S. Treasury bills and certificates[6]	153,010	161,719	190,375	187,997	188,805	185,187	188,474	190,111	190,375	194,762
29 Short-term agency securities[7]	n.a.	36,351	48,469	45,184	45,131	44,082	42,767	42,479	48,469	43,712
30 Other negotiable and readily transferable instruments[8]	47,366	2,180	1,664	2,281	2,615	1,489	1,624	1,658	1,664	1,573
31 Other	238	1,070	64	834	1,195	944	780	801	64	996
32 Banks[11]	972,932	1,053,084[r]	1,168,124[r]	1,059,823	1,100,445	1,086,278	1,186,464	1,129,198	1,168,124[r]	1,106,675
33 Banks' own liabilities	821,306	914,492[r]	973,235[r]	875,066	911,686	901,654	998,919	936,035	973,235[r]	911,924
34 Unaffiliated foreign banks	136,319	122,201[r]	120,764[r]	110,312	105,432	113,456	121,019	115,788	120,764[r]	126,123
35 Demand deposits	15,522	13,091	14,168	12,790	11,804	11,391	10,989	12,214	14,168	11,746
36 Time deposits[2]	66,904	55,565[r]	40,424[r]	34,871	36,120	33,605	38,333	39,190	40,424[r]	39,425
37 Other[3]	53,893	53,545[r]	66,172	62,651	57,508	68,460	71,697	64,384	66,172	74,952
38 Own foreign offices[4]	684,987	792,291	852,471[r]	764,754	806,254	788,198	877,900	820,247	852,471[r]	785,801
39 Banks' custodial liabilities[5]	151,626	138,592	194,889	184,757	188,759	184,624	187,545	193,163	194,889	194,751
40 U.S. Treasury bills and certificates[6]	16,023	11,541	21,308	20,087	20,463	20,079	19,253	18,887	21,308	20,240
41 Short-term agency securities[7]	n.a.	2,078	6,448	4,837	5,256	5,620	7,206	6,775	6,448	6,884
42 Other negotiable and readily transferable instruments[8]	36,036	21,981	40,722	41,468	41,954	41,694	41,433	41,414	40,722	42,124
43 Other	99,567	102,992	126,411	118,365	121,086	117,231	119,653	126,087	126,411	125,503
44 Other foreigners	228,333	287,480	305,600[r]	304,241	325,240	321,912	310,059	306,403	305,600[r]	311,095
45 Banks' own liabilities	147,201	172,612	197,878[r]	199,499	214,430	209,038	202,823	201,310	197,878[r]	204,673
46 Demand deposits	13,850	17,489	18,526[r]	17,607	17,644	18,684	17,642	19,137	18,526[r]	18,738
47 Time deposits[2]	79,160	79,138	70,950[r]	72,071	71,198	70,435	72,185	70,468	70,950[r]	71,176
48 Other[3]	54,191	75,985	108,402	109,821	125,588	119,919	112,996	111,705	108,402	114,759
49 Banks' custodial liabilities[5]	81,132	114,868	107,722	104,742	110,810	112,874	107,236	105,093	107,722	106,422
50 U.S. Treasury bills and certificates[6]	8,561	12,255	16,739	15,864	17,538	18,703	15,245	16,544	16,739	15,674
51 Short-term agency securities[7]	n.a.	21,312	18,558	20,851	22,461	21,346	19,250	17,325	18,558	17,727
52 Other negotiable and readily transferable instruments[8]	62,289	55,844	48,269	44,291	46,106	47,785	48,213	47,242	48,269	49,178
53 Other	10,282	25,457	24,156	23,736	24,705	25,040	24,528	23,982	24,156	23,843
MEMO										
54 Negotiable time certificates of deposits in custody for foreigners	34,217	20,440	26,084	29,399	29,847	29,700	29,198	26,435	26,084	25,596
55 Repurchase agreements[7]	n.a.	151,143[r]	190,134[r]	190,092[r]	200,141[r]	213,172[r]	200,313[r]	190,283[r]	190,134[r]	207,282

1 Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year

2. Excludes negotiable time certificates deposit, which are included in "Other negotiable and readily transferable instruments."

3. Includes borrowing under repurchase agreements.

4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.

6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries

7 Data available beginning January 2001.

8. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

9. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.

10. Foreign central banks, foreign central governments, and the Bank for International Settlements.

11. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Payable in U.S. dollars

Millions of dollars, end of period

Item	2000	2001	2002	2002						2003
				July	Aug.	Sept.	Oct	Nov.	Dec.	Jan.[p]
AREA OR COUNTRY										
56 **Total, all foreigners**	**1,511,410**	**1,636,538**	**1,818,537[r]**	**1,705,426**	**1,763,311**	**1,748,201**	**1,834,787**	**1,776,379**	**1,818,537[r]**	**1,764,072**
57 **Foreign countries**	**1,498,867**	**1,625,708**	**1,805,034[r]**	**1,693,931**	**1,752,769**	**1,736,404**	**1,821,634**	**1,764,126**	**1,805,034[r]**	**1,749,494**
58 Europe	446,788	521,331	627,556[r]	533,768	557,099	577,947	658,663	615,393	627,556[r]	564,559
59 Austria	2,692	2,922	2,473	2,862	3,537	3,081	3,053	2,442	2,473	2,186
60 Belgium[12]	33,399	6,557	8,611	6,462	6,270	8,389	7,420	8,032	8,611	8,812
61 Denmark	3,000	3,626	4,880	3,478	4,061	3,112	3,004	3,339	4,880	6,497
62 Finland	1,411	1,446	1,693	3,503	1,498	1,259	5,170	2,646	1,693	2,583
63 France	37,833	49,056	39,640	39,809	35,447	37,915	38,515	40,752	39,640	36,731
64 Germany	35,519	22,375	34,398	27,832	27,081	31,334	31,558	32,025	34,398	31,940
65 Greece	2,011	2,307	2,975	2,816	2,677	2,612	3,358	3,348	2,975	3,205
66 Italy	5,072	6,354	4,744	3,900	3,426	3,439	5,029	5,564	4,744	4,240
67 Luxembourg[12]	n.a.	16,894	28,626	24,294	25,436	25,750	25,680	27,747	28,626	30,538
68 Netherlands	7,047	12,411	10,722	6,012	8,208	7,650	7,974	7,922	10,722	10,560
69 Norway	2,305	3,727	18,867	14,540	10,049	17,747	18,895	14,677	18,867	17,723
70 Portugal	2,403	4,033	3,575	3,496	3,055	3,695	3,220	3,092	3,575	3,448
71 Russia	19,018	20,800	23,147	24,189	24,196	25,252	24,407	25,444	23,147	24,378
72 Spain	7,787	8,811	14,031	10,400	12,429	12,596	12,825	15,576	14,031	14,851
73 Sweden	6,497	3,375	4,656	4,815	5,709	4,137	4,857	3,859	4,656	3,767
74 Switzerland	74,635	66,403	131,506	85,614	102,088	105,386	182,152	141,208	131,506	105,352
75 Turkey	7,548	7,474	12,131	10,701	12,393	12,790	11,226	11,749	12,131	12,754
76 United Kingdom	167,757	204,396	181,890	176,397	184,152	183,756	184,483	182,109	181,890	168,423
77 Channel Islands and Isle of Man[13]	n.a.	36,059	45,728	39,432	38,215	38,982	40,070	38,935	45,728	26,327
78 Yugoslavia[14]	276	309	301	279	276	280	316	332	301	353
79 Other Europe and other former U.S.S.R.[15]	30,578	41,996	52,962[r]	42,937	46,896	48,785	45,451	44,595	52,962[r]	49,891
80 Canada	30,982	27,251	24,959[r]	26,629	24,887	24,946	26,570	24,278	24,959[r]	27,831
81 Latin America	120,041	118,025	107,139[r]	106,225	106,960	104,151	106,894	104,000	107,139[r]	106,100
82 Argentina	19,451	10,704	11,218	11,574	11,686	11,223	12,091	11,644	11,218	11,252
83 Brazil	10,852	14,169	10,037	12,556	12,070	11,586	11,587	10,275	10,037	10,586
84 Chile	5,892	4,939	6,065	6,427	5,830	5,494	5,827	5,361	6,065	5,592
85 Colombia	4,542	4,695	4,158	3,874	3,719	4,509	3,847	4,644	4,158	4,147
86 Ecuador	2,112	2,390	2,305	2,324	2,266	2,374	2,155	2,258	2,305	2,403
87 Guatemala	1,601	1,882	1,381	1,330	1,384	1,535	1,500	1,386	1,381	1,436
88 Mexico	32,166	39,871	36,152	33,401	35,071	32,486	34,665	32,615	36,152	36,878
89 Panama	4,240	3,610	3,924[r]	3,155	3,161	3,210	3,564	3,668	3,924[r]	3,969
90 Peru	1,427	1,359	1,363[r]	1,515	1,366	1,369	1,300	1,360	1,363[r]	1,364
91 Uruguay	3,003	3,172	2,807[r]	1,919	2,648	2,613	2,583	2,604	2,807[r]	2,681
92 Venezuela	24,730	24,974	21,887[r]	21,796	21,571	21,355	21,661	22,313	21,887[r]	19,952
93 Other Latin America[16]	10,025	6,260	5,842[r]	6,354	6,188	6,397	6,114	5,872	5,842[r]	5,840
94 Caribbean	573,337	646,987	703,670[r]	675,898	714,660	682,464	693,544	680,223	703,670[r]	711,120
95 Bahamas	189,298	178,472	162,196	160,425	172,518	166,477	159,867	145,993	162,196	168,679
96 Bermuda	9,636	10,539	23,827	20,436	24,968	24,692	23,158	25,765	23,827	27,015
97 British West Indies[17]	367,197	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
98 Cayman Islands[17]	n.a.	440,038	498,960	472,200	488,770	472,969	491,972	488,997	498,960	495,704
99 Cuba	90	88	91	92	99	92	92	94	91	93
100 Jamaica	794	1,182	829	931	948	932	856	828	829	883
101 Netherlands Antilles	5,428	3,264	5,019	3,940	10,538	4,381	5,293	5,476	5,019	6,329
102 Trinidad and Tobago	894	1,269	1,405	1,691	1,803	1,562	1,471	1,580	1,405	1,359
103 Other Caribbean[16]	n.a.	12,135	11,343[r]	16,183	15,016	11,359	10,835	11,490	11,343[r]	11,058
104 Asia	305,554	294,496	318,081	330,208	326,731	325,748	314,770	316,539	318,081	318,878
China										
105 Mainland	16,531	10,498	15,504	18,108	18,810	14,623	15,854	14,489	15,504	13,544
106 Taiwan	17,352	17,633	18,678[r]	19,077	20,111	21,727	23,270	23,602	18,678[r]	22,200
107 Hong Kong	26,462	26,494	33,048	34,508	31,034	31,701	30,118	31,348	33,048	36,781
108 India	4,530	3,708	7,953	7,379	7,253	7,502	7,196	7,507	7,953	8,074
109 Indonesia	8,514	12,383	14,110	13,589	13,805	13,098	12,316	12,916	14,110	12,858
110 Israel	8,053	7,870	7,185	9,765	7,960	11,619	9,105	8,882	7,185	9,593
111 Japan	150,415	155,314	161,331	178,001	175,993	171,821	162,043	163,981	161,331	162,110
112 Korea (South)	7,955	9,019	8,932	7,039	6,846	6,563	6,288	6,548	8,932	7,410
113 Philippines	2,316	1,772	1,793	2,081	1,573	2,064	1,589	1,462	1,793	1,364
114 Thailand	3,117	4,743	7,605	4,591	5,113	5,044	7,022	8,698	7,605	6,666
115 Middle Eastern oil-exporting countries[18]	23,763	20,035	16,364	14,234	15,435	15,993	14,352	11,633	16,364	15,176
116 Other	36,546	25,027	25,578[r]	21,836	22,798	23,993	25,617	25,473	25,578[r]	23,102
117 Africa	10,824	11,365	12,240[r]	12,110	12,103	11,115	11,905	11,989	12,240[r]	11,177
118 Egypt	2,621	2,778	2,652	3,411	3,179	2,538	2,545	2,493	2,652	2,494
119 Morocco	139	274	306	302	312	329	335	254	306	259
120 South Africa	1,010	839	1,114	694	747	747	662	701	1,114	725
121 Congo (formerly Zaire)	4	4	2	1	n.a.	86	n.a	2	2	3
122 Oil-exporting countries[19]	4,052	4,377	4,370	3,757	3,940	3,670	4,635	4,983	4,370	4,126
123 Other	2,998	3,093	3,796[r]	3,945	3,925	3,745	3,728	3,556	3,796[r]	3,570
124 Other countries	11,341	6,253	11,389[r]	9,093	10,329	10,033	9,288	11,704	11,389[r]	9,829
125 Australia	10,070	5,599	9,333	7,506	8,593	7,917	7,547	9,338	9,333	8,235
126 New Zealand[20]	n.a.	242	1,796	1,230	1,321	1,592	1,257	2,120	1,796	1,320
127 All other	1,271	412	260[r]	357	415	524	484	246	260[r]	274
128 Nonmonetary international and regional organizations	12,543	10,830	13,503	11,495	10,542	11,797	13,153	12,253	13,503	14,578
129 International[21]	11,270	9,331	11,720	10,097	9,422	9,567	11,725	10,582	11,720	13,175
130 Latin American regional[22]	740	480	508	386	402	394	561	478	508	373
131 Other regional[23]	533	935	1,208	894	643	1,766	789	1,120	1,208	936

12. Before January 2001, data for Belgium–Luxembourg were combined.
13. Before January 2001, these data were included in data reported for the United Kingdom.
14. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
15. Includes the Bank for International Settlements and the European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
16. Before January 2001, data for "Other Latin America" and "Other Caribbean" were combined in "Other Latin America and Caribbean."
17. Beginning January 2001, data for the Cayman Islands replaced data for the British West Indies.
18. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
19. Comprises Algeria, Gabon, Libya, and Nigeria.
20. Before January 2001, these data were included in "All other."
21. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
22. Principally the Inter-American Development Bank.
23. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

