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10/16/2006, Comptroller Speaks to the American Bankers Association about Credit Risk and Loan Loss Reserves, <u>Speech</u> (www.occ.gov/ftp/release/2006-113a.pdf)	
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1069, 8/21/2006, Letter concludes that a national bank and its operating subsidiaries are authorized, pursuant to 12 USC 24(7), 12 USC 371, and 12 CFR 7.4002, to charge expedited service fees for loan payoff information. (www.occ.gov/interp/oct06/int1069.pdf)	

1070, 9/6/2006, Letter concludes that a national bank may acquire and hold two classes of certificates, one rated investment grade and one unrated, issued by a trust under a tender option bond structure as Type III investment securities, provided the bank can demonstrate that the unrated certificate is the credit equivalent of investment grade. The letter also concludes that the bank also may acquire the certificates under the authority in 12 USC 24(Seventh) to discount and negotiate evidences of debt, subject to the limitations of 12 USC 84 and the requirements of Banking Circular 181 (Rev.). (www.occ.gov/interp/oct06/int1070.pdf)

1071, 09/6/2006, Letter concludes a national bank may participate as a member in several regional Independent System Operators (ISOs) and Regional Transmission Operators (RTOs) in order to execute electricity derivatives transactions that the OCC previously has found to be permissible for the bank, subject to the limitations set forth in 12 USC 84 and 12 CFR Part 32 and any additional limitations imposed by the bank's examiner-in-charge (EIC). The bank also is required notify its EIC and receive written notification of the EIC's supervisory non-objection before becoming a member of an ISO or RTO. (www.occ.gov/interp/oct06/int1071.pdf)

1072, 9/15/2006, Letter concludes that it would be permissible under 12 USC 29 for bank to enter into a long-term ground lease with unrelated third party of property that it has owned and used as bank premises for three decades. (www.occ.gov/interp/oct06/int1072.pdf)

November [[Interpretations and Actions](#)]

1073, 10/19/2006, Letter concludes that it is permissible for the bank and its London branch to engage in customer-driven, metal derivative transactions that settle in cash or by transitory title transfer and that are hedged on a portfolio basis with derivatives that settle in cash or by transitory title transfer. Before the bank may engage in these transactions, the bank must notify its examiner-in-charge (EIC), in writing, of the proposed activities and must receive written notification of the EIC's supervisory non-objection. (www.occ.gov/interp/nov06/int1073.pdf)

1074, 11/21/2006, Letter addresses the applicability of the lending limit combination rules to loans to wind tower companies that sell their output to the same power company. (www.occ.gov/interp/nov06/int1074.pdf)

December [[Interpretations and Actions](#)]

1075, 11/14/2006, Letter concludes that national banks may retain stock received in IPO of MasterCard, Inc., because it is a byproduct of permissible membership in MasterCard. (www.occ.gov/interp/dec06/int1075.pdf)

1076, 11/14/2006, Letter concludes that the lending limits in 12 USC 84 and the public welfare investments limits of 12 USC 24(11) are separate and independent of each other. (www.occ.gov/interp/dec06/int1076.pdf)

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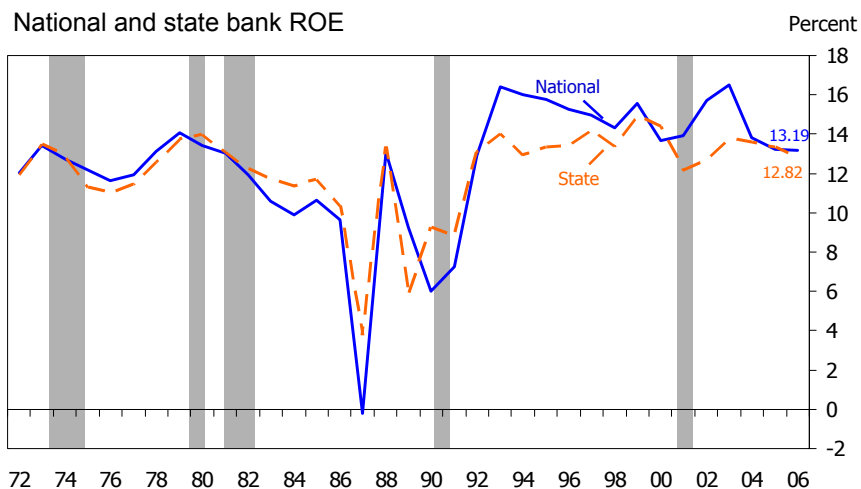
Condition
and Performance
of Commercial
Banks

Condition and Performance of Commercial Banks

Fourth quarter 2006

National banks posted higher earnings again for the fourth quarter of 2006 and for the entire year. Rising net interest income contributed to earnings gains at both small and large banks. Credit quality remained good overall, despite the emergence of problems in some types of housing loans. Provisioning fell for the year, and now stands at a 12-year low as a share of net operating revenue. This is likely to change, however. As credit problems continue to emerge in mortgage lending, banks will probably increase provisions. And higher provisions are only one of several trends that will make it difficult for banks to maintain the recent pace of earnings growth. The downturn in housing has already slowed growth in mortgage lending; adding to the challenge are historically low net interest margins.

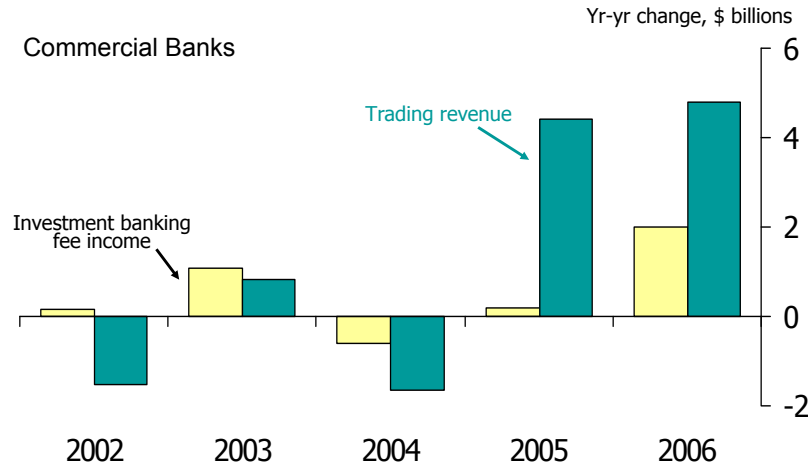
Figure 1—National bank profitability held steady in 2006



Source: Integrated Banking Information System (OCC)

Data as of year-end. Shaded areas represent periods of recession.

Figure 2—Strong investment banking and trading gains help offset slower loan growth for largest banks



Source: Integrated Banking Information System (OCC)

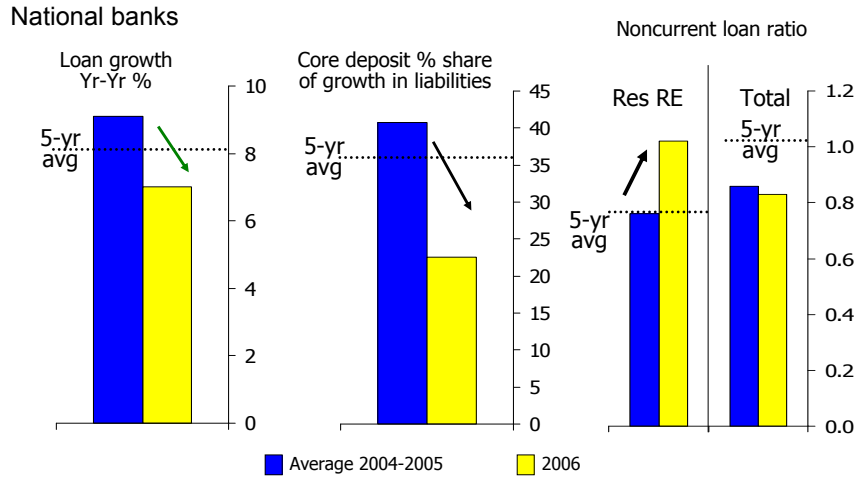
Return on equity (ROE) held steady at both national and state-chartered banks in 2006. ROE for national banks was 13.2 percent for the year, compared with 12.8 percent at state banks. After adjusting for the effects of recent mergers, however, ROE at national banks rose from 13.2 percent in 2005 to 13.8 percent in 2006. Another common measure of profitability, return on tangible equity, which removes goodwill and other intangible assets from the calculation, also improved over 2005.

Large banks continued to benefit from brisk growth in noninterest income in 2006, as Figure 2 shows. Trading revenue was especially important over the last two years, particularly for the five largest national banks, which dominate this segment of the market. Investment banking was also important to noninterest income growth in 2006, recording an increase of \$2 billion over 2005. Some of the growth in investment banking income came from banks' involvement in mergers and acquisitions, which set a new record for total volume of deals worldwide in 2006.

For most banks, loan growth, margins, and credit performance drive profitability. Figure 3 shows that all three were under pressure in 2006. First, loan growth slowed to 7 percent for the year (left panel), below the average of the previous two years, and below the average of the past five years, as the downturn in housing worked its way through the credit markets. Second, margins remained low by historical standards, squeezed by increased funding costs. An important factor here is the decline of core deposits as a share of the growth in total liabilities, from 40 percent in 2004-2005, to 25 percent in 2006 (center panel).

