



Comptroller of the Currency
Administrator of National Banks

US Department of the Treasury



25th Anniversary

Quarterly Journal

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Office of the Comptroller of the Currency
Administrator of National Banks

John C. Dugan
Comptroller of the Currency

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CONTENTS

	<i>Page</i>
About the OCC _____	vi
Condition and Performance of Commercial Banks _____	1
Recent Licensing Decisions _____	20
Appeals Process _____	23
Speeches and Congressional Testimony _____	26

2/2/2006, Comptroller Dugan Praises Interagency Effort to Overhaul Privacy Notices; Supports Efforts to Develop Federal Standards to Protect Consumer Financial Data, (speech, www.occ.treas.gov/ftp/release/2006-8a.pdf)

2/3/2006, Comptroller Dugan Underscores Bank Responsibility for Model Validation, (speech, www.occ.treas.gov/ftp/release/2006-11a.pdf)

3/1/2006, OCC Chief Counsel Williams Testifies on Regulatory Relief, (testimony, www.occ.treas.gov/ftp/release/2006-25b.pdf)

3/2/2006, Comptroller Dugan Says to Hard-Pressed Gulf Communities That Regulators “Are Determined to Do Everything We Can to Be Helpful,” (speech, www.occ.treas.gov/ftp/release/2006-27a.pdf)

3/9/2006, Comptroller Dugan Speaks to Independent Community Bankers, (speech, www.occ.treas.gov/ftp/release/2006-28a.pdf)

3/13/2006, Comptroller Dugan Says Basel II Transition Should Move Forward, But With Significant Safeguards to Protect Banking System, (speech, www.occ.treas.gov/ftp/release/2006-30a.pdf)

3/30/2006, OCC Chief Counsel Williams Highlights Need for Improved Consumer Financial Disclosures, (speech, www.occ.treas.gov/ftp/release/2006-40a.pdf)

January [**Interpretations and Actions**]

1046, 12/14/2005, National bank may make an equity investment in a LLC that will fund venture capital investments in small businesses.

1047, 12/20/2005, Letter concludes that a national trust company may sponsor a closed-end investment fund that will be exempt from registration under the Investment Company Act of 1940. Letter also concludes that because the fund's underlying portfolio consists of bank eligible investments, the particular types of national banks proposed may purchase the described fund shares pursuant to 12 CFR 1.3(h)(2), subject to specific safe and sound banking practices and a 1 percent aggregate investment limitation.

1048, 12/21/2005, National bank may extend credit to wind energy project and hold an indirect interest in real estate held by the project by acquiring an interest in the LLC that owns the project. The proposed structure facilitates the provision of financing by permitting the bank to receive federal tax credits and reducing the cost of financing.

1048a, (Written 2/27/2006, published 3/3/2006; repeated here), Letter restates the restrictions and limitations associated with a transaction involving a wind energy project discussed in OCC Interpretive Letter No. 1048 (above).

1049, 1/17/2006, Letter determines the appropriate credit conversion factor and risk weights to apply to a multipurpose loan commitment.

February [**Interpretations and Actions**]

1050, 1/25/2006, Applies the lending limit pilot program's special limit for loans secured by a first-lien security interest in 1- to 4-family residential real estate to two loans to the same borrower. Security interests in the same residential real estate secure the mortgage loan and the home equity loan. The letter finds that the special limit is applicable to both as the loans are secured by liens second to no other lien holder.

March [**Interpretations and Actions**]

1048a, 2/27/2006, Letter restates the restrictions and limitations associated with a transaction involving a wind energy project discussed in the January 2006 OCC Interpretive Letter No. 1048 (above).

1051, 2/15/2006, Letter provides confirmation that national bank may purchase and hold below-investment-grade debt in connection with a comprehensive program to hedge the counterparty credit risk exposure that arises from its derivatives activities. The letter concludes that the bank may engage in the transactions it proposes, when the bank's examiner-in-charge is satisfied that the bank has adequate risk management and measurement systems and controls and does not object to the activity.

1052, 11/30/2005, Letter applies lending limit combination rules to three credit programs contemplated by a national bank, in which the bank would make loans, or make or buy leases, to independent contractors. The letter finds that each of the programs results in loan combinations under the lending limit. In addition, the second program involves partial attribution of leases to the seller under the lending limit's third-party paper rule.

1053, 1/31/2006, Letter discusses OCC Interpretive Letters No. 1044, 1045, and 1048. Bank premises facilities must be established in good faith in furtherance of bank's business operations, and burden is on bank to demonstrate a legitimate business reason based on accommodating its banking business.

1054, 7/27/2005, Letter reviews OCC interpretive letters and federal case law that makes clear that state statutes that prohibit on-us check cashing fees do not apply to national bank.

1055, 8/2/2005, Letter reviews OCC interpretive letters and federal case law that makes clear that state statutes that prohibit on-us check cashing fees do not apply to national bank.

Mergers _____	31
Financial Performance of National Banks _____	37
Index _____	52



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ABOUT THE OCC

About the Office of the Comptroller of the Currency

June 2006

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Background

The Office of the Comptroller of the Currency (OCC) was established in 1863 as a bureau of the Department of the Treasury. The OCC is headed by the Comptroller, who is appointed by the President, with the advice and consent of the Senate, for a five-year term.

The OCC regulates national banks by its power to:

- Examine the banks;
- Approve or deny applications for new charters, branches, capital, or other changes in corporate or banking structure;
- Take supervisory actions against banks that do not conform to laws and regulations or that otherwise engage in unsound banking practices, including removal of officers, negotiation of agreements to change existing banking practices, and issuance of cease and desist orders; and
- Issue rules and regulations concerning banking practices and governing bank lending and investment practices and corporate structure.

The OCC divides the United States into four geographical districts, with each headed by a deputy comptroller.

The OCC is funded through assessments on the assets of national banks, and federal branches and agencies. Under the International Banking Act of 1978, the OCC regulates federal branches and agencies of foreign banks in the United States.

ABOUT THE OCC



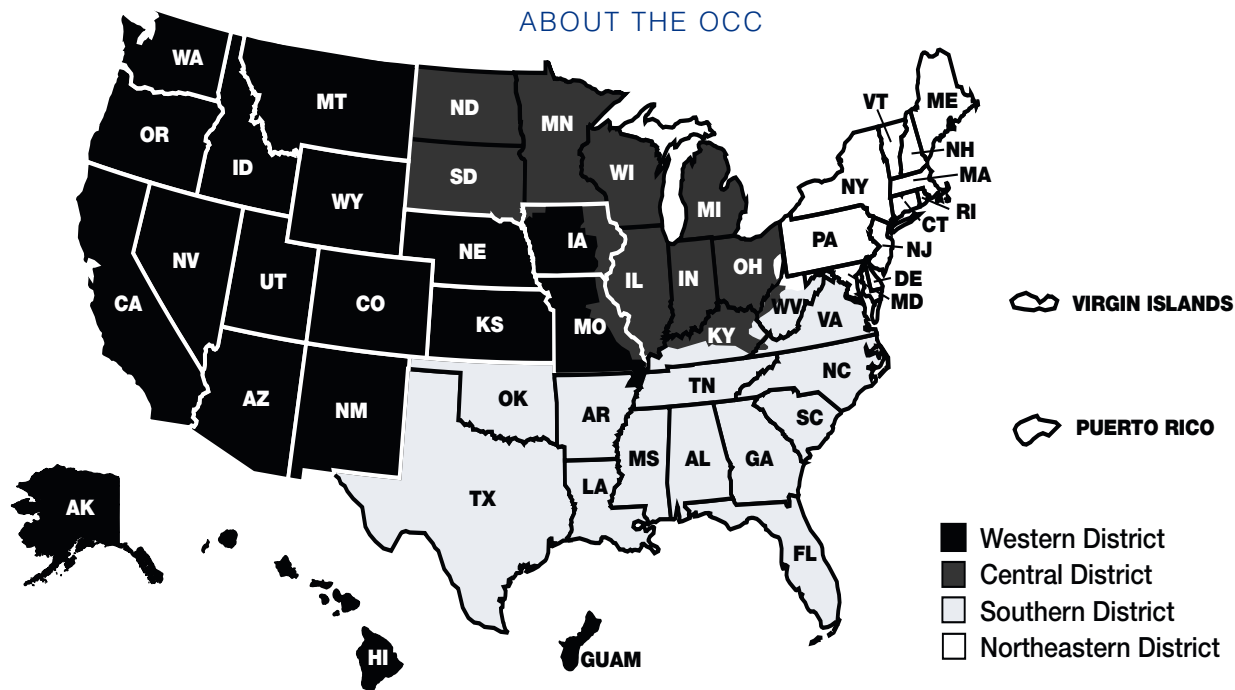
The Comptroller

John C. Dugan was sworn in as the 29th Comptroller of the Currency on August 4, 2005. Prior to his appointment as Comptroller, Mr. Dugan was a partner at the law firm of Covington & Burling, where he chaired the firm's Financial Institutions Group. He specialized in banking and financial institution regulation. He also served as outside counsel to the ABA Securities Association. He served at the Department of the Treasury from 1989 to 1993 and was appointed assistant secretary for domestic finance in 1992. While at Treasury, Mr. Dugan had extensive responsibility for policy initiatives involving banks and financial institutions, including the savings and loan cleanup, Glass-Steagall and banking reform, and regulation of government-sponsored enterprises. In 1991, he oversaw a comprehensive study of the banking industry that formed the basis for the financial modernization legislation proposed by the administration of the first President Bush. From 1985 to 1989, Mr. Dugan was minority counsel and minority general counsel for the U.S. Senate Committee on Banking, Housing, and Urban Affairs. There he advised the committee as it debated the Competitive Equality Banking Act of 1987, the Proxmire Financial Modernization Act of 1988, and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Among his professional and volunteer activities before becoming Comptroller, he served as a director of Minbanc, a charitable organization whose mission is to enhance professional and educational opportunities for minorities in the banking industry. He was also a member of the American Bar Association's committee on banking law, the Federal Bar Association's section of financial institutions and the economy, and the District of Columbia Bar Association's section of corporations, finance, and securities laws. A graduate of the University of Michigan in 1977 with an A.B. in English literature, Mr. Dugan also earned his J.D. from Harvard Law School in 1981.

The *Quarterly Journal* is the journal of record for significant actions and policies of the OCC. It is published four times a year, based on data released in March, June, September, and December. The *Quarterly Journal* is first released on the Web at www.occ.treas.gov/qj/qj.htm, and then, by subscription, on the CD-ROM *Quarterly Journal Library*, a cumulative collection starting with volume 17. The *Quarterly Journal* includes the condition and performance of commercial banks, statistical tables on the performance of FDIC-insured banks and OCC data on bank corporate structure, policy statements, decisions on banking structure, appeals to the ombudsman, links to selected speeches and congressional testimony and interpretive letters, summaries of enforcement actions, and other information of interest in the administration of national banks. Please send your comments and suggestions to Rebecca Miller, senior writer-editor, by fax to (202) 874-5263 or by e-mail to quarterlyjournal@occ.treas.gov. Subscriptions to the *Quarterly Journal Library* CD-ROM are available for \$50 a year by writing to Publications—QJ, OCC, Attn: Accounts Receivable, MS 4-8, 250 E St., SW, Washington, DC 20219 (**print order form**).

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June 2006

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(revised July 2005)

Notice to Customers Making Payment by Check

Authorization to convert your check: If you present a check to make your payment, your check will be converted into an electronic fund transfer. “Electronic fund transfer” is the term used to refer to the process in which a business or government agency electronically instructs your financial institution to transfer funds from your account to its account, rather than processing your paper check. **By presenting your signed check to the OCC, you authorize the agency to copy the check and to use the account information from the check to make an electronic fund transfer from your account for the same amount as the check.** If the electronic fund transfer cannot be processed for technical reasons, you authorize the OCC to process the copy of your check.

Insufficient funds: The electronic fund transfer from your account will usually occur within 24 hours, which is faster than a check is normally processed. Therefore, make sure sufficient funds are available in your checking account when you send your check to the OCC. If the electronic fund transfer cannot be completed because of insufficient funds, the OCC may attempt the transfer two additional times.

Transaction information: The electronic fund transfer from your account will be on the account statement you receive from your financial institution. However, the transfer may be in a different place on your statement than the place where your check entries normally appear. For example, it may appear under “**other withdrawals**” or “**other transactions.**” You will not receive your original check back from your financial institution. For security reasons, the OCC will destroy your original check, but it will keep a copy of the check for record keeping.

Your rights: You should contact your financial institution immediately if you believe that the electronic fund transfer reported on your account statement was not properly authorized or is otherwise incorrect. Consumers have protections under a federal law called the Electronic Fund Transfer Act for an unauthorized or incorrect electronic fund transfer.



25th Anniversary

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Earnings remained high at national banks in the first quarter of 2006, as they posted a near-record 16.3 percent return on equity, adjusted for the effects of recent mergers (unadjusted return on equity (ROE) was 13.8 percent). Noninterest income was the most significant contributor to earnings growth, as Table 1 indicates, with gains at a few of the largest banks driving the results. Net interest income grew more slowly, the result of a continued slide in net interest margin at large banks.

Table 1—Solid earnings gains at largest banks driven by noninterest income growth

National banks	Major income components (Change, \$ millions)				Excluding largest five
	2004Q1-05Q1	% Change	2005Q1-06Q1	% Change	
Revenues					'05Q1-06Q1 % Change
Net interest income	938	2.3%	1,408	3.3%	6.7%
Realized g/l sec	-1,402	n.m.	-85	n.m.	n.m.
Noninterest income	3,343	10.1%	3,914	10.7%	4.1%
Expenses					
Provisioning	-715	-14.6%	15	0.4%	8.8%
Nonint. expense	2,278	5.2%	3,309	7.2%	7.7%
Net income	878	4.8%	1,761	9.1%	3.4%

Source: Integrated Banking Information System (OCC)

Data are merger adjusted and held constant for banks operating as of March 31, 2006. The largest five national banks are JPM Chase, Citi, BofA, Wachovia, and Wells.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

As in the second half of 2005, gains in noninterest income came in part from a sharp rise in trading income at a few large banks. Trading income tends to be volatile, and so this increase may not be sustained.

For national banks as a whole, provisioning expenses were almost unchanged from a year ago. In contrast, between the end of 2002 and mid 2005, as the economy was strengthening, banks responded to improvements in credit quality by reducing the amounts they set aside for future loan losses, boosting net income growth.

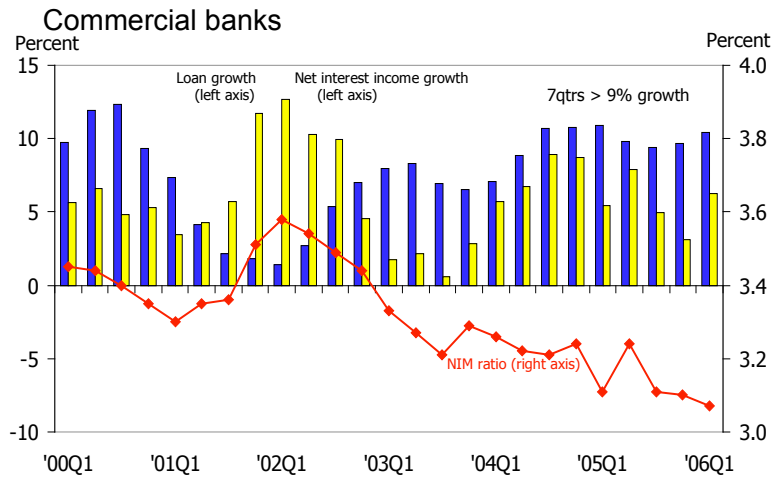
A different picture of income growth emerges if results from the five largest banks are excluded. In this case, as Table 1 shows, net income for the quarter grew only 3.4 percent, rather than 9.1 percent. Further, excluding the five largest banks, net interest income leads the gains, with noninterest income trailing; if the largest five are included, noninterest income leads, and net interest income trails. Excluding the five largest banks, provisioning expenses rose nearly 9 percent year-over-year, compared to less than 1 percent if the five largest banks are included.

Net interest income continues to grow on the strength of very strong loan growth. Figure 1 shows that for the entire commercial banking system, loan growth has averaged 9 percent for seven consecutive quarters, the longest period of such sustained growth in more than 20 years. Over the last seven quarters, loan growth has been more than enough to offset the slide in net interest margins (NIMs). For banks with assets over \$1 billion, aggregate NIM stood at 2.8 percent in the first quarter, down 20 basis points in the last two years, and 70 basis points in the last 10 years. For banks with less than \$1 billion in assets, aggregate NIM stood at 3.9 percent in the first quarter, down 13 basis points in two years, and 40 basis points in 10 years.

At small and midsized banks, loan growth has been particularly strong in commercial real estate (CRE). As a result, many of these banks are now very exposed to the CRE sector. Figure 2 shows CRE loans as a share of total loans for several classes of banks. Between 1988 and 2006, the CRE share of the total loan portfolio grew from 20 percent to 42 percent for community banks, and from 21 percent to 37 percent for midsize banks. For community banks, the construction share rose particularly fast, from 4 percent to 13 percent of total loans over the period. But at large banks, both total CRE loans and construction loans declined slightly as a share of the total over that time.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Figure 1—Very strong loan growth sustains net interest income as margins remain weak

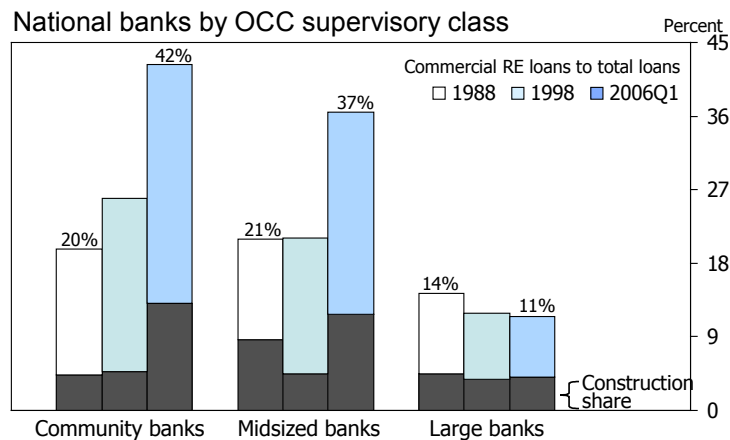


Source: Integrated Banking Information System (OCC)

Growth calculated from the year-ago quarter.