Area or country	2000	2001	2002	2002						2003
				July	Aug.	Sept.	Oct.	Nov.r	Dec.r	Jan.p
1 **Total, all foreigners**	**904,642**	**1,055,069**	**1,081,939r**	**1,049,279r**	**1,086,492r**	**1,065,276r**	**1,152,959r**	**1,096,437**	**1,081,939**	**1,074,533**
2 **Foreign countries**	**899,956**	**1,050,123**	**1,078,262r**	**1,044,643r**	**1,082,245r**	**1,062,638r**	**1,150,287r**	**1,093,119**	**1,078,262**	**1,071,374**
3 Europe	378,115	461,176	484,398r	465,040r	483,246r	470,920r	543,269r	490,644	484,398	446,749
4 Austria	2,926	4,981	3,603r	4,216r	4,467r	4,336	3,876	4,224	3,603	4,334
5 Belgium[2]	5,399	6,391	6,044r	7,126	5,140	4,814r	5,590	5,784	6,044	6,251
6 Denmark	3,272	1,105	1,109	856	1,546	1,633r	1,534	940	1,109	1,563
7 Finland	7,382	10,350	8,518	13,718	16,230	15,812	14,821	9,028	8,518	9,832
8 France	40,035	60,620	47,705r	59,052	51,798	51,083	47,065	54,089	47,705	45,914
9 Germany	36,834	29,902	22,481r	26,156	26,072	23,344	21,101	22,103	22,481	23,395
10 Greece	646	330	477r	393	438	408	388	331	477	296
11 Italy	7,629	4,205	3,753r	5,568	4,442	5,092r	3,984	3,945	3,753	3,171
12 Luxembourg[2]	n.a.	1,267	3,407	3,526	3,067	2,847	2,818	3,224	3,407	3,901
13 Netherlands	17,043	15,908	23,133r	13,660	18,232	17,691	13,284	15,572	23,133	19,188
14 Norway	5,012	6,236	13,885	9,420	10,578	11,036	11,848	11,464	13,885	18,606
15 Portugal	1,382	1,603	2,226	1,995	1,823	2,006	2,000	2,134	2,226	2,356
16 Russia	517	594	877r	867	842	801	858	787	877	1,025
17 Spain	2,603	3,260	5,395	3,336	3,589	4,675	3,183	4,776	5,395	4,154
18 Sweden	9,226	12,544	15,326	15,172r	14,618	13,970	15,366	15,239	15,326	15,329
19 Switzerland	82,085	87,333	127,133r	87,969	106,281	103,920	184,039	134,425	127,133	87,562
20 Turkey	3,059	2,124	2,112	2,410	2,515	2,474	2,622	2,532	2,112	2,021
21 United Kingdom	144,938	201,183	174,711	198,313r	202,178	194,937r	195,936r	183,482	174,711	168,492
22 Channel Islands and Isle of Man[3]	n.a.	4,478	17,457r	4,962	5,076	5,926	7,281	11,304	17,457	24,393
23 Yugoslavia[4]	50	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Other Europe and other former U.S.S.R.[5]	8,077	6,762	5,046	6,325	4,314	4,115	5,675	5,261	5,046	4,966
25 Canada	39,837	54,421	61,665r	63,235	60,310	62,838r	57,522	59,896	61,665	65,867
26 Latin America	76,561	69,762	56,642r	63,194	62,214	60,377	59,261	58,257	56,642	54,482
27 Argentina	11,519	10,763	6,783	8,202	8,090	7,663	7,608	7,253	6,783	6,663
28 Brazil	20,567	19,434	15,419	18,512	17,945	17,266	16,863	15,871	15,419	14,520
29 Chile	5,815	5,317	5,250	4,949	4,960	5,118	5,142	5,358	5,250	5,077
30 Colombia	4,370	3,602	2,614	3,216	3,158	3,078	2,834	2,758	2,614	2,406
31 Ecuador	635	495	457	462	479	467	451	451	457	439
32 Guatemala	1,244	1,495	892	871	861	925	907	889	892	896
33 Mexico	17,415	16,522	15,658r	16,349	16,015	15,805	15,367	15,828	15,658	15,268
34 Panama	2,933	3,061	1,915	2,466	2,433	1,959	2,021	1,961	1,915	1,730
35 Peru	2,807	2,185	1,411	1,748	1,649	1,599	1,504	1,484	1,411	1,403
36 Uruguay	673	447	255	314	527	345	319	292	255	255
37 Venezuela	3,518	3,077	3,254r	3,306	3,291	3,301	3,389	3,231	3,254	3,202
38 Other Latin America[6]	5,065	3,364	2,734	2,799	2,806	2,851	2,856	2,881	2,734	2,623
39 Caribbean	319,403	370,945	373,712r	345,965r	367,940r	347,780r	373,472r	372,683	373,712	392,193
40 Bahamas	114,090	101,034	95,584r	96,911r	95,729r	91,171r	96,151r	93,839	95,584	97,278
41 Bermuda	9,260	7,900	9,902	11,723	11,847	11,304	12,196	9,902	9,902	10,987
42 British West Indies[7]	189,289	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
43 Cayman Islands[7]	n.a.	250,376	257,075r	226,041r	248,107	234,435	252,908r	257,645	257,075	273,082
44 Cuba	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
45 Jamaica	355	418	321	350	353	463	429	393	321	304
46 Netherlands Antilles	5,801	6,729	6,690	6,387	7,334	6,194	7,427	6,744	6,690	6,445
47 Trinidad and Tobago	608	931	889	881	877	916	920	912	889	865
48 Other Caribbean[6]	n.a.	3,557	3,251r	3,672	3,693	3,297	3,441	3,248	3,251	3,232
49 Asia	77,829	85,882	93,691r	99,551	100,484	112,441r	109,359	104,181	93,691	103,074
China										
50 Mainland	1,606	2,073	1,057	7,832	5,904	7,256	8,515	6,575	1,057	4,799
51 Taiwan	2,247	4,407	3,772	6,954	7,443	8,656	8,599	7,034	3,772	6,573
52 Hong Kong	6,669	9,995	7,263r	6,614	6,531	8,481	5,778	6,849	7,263	6,490
53 India	2,178	1,348	1,235	1,083	1,293	1,258	999	921	1,235	1,128
54 Indonesia	1,914	1,752	1,238	1,553	1,457	1,426	1,390	1,360	1,238	1,191
55 Israel	2,729	4,396	4,660	4,647	4,952	5,067	4,710	3,836	4,660	5,186
56 Japan	34,974	34,125	47,608r	35,947	37,559	45,058	42,252	47,071	47,608	48,814
57 Korea (South)	7,776	10,622	11,326	18,065	18,961	17,404	19,439	14,293	11,326	14,473
58 Philippines	1,784	2,587	2,137	1,857	1,593	2,134	1,843	1,555	2,137	2,424
59 Thailand	1,381	2,499	1,167	1,160	1,175	1,841	1,205	756	1,167	830
60 Middle Eastern oil-exporting countries[8]	9,346	7,882	7,952r	8,960	8,975	8,619	9,253	8,251	7,952	8,004
61 Other	5,225	4,196	4,276r	4,879	4,641	5,241r	5,376	5,680	4,276	3,162
62 Africa	2,094	2,095	1,977r	1,914	1,887	1,891	1,818	1,693	1,977	1,945
63 Egypt	201	416	487	405	324	332	326	428	487	511
64 Morocco	204	106	53	77	72	58	50	52	53	53
65 South Africa	309	710	617	545	601	576	554	435	617	545
66 Congo (formerly Zaire)	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
67 Oil-exporting countries[9]	471	167	222	227	247	303	261	225	222	240
68 Other	909	696	598r	660	643	622	627	553	598	596
69 Other countries	6,117	5,842	6,177	5,744	6,164	6,391	5,586	5,765	6,177	7,064
70 Australia	5,868	5,455	5,566	5,345	5,616	5,589	5,088	5,303	5,566	6,212
71 New Zealand[10]	n.a.	349	569	392	541	789	485	439	569	833
72 All other	249	38	42	7	7	13	13	23	42	19
73 Nonmonetary international and regional organizations[11]	4,686	4,946	3,677	4,636	4,247	2,638	2,700	3,318	3,677	3,159

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Before January 2001, combined data reported for Belgium–Luxembourg.
3. Before January 2001, data included in United Kingdom.
4. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
5. Includes the Bank for International Settlements and European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia) and Bosnia, Croatia, and Slovenia.
6. Before January 2001, "Other Latin America" and "Other Caribbean" were reported as combined "Other Latin America and Caribbean."
7. Beginning 2001, Cayman Islands replaced British West Indies in the data series.
8. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
9. Comprises Algeria, Gabon, Libya, and Nigeria.
10. Before January 2001, included in "All other."
11. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

Type of claim	2000	2001	2002[r]	2002						2003
				July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]
1 **Total**	**1,095,869**	**1,254,863**	**1,291,900**	. .	. .	**1,255,390**	. .	. . .	**1,291,900**	
2 Banks' claims	904,642	1,055,069	1,081,939	1,049,279[r]	1,086,492	1,065,276	1,152,950	1,096,437	1,081,939	1,074,533
3 Foreign public borrowers	37,907	49,404	48,750	61,067	61,541	61,299	63,404	56,300	48,750	58,167
4 Own foreign offices[2]	630,137	749,124	788,477	720,222[r]	758,142	734,022	823,660	777,040	788,477	762,482
5 Unaffilliated foreign banks	95,243	100,367	81,159	92,921[r]	86,420	94,905	94,875	98,942	81,159	88,568
6 Deposits	23,886	26,387[r]	20,680	24,449	19,051	24,213	26,742	28,210	20,680	22,372
7 Other	71,357	73,980[r]	60,479	68,472[r]	67,369	70,692	68,133	70,732	60,479	66,196
8 All other foreigners	141,355	156,174	163,553	175,069[r]	180,389	175,050	171,01[illegible]	164,155	163,553	165,316
9 Claims of banks' domestic customers[3]	191,227	199,794	209,961	.	. . .	190,114	. .	. .	209,961	.
10 Deposits	100,352	93,565	79,512	. .	. .	86,862	. .	. .	79,512	.
11 Negotiable and readily transferable instruments[4]	78,147	90,412	124,159		. . .	90,919	. .		124,159	.
12 Outstanding collections and other claims	12,728	15,817	6,290		.	12,333	.	.	6,290	.
MEMO										
13 Customer liability on acceptances	4,257	2,588	2,450	. . .	. . .	2,353	. . .	. . .	2,450	. . .
14 Banks' loans under resale agreements[5]	n.a.	137,979[r]	161,585	170,823[r]	172,949	166,568	166,176	156,299	161,585	183,013
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[6]	53,153	60,745	44,316	57,572	53,100	52,530	55,284	46,840	44,316	45,559

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated

Reporting banks include all types of depository institution as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances, and commercial paper.

5. Data available beginning January 2001.

6. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1999	2000	2001	2002			
				Mar.[r]	June[r]	Sept.[r]	Dec.[p]
1 **Total**	**267,082**	**274,009**	**305,326**	**308,286**	**317,207**	**330,807**	**293,096**
By borrower							
2 Maturity of one year or less	187,894	186,103	200,240	214,373	236,219	250,076	212,972
3 Foreign public borrowers	22,811	21,399	27,501	31,875	33,061	42,665	31,569
4 All other foreigners	165,083	164,704	172,739	182,498	203,158	207,411	181,403
5 Maturity of more than one year	79,188	87,906	105,086	93,913	80,988	80,731	80,124
6 Foreign public borrowers	12,013	15,838	21,324	22,945	17,576	18,192	16,948
7 All other foreigners	67,175	72,068	83,762	70,968	63,412	62,539	63,176
By area							
Maturity of one year or less							
8 Europe	80,842	142,464	83,233	85,848	88,641	92,111	83,172
9 Canada	7,859	8,323	10,072	8,227	8,928	7,731	6,933
10 Latin America and Caribbean	69,498	151,840	70,648	82,258	98,152	96,796	87,143
11 Asia	21,802	43,371	29,693	30,543	34,710	48,210	30,323
12 Africa	1,122	2,263	1,104	1,124	918	896	726
13 All other[3]	6,771	11,717	5,490	6,373	4,870	4,332	4,675
Maturity of more than one year							
14 Europe	22,951	57,770	34,230	37,372	33,159	33,587	33,543
15 Canada	3,192	3,174	3,633	3,129	2,619	2,772	2,990
16 Latin America and Caribbean	39,051	82,684	47,382	35,537	32,142	31,376	32,172
17 Asia	11,257	19,536	15,190	13,563	8,688	9,128	6,920
18 Africa	1,065	1,567	769	720	907	812	845
19 All other[3]	1,672	5,954	3,882	3,592	3,473	3,056	3,654

Note. Owing to changes in reporting requirements, this table will be discontinued in the third quarter of 2003 after publication of the end-December 2003 data

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.