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

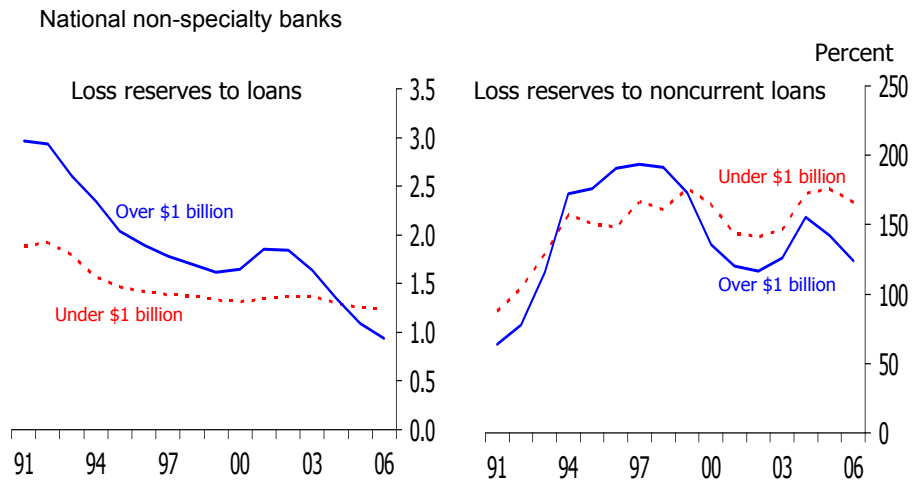
Figure 3—Slower loan growth and rising funding costs may encourage increased risk taking



Source: Integrated Banking Information System (OCC)

Data are merger adjusted and held constant for banks operating as of December 31, 2006. Res RE is 1-4 family and home equity.

Figure 4—Additional provisioning is likely this year



Source: Integrated Banking Information System (OCC)

Data as of year-end. Non-specialty category excludes trust and credit card banks.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Third, although credit quality in the aggregate continued to improve in 2006, credit quality declined for residential real estate (Figure 3, right panel). Credit quality slipped in those categories of loans most directly affected by the housing slowdown in 2006: one- to four-family houses, home equity, and construction. For the first time since at least 1991, the noncurrent loan ratio for residential real estate now exceeds that for all loans. On the positive side, the noncurrent loan ratio improved for commercial real estate loans and commercial and industrial loans, offsetting the deterioration in housing-driven loans.

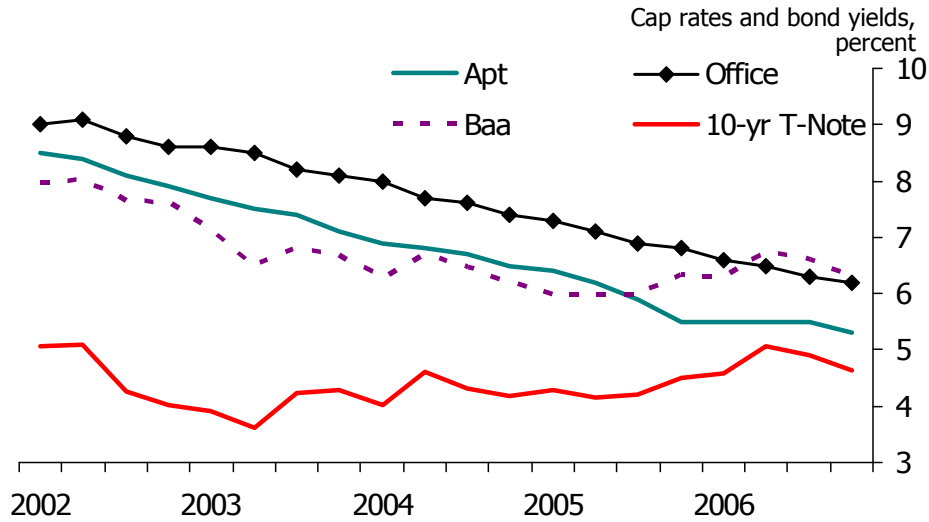
Recent trends in loan growth and credit quality have combined to push down the ratio of loss reserves to loans, illustrated in Figure 4. As the economy emerged from the recession of 2001, loan growth picked up. At the same time, noncurrent ratios remained healthy, allowing banks to cut provisions. Both faster loan growth and declining provisions contributed to record profits, but pushed the ratio of loss reserves to loans to all-time lows, both for small banks (under \$1 billion in assets) and larger banks (over \$1 billion), as illustrated in the left-hand chart. For the next several quarters at least, most observers expect noncurrent ratios to worsen, at the same time that the housing downturn reins in loan growth. Both changes will increase the ratio of loss reserves to loans, reversing the trend of the last five years. These forces could have the most impact on large banks, where the loss reserve ratio fell fastest over this period.

The reserve coverage ratio has also fallen in recent years, the result of declining loan loss reserves. But this ratio can move quickly when credit markets get the jitters, as it did during the real estate slump of the early 1990s. Here again, large banks appear more vulnerable to quick moves, as they have lower ratios of reserves to noncurrents than their smaller counterparts. To increase reserves, both small and large banks will have to increase provisions, cutting into growth in earnings.

In 2006, credit quality in banks' commercial real estate (CRE) portfolios continued to improve. Several factors contributed to this favorable picture, among them high levels of global liquidity, which has propped up prices for many categories of U.S. assets, including commercial real estate.

Commercial real estate investors use capitalization rates to measure the yield on real estate assets. The capitalization rate is the ratio between the annual cash flow produced by an asset and its capital cost. Capitalization (cap) rates move inversely with property prices: the higher the price, the lower the cap rate. Figure 5 shows that, especially for office properties, cap rates continue to show a steady decline, while cap rates for apartments are now near the yield on 10-year Treasury notes. In effect, apartment investors are now receiving well below 100 basis points above the risk-free rate for holding rental property, compared with over 300 basis points just a few years ago. Apartment cap rates have stabilized somewhat and are even rising in several markets where condo conversions have already peaked. And as the distance between the curves for corporate Baa-rated securities and the 10-year Treasury note in Figure 5 shows, even the narrowing risk-return relationship between corporate debt and the risk-free rate seen between 2002 and 2004 has stabilized in the past few years. However, at least through early 2007, there was no apparent

Figure 5—Commercial property capitalization rates have declined rapidly in past few years



Sources: Real Capital Analytics; Haver Analytics

Capitalization (cap) rate is a proxy for the return a commercial property investor might expect at any point in time and moves inversely with property value.

reduction in the pace of decline in office cap rates, raising concerns about the sustainability of office property valuations.

As long as money has continued to pour into the U.S. CRE market, most loans could be repaid in full, even for properties struggling with cash flows, as borrowers could sell the properties at a profit. But if the CRE market stumbles, investors are likely to demand higher cap rates to justify the risks they are taking; this would push down prices, exposing properties with weak cash flows, and adding to credit problems for banks.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q4	Preliminary 2006Q4
Number of institutions reporting	2,077	1,999	1,907	1,818	1,715	1,818	1,715
Total employees (FTEs)	993,469	1,000,493	1,143,384	1,172,300	1,230,067	1,172,300	1,230,067
Selected income data (\$)							
Net income	\$56,210	\$63,116	\$67,434	\$73,822	\$85,904	\$17,697	\$20,566
Net interest income	141,154	143,073	159,641	169,618	182,371	43,380	45,296
Provision for loan losses	32,595	23,989	18,639	19,755	18,429	5,439	5,719
Noninterest income	109,272	116,422	127,063	145,194	157,724	35,263	33,933
Noninterest expense	136,795	144,947	170,829	185,908	195,585	46,929	45,435
Net operating income	54,067	60,746	65,420	73,613	85,150	17,949	19,501
Cash dividends declared	41,757	45,049	33,033	41,663	54,466	8,814	22,156
Net charge-offs	31,360	26,956	21,904	22,137	17,786	6,655	4,943
Selected condition data (\$)							
Total assets	3,908,206	4,292,261	5,602,021	6,003,182	6,829,269	6,003,182	6,829,269
Total loans and leases	2,445,236	2,630,410	3,166,714	3,427,014	3,844,442	3,427,014	3,844,442
Reserve for losses	48,326	48,611	48,964	44,188	43,353	44,188	43,353
Securities	653,608	753,615	908,054	924,206	1,042,568	924,206	1,042,568
Other real estate owned	2,075	1,941	1,529	1,575	2,764	1,575	2,764
Noncurrent loans and leases	38,162	34,873	29,609	28,333	31,993	28,333	31,993
Total deposits	2,565,768	2,786,716	3,581,430	3,850,057	4,336,536	3,850,057	4,336,536
Domestic deposits	2,168,874	2,322,011	2,848,730	3,085,596	3,325,775	3,085,596	3,325,775
Equity capital	371,387	390,519	557,821	592,736	665,607	592,736	665,607
Off-balance-sheet derivatives	25,953,772	31,554,693	86,314,368	99,600,068	129,392,745	99,600,068	129,392,745
Performance ratios (annualized %)							
Return on equity	15.72	16.50	13.81	13.22	13.19	12.06	12.23
Return on assets	1.49	1.53	1.27	1.29	1.31	1.19	1.21
Net interest income to assets	3.75	3.47	3.00	2.96	2.78	2.91	2.66
Loss provision to assets	0.87	0.58	0.35	0.35	0.28	0.36	0.34
Net operating income to assets	1.44	1.47	1.23	1.29	1.30	1.20	1.14
Noninterest income to assets	2.90	2.82	2.39	2.54	2.40	2.36	1.99
Noninterest expense to assets	3.63	3.51	3.22	3.25	2.98	3.15	2.67
Loss provision to loans and leases	1.38	0.95	0.62	0.61	0.49	0.64	0.60
Net charge-offs to loans and leases	1.33	1.07	0.73	0.68	0.48	0.78	0.51
Loss provision to net charge-offs	103.94	89.00	85.09	89.24	103.61	81.72	115.71
Performance ratios (%)							
Percent of institutions unprofitable	6.93	5.60	5.30	5.01	5.07	7.87	7.11
Percent of institutions with earnings gains	71.11	55.98	62.72	65.29	60.06	57.59	56.21
Nonint. income to net operating revenue	43.63	44.86	44.32	46.12	46.38	44.84	42.83
Nonint. expense to net operating revenue	54.62	55.86	59.58	59.05	57.51	59.67	57.35
Condition ratios (%)							
Nonperforming assets to assets	1.06	0.89	0.57	0.50	0.51	0.50	0.51
Noncurrent loans to loans	1.56	1.33	0.94	0.83	0.83	0.83	0.83
Loss reserve to noncurrent loans	126.63	139.40	165.37	155.96	135.51	155.96	135.51
Loss reserve to loans	1.98	1.85	1.55	1.29	1.13	1.29	1.13
Equity capital to assets	9.50	9.10	9.96	9.87	9.75	9.87	9.75
Leverage ratio	7.88	7.71	7.30	7.31	7.15	7.31	7.15
Risk-based capital ratio	12.66	12.65	12.26	11.90	12.00	11.90	12.00
Net loans and leases to assets	61.33	60.15	55.65	56.35	55.66	56.35	55.66
Securities to assets	16.72	17.56	16.21	15.40	15.27	15.40	15.27
Appreciation in securities (% of par)	2.10	0.88	0.55	-1.06	-0.86	-1.06	-0.86
Residential mortgage assets to assets	24.72	24.44	23.51	23.60	24.81	23.60	24.81
Total deposits to assets	65.65	64.92	63.93	64.13	63.50	64.13	63.50
Core deposits to assets	48.74	48.03	43.83	43.53	40.78	43.53	40.78
Volatile liabilities to assets	30.31	30.57	33.90	35.75	37.51	35.75	37.51