An additional factor contributing to growth in the share of CRE and construction loans was weakness in commercial and industrial (C&I) lending. C&I loans as a share of the total fell steadily from 1984 to 2004; from 2000 to 2003, C&I lending fell even in absolute dollars. Although the growth rate of C&I loans is now positive for the system as a whole, the total C&I loan book remains well below pre-recession levels.

Figure 2—CRE concentration growing fast at community and midsize banks



Source: Integrated Banking Information System (OCC)

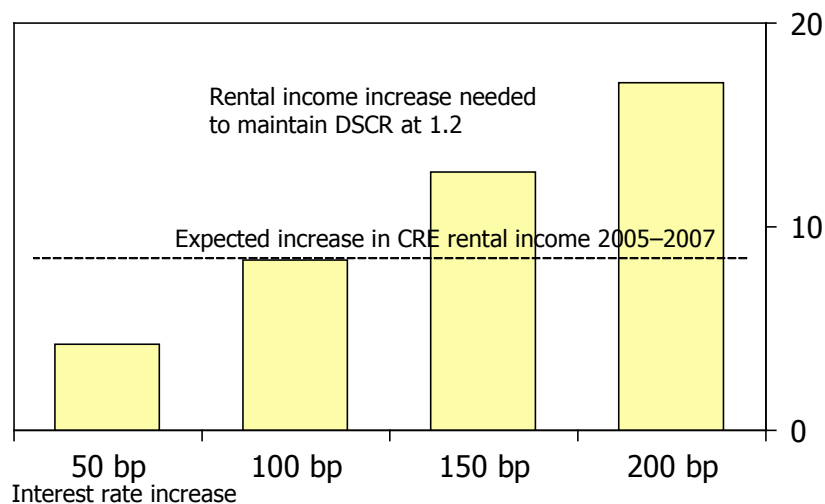
1988 banks defined using asset size groups (under \$1 billion, \$1-\$10 billion, and over \$10 billion). Commercial real estate includes nonresidential, multifamily, and construction loans.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

The 500 or so banks reporting total CRE loans over 300 percent of risk-based capital are spread all over the country, including 45 of the 50 states. In each of the four OCC districts, at least 23 percent of banks report CRE loans totaling over 300 percent of risk-based capital, with a high of 33 percent reported in the Western District. CRE-focused banks earn a higher ROE, on average, but balancing this higher return is higher risk: they have higher loan-to-asset ratios, and tend to rely more on volatile liabilities than other banks. Moreover, small banks' lack of geographic diversity increases the risk in their CRE portfolios.

In the past, sharp downturns in CRE markets have caused serious problems for banks. For community banks in the Northeast, for example, charge-offs on nonresidential commercial loans reached 2 percent during the CRE slump of the early 1990s, more than 10 times the long-term average for all community banks. For the same group, charge-offs on construction loans reached 7 percent, more than 40 times the long-term average for all community banks.

Figure 3—For commercial real estate, rental income gains may not be enough to offset impact of higher interest rates



Source: Property & Portfolio Research; assumes 20 yr. amort., 5.5% initial interest rate; dotted line shows average of expected rent increase for four major property types.
DSCR: debt service coverage ratio
CRE: commercial real estate

The CRE sector also deteriorated during the 2001 recession. Vacancy rates, rents, and net operating income all suffered during the downturn and its aftermath. But falling interest rates cushioned the initial impact (most CRE loans are made at variable rates), and the persistence of low rates allowed owners of CRE properties to remain solvent, and repay their loans on time.

Now higher rates threaten this favorable picture. To offset the expected increase in interest expense, rental income must rise as well. Projections of expected growth in CRE rental income over the next two years show a range of 5 percent for apartments to 9 percent for offices. But assuming a debt service coverage ratio (DSCR) of 1.2, and 20-year amortization (see Figure 3), this would offset only about a 100 basis point rise in interest rates from 2005 levels—an increase that has already occurred. This leaves little headroom for borrowers to absorb future interest rate increases, at least for some CRE borrowers in some regions.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured national banks
Annual 2002-2005, year-to-date through March 31, 2006, first quarter 2005, and first quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q1	Preliminary 2006Q1
Number of institutions reporting	2,077	1,999	1,907	1,818	1,799	1,897	1,799
Total employees (FTEs)	993,469	1,000,493	1,143,384	1,172,300	1,192,489	1,165,013	1,192,489
Selected income data (\$)							
Net income	\$56,442	\$62,986	\$67,433	\$73,844	\$21,084	\$19,452	\$21,084
Net interest income	141,319	143,140	159,641	169,620	44,031	42,646	44,031
Provision for loan losses	32,595	23,989	18,639	19,755	4,227	4,222	4,227
Noninterest income	109,475	116,146	127,066	145,203	40,569	37,039	40,569
Noninterest expense	136,792	144,946	170,832	185,899	49,359	46,230	49,359
Net operating income	54,299	60,616	65,419	73,635	21,030	19,527	21,030
Cash dividends declared	41,757	45,049	33,033	41,664	9,156	8,512	9,156
Net charge-offs	31,360	26,956	21,904	22,136	3,778	5,163	3,778
Selected condition data (\$)							
Total assets	3,908,166	4,292,292	5,602,020	6,003,210	6,268,441	5,788,003	6,268,441
Total loans and leases	2,445,101	2,630,440	3,166,714	3,427,037	3,527,896	3,235,409	3,527,896
Reserve for losses	48,326	48,611	48,964	44,186	44,671	47,596	44,671
Securities	653,702	753,615	908,054	924,206	985,916	933,560	985,916
Other real estate owned	2,075	1,941	1,529	1,575	2,284	1,563	2,284
Noncurrent loans and leases	38,162	34,873	29,609	28,322	27,230	27,938	27,230
Total deposits	2,565,768	2,786,716	3,581,430	3,850,062	3,970,853	3,669,121	3,970,853
Domestic deposits	2,168,874	2,322,011	2,848,730	3,085,601	3,138,005	2,937,115	3,138,005
Equity capital	371,363	390,531	557,823	592,771	631,519	582,499	631,519
Off-balance-sheet derivatives	25,953,772	31,554,693	86,319,461	99,646,111	108,232,085	89,390,905	108,232,085
Performance ratios (annualized %)							
Return on equity	15.78	16.47	13.81	13.23	13.77	13.45	13.77
Return on assets	1.50	1.53	1.27	1.29	1.37	1.36	1.37
Net interest income to assets	3.75	3.47	3.00	2.96	2.87	2.98	2.87
Loss provision to assets	0.87	0.58	0.35	0.35	0.28	0.29	0.28
Net operating income to assets	1.44	1.47	1.23	1.29	1.37	1.36	1.37
Noninterest income to assets	2.91	2.82	2.39	2.54	2.64	2.58	2.64
Noninterest expense to assets	3.63	3.51	3.22	3.25	3.22	3.23	3.22
Loss provision to loans and leases	1.38	0.95	0.62	0.61	0.49	0.52	0.49
Net charge-offs to loans and leases	1.33	1.07	0.73	0.68	0.43	0.64	0.43
Loss provision to net charge-offs	103.94	89.00	85.09	89.24	111.90	81.77	111.90
Performance ratios (%)							
Percent of institutions unprofitable	6.93	5.60	5.30	4.90	4.95	4.85	4.95
Percent of institutions with earnings gains	71.11	55.93	62.72	65.35	58.75	58.83	58.31
Nonint. income to net operating revenue	43.65	44.79	44.32	46.12	47.95	46.48	47.95
Nonint. expense to net operating revenue	54.54	55.90	59.58	59.05	58.34	58.02	58.34
Condition ratios (%)							
Nonperforming assets to assets	1.06	0.89	0.57	0.50	0.47	0.52	0.47
Noncurrent loans to loans	1.56	1.33	0.94	0.83	0.77	0.86	0.77
Loss reserve to noncurrent loans	126.63	139.40	165.37	156.01	164.05	170.36	164.05
Loss reserve to loans	1.98	1.85	1.55	1.29	1.27	1.47	1.27
Equity capital to assets	9.50	9.10	9.96	9.87	10.07	10.06	10.07
Leverage ratio	7.88	7.70	7.30	7.31	7.33	7.34	7.33
Risk-based capital ratio	12.66	12.65	12.26	11.94	12.07	12.42	12.07
Net loans and leases to assets	61.33	60.15	55.65	56.35	55.57	55.08	55.57
Securities to assets	16.73	17.56	16.21	15.40	15.73	16.13	15.73
Appreciation in securities (% of par)	2.12	0.88	0.55	-1.06	-1.82	-0.53	-1.82
Residential mortgage assets to assets	24.72	24.44	23.52	23.61	23.77	23.54	23.77
Total deposits to assets	65.65	64.92	63.93	64.13	63.35	63.39	63.35
Core deposits to assets	48.74	48.03	43.83	43.53	42.22	43.46	42.22
Volatile liabilities to assets	30.31	30.57	33.90	35.75	36.43	34.54	36.43

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured national banks
Annual 2002-2005, year-to-date through March 31, 2006, first quarter 2005, and first quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q1	Preliminary 2006Q1
Percent of loans past due 30-89 days							
Total loans and leases	1.14	1.02	0.87	0.92	0.86	0.83	0.86
Loans secured by real estate (RE)	1.07	0.91	0.75	0.85	0.74	0.72	0.74
1- to 4-family residential mortgages	1.45	1.30	1.05	1.15	0.91	0.92	0.91
Home equity loans	0.61	0.45	0.39	0.56	0.48	0.37	0.48
Multifamily residential mortgages	0.42	0.54	0.39	0.73	0.65	0.62	0.65
Commercial RE loans	0.58	0.47	0.44	0.47	0.51	0.54	0.51
Construction RE loans	0.91	0.66	0.61	0.59	0.68	0.72	0.68
Commercial and industrial loans	0.76	0.63	0.56	0.70	0.75	0.53	0.75
Loans to individuals	2.15	2.08	1.84	1.74	1.69	1.64	1.69
Credit cards	2.57	2.48	2.21	2.07	2.15	1.97	2.15
Installment loans and other plans	2.07	1.95	1.67	1.64	1.51	1.52	1.51
All other loans and leases	0.55	0.34	0.31	0.40	0.37	0.46	0.37
Percent of loans noncurrent							
Total loans and leases	1.56	1.33	0.94	0.83	0.77	0.86	0.77
Loans secured by real estate (RE)	0.97	0.95	0.69	0.80	0.77	0.68	0.77
1- to 4-family residential mortgages	1.02	1.14	0.86	1.15	1.05	0.84	1.05
Home equity loans	0.32	0.24	0.18	0.26	0.35	0.18	0.35
Multifamily residential mortgages	0.48	0.45	0.43	0.40	0.47	0.48	0.47
Commercial RE loans	1.05	0.97	0.72	0.60	0.60	0.73	0.60
Construction RE loans	1.03	0.71	0.45	0.38	0.41	0.49	0.41
Commercial and industrial loans	3.00	2.19	1.22	0.74	0.65	1.03	0.65
Loans to individuals	1.60	1.78	1.66	1.37	1.28	1.49	1.28
Credit cards	2.16	2.24	2.03	1.90	1.91	1.82	1.91
Installment loans and other plans	1.30	1.55	1.46	1.01	0.92	1.36	0.92
All other loans and leases	1.11	0.74	0.39	0.28	0.24	0.39	0.24
Percent of loans charged-off, net							
Total loans and leases	1.33	1.07	0.73	0.68	0.43	0.64	0.43
Loans secured by real estate (RE)	0.19	0.21	0.08	0.06	0.07	0.07	0.07
1- to 4-family residential mortgages	0.17	0.24	0.08	0.06	0.07	0.07	0.07
Home equity loans	0.23	0.23	0.10	0.10	0.14	0.09	0.14
Multifamily residential mortgages	0.11	0.03	0.04	0.05	0.04	0.03	0.04
Commercial RE loans	0.17	0.13	0.05	0.04	0.02	0.03	0.02
Construction RE loans	0.19	0.14	0.04	0.01	0.01	0.06	0.01
Commercial and industrial loans	1.80	1.35	0.43	0.19	0.17	0.18	0.17
Loans to individuals	4.01	3.45	3.14	3.20	2.05	2.95	2.05
Credit cards	6.57	5.48	5.14	4.96	3.27	4.76	3.27
Installment loans and other plans	1.91	1.81	1.51	1.71	1.09	1.34	1.09
All other loans and leases	2.49	1.75	0.46	0.87	0.07	0.12	0.07
Loans outstanding (\$)							
Total loans and leases	\$2,445,101	\$2,630,440	\$3,166,714	\$3,427,037	\$3,527,896	\$3,235,409	\$3,527,896
Loans secured by real estate (RE)	1,139,259	1,254,981	1,572,665	1,751,740	1,790,443	1,631,326	1,790,443
1- to 4-family residential mortgages	573,667	605,100	745,205	834,631	861,453	763,571	861,453
Home equity loans	141,056	192,703	294,919	320,156	316,687	312,724	316,687
Multifamily residential mortgages	33,968	35,652	39,948	43,518	44,794	41,852	44,794
Commercial RE loans	253,427	269,936	302,281	325,294	328,724	309,991	328,724
Construction RE loans	95,360	104,218	128,635	166,835	177,324	141,782	177,324
Farmland loans	13,225	13,614	14,679	15,824	16,061	14,852	16,061
RE loans from foreign offices	28,556	33,758	46,998	45,482	45,400	46,554	45,400
Commercial and industrial loans	546,053	500,005	580,192	672,564	718,062	623,676	718,062
Loans to individuals	450,436	527,817	615,502	607,187	604,628	605,052	604,628
Credit cards	209,812	250,719	300,097	282,567	253,930	275,602	253,930
Other revolving credit plans	33,243	32,883	34,258	35,160	34,817	33,683	34,817
Installment loans	207,381	244,215	281,147	289,459	315,881	295,767	315,881
All other loans and leases	311,803	349,521	400,578	397,452	416,856	377,329	416,856
Less: Unearned income	2,449	1,884	2,224	1,906	2,092	1,973	2,092

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured national banks by asset size First quarter 2005 and first quarter 2006

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1
Number of institutions reporting	747	675	980	947	125	131	45	46
Total employees (FTEs)	16,695	15,400	90,487	86,731	86,344	84,073	971,487	1,006,285
Selected income data (\$)								
Net income	\$111	\$104	\$922	\$847	\$1,294	\$1,485	\$17,125	\$18,648
Net interest income	398	371	2,527	2,508	3,066	3,324	36,655	37,828
Provision for loan losses	15	14	132	112	210	175	3,866	3,925
Noninterest income	134	145	1,301	1,238	2,241	2,340	33,363	36,846
Noninterest expense	377	381	2,466	2,459	3,158	3,256	40,228	43,263
Net operating income	110	99	913	852	1,295	1,496	17,209	18,583
Cash dividends declared	82	46	464	364	659	575	7,308	8,171
Net charge-offs	7	6	85	63	168	169	4,904	3,539
Selected condition data (\$)								
Total assets	41,459	38,055	273,353	269,963	358,014	383,571	5,115,177	5,576,852
Total loans and leases	24,341	22,334	175,223	174,213	226,341	241,947	2,809,504	3,089,402
Reserve for losses	356	316	2,278	2,205	2,973	3,002	41,989	39,147
Securities	11,283	10,230	65,558	60,928	75,922	82,828	780,797	831,930
Other real estate owned	57	47	252	229	159	134	1,095	1,875
Noncurrent loans and leases	254	231	1,276	1,168	1,394	1,339	25,014	24,492
Total deposits	34,822	31,876	221,410	218,870	245,253	267,114	3,167,635	3,452,993
Domestic deposits	34,809	31,862	221,170	218,597	241,915	264,165	2,439,220	2,623,381
Equity capital	4,778	4,455	28,125	28,236	38,172	43,446	511,424	555,382
Off-balance-sheet derivatives	11	50	3,052	3,670	14,770	26,084	90,068,037	109,088,473
Performance ratios (annualized %)								
Return on equity	9.25	9.42	13.19	12.12	13.77	14.11	13.48	13.86
Return on assets	1.07	1.10	1.36	1.26	1.46	1.56	1.35	1.37
Net interest income to assets	3.84	3.91	3.73	3.74	3.45	3.49	2.90	2.77
Loss provision to assets	0.14	0.15	0.19	0.17	0.24	0.18	0.31	0.29
Net operating income to assets	1.06	1.04	1.35	1.27	1.46	1.57	1.36	1.36
Noninterest income to assets	1.30	1.53	1.92	1.84	2.52	2.46	2.64	2.70
Noninterest expense to assets	3.65	4.02	3.64	3.67	3.56	3.42	3.18	3.17
Loss provision to loans and leases	0.24	0.26	0.30	0.26	0.37	0.29	0.55	0.52
Net charge-offs to loans and leases	0.11	0.10	0.20	0.15	0.30	0.28	0.70	0.46
Loss provision to net charge-offs	222.58	246.72	155.25	177.89	124.70	103.46	78.84	110.90
Performance ratios (%)								
Percent of institutions unprofitable	8.84	9.33	2.04	2.43	4.80	1.53	0.00	2.17
Percent of institutions with earnings gains	53.01	49.93	61.02	62.72	72.00	69.47	71.11	58.70
Nonint. income to net operating revenue	25.26	28.15	33.99	33.04	42.22	41.31	47.65	49.34
Nonint. expense to net operating revenue	70.96	73.85	64.44	65.64	59.51	57.49	57.45	57.94
Condition ratios (%)								
Nonperforming assets to assets	0.75	0.73	0.56	0.52	0.44	0.39	0.52	0.48
Noncurrent loans to loans	1.05	1.03	0.73	0.67	0.62	0.55	0.89	0.79
Loss reserve to noncurrent loans	139.74	136.98	178.51	188.85	213.34	224.23	167.86	159.84
Loss reserve to loans	1.46	1.42	1.30	1.27	1.31	1.24	1.49	1.27
Equity capital to assets	11.52	11.71	10.29	10.46	10.66	11.33	10.00	9.96
Leverage ratio	11.47	11.73	9.60	9.73	8.78	8.85	7.08	7.07
Risk-based capital ratio	18.97	19.29	14.81	14.80	13.55	13.41	12.18	11.82
Net loans and leases to assets	57.85	57.86	63.27	63.72	62.39	62.29	54.10	54.69
Securities to assets	27.22	26.88	23.98	22.57	21.21	21.59	15.26	14.92
Appreciation in securities (% of par)	-1.13	-1.70	-0.88	-1.59	-0.85	-0.94	-0.46	-1.93
Residential mortgage assets to assets	20.84	20.08	22.54	21.56	26.63	22.62	23.40	23.98
Total deposits to assets	83.99	83.76	81.00	81.07	68.50	69.64	61.93	61.92
Core deposits to assets	71.24	70.17	67.49	66.20	57.46	56.54	40.98	39.89
Volatile liabilities to assets	14.67	15.78	17.92	19.37	24.90	26.49	36.26	38.08