2. Maturity is time remaining until maturity.

3. Includes nonmonetary international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

	Type of liability, and area or country	1998	1999	2000	2001 June	2001 Sept.	2001 Dec.	2002 Mar.	2002 June	2002 Sept.
1	**Total**	**46,570**	**53,044**	**73,904**	**68,028**	**53,526**	**66,718**	**74,867r**	**70,638r**	**68,644**
2	Payable in dollars	36,668	37,605	48,931	41,734	35,347	42,957	47,062r	48,103	44,815
3	Payable in foreign currencies	9,902	15,415	24,973	26,294	18,179	23,761	27,805r	22,535r	23,829
	By type									
4	Financial liabilities	19,255	27,980	47,419	41,908	27,502	41,034	46,408r	42,826r	41,311
5	Payable in dollars	10,371	13,883	25,246	17,655	11,415	18,763	20,367	21,892	18,775
6	Payable in foreign currencies	8,884	14,097	22,173	24,253	16,087	22,271	26,041r	20,934r	22,536
7	Commercial liabilities	27,315	25,064	26,485	26,120	26,024	25,684	28,459r	27,812r	27,333
8	Trade payables	10,978	12,857	14,293	13,127	11,740	11,820	14,872	13,959	13,558
9	Advance receipts and other liabilities	16,337	12,207	12,192	12,993	14,284	13,864	13,587r	13,853r	13,775
10	Payable in dollars	26,297	23,722	23,685	24,079	23,932	24,194	26,695r	26,211	26,040
11	Payable in foreign currencies	1,018	1,318	2,800	2,041	2,092	1,490	1,764	1,601r	1,293
	By area or country									
	Financial liabilities									
12	Europe	12,589	23,241	34,172	32,785	22,083	31,806	39,392r	35,011r	34,817
13	Belgium and Luxembourg	79	31	147	98	76	154	119	120	232
14	France	1,097	1,659	1,480	1,222	1,538	2,841	3,531	4,071	3,517
15	Germany	2,063	1,974	2,168	2,463	1,994	2,344	2,982	2,622	2,865
16	Netherlands	1,406	1,996	2,016	1,763	1,998	1,954	1,951	1,939	1,918
17	Switzerland	155	147	104	93	92	94	84	61	61
18	United Kingdom	5,980	16,521	26,362	25,363	14,819	22,852	28,630r	24,188r	24,175
19	Canada	693	284	411	628	436	955	1,067r	1,078r	583
20	Latin America and Caribbean	1,495	892	4,125	2,100	414	2,858	1,547	1,832	1,088
21	Bahamas	7	1	6	40	5	157	5	5	0
22	Bermuda	101	5	1,739	461	47	960	836	626	588
23	Brazil	152	126	148	21	22	35	35	38	65
24	British West Indies	957	492	406	1,508	243	1,627	612	1,000	377
25	Mexico	59	25	26	20	24	36	27	25	26
26	Venezuela	2	0	2	1	3	2	1	5	1
27	Asia	3,785	3,437	7,965	5,639	3,869	5,042	4,010	4,491	4,458
28	Japan	3,612	3,142	6,216	3,297	3,442	3,269	3,299	2,387	2,447
29	Middle Eastern oil-exporting countries[1]	0	4	11	8	9	10	15	14	16
30	Africa	28	28	52	61	59	53	122	120	128
31	Oil-exporting countries[2]	0	0	0	0	5	5	91	91	91
32	All other[3]	665	98	694	695	672	320	270	294	253
	Commercial liabilities									
33	Europe	10,030	9,262	9,629	8,723	8,855	9,230	8,384r	8,468	8,745
34	Belgium and Luxembourg	278	140	293	297	160	99	105	94	134
35	France	920	672	979	665	892	735	713r	827	718
36	Germany	1,392	1,131	1,047	1,017	966	908	584	570	855
37	Netherlands	429	507	300	343	343	1,163	463	765	1,186
38	Switzerland	499	626	502	697	683	790	637	749	592
39	United Kingdom	3,697	3,071	2,847	2,706	2,296	2,280	2,747	2,551	2,317
40	Canada	1,390	1,775	1,933	1,957	1,569	1,633	1,798	2,027	1,570
41	Latin America and Caribbean	1,618	2,310	2,381	2,293	2,879	2,729	3,454	2,744r	2,850
42	Bahamas	14	22	31	31	44	52	23	12	14
43	Bermuda	198	152	281	367	570	591	433	422	468
44	Brazil	152	145	114	279	312	290	277	320	290
45	British West Indies	10	48	76	21	28	45	67	46	47
46	Mexico	347	887	841	762	884	901	1,457	958	997
47	Venezuela	202	305	284	218	242	166	281	204	327
48	Asia	12,342	9,886	10,983	11,384	11,114	10,532	12,969	12,693	12,274
49	Japan	3,827	2,609	2,757	2,377	2,421	2,592	4,281	4,143	4,031
50	Middle Eastern oil-exporting countries[1]	2,852	2,551	2,832	3,087	3,053	2,642	3,142	3,259	3,669
51	Africa	794	950	948	1,115	938	836	976	916	876
52	Oil-exporting countries[2]	393	499	483	539	471	436	454	349	445
53	Other[3]	1,141	881	614	648	669	724	878	964	1,018

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1998	1999	2000	2001			2002		
				June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**77,462**	**76,669**	**90,157**	**97,470**	**94,076**	**113,155**	**115,764[r]**	**116,148[r]**	**112,099[r]**
2 Payable in dollars	72,171	69,170	79,558	87,690	83,292	103,937	106,192[r]	107,106[r]	103,877[r]
3 Payable in foreign currencies	5,291	7,472	10,599	9,780	10,784	9,218	9,572	9,042	8,222
By type									
4 Financial claims	46,260	40,231	53,031	61,891	60,015	81,287	85,381	87,324	84,033
5 Deposits	30,199	18,566	23,374	25,381	22,391	29,801	41,813	42,136	38,074
6 Payable in dollars	28,549	16,373	21,015	23,174	19,888	27,850	40,002	40,323	36,382
7 Payable in foreign currencies	1,650	2,193	2,359	2,207	2,503	1,951	1,811	1,813	1,692
8 Other financial claims	16,061	21,665	29,657	36,510	37,624	51,486	43,568	45,188	45,959
9 Payable in dollars	14,049	18,593	25,142	32,038	32,076	46,621	39,553	41,875	42,734
10 Payable in foreign currencies	2,012	3,072	4,515	4,472	5,548	4,865	4,015	3,313	3,225
11 Commercial claims	31,202	36,438	37,126	35,579	34,061	31,868	30,383[r]	28,824[r]	28,066[r]
12 Trade receivables	27,202	32,629	33,104	30,631	29,328	27,586	25,618[r]	24,263[r]	23,491[r]
13 Advance payments and other claims	4,000	3,809	4,022	4,948	4,733	4,282	4,765	4,561	4,575
14 Payable in dollars	29,573	34,204	33,401	32,478	31,328	29,466	26,637[r]	24,908[r]	24,761[r]
15 Payable in foreign currencies	1,629	2,207	3,725	3,101	2,733	2,402	3,746	3,916	3,305
By area or country									
Financial claims									
16 Europe	12,294	13,023	23,136	23,975	23,069	26,118	35,933	36,863	32,007[r]
17 Belgium and Luxembourg	661	529	296	262	372	625	751	797	656
18 France	864	967	1,206	1,376	1,682	1,450	3,489	3,921	3,854
19 Germany	304	504	848	1,163	1,112	1,068	4,114	3,972	4,292
20 Netherlands	875	1,229	1,396	1,072	954	2,138	3,253	3,995	4,024
21 Switzerland	414	643	699	653	665	589	308	1,010	1,135
22 United Kingdom	7,766	7,561	15,900	15,913	15,670	16,510	17,910	16,037	11,351[r]
23 Canada	2,503	2,553	4,576	4,787	4,254	6,193	5,471	5,537	5,485
24 Latin America and Caribbean	27,714	18,206	19,317	24,403	26,099	41,201	35,001	37,511	38,822
25 Bahamas	403	1,593	1,353	818	649	976	1,197	1,332	715
26 Bermuda	39	11	19	426	80	918	611	704	1,157
27 Brazil	835	1,476	1,827	1,877	2,065	2,127	1,892	2,036	2,226
28 British West Indies	24,388	12,099	12,596	17,505	19,234	32,965	27,350	29,591	30,859
29 Mexico	1,245	1,798	2,448	2,633	2,910	3,075	2,777	2,823	2,871
30 Venezuela	55	48	87	66	80	83	79	60	71
31 Asia	3,027	5,457	4,697	6,829	5,274	6,430	6,489	5,826	6,121
32 Japan	1,194	3,262	1,631	1,698	1,761	1,604	2,009	1,093	1,421[r]
33 Middle Eastern oil-exporting countries[1]	9	23	80	76	100	135	79	78	88
34 Africa	159	286	411	476	456	414	390	431	379
35 Oil-exporting countries[2]	16	15	57	35	83	49	51	64	29
36 All other[3]	563	706	894	1,421	891	931	2,097	1,156	1,259
Commercial claims									
37 Europe	13,246	16,389	15,938	14,469	14,381	14,036	12,708	11,861	12,000[r]
38 Belgium and Luxembourg	238	316	452	403	354	268	272	207	254[r]
39 France	2,171	2,236	3,095	3,190	3,062	2,922	2,883	2,828	2,972
40 Germany	1,822	1,960	1,982	1,993	1,977	1,662	1,198	1,163	1,158
41 Netherlands	467	1,429	1,729	863	844	529	415	379	409
42 Switzerland	483	610	763	473	514	611	436	472	404[r]
43 United Kingdom	4,769	5,827	4,502	3,724	3,571	3,839	3,579	3,387	3,236[r]
44 Canada	2,617	2,757	3,502	3,470	3,116	2,855	2,760	2,752	2,623[r]
45 Latin America and Caribbean	6,296	5,959	5,851	6,033	5,590	4,874	4,912[r]	4,530[r]	4,324[r]
46 Bahamas	24	20	37	39	35	42	42	28	35[r]
47 Bermuda	536	390	376	650	526	369	422	214	270
48 Brazil	1,024	905	957	1,363	1,183	958	837	829	862[r]
49 British West Indies	104	181	137	135	124	95	73	26	12
50 Mexico	1,545	1,678	1,507	1,375	1,442	1,401	1,225	1,283	1,184[r]
51 Venezuela	401	439	328	321	301	288	312	316	340[r]
52 Asia	7,192	9,165	9,630	9,499	8,704	7,855	7,513	7,309	6,778[r]
53 Japan	1,681	2,074	2,796	3,148	2,438	2,007	1,975	2,064	2,083
54 Middle Eastern oil-exporting countries[1]	1,135	1,625	1,024	1,040	919	851	657	889	819
55 Africa	711	631	672	601	838	645	630	605[r]	637
56 Oil-exporting countries[2]	165	171	180	102	170	88	109	94[r]	107
57 Other[3]	1,140	1,537	1,572	1,507	1,432	1,603	1,860	1,767	1,704[r]

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	2001	2002	2003	2002						2003
			Jan.–Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	3,051,332	3,158,811	212,558	318,210	257,265	206,729	297,181	264,359	216,659	212,558
2 Foreign sales	2,934,942	3,109,280	216,056	308,557	252,651	213,195	293,565	257,879	214,243	216,056
3 **Net purchases, or sales (–)**	**116,390**	**49,531**	**–3,498**	**9,653**	**4,614**	**–6,466**	**3,616**	**6,480**	**2,416**	**–3,498**
4 **Foreign countries**	**116,187**	**49,585**	**–3,475**	**9,580**	**4,603**	**–6,451**	**3,610**	**6,473**	**2,400**	**–3,475**
5 Europe	88,099	33,143	–1,887	3,204	3,830	–5,154	2,187	4,407	4,883	–1,887
6 France	5,914	2,128	206	38	942	–936	982	–323	676	206
7 Germany	8,415	–122	–64	–595	–328	–1,175	276	31	518	–64
8 Netherlands	10,919	4,544	671	1,440	900	4	760	629	792	671
9 Switzerland	3,456	2,678	–721	–341	–306	–949	–176	1,581	909	–721
10 United Kingdom	38,493	15,322	–2,758	1,828	2,801	–1,232	1,403	2,062	784	–2,758
11 Channel Islands and Isle of Man[1]	–698	–255	–2	73	–47	–21	94	23	–22	–2
12 Canada	10,984	7,453	19	1,939	1,336	–772	342	47	746	19
13 Latin America and Caribbean	–5,154	–15,477	–3,088	–1,319	–3,849	–2,903	–2,874	2,692	–2,348	–3,088
14 Middle East[2]	1,789	–1,295	–52	43	–58	46	–90	–232	71	–52
15 Other Asia	20,726	22,667	1,313	4,755	3,231	2,012	3,985	–775	–894	1,313
16 Japan	6,788	12,337	561	3,660	2,249	238	–7	–961	–1,131	561
17 Africa	–366	–80	38	3	–34	36	–22	–16	–20	38
18 Other countries	109	3,174	182	955	147	284	82	350	–38	182
19 **Nonmonetary international and regional organizations**	**203**	**–53**	**–23**	**73**	**11**	**–15**	**6**	**7**	**16**	**–23**
BONDS[3]										
20 Foreign purchases	1,942,690	2,545,007	224,521	221,130	220,918	208,602	217,402	259,305	207,380	224,521
21 Foreign sales	1,556,745	2,171,357[r]	180,746	205,389	189,016	183,671	185,366	218,351	178,510[r]	180,746
22 **Net purchases, or sales (–)**	**385,945**	**373,650[r]**	**43,775**	**15,741**	**31,902**	**24,931**	**32,036**	**40,954**	**28,870[r]**	**43,775**
23 **Foreign countries**	**385,380**	**373,371[r]**	**43,919**	**16,072**	**31,871**	**25,022**	**31,632**	**40,914**	**28,684[r]**	**43,919**
24 Europe	195,412	163,516[r]	24,301	3,253	10,891	11,758	6,532	17,116	10,526[r]	24,301
25 France	5,028	3,744	1,044	183	483	252	1,089	383	–434	1,044
26 Germany	12,362	5,155	545	693	366	–390	–71	558	1,249	545
27 Netherlands	1,538	–431	206	393	55	–35	149	–61	–19	206
28 Switzerland	5,721	8,521	1,154	1,406	1,825	356	355	743	304	1,154
29 United Kingdom	152,772	105,810[r]	12,279	–233	3,690	7,374	9,852	8,812	6,768[r]	12,279
30 Channel Islands and Isle of Man[1]	2,000	11,173	5,420	–20	1,203	1,342	2,239	4,917	959	5,420
31 Canada	4,595	–1,047	–1,172	–610	166	–383	540	–757	–2,180	–1,172
32 Latin America and Caribbean	77,019	82,833	6,564	1,840	9,706	3,464	4,339	5,471	7,379	6,564
33 Middle East[2]	2,338	2,274	591	125	578	40	196	387	–120	591
34 Other Asia	106,400	121,439	13,593	10,336	9,026	9,602	0,126	18,374	12,944	13,593
35 Japan	33,687	48,451	4,025	4,754	1,975	6,135	5,505	10,456	4,863	4,025
36 Africa	760	860	53	112	77	171	–18	56	28	53
37 Other countries	–1,144	3,496	–11	1,016	1,427	370	–83	267	107	–11
38 **Nonmonetary international and regional organizations**	**566**	**279**	**–144**	**–331**	**31**	**–91**	**404**	**40**	**186**	**–144**
	Foreign securities									
39 Stocks, net purchases, or sales (–)	–50,113	–2,287	–5,532	13,299	3,061	790	–6,196	–1,004	–2,713	–5,532
40 Foreign purchases	1,397,664	1,257,735	89,817	139,307	92,731	87,080	100,708	101,780	81,804	89,817
41 Foreign sales	1,447,777	1,260,022	95,349	126,008	89,670	86,290	106,904	102,784	84,517	95,349
42 Bonds, net purchases, or sales (–)	30,502	28,406[r]	–1,811	7,722	–1,749	1,064	6,920	2,269	–5,157[r]	–1,811
43 Foreign purchases	1,160,102	1,377,017	140,390	120,870	112,167	126,078	123,139	137,931	117,917	140,390
44 Foreign sales	1,129,600	1,348,611[r]	142,201	113,148	113,916	125,014	1 6,219	135,662	123,074[r]	142,201
45 **Net purchases, or sales (–), of stocks and bonds**	**–19,611**	**26,119[r]**	**–7,343**	**21,021**	**1,312**	**1,854**	**724**	**1,265**	**–7,870[r]**	**–7,343**
46 **Foreign countries**	**–19,023**	**26,153[r]**	**–7,394**	**21,111**	**1,287**	**1,876**	**671**	**1,277**	**–7,884[r]**	**–7,394**
47 Europe	–12,108	14,909[r]	–4,564	11,479	568	1,420	679	6,119	–9,057[r]	–4,564
48 Canada	2,943	4,698	4,086	1,917	4	–585	–1,326	–204	712	4,086
49 Latin America and Caribbean	4,315	4,564	–7,843	1,897	–755	–521	–32	518	1,045	–7,843
50 Asia	–11,869	1,584	370	4,990	1,028	1,018	1,694	–5,256	–987	370
51 Japan	–20,116	–9,119	–617	3,453	379	–862	13	–6,617	–2,039	–617
52 Africa	–557	–383	–48	205	393	–39	104	100	40	–48
53 Other countries	–1,747	783	605	623	49	583	–448	0	363	605
54 **Nonmonetary international and regional organizations**	**–587**	**–37**	**51**	**–90**	**25**	**–22**	**53**	**–12**	**14**	**51**