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q4	Preliminary 2006Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.14	1.02	0.87	0.92	1.03	0.92	1.03
Loans secured by real estate (RE)	1.07	0.91	0.75	0.85	1.06	0.85	1.06
1- to 4-family residential mortgages	1.45	1.30	1.05	1.15	1.47	1.15	1.47
Home equity loans	0.61	0.45	0.39	0.56	0.67	0.56	0.67
Multifamily residential mortgages	0.42	0.54	0.39	0.73	0.54	0.73	0.54
Commercial RE loans	0.58	0.47	0.44	0.47	0.46	0.47	0.46
Construction RE loans	0.91	0.66	0.61	0.59	0.95	0.59	0.95
Commercial and industrial loans	0.76	0.63	0.56	0.70	0.50	0.70	0.50
Loans to individuals	2.15	2.08	1.84	1.74	1.93	1.74	1.93
Credit cards	2.57	2.48	2.21	2.07	2.21	2.07	2.21
Installment loans and other plans	2.07	1.95	1.67	1.64	1.95	1.64	1.95
All other loans and leases	0.55	0.34	0.31	0.40	0.43	0.40	0.43
Percent of loans noncurrent							
Total loans and leases	1.56	1.33	0.94	0.83	0.83	0.83	0.83
Loans secured by real estate (RE)	0.97	0.95	0.69	0.80	0.89	0.80	0.89
1- to 4-family residential mortgages	1.02	1.14	0.86	1.15	1.24	1.15	1.24
Home equity loans	0.32	0.24	0.18	0.26	0.40	0.26	0.40
Multifamily residential mortgages	0.48	0.45	0.43	0.40	0.66	0.40	0.66
Commercial RE loans	1.05	0.97	0.72	0.61	0.53	0.61	0.53
Construction RE loans	1.03	0.71	0.44	0.37	0.62	0.37	0.62
Commercial and industrial loans	3.00	2.19	1.22	0.74	0.55	0.74	0.55
Loans to individuals	1.60	1.78	1.66	1.37	1.38	1.37	1.38
Credit cards	2.16	2.24	2.03	1.90	2.03	1.90	2.03
Installment loans and other plans	1.30	1.55	1.46	1.01	1.04	1.01	1.04
All other loans and leases	1.11	0.74	0.39	0.28	0.20	0.28	0.20
Percent of loans charged-off, net							
Total loans and leases	1.33	1.07	0.73	0.68	0.48	0.78	0.51
Loans secured by real estate (RE)	0.19	0.21	0.08	0.06	0.08	0.06	0.11
1- to 4-family residential mortgages	0.17	0.24	0.08	0.06	0.08	0.06	0.10
Home equity loans	0.23	0.23	0.10	0.10	0.15	0.11	0.20
Multifamily residential mortgages	0.11	0.03	0.04	0.05	0.01	0.05	0.05
Commercial RE loans	0.17	0.13	0.05	0.04	0.03	0.04	0.06
Construction RE loans	0.19	0.14	0.04	0.01	0.04	0.00	0.09
Commercial and industrial loans	1.80	1.35	0.43	0.19	0.28	0.29	0.42
Loans to individuals	4.01	3.45	3.14	3.20	2.21	3.68	2.13
Credit cards	6.57	5.48	5.14	4.96	3.48	6.21	2.93
Installment loans and other plans	1.91	1.81	1.51	1.71	1.26	1.56	1.56
All other loans and leases	0.62	0.44	0.12	0.22	0.12	0.36	0.23
Loans outstanding (\$)							
Total loans and leases	\$2,445,236	\$2,630,410	\$3,166,714	\$3,427,014	\$3,844,442	\$3,427,014	\$3,844,442
Loans secured by real estate (RE)	1,139,394	1,254,951	1,572,665	1,751,721	2,060,099	1,751,721	2,060,099
1- to 4-family residential mortgages	573,802	605,070	744,686	833,953	1,015,599	833,953	1,015,599
Home equity loans	141,056	192,703	294,919	320,145	364,145	320,145	364,145
Multifamily residential mortgages	33,968	35,652	39,948	43,518	51,870	43,518	51,870
Commercial RE loans	253,427	269,936	302,215	325,214	359,348	325,214	359,348
Construction RE loans	95,360	104,218	129,221	167,585	201,612	167,585	201,612
Farmland loans	13,225	13,614	14,679	15,824	17,144	15,824	17,144
RE loans from foreign offices	28,556	33,758	46,998	45,482	50,382	45,482	50,382
Commercial and industrial loans	546,053	500,005	580,192	672,563	766,030	672,563	766,030
Loans to individuals	450,436	527,817	615,502	607,137	621,245	607,137	621,245
Credit cards	209,812	250,719	300,097	282,567	259,519	282,567	259,519
Other revolving credit plans	33,243	32,883	34,258	35,160	41,706	35,160	41,706
Installment loans	207,381	244,215	281,147	289,409	320,020	289,409	320,020
All other loans and leases	311,803	349,521	400,578	397,500	398,343	397,500	398,343
Less: Unearned income	2,449	1,884	2,224	1,906	1,276	1,906	1,276

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured national banks by asset size Fourth quarter 2005 and fourth quarter 2006 (Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4
Number of institutions reporting	683	620	960	924	130	126	45	45
Total employees (FTEs)	15,177	13,626	87,186	83,184	83,513	77,680	986,424	1,055,577
Selected income data (\$)								
Net income	\$82	\$76	\$791	\$762	\$1,209	\$1,239	\$15,616	\$18,490
Net interest income	377	342	2,541	2,464	3,047	2,914	37,415	39,575
Provision for loan losses	19	17	158	147	267	167	4,994	5,388
Noninterest income	143	95	1,162	1,180	2,173	1,861	31,785	30,797
Noninterest expense	397	323	2,451	2,452	3,115	2,769	40,966	39,890
Net operating income	84	77	801	786	1,248	1,255	15,817	17,383
Cash dividends declared	103	102	576	540	1,199	1,137	6,936	20,377
Net charge-offs	18	17	135	138	209	168	6,293	4,620
Selected condition data (\$)								
Total assets	38,157	35,139	269,648	265,391	378,526	362,436	5,316,851	6,166,303
Total loans and leases	22,594	20,449	173,657	173,743	235,159	232,195	2,995,604	3,418,054
Reserve for losses	313	283	2,192	2,140	2,936	2,743	38,746	38,186
Securities	10,183	9,082	60,822	57,399	74,251	65,722	778,950	910,365
Other real estate owned	43	41	236	241	121	164	1,175	2,319
Noncurrent loans and leases	224	207	1,184	1,240	1,407	1,425	25,518	29,121
Total deposits	31,976	29,163	218,488	214,890	253,372	253,778	3,346,221	3,838,704
Domestic deposits	31,962	29,148	218,209	214,657	249,767	252,036	2,585,658	2,829,934
Equity capital	4,383	4,487	27,906	27,781	41,077	37,716	519,370	595,624
Off-balance-sheet derivatives	25	20	3,344	3,340	20,207	19,908	99,983,849	129,998,408
Performance ratios (annualized %)								
Return on equity	7.45	6.83	11.40	10.97	12.12	13.41	12.13	12.26
Return on assets	0.87	0.87	1.19	1.16	1.29	1.41	1.18	1.20
Net interest income to assets	3.98	3.94	3.81	3.76	3.25	3.31	2.83	2.57
Loss provision to assets	0.20	0.20	0.24	0.22	0.28	0.19	0.38	0.35
Net operating income to assets	0.89	0.89	1.20	1.20	1.33	1.43	1.20	1.13
Noninterest income to assets	1.50	1.09	1.74	1.80	2.32	2.11	2.41	2.00
Noninterest expense to assets	4.19	3.73	3.68	3.74	3.32	3.15	3.10	2.59
Loss provision to loans and leases	0.34	0.34	0.37	0.34	0.46	0.29	0.67	0.63
Net charge-offs to loans and leases	0.32	0.33	0.31	0.32	0.36	0.30	0.85	0.54
Loss provision to net charge-offs	105.76	102.10	117.56	106.51	127.30	99.14	79.37	116.64
Performance ratios (%)								
Percent of institutions unprofitable	13.91	11.77	4.58	4.76	3.08	3.97	0.00	0.00
Percent of institutions with earnings gains	54.32	53.06	59.06	57.79	63.85	61.90	57.78	51.11
Nonint. income to net operating revenue	27.45	21.70	31.39	32.37	41.63	38.98	45.93	43.76
Nonint. expense to net operating revenue	76.45	73.98	66.19	67.31	59.66	57.98	59.20	56.68
Condition ratios (%)								
Nonperforming assets to assets	0.70	0.70	0.53	0.56	0.41	0.44	0.51	0.51
Noncurrent loans to loans	0.99	1.01	0.68	0.71	0.60	0.61	0.85	0.85
Loss reserve to noncurrent loans	139.84	136.76	185.16	172.56	208.72	192.54	151.84	131.13
Loss reserve to loans	1.39	1.38	1.26	1.23	1.25	1.18	1.29	1.12
Equity capital to assets	11.49	12.77	10.35	10.47	10.85	10.41	9.77	9.66
Leverage ratio	11.54	12.76	9.62	9.91	8.63	8.69	7.07	6.90
Risk-based capital ratio	18.91	20.77	14.60	14.77	13.27	12.63	11.65	11.81
Net loans and leases to assets	58.39	57.39	63.59	64.66	61.35	63.31	55.61	54.81
Securities to assets	26.69	25.85	22.56	21.63	19.62	18.13	14.65	14.76
Appreciation in securities (% of par)	-1.51	-0.75	-1.26	-0.75	-1.04	-0.73	-1.04	-0.88
Residential mortgage assets to assets	20.10	19.11	21.53	21.39	23.51	21.07	23.74	25.21
Total deposits to assets	83.80	83.00	81.03	80.97	66.94	70.02	62.94	62.25
Core deposits to assets	70.61	68.61	66.35	64.88	54.43	55.19	41.40	38.74
Volatile liabilities to assets	15.43	16.09	19.24	20.47	28.56	29.20	37.24	38.85

