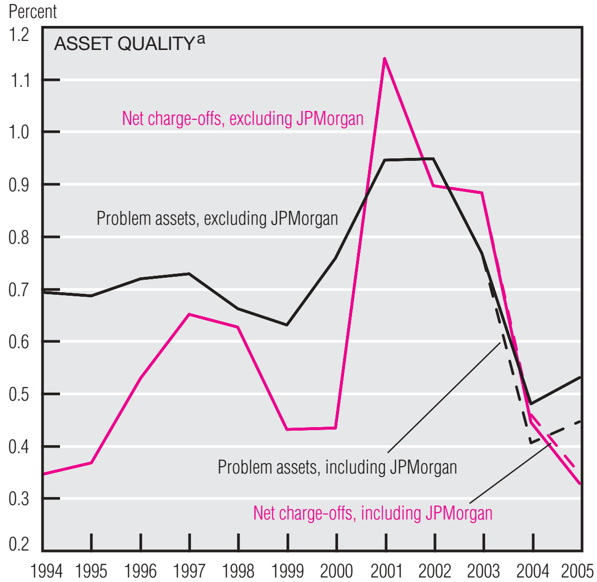
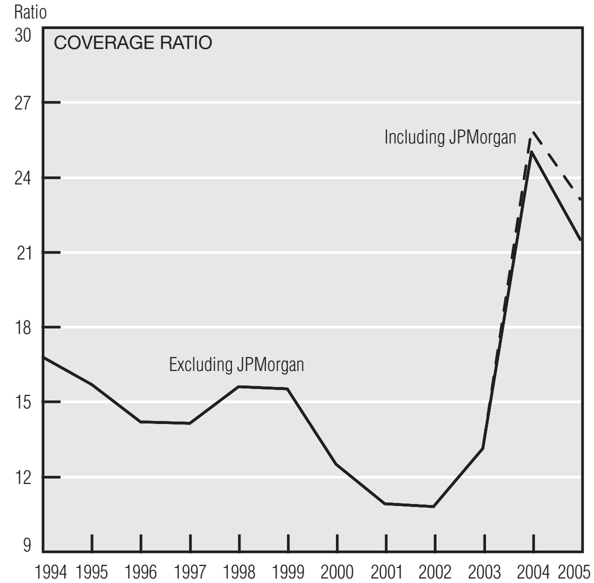
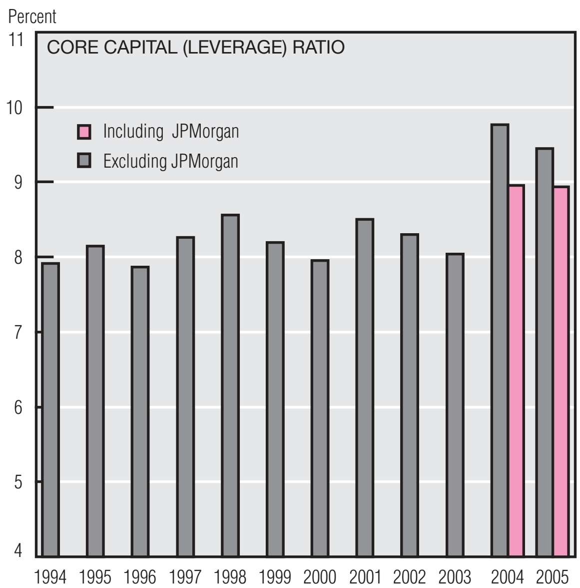
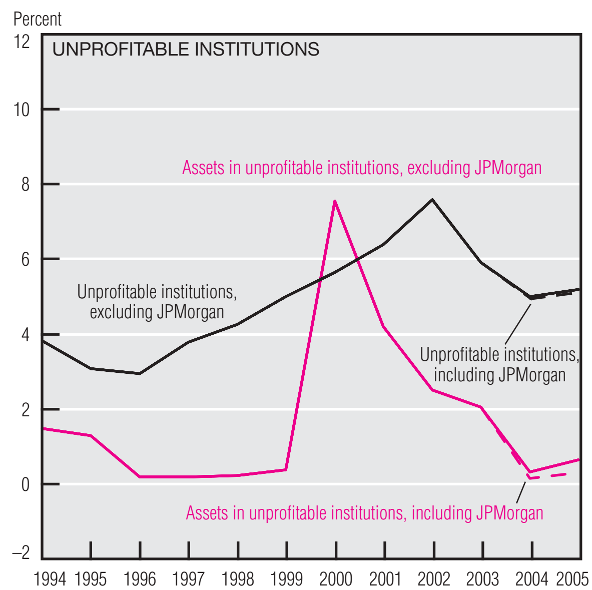
# Fourth District Banks




a. Problem assets are shown as a percent of total assets, net charge-offs as a percent of total loans.
SOURCE: Author's calculations from Federal Financial Institutions Examination Counsel, *Quarterly Bank Reports on Condition and Income*.

Overall, Fourth District banks' financial indicators point to strong balance sheets. (JPMorgan Chase, chartered in Columbus, is not included in this discussion because its assets are mostly outside the District and its size—roughly $1 trillion—dwarfs other District institutions.) Asset quality continued to improve in 2005:IIQ. Net charge-offs (losses realized on loans and leases currently in default minus recoveries on previously charged-off loans and leases) represented 0.33% of total loans, much better than the national average of 0.45% (down from 0.53% at the end of 2004). Problem assets (nonperforming loans and repossessed real estate) as a share of total assets increased slightly to 0.53% from 0.48% at the end of 2004, slightly worse than the national average of 0.47% of assets (down from 0.52% at the end of 2004).

Fourth District banks held $21.45 in equity capital and loan loss reserves for every dollar of problem loans, well above the coverage ratio's recent low of $10.75 at the end of 2002 but below the record high of $25.46 at the end of 2004. Equity capital as a share of Fourth District banks' assets (the leverage ratio) fell to 9.45% from the record high of 9.76% at the end of 2004.

The share of unprofitable banks in the Fourth District rose slightly, from 4.97% at the end of 2004 to 5.16% in the first half of 2005. Their asset size also increased, from 0.27% of District banks' assets to 0.60%. Industrywide, the share of unprofitable banks fell to 5.53% from 6.07% at the end of 2004. Their asset size fell from 0.62% at the end of 2004 to 0.51% at the end of 2005:IIQ.