1. Before January 2001, data included in United Kingdom.
2. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (–) during period

Area or country	2001	2002	2003 Jan.– Jan.	2002 July	2002 Aug.	2002 Sept.	2002 Oct.	2002 Nov.	2002 Dec.	2003 Jan.[p]
1 **Total estimated**	**18,514**	**83,202**	**1,783**	**18,097**	**–3,226**	**31,141**	**6,742**	**21,097**	**14,290**	**1,783**
2 Foreign countries	19,200	81,245	1,400	18,331	–3,639	31,106	5,994	21,177	13,961	1,400
3 Europe	–20,604	1,627	891	608	–6,859	11,087	838	8,847	3,186	891
4 Belgium[2]	–598	1,741	3,371	252	1,349	–138	–210	513	–193	3,371
5 Germany	–1,668	–6,709	–1,183	–3,725	–2,599	–1,096	–469	1,658	1,610	–1,183
6 Luxembourg[2]	462	–1,609	75	–84	–14	–265	61	–139	–201	75
7 Netherlands	–6,728	–15,929	–4,084	171	–700	1,436	–2,856	1,427	3,261	–4,084
8 Sweden	–1,190	2,924	422	–169	471	234	–203	1,652	902	422
9 Switzerland	1,412	–508	–86	246	–705	1,150	–1,727	2,389	–2,543	–86
10 United Kingdom	–7,279	21,924	1,313	6,515	–4,878	12,703	5,071	–45	–2,739	1,313
11 Channel Islands and Isle of Man[3]	–179	714	–11	177	444	–43	–116	–299	–84	–11
12 Other Europe and former U.S.S.R.	–4,836	–921	1,074	–2,775	–227	–2,894	1,287	1,691	3,173	1,074
13 Canada	–1,634	–2,392	–666	–1,327	–1,558	2,236	–2,449	3,165	1,028	–666
14 Latin America and Caribbean	4,272	22,027	–1,892	4,745	–11,841	7,753	7,219	–1,758	6,074	–1,892
15 Venezuela	290	–59	20	–58	–15	–79	5	–1	–73	20
16 Other Latin America and Caribbean	14,726	22,866	2,675	3,879	–7,444	5,516	4,485	319	1,652	2,675
17 Netherlands Antilles	–10,744	–780	–4,587	924	–4,382	2,316	2,729	–2,076	4,495	–4,587
18 Asia	36,332	55,403	2,630	13,230	16,024	9,987	–54	10,607	3,626	2,630
19 Japan	16,114	29,731	3,512	7,691	6,676	13,096	–1,313	2,120	2,731	3,512
20 Africa	–880	841	84	112	495	–93	12	–17	90	84
21 Other	1,714	3,739	353	963	100	136	428	333	–43	353
22 Nonmonetary international and regional organizations	–686	1,957	383	–234	413	35	748	–80	329	383
23 International	–290	1,642	170	–64	418	–45	329	314	164	170
24 Latin American Caribbean regional	41	–3	–15	11	–4	29	4	–19	0	–15
MEMO										
25 Foreign countries	19,200	81,245	1,400	18,331	–3,639	31,106	5,994	21,177	13,961	1,400
26 Official institutions	3,474	15,286	–636	–5,268	635	–3,511	–553	16,577	6,708	–636
27 Other foreign	15,726	65,959	2.036	23,599	–4,274	34.617	6,547	4,600	7,253	2,036
Oil-exporting countries										
28 Middle East[4]	865	–4,062	509	–1,133	–808	–412	913	–139	–3,815	509
29 Africa[5]	–2	29	0	0	–2	–1	0	1	55	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Before January 2001, combined data reported for Belgium and Luxembourg.
3. Before January 2001, these data were included in the data reported for the United Kingdom.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.

3.28 FOREIGN EXCHANGE RATES AND INDEXES OF THE FOREIGN EXCHANGE VALUE OF THE U.S. DOLLAR[1]

Currency units per U.S. dollar except as noted

Item	2000	2001	2002	2002 Oct.	2002 Nov.	2002 Dec.	2003 Jan.	2003 Feb.	2003 Mar.
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	58.15	51.69	54.37	55.02	56.13	56.24	58.29	59.56	60.15
2 Brazil/real	1.8301	2.3527	2.9213	3.7966	3.5924	3.6268	3.4375	3.5955	3.4567
3 Canada/dollar	1.4855	1.5487	1.5704	1.5780	1.5715	1.5592	1.5414	1.5121	1.4761
4 China, P.R./yuan	8.2784	8.2770	8.2770	8.2772	8.2772	8.2777	8.2775	8.2780	8.2773
5 Denmark/krone	8.0953	8.3323	7.8862	7.5732	7.4201	7.2874	6.9980	6.8920	6.8807
6 European Monetary Union/euro[3]	0.9232	0.8952	0.9454	0.9812	1.0013	1.0194	1.0622	1.0785	1.0797
7 Greece/drachma	365.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Hong Kong/dollar	7.7924	7.7997	7.7997	7.7995	7.7994	7.7988	7.7994	7.7995	7.7991
9 India/rupee	45.00	47.22	48.63	48.39	48.29	48.15	47.96	47.75	47.68
10 Japan/yen	107.80	121.57	125.22	123.91	121.61	121.89	118.81	119.34	118.69
11 Malaysia/ringgit	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
12 Mexico/peso	9.459	9.337	9.663	10.094	10.195	10.225	10.622	10.945	10.905
13 New Zealand/dollar[2]	45.68	42.02	46.45	48.18	49.73	51.08	53.98	55.39	55.37
14 Norway/krone	8.8131	8.9964	7.9839	7.4873	7.3157	7.1557	6.9138	7.0004	7.2760
15 Singapore/dollar	1.7250	1.7930	1.7908	1.7843	1.7653	1.7532	1.7363	1.7451	1.7551
16 South Africa/rand	6.9468	8.6093	10.5176	10.3058	9.6509	8.9479	8.6949	8.2858	8.0506
17 South Korea/won	1,130.90	1,292.01	1,250.31	1,240.19	1,210.20	1,206.61	1,176.45	1,190.37	1,237.20
18 Sri Lanka/rupee	76.964	89.602	95.773	96.402	96.426	96.705	96.813	96.880	96.943
19 Sweden/krona	9.1735	10.3425	9.7233	9.2846	9.0652	8.9303	8.6368	8.4837	8.5440
20 Switzerland/franc	1.6904	1.6891	1.5567	1.4932	1.4658	1.4388	1.3765	1.3602	1.3614
21 Taiwan/dollar	31.260	33.824	34.536	34.947	34.673	34.799	34.571	34.734	34.721
21 Thailand/baht	40.210	44.532	43.019	43.641	43.353	43.318	42.773	42.897	42.783
23 United Kingdom/pound[2]	151.56	143.96	150.25	155.75	157.11	158.63	161.75	160.79	158.25
24 Venezuela/bolivar	680.52	724.10	1,161.19	1,440.50	1,358.61	1,328.29	1,714.45	1,736.21	1,600.00
	Indexes[4]								
NOMINAL									
25 Broad (January 1997=100)[5]	119.68	126.08	127.19	127.63	126.33	125.70	124.21	124.12	123.56
26 Major currencies (March 1973=100)[6]	98.31	104.28	102.85	100.93	99.53	98.62	96.03	95.02	94.28
27 Other important trading partners (January 1997=100)[7]	130.34	136.36	141.42	145.69	144.85	144.87	145.72	147.35	147.26
REAL									
28 Broad (March 1973=100)[5]	104.58[r]	110.60[r]	110.99[r]	111.35[r]	109.85[r]	109.00[r]	107.84[r]	107.98[r]	107.76
29 Major currencies (March 1973=100)[6]	103.62[r]	111.06[r]	109.68[r]	107.75[r]	106.16[r]	104.91[r]	102.43[r]	101.82[r]	101.02
30 Other important trading partners (March 1973=100)[7]	114.54	119.19	122.00[r]	125.46[r]	123.96[r]	123.60[r]	124.25[r]	125.50[r]	126.15

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. U.S. cents per currency unit.

3. The euro is reported in place of the individual euro area currencies. By convention, the rate is reported in U.S. dollars per euro. The bilateral currency rates can be derived from the euro rate by using the fixed conversion rates (in currencies per euro) as shown below:

Euro equals

13.7603	Austrian schillings	1,936.27	Italian lire
40.3399	Belgian francs	40.3399	Luxembourg francs
5.94573	Finnish markkas	2.20371	Netherlands guilders
6.55957	French francs	200.482	Portuguese escudos
1.95583	German marks	166.386	Spanish pesetas
.787564	Irish pounds	340.750	Greek drachmas

4. Starting with the March 2003 *Bulletin*, revised index values resulting from the periodic revision of data that underlie the calculated trade weights are reported. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–818.

5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.

6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

Guide to Special Tables and Statistical Releases

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

STATISTICAL RELEASES—A List of Statistical Releases Published by the Federal Reserve is Printed Semiannually in the Bulletin