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured national banks by asset size
First quarter 2005 and first quarter 2006
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1
Percent of loans past due 30-89 days								
Total loans and leases	1.46	1.35	0.89	0.88	0.75	0.78	0.82	0.86
Loans secured by real estate (RE)	1.31	1.22	0.79	0.80	0.68	0.68	0.72	0.73
1- to 4-family residential mortgages	1.70	1.62	1.14	1.14	0.97	0.93	0.90	0.90
Home equity loans	0.72	0.46	0.33	0.48	0.24	0.35	0.37	0.49
Multifamily residential mortgages	1.04	0.50	0.60	0.48	0.32	0.75	0.68	0.65
Commercial RE loans	0.97	0.98	0.61	0.56	0.44	0.54	0.54	0.48
Construction RE loans	1.04	1.16	0.85	0.84	0.90	0.65	0.65	0.65
Commercial and industrial loans	1.69	1.58	1.07	1.04	0.92	1.06	0.46	0.71
Loans to individuals	2.29	2.15	1.44	1.41	0.90	0.97	1.67	1.72
Credit cards	1.72	2.71	2.43	2.29	1.60	1.78	1.97	2.16
Installment loans and other plans	2.35	2.17	1.36	1.33	0.84	0.85	1.57	1.55
All other loans and leases	1.21	1.06	0.79	0.83	0.61	0.48	0.44	0.35
Percent of loans noncurrent								
Total loans and leases	1.05	1.03	0.73	0.67	0.62	0.55	0.89	0.79
Loans secured by real estate (RE)	0.91	0.96	0.67	0.64	0.56	0.48	0.69	0.81
1- to 4-family residential mortgages	0.85	0.87	0.64	0.65	0.49	0.53	0.87	1.10
Home equity loans	0.27	0.37	0.16	0.22	0.16	0.26	0.18	0.35
Multifamily residential mortgages	0.89	0.62	0.40	0.41	0.36	0.35	0.51	0.51
Commercial RE loans	1.08	1.29	0.80	0.71	0.80	0.63	0.69	0.55
Construction RE loans	0.59	0.65	0.62	0.63	0.40	0.25	0.49	0.42
Commercial and industrial loans	1.73	1.63	1.04	0.90	0.88	0.81	1.03	0.62
Loans to individuals	0.81	0.68	0.58	0.55	0.42	0.47	1.56	1.33
Credit cards	0.91	1.18	2.09	1.69	1.34	1.50	1.82	1.92
Installment loans and other plans	0.82	0.68	0.41	0.40	0.29	0.28	1.48	0.98
All other loans and leases	1.04	0.95	0.72	0.51	0.61	0.61	0.37	0.22
Percent of loans charged-off, net								
Total loans and leases	0.11	0.10	0.20	0.15	0.30	0.28	0.70	0.46
Loans secured by real estate (RE)	0.01	0.04	0.04	0.02	0.06	0.04	0.07	0.07
1- to 4-family residential mortgages	0.07	0.07	0.05	0.05	0.05	0.08	0.07	0.07
Home equity loans	0.06	0.01	0.04	0.03	0.06	0.10	0.09	0.14
Multifamily residential mortgages	0.03	0.29	0.07	0.00	-0.01	0.00	0.03	0.06
Commercial RE loans	-0.03	0.02	0.02	0.00	0.07	0.01	0.02	0.03
Construction RE loans	0.04	0.02	0.03	0.01	0.05	0.01	0.06	0.01
Commercial and industrial loans	0.32	0.29	0.32	0.24	0.59	0.44	0.13	0.14
Loans to individuals	0.47	0.34	1.27	1.14	1.33	1.64	3.06	2.10
Credit cards	1.56	1.37	7.21	6.10	1.20	2.18	4.79	3.27
Installment loans and other plans	0.44	0.31	0.46	0.38	1.36	1.53	1.38	1.10
All other loans and leases	0.03	0.00	0.22	0.14	0.20	0.47	0.12	0.06
Loans outstanding (\$)								
Total loans and leases	\$24,341	\$22,334	\$175,223	\$174,213	\$226,341	\$241,947	\$2,809,504	\$3,089,402
Loans secured by real estate (RE)	15,260	14,167	124,337	125,155	145,681	158,828	1,346,048	1,492,293
1- to 4-family residential mortgages	6,034	5,536	38,985	38,113	51,460	50,001	667,091	767,803
Home equity loans	519	489	7,675	6,564	12,389	11,401	292,141	298,232
Multifamily residential mortgages	357	320	4,315	4,165	6,514	8,374	30,666	31,935
Commercial RE loans	4,801	4,521	49,565	49,215	49,327	52,405	206,297	222,583
Construction RE loans	1,620	1,521	17,799	20,840	23,471	32,215	98,892	122,748
Farmland loans	1,930	1,779	5,995	6,256	1,889	2,866	5,038	5,160
RE loans from foreign offices	0	0	2	2	630	1,565	45,922	43,832
Commercial and industrial loans	3,846	3,434	27,694	26,542	47,944	49,922	544,192	638,164
Loans to individuals	2,483	2,242	14,357	13,294	21,695	20,861	566,517	568,231
Credit cards	58	72	1,589	1,693	3,065	3,480	270,889	248,684
Other revolving credit plans	43	37	344	406	1,157	808	32,140	33,565
Installment loans	2,382	2,133	12,424	11,194	17,474	16,572	263,488	285,982
All other loans and leases	2,771	2,509	9,000	9,382	11,196	12,478	354,361	392,487
Less: Unearned income	19	18	165	159	175	141	1,614	1,774

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured commercial banks
Annual 2002-2005, year-to-date through March 31, 2006, first quarter 2005, and first quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q1	Preliminary 2006Q1
Number of institutions reporting	7,888	7,770	7,631	7,527	7,491	7,600	7,491
Total employees (FTEs)	1,745,614	1,759,517	1,815,099	1,868,290	1,888,046	1,826,844	1,888,046
Selected income data (\$)							
Net income	\$89,676	\$102,454	\$104,056	\$114,074	\$32,061	\$29,242	\$32,061
Net interest income	236,598	239,977	250,030	269,401	70,334	66,195	70,334
Provision for loan losses	48,175	34,814	26,098	26,604	5,341	5,506	5,341
Noninterest income	172,350	186,514	183,695	201,348	55,111	50,397	55,111
Noninterest expense	233,559	245,997	257,525	276,247	73,026	67,667	73,026
Net operating income	85,379	98,207	101,739	113,906	32,036	29,238	32,036
Cash dividends declared	67,536	77,838	55,685	64,264	15,816	13,834	15,816
Net charge-offs	44,515	37,914	29,108	28,507	4,843	6,473	4,843
Selected condition data (\$)							
Total assets	7,076,726	7,601,235	8,413,827	9,039,739	9,333,431	8,593,874	9,333,431
Total loans and leases	4,155,979	4,428,670	4,904,456	5,380,349	5,498,616	4,980,162	5,498,616
Reserve for losses	76,986	77,133	73,504	68,686	69,108	71,291	69,108
Securities	1,334,826	1,456,280	1,551,273	1,572,325	1,631,500	1,585,177	1,631,500
Other real estate owned	4,165	4,218	3,373	3,254	4,017	3,360	4,017
Noncurrent loans and leases	60,546	52,946	42,082	40,279	39,108	39,848	39,108
Total deposits	4,689,850	5,035,057	5,593,174	6,073,350	6,217,864	5,705,061	6,217,864
Domestic deposits	4,031,812	4,293,886	4,727,282	5,152,718	5,230,117	4,823,441	5,230,117
Equity capital	647,374	691,939	850,318	912,525	954,885	869,251	954,885
Off-balance-sheet derivatives	56,208,857	71,098,970	87,872,811	101,483,112	110,183,017	91,115,092	110,183,017
Performance ratios (annualized %)							
Return on equity	14.46	15.31	13.72	13.26	13.74	13.56	13.74
Return on assets	1.33	1.40	1.30	1.33	1.40	1.37	1.40
Net interest income to assets	3.50	3.27	3.13	3.13	3.07	3.11	3.07
Loss provision to assets	0.71	0.47	0.33	0.31	0.23	0.26	0.23
Net operating income to assets	1.26	1.34	1.27	1.32	1.40	1.37	1.40
Noninterest income to assets	2.55	2.54	2.30	2.34	2.40	2.37	2.40
Noninterest expense to assets	3.46	3.35	3.22	3.21	3.18	3.18	3.18
Loss provision to loans and leases	1.21	0.82	0.56	0.53	0.39	0.44	0.39
Net charge-offs to loans and leases	1.12	0.89	0.63	0.56	0.36	0.52	0.36
Loss provision to net charge-offs	108.22	91.82	89.66	93.32	110.28	85.05	110.28
Performance ratios (%)							
Percent of institutions unprofitable	6.64	6.01	5.87	6.26	6.33	5.11	6.33
Percent of institutions with earnings gains	72.64	59.20	64.83	66.08	59.67	61.61	59.18
Nonint. income to net operating revenue	42.14	43.73	42.35	42.77	43.93	43.22	43.93
Nonint. expense to net operating revenue	57.11	57.68	59.38	58.68	58.21	58.04	58.21
Condition ratios (%)							
Nonperforming assets to assets	0.94	0.77	0.55	0.48	0.47	0.51	0.47
Noncurrent loans to loans	1.46	1.20	0.86	0.75	0.71	0.80	0.71
Loss reserve to noncurrent loans	127.15	145.68	174.67	170.53	176.71	178.91	176.71
Loss reserve to loans	1.85	1.74	1.50	1.28	1.26	1.43	1.26
Equity capital to assets	9.15	9.10	10.11	10.09	10.23	10.11	10.23
Leverage ratio	7.82	7.85	7.82	7.91	7.93	7.87	7.93
Risk-based capital ratio	12.76	12.75	12.61	12.33	12.43	12.75	12.43
Net loans and leases to assets	57.64	57.25	57.42	58.76	58.17	57.12	58.17
Securities to assets	18.86	19.16	18.44	17.39	17.48	18.45	17.48
Appreciation in securities (% of par)	2.22	0.84	0.43	-1.11	-1.77	-0.65	-1.77
Residential mortgage assets to assets	23.29	23.28	23.33	23.51	23.50	23.72	23.50
Total deposits to assets	66.27	66.24	66.48	67.19	66.62	66.39	66.62
Core deposits to assets	48.68	48.63	47.56	47.09	45.98	47.26	45.98
Volatile liabilities to assets	31.41	30.95	31.68	33.29	33.91	32.20	33.91

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured commercial banks
Annual 2002-2005, year-to-date through March 31, 2006, first quarter 2005, and first quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q1	Preliminary 2006Q1
Percent of loans past due 30-89 days							
Total loans and leases	1.17	1.02	0.86	0.88	0.84	0.83	0.84
Loans secured by real estate (RE)	1.08	0.90	0.73	0.79	0.73	0.73	0.73
1- to 4-family residential mortgages	1.49	1.29	1.05	1.13	0.92	0.95	0.92
Home equity loans	0.59	0.45	0.37	0.54	0.47	0.36	0.47
Multifamily residential mortgages	0.46	0.48	0.36	0.51	0.59	0.58	0.59
Commercial RE loans	0.68	0.56	0.49	0.50	0.55	0.59	0.55
Construction RE loans	0.89	0.69	0.58	0.61	0.67	0.66	0.67
Commercial and industrial loans	0.89	0.72	0.64	0.69	0.74	0.63	0.74
Loans to individuals	2.22	2.08	1.82	1.72	1.63	1.59	1.63
Credit cards	2.72	2.53	2.24	2.00	2.06	1.94	2.06
Installment loans and other plans	2.08	1.93	1.62	1.66	1.47	1.46	1.47
All other loans and leases	0.58	0.48	0.38	0.40	0.45	0.50	0.45
Percent of loans noncurrent							
Total loans and leases	1.46	1.20	0.86	0.75	0.71	0.80	0.71
Loans secured by real estate (RE)	0.89	0.86	0.65	0.70	0.68	0.64	0.68
1- to 4-family residential mortgages	0.93	1.00	0.82	1.03	0.95	0.79	0.95
Home equity loans	0.30	0.24	0.18	0.25	0.32	0.18	0.32
Multifamily residential mortgages	0.38	0.38	0.35	0.34	0.40	0.35	0.40
Commercial RE loans	0.94	0.90	0.69	0.60	0.59	0.70	0.59
Construction RE loans	0.98	0.70	0.44	0.37	0.40	0.46	0.40
Commercial and industrial loans	2.93	2.10	1.17	0.75	0.69	1.03	0.69
Loans to individuals	1.51	1.53	1.46	1.20	1.14	1.31	1.14
Credit cards	2.24	2.22	2.00	1.80	1.82	1.78	1.82
Installment loans and other plans	1.14	1.14	1.12	0.84	0.78	1.06	0.78
All other loans and leases	1.01	0.66	0.40	0.29	0.26	0.40	0.26
Percent of loans charged-off, net							
Total loans and leases	1.12	0.89	0.63	0.56	0.36	0.52	0.36
Loans secured by real estate (RE)	0.15	0.17	0.08	0.06	0.06	0.06	0.06
1- to 4-family residential mortgages	0.14	0.19	0.08	0.07	0.07	0.07	0.07
Home equity loans	0.19	0.20	0.10	0.10	0.14	0.09	0.14
Multifamily residential mortgages	0.08	0.03	0.04	0.04	0.03	0.02	0.03
Commercial RE loans	0.15	0.13	0.07	0.05	0.02	0.04	0.02
Construction RE loans	0.17	0.14	0.05	0.03	0.02	0.04	0.02
Commercial and industrial loans	1.76	1.26	0.50	0.27	0.18	0.23	0.18
Loans to individuals	3.33	3.04	2.81	2.81	1.81	2.60	1.81
Credit cards	6.37	5.56	5.01	4.80	3.13	4.60	3.13
Installment loans and other plans	1.46	1.45	1.28	1.39	0.92	1.11	0.92
All other loans and leases	2.30	1.60	0.62	0.93	0.11	0.14	0.11
Loans outstanding (\$)							
Total loans and leases	\$4,155,979	\$4,428,670	\$4,904,456	\$5,380,349	\$5,498,616	\$4,980,162	\$5,498,616
Loans secured by real estate (RE)	2,068,149	2,272,837	2,625,462	2,987,353	3,053,408	2,719,182	3,053,408
1- to 4-family residential mortgages	945,706	994,151	1,083,204	1,228,274	1,253,006	1,127,539	1,253,006
Home equity loans	214,722	284,511	398,895	431,221	427,175	414,034	427,175
Multifamily residential mortgages	71,934	79,678	87,920	97,954	99,976	89,267	99,976
Commercial RE loans	555,990	602,724	667,703	738,000	749,390	684,000	749,390
Construction RE loans	207,451	231,514	290,055	391,676	422,680	310,748	422,680
Farmland loans	38,066	40,699	44,619	47,750	48,611	45,124	48,611
RE loans from foreign offices	34,280	39,559	53,066	52,479	52,570	48,469	52,570
Commercial and industrial loans	910,810	869,489	907,854	1,019,662	1,068,468	943,793	1,068,468
Loans to individuals	703,568	770,322	838,756	836,901	821,401	816,826	821,401
Credit cards	275,786	315,839	371,421	354,768	317,036	336,869	317,036
Other revolving credit plans	38,209	37,556	39,158	40,689	39,921	38,346	39,921
Installment loans	389,573	416,927	428,177	441,444	464,444	441,610	464,444
All other loans and leases	476,854	518,890	535,592	539,421	558,500	503,287	558,500
Less: Unearned income	3,401	2,870	3,208	2,976	3,162	2,924	3,162