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.22	1.38	0.84	0.96	0.80	0.81	0.94	1.04
Loans secured by real estate (RE)	1.11	1.28	0.77	0.92	0.66	0.77	0.87	1.10
1- to 4-family residential mortgages	1.70	1.79	1.19	1.31	1.07	1.03	1.15	1.50
Home equity loans	0.57	0.96	0.48	0.70	0.43	0.44	0.57	0.68
Multifamily residential mortgages	0.39	1.58	0.43	0.98	0.35	0.64	0.87	0.46
Commercial RE loans	0.79	0.96	0.56	0.65	0.43	0.41	0.45	0.42
Construction RE loans	0.92	1.09	0.74	1.02	0.55	1.15	0.57	0.88
Commercial and industrial loans	1.29	1.52	0.82	0.88	1.06	0.81	0.66	0.46
Loans to individuals	2.52	2.50	1.64	1.72	1.26	1.22	1.76	1.96
Credit cards	3.59	2.79	2.41	2.49	1.67	1.34	2.07	2.22
Installment loans and other plans	2.54	2.53	1.58	1.64	1.25	1.25	1.66	1.99
All other loans and leases	0.52	0.77	0.54	0.59	0.66	0.51	0.38	0.42
Percent of loans noncurrent								
Total loans and leases	0.99	1.01	0.68	0.71	0.60	0.61	0.85	0.85
Loans secured by real estate (RE)	0.93	1.04	0.63	0.70	0.53	0.62	0.84	0.93
1- to 4-family residential mortgages	0.88	0.98	0.69	0.71	0.65	0.46	1.21	1.30
Home equity loans	0.27	0.44	0.19	0.39	0.23	0.38	0.26	0.40
Multifamily residential mortgages	0.67	0.68	0.40	0.83	0.21	1.69	0.44	0.44
Commercial RE loans	1.24	1.19	0.69	0.70	0.68	0.63	0.56	0.47
Construction RE loans	0.63	1.15	0.57	0.80	0.28	0.66	0.36	0.58
Commercial and industrial loans	1.45	1.32	1.00	0.91	0.79	0.75	0.72	0.52
Loans to individuals	0.80	0.77	0.62	0.58	0.54	0.46	1.42	1.43
Credit cards	1.20	0.72	1.71	1.63	1.45	1.24	1.91	2.04
Installment loans and other plans	0.80	0.79	0.46	0.41	0.37	0.29	1.07	1.10
All other loans and leases	0.89	0.65	0.51	0.46	0.75	0.31	0.25	0.19
Percent of loans charged-off, net								
Total loans and leases	0.32	0.33	0.31	0.32	0.36	0.30	0.85	0.54
Loans secured by real estate (RE)	0.11	0.14	0.08	0.12	0.08	0.09	0.06	0.11
1- to 4-family residential mortgages	0.08	0.16	0.09	0.12	0.08	0.13	0.06	0.10
Home equity loans	0.11	0.23	0.09	0.17	0.12	0.14	0.11	0.20
Multifamily residential mortgages	0.00	0.15	0.10	0.03	0.16	0.15	0.02	0.03
Commercial RE loans	0.19	0.19	0.09	0.12	0.09	0.07	0.01	0.05
Construction RE loans	0.09	0.11	0.04	0.14	0.00	0.07	-0.01	0.08
Commercial and industrial loans	0.89	0.87	0.68	0.66	0.80	0.74	0.23	0.39
Loans to individuals	0.98	0.73	1.63	1.59	1.21	0.70	3.83	2.20
Credit cards	2.75	1.58	6.65	7.25	3.39	2.15	6.24	2.91
Installment loans and other plans	0.93	0.70	0.85	0.66	0.78	0.39	1.64	1.65
All other loans and leases	0.18	0.28	0.38	0.30	0.71	0.86	0.35	0.21
Loans outstanding (\$)								
Total loans and leases	\$22,594	\$20,449	\$173,657	\$173,743	\$235,159	\$232,195	\$2,995,604	\$3,418,054
Loans secured by real estate (RE)	14,215	12,840	123,915	125,304	153,865	160,494	1,459,725	1,761,462
1- to 4-family residential mortgages	5,564	4,895	38,125	37,790	51,169	46,279	739,094	926,634
Home equity loans	481	406	6,746	6,264	11,628	10,236	301,290	347,238
Multifamily residential mortgages	321	260	4,132	4,084	7,599	7,821	31,467	39,705
Commercial RE loans	4,540	4,085	48,905	48,125	49,841	53,320	221,929	253,818
Construction RE loans	1,536	1,502	19,775	22,525	29,688	37,615	116,585	139,971
Farmland loans	1,773	1,692	6,232	6,512	2,769	3,209	5,051	5,730
RE loans from foreign offices	0	0	2	3	1,171	2,013	44,310	48,365
Commercial and industrial loans	3,428	3,203	26,389	26,264	47,929	41,724	594,817	694,840
Loans to individuals	2,333	1,969	13,946	13,041	21,324	19,188	569,534	587,046
Credit cards	70	59	1,937	1,978	3,582	3,576	276,979	253,906
Other revolving credit plans	48	31	423	397	1,065	786	33,624	40,491
Installment loans	2,215	1,880	11,586	10,666	16,676	14,826	258,931	292,649
All other loans and leases	2,636	2,452	9,568	9,280	12,176	10,945	373,120	375,666
Less: Unearned income	18	15	161	146	135	156	1,592	959

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Off-balance sheet items, FDIC-insured national banks Annual 2002–2005, year-to-date through December 31, 2006, fourth quarter 2005, and fourth quarter 2006 (Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q4	Preliminary 2006Q4
Number of institutions reporting	2,077	1,999	1,907	1,818	1,715	1,818	1,715
Unused commitments	\$3,889,135	\$3,991,445	\$4,453,084	\$4,829,955	\$5,126,193	\$4,829,955	\$5,126,193
Home equity lines	172,847	216,968	293,398	363,935	440,849	363,935	440,849
Credit card lines	2,645,382	2,739,921	2,821,263	2,947,829	2,947,612	2,947,829	2,947,612
Commercial RE, construction and land	83,422	92,106	129,764	173,111	188,298	173,111	188,298
All other unused commitments	987,484	942,451	1,208,660	1,345,079	1,549,434	1,345,079	1,549,434
Letters of Credit:							
Standby letters of credit	162,127	178,128	259,179	278,573	321,873	278,573	321,873
Financial letters of credit	134,861	147,060	218,547	233,409	274,477	233,409	274,477
Performance letters of credit	27,266	31,069	40,631	45,164	47,396	45,164	47,396
Commercial letters of credit	15,298	15,286	24,270	24,026	24,304	24,026	24,304
Securities lent	123,912	177,478	457,946	535,264	682,875	535,264	682,875
Spot foreign exchange contracts	147,685	222,054	400,545	407,358	628,931	407,358	628,931
Credit derivatives (notional value)							
Reporting bank is the guarantor	110,910	178,245	1,125,687	2,679,692	4,495,008	2,679,692	4,495,008
Reporting bank is the beneficiary	145,087	202,908	1,209,280	3,125,115	4,499,871	3,125,115	4,499,871
Derivative contracts (notional value)	25,953,772	31,554,693	86,314,368	99,600,068	129,392,745	99,600,068	129,392,745
Futures and forward contracts	6,464,816	5,909,650	10,812,285	11,388,668	14,037,605	11,388,668	14,037,605
Interest rate contracts	4,194,362	3,590,804	6,434,040	6,934,657	8,384,333	6,934,657	8,384,333
Foreign exchange contracts	2,211,652	2,302,176	4,250,770	4,291,077	5,455,304	4,291,077	5,455,304
All other futures and forwards	58,802	16,671	127,475	162,935	197,969	162,935	197,969
Option contracts	5,312,873	6,756,117	17,364,333	18,354,504	25,756,084	18,354,504	25,756,084
Interest rate contracts	4,617,502	5,879,588	14,603,770	14,711,524	20,069,079	14,711,524	20,069,079
Foreign exchange contracts	536,303	726,617	1,708,926	2,325,694	3,232,462	2,325,694	3,232,462
All other options	159,068	149,912	1,051,637	1,317,286	2,454,543	1,317,286	2,454,543
Swaps	13,920,086	18,507,773	55,802,783	64,052,089	80,604,177	64,052,089	80,604,177
Interest rate contracts	13,320,120	17,647,756	53,504,377	61,691,179	77,658,982	61,691,179	77,658,982
Foreign exchange contracts	541,373	763,911	2,121,180	2,066,824	2,476,307	2,066,824	2,476,307
All other swaps	58,593	96,106	177,226	294,086	468,888	294,086	468,888
Memoranda: Derivatives by purpose							
Contracts held for trading	24,024,510	29,177,058	81,635,027	91,485,205	117,858,698	91,485,205	117,858,698
Contracts not held for trading	1,673,266	1,996,482	2,344,373	2,310,056	2,539,168	2,310,056	2,539,168
Memoranda: Derivatives by position							
Held for trading—positive fair value	484,368	488,557	1,291,415	1,194,968	1,106,608	1,194,968	1,106,608
Held for trading—negative fair value	478,681	479,255	1,267,379	1,178,314	1,092,057	1,178,314	1,092,057
Not for trading—positive fair value	28,569	22,168	18,222	12,551	9,485	12,551	9,485
Not for trading—negative fair value	20,149	18,876	15,809	12,374	9,733	12,374	9,733