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities

Consolidated Report of Condition, December 31, 2002

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]
			Total	Domestic	Total
1 **Total assets**	**6,949,219**	**6,213,963**	**4,663,640**	**3,928,385**	**2,285,579**
2 Cash and balances due from depository institutions	377,188	283,998	270,062	176,872	107,126
3 Cash items in process of collection, unposted debits, and currency and coin	n.a.	n.a.	135,145	132,863	n.a.
4 Cash items in process of collection and unposted debits	n.a.	n.a.	n.a.	104,136	n.a.
5 Currency and coin	n.a.	n.a.	n.a.	28,728	n.a.
6 Balances due from depository institutions in the United States	n.a.	n.a.	28,674	23,620	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	n.a.	94,283	8,510	n.a.
8 Balances due from Federal Reserve Banks	n.a.	n.a.	11,959	11,878	n.a.
9 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	1,306,931	n.a.	758,489	n.a.	548,442
10 U.S. Treasury securities	62,988	n.a.	39,333	n.a	23,655
11 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	220,598	n.a.	85,982	n.a.	134,615
12 Issued by U.S. government agencies	6,924	n.a.	3,962	n.a.	2,962
13 Issued by U.S. government-sponsored agencies	213,674	n.a.	82,020	n.a.	131,654
14 Securities issued by states and political subdivisions in the United States	102,231	n.a.	35,851	n.a.	66,380
15 Mortgage-backed securities (MBS)	690,990	n.a.	453,050	n.a.	237,939
16 Pass-through securities	451,724	n.a.	316,906	n.a.	134,818
17 Guaranteed by GNMA	89,872	n.a.	61,130	n.a.	28,742
18 Issued by FNMA and FHLMC	352,379	n.a.	247,362	n.a.	105,017
19 Other pass-through securities	9,473	n.a.	8,414	n.a.	1,059
20 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	239,266	n.a.	136,145	n.a.	103,121
21 Issued or guaranteed by FNMA, FHLMC or GNMA	158,915	n.a.	85,600	n.a.	73,315
22 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	12,770	n.a.	11,416	n.a.	1,354
23 All other mortgage-backed securities	67,580	n.a.	39,128	n.a.	28,452
24 Asset-backed securities	104,281	n.a.	56,264	n.a.	48,017
25 Credit card receivables	39,923	n.a.	22,919	n.a.	17,003
26 Home equity lines	34,026	n.a.	20,547	n.a.	13,479
27 Automobile loans	12,910	n.a.	4,536	n.a.	8,373
28 Other consumer loans	1,373	n.a.	916	n.a.	457
29 Commercial and industrial loans	6,402	n.a.	3,208	n.a.	3,194
30 Other	9,648	n.a.	4,137	n.a.	5,511
31 Other debt securities	103,335	n.a.	73,647	n.a.	29,688
32 Other domestic debt securities	38,987	n.a.	14,029	n.a.	24,958
33 Foreign debt securities	64,348	n.a.	59,618	n.a.	4,730
34 Investments in mutual funds and other equity securities with readily determinable fair value	22,508	n.a.	14,361	n.a.	8,147
35 Federal funds sold and securities purchased under agreements to resell	311,011	262,718	224,673	176,380	86,338
36. Federal funds sold in domestic offices	169,549	169,549	88,747	88,747	80,802
37 Securities purchased under agreements to resell	141,462	93,169	135,926	87,633	5,536
38 Total loans and leases (gross) and lease-financing receivables (net)	4,079,650	3,800,525	2,644,964	2,365,840	1,434,686
39 LESS: Unearned income on loans	3,370	2,328	2,303	1,261	1,067
40 LESS: Loans and leases held for sale	238,325	n.a.	194,256	n.a	44,069
41 Total loans and leases (net of unearned income)	3,837,955	n.a.	2,448,405	n.a.	1,389,550
42 LESS: Allowance for loan and lease losses	74,430	n.a.	51,496	n.a.	22,934
43 Loans and leases, net of unearned income and allowance	3,763,525	n.a.	2,396,909	n.a.	1,366,616
Total loans and leases, gross, by category					
44 Loans secured by real estate	2,049,257	2,018,448	1,175,435	1,144,626	873,822
45 Construction and land development	n.a.	205,239	n.a	100,932	104,307
46 Farmland	n.a.	37,995	n.a.	6,921	31,074
47 One- to four-family residential properties	n.a.	1,151,957	n.a.	752,607	399,350
48 Revolving, open-end loans, extended under lines of credit	n.a.	214,598	n.a.	152,284	62,315
Closed-end loans secured by one- to four-family residential properties					
49 Secured by first liens	n.a.	848,666	n.a.	546,389	302,277
50 Secured by junior liens	n.a.	88,692	n.a.	53,934	34,758
51 Multifamily (five or more) residential properties	n.a.	71,709	n.a.	37,220	34,489
52 Nonfarm nonresidential properties	n.a.	551,549	n.a.	246,946	304,603
53 Loans to depository institutions and acceptances of other banks	133,469	110,478	123,821	100,830	9,648
54 Commercial banks in the United States	n.a.	n.a.	91,915	83,047	n.a.
55 Other depository institutions in the United States	n.a.	n.a.	13,125	13,114	n.a.
56 Banks in foreign countries	n.a.	n.a.	18,781	4,669	n.a.
57 Loans to finance agricultural production and other loans to farmers	46,523	45,956	10,611	10,043	35,913
58 Commercial and industrial loans	903,886	773,325	668,146	537,585	235,741
59 U.S. addressees (domicile)	n.a.	n.a.	542,361	528,245	n.a.
60 Non-U.S. addressees (domicile)	n.a.	n.a.	125,785	9,339	n.a.
61 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	649,139	587,357	401,726	339,944	247,414
62 Credit cards	226,143	205,825	146,044	125,726	80,099
63 Other revolving credit plans	38,272	25,624	31,793	19,144	6,480
64 Other consumer loans (including single-payment, installment, and all student loans)	384,724	355,909	223,889	195,073	160,836
65 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	21,352	21,306	12,798	12,752	8,554
66 All other loans	114,907	90,515	103,607	79,215	11,300
67 Loans to foreign governments and official institutions	5,847	2,143	5,837	2,133	10
68 Other loans	109,060	88,372	97,771	77,082	11,290
69 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	11,781	n.a.
70 All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	65,301	n.a.
71 Lease-financing receivables	161,116	153,140	148,821	140,845	12,295
72 Trading assets	396,487	n.a.	391,465	n.a.	5,023
73 Premises and fixed assets (including capitalized leases)	78,335	n.a.	45,946	n.a.	32,389
74 Other real estate owned	4,382	n.a.	1,853	n.a.	2,529
75 Investments in unconsolidated subsidiaries and associated companies	8,763	n.a.	8,289	n.a.	474
76 Customers' liability on acceptances outstanding	5,736	n.a.	5,514	n.a.	222
77 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	17,240	n.a.
78 Intangible assets	121,594	n.a.	100,006	n.a.	21,588
79 Goodwill	84,365	n.a.	68,613	n.a.	15,752
80 Other intangible assets	37,230	n.a.	31,393	n.a.	5,836
81 All other assets	336,943	n.a.	265,181	n.a.	70,762

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued

Consolidated Report of Condition, December 31, 2002

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]
			Total	Domestic	Total
82 **Total liabilities, minority interest, and equity capital**	**6,949,219**	n.a.	**4,663,640**	n.a.	**2,285,579**
83 **Total liabilities**	**6,305,772**	**5,570,516**	**4,243,594**	**3,508,338**	**2,062,179**
84 Total deposits	4,649,751	3,992,179	2,968,116	2,310,544	1,681,635
85 Individuals, partnerships, and corporations (include all certified and official checks)	4,185,655	3,701,964	2,634,532	2,150,842	1,551,122
86 U.S. government	n.a.	30,074	n.a.	28,569	1,505
87 States and political subdivisions in the United States	n.a.	196,795	n.a.	90,014	106,781
88 Commercial banks and other depository institutions in the United States	100,179	53,024	78,452	31,297	21,727
89 Banks in foreign countries	113,122	9,625	112,636	9,139	486
90 Foreign governments and official institutions (including foreign central banks)	23,273	697	23,259	683	14
91 Total transaction accounts	n.a.	701,200	n.a.	378,953	322,247
92 Individuals, partnerships, and corporations (include all certified and official checks)	n.a.	595,638	n.a.	315,242	280,396
93 U.S. government	n.a.	2,480	n.a.	1,441	1,039
94 States and political subdivisions in the United States	n.a.	59,812	n.a.	28,392	31,419
95 Commercial banks and other depository institutions in the United States	n.a.	35,464	n.a.	26,361	9,103
96 Banks in foreign countries	n.a.	7,358	n.a.	7,080	278
97 Foreign governments and official institutions (including foreign central banks)	n.a.	449	n.a.	438	12
98 Total demand deposits	n.a.	525,432	n.a.	326,122	199,310
99 Total nontransaction accounts	n.a.	3,290,979	n.a.	1,931,591	1,359,389
100 Individuals, partnerships, and corporations (include all certified and official checks)	n.a.	3,106,326	n.a.	1,835,600	1,270,726
101 U.S. government	n.a.	27,595	n.a.	27,129	466
102 States and political subdivisions in the United States	n.a.	136,984	n.a.	61,622	75,362
103 Commercial banks and other depository institutions in the United States	n.a.	17,560	n.a.	4,936	12,624
104 Banks in foreign countries	n.a.	2,267	n.a.	2,060	208
105 Foreign governments and official institutions (including foreign central banks)	n.a.	247	n.a.	245	2
106 Federal funds purchased and securities sold under agreements to repurchase	554,168	510,029	427,300	383,161	126,868
107 Federal funds purchased in domestic offices	213,919	213,919	156,904	156,904	57,015
108 Securities sold under agreements to repurchase	340,249	296,110	270,396	226,257	69,853
109 Trading liabilities	243,966	n.a.	243,281	n.a.	685
110 Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	550,582	519,868	340,479	309,765	210,104
111 Banks' liability on acceptances executed and outstanding	5,754	3,949	5,532	3,727	222
112 Subordinated notes and debentures to deposits	94,097	n.a.	85,741	n.a.	8,357
113 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	141,260	n.a.
114 All other liabilities	207,454	n.a.	173,145	n.a.	34,309
115 Minority interest in consolidated subsidiaries	12,259	n.a.	10,388	n.a.	1,871
116 **Total equity capital**	**631,187**	n.a.	**409,659**	n.a.	**221,529**
MEMO					
117 Trading assets at large banks[2]	396,263	211,562	391,280	206,579	4,983
118 U.S. Treasury securities (domestic offices)	n.a.	25,833	n.a.	24,739	1,094
119 U.S. government agency obligations (excluding MBS)	n.a.	13,219	n.a.	12,502	717
120 Securities issued by states and political subdivisions in the United States	n.a.	1,507	n.a.	1,153	354
121 Mortgage-backed securities	n.a.	11,322	n.a.	9,558	1,764
122 Other debt securities	n.a.	33,257	n.a.	33,003	254
123 Other trading assets	n.a.	19,947	n.a.	19,640	306
124 Trading assets in foreign offices	104,970	0	104,970	0	0
125 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	186,209	106,478	185,716	105,985	493
126 Total individual retirement (IRA) and Keogh plan accounts	n.a.	165,562	n.a.	76,320	89,242
127 Total brokered deposits	n.a.	241,327	n.a.	108,420	132,907
128 Fully insured brokered deposits	n.a.	167,213	n.a.	66,599	100,614
129 Issued in denominations of less than $100,000	n.a.	91,534	n.a.	31,672	59,862
130 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	75,678	n.a.	34,926	40,752
131 Money market deposit accounts (MMDAs)	n.a.	1,451,953	n.a.	970,515	481,437
132 Other savings deposits (excluding MMDAs)	n.a.	569,392	n.a.	341,551	227,841
133 Total time deposits of less than $100,000	n.a.	699,080	n.a.	300,656	398,424
134 Total time deposits of $100,000 or more	n.a.	570,554	n.a.	318,868	251,686
135 Number of banks	7,867	7,867	128	n.a.	7,739

NOTE. The notation "n.a." indicates the lesser detail available from banks that do not have foreign offices, the inapplicability of certain items to banks that have only domestic offices, or the absence of detail on a fully consolidated basis for banks that have foreign offices.

1. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intra-office transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities, respectively, of the domestic and foreign offices.

Foreign offices include branches in foreign countries, Puerto Rico, and US.-affiliated insular areas, subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and international banking facility (IBF).

2. Components of "Trading Assets at Large Banks" are reported only by banks that reported trading assets of $2 million or more any quarter of the preceding calendar year.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 2003

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	3.20	66,047	412	377	41.9	10.1	25.5	71.7	Foreign
2 Minimal risk	2.14	2,394	384	295	44.6	6.3	38.6	80.7	Foreign
3 Low risk	2.50	9,435	798	508	19.0	6.2	30.8	64.0	Fed funds
4 Moderate risk	3.36	18,363	359	548	50.8	20.3	16.1	83.4	Prime
5 Other	3.38	26,034	491	258	46.7	5.0	28.3	70.3	Foreign
By maturity/repricing interval[6]									
6 Zero interval	3.92	12,186	216	452	56.3	18.0	8.1	73.5	Prime
7 Minimal risk	1.64	871	714	315	66.6	5.6	63.2	87.9	Foreign
8 Low risk	2.56	3,178	692	294	19.1	4.0	4.0	28.0	Fed funds
9 Moderate risk	4.25	4,467	194	505	70.3	29.7	5.1	91.2	Prime
10 Other	5.20	3,325	167	580	67.1	16.3	2.3	88.4	Prime
11 Daily	2.81	22,643	540	234	29.6	12.0	27.9	62.7	Fed funds
12 Minimal risk	1.81	362	1,398	24	6.5	12.0	*	96.5	Fed funds
13 Low risk	2.02	2,479	1,911	101	7.5	4.4	80.4	77.1	Fed funds
14 Moderate risk	3.01	4,232	452	736	39.0	41.0	3.2	65.0	Domestic
15 Other	2.62	10,408	802	70	30.5	3.1	23.6	58.6	Fed funds
16 2 to 30 days	2.95	18,785	624	383	37.1	5.4	35.3	77.0	Foreign
17 Minimal risk	2.64	582	348	183	27.0	7.0	21.3	81.7	Fed funds
18 Low risk	2.56	2,396	886	1213	9.5	6.0	17.6	88.1	Other
19 Moderate risk	2.79	5,393	730	446	36.1	8.0	29.6	89.4	Foreign
20 Other	3.25	7,873	586	173	49.1	2.5	48.3	69.7	Foreign
21 31 to 365 days	3.28	9,313	485	345	50.9	4.7	29.7	76.1	Foreign
22 Minimal risk	2.40	511	208	461	51.7	2.3	44.4	60.5	Foreign
23 Low risk	2.93	1,051	458	374	54.4	14.6	34.0	78.8	Foreign
24 Moderate risk	3.23	3,116	461	343	58.5	3.4	31.4	86.7	Foreign
25 Other	3.78	3,152	962	388	55.4	4.0	31.0	83.5	Foreign
				Months					
26 More than 365 days	4.70	2,783	245	41	78.7	5.7	4.3	82.5	Other
27 Minimal risk	4.08	62	103	39	59.3	.1	34.0	45.6	Other
28 Low risk	4.85	182	212	51	81.7	28.2	4.2	81.7	Other
28 Moderate risk	4.42	1,068	245	36	68.6	5.1	2.0	83.6	Prime
30 Other	4.75	1,202	421	43	89.6	2.4	4.2	89.5	Foreign
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	5.33	2,853	3.4	132	82.7	27.6	2.2	84.8	Prime
32 100–999	4.47	9,683	3.4	114	70.3	17.9	6.9	88.1	Prime
33 1,000–9,999	3.32	19,801	3.4	81	38.5	8.9	23.3	78.3	Foreign
34 10,000 or more	2.58	33,710	3.3	47	32.2	7.1	34.1	61.9	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	4.72	16,572	3.4	64	70.6	21.0	1.7	89.6	155
36 Fed funds	1.98	14,465	3.4	16	2.4	2.0	35.9	60.1	6,284
37 Other domestic	2.51	5,266	3.0	23	16.9	32.7	47.5	23.2	2,306
38 Foreign	2.90	17,926	3.4	93	47.4	3.6	46.8	79.3	1,922
39 Other	3.34	11,818	3.3	135	52.6	4.8	3.8	70.7	300