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured commercial banks by asset size
First quarter 2005 and first quarter 2006
(Dollar figures in millions)

	<u>Less than \$100M</u>		<u>\$100M to \$1B</u>		<u>\$1B to \$10B</u>		<u>Greater than \$10B</u>	
	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1
Number of institutions reporting	3,617	3,422	3,538	3,593	361	390	84	86
Total employees (FTEs)	69,589	64,974	298,032	300,027	230,476	240,212	1,228,747	1,282,833
Selected income data (\$)								
Net income	\$485	\$446	\$3,104	\$3,287	\$3,407	\$3,693	\$22,246	\$24,636
Net interest income	1,805	1,734	9,180	9,835	8,541	9,470	46,669	49,295
Provision for loan losses	78	73	447	433	482	482	4,499	4,353
Noninterest income	430	434	3,140	3,165	4,683	4,852	42,143	46,659
Noninterest expense	1,554	1,540	7,704	8,113	7,696	8,302	50,714	55,071
Net operating income	482	444	3,079	3,293	3,386	3,718	22,290	24,581
Cash dividends declared	324	327	1,498	1,464	1,461	1,676	10,551	12,349
Net charge-offs	35	32	265	225	438	363	5,736	4,223
Selected condition data (\$)								
Total assets	187,604	178,475	963,523	1,011,920	974,385	1,072,225	6,468,362	7,070,812
Total loans and leases	115,591	110,916	649,603	693,469	626,096	703,419	3,588,873	3,990,813
Reserve for losses	1,681	1,565	8,580	8,991	8,685	9,061	52,345	49,491
Securities	46,881	42,399	208,664	204,271	225,302	230,656	1,104,329	1,154,174
Other real estate owned	271	226	1,058	987	483	476	1,548	2,328
Noncurrent loans and leases	1,112	1,013	4,402	4,432	4,173	3,999	30,161	29,665
Total deposits	157,304	148,508	783,426	825,376	678,079	765,265	4,086,252	4,478,715
Domestic deposits	157,291	148,494	781,631	823,932	668,221	756,236	3,216,297	3,501,456
Equity capital	21,668	21,441	95,403	102,049	104,742	116,569	647,438	714,827
Off-balance-sheet derivatives	86	273	7,705	10,119	58,977	92,372	91,786,022	111,018,464
Performance ratios (annualized %)								
Return on equity	8.95	8.37	13.09	13.05	13.17	12.92	13.84	14.14
Return on assets	1.04	1.01	1.30	1.31	1.41	1.39	1.39	1.42
Net interest income to assets	3.87	3.92	3.85	3.93	3.54	3.57	2.91	2.84
Loss provision to assets	0.17	0.17	0.19	0.17	0.20	0.18	0.28	0.25
Net operating income to assets	1.04	1.00	1.29	1.31	1.40	1.40	1.39	1.42
Noninterest income to assets	0.92	0.98	1.32	1.26	1.94	1.83	2.63	2.69
Noninterest expense to assets	3.33	3.48	3.23	3.24	3.19	3.13	3.16	3.18
Loss provision to loans and leases	0.27	0.27	0.28	0.25	0.31	0.28	0.50	0.44
Net charge-offs to loans and leases	0.12	0.11	0.17	0.13	0.28	0.21	0.64	0.43
Loss provision to net charge-offs	225.24	232.96	168.59	192.01	110.00	132.86	78.44	103.06
Performance ratios (%)								
Percent of institutions unprofitable	9.10	11.02	1.41	2.50	2.49	1.54	0.00	1.16
Percent of institutions with earnings gains	55.63	51.81	66.28	64.63	73.13	72.56	72.62	63.95
Nonint. income to net operating revenue	19.25	20.01	25.49	24.35	35.42	33.88	47.45	48.63
Nonint. expense to net operating revenue	69.49	71.05	62.52	62.40	58.20	57.97	57.10	57.39
Condition ratios (%)								
Nonperforming assets to assets	0.74	0.69	0.57	0.54	0.48	0.43	0.50	0.46
Noncurrent loans to loans	0.96	0.91	0.68	0.64	0.67	0.57	0.84	0.74
Loss reserve to noncurrent loans	151.17	154.53	194.90	202.87	208.15	226.57	173.55	166.84
Loss reserve to loans	1.45	1.41	1.32	1.30	1.39	1.29	1.46	1.24
Equity capital to assets	11.55	12.01	9.90	10.08	10.75	10.87	10.01	10.11
Leverage ratio	11.52	12.10	9.49	9.72	9.31	9.26	7.30	7.35
Risk-based capital ratio	18.23	18.77	14.04	14.02	13.72	13.31	12.27	11.94
Net loans and leases to assets	60.72	61.27	66.53	67.64	63.36	64.76	54.67	55.74
Securities to assets	24.99	23.76	21.66	20.19	23.12	21.51	17.07	16.32
Appreciation in securities (% of par)	-1.04	-1.63	-0.83	-1.50	-0.92	-1.47	-0.54	-1.88
Residential mortgage assets to assets	20.36	19.13	21.46	20.16	25.61	21.99	23.87	24.31
Total deposits to assets	83.85	83.21	81.31	81.57	69.59	71.37	63.17	63.34
Core deposits to assets	70.82	69.12	66.75	64.99	55.97	55.20	42.36	41.28
Volatile liabilities to assets	14.91	16.14	18.95	20.84	26.57	27.98	35.52	37.13

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured commercial banks by asset size
 First quarter 2005 and first quarter 2006
 (Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1	2005Q1	2006Q1
Percent of loans past due 30-89 days								
Total loans and leases	1.45	1.42	0.92	0.90	0.74	0.75	0.81	0.82
Loans secured by real estate (RE)	1.31	1.28	0.83	0.82	0.63	0.65	0.70	0.70
1- to 4-family residential mortgages	1.78	1.70	1.23	1.24	0.87	0.88	0.89	0.86
Home equity loans	0.64	0.53	0.37	0.49	0.33	0.39	0.36	0.48
Multifamily residential mortgages	0.80	0.77	0.63	0.71	0.42	0.53	0.62	0.57
Commercial RE loans	1.02	1.03	0.66	0.61	0.52	0.56	0.54	0.48
Construction RE loans	0.93	1.03	0.72	0.71	0.70	0.63	0.59	0.65
Commercial and industrial loans	1.60	1.62	1.10	1.03	0.86	0.91	0.50	0.66
Loans to individuals	2.29	2.22	1.53	1.59	1.28	1.26	1.61	1.65
Credit cards	2.03	2.12	2.39	3.07	1.44	1.28	1.96	2.09
Installment loans and other plans	2.33	2.26	1.51	1.48	1.29	1.31	1.44	1.47
All other loans and leases	1.32	1.28	0.90	0.86	0.61	0.66	0.44	0.39
Percent of loans noncurrent								
Total loans and leases	0.96	0.91	0.68	0.64	0.67	0.57	0.84	0.74
Loans secured by real estate (RE)	0.83	0.83	0.61	0.58	0.60	0.50	0.65	0.75
1- to 4-family residential mortgages	0.91	0.89	0.66	0.65	0.67	0.64	0.83	1.04
Home equity loans	0.21	0.30	0.19	0.23	0.19	0.26	0.18	0.33
Multifamily residential mortgages	0.50	0.60	0.43	0.43	0.21	0.27	0.38	0.45
Commercial RE loans	0.90	0.94	0.69	0.63	0.72	0.55	0.68	0.56
Construction RE loans	0.50	0.64	0.43	0.46	0.49	0.34	0.46	0.39
Commercial and industrial loans	1.48	1.35	1.01	0.93	0.98	0.88	1.03	0.62
Loans to individuals	0.90	0.81	0.62	0.66	0.54	0.50	1.42	1.23
Credit cards	1.13	1.21	2.10	2.14	1.15	1.11	1.81	1.85
Installment loans and other plans	0.91	0.82	0.52	0.52	0.36	0.30	1.21	0.86
All other loans and leases	0.99	0.84	0.74	0.57	0.63	0.57	0.34	0.20
Percent of loans charged-off, net								
Total loans and leases	0.12	0.11	0.17	0.13	0.28	0.21	0.64	0.43
Loans secured by real estate (RE)	0.04	0.03	0.03	0.03	0.06	0.05	0.07	0.07
1- to 4-family residential mortgages	0.07	0.06	0.06	0.05	0.06	0.06	0.07	0.07
Home equity loans	0.03	0.04	0.04	0.03	0.08	0.14	0.10	0.15
Multifamily residential mortgages	0.01	0.09	0.03	0.01	0.00	0.00	0.02	0.05
Commercial RE loans	0.03	0.02	0.03	0.02	0.06	0.02	0.03	0.03
Construction RE loans	0.03	0.01	0.02	0.02	0.06	0.05	0.05	0.01
Commercial and industrial loans	0.25	0.27	0.35	0.25	0.46	0.33	0.17	0.15
Loans to individuals	0.50	0.45	1.06	1.06	1.50	1.18	2.83	1.94
Credit cards	2.04	1.75	6.47	5.75	2.91	1.78	4.65	3.16
Installment loans and other plans	0.48	0.43	0.54	0.52	1.04	0.97	1.21	0.97
All other loans and leases	0.05	0.11	0.21	0.10	0.19	0.29	0.13	0.10
Loans outstanding (\$)								
Total loans and leases	\$115,591	\$110,916	\$649,603	\$693,469	\$626,096	\$703,419	\$3,588,873	\$3,990,813
Loans secured by real estate (RE)	73,302	70,709	474,638	514,356	416,406	482,593	1,754,837	1,985,750
1- to 4-family residential mortgages	28,039	26,067	136,218	139,675	124,674	126,839	838,607	960,425
Home equity loans	2,617	2,377	27,598	25,671	34,690	34,310	349,130	364,815
Multifamily residential mortgages	1,567	1,531	17,345	17,991	22,714	29,344	47,642	51,110
Commercial RE loans	22,714	22,029	191,174	202,233	157,011	179,522	313,100	345,606
Construction RE loans	8,360	9,036	81,314	106,265	69,795	102,605	151,279	204,775
Farmland loans	10,005	9,668	20,956	22,492	6,509	8,301	7,653	8,150
RE loans from foreign offices	0	0	32	29	1,013	1,672	47,425	50,869
Commercial and industrial loans	18,509	17,589	101,337	104,271	117,450	128,078	706,497	818,530
Loans to individuals	11,112	10,064	45,323	44,329	61,766	62,176	698,624	704,832
Credit cards	172	180	3,508	4,383	15,162	15,857	318,026	296,617
Other revolving credit plans	174	159	1,399	1,516	2,375	1,920	34,399	36,327
Installment loans	10,765	9,726	40,416	38,430	44,230	44,400	346,199	371,889
All other loans and leases	12,738	12,614	28,849	31,108	31,023	31,172	430,676	483,607
Less: Unearned income	70	59	544	595	549	600	1,761	1,907

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

NEW table: Key indicators, FDIC-insured national banks by OCC district
First quarter 2006

(Dollar figures in millions)

	Northeast	Central	Western	Southern	Large Banks	Midsize	All Institutions
Number of institutions reporting	189	464	369	639	64	65	1,799
Total employees (FTEs)	27,686	36,148	28,904	53,702	972,099	73,396	1,192,489
Selected income data (\$)							
Net income	\$302	\$393	\$404	\$508	\$18,547	\$930	\$21,084
Net interest income	925	1,151	1,147	1,546	36,829	2,415	44,031
Provision for loan losses	27	48	82	68	3,933	67	4,227
Noninterest income	480	325	368	494	37,438	1,460	40,569
Noninterest expense	937	887	860	1,314	42,958	2,382	49,359
Net operating income	305	394	398	511	18,471	949	21,030
Cash dividends declared	182	169	137	231	7,888	550	9,156
Net charge-offs	18	30	59	30	3,569	71	3,778
Selected condition data (\$)							
Total assets	118,430	127,233	102,479	163,258	5,470,719	283,888	6,268,441
Total loans and leases	72,791	85,350	68,489	102,280	3,019,433	178,225	3,527,896
Reserve for losses	824	1,106	840	1,270	38,502	2,110	44,671
Securities	31,154	29,077	22,543	39,294	792,623	70,675	985,916
Other real estate owned	23	91	68	157	1,841	102	2,284
Noncurrent loans and leases	345	656	380	601	24,304	931	27,230
Total deposits	90,977	101,888	80,938	134,933	3,344,161	216,254	3,970,853
Domestic deposits	90,258	101,864	80,922	134,371	2,514,355	214,738	3,138,005
Equity capital	12,114	12,531	10,858	15,893	554,447	25,360	631,519
Off-balance-sheet derivatives	7,642	2,176	4,070	2,323	108,175,102	40,722	108,232,085
Performance ratios (annualized %)							
Return on equity	10.10	12.65	15.41	13.01	13.83	14.74	13.77
Return on assets	1.03	1.24	1.61	1.26	1.39	1.31	1.37
Net interest income to assets	3.15	3.63	4.57	3.84	2.75	3.41	2.87
Loss provision to assets	0.09	0.15	0.33	0.17	0.29	0.10	0.28
Net operating income to assets	1.04	1.24	1.58	1.27	1.38	1.34	1.37
Noninterest income to assets	1.63	1.02	1.46	1.23	2.80	2.06	2.64
Noninterest expense to assets	3.19	2.80	3.42	3.26	3.21	3.36	3.22
Loss provision to loans and leases	0.15	0.23	0.49	0.27	0.53	0.15	0.49
Net charge-offs to loans and leases	0.10	0.14	0.35	0.12	0.48	0.16	0.43
Loss provision to net charge-offs	153.23	161.52	140.45	226.68	110.21	95.48	111.90
Performance ratios (%)							
Percent of institutions unprofitable	6.88	3.66	4.34	5.32	3.13	6.15	4.95
Percent of institutions with earnings gains	52.38	52.37	59.35	64.16	56.25	61.54	58.31
Nonint. income to net operating revenue	34.14	22.01	24.27	24.22	50.41	37.67	47.95
Nonint. expense to net operating revenue	66.66	60.15	56.76	64.40	57.84	61.48	58.34
Condition ratios (%)							
Nonperforming assets to assets	0.32	0.59	0.44	0.47	0.48	0.37	0.47
Noncurrent loans to loans	0.47	0.77	0.55	0.59	0.80	0.52	0.77
Loss reserve to noncurrent loans	239.08	168.71	221.30	211.13	158.42	226.64	164.05
Loss reserve to loans	1.13	1.30	1.23	1.24	1.28	1.18	1.27
Equity capital to assets	10.23	9.85	10.60	9.73	10.13	8.93	10.07
Leverage ratio	8.50	9.35	9.76	9.27	7.12	7.75	7.33
Risk-based capital ratio	13.52	13.64	13.98	14.06	11.91	12.09	12.07
Net loans and leases to assets	60.77	66.21	66.01	61.87	54.49	62.04	55.57
Securities to assets	26.31	22.85	22.00	24.07	14.49	24.90	15.73
Appreciation in securities (% of par)	-1.60	-1.34	-1.28	-1.74	-1.81	-2.40	-1.82
Residential mortgage assets to assets	31.90	21.86	19.84	21.29	23.32	32.80	23.77
Total deposits to assets	76.82	80.08	78.98	82.65	61.13	76.18	63.35
Core deposits to assets	63.49	64.90	64.88	65.75	38.94	64.70	42.22
Volatile liabilities to assets	20.21	21.34	20.04	21.38	38.65	21.63	36.43

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

NEW table: Loan performance, FDIC-insured national banks by OCC district
First quarter 2006
(Dollar figures in millions)