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Off-balance sheet items, FDIC-insured national banks by asset size
Fourth quarter 2005 and fourth quarter 2006
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4
Number of institutions reporting	683	620	960	924	130	126	45	45
Unused commitments	\$30,581	\$19,271	\$173,676	\$197,973	\$706,501	\$294,014	\$3,919,197	\$4,614,936
Home equity lines	375	341	5,931	6,048	12,199	12,980	345,430	421,480
Credit card lines	27,100	16,231	137,516	161,725	636,679	225,987	2,146,534	2,543,670
Commercial RE, construction and land	923	724	11,542	11,303	22,880	24,862	137,766	151,409
All other unused commitments	2,182	1,976	18,687	18,896	34,744	30,185	1,289,467	1,498,378
Letters of Credit:								
Standby letters of credit	106	102	1,773	1,696	4,958	5,011	271,736	315,064
Financial letters of credit	61	55	1,096	1,051	3,650	3,429	228,601	269,943
Performance letters of credit	45	48	677	645	1,308	1,582	43,134	45,121
Commercial letters of credit	19	20	210	220	641	767	23,156	23,297
Securities lent	33	11	33	66	1,327	1,338	533,871	681,459
Spot foreign exchange contracts	0	0	2	2	133	155	407,223	628,774
Credit derivatives (notional value)								
Reporting bank is the guarantor	0	0	0	0	0	28	2,679,692	4,494,979
Reporting bank is the beneficiary	0	0	50	0	0	74	3,125,065	4,499,797
Derivative contracts (notional value)	25	20	3,342	3,338	20,074	19,752	99,576,626	129,369,634
Futures and forward contracts	9	9	1,008	894	3,156	3,212	11,384,496	14,033,490
Interest rate contracts	9	9	997	885	1,957	2,190	6,931,694	8,381,249
Foreign exchange contracts	0	0	10	8	1,198	1,021	4,289,868	5,454,275
All other futures and forwards	0	0	1	1	0	1	162,934	197,967
Option contracts	12	11	1,156	1,058	4,464	2,963	18,348,871	25,752,052
Interest rate contracts	10	9	1,106	1,017	3,294	2,566	14,707,113	20,065,487
Foreign exchange contracts	0	0	1	0	1,142	305	2,324,551	3,232,156
All other options	2	2	49	41	28	91	1,317,207	2,454,408
Swaps	4	0	1,128	1,386	12,454	13,475	64,038,503	80,589,316
Interest rate contracts	4	0	1,112	1,373	12,412	13,344	61,677,651	77,644,266
Foreign exchange contracts	0	0	0	0	0	19	2,066,824	2,476,288
All other swaps	0	0	16	13	42	112	294,028	468,762
Memoranda: Derivatives by purpose								
Contracts held for trading	0	2	35	36	5,877	6,353	91,479,293	117,852,308
Contracts not held for trading	25	18	3,257	3,302	14,198	13,298	2,292,576	2,522,550
Memoranda: Derivatives by position								
Held for trading—positive fair value	0	0	1	1	21	29	1,194,946	1,106,578
Held for trading—negative fair value	0	0	1	0	14	28	1,178,300	1,092,028
Not for trading—positive fair value	1	1	16	19	50	53	12,484	9,413
Not for trading—negative fair value	0	0	25	19	130	123	12,219	9,591

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators FDIC-insured national banks by OCC district Fourth quarter 2006 (Dollar figures in millions)

	Northeast	Central	Western	Southern	Large-Banks	Mid-Sized	All Institutions
Number of institutions reporting	174	456	355	603	54	63	1,715
Total employees (FTEs)	27,445	35,713	28,441	54,500	1,008,367	74,941	1,230,067
Selected income data (\$)							
Net income	\$324	\$360	\$341	\$493	\$18,139	\$908	\$20,566
Net interest income	889	1,171	1,069	1,598	38,059	2,491	45,295
Provision for loan losses	30	99	43	85	5,322	137	5,719
Noninterest income	615	337	235	531	30,668	1,532	33,933
Noninterest expense	1,005	935	783	1,399	38,765	2,519	45,434
Net operating income	333	354	349	493	17,053	917	19,500
Cash dividends declared	267	390	192	376	20,188	743	22,156
Net charge-offs	25	120	22	79	4,560	134	4,943
Selected condition data (\$)							
Total assets	119,632	132,966	109,018	169,749	5,995,905	299,432	6,829,129
Total loans and leases	75,146	88,770	72,680	108,586	3,307,021	190,812	3,844,359
Reserve for losses	827	1,110	857	1,293	37,117	2,128	43,352
Securities	28,725	30,035	23,665	38,936	851,653	68,865	1,042,544
Other real estate owned	35	131	72	152	2,262	108	2,764
Noncurrent loans and leases	436	802	541	625	28,552	989	31,992
Total deposits	92,805	106,793	85,214	138,866	3,682,906	228,125	4,336,433
Domestic deposits	92,326	106,761	85,192	137,896	2,675,913	226,024	3,325,672
Equity capital	13,168	13,380	11,082	17,193	582,932	27,496	665,573
Off-balance-sheet derivatives	6,718	2,063	6,842	3,215	129,339,684	34,212	129,392,745
Performance ratios (annualized %)							
Return on equity	10.21	10.78	12.47	11.60	12.28	13.36	12.23
Return on assets	1.09	1.09	1.28	1.18	1.21	1.23	1.21
Net interest income to assets	2.99	3.55	4.00	3.83	2.54	3.39	2.66
Loss provision to assets	0.10	0.30	0.16	0.20	0.36	0.19	0.34
Net operating income to assets	1.12	1.07	1.31	1.18	1.14	1.25	1.14
Noninterest income to assets	2.07	1.02	0.88	1.27	2.05	2.08	1.99
Noninterest expense to assets	3.38	2.83	2.93	3.36	2.59	3.42	2.67
Loss provision to loans and leases	0.16	0.45	0.24	0.32	0.64	0.29	0.60
Net charge-offs to loans and leases	0.13	0.54	0.12	0.30	0.55	0.28	0.51
Loss provision to net charge-offs	121.61	82.50	195.91	106.84	116.71	102.25	115.71
Performance ratios (%)							
Percent of institutions unprofitable	8.62	5.92	7.89	6.47	3.70	9.52	7.12
Percent of institutions with earnings gains	44.83	52.19	57.46	61.36	59.26	58.73	56.18
Nonint. income to net operating revenue	40.92	22.34	18.02	24.93	44.62	38.08	42.83
Nonint. expense to net operating revenue	66.82	62.06	59.99	65.71	56.40	62.60	57.35
Condition ratios (%)							
Nonperforming assets to assets	0.40	0.70	0.56	0.46	0.52	0.37	0.51
Noncurrent loans to loans	0.58	0.90	0.74	0.58	0.86	0.52	0.83
Loss reserve to noncurrent loans	189.87	138.31	158.40	206.80	130.00	215.12	135.51
Loss reserve to loans	1.10	1.25	1.18	1.19	1.12	1.12	1.13
Equity capital to assets	11.01	10.06	10.16	10.13	9.72	9.18	9.75
Leverage ratio	8.43	9.31	9.62	9.43	6.92	7.92	7.15
Risk-based capital ratio	13.23	13.49	13.57	13.97	11.87	11.83	12.00
Net loans and leases to assets	62.12	65.93	65.88	63.21	54.54	63.01	55.66
Securities to assets	24.01	22.59	21.71	22.94	14.20	23.00	15.27
Appreciation in securities (% of par)	-0.85	-0.58	-0.40	-0.85	-0.84	-1.40	-0.86
Residential mortgage assets to assets	31.51	20.74	19.90	20.99	24.63	31.39	24.81
Total deposits to assets	77.58	80.32	78.16	81.81	61.42	76.19	63.50
Core deposits to assets	62.96	64.68	63.02	63.63	37.60	64.03	40.78
Volatile liabilities to assets	19.67	21.53	22.04	23.00	39.69	22.03	37.51

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance FDIC-insured national banks by OCC district
Fourth quarter 2006
(Dollar figures in millions)