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 2003—Continued

B. Commercial and industrial loans made by all domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	3.68	39,831	258	579	55.0	16.6	4.0	77.9	Prime
2 Minimal risk	2.15	1,531	250	343	63.5	9.8	37.6	80.8	Foreign
3 Low risk	2.69	6,188	559	669	22.8	9.5	5.1	55.5	Other
4 Moderate risk	3.59	14,504	291	664	59.9	25.3	2.4	81.5	Prime
5 Other	4.65	10,477	210	581	72.4	12.3	2.0	85.7	Prime
By maturity/repricing interval[6]									
6 Zero interval	3.89	11,162	202	444	58.1	19.7	8.7	71.1	Prime
7 Minimal risk	1.63	869	717	316	66.5	5.7	63.4	87.8	Foreign
8 Low risk	2.39	2,871	649	242	15.6	4.4	4.1	20.3	Fed funds
9 Moderate risk	4.27	4,202	184	496	72.4	31.6	5.4	90.6	Prime
10 Other	5.30	2,875	148	621	73.4	18.9	2.7	86.8	Prime
11 Daily	3.66	9,874	243	557	50.5	27.4	1.0	76.0	Prime
12 Minimal risk	1.88	77	329	173	30.3	55.9	*	83.4	Prime
13 Low risk	3.03	490	420	191	38.2	22.2	1.3	79.3	Other
14 Moderate risk	3.20	3,620	393	871	45.6	47.9	1.3	60.1	Domestic
15 Other	4.34	2,227	183	360	65.2	14.6	.1	81.6	Prime
16 2 to 30 days	3.28	9,898	356	679	44.1	9.5	1.0	86.3	Other
17 Minimal risk	2.76	323	199	314	48.6	12.5	.1	90.1	Other
18 Low risk	2.77	1,848	759	1,531	9.7	7.8	.1	92.8	Other
19 Moderate risk	2.89	3,385	506	678	47.1	10.7	.3	88.2	Foreign
20 Other	4.47	2,533	206	433	67.7	7.6	.3	82.1	Foreign
21 31 to 365 days	3.54	5,942	326	369	63.4	7.3	5.3	77.4	Foreign
22 Minimal risk	2.93	193	79	256	88.4	6.1	1.4	44.0	Other
23 Low risk	2.93	796	365	355	56.3	19.3	23.1	75.4	Foreign
24 Moderate risk	3.64	2,151	327	403	76.3	4.9	2.2	87.3	Foreign
25 Other	4.22	1,573	577	468	74.1	8.1	4.9	91.8	Foreign
				Months					
26 More than 365 days	4.69	2,781	245	41	78.7	5.8	4.3	82.5	Other
27 Minimal risk	4.08	62	103	39	59.3	.1	34.0	45.6	Other
28 Low risk	4.85	182	212	51	81.7	28.2	4.2	81.7	Other
28 Moderate risk	4.42	1,068	245	36	68.6	5.1	2.0	83.6	Prime
30 Other	4.75	1,200	421	43	89.5	2.4	4.2	89.5	Foreign
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	5.34	2,823	3.4	134	83.2	27.9	1.9	84.8	Prime
32 100–999	4.56	8,762	3.4	122	75.2	19.7	2.3	88.3	Prime
33 1,000–9,999	3.61	12,794	3.2	113	51.8	13.8	2.6	83.5	Prime
34 10,000 or more	2.94	15,453	2.8	85	41.0	15.2	6.6	66.2	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	4.69	15,817	3.4	66	72.1	21.5	1.4	89.3	150
36 Fed funds	1.89	3,284	2.4	44	8.1	8.8	.7	29.5	4,378
37 Other domestic	2.41	2,771	2.9	35	32.0	62.2	.1	42.2	1,446
38 Foreign	3.13	8,928	3.2	154	51.8	7.2	10.7	79.7	1,228
39 Other	3.50	9,031	2.9	173	52.3	6.3	4.3	84.9	232

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 2003—Continued

C. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	3.49	34,391	417	548	51.5	15.4	3.5	79.4	Prime
2 Minimal risk	1.72	1,127	538	230	62.9	9.0	39.8	81.7	Foreign
3 Low risk	2.32	5,378	2,139	625	14.1	7.1	5.4	55.2	Fed funds
4 Moderate risk	3.37	12,892	555	612	56.6	24.8	1.9	81.5	Prime
5 Other	4.55	9,150	286	567	69.8	10.2	1.0	86.9	Prime
By maturity/repricing interval[6]									
6 Zero interval	3.64	8,649	440	399	51.1	16.5	9.0	69.5	Prime
7 Minimal risk	1.19	589	1,530	148	66.3	.7	75.9	85.6	Foreign
8 Low risk	2.00	2,423	4,691	107	5.3	.5	4.2	17.1	Fed funds
9 Moderate risk	4.11	3,389	336	496	69.4	32.1	5.3	91.6	Prime
10 Other	5.35	2,232	261	679	69.3	14.0	2.3	88.6	Prime
11 Daily	3.63	9,119	252	529	49.7	28.2	.5	77.8	Prime
12 Minimal risk	1.71	74	554	178	27.4	58.2	*	84.9	Prime
13 Low risk	2.76	431	611	153	30.2	20.8	1.4	81.0	Other
14 Moderate risk	3.03	3,330	455	773	42.0	49.4	.0	57.0	Domestic
15 Other	4.26	2,108	189	356	63.7	15.0	.0	83.6	Prime
16 2 to 30 days	3.23	9,139	444	684	42.9	8.5	.9	87.4	Other
17 Minimal risk	2.73	301	212	323	48.8	13.4	*	89.5	Other
18 Low risk	2.66	1,796	1,751	1,562	7.7	7.1	*	93.0	Other
19 Moderate risk	2.78	3,206	812	631	44.9	8.4	.2	87.7	Foreign
20 Other	4.43	2,307	230	401	65.5	7.1	.0	80.8	Foreign
21 31 to 365 days	3.24	5,188	1,994	378	60.2	6.0	4.5	78.1	Foreign
22 Minimal risk	1.66	130	1,282	255	94.4	6.3	1.4	41.0	Other
23 Low risk	2.20	644	3,304	362	47.2	23.7	28.3	71.2	Foreign
24 Moderate risk	3.43	2,023	2,292	393	76.0	4.3	2.3	88.9	Foreign
25 Other	4.07	1,415	1,552	500	71.7	3.8	.0	92.1	Foreign
				Months					
26 More than 365 days	4.09	2,126	895	34	75.1	2.4	2.6	94.1	Foreign
27 Minimal risk	2.43	26	639	34	84.7	*	*	97.5	Other
28 Low risk	2.60	83	1,443	29	66.9	*	.0	92.6	Other
28 Moderate risk	3.92	868	1,081	30	62.9	4.0	1.7	94.6	Prime
30 Other	4.38	1,020	1,180	39	88.8	1.6	3.4	96.1	Foreign
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	4.68	1,572	3.6	45	81.0	27.9	.7	90.8	Prime
32 100–999	4.24	6,391	3.5	65	70.7	16.2	1.1	93.7	Prime
33 1,000–9,999	3.62	11,315	3.3	109	51.5	13.7	2.4	87.8	Prime
34 10,000 or more	2.95	15,112	2.9	86	40.3	15.1	5.6	66.0	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	4.52	12,563	3.4	54	68.3	18.8	.9	92.0	222
36 Fed funds	1.87	3,217	2.4	25	7.9	8.2	.1	28.8	5,435
37 Other domestic	2.31	2,679	3.0	12	30.2	63.9	*	41.1	3,688
38 Foreign	3.12	8,522	3.2	159	51.4	6.2	10.0	79.8	1,288
39 Other	3.30	7,410	2.9	119	49.8	5.8	3.1	93.5	415

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 2003—Continued

D. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	4.89	5,440	75	776	77.1	24.3	7.3	68.5	Prime
2 Minimal risk	3.34	405	100	722	65.1	12.1	31.3	78.3	Other
3 Low risk	5.20	810	95	996	80.6	25.0	3.3	57.6	Prime
4 Moderate risk	5.35	1,613	60	1,115	86.1	29.0	6.6	81.0	Prime
5 Other	5.40	1,327	74	676	90.4	26.6	9.4	77.0	Prime
By maturity/repricing interval[6]									
6 Zero interval	4.75	2,512	70	621	81.9	30.9	7.7	76.5	Prime
7 Minimal risk	2.56	280	339	771	66.8	16.2	37.3	92.6	Other
8 Low risk	4.50	448	115	1,149	71.1	25.4	3.6	37.7	Prime
9 Moderate risk	4.95	813	64	494	84.9	29.5	6.0	86.4	Prime
10 Other	5.12	643	59	426	87.8	35.9	3.9	80.4	Prime
11 Daily	4.07	755	173	854	60.2	18.4	6.5	53.9	Prime
12 Minimal risk	*	*	*	*	*	*	*	*	*
13 Low risk	5.01	59	129	422	95.5	32.3	.8	66.9	Prime
14 Moderate risk	5.16	290	153	1,938	86.2	30.9	16.4	95.4	Prime
15 Other	5.62	119	111	419	92.9	8.1	1.0	46.0	Prime
16 2 to 30 days	3.97	759	105	624	58.9	22.1	1.3	72.6	Prime
17 Minimal risk	3.25	22	109	179	46.5	1.2	1.2	98.7	Prime
18 Low risk	6.29	52	37	373	78.0	31.8	2.5	86.1	Prime
19 Moderate risk	4.90	178	65	1,529	86.7	53.7	1.1	98.4	Prime
20 Other	4.86	226	99	740	89.8	11.8	2.8	95.2	Prime
21 31 to 365 days	5.59	754	48	308	84.9	16.6	10.7	72.5	Other
22 Minimal risk	5.53	64	27	259	76.4	5.5	1.4	50.0	Other
23 Low risk	5.99	152	76	328	94.7	.8	.9	93.1	Prime
24 Moderate risk	6.99	128	22	561	80.7	15.1	1.1	62.1	Other
25 Other	5.52	159	87	189	96.2	46.5	47.9	89.2	Foreign
				Months					
26 More than 365 days	6.66	655	73	62	90.4	16.5	9.9	44.8	Other
27 Minimal risk	5.28	36	64	43	40.9	2	58.6	8.2	Fed funds
28 Low risk	6.73	99	124	71	94.1	51.7	7.7	72.7	Prime
28 Moderate risk	6.61	199	56	64	93.3	9.7	3.3	35.4	Other
30 Other	6.83	180	91	65	93.8	6.7	9.0	51.9	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	6.18	1,251	3.1	243	86.0	27.8	3.5	77.2	Prime
32 100–999	5.43	2,371	3.2	277	87.4	28.9	5.4	73.8	Prime
33 1,000–9,999	3.55	1,478	2.8	143	53.6	14.7	4.1	51.0	Prime
34 10,000 or more	*	*	*	*	*	*	*	*	*
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	5.35	3,255	3.2	110	87.0	31.8	3.3	78.9	66
36 Fed funds	3.03	67	1.9	932	17.4	39.7	31.7	63.8	422
37 Other domestic	5.48	91	2.7	695	85.9	11.8	4.4	72.8	77
38 Foreign	3.37	407	2.6	46	59.2	27.8	26.0	77.1	619
39 Other	4.40	1,621	2.6	420	63.8	8.3	9.9	45.2	77

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 2003—Continued

E. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Amount of loans (percent): Callable	Amount of loans (percent): Subject to prepayment penalty	Amount of loans (percent): Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	2.47	26,216	4,691	87	21.9	.3	58.1	62.1	Fed funds
2 Minimal risk	2.11	863	8,425	220	11.1	*	40.3	80.6	Fed funds
3 Low risk	2.12	3,247	4,359	202	11.8	*	79.8	80.1	Fed funds
4 Moderate risk	2.51	3,859	3,104	112	16.6	1.8	67.6	90.9	Foreign
5 Other	2.52	15,558	5,170	58	29.4	.0	46.0	60.0	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	4.27	1,024	1,095	551	37.0	.0	1.2	99.4	Prime
7 Minimal risk	*	*	*	*	*	*	*	*	*
8 Low risk	4.11	307	1,832	784	51.7	*	3.3	100.0	Foreign
9 Moderate risk	3.95	265	1,263	682	37.1	*	.6	100.0	Prime
10 Other	4.58	450	819	293	26.7	.1	*	98.7	Other
11 Daily	2.16	12,769	9,819	14	13.5	.0	48.8	52.4	Fed funds
12 Minimal risk	*	*	*	*	*	*	*	*	*
13 Low risk	1.77	1,989	15,256	81	*	*	99.9	76.6	Fed funds
14 Moderate risk	1.90	612	4,150	1	*	*	14.0	93.8	Fed funds
15 Other	2.15	8,181	10,544	1	21.0	*	30.0	52.4	Fed funds
16 2 to 30 days	2.59	8,886	3,836	66	29.2	.8	73.4	66.7	Foreign
17 Minimal risk	*	*	*	*	*	*	*	*	*
18 Low risk	1.86	548	2,031	218	9.0	*	76.8	72.1	Foreign
19 Moderate risk	2.60	2,008	2,888	41	17.5	3.5	79.2	91.4	Foreign
20 Other	2.67	5,339	4,733	56	40.3	.1	71.1	63.9	Foreign
21 31 to 365 days	2.81	3,371	3,526	303	29.0	*	72.7	73.8	Foreign
22 Minimal risk	*	*	*	*	*	*	*	*	*
23 Low risk	2.94	255	2,194	431	48.7	*	68.0	89.5	Foreign
24 Moderate risk	2.31	965	5,181	211	18.8	*	96.4	85.3	Foreign
25 Other	3.34	1,578	2,890	310	36.7	*	57.1	75.2	Foreign
				Months					
26 More than 365 days	*	*	*	*	*	*	*	*	*
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	*	*	*	*	*	*	*	*	*
28 Moderate risk	*	*	*	*	*	*	*	*	*
30 Other	*	*	*	*	*	*	*	*	*
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	4.46	31	3.9	28	34.4	3.5	24.8	85.9	Prime
32 100–999	3.55	921	3.5	31	23.0	1.3	50.8	86.0	Foreign
33 1,000–9,999	2.80	7,007	3.6	22	14.3	.1	61.0	68.9	Foreign
34 10,000 or more	2.29	18,257	3.8	15	24.7	.3	57.3	58.3	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	5.28	755	3.6	23	38.0	10.1	8.6	95.8	690
36 Fed funds	2.00	11,181	3.6	8	.8	*	46.2	69.1	7,205
37 Other domestic	2.62	2,495	4.1	10	.1	*	100.0	2.1	6,784
38 Foreign	2.67	8,998	3.6	33	43.1	*	82.7	78.9	4,383
39 Other	2.82	2,788	4.5	9	53.5	.0	2.0	24.9	5,347

Footnotes appear at end of table.