	Northeast	Central	Western	Southern	Large Banks	Midsize	All Insitutions
Percent of loans past due 30-89 days							
Total loans and leases	0.59	0.94	0.73	0.85	0.88	0.59	0.86
Loans secured by real estate (RE)	0.51	0.88	0.62	0.77	0.76	0.45	0.74
1- to 4-family residential mortgages	0.54	1.29	0.81	1.18	0.94	0.46	0.91
Home equity loans	0.42	0.48	0.30	0.38	0.50	0.26	0.48
Multifamily residential mortgages	0.33	1.25	0.50	0.34	0.70	0.25	0.65
Commercial RE loans	0.51	0.68	0.45	0.55	0.50	0.44	0.51
Construction RE loans	0.41	0.65	0.76	0.75	0.69	0.58	0.68
Commercial and industrial loans	0.93	0.95	1.03	0.86	0.73	0.85	0.75
Loans to individuals	0.77	1.32	1.22	1.43	1.73	1.10	1.69
Credit cards	1.20	5.62	1.19	1.12	2.16	1.80	2.15
Installment loans and other plans	0.87	1.21	1.30	1.48	1.55	1.00	1.51
All other loans and leases	0.50	1.11	0.88	0.82	0.34	0.51	0.37
Percent of loans noncurrent							
Total loans and leases	0.47	0.77	0.55	0.59	0.80	0.52	0.77
Loans secured by real estate (RE)	0.43	0.76	0.49	0.50	0.83	0.45	0.77
1- to 4-family residential mortgages	0.32	0.88	0.55	0.57	1.13	0.41	1.05
Home equity loans	0.21	0.26	0.32	0.23	0.36	0.22	0.35
Multifamily residential mortgages	0.32	0.27	0.27	0.40	0.48	0.71	0.47
Commercial RE loans	0.62	1.03	0.51	0.53	0.57	0.59	0.60
Construction RE loans	0.29	0.55	0.31	0.43	0.43	0.34	0.41
Commercial and industrial loans	0.86	1.01	0.83	1.07	0.62	0.79	0.65
Loans to individuals	0.16	0.45	0.45	0.42	1.34	0.57	1.28
Credit cards	1.15	2.06	0.72	0.85	1.92	1.62	1.91
Installment loans and other plans	0.18	0.41	0.45	0.40	0.98	0.37	0.92
All other loans and leases	0.51	0.58	0.66	0.47	0.23	0.30	0.24
Percent of loans charged-off, net							
Total loans and leases	0.10	0.14	0.35	0.12	0.48	0.16	0.43
Loans secured by real estate (RE)	0.01	0.05	0.01	0.02	0.07	0.04	0.07
1- to 4-family residential mortgages	0.01	0.10	0.03	0.03	0.07	0.04	0.07
Home equity loans	0.05	0.07	0.03	0.12	0.14	0.10	0.14
Multifamily residential mortgages	0.02	0.02	-0.01	0.03	0.05	0.02	0.04
Commercial RE loans	0.01	0.02	-0.01	-0.01	0.03	0.05	0.02
Construction RE loans	0.00	0.03	0.04	0.02	0.01	0.00	0.01
Commercial and industrial loans	0.34	0.07	0.24	0.30	0.16	0.28	0.17
Loans to individuals	0.37	1.25	5.80	0.57	2.11	0.86	2.05
Credit cards	1.84	23.48	1.37	2.49	3.26	3.00	3.27
Installment loans and other plans	0.36	0.41	6.15	0.46	1.11	0.40	1.09
All other loans and leases	0.29	0.12	0.17	0.22	0.07	0.13	0.07
Loans outstanding (\$)							
Total loans and leases	\$72,791	\$85,350	\$68,489	\$102,280	\$3,019,433	\$178,225	\$3,527,896
Loans secured by real estate (RE)	53,502	61,267	49,286	71,992	1,434,675	118,736	1,790,443
1- to 4-family residential mortgages	22,702	18,527	10,013	20,201	748,067	41,618	861,453
Home equity loans	3,658	4,339	2,923	2,685	292,025	11,024	316,687
Multifamily residential mortgages	1,835	3,844	1,820	2,140	29,682	5,292	44,794
Commercial RE loans	19,850	19,817	19,539	27,657	204,312	37,159	328,724
Construction RE loans	4,749	9,704	11,705	16,639	111,835	22,639	177,324
Farmland loans	707	3,472	3,286	2,669	4,921	1,005	16,061
RE loans from foreign offices	0	1,565	1	2	43,832	0	45,400
Commercial and industrial loans	10,788	13,695	11,213	16,857	629,549	35,784	718,062
Loans to individuals	6,054	5,870	3,339	8,867	566,251	14,233	604,628
Credit cards	44	210	233	437	250,606	2,399	253,930
Other revolving credit plans	694	210	195	205	32,999	514	34,817
Installment loans	5,317	5,450	2,911	8,226	282,646	11,319	315,881
All other loans and leases	2,529	4,545	4,722	4,640	390,718	9,548	416,856
Less: Unearned income	82	27	71	77	1,760	76	2,092

Glossary

Data Sources

Data are from the Federal Financial Institutions Examination Council (FFIEC) Reports of Condition and Income (call reports) submitted by all FDIC-insured, national-chartered and state-chartered commercial banks and trust companies in the United States and its territories. Uninsured banks, savings banks, savings associations, and U.S. branches and agencies of foreign banks are excluded from these tables. All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state.

The data are stored on and retrieved from the OCC's Integrated Banking Information System (IBIS), which is obtained from the FDIC's Research Information System (RIS) database.

Computation Methodology

For performance ratios constructed by dividing an income statement (flow) item by a balance sheet (stock) item, the income item for the period was annualized (multiplied by the number of periods in a year) and divided by the average balance sheet item for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, prior period(s) balance sheet items of "acquired" institution(s) are included in balance sheet averages because the year-to-date income reported by the "acquirer" includes the year-to-date results of "acquired" institutions. No adjustments are made for "purchase accounting" mergers because the year-to-date income reported by the "acquirer" does not include the prior-to-merger results of "acquired" institutions.

Definitions

Commercial real estate loans—loans secured by nonfarm nonresidential properties.

Construction real estate loans—includes loans for all property types under construction, as well as loans for land acquisition and development.

Core deposits—the sum of transaction deposits plus savings deposits plus small time deposits (under \$100,000).

IBIS—the OCC's Integrated Banking Information System.

Leverage ratio—Tier 1 capital divided by adjusted tangible total assets.

Loans to individuals—includes outstanding credit card balances and other secured and unsecured installment loans.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Net charge-offs to loan and lease reserve—total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

Net loans and leases to assets—total loans and leases net of the reserve for losses.

Net operating income—income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

Net operating revenue—the sum of net interest income plus noninterest income.

Noncurrent loans and leases—the sum of loans and leases 90 days or more past due plus loans and leases in nonaccrual status.

Nonperforming assets—the sum of noncurrent loans and leases plus noncurrent debt securities and other assets plus other real estate owned.

Number of institutions reporting—the number of institutions that actually filed a financial report.

Off-balance-sheet derivatives—the notional value of futures and forwards, swaps, and options contracts; beginning March 31, 1995, new reporting detail permits the exclusion of spot foreign exchange contracts. For March 31, 1984 through December 31, 1985, only foreign exchange futures and forwards contracts were reported; beginning March 31, 1986, interest rate swaps contracts were reported; beginning March 31, 1990, banks began to report interest rate and other futures and forwards contracts, foreign exchange and other swaps contracts, and all types of option contracts.

Other real estate owned—primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances.

Percent of institutions unprofitable—the percent of institutions with negative net income for the respective period.

Percent of institutions with earnings gains—the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

Reserve for losses—the sum of the allowance for loan and lease losses plus the allocated transfer risk reserve.

Residential mortgage assets—the sum of 1- to 4-family residential mortgages plus mortgage-backed securities.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Return on assets (ROA)—net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets.

Return on equity (ROE)—net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

Risk-based capital ratio—total capital divided by risk-weighted assets.

Risk-weighted assets—assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk weights that range from zero to 100 percent.

Securities—excludes securities held in trading accounts. Effective March 31, 1994 with the full implementation of Financial Accounting Standard (FAS) 115, securities classified by banks as “held-to-maturity” are reported at their amortized cost, and securities classified a “available-for-sale” are reported at their current fair (market) values.

Securities gains (losses)—net pre-tax realized gains (losses) on held-to-maturity and available-for-sale securities.

Total capital—the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries less goodwill and other ineligible intangible assets. Tier 2 capital consists of subordinated debt plus intermediate-term preferred stock plus cumulative long-term preferred stock plus a portion of a bank’s allowance for loan and lease losses. The amount of eligible intangibles (including mortgage servicing rights) included in Tier 1 capital and the amount of the allowance included in Tier 2 capital are limited in accordance with supervisory capital regulations.

Volatile liabilities—the sum of large-denomination time deposits plus foreign-office deposits plus federal funds purchased plus securities sold under agreements to repurchase plus other borrowings. Beginning March 31, 1994, new reporting detail permits the exclusion of other borrowed money with original maturity of more than one year; previously, all other borrowed money was included. Also beginning March 31, 1994, the newly reported “trading liabilities less revaluation losses on assets held in trading accounts” is included.



25th Anniversary

RECENT LICENSING
DECISIONS

RECENT LICENSING DECISIONS

Cases Published during January, February, and March 2006

Community Reinvestment Act (CRA) Decision

On December 22, 2005, the OCC approved the application to merge Hudson United Bank, Mahwah, New Jersey, (Hudson) into TD Banknorth, National Association, Portland, Maine, under the charter and title of the latter. The OCC received comments from two community organizations opposing the merger because of concerns that TD Banknorth has not reinvested in lower income and minority communities, possessed no experience in the urban inner city, has not developed working relationships with community-based organizations, has a low level of lending to minorities and higher denials rates compared to whites, and may potentially close branches in lower-income communities resulting from the merger. After considering TD Banknorth's response to the commenters and its latest CRA performance evaluation issued by the OCC with an "outstanding" rating as well as other findings, the OCC determined that the applicants' records of CRA performance are consistent with approval of the proposed transaction. The OCC also determined not to conduct a public hearing requested by one commenter because the commenter did not indicate why written submissions would be insufficient to make an adequate presentation of issues or facts to the OCC. [CRA Decision No. 131]

Federal Branch

On January 3, 2006, the OCC granted preliminary conditional approval for La Caisse centrale Desjardins du Québec (CCD) to establish a limited federal branch with the title Caisse centrale Desjardins U.S. Branch to be located in Hallandale, Florida. This conditional approval was subject to standard conditions imposed on initial federal branch applications. These conditions are enforceable under 12 CFR 1818. Federal branch applications are infrequent. [Conditional Approval No. 727]

Operating Subsidiary

On February 16, 2006, the OCC conditionally approved the application filed by CornerBank, N.A., Winfield, Kansas to establish a wholly owned operating subsidiary to provide Internet access to its customers and nonbank customers as part of its package of Internet banking services. The bank will acquire all the assets and liabilities of BroadBand Kansas, Inc., Winfield, Kansas (BroadBand), a Kansas corporation and a high-speed Internet service provider (ISP), including its related contract with Cox Communications. In addition, the bank will purchase certain assets, customer accounts, and contract rights of Key Creations, Inc., Udall, Kansas (Key), a Kansas corporation. Key, a dial-up ISP, provides services to the bank's existing customers and also to some nonbank customers. The name of the newly established operating subsidiary is Right Angle Internet and Networking, Inc. This conditional approval was subject to the condition that the bank may offer ISP services to the existing nonbank customers of Key and BroadBand for a two-year period from the date of acquisition, but may not sell ISP services to new nonbank customers unless it provides information satisfactory to demonstrate compliance with 12 CFR 7.5004 and obtains the OCC's prior approval. [Conditional Approval No. 733]



25th Anniversary

APPEALS PROCESS

APPEALS PROCESS

Appeal of Community Reinvestment Act (CRA) Performance Evaluation Rating

Background

The board appealed the OCC supervisory office's decision to assign a CRA performance rating of "needs to improve." The board disagreed with this rating because they believed they were penalized for their strategy to seek lending activities outside of their assessment area (AA). Management believed that this endeavor improved their ability to lend within their market by offering fixed-rate loans. However, this practice resulted in a majority of the current lending activities taking place outside of their delineated AA, an area more narrowly focused than their generally targeted market. The OCC supervisory office stated that the "needs to improve" rating was based on poor lending levels within the bank's delineated AA. They also stated that, while the bank had the capacity and opportunity to help meet the residential and business credit needs in their AA, management directed lending activities to a market 60 miles away.

Discussion

The ombudsman conducted a review of the information submitted by the bank and support documentation from the supervisory office. The review included meetings with the bank's senior management team as well as with members of the supervisory office.

The OCC concluded that the CRA rating was based on poor lending levels within the bank's AA. Although there were opportunities to help meet credit needs in the bank's AA, management's decision to pursue a lending strategy to purchase brokered, fixed-rate loans resulted in a very low level of lending within the AA. The number and dollar amounts of reportable Home Mortgage Disclosure Act loans and commercial loans originated in the AA were 29 percent and 36 percent, respectively, for the evaluation period. Management entered into the mortgage broker relationship to improve profitability by expanding its servicing portfolio (servicing loans sold in the secondary market) and also to retain some of the mortgages to replace existing mortgages refinanced elsewhere.

Conclusion

The ombudsman gave consideration to the cumulative factors listed in the CRA performance evaluation, the performance context, and management's supporting documentation, including their acknowledgement of additional lending opportunities existing within the AA. As a result of his review, the ombudsman opined that the rating assigned by the supervisory office at the time of the examination was appropriate.



25th Anniversary

SPEECHES AND
CONGRESSIONAL TESTIMONY

SPEECHES AND CONGRESSIONAL TESTIMONY

2/2/2006, Comptroller Dugan Praises Interagency Effort to Overhaul Privacy Notices; Supports Efforts to Develop Federal Standards to Protect Consumer Financial Data, (speech, www.occ.treas.gov/ftp/release/2006-8a.pdf)

2/3/2006, Comptroller Dugan Underscores Bank Responsibility for Model Validation, (speech, www.occ.treas.gov/ftp/release/2006-11a.pdf)

3/1/2006, OCC Chief Counsel Williams Testifies on Regulatory Relief, (testimony, www.occ.treas.gov/ftp/release/2006-25b.pdf)

3/2/2006, Comptroller Dugan Says to Hard-Pressed Gulf Communities That Regulators “Are Determined to Do Everything We Can to Be Helpful,” (speech, www.occ.treas.gov/ftp/release/2006-27a.pdf)

3/9/2006, Comptroller Dugan Speaks to Independent Community Bankers, (speech, www.occ.treas.gov/ftp/release/2006-28a.pdf)

3/13/2006, Comptroller Dugan Says Basel II Transition Should Move Forward, But With Significant Safeguards to Protect Banking System, (speech, www.occ.treas.gov/ftp/release/2006-30a.pdf)

3/30/2006, OCC Chief Counsel Williams Highlights Need for Improved Consumer Financial Disclosures, (speech, www.occ.treas.gov/ftp/release/2006-40a.pdf)



25th Anniversary



INTERPRETATIONS

INTERPRETATIONS

January [**Interpretations and Actions**]

1046, 12/14/2005, National bank may make an equity investment in a LLC that will fund venture capital investments in small businesses.

1047, 12/20/2005, Letter concludes that a national trust company may sponsor a closed-end investment fund that will be exempt from registration under the Investment Company Act of 1940. Letter also concludes that because the fund's underlying portfolio consists of bank eligible investments, the particular types of national banks proposed may purchase the described fund shares pursuant to 12 CFR 1.3(h)(2), subject to specific safe and sound banking practices and a 1 percent aggregate investment limitation.

1048, 12/21/2005, National bank may extend credit to wind energy project and hold an indirect interest in real estate held by the project by acquiring an interest in the LLC that owns the project. The proposed structure facilitates the provision of financing by permitting the bank to receive federal tax credits and reducing the cost of financing.

1048a, (Written 2/27/2006, published 3/3/2006; repeated here), Letter restates the restrictions and limitations associated with a transaction involving a wind energy project discussed in OCC Interpretive Letter No. 1048 (above).

1049, 1/17/2006, Letter determines the appropriate credit conversion factor and risk weights to apply to a multipurpose loan commitment.

February [**Interpretations and Actions**]

1050, 1/25/2006, Applies the lending limit pilot program's special limit for loans secured by a first-lien security interest in 1- to 4-family residential real estate to two loans to the same borrower. Security interests in the same residential real estate secure the mortgage loan and the home equity loan. The letter finds that the special limit is applicable to both as the loans are secured by liens second to no other lien holder.

INTERPRETATIONS

March [**Interpretations and Actions**]

1048a, 2/27/2006, Letter restates the restrictions and limitations associated with a transaction involving a wind energy project discussed in the January 2006 OCC Interpretive Letter No. 1048 (above).

1051, 2/15/2006, Letter provides confirmation that national bank may purchase and hold below-investment-grade debt in connection with a comprehensive program to hedge the counterparty credit risk exposure that arises from its derivatives activities. The letter concludes that the bank may engage in the transactions it proposes, when the bank's examiner-in-charge is satisfied that the bank has adequate risk management and measurement systems and controls and does not object to the activity.

1052, 11/30/2005, Letter applies lending limit combination rules to three credit programs contemplated by a national bank, in which the bank would make loans, or make or buy leases, to independent contractors. The letter finds that each of the programs results in loan combinations under the lending limit. In addition, the second program involves partial attribution of leases to the seller under the lending limit's third-party paper rule.

1053, 1/31/2006, Letter discusses OCC Interpretive Letters No. 1044, 1045, and 1048. Bank premises facilities must be established in good faith in furtherance of bank's business operations, and burden is on bank to demonstrate a legitimate business reason based on accommodating its banking business.

1054, 7/27/2005, Letter reviews OCC interpretive letters and federal case law that makes clear that state statutes that prohibit on-us check cashing fees do not apply to national bank.

1055, 8/2/2005, Letter reviews OCC interpretive letters and federal case law that makes clear that state statutes that prohibit on-us check cashing fees do not apply to national bank.