	Northeast	Central	Western	Southern	Large-Banks	Mid-Size	All Insitutions
Percent of loans past due 30-89 days							
Total loans and leases	0.81	1.07	0.83	0.88	1.06	0.60	1.03
Loans secured by real estate (RE)	0.66	1.14	0.74	0.82	1.13	0.54	1.06
1- to 4-family residential mortgages	0.68	1.49	1.02	1.26	1.54	0.57	1.47
Home equity loans	0.57	0.65	0.37	0.54	0.68	0.43	0.67
Multifamily residential mortgages	1.60	0.68	0.35	0.78	0.46	0.55	0.54
Commercial RE loans	0.54	0.70	0.49	0.56	0.42	0.44	0.46
Construction RE loans	0.73	2.09	1.00	0.76	0.93	0.68	0.95
Commercial and industrial loans	1.00	0.75	1.07	0.73	0.47	0.56	0.50
Loans to individuals	1.97	1.64	1.44	1.78	1.95	1.25	1.93
Credit cards	1.67	7.37	1.79	1.48	2.22	1.65	2.21
Installment loans and other plans	2.33	1.46	1.50	1.84	1.99	1.20	1.95
All other loans and leases	0.40	0.50	0.76	0.70	0.42	0.45	0.43
Percent of loans noncurrent							
Total loans and leases	0.58	0.90	0.74	0.58	0.86	0.52	0.83
Loans secured by real estate (RE)	0.63	0.95	0.72	0.53	0.95	0.49	0.89
1- to 4-family residential mortgages	0.36	0.86	0.72	0.58	1.33	0.42	1.24
Home equity loans	0.28	0.39	0.32	0.61	0.41	0.28	0.40
Multifamily residential mortgages	0.50	3.78	0.44	0.64	0.42	0.43	0.66
Commercial RE loans	0.71	0.94	0.61	0.54	0.45	0.61	0.53
Construction RE loans	1.70	0.74	1.03	0.45	0.57	0.55	0.62
Commercial and industrial loans	0.63	1.06	1.02	0.83	0.51	0.65	0.55
Loans to individuals	0.17	0.44	0.45	0.48	1.45	0.56	1.38
Credit cards	0.42	2.55	0.73	0.89	2.04	1.51	2.03
Installment loans and other plans	0.20	0.37	0.46	0.47	1.12	0.33	1.04
All other loans and leases	0.33	0.39	0.57	0.45	0.19	0.28	0.20
Percent of loans charged-off, net							
Total loans and leases	0.13	0.54	0.12	0.30	0.55	0.28	0.51
Loans secured by real estate (RE)	0.06	0.22	0.06	0.11	0.11	0.13	0.11
1- to 4-family residential mortgages	0.06	0.27	0.09	0.11	0.10	0.08	0.10
Home equity loans	0.10	0.24	0.03	0.28	0.20	0.20	0.20
Multifamily residential mortgages	0.00	0.17	0.02	0.12	0.03	0.11	0.05
Commercial RE loans	0.06	0.24	0.05	0.13	0.03	0.11	0.06
Construction RE loans	0.09	0.20	0.06	0.07	0.06	0.18	0.09
Commercial and industrial loans	0.21	1.52	0.32	0.69	0.40	0.39	0.42
Loans to individuals	0.42	1.86	-0.84	0.92	2.22	1.12	2.13
Credit cards	2.82	30.57	2.15	2.32	2.90	3.15	2.93
Installment loans and other plans	0.41	0.66	-1.08	0.84	1.67	0.63	1.56
All other loans and leases	0.63	0.30	0.98	0.58	0.20	0.63	0.23
Loans outstanding (\$)							
Total loans and leases	\$75,146	\$88,770	\$72,680	\$108,586	\$3,307,021	\$190,812	\$3,844,359
Loans secured by real estate (RE)	55,019	63,572	52,553	76,707	1,685,183	125,938	2,060,023
1- to 4-family residential mortgages	23,214	18,873	11,182	20,745	897,328	43,810	1,015,552
Home equity loans	3,665	4,321	2,827	2,889	339,200	11,208	364,144
Multifamily residential mortgages	2,046	3,299	1,954	2,048	37,342	5,023	51,870
Commercial RE loans	20,136	20,471	19,338	28,294	232,489	38,219	359,325
Construction RE loans	5,273	10,978	13,648	19,881	125,086	26,661	201,608
Farmland loans	684	3,618	3,603	2,846	5,374	1,017	17,143
RE loans from foreign offices	0	2,012	1	4	48,365	0	50,382
Commercial and industrial loans	11,482	14,491	11,539	18,191	670,856	39,277	766,027
Loans to individuals	6,053	5,810	3,421	8,951	582,031	14,958	621,243
Credit cards	30	242	239	492	255,468	3,047	259,519
Other revolving credit plans	927	267	193	223	39,542	551	41,706
Installment loans	5,096	5,301	2,989	8,236	287,021	11,360	320,018
All other loans and leases	2,685	4,928	5,227	4,811	369,894	10,716	398,341
Less: Unearned income	92	29	60	74	944	76	1,276

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q4	Preliminary 2006Q4
Number of institutions reporting	7,888	7,770	7,631	7,526	7,402	7,526	7,402
Total employees (FTEs)	1,745,614	1,759,517	1,815,099	1,868,156	1,941,535	1,868,156	1,941,535
Selected income data (\$)							
Net income	\$89,444	\$102,582	\$104,028	\$114,016	\$128,640	\$27,512	\$31,651
Net interest income	236,433	239,905	250,033	269,367	284,888	69,498	70,398
Provision for loan losses	48,175	34,814	26,101	26,610	25,384	7,718	8,011
Noninterest income	172,147	186,791	183,674	201,327	217,626	49,688	50,392
Noninterest expense	233,562	245,999	257,534	276,263	290,209	70,915	70,251
Net operating income	85,147	98,335	101,710	113,850	126,855	27,875	29,586
Cash dividends declared	67,536	77,838	55,637	64,266	80,558	15,191	31,220
Net charge-offs	44,515	37,914	29,108	28,509	23,207	8,839	6,842
Selected condition data (\$)							
Total assets	7,076,765	7,601,199	8,413,814	9,039,373	10,090,626	9,039,373	10,090,626
Total loans and leases	4,156,114	4,428,635	4,904,572	5,380,053	5,980,915	5,380,053	5,980,915
Reserve for losses	76,986	77,133	73,501	68,688	69,071	68,688	69,071
Securities	1,334,732	1,456,280	1,551,124	1,572,270	1,665,743	1,572,270	1,665,743
Other real estate owned	4,165	4,218	3,372	3,255	4,721	3,255	4,721
Noncurrent loans and leases	60,546	52,946	42,082	40,292	46,995	40,292	46,995
Total deposits	4,689,850	5,035,057	5,593,184	6,073,109	6,731,362	6,073,109	6,731,362
Domestic deposits	4,031,812	4,293,886	4,727,292	5,152,477	5,537,758	5,152,477	5,537,758
Equity capital	647,398	691,924	850,267	912,429	1,030,413	912,429	1,030,413
Off-balance-sheet derivatives	56,208,857	71,098,970	87,867,759	101,437,049	131,499,074	101,437,049	131,499,074
Performance ratios (annualized %)							
Return on equity	14.43	15.33	13.72	13.26	13.06	12.17	12.34
Return on assets	1.32	1.40	1.30	1.33	1.33	1.23	1.26
Net interest income to assets	3.50	3.27	3.13	3.13	2.95	3.10	2.81
Loss provision to assets	0.71	0.47	0.33	0.31	0.26	0.34	0.32
Net operating income to assets	1.26	1.34	1.27	1.32	1.32	1.24	1.18
Noninterest income to assets	2.55	2.55	2.30	2.34	2.26	2.22	2.01
Noninterest expense to assets	3.46	3.35	3.22	3.21	3.01	3.17	2.81
Loss provision to loans and leases	1.21	0.82	0.56	0.53	0.44	0.58	0.54
Net charge-offs to loans and leases	1.12	0.89	0.63	0.56	0.40	0.67	0.46
Loss provision to net charge-offs	108.22	91.82	89.67	93.34	109.38	87.32	117.10
Performance ratios (%)							
Percent of institutions unprofitable	6.64	6.02	5.87	6.31	7.28	9.61	11.36
Percent of institutions with earnings gains	72.64	59.20	64.83	66.00	59.55	60.26	54.69
Nonint. income to net operating revenue	42.13	43.78	42.35	42.77	43.31	41.69	41.72
Nonint. expense to net operating revenue	57.16	57.65	59.38	58.69	57.75	59.50	58.16
Condition ratios (%)							
Nonperforming assets to assets	0.94	0.77	0.55	0.48	0.51	0.48	0.51
Noncurrent loans to loans	1.46	1.20	0.86	0.75	0.79	0.75	0.79
Loss reserve to noncurrent loans	127.15	145.68	174.66	170.48	146.98	170.48	146.98
Loss reserve to loans	1.85	1.74	1.50	1.28	1.15	1.28	1.15
Equity capital to assets	9.15	9.10	10.11	10.09	10.21	10.09	10.21
Leverage ratio	7.83	7.85	7.82	7.91	7.87	7.91	7.87
Risk-based capital ratio	12.77	12.75	12.61	12.30	12.37	12.30	12.37
Net loans and leases to assets	57.64	57.25	57.42	58.76	58.59	58.76	58.59
Securities to assets	18.86	19.16	18.44	17.39	16.51	17.39	16.51
Appreciation in securities (% of par)	2.21	0.84	0.43	-1.11	-0.79	-1.11	-0.79
Residential mortgage assets to assets	23.30	23.28	23.28	23.49	23.88	23.49	23.88
Total deposits to assets	66.27	66.24	66.48	67.19	66.71	67.19	66.71
Core deposits to assets	48.68	48.63	47.56	47.09	44.60	47.09	44.60
Volatile liabilities to assets	31.41	30.95	31.68	33.29	34.80	33.29	34.80