NOTES TO TABLE 4.23

NOTE. The Survey of Terms of Business Lending collects data on gross loan extensions made during the first full business week in the mid-month of each quarter. The authorized panel size for the survey is 348 domestically chartered commercial banks and 50 U.S. branches and agencies of foreign banks. The sample data are used to estimate the terms of loans extended during that week at all domestic commercial banks and all U.S. branches and agencies of foreign banks. Note that the terms on loans extended during the survey week may differ from those extended during other weeks of the quarter. The estimates reported here are not intended to measure the average terms on all business loans in bank portfolios.

1. As of March 31, 2001, assets of the large banks were at least $4 billion. Median total assets for all insured banks were roughly $80 million Assets at all U.S. branches and agencies averaged $2.7 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.10 percentage point. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of the universe of all banks.

3. Average maturities are weighted by loan amount and exclude loans with no stated maturities.

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

5. A complete description of these risk categories is available from the Banking Analysis Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Other" includes loans rated "acceptable" as well as special mention or classified loans. The weighted-average risk rating published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the matuirty/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category.

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 4.31 percent for all banks, 4.25 percent for large domestic banks, 4.55 percent for small domestic banks, and 4.27 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 2002[1]

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets[4]**	**1,007,168**	**125,560**	**872,801**	**98,716**	**18,164**	**5,123**	**34,618**	**4,964**
2 Claims on nonrelated parties	771,347	49,208	677,852	46,605	16,102	1,308	32,487	94
3 Cash and balances due from depository institutions	59,688	18,416	53,581	17,765	1,060	476	782	50
4 Cash items in process of collection and unposted debits	2,266	0	2,234	0	1	0	22	0
5 Currency and coin (U.S. and foreign)	12	n.a.	9	n.a.	1	n.a.	0	n.a.
6 Balances with depository institutions in United States	40,712	9,000	36,304	8,624	798	244	695	50
7 U.S. branches and agencies of other foreign banks (including their IBFs)	33,936	8,463	29,911	8,151	613	194	655	50
8 Other depository institutions in United States (including their IBFs)	6,775	537	6,392	474	185	50	40	0
9 Balances with banks in foreign countries and with foreign central banks	15,645	9,416	14,114	9,141	236	232	34	0
10 Foreign branches of U.S. banks	393	322	373	302	20	20	0	0
11 Banks in home country and home-country central banks	4,218	1,964	3,032	1,964	0	0	7	0
12 All other banks in foreign countries and foreign central banks	11,034	7,129	10,709	6,874	216	212	27	0
13 Balances with Federal Reserve Banks	1,055	n.a.	921	n.a.	25	n.a.	31	n.a.
14 **Total securities and loans**	**424,554**	**23,642**	**356,180**	**21,716**	**14,611**	**813**	**25,561**	**43**
15 Total securities, book value	130,729	4,273	115,871	3,954	1,483	269	4,285	2
16 U.S. Treasury	16,877	n.a.	15,470	n.a.	60	n.a.	1,262	n.a.
17 Obligations of U.S. government agencies and corporations	28,619	n.a.	26,854	n.a.	74	n.a.	1,272	n.a.
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	85,233	4,273	73,547	3,954	1,349	269	1,751	2
19 Securities of foreign governmental units	9,441	2,739	9,028	2,670	67	40	298	2
20 Mortgage-backed securities	23,282	0	20,625	0	237	0	0	0
21 Other asset-backed securities	14,944	56	9,422	56	0	0	0	0
22 All other	37,566	1,478	34,473	1,229	1,045	229	1,453	0
23 Federal funds sold and securities purchased under agreements to resell	120,433	6,267	119,394	6,252	241	15	348	0
24 Depository institutions in the United States	30,063	4,077	29,408	4,062	241	15	0	0
25 Other	90,370	2,190	89,986	2,190	0	0	348	0
26 Total loans, gross	294,159	19,381	240,579	17,771	13,154	545	21,284	42
27 LESS: Unearned income on loans	334	12	270	10	26	1	8	0
28 EQUALS: Loans, net	293,825	19,369	240,309	17,762	13,128	544	21,276	42
Total loans, gross, by category								
29 Real estate loans	19,028	64	15,047	64	3,132	0	60	0
30 Loans to depository institutions and acceptances of other banks	68,772	6,575	56,024	5,550	2,165	439	6,176	41
31 Commercial banks in United States (including their IBFs)	4,531	977	3,537	563	686	268	5	0
32 U.S. branches and agencies of other foreign banks	3,008	947	2,050	533	682	268	0	0
33 Other commercial banks in United States	1,523	30	1,487	30	5	0	5	0
34 Other depository institutions in United States (including their IBFs)	29	0	29	0	0	0	0	0
35 Banks in foreign countries	11,694	5,312	9,632	4,701	221	171	862	41
36 Foreign branches of U.S. banks	267	229	267	229	0	0	0	0
37 Other banks in foreign countries	11,426	5,083	9,364	4,472	221	171	862	41
38 Loans to other financial institutions	52,518	286	42,826	286	1,258	0	5,309	0
39 Commercial and industrial loans	186,947	11,036	152,144	10,512	7,458	85	14,062	1
40 U.S. addressees (domicile)	150,369	80	120,618	80	6,957	0	12,475	0
41 Non-U.S. addressees (domicile)	36,578	10,956	31,526	10,432	501	85	1,587	1
42 Loans to foreign governments and official institutions (including foreign central banks)	4,533	1,596	3,830	1,547	216	22	280	0
43 Loans for purchasing or carrying securities (secured and unsecured)	10,143	0	9,807	0	0	0	150	0
44 All other loans	3,973	109	3,421	98	184	0	101	0
45 Lease financing receivables (net of unearned income)	763	0	307	0	0	0	456	0
46 U.S. addressees (domicile)	710	0	307	0	0	0	403	0
47 Non-U.S. addressees (domicile)	53	0	0	0	0	0	53	0
48 Trading assets	131,914	176	116,806	176	25	0	4,131	0
49 All other assets	34,757	708	31,891	696	165	5	1,666	1
50 Customers' liabilities on acceptances outstanding	843	n.a.	401	n.a.	45	n.a.	374	n.a.
51 U.S. addressees (domicile)	386	n.a.	312	n.a.	44	n.a.	30	n.a.
52 Non-U.S. addressees (domicile)	457	n.a.	89	n.a.	1	n.a.	344	n.a.
53 Other assets including other claims on nonrelated parties	33,914	708	31,490	696	120	5	1,292	1
54 Net due from related depository institutions[5]	235,822	76,353	194,949	52,112	2,062	3,815	2,131	4,871
55 Net due from head office and other related depository institutions[5]	235,822	n.a.	194,949	n.a.	2,062	n.a.	2,131	n.a.
56 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	76,353	n.a.	52,112	n.a.	3,815	n.a.	4,871
57 **Total liabilities[4]**	**1,007,168**	**125,560**	**872,801**	**98,716**	**18,164**	**5,123**	**34,618**	**4,964**
58 Liabilities to nonrelated parties	888,732	112,308	777,460	85,885	10,493	5,008	30,954	4,922

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 2002[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
59 Total deposits and credit balances	413,366	74,253	354,840	57,243	4,485	2,161	11,462	2,673
60 Individuals, partnerships, and corporations (including certified and official checks)	327,458	8,379	274,723	4,418	3,944	149	10,935	9
61 U.S. addressees (domicile)	311,869	256	264,607	256	2,574	0	10,887	0
62 Non-U.S. addressees (domicile)	15,589	8,122	10,116	4,162	1,370	149	48	9
63 Commercial banks in United States (including their IBFs)	50,406	8,113	47,184	7,378	495	240	525	227
64 U.S. branches and agencies of other foreign banks	16,155	7,101	15,650	6,403	35	240	0	227
65 Other commercial banks in United States	34,251	1,012	31,534	975	460	0	525	0
66 Banks in foreign countries	8,357	30,893	7,963	24,422	24	991	0	681
67 Foreign branches of U.S. banks	1,054	3,914	1,054	2,918	0	54	0	434
68 Other banks in foreign countries	7,303	26,979	6,909	21,505	24	937	0	248
69 Foreign governments and official institutions (including foreign central banks)	6,851	26,868	6,509	21,025	6	781	1	1,756
70 All other deposits and credit balances	20,293	0	18,462	0	16	0	0	0
71 Transaction accounts and credit balances (excluding IBFs)	9,587	n.a.	7,931	n.a.	275	n.a.	201	n.a.
72 Individuals, partnerships, and corporations (including certified and official checks)	7,677	n.a.	6,170	n.a.	239	n.a.	199	n.a.
73 U.S. addressees (domicile)	4,907	n.a.	4,554	n.a.	85	n.a.	194	n.a.
74 Non-U.S. addressees (domicile)	2,770	n.a.	1,617	n.a	155	n.a.	5	n.a.
75 Commercial banks in United States (including their IBFs)	82	n.a.	82	n.a	0	n.a.	0	n.a.
76 U.S. branches and agencies of other foreign banks	15	n.a.	15	n.a.	0	n.a.	0	n.a.
77 Other commercial banks in United States	67	n.a.	67	n.a.	0	n.a	0	n.a.
78 Banks in foreign countries	1,366	n.a.	1,279	n.a.	24	n.a.	0	n.a.
79 Foreign branches of U.S. banks	1	n.a.	1	n.a.	0	n.a.	0	n.a.
80 Other banks in foreign countries	1,365	n.a.	1,279	n.a.	24	n.a.	0	n.a.
81 Foreign governments and official institutions (including foreign central banks)	353	n.a.	302	n.a.	3	n.a.	1	n.a.
82 All other deposits and credit balances	109	n.a.	97	n.a.	9	n.a.	0	n.a.
83 Nontransaction accounts (including MMDAs, excluding IBFs)	403,779	n.a.	346,909	n.a.	4,210	n.a.	11,261	n.a.
84 Individuals, partnerships, and corporations (including certified and official checks)	319,782	n.a.	268,553	n.a.	3,705	n.a.	10,736	n.a.
85 U.S. addressees (domicile)	306,962	n.a.	260,053	n.a.	2,490	n.a.	10,693	n.a.
86 Non-U.S. addressees (domicile)	12,820	n.a.	8,500	n.a.	1,216	n.a.	43	n.a.
87 Commercial banks in United States (including their IBFs)	50,324	n.a.	47,102	n.a.	495	n.a.	525	n.a.
88 U.S branches and agencies of other foreign banks	16,139	n.a.	15,635	n.a.	35	n.a.	0	n.a.
89 Other commercial banks in United States	34,184	n.a.	31,467	n.a.	460	n.a	525	n.a.
90 Banks in foreign countries	6,992	n.a.	6,684	n.a.	0	n.a.	0	n.a.
91 Foreign branches of U.S. banks	1,053	n.a.	1,053	n.a.	0	n.a.	0	n.a.
92 Other banks in foreign countries	5,939	n.a.	5,631	n.a.	0	n.a.	0	n.a.
93 Foreign governments and official institutions (including foreign central banks)	6,498	n.a.	6,206	n.a.	2	n.a.	0	n.a.
94 All other deposits and credit balances	20,184	n.a.	18,364	n.a.	7	n.a.	0	n.a.
95 IBF deposit liabilities	n.a.	74,253	n.a.	57,243	n.a.	2,161	n.a.	2,673
96 Individuals, partnerships, and corporations (including certified and official checks)	n.a.	8,379	n.a.	4,418	n.a.	149	n.a.	9
97 U.S. addressees (domicile)	n.a.	256	n.a.	256	n.a.	0	n.a.	0
98 Non-U.S. addressees (domicile)	n.a.	8,122	n.a.	4,162	n.a.	149	n.a.	9
99 Commercial banks in United States (including their IBFs)	n.a.	8,113	n.a.	7,378	n.a.	240	n.a.	227
100 U.S branches and agencies of other foreign banks	n.a.	7,101	n.a.	6,403	n.a.	240	n.a.	227
101 Other commercial banks in United States	n.a.	1,012	n.a.	975	n.a.	0	n.a.	0
102 Banks in foreign countries	n.a.	30,893	n.a.	24,422	n.a.	991	n.a.	681
103 Foreign branches of U.S. banks	n.a.	3,914	n.a.	2,918	n.a.	54	n.a.	434
104 Other banks in foreign countries	n.a.	26,979	n.a.	21,505	n.a.	937	n.a.	248
105 Foreign governments and official institutions (including foreign central banks)	n.a.	26,868	n.a.	21,025	n.a.	781	n.a.	1,756
106 All other deposits and credit balances	n.a.	0	n.a.	0	n.a.	0	n.a.	0

Footnotes appear at end of table

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 2002[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
107 Federal funds purchased and securities sold under agreements to repurchase	211,984	20,375	195,675	14,434	914	254	7,374	1,488
108 Depository institutions in the United States	32,043	3,867	24,117	2,839	602	239	3,671	520
109 Other	179,941	16,508	171,558	11,595	311	15	3,704	968
110 Other borrowed money	79,191	16,880	68,341	13,462	2,755	2,580	4,967	759
111 Owed to nonrelated commercial banks in United States (including their IBFs)	13,355	3,797	12,052	3,206	509	376	489	170
112 Owed to U.S. offices of nonrelated U.S. banks	7,337	917	6,915	832	198	85	189	0
113 Owed to U.S. branches and agencies of nonrelated foreign banks	6,017	2,880	5,137	2,374	311	291	300	170
114 Owed to nonrelated banks in foreign countries	11,916	10,378	9,610	8,220	1,566	1,536	591	589
115 Owed to foreign branches of nonrelated U.S. banks	957	802	782	690	132	112	0	0
116 Owed to foreign offices of nonrelated foreign banks	10,959	9,576	8,828	7,530	1,434	1,424	591	589
117 Owed to others	53,921	2,705	46,679	2,037	679	668	3,888	0
118 All other liabilities	109,937	800	101,361	747	179	13	4,478	3
119 Branch or agency liability on acceptances executed and outstanding	780	n.a.	448	n.a.	45	n.a.	258	n.a.
120 Trading liabilities	78,117	46	72,344	45	15	0	2,975	1
121 Other liabilities to nonrelated parties	31,041	754	28,569	702	119	13	1,245	2
122 Net due to related depository institutions[5]	118,437	13,253	95,342	12,831	7,671	115	3,664	42
123 Net due to head office and other related depository institutions[5]	118,437	n.a.	95,342	n.a.	7,671	n.a.	3,664	n.a.
124 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	13,253	n.a.	12,831	n.a.	115	n.a.	42
MEMO								
125 Holdings of own acceptances included in commercial and industrial loans	575	n.a.	353	n.a.	1	n.a.	134	n.a.
126 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	84,079	n.a.	61,891	n.a.	4,316	n.a.	9,619	n.a.
127 Predetermined interest rates	32,544	n.a.	19,752	n.a	2,013	n.a.	6,859	n.a.
128 Floating interest rates	51,534	n.a.	42,139	n.a	2,303	n.a.	2,760	n.a.
129 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	94,298	n.a.	82,897	n.a.	2,976	n.a.	3,990	n.a.
130 Predetermined interest rates	16,826	n.a.	15,309	n.a.	424	n.a.	425	n.a.
131 Floating interest rates	77,473	n.a.	67,588	n.a.	2,552	n.a.	3,565	n.a.