25th Anniversary

MERGERS

MERGERS—JANUARY 1 TO MARCH 31, 2006

	<i>Page</i>
Nonaffiliated mergers (mergers consummated involving two or more nonaffiliated operating banks) _____	32
Affiliated mergers (mergers consummated involving affiliated operating banks) _____	33
Affiliated mergers—thrift (mergers consummated involving affiliated national banks and savings and loan associations) _____	35

MERGERS

Nonaffiliated mergers (mergers consummated involving two or more nonaffiliated operating banks), from January 1 to March 31, 2006, by state

State	Title and location	Charter number	Total assets
California			
	Pacific Western National Bank, Santa Monica and Cedars Bank, Los Angeles, California	(017423)	1,599,378,000 485,711,000
	merged on January 4, 2006, under the title of Pacific Western National Bank, Santa Monica	(017423)	2,085,089,000
Illinois			
	Buena Vista National Bank of Chester, Chester and Citizens Community Bank of Decatur, Decatur, Illinois	(014479)	95,559,000 13,798,000
	merged on January 13, 2006, under the title of Buena Vista National Bank, Chester	(014479)	109,357,000
New Jersey			
	Sun National Bank, Vineland and Advantage Bank, Branchburg Township, New Jersey	(018606)	3,136,281,000 165,981,000
	merged on January 19, 2006, under the title of Sun National Bank, Vineland	(018606)	3,323,358,000
North Carolina			
	Western Financial Bank, National Association, Irvine and Wachovia Bank, National Association, Charlotte, North Carolina	(024648) (000001)	15,652,000,000 477,994,000,000
	merged on March 1, 2006, under the title of Wachovia Bank, National Association, Charlotte	(000001)	496,146,000,000
Ohio			
	The Huntington National Bank, Columbus and Unizan Bank, National Association, Canton, Ohio	(007745) (014501)	32,586,447,000 2,480,850,000
	and Unizan Financial Services Group, National Association, Canton, Ohio	(024399)	5,637,000
	merged on March 1, 2006, under the title of The Huntington National Bank, Columbus	(007745)	35,378,736,000
Pennsylvania			
	Commerce Bank, National Association, Philadelphia and Palm Beach County Bank, West Palm Beach, Florida	(017094)	23,988,062,000 350,128,000
	merged on December 5, 2005, under the title of Commerce Bank, National Association, Philadelphia	(017094)	24,338,190,000
Texas			
	The Frost National Bank, San Antonio and CF Interim National Bank, San Antonio, Texas	(005179) (024615)	9,881,168,000 396,766,000
	merged on October 7, 2005, under the title of The Frost National Bank, San Antonio	(005179)	10,351,997,000
	The Frost National Bank, San Antonio and Texas Community Bank and Trust, National Association, Dallas, Texas	(005179) (018302)	9,998,568,000 131,927,000
	merged on February 9, 2006, under the title of The Frost National Bank, San Antonio	(005179)	10,622,628,000

MERGERS

Affiliated mergers (mergers consummated involving affiliated operating banks), from January 1 to March 31, 2006, by state

State	Title and location	Charter number	Total assets
Arkansas	The First National Bank of De Queen, De Queen	(005929)	199,205,000
	and First National Bank, Waldron, Arkansas	(024553)	85,963,000
	and The First National Bank, Ashdown, Arkansas	(018373)	70,259,000
	merged on February 16, 2006, under the title of The First National Bank of De Queen, De Queen	(005929)	355,427,000
California	Pacific Capital Bank, National Association, Santa Barbara	(024319)	6,017,399,000
	and First Bank of San Luis Obispo, San Luis Obispo, California		279,565,000
	merged on August 1, 2005, under the title of Pacific Capital Bank, National Association, Santa Barbara	(024319)	6,337,321,000
	Rabobank, National Association, El Centro	(024583)	3,021,373,000
and Community Bank of Central California, Salinas, California		1,219,507,000	
merged on January 31, 2006, under the title of Rabobank, National Association, El Centro	(024583)	4,500,759,000	
Colorado	Grand Valley National Bank, Grand Junction	(018058)	154,184,000
	and Heber Valley National Bank, Heber City, Utah	(024009)	29,835,000
	merged on December 30, 2005, under the title of Grand Valley National Bank, Grand Junction	(018058)	184,019,000
	Peak National Bank, Nederland	(021121)	193,341,000
and First State Bank, Idaho Springs, Colorado		35,317,000	
merged on December 31, 2005, under the title of Peak National Bank, Nederland	(021121)	228,658,000	
Florida	First National Bank of Polk County, Winter Haven	(022311)	175,084,000
	and CenterState Bank of Florida, Winter Haven, Florida		173,636,000
	merged on January 20, 2006, under the title of CenterState Bank of Florida, National Association, Winter Haven	(022311)	348,720,000
Illinois	The National Bank, Edina	(024555)	38,989,000
	and The National Bank, Bettendorf, Iowa	(024171)	422,762,000
	merged on January 31, 2006, under the title of The National Bank, Moline	(024555)	461,751,000
	Harris National Association, Chicago	(014583)	33,078,654,000
and NLSB, Plainfield, Illinois		1,092,159,000	
merged on February 17, 2006, under the title of Harris National Association, Chicago	(014583)	34,336,394,000	
Indiana	First Merchants Bank, National Association, Muncie	(002234)	766,775,000
	and First United Bank, National Association, Middletown, Indiana	(024486)	91,821,000
	merged on December 31, 2005, under the title of First Merchants Bank, National Association, Muncie	(002234)	858,596,000
Maine	TD Banknorth, National Association, Portland	(024096)	31,690,679,000
	and Hudson United Bank, Mahwah, New Jersey		9,153,422,000
	merged on January 31, 2006, under the title of TD Banknorth, National Association, Portland	(024096)	42,305,399,000

MERGERS

Affiliated mergers (mergers consummated involving affiliated operating banks), from January 1 to March 31, 2006, by state continued

State	Title and location	Charter number	Total
Minnesota			
	The First National Bank of Menahga, Menahga and Security State Bank of Sebeka, Sebeka, Minnesota	(011740)	49,664,000
	merged on March 17, 2006, under the title of The First National Bank of Menahga, Menahga	(011740)	24,346,000
			75,710,000
Mississippi			
	Cadence Bank, National Association, Starkville and Enterprise National Bank, Memphis, Tennessee	(003656) (021972)	1,090,158,000
	merged on November 10, 2005, under the title of Cadence Bank, National Association, Starkville	(003656)	321,886,000
			1,411,574,000
New York			
	Deutsche Bank Trust Company, National Association, New York and Deutsche Bank Trust Company Connecticut, National Association, Greenwich, Connecticut	(024452) (024453)	134,270,000
	merged on January 17, 2006, under the title of Deutsche Bank Trust Company, National Association, New York	(024452)	6,696,000
			140,966,000
	NBT Bank, National Association, Norwich and City National Bank and Trust Company, Gloversville, New York	(001354) (009305)	4,225,238,000
	merged on February 10, 2006, under the title of NBT Bank, National Association, Norwich	(001354)	418,930,000
			4,705,615,000
North Carolina			
	First National Bank and Trust Company, Asheboro and Alamance Bank, Graham, North Carolina	(008953)	906,604,000
	merged on February 1, 2006, under the title of First National Bank and Trust Company, Asheboro	(008953)	144,302,000
			1,107,579,000
Pennsylvania			
	First Fidelity Bank, National Association, Pennsylvania, Philadelphia and Merchants Bank (North), Wilkes-Barre, Pennsylvania	(000355)	7,989,440,000
	merged on June 18, 1993, under the title of First Fidelity Bank, National Association, Pennsylvania, Philadelphia	(000355)	649,357,000
			8,638,797,000
South Carolina			
	South Carolina Bank and Trust, National Association, Orangeburg and SunBank, National Association, Murrells Inlet, South Carolina	(013918) (024003)	1,607,145,000
	merged on March 25, 2006, under the title of South Carolina Bank and Trust, National Association, Orangeburg	(013918)	115,019,000
			1,714,367,000
Tennessee			
	Pinnacle National Bank, Nashville and Cavalry Banking, Murfreesboro, Tennessee	(024083)	872,976,000
	merged on March 27, 2006, under the title of Pinnacle National Bank, Nashville	(024083)	604,656,000
			1,596,400,000
Texas			
	First National Bank in Port Lavaca, Port Lavaca and Seaport Bank, Seadrift, Texas	(014821)	164,371,000
	merged on February 28, 2006, under the title of First National Bank in Port Lavaca, Port Lavaca	(014821)	25,045,000
			183,423,000

MERGERS

Affiliated mergers—thrift (mergers consummated involving affiliated national banks and savings and loan associations), from January 1 to March 31, 2006, by state

State	Title and location	Charter number	Total assets
Florida	Tarpon Coast National Bank, Port Charlotte	(023519)	151,956,000
	and Busey Bank Florida, Fort Meyers, Florida		241,375,000
	merged on February 17, 2006, under the title of Busey Bank, National Association, Port Charlotte	(023519)	151,956,000
Illinois	Park National Bank, Chicago	(024634)	1,189,858,000
	and First Bank of Oak Park, Oak Park, Illinois		278,242,000
	and Cosmopolitan Bank and Trust, Chicago, Illinois		412,337,000
	and Park National Bank and Trust of Chicago, Chicago, Illinois	(014649)	284,755,000
	and Regency Savings Bank, FSB, Naperville, Illinois		1,372,557,000
	merged on January 1, 2006, under the title of Park National Bank, Chicago	(024634)	3,469,749,000
Kansas	Landmark National Bank, Manhattan	(023038)	466,321,000
	and First Savings Bank, F.S.B., Manhattan, Kansas		134,264,000
	merged on January 1, 2006, under the title of Landmark National Bank, Manhattan	(023038)	600,585,000
Pennsylvania	National Penn Bank, Boyertown	(002137)	4,549,028,000
	and Nittany Bank, State College, Pennsylvania		347,870,000
	merged on March 27, 2006, under the title of National Penn Bank, Boyertown	(002137)	4,966,869,000



25th Anniversary

FINANCIAL PERFORMANCE
OF NATIONAL BANKS

FINANCIAL PERFORMANCE OF NATIONAL BANKS—JANUARY 1 TO MARCH 31, 2006

Contents

	<i>Page</i>
Assets, liabilities, and capital accounts of national banks, March 31, 2005, and March 31, 2006 _____	38
Quarterly income and expenses of national banks, first quarter 2005 and first quarter 2006 ____	39
Year-to-date income and expenses of national banks, through March 31, 2005, and through March 31, 2006 _____	40
Assets of national banks by asset size, March 31, 2006 _____	41
Past-due and nonaccrual loans and leases of national banks by asset size, March 31, 2006 ____	42
Liabilities of national banks by asset size, March 31, 2006 _____	43
Off-balance-sheet items of national banks by asset size, March 31, 2006 _____	44
Quarterly income and expenses of national banks by asset size, first quarter 2006 _____	45
Year-to-date income and expenses of national banks by asset size, through March 31, 2006 ____	46
Quarterly net loan and lease losses of national banks by asset size, first quarter 2006 ____	47
Year-to-date net loan and lease losses of national banks by asset size, through March 31, 2006 _____	48
Number of national banks by state and asset size, March 31, 2006 _____	49
Total assets of national banks by state and asset size, March 31, 2006 _____	50

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Assets, liabilities, and capital accounts of national banks
March 31, 2005, and March 31, 2006
 (Dollar figures in millions)

	March 31, 2005	March 31, 2006	Change March 31, 2005- March 31, 2006 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
Number of institutions	1,897	1,799	(98)	(5.17)
Total assets	\$5,788,003	\$6,268,441	\$480,438	8.30
Cash and balances due from depositories	256,882	239,941	(16,940)	(6.59)
Noninterest-bearing balances, currency and coin	166,702	169,231	2,529	1.52
Interest bearing balances	90,180	70,711	(19,469)	(21.59)
Securities	933,560	985,916	52,356	5.61
Held-to-maturity securities, amortized cost	38,005	38,374	370	0.97
Available-for-sale securities, fair value	895,555	947,541	51,986	5.80
Federal funds sold and securities purchased	332,300	411,215	78,915	23.75
Net loans and leases	3,187,813	3,483,225	295,412	9.27
Total loans and leases	3,235,409	3,527,896	292,488	9.04
Loans and leases, gross	3,237,382	3,529,989	292,607	9.04
Less: Unearned income	1,973	2,092	119	6.05
Less: Reserve for losses	47,596	44,671	(2,925)	(6.14)
Assets held in trading account	484,028	503,377	19,348	4.00
Other real estate owned	1,563	2,284	721	46.09
Intangible assets	237,775	272,905	35,130	14.77
All other assets	354,082	369,577	15,495	4.38
Total liabilities and equity capital	5,788,003	6,268,441	480,438	8.30
Deposits in domestic offices	2,937,115	3,138,005	200,890	6.84
Deposits in foreign offices	732,006	832,848	100,842	13.78
Total deposits	3,669,121	3,970,853	301,732	8.22
Noninterest-bearing deposits	720,808	806,101	85,294	11.83
Interest-bearing deposits	2,948,313	3,164,752	216,438	7.34
Federal funds purchased and securities sold	430,433	512,027	81,594	18.96
Other borrowed money	536,986	555,307	18,321	3.41
Trading liabilities less revaluation losses	130,740	129,187	(1,553)	(1.19)
Subordinated notes and debentures	95,267	104,624	9,356	9.82
All other liabilities	342,957	364,923	21,966	6.40
Trading liabilities revaluation losses	134,062	135,988	1,925	1.44
Other	208,895	228,935	20,040	9.59
Total equity capital	582,499	631,519	49,020	8.42
Perpetual preferred stock	3,309	1,372	(1,936)	(58.52)
Common stock	13,889	14,573	685	4.93
Surplus	369,012	408,788	39,776	10.78
Retained earnings and other comprehensive income	188,052	189,516	1,464	0.78
Other equity capital components	(179)	(115)	64	NM

NM indicates calculated percent change is not meaningful.

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Quarterly income and expenses of national banks First quarter 2005 and first quarter 2006 (Dollar figures in millions)

	First quarter 2005	First quarter 2006	Change First quarter 2005- first quarter 2006 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
Number of institutions	1,897	1,799	(98)	(5.17)
Net income	\$19,452	\$21,084	\$1,632	8.39
Net interest income	42,646	44,031	1,385	3.25
Total interest income	65,384	81,577	16,193	24.77
On loans	48,165	59,956	11,790	24.48
From lease financing receivables	1,383	1,297	(86)	(6.24)
On balances due from depositories	778	1,103	325	41.83
On securities	10,210	11,621	1,411	13.82
From assets held in trading account	2,917	3,589	671	23.02
On federal funds sold and securities repurchased	1,489	3,622	2,133	143.26
Less: Interest expense	22,738	37,546	14,808	65.12
On deposits	13,751	22,920	9,169	66.68
Of federal funds purchased and securities sold	2,607	5,484	2,876	110.32
On demand notes and other borrowed money*	5,131	7,485	2,354	45.87
On subordinated notes and debentures	1,248	1,657	409	32.77
Less: Provision for losses	4,222	4,227	5	0.12
Noninterest income	37,039	40,569	3,530	9.53
From fiduciary activities	3,217	3,361	144	4.46
Service charges on deposits	5,531	5,941	409	7.40
Trading revenue	4,159	5,280	1,121	26.96
From interest rate exposures	1,587	1,316	(271)	(17.06)
From foreign exchange exposures	1,513	1,962	449	29.69
From equity security and index exposures	848	1,694	847	99.87
From commodity and other exposures	211	307	96	45.69
Investment banking brokerage fees	2,021	2,369	348	17.22
Venture capital revenue	198	49	(149)	NM
Net servicing fees	3,517	3,100	(417)	(11.84)
Net securitization income	4,542	5,335	792	17.45
Insurance commissions and fees	617	568	(49)	(7.88)
Insurance and reinsurance underwriting income	141	86	(55)	(38.90)
Income from other insurance activities	476	482	6	1.33
Net gains on asset sales	1,168	1,242	74	6.34
Sales of loans and leases	988	985	(3)	(0.34)
Sales of other real estate owned	24	18	(6)	(24.58)
Sales of other assets(excluding securities)	156	239	83	53.49
Other noninterest income	12,068	13,323	1,255	10.40
Gains/losses on securities	(126)	(202)	(76)	60.53
Less: Noninterest expense	46,230	49,359	3,129	6.77
Salaries and employee benefits	20,778	22,900	2,122	10.21
Of premises and fixed assets	6,085	5,987	(97)	(1.60)
Goodwill impairment losses	2	1	(1)	NM
Amortization expense and impairment losses	1,481	1,635	154	10.40
Other noninterest expense	17,885	18,837	953	5.33
Less: Taxes on income before extraordinary items	9,650	9,931	281	2.92
Income/loss from extraordinary items, net of income taxes	(5)	204	209	NM
Memoranda:				
Net operating income	19,527	21,030	1,503	7.70
Income before taxes and extraordinary items	29,107	30,811	1,705	5.86
Income net of taxes before extraordinary items	19,457	20,880	1,423	7.31
Cash dividends declared	8,512	9,156	644	7.56
Net charge-offs to loan and lease reserve	5,163	3,778	(1,386)	(26.84)
Charge-offs to loan and lease reserve	6,866	5,384	(1,483)	(21.59)
Less: Recoveries credited to loan and lease reserve	1,703	1,606	(97)	(5.70)

* Includes mortgage indebtedness

NM indicates calculated percent change is not meaningful.

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Year-to-date income and expenses of national banks
Through March 31, 2005, and through March 31, 2006
 (Dollar figures in millions)

	March 31,	March 31,	Change	
	2005	2006	March 31, 2005- March 31, 2006 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
Number of institutions	1,897	1,799	(98)	(5.17)
Net income	\$19,452	\$21,084	\$1,632	8.39
Net interest income	42,646	44,031	1,385	3.25
Total interest income	65,384	81,577	16,193	24.77
On loans	48,165	59,956	11,790	24.48
From lease financing receivables	1,383	1,297	(86)	(6.24)
On balances due from depositories	778	1,103	325	41.83
On securities	10,210	11,621	1,411	13.82
From assets held in trading account	2,917	3,589	671	23.02
On federal funds sold and securities repurchased	1,489	3,622	2,133	143.26
Less: Interest expense	22,738	37,546	14,808	65.12
On deposits	13,751	22,920	9,169	66.68
Of federal funds purchased and securities sold	2,607	5,484	2,876	110.32
On demand notes and other borrowed money*	5,131	7,485	2,354	45.87
On subordinated notes and debentures	1,248	1,657	409	32.77
Less: Provision for losses	4,222	4,227	5	0.12
Noninterest income	37,039	40,569	3,530	9.53
From fiduciary activities	3,217	3,361	144	4.46
Service charges on deposits	5,531	5,941	409	7.40
Trading revenue	4,159	5,280	1,121	26.96
From interest rate exposures	1,587	1,316	(271)	(17.06)
From foreign exchange exposures	1,513	1,962	449	29.69
From equity security and index exposures	848	1,694	847	99.87
From commodity and other exposures	211	307	96	45.69
Investment banking brokerage fees	2,021	2,369	348	17.22
Venture capital revenue	198	49	(149)	NM
Net servicing fees	3,517	3,100	(417)	(11.84)
Net securitization income	4,542	5,335	792	17.45
Insurance commissions and fees	617	568	(49)	(7.88)
Insurance and reinsurance underwriting income	141	86	(55)	(38.90)
Income from other insurance activities	476	482	6	1.33
Net gains on asset sales	1,168	1,242	74	6.34
Sales of loans and leases	988	985	(3)	(0.34)
Sales of other real estate owned	24	18	(6)	(24.58)
Sales of other assets(excluding securities)	156	239	83	53.49
Other noninterest income	12,068	13,323	1,255	10.40
Gains/losses on securities	(126)	(202)	(76)	60.53
Less: Noninterest expense	46,230	49,359	3,129	6.77
Salaries and employee benefits	20,778	22,900	2,122	10.21
Of premises and fixed assets	6,085	5,987	(97)	(1.60)
Goodwill impairment losses	2	1	(1)	NM
Amortization expense and impairment losses	1,481	1,635	154	10.40
Other noninterest expense	17,885	18,837	953	5.33
Less: Taxes on income before extraordinary items	9,650	9,931	281	2.92
Income/loss from extraordinary items, net of income taxes	(5)	204	209	NM
Memoranda:				
Net operating income	19,527	21,030	1,503	7.70
Income before taxes and extraordinary items	29,107	30,811	1,705	5.86
Income net of taxes before extraordinary items	19,457	20,880	1,423	7.31
Cash dividends declared	8,512	9,156	644	7.56
Net charge-offs to loan and lease reserve	5,163	3,778	(1,386)	(26.84)
Charge-offs to loan and lease reserve	6,866	5,384	(1,483)	(21.59)
Less: Recoveries credited to loan and lease reserve	1,703	1,606	(97)	(5.70)

* Includes mortgage indebtedness

NM indicates calculated percent change is not meaningful.