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q4	Preliminary 2006Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.17	1.02	0.86	0.88	0.99	0.88	0.99
Loans secured by real estate (RE)	1.08	0.90	0.73	0.79	0.98	0.79	0.98
1- to 4-family residential mortgages	1.49	1.29	1.06	1.13	1.38	1.13	1.38
Home equity loans	0.59	0.45	0.37	0.54	0.67	0.54	0.67
Multifamily residential mortgages	0.46	0.48	0.36	0.51	0.56	0.51	0.56
Commercial RE loans	0.68	0.56	0.49	0.50	0.57	0.50	0.57
Construction RE loans	0.89	0.69	0.58	0.61	0.89	0.61	0.89
Commercial and industrial loans	0.89	0.72	0.64	0.69	0.55	0.69	0.55
Loans to individuals	2.22	2.08	1.82	1.72	1.87	1.72	1.87
Credit cards	2.72	2.53	2.24	2.00	2.12	2.00	2.12
Installment loans and other plans	2.08	1.93	1.62	1.66	1.88	1.66	1.88
All other loans and leases	0.58	0.48	0.37	0.40	0.55	0.40	0.55
Percent of loans noncurrent							
Total loans and leases	1.46	1.20	0.86	0.75	0.79	0.75	0.79
Loans secured by real estate (RE)	0.89	0.86	0.65	0.70	0.81	0.70	0.81
1- to 4-family residential mortgages	0.93	1.00	0.82	1.03	1.12	1.03	1.12
Home equity loans	0.30	0.24	0.18	0.25	0.39	0.25	0.39
Multifamily residential mortgages	0.38	0.38	0.35	0.34	0.57	0.34	0.57
Commercial RE loans	0.94	0.90	0.69	0.60	0.59	0.60	0.59
Construction RE loans	0.98	0.70	0.44	0.37	0.68	0.37	0.68
Commercial and industrial loans	2.93	2.10	1.17	0.75	0.64	0.75	0.64
Loans to individuals	1.51	1.53	1.46	1.20	1.24	1.20	1.24
Credit cards	2.24	2.22	2.00	1.80	1.94	1.80	1.94
Installment loans and other plans	1.14	1.14	1.12	0.84	0.86	0.84	0.86
All other loans and leases	1.01	0.66	0.40	0.29	0.22	0.29	0.22
Percent of loans charged-off, net							
Total loans and leases	1.12	0.89	0.63	0.56	0.40	0.67	0.46
Loans secured by real estate (RE)	0.15	0.17	0.08	0.06	0.08	0.07	0.11
1- to 4-family residential mortgages	0.14	0.19	0.08	0.07	0.08	0.07	0.10
Home equity loans	0.19	0.20	0.10	0.10	0.16	0.12	0.21
Multifamily residential mortgages	0.08	0.03	0.04	0.04	0.03	0.06	0.04
Commercial RE loans	0.15	0.13	0.07	0.05	0.04	0.06	0.07
Construction RE loans	0.17	0.14	0.05	0.03	0.05	0.03	0.10
Commercial and industrial loans	1.76	1.26	0.50	0.27	0.29	0.43	0.44
Loans to individuals	3.33	3.04	2.81	2.81	2.00	3.27	2.03
Credit cards	6.37	5.56	5.01	4.80	3.39	6.00	3.05
Installment loans and other plans	1.46	1.45	1.28	1.39	1.07	1.36	1.35
All other loans and leases	0.57	0.40	0.16	0.23	0.14	0.35	0.23
Loans outstanding (\$)							
Total loans and leases	\$4,156,114	\$4,428,635	\$4,904,572	\$5,380,053	\$5,980,915	\$5,380,053	\$5,980,915
Loans secured by real estate (RE)	2,068,284	2,272,803	2,621,624	2,986,713	3,432,190	2,986,713	3,432,190
1- to 4-family residential mortgages	945,841	994,121	1,079,093	1,226,303	1,437,153	1,226,303	1,437,153
Home equity loans	214,722	284,511	398,894	431,194	469,802	431,194	469,802
Multifamily residential mortgages	71,934	79,678	87,925	97,941	106,382	97,941	106,382
Commercial RE loans	555,990	602,719	667,384	738,628	810,757	738,628	810,757
Construction RE loans	207,451	231,514	290,642	392,418	498,512	392,418	498,512
Farmland loans	38,066	40,699	44,620	47,750	52,348	47,750	52,348
RE loans from foreign offices	34,280	39,559	53,066	52,479	57,235	52,479	57,235
Commercial and industrial loans	910,810	869,489	907,747	1,019,595	1,139,123	1,019,595	1,139,123
Loans to individuals	703,568	770,322	838,744	836,790	857,887	836,790	857,887
Credit cards	275,786	315,839	371,421	354,768	341,022	354,768	341,022
Other revolving credit plans	38,209	37,556	39,159	40,685	47,706	40,685	47,706
Installment loans	389,573	416,927	428,164	441,338	469,159	441,338	469,159
All other loans and leases	476,854	518,890	539,664	539,930	554,010	539,930	554,010
Less: Unearned income	3,401	2,870	3,206	2,975	2,295	2,975	2,295

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4
Number of institutions reporting	3,459	3,246	3,592	3,662	391	406	84	88
Total employees (FTEs)	65,611	60,365	299,139	301,091	239,480	236,907	1,263,926	1,343,172
Selected income data (\$)								
Net income	\$358	\$311	\$3,122	\$3,044	\$3,360	\$3,319	\$20,672	\$24,977
Net interest income	1,769	1,654	9,838	9,894	9,279	9,021	48,612	49,828
Provision for loan losses	118	103	641	609	681	627	6,278	6,672
Noninterest income	469	393	3,102	3,257	4,755	4,415	41,363	42,326
Noninterest expense	1,665	1,547	8,058	8,451	8,303	7,798	52,888	52,456
Net operating income	364	316	3,148	3,084	3,483	3,423	20,880	22,764
Cash dividends declared	420	422	2,153	2,014	2,448	2,651	10,171	26,133
Net charge-offs	94	79	495	509	590	514	7,660	5,740
Selected condition data (\$)								
Total assets	180,096	170,352	1,000,468	1,039,633	1,074,760	1,076,294	6,784,049	7,804,348
Total loans and leases	112,091	105,885	682,453	720,185	701,808	721,522	3,883,701	4,433,323
Reserve for losses	1,577	1,454	8,868	8,891	8,910	9,176	49,333	49,550
Securities	42,788	38,573	203,193	199,516	225,416	207,881	1,100,873	1,219,773
Other real estate owned	218	226	979	1,095	425	532	1,633	2,868
Noncurrent loans and leases	994	999	4,370	5,092	4,160	4,885	30,767	36,018
Total deposits	149,732	140,954	813,412	847,455	754,405	767,623	4,355,560	4,975,331
Domestic deposits	149,719	140,938	811,870	846,158	744,318	759,108	3,446,570	3,791,554
Equity capital	21,441	21,697	100,227	106,176	114,943	118,238	675,818	784,301
Off-balance-sheet derivatives	328	135	8,851	13,096	97,817	82,421	101,760,965	132,067,294
Performance ratios (annualized %)								
Return on equity	6.67	5.76	12.58	11.58	11.89	11.47	12.34	12.75
Return on assets	0.80	0.74	1.27	1.19	1.27	1.25	1.23	1.29
Net interest income to assets	3.97	3.94	3.99	3.86	3.50	3.41	2.89	2.57
Loss provision to assets	0.26	0.25	0.26	0.24	0.26	0.24	0.37	0.34
Net operating income to assets	0.82	0.75	1.28	1.20	1.31	1.29	1.24	1.17
Noninterest income to assets	1.05	0.94	1.26	1.27	1.79	1.67	2.46	2.18
Noninterest expense to assets	3.74	3.68	3.27	3.30	3.13	2.95	3.14	2.70
Loss provision to loans and leases	0.42	0.39	0.38	0.34	0.39	0.35	0.65	0.61
Net charge-offs to loans and leases	0.34	0.30	0.29	0.29	0.34	0.29	0.80	0.52
Loss provision to net charge-offs	125.22	130.71	129.53	119.59	115.45	122.11	81.96	116.24
Performance ratios (%)								
Percent of institutions unprofitable	16.28	19.04	4.04	5.60	3.58	3.94	1.19	2.27
Percent of institutions with earnings gains	54.15	51.39	65.03	56.85	69.57	61.33	64.29	55.68
Nonint. income to net operating revenue	20.94	19.18	23.97	24.77	33.88	32.86	45.97	45.93
Nonint. expense to net operating revenue	74.38	75.55	62.28	64.26	59.16	58.04	58.78	56.92
Condition ratios (%)								
Nonperforming assets to assets	0.67	0.72	0.54	0.60	0.43	0.51	0.48	0.50
Noncurrent loans to loans	0.89	0.94	0.64	0.71	0.59	0.68	0.79	0.81
Loss reserve to noncurrent loans	158.55	145.57	202.91	174.60	214.18	187.83	160.34	137.57
Loss reserve to loans	1.41	1.37	1.30	1.23	1.27	1.27	1.27	1.12
Equity capital to assets	11.91	12.74	10.02	10.21	10.69	10.99	9.96	10.05
Leverage ratio	11.98	12.74	9.65	9.79	9.23	9.38	7.34	7.28
Risk-based capital ratio	18.60	19.52	13.97	13.96	13.23	13.07	11.79	11.94
Net loans and leases to assets	61.36	61.30	67.33	68.42	64.47	66.19	56.52	56.17
Securities to assets	23.76	22.64	20.31	19.19	20.97	19.31	16.23	15.63
Appreciation in securities (% of par)	-1.39	-0.80	-1.18	-0.66	-1.19	-0.91	-1.06	-0.79
Residential mortgage assets to assets	19.32	18.62	20.25	19.83	22.93	21.09	24.17	24.92
Total deposits to assets	83.14	82.74	81.30	81.51	70.19	71.32	64.20	63.75
Core deposits to assets	69.50	67.34	65.31	63.70	54.73	54.11	42.59	40.25
Volatile liabilities to assets	15.83	17.12	20.50	21.76	28.52	29.02	36.39	37.72