Footnotes appear at end of table

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 2002[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
132 Components of total nontransaction accounts, included in total deposits and credit balances	413,231	n.a.	356,113	n.a.	4,063	n.a.	11,276	n.a.
133 Time deposits of $100,000 or more	396,718	n.a.	341,029	n.a.	4,054	n.a.	11,226	n.a.
134 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	16,513	n.a.	15,084	n.a.	9	n.a.	51	n.a.
	All states[2]		**New York**		**California**		**Illinois**	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
135 Immediately available funds with a maturity greater than one day included in other borrowed money	37,357	n.a.	34,359	n.a.	1,777	n.a.	345	n.a.
136 Number of reports filed[6]	289	0	154	0	56	0	18	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases, two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Index to Statistical Tables

References are to pages A3–A69, although the prefix "A" is omitted in this index.

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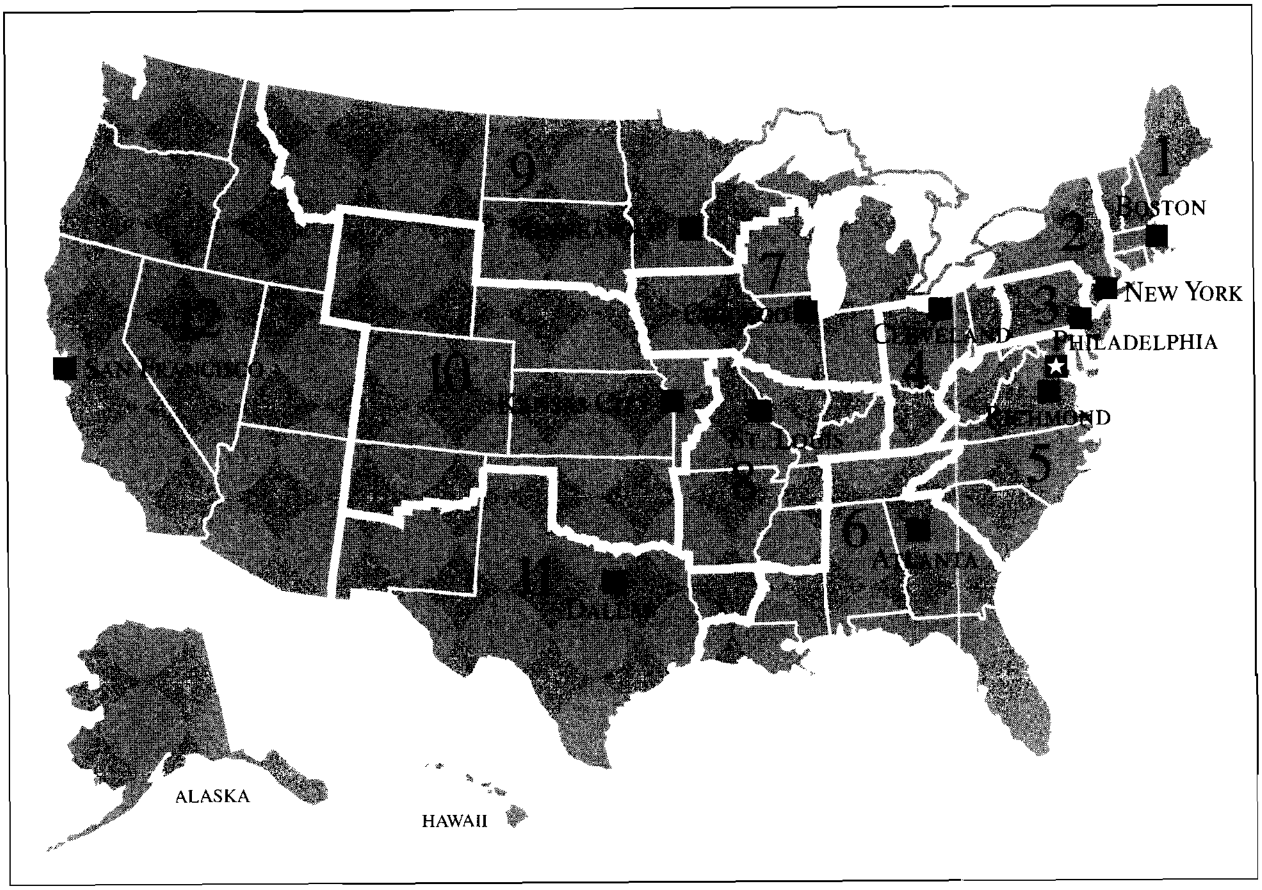


LEGEND

Both pages

- ■ Federal Reserve Bank city
- ◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

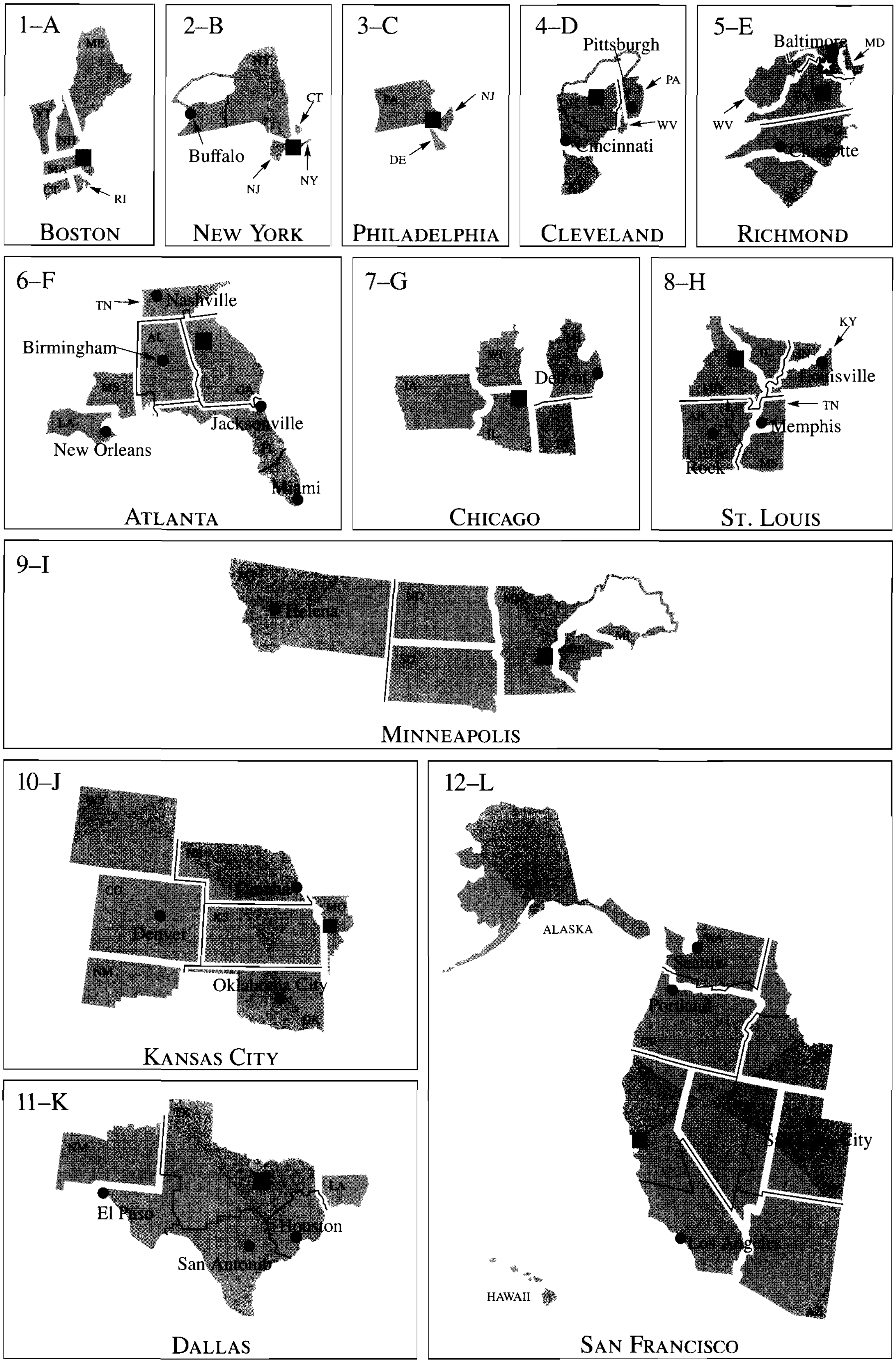
- • Federal Reserve Branch city
- — Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.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CHICAGO
8–H
KY
TN
Memphis
ST. LOUIS
9–I
MINNEAPOLIS
10–J
Denver
KANSAS CITY
11–K
El Paso
San Antonio
DALLAS
12–L
ALASKA
HAWAII
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman / Deputy Chairman	President / First Vice President	Vice President in charge of branch
BOSTON*	02106	James J. Norton Samuel O. Thier	Cathy E. Minehan Paul M. Connolly	
NEW YORK*	10045	Peter G. Peterson John E. Sexton	William J. McDonough Jamie B. Stewart, Jr.	
Buffalo	14240	Marguerite D. Hambleton		Barbara L. Walter[1]
PHILADELPHIA	19105	Glenn A. Schaeffer Ronald J. Naples	Anthony M. Santomero William H. Stone, Jr.	
CLEVELAND*	44101	Robert W. Mahoney Charles E. Bunch	Sandra Pianalto Robert Christy Moore	
Cincinnati	45201	Dennis C. Cuneo		Barbara B. Henshaw
Pittsburgh	15230	Roy W. Haley		Robert B. Schaub
RICHMOND*	23219	Wesley S. Williams, Jr. Vacancy	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore	21203	Owen E. Herrnstadt		William J. Tignanelli[1]
Charlotte	28230	Michael A. Almond		Dan M. Bechter[1]
ATLANTA	30303	Paula Lovell David M. Ratcliffe	Jack Guynn Patrick K. Barron	James M. McKee[1]
Birmingham	35242	W. Miller Welborn		Lee C. Jones
Jacksonville	32231	William E. Flaherty		Christopher L. Oakley
Miami	33152	Brian E. Keeley		James T. Curry III
Nashville	37203	Whitney Johns Martin		Melvyn K. Purcell[1]
New Orleans	70161	Dave Dennis		Robert J. Musso[1]
CHICAGO*	60690	Robert J. Darnall W. James Farrell	Michael H. Moskow Gordon R. G. Werkema	
Detroit	48231	Timothy D. Leuliette		Glenn Hansen[1]
ST. LOUIS	63166	Charles W. Mueller Walter L. Metcalfe, Jr.	William Poole W. LeGrande Rives	
Little Rock	72203	Vick M. Crawley		Robert A. Hopkins
Louisville	40232	Norman Pfau, Jr.		Thomas A. Boone
Memphis	38101	Gregory M. Duckett		Martha Perine Beard
MINNEAPOLIS	55480	Ronald N. Zwieg Linda Hall Whitman	Gary H. Stern James M. Lyon	
Helena	59601	Thomas O. Markle		Samuel H. Gane
KANSAS CITY	64198	Richard H. Bard Vacancy	Thomas M. Hoenig Richard K. Rasdall	
Denver	80217	Robert M. Murphy		Maryann Hunter[1]
Oklahoma City	73125	Patricia B. Fennell		Dwayne E. Boggs
Omaha	68102	A.F. Raimondo		Steven D. Evans
DALLAS	75201	Ray L. Hunt Patricia M. Patterson	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso	79999	Gail Darling		Robert W. Gilmer[3]
Houston	77252	Lupe Fraga		Robert Smith III[1]
San Antonio	78295	Ron R. Harris		James L. Stull[1]
SAN FRANCISCO	94120	George M. Scalise Sheila D. Harris	Robert T. Parry John F. Moore	
Los Angeles	90051	William D. Jones		Mark L. Mullinix[2]
Portland	97208	Karla S. Chambers		Richard B. Hornsby
Salt Lake City	84125	H. Roger Boyer		Andrea P. Wolcott
Seattle	98124	Mic R. Dinsmore		D. Kerry Webb[1]

*Additional offices of these Banks are located at Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.

1. Senior Vice President.
2. Executive Vice President
3. Acting