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Assets of national banks by asset size
March 31, 2006
 (Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Total assets	\$6,268,441	\$38,055	\$269,963	\$383,571	\$5,576,852	\$9,333,431
Cash and balances due from	239,941	2,001	10,772	15,520	211,649	370,444
Securities	985,916	10,230	60,928	82,828	831,930	1,631,500
Federal funds sold and securities purchased	411,215	1,963	10,087	16,491	382,674	490,207
Net loans and leases	3,483,225	22,017	172,008	238,945	3,050,255	5,429,508
Total loans and leases	3,527,896	22,334	174,213	241,947	3,089,402	5,498,616
Loans and leases, gross	3,529,989	22,352	174,373	242,088	3,091,176	5,501,777
Less: Unearned income	2,092	18	159	141	1,774	3,162
Less: Reserve for losses	44,671	316	2,205	3,002	39,147	69,108
Assets held in trading account	503,377	4	154	406	502,813	545,460
Other real estate owned	2,284	47	229	134	1,875	4,017
Intangible assets	272,905	142	3,350	12,392	257,021	338,153
All other assets	369,577	1,651	12,434	16,856	338,636	524,143
Gross loans and leases by type:						
Loans secured by real estate	1,790,443	14,167	125,155	158,828	1,492,293	3,053,408
1-4 family residential mortgages	861,453	5,536	38,113	50,001	767,803	1,253,006
Home equity loans	316,687	489	6,564	11,401	298,232	427,175
Multifamily residential mortgages	44,794	320	4,165	8,374	31,935	99,976
Commercial RE loans	328,724	4,521	49,215	52,405	222,583	749,390
Construction RE loans	177,324	1,521	20,840	32,215	122,748	422,680
Farmland loans	16,061	1,779	6,256	2,866	5,160	48,611
RE loans from foreign offices	45,400	0	2	1,565	43,832	52,570
Commercial and industrial loans	718,062	3,434	26,542	49,922	638,164	1,068,468
Loans to individuals	604,628	2,242	13,294	20,861	568,231	821,401
Credit cards	253,930	72	1,693	3,480	248,684	317,036
Other revolving credit plans	34,817	37	406	808	33,565	39,921
Installment loans	315,881	2,133	11,194	16,572	285,982	464,444
All other loans and leases	416,856	2,509	9,382	12,478	392,487	558,500
Securities by type:						
U.S. Treasury securities	29,511	409	1,468	2,726	24,908	52,658
Mortgage-backed securities	628,557	2,104	20,080	36,750	569,622	940,037
Pass-through securities	484,436	1,659	13,733	17,315	451,728	634,058
Collateralized mortgage obligations	144,121	446	6,347	19,435	117,893	305,980
Other securities	280,269	7,714	39,047	42,470	191,038	556,703
Other U.S. government securities	88,420	5,871	24,468	23,884	34,197	275,385
State and local government securities	62,733	1,634	12,318	7,996	40,785	124,522
Other debt securities	123,516	128	1,644	10,066	111,678	144,318
Equity securities	5,599	79	618	523	4,379	12,479
Memoranda:						
Agricultural production loans	20,579	2,120	5,524	2,656	10,279	49,156
Pledged securities	503,094	4,317	30,563	40,394	427,821	857,679
Book value of securities	1,003,568	10,386	61,811	83,515	847,856	1,658,850
Available-for-sale securities	965,194	8,939	54,069	74,711	827,475	1,530,562
Held-to-maturity securities	38,374	1,447	7,742	8,804	20,381	128,287
Market value of securities	985,304	10,209	60,831	82,733	831,532	1,629,530
Available-for-sale securities	947,541	8,783	53,186	74,024	811,548	1,503,213
Held-to-maturity securities	37,763	1,426	7,645	8,709	19,984	126,317

FINANCIAL PERFORMANCE OF NATIONAL BANKS

**Past-due and nonaccrual loans and leases of national banks by asset size
 March 31, 2006**

(Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Loans and leases past due 30-89 days	\$30,320	\$301	\$1,539	\$1,880	\$26,600	\$45,950
Loans secured by real estate	13,197	172	997	1,087	10,940	22,143
1- to 4-family residential mortgages	7,880	90	434	464	6,892	11,568
Home equity loans	1,535	2	32	40	1,461	2,018
Multifamily residential mortgages	293	2	20	63	209	585
Commercial RE loans	1,668	44	276	284	1,064	4,095
Construction RE loans	1,207	18	176	210	804	2,831
Farmland loans	128	17	59	20	31	456
RE loans from foreign offices	486	0	0	6	480	589
Commercial and industrial loans	5,373	54	277	529	4,513	7,892
Loans to individuals	10,228	48	188	203	9,789	13,374
Credit cards	5,471	2	39	62	5,369	6,543
Installment loans and other plans	4,756	46	149	141	4,420	6,831
All other loans and leases	1,523	26	78	60	1,358	2,540
Loans and leases past due 90+ days	12,864	53	255	255	12,301	16,203
Loans secured by real estate	5,514	28	165	107	5,214	7,130
1- to 4-family residential mortgages	4,933	15	62	78	4,777	5,825
Home equity loans	316	0	3	6	307	403
Multifamily residential mortgages	4	0	2	0	2	30
Commercial RE loans	126	7	52	10	57	477
Construction RE loans	112	2	32	11	67	282
Farmland loans	22	4	14	1	4	102
RE loans from foreign offices	0	0	0	0	0	11
Commercial and industrial loans	518	11	34	97	376	974
Loans to individuals	6,695	6	40	41	6,607	7,847
Credit cards	4,651	1	22	23	4,606	5,393
Installment loans and other plans	2,044	6	18	18	2,002	2,453
All other loans and leases	137	7	16	10	104	252
Nonaccrual loans and leases	14,303	178	913	1,084	12,129	22,818
Loans secured by real estate	8,294	108	642	655	6,889	13,758
1- to 4-family residential mortgages	4,112	33	186	189	3,703	6,080
Home equity loans	780	1	12	24	744	960
Multifamily residential mortgages	206	2	15	29	160	367
Commercial RE loans	1,834	51	298	318	1,166	3,948
Construction RE loans	621	8	100	71	443	1,410
Farmland loans	133	12	32	25	64	313
RE loans from foreign offices	609	0	0	0	609	680
Commercial and industrial loans	4,152	45	205	306	3,597	6,427
Loans to individuals	1,055	9	33	58	955	1,532
Credit cards	204	0	6	30	168	375
Installment loans and other plans	851	9	27	28	787	1,157
All other loans and leases	866	17	32	66	751	1,189

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Liabilities of national banks by asset size
March 31, 2006
(Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Total liabilities and equity capital	6,268,441	38,055	269,963	383,571	5,576,852	9,333,431
Deposits in domestic offices	3,138,005	31,862	218,597	264,165	2,623,381	5,230,117
Deposits in foreign offices	832,848	14	273	2,950	829,611	987,747
Total deposits	3,970,853	31,876	218,870	267,114	3,452,993	6,217,864
Noninterest bearing	806,101	6,022	37,603	43,911	718,565	1,174,647
Interest bearing	3,164,752	25,854	181,266	223,203	2,734,428	5,043,217
Federal funds purchased and securities sold	512,027	480	7,668	28,230	475,650	704,099
Other borrowed funds	555,307	969	12,419	36,254	505,664	763,404
Trading liabilities less revaluation losses	129,187	0	0	42	129,145	129,455
Subordinated notes and debentures	104,624	0	200	1,515	102,909	126,465
All other liabilities	364,923	275	2,570	6,970	355,108	437,259
Equity capital	631,519	4,455	28,236	43,446	555,382	954,885
Total deposits by depositor:						
Individuals and corporations	3,234,342	19,126	153,237	215,606	2,846,373	5,025,346
U.S., state, and local governments	141,953	3,005	16,708	16,162	106,078	265,827
Depositories in the U.S.	66,403	361	3,408	2,984	59,651	101,495
Foreign banks and governments	180,072	2	256	507	179,308	203,254
Domestic deposits by depositor:						
Individuals and corporations	2,591,811	19,114	153,121	212,951	2,206,624	4,258,236
U.S., state, and local governments	141,953	3,005	16,708	16,162	106,078	265,827
Depositories in the U.S.	36,706	361	3,408	2,908	30,030	60,903
Foreign banks and governments	19,829	2	98	288	19,441	23,643
Foreign deposits by depositor:						
Individuals and corporations	642,531	12	116	2,654	639,749	767,110
Depositories in the U.S.	29,697	0	0	77	29,621	40,592
Foreign banks and governments	160,243	0	157	219	159,868	179,610
Deposits in domestic offices by type:						
Transaction deposits	413,166	10,668	51,235	36,133	315,130	731,392
Demand deposits	312,998	5,858	30,577	26,113	250,450	526,772
Savings deposits	1,846,012	7,298	74,289	136,348	1,628,077	2,777,577
Money market deposit accounts	1,353,039	3,773	41,985	105,343	1,201,937	2,034,653
Other savings deposits	492,974	3,524	32,304	31,005	426,140	742,925
Time deposits	878,826	13,897	93,073	91,683	680,174	1,721,148
Small time deposits	387,538	8,736	53,188	44,390	281,223	782,700
Large time deposits	491,288	5,160	39,884	47,293	398,951	938,448

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Off-balance-sheet items of national banks by asset size
March 31, 2006
 (Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Unused commitments	\$4,933,721	\$24,687	\$160,606	\$723,096	\$4,025,332	\$6,320,722
Home equity lines	381,558	363	6,200	12,809	362,186	495,828
Credit card lines	2,993,986	21,260	123,158	650,111	2,199,457	3,585,543
Commercial RE, construction and land	179,629	834	11,949	24,554	142,292	334,156
All other unused commitments	1,378,549	2,231	19,298	35,623	1,321,397	1,905,195
Letters of credit:						
Standby letters of credit	299,246	111	1,769	5,167	292,199	389,562
Financial letters of credit	253,397	67	1,081	3,798	248,451	334,457
Performance letters of credit	45,849	44	688	1,369	43,748	55,104
Commercial letters of credit	21,393	17	229	690	20,458	25,476
Securities lent	604,596	22	50	1,489	603,034	1,564,530
Spot foreign exchange contracts	886,192	0	3	134	886,054	938,211
Credit derivatives (notional value)						
Reporting bank is the guarantor	2,712,419	0	2	0	2,712,417	2,713,444
Reporting bank is the beneficiary	2,741,591	0	30	0	2,741,561	2,759,004
Derivative contracts (notional value)	108,232,085	50	3,667	25,950	108,202,418	110,183,017
Futures and forward contracts	12,240,339	21	1,178	6,331	12,232,809	13,043,646
Interest rate contracts	7,458,210	21	1,167	2,394	7,454,628	7,659,079
Foreign exchange contracts	4,602,686	0	10	3,936	4,598,739	5,200,225
All other futures and forwards	179,444	0	1	1	179,442	184,342
Option contracts	22,275,769	25	1,357	3,681	22,270,707	22,789,558
Interest rate contracts	17,820,932	22	1,308	3,211	17,816,390	18,272,902
Foreign exchange contracts	2,908,100	0	0	448	2,907,652	2,948,816
All other options	1,546,738	2	49	22	1,546,665	1,567,840
Swaps	68,261,966	4	1,100	15,938	68,244,924	68,877,365
Interest rate contracts	65,748,782	4	1,084	12,871	65,734,823	66,346,899
Foreign exchange contracts	2,153,003	0	0	2,992	2,150,011	2,160,510
All other swaps	360,181	0	16	74	360,090	369,955
Memoranda: Derivatives by purpose						
Contracts held for trading	100,499,869	1	27	5,372	100,494,470	102,128,984
Contracts not held for trading	2,278,206	49	3,608	20,578	2,253,970	2,581,585
Memoranda: Derivatives by position						
Held for trading--positive fair value	1,177,775	0	0	28	1,177,746	1,191,642
Held for trading--negative fair value	1,160,763	0	0	23	1,160,739	1,175,169
Not for trading--positive fair value	12,962	1	24	69	12,868	15,314
Not for trading--negative fair value	12,639	0	29	545	12,065	15,458

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Quarterly income and expenses of national banks by asset size First quarter 2006 (Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Net income	\$21,084	\$104	\$847	\$1,485	\$18,648	\$32,061
Net interest income	44,031	371	2,508	3,324	37,828	70,334
Total interest income	81,577	551	3,958	5,616	71,453	125,814
On loans	59,956	418	3,159	4,349	52,029	94,164
From lease financing receivables	1,297	2	16	68	1,211	1,833
On balances due from depositories	1,103	7	26	60	1,101	1,610
On securities	11,621	100	627	913	9,980	18,672
From assets held in trading account	3,589	0	4	9	3,576	4,037
On fed. funds sold & securities repurchased	3,622	21	106	184	3,310	4,380
Less: Interest expense	37,546	180	1,449	2,292	33,625	55,479
On deposits	22,920	164	1,233	1,535	19,989	36,233
Of federal funds purchased & securities sold	5,484	5	71	302	5,107	7,460
On demand notes & other borrowed money*	7,485	11	142	434	6,898	9,830
On subordinated notes and debentures	1,657	0	4	21	1,632	1,956
Less: Provision for losses	4,227	14	112	175	3,925	5,341
Noninterest income	40,569	145	1,238	2,340	36,846	55,111
From fiduciary activities	3,361	15	186	411	2,749	6,294
Service charges on deposits	5,941	40	296	310	5,294	8,476
Trading revenue	5,280	(0)	2	6	5,273	5,691
From interest rate exposures	1,316	0	1	5	1,310	1,253
From foreign exchange exposures	1,962	0	0	1	1,961	2,311
From equity security and index exposures	1,694	0	0	0	1,694	1,804
From commodity and other exposures	307	0	0	0	307	313
Investment banking brokerage fees	2,369	1	21	42	2,306	2,883
Venture capital revenue	49	(0)	(0)	0	49	49
Net servicing fees	3,100	26	94	130	2,850	3,942
Net securitization income	5,335	0	162	96	5,077	6,735
Insurance commissions and fees	568	9	19	35	505	1,015
Insurance and reinsurance underwriting income	86	0	0	1	85	107
Income from other insurance activities	482	9	19	34	420	908
Net gains on asset sales	1,242	5	73	484	681	1,744
Sales of loans and leases	985	5	50	479	451	1,421
Sales of other real estate owned	18	0	6	3	8	39
Sales of other assets(excluding securities)	239	0	16	2	221	284
Other noninterest income	13,323	48	386	827	12,062	18,283
Gains/losses on securities	(202)	(1)	(6)	(16)	(179)	(241)
Less: Noninterest expense	49,359	381	2,459	3,256	43,263	73,026
Salaries and employee benefits	22,900	201	1,215	1,398	20,086	34,181
Of premises and fixed assets	5,987	46	299	323	5,320	8,876
Goodwill impairment losses	1	0	1	0	0	2
Amortization expense and impairment losses	1,635	1	31	101	1,502	1,948
Other noninterest expense	18,837	133	915	1,435	16,355	28,018
Less: Taxes on income before extraord. items	9,931	21	321	731	8,857	14,979
Income/loss from extraord. items, net of taxes	204	6	0	0	198	202
Memoranda:						
Net operating income	21,030	99	852	1,496	18,583	32,036
Income before taxes and extraordinary items	30,811	120	1,168	2,216	27,307	46,838
Income net of taxes before extraordinary items	20,880	98	847	1,485	18,450	31,859
Cash dividends declared	9,156	46	364	575	8,171	15,816
Net loan and lease losses	3,778	6	63	169	3,539	4,843
Charge-offs to loan and lease reserve	5,384	12	102	247	5,023	7,047
Less: Recoveries credited to loan & lease resv.	1,606	6	38	78	1,484	2,204

* Includes mortgage indebtedness

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Year-to-date income and expenses of national banks by asset size Through March 31, 2006 (Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Net income	\$21,084	\$104	\$847	\$1,485	\$18,648	\$32,061
Net interest income	44,031	371	2,508	3,324	37,828	70,334
Total interest income	81,577	551	3,958	5,616	71,453	125,814
On loans	59,956	418	3,159	4,349	52,029	94,164
From lease financing receivables	1,297	2	16	68	1,211	1,833
On balances due from depositories	1,103	7	26	60	1,010	1,610
On securities	11,621	100	627	913	9,980	18,672
From assets held in trading account	3,589	0	4	9	3,576	4,037
On fed. funds sold & securities repurchased	3,622	21	106	184	3,310	4,380
Less: Interest expense	37,546	180	1,449	2,292	33,625	55,479
On deposits	22,920	164	1,233	1,535	19,989	36,233
Of federal funds purchased & securities sold	5,484	5	71	302	5,107	7,460
On demand notes & other borrowed money*	7,485	11	142	434	6,898	9,830
On subordinated notes and debentures	1,657	0	4	21	1,632	1,956
Less: Provision for losses	4,227	14	112	175	3,925	5,341
Noninterest income	40,569	145	1,238	2,340	36,846	55,111
From fiduciary activities	3,361	15	186	411	2,749	6,294
Service charges on deposits	5,941	40	296	310	5,294	8,476
Trading revenue	5,280	(0)	2	6	5,273	5,691
From interest rate exposures	1,316	0	1	5	1,310	1,253
From foreign exchange exposures	1,962	0	0	1	1,961	2,311
From equity security and index exposures	1,694	0	0	0	1,694	1,804
From commodity and other exposures	307	0	0	0	307	313
Investment banking brokerage fees	2,369	1	21	42	2,306	2,883
Venture capital revenue	49	(0)	(0)	0	49	49
Net servicing fees	3,100	26	94	130	2,850	3,942
Net securitization income	5,335	0	162	96	5,077	6,735
Insurance commissions and fees	568	9	19	35	505	1,015
Insurance and reinsurance underwriting income	86	0	0	1	85	107
Income from other insurance activities	482	9	19	34	420	908
Net gains on asset sales	1,242	5	73	484	681	1,744
Sales of loans and leases	985	5	50	479	451	1,421
Sales of other real estate owned	18	0	6	3	8	39
Sales of other assets(excluding securities)	239	0	16	2	221	284
Other noninterest income	13,323	48	386	827	12,062	18,283
Gains/losses on securities	(202)	(1)	(6)	(16)	(179)	(241)
Less: Noninterest expense	49,359	381	2,459	3,256	43,263	73,026
Salaries and employee benefits	22,900	201	1,215	1,398	20,086	34,181
Of premises and fixed assets	5,987	46	299	323	5,320	8,876
Goodwill impairment losses	1	0	1	0	0	2
Amortization expense and impairment losses	1,635	1	31	101	1,502	1,948
Other noninterest expense	18,837	133	915	1,435	16,355	28,018
Less: Taxes on income before extraord. items	9,931	21	321	731	8,857	14,979
Income/loss from extraord. items, net of taxes	204	6	0	0	198	202
Memoranda:						
Net operating income	21,030	99	852	1,496	18,583	32,036
Income before taxes and extraordinary items	30,811	120	1,168	2,216	27,307	46,838
Income net of taxes before extraordinary items	20,880	98	847	1,485	18,450	31,859
Cash dividends declared	9,156	46	364	575	8,171	15,816
Net loan and lease losses	3,778	6	63	169	3,539	4,843
Charge-offs to loan and lease reserve	5,384	12	102	247	5,023	7,047
Less: Recoveries credited to loan & lease resv.	1,606	6	38	78	1,484	2,204

* Includes mortgage indebtedness

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Quarterly net loan and lease losses of national banks by asset size

First quarter 2006

(Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Net charge-offs to loan and lease reserve	\$3,778	\$6	\$63	\$169	\$3,539	\$4,843
Loans secured by real estate	292	1	6	15	270	450
1- to 4-family residential mortgages	146	1	5	10	131	212
Home equity loans	108	0	1	3	105	152
Multifamily residential mortgages	5	0	0	0	5	7
Commercial RE loans	18	0	0	1	16	42
Construction RE loans	5	0	0	1	3	24
Farmland loans	1	(0)	(0)	1	0	1
RE loans from foreign offices	10	0	0	0	10	11
Commercial and industrial loans	295	2	16	54	223	480
Loans to individuals	3,114	2	39	86	2,988	3,759
Credit cards	2,195	0	28	19	2,148	2,626
Installment loans and other plans	919	2	11	66	840	1,133
All other loans and leases	76	0	3	15	58	154
Charge-offs to loan and lease reserve	5,384	12	102	247	5,023	7,047
Loans secured by real estate	404	2	13	26	363	629
1- to 4-family residential mortgages	198	1	7	15	175	285
Home equity loans	131	0	1	3	127	183
Multifamily residential mortgages	5	0	0	0	5	9
Commercial RE loans	39	1	4	4	31	95
Construction RE loans	11	0	1	2	8	35
Farmland loans	2	0	0	1	1	4
RE loans from foreign offices	16	0	0	0	16	18
Commercial and industrial loans	633	4	26	76	528	951
Loans to individuals	4,132	5	56	126	3,946	5,119
Credit cards	2,747	0	33	29	2,685	3,351
Installment loans and other plans	1,385	4	23	97	1,260	1,768
All other loans and leases	215	1	7	20	187	348
Recoveries credited to loan and lease reserve	1,606	6	38	78	1,484	2,204
Loans secured by real estate	111	1	7	10	93	179
1- to 4-family residential mortgages	52	0	2	5	44	72
Home equity loans	23	0	0	1	22	31
Multifamily residential mortgages	1	0	0	0	0	2
Commercial RE loans	22	0	4	3	15	53
Construction RE loans	6	0	0	1	5	11
Farmland loans	2	0	0	0	1	3
RE loans from foreign offices	7	0	0	0	7	7
Commercial and industrial loans	338	2	10	22	305	471
Loans to individuals	1,018	3	17	41	957	1,360
Credit cards	552	0	5	10	537	725
Installment loans and other plans	465	2	12	31	420	635
All other loans and leases	139	1	4	5	128	194

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Year-to-date net loan and lease losses of national banks by asset size
Through March 31, 2006
(Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
Number of institutions reporting	1,799	675	947	131	46	7,491
Net charge-offs to loan and lease reserve	3,778	6	63	169	3,539	4,843
Loans secured by real estate	292	1	6	15	270	450
1- to 4-family residential mortgages	146	1	5	10	131	212
Home equity loans	108	0	1	3	105	152
Multifamily residential mortgages	5	0	0	0	5	7
Commercial RE loans	18	0	0	1	16	42
Construction RE loans	5	0	0	1	3	24
Farmland loans	1	(0)	(0)	1	0	1
RE loans from foreign offices	10	0	0	0	10	11
Commercial and industrial loans	295	2	16	54	223	480
Loans to individuals	3,114	2	39	86	2,988	3,759
Credit cards	2,195	0	28	19	2,148	2,626
Installment loans and other plans	919	2	11	66	840	1,133
All other loans and leases	76	0	3	15	58	154
Charge-offs to loan and lease reserve	5,384	12	102	247	5,023	7,047
Loans secured by real estate	404	2	13	26	363	629
1- to 4-family residential mortgages	198	1	7	15	175	285
Home equity loans	131	0	1	3	127	183
Multifamily residential mortgages	5	0	0	0	5	9
Commercial RE loans	39	1	4	4	31	95
Construction RE loans	11	0	1	2	8	35
Farmland loans	2	0	0	1	1	4
RE loans from foreign offices	16	0	0	0	16	18
Commercial and industrial loans	633	4	26	76	528	951
Loans to individuals	4,132	5	56	126	3,946	5,119
Credit cards	2,747	0	33	29	2,685	3,351
Installment loans and other plans	1,385	4	23	97	1,260	1,768
All other loans and leases	215	1	7	20	187	348
Recoveries credited to loan and lease reserve	1,606	6	38	78	1,484	2,204
Loans secured by real estate	111	1	7	10	93	179
1- to 4-family residential mortgages	52	0	2	5	44	72
Home equity loans	23	0	0	1	22	31
Multifamily residential mortgages	1	0	0	0	0	2
Commercial RE loans	22	0	4	3	15	53
Construction RE loans	6	0	0	1	5	11
Farmland loans	2	0	0	0	1	3
RE loans from foreign offices	7	0	0	0	7	7
Commercial and industrial loans	338	2	10	22	305	471
Loans to individuals	1,018	3	17	41	957	1,360
Credit cards	552	0	5	10	537	725
Installment loans and other plans	465	2	12	31	420	635
All other loans and leases	139	1	4	5	128	194

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Number of national banks by state and asset size March 31, 2006

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
All institutions	1,799	675	947	131	46	7,491
Alabama	22	9	12	0	1	148
Alaska	2	1	0	1	0	5
Arizona	15	4	6	4	1	48
Arkansas	36	6	27	3	0	152
California	72	17	40	13	2	274
Colorado	40	19	18	3	0	160
Connecticut	9	1	7	0	1	22
Delaware	8	0	3	2	3	27
District of Columbia	4	1	3	0	0	6
Florida	60	5	49	6	0	265
Georgia	48	9	38	1	0	325
Hawaii	1	0	1	0	0	6
Idaho	1	0	1	0	0	15
Illinois	147	55	84	5	3	609
Indiana	29	5	16	7	1	131
Iowa	43	16	26	1	0	386
Kansas	93	59	30	4	0	352
Kentucky	38	16	21	1	0	203
Louisiana	14	3	9	0	2	137
Maine	3	0	0	2	1	15
Maryland	10	1	8	1	0	65
Massachusetts	11	2	8	1	0	36
Michigan	21	8	12	0	1	154
Minnesota	100	56	41	2	1	440
Mississippi	19	5	12	2	0	95
Missouri	45	20	20	4	1	343
Montana	14	11	3	0	0	78
Nebraska	62	38	22	2	0	248
Nevada	8	2	1	4	1	37
New Hampshire	2	1	0	1	0	9
New Jersey	21	1	14	5	1	71
New Mexico	14	3	8	3	0	47
New York	53	12	30	8	3	134
North Carolina	4	0	1	1	2	75
North Dakota	13	6	5	2	0	95
Ohio	76	29	36	4	7	174
Oklahoma	82	40	40	1	1	265
Oregon	2	0	1	1	0	38
Pennsylvania	67	12	43	8	4	161
Rhode Island	3	2	0	0	1	7
South Carolina	23	5	16	2	0	77
South Dakota	18	6	9	1	2	87
Tennessee	26	6	16	3	1	187
Texas	295	147	128	19	1	616
Utah	5	1	2	0	2	64
Vermont	8	2	6	0	0	14
Virginia	38	6	30	1	1	127
Washington	11	7	4	0	0	76
West Virginia	14	7	6	1	0	64
Wisconsin	36	9	25	1	1	265
Wyoming	13	4	9	0	0	40
U.S. territories	0	0	0	0	0	16

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Total assets of national banks by state and asset size March 31, 2006

(Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
All institutions	\$6,268,441	\$38,055	\$269,963	\$383,571	\$5,576,852	\$9,333,431
Alabama	25,091	596	2,576	0	21,919	218,608
Alaska	2,272	59	0	2,213	0	3,663
Arizona	73,898	198	2,256	9,172	62,271	79,607
Arkansas	10,769	257	6,820	3,692	0	43,550
California	114,725	1,011	10,764	40,340	62,610	325,683
Colorado	11,752	1,015	5,588	5,148	0	41,712
Connecticut	20,823	95	3,060	0	17,668	22,423
Delaware	319,741	0	785	9,195	309,761	367,436
District of Columbia	724	88	636	0	0	916
Florida	34,603	378	14,379	19,846	0	101,415
Georgia	14,260	452	9,151	4,656	0	270,616
Hawaii	442	0	442	0	0	28,645
Idaho	326	0	326	0	0	5,276
Illinois	188,237	2,912	23,116	25,020	137,189	341,706
Indiana	51,328	263	7,047	18,366	25,652	85,435
Iowa	9,679	912	6,974	1,792	0	48,323
Kansas	19,736	3,218	9,755	6,763	0	48,877
Kentucky	15,229	1,136	4,839	9,254	0	50,338
Louisiana	43,334	157	2,593	0	40,585	68,973
Maine	43,011	0	0	2,226	40,784	46,891
Maryland	3,188	32	1,801	1,355	0	41,912
Massachusetts	10,283	116	2,051	8,116	0	165,448
Michigan	42,836	399	2,993	0	39,444	196,323
Minnesota	29,533	2,906	9,349	3,343	13,936	62,921
Mississippi	13,356	307	3,485	9,564	0	48,138
Missouri	31,307	1,195	5,666	12,059	12,387	92,858
Montana	1,626	674	952	0	0	15,710
Nebraska	15,178	1,804	5,148	8,226	0	32,557
Nevada	28,977	129	122	12,875	15,851	59,926
New Hampshire	1,686	56	0	1,629	0	3,826
New Jersey	43,526	67	5,470	25,707	12,282	78,131
New Mexico	6,952	159	1,924	4,869	0	13,929
New York	809,610	890	11,006	20,898	776,816	1,119,047
North Carolina	1,603,408	0	817	1,081	1,601,510	1,750,394
North Dakota	7,320	308	1,903	5,109	0	15,751
Ohio	1,578,101	1,689	12,007	10,916	1,553,489	1,669,508
Oklahoma	27,343	2,323	9,945	2,066	13,009	52,487
Oregon	8,597	0	226	8,371	0	24,952
Pennsylvania	197,335	791	14,134	21,966	160,444	246,237
Rhode Island	12,282	80	0	0	12,202	29,212
South Carolina	10,491	306	4,588	5,598	0	42,302
South Dakota	471,023	217	3,454	6,627	460,724	483,602
Tennessee	47,330	518	5,236	4,577	36,999	79,719
Texas	97,004	8,189	32,135	45,395	11,286	173,508
Utah	37,391	71	422	0	36,898	170,140
Vermont	1,656	121	1,535	0	0	6,925
Virginia	92,145	340	9,947	1,978	79,880	177,480
Washington	1,987	413	1,574	0	0	39,320
West Virginia	4,512	493	1,491	2,528	0	20,134
Wisconsin	30,253	525	7,440	1,031	21,257	109,265
Wyoming	2,224	189	2,035	0	0	5,894
U.S. territories	0	0	0	0	0	105,784



25th Anniversary

INDEX

INDEX

A

Affiliated mergers:

For quarter, [33](#)

Affiliated mergers—thrift:

For quarter, [35](#)

Assets, liabilities, and capital accounts of national banks (financial table), [38](#)

Assets of national banks by asset size (financial table), [41](#)

Assets, total, of national banks by state and asset size (financial table), [50](#)

C

Commercial banks:

Condition and performance of, [1](#)

Number of commercial banks by state, [49](#)

Off-balance-sheet items, [44](#)

Past-due and nonaccrual loans and leases, [42](#)

Quarterly income and expenses, [45](#)

Quarterly net loan and lease losses, [47](#)

Total assets, [41](#), [50](#)

Total assets by state, [50](#)

Total liabilities, [43](#)

Year-to-date income and expenses, [46](#)

Year-to-date net loan and lease losses, [48](#)

Condition and performance of commercial banks, [1](#)

Congressional testimony, speeches and, [26](#)

D

Decisions, recent licensing, [20](#)

Dugan, John C., Comptroller of the Currency:

 Biography, [vii](#)

 Speeches, [26](#)

F

Financial performance of national banks (tables), [37](#)

I

Interpretations, [28](#)

K

Key indicators, FDIC-insured commercial banks (condition tables):

 Annual 2002—2005, year-to-date through quarter, [10](#)

 By asset size, [12](#)

Key indicators, FDIC-insured national banks (condition tables):

 Annual 2002—2005, year-to-date through quarter, [6](#)

 By asset size, [8](#)

 By OCC district, [14](#)

L

Liabilities of national banks by asset size (financial table), [43](#)

Licensing decisions, recent, [20](#)

Loan performance, FDIC-insured commercial banks (condition tables):

Annual 2002–2005, year-to-date through quarter, [11](#)

By asset size, [13](#)

Loan performance, FDIC-insured national banks (condition tables):

Annual 2002–2005, year-to-date through quarter, [7](#)

By asset size, [9](#)

By OCC district, [15](#)

M

Mergers:

Affiliated, (involving affiliated operating banks), for quarter, [33](#)

Affiliated, —thrift (involving affiliated national banks and savings and loan associations), for quarter, [35](#)

Nonaffiliated, (involving two or more nonaffiliated operating banks), for quarter, [32](#)

N

Nonaffiliated mergers:

For quarter, [32](#)

Number of national banks by state and asset size (financial table), [49](#)

O

Off-balance-sheet items of national banks by asset size (financial table), [44](#)

Office of the Comptroller of the Currency:

 Interpretations, [28](#)

 Speeches and congressional testimony, [26](#)

P

Past-due and nonaccrual loans and leases of national banks by asset size (financial table), [42](#)

Q

Quarterly income and expenses of national banks by asset size (financial table), [45](#)

Quarterly income and expenses of national banks (financial table), [39](#)

Quarterly net loan and lease losses of national banks by asset size (financial table), [47](#)

R

Recent licensing decisions, [20](#)

S

Speeches and congressional testimony, [26](#)

T

Tables, on the financial performance of national banks, [37](#)

Testimony, congressional, speeches and, [26](#)

Total assets of national banks by state and asset size (financial table), [50](#)

W

Williams, Julie L., First Senior Deputy Comptroller and Chief Counsel:

Speech and congressional testimony, [26](#)

Y

Year-to-date income and expenses of national banks by asset size (financial table), [46](#)

Year-to-date income and expenses of national banks (financial table), [40](#)

Year-to-date net loan and lease losses of national banks by asset size (financial table), [48](#)