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.29	1.39	0.83	0.96	0.73	0.83	0.90	1.01
Loans secured by real estate (RE)	1.22	1.34	0.74	0.91	0.61	0.75	0.84	1.03
1- to 4-family residential mortgages	1.86	2.00	1.25	1.37	0.96	1.10	1.12	1.40
Home equity loans	0.60	0.82	0.51	0.64	0.47	0.62	0.55	0.67
Multifamily residential mortgages	0.66	0.87	0.36	0.84	0.34	0.63	0.65	0.44
Commercial RE loans	0.93	0.99	0.55	0.68	0.46	0.51	0.46	0.51
Construction RE loans	0.84	1.08	0.56	0.90	0.55	0.85	0.64	0.89
Commercial and industrial loans	1.29	1.44	0.88	0.95	0.81	0.75	0.63	0.46
Loans to individuals	2.52	2.56	1.94	1.81	1.52	1.81	1.72	1.87
Credit cards	2.42	2.12	3.48	2.26	1.27	1.86	2.01	2.13
Installment loans and other plans	2.57	2.62	1.83	1.85	1.68	1.87	1.61	1.86
All other loans and leases	0.63	0.71	0.55	0.55	0.53	0.62	0.38	0.54
Percent of loans noncurrent								
Total loans and leases	0.89	0.94	0.64	0.71	0.59	0.68	0.79	0.81
Loans secured by real estate (RE)	0.80	0.94	0.57	0.68	0.54	0.66	0.77	0.87
1- to 4-family residential mortgages	0.93	1.00	0.69	0.75	0.72	0.74	1.12	1.22
Home equity loans	0.22	0.41	0.21	0.34	0.23	0.36	0.26	0.40
Multifamily residential mortgages	0.56	0.80	0.39	0.60	0.24	0.84	0.37	0.44
Commercial RE loans	0.89	1.02	0.62	0.66	0.61	0.58	0.56	0.54
Construction RE loans	0.55	1.03	0.42	0.76	0.37	0.76	0.35	0.58
Commercial and industrial loans	1.31	1.25	0.95	0.94	0.81	0.77	0.70	0.57
Loans to individuals	0.90	0.87	0.77	0.58	0.53	0.76	1.30	1.32
Credit cards	1.08	1.00	2.24	1.47	1.05	1.62	1.83	1.96
Installment loans and other plans	0.91	0.89	0.62	0.52	0.37	0.40	0.92	0.94
All other loans and leases	0.77	0.61	0.52	0.48	0.56	0.33	0.24	0.18
Percent of loans charged-off, net								
Total loans and leases	0.34	0.30	0.29	0.29	0.34	0.29	0.80	0.52
Loans secured by real estate (RE)	0.09	0.13	0.08	0.12	0.09	0.08	0.06	0.11
1- to 4-family residential mortgages	0.11	0.13	0.12	0.15	0.09	0.11	0.06	0.10
Home equity loans	0.05	0.16	0.07	0.12	0.15	0.23	0.12	0.22
Multifamily residential mortgages	0.04	0.21	0.05	0.05	0.08	0.07	0.04	0.03
Commercial RE loans	0.12	0.12	0.07	0.11	0.10	0.05	0.03	0.07
Construction RE loans	0.08	0.22	0.05	0.14	0.03	0.08	0.01	0.10
Commercial and industrial loans	0.88	0.70	0.71	0.75	0.61	0.54	0.35	0.39
Loans to individuals	1.08	0.93	1.74	1.19	1.67	1.41	3.55	2.14
Credit cards	2.96	2.21	7.56	5.77	4.01	2.71	6.08	3.05
Installment loans and other plans	1.05	0.91	1.09	0.80	0.92	0.86	1.44	1.46
All other loans and leases	0.33	0.23	0.28	0.24	0.39	0.42	0.36	0.22
Loans outstanding (\$)								
Total loans and leases	\$112,091	\$105,885	\$682,453	\$720,185	\$701,808	\$721,522	\$3,883,701	\$4,433,323
Loans secured by real estate (RE)	70,911	67,487	502,489	536,289	474,054	503,741	1,939,259	2,324,673
1- to 4-family residential mortgages	26,450	24,403	138,256	143,836	132,480	126,661	929,117	1,142,253
Home equity loans	2,414	2,167	26,127	25,353	34,952	31,522	367,702	410,760
Multifamily residential mortgages	1,494	1,419	17,754	18,157	28,165	25,127	50,527	61,679
Commercial RE loans	22,029	20,652	198,895	206,999	175,128	185,026	342,576	398,081
Construction RE loans	8,813	9,522	99,402	117,587	94,049	123,843	190,155	247,560
Farmland loans	9,710	9,323	22,028	24,329	8,014	9,521	7,998	9,175
RE loans from foreign offices	0	0	28	30	1,266	2,040	51,185	55,165
Commercial and industrial loans	17,771	16,775	103,480	108,372	128,267	124,638	770,077	889,338
Loans to individuals	10,527	9,255	45,476	43,177	64,140	61,124	716,647	744,331
Credit cards	185	147	4,755	3,538	16,129	18,495	333,699	318,842
Other revolving credit plans	185	164	1,523	1,529	2,409	2,133	36,567	43,879
Installment loans	10,157	8,944	39,198	38,110	45,602	40,496	346,381	381,609
All other loans and leases	12,945	12,426	31,600	32,876	35,927	32,637	459,458	476,071
Less: Unearned income	63	59	592	529	580	617	1,740	1,090

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Off-balance-sheet items, FDIC-insured commercial banks Annual 2002–2005, year-to-date through December 31, 2006, fourth quarter 2005, and fourth quarter 2006 (Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q4	Preliminary 2006Q4
Number of institutions reporting	7,888	7,770	7,631	7,526	7,402	7,526	7,402
Unused commitments	\$5,312,641	\$5,395,215	\$5,813,668	\$6,177,850	\$6,622,387	\$6,177,850	\$6,622,387
Home equity lines	248,045	314,129	393,487	473,796	557,149	473,796	557,149
Credit card lines	3,352,608	3,386,476	3,526,159	3,525,070	3,581,327	3,525,070	3,581,327
Commercial RE, construction and land	164,663	187,857	249,332	323,350	354,957	323,350	354,957
All other unused commitments	1,547,325	1,506,754	1,644,690	1,855,635	2,128,953	1,855,635	2,128,953
Letters of Credit:							
Standby letters of credit	269,193	288,613	337,708	367,339	416,790	367,339	416,790
Financial letters of credit	227,448	242,217	288,630	313,044	359,840	313,044	359,840
Performance letters of credit	41,744	46,395	49,077	54,295	56,950	54,295	56,950
Commercial letters of credit	22,607	24,236	28,364	28,243	28,405	28,243	28,405
Securities lent	582,326	851,980	1,165,311	1,368,100	1,761,414	1,368,100	1,761,414
Spot foreign exchange contracts	195,883	273,038	418,835	430,912	663,873	430,912	663,873
Credit derivatives (notional value)							
Reporting bank is the guarantor	291,346	471,459	1,127,101	2,681,083	4,495,902	2,681,083	4,495,902
Reporting bank is the beneficiary	350,169	529,198	1,219,593	3,140,937	4,523,395	3,140,937	4,523,395
Derivative contracts (notional value)	56,208,857	71,098,970	87,867,759	101,437,049	131,499,074	101,437,049	131,499,074
Futures and forward contracts	11,376,170	11,400,204	11,364,572	12,055,589	14,876,869	12,055,589	14,876,869
Interest rate contracts	7,380,246	7,212,780	6,520,258	7,059,609	8,534,510	7,059,609	8,534,510
Foreign exchange contracts	3,865,759	4,078,891	4,716,750	4,828,106	6,143,185	4,828,106	6,143,185
All other futures and forwards	130,165	108,532	127,564	167,874	199,174	167,874	199,174
Option contracts	11,574,288	14,613,199	17,749,841	18,855,916	26,274,846	18,855,916	26,274,846
Interest rate contracts	9,897,725	12,542,023	14,950,427	15,160,373	20,514,839	15,160,373	20,514,839
Foreign exchange contracts	910,932	1,299,696	1,734,365	2,359,620	3,272,795	2,359,620	3,272,795
All other options	765,631	771,480	1,065,049	1,335,923	2,487,212	1,335,923	2,487,212
Swaps	32,616,884	44,084,911	56,406,652	64,703,524	81,328,062	64,703,524	81,328,062
Interest rate contracts	31,195,203	42,107,453	54,048,065	62,299,388	78,365,939	62,299,388	78,365,939
Foreign exchange contracts	1,303,654	1,805,416	2,155,470	2,100,655	2,484,343	2,100,655	2,484,343
All other swaps	118,026	172,041	203,117	303,481	477,781	303,481	477,781
Memoranda: Derivatives by purpose							
Contracts held for trading	53,460,317	67,730,113	82,912,046	93,008,371	119,633,427	93,008,371	119,633,427
Contracts not held for trading	2,107,025	2,368,200	2,609,019	2,606,658	2,846,350	2,606,658	2,846,350
Memoranda: Derivatives by position							
Held for trading—positive fair value	1,134,845	1,147,402	1,308,177	1,209,342	1,120,788	1,209,342	1,120,788
Held for trading—negative fair value	1,118,099	1,127,517	1,283,865	1,193,538	1,107,206	1,193,538	1,107,206
Not for trading—positive fair value	36,321	25,877	20,151	14,687	11,581	14,687	11,581
Not for trading—negative fair value	25,755	22,771	18,393	14,678	11,771	14,678	11,771

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Off-balance-sheet items, FDIC-insured commercial banks by asset size
Fourth quarter 2005 and fourth quarter 2006
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4	2005Q4	2006Q4
Number of institutions reporting	3,459	3,246	3,592	3,662	391	406	84	88
Unused commitments	\$46,409	\$33,936	\$338,204	\$341,089	\$938,674	\$578,227	\$4,854,563	\$5,669,135
Home equity lines	1,795	1,731	22,820	23,981	35,741	35,473	413,440	495,964
Credit card lines	28,177	17,354	162,624	191,036	704,731	322,141	2,629,538	3,050,798
Commercial RE, construction and land	5,034	4,555	53,837	53,532	68,493	73,721	195,986	223,150
All other unused commitments	11,403	10,296	98,923	72,541	129,709	146,893	1,615,599	1,899,223
Letters of Credit:								
Standby letters of credit	485	471	7,056	7,227	18,707	17,380	341,091	391,712
Financial letters of credit	307	295	4,310	4,424	14,487	12,598	293,940	342,523
Performance letters of credit	178	176	2,746	2,803	4,220	4,782	47,151	49,189
Commercial letters of credit	91	81	721	749	1,877	1,944	25,553	25,631
Securities lent	33	17	707	650	3,378	3,903	1,363,982	1,756,843
Spot foreign exchange contracts	0	0	9	28	251	242	430,651	663,603
Credit derivatives (notional value)								
Reporting bank is the guarantor	0	0	0	0	221	236	2,680,861	4,495,666
Reporting bank is the beneficiary	0	0	51	1	3,842	101	3,137,044	4,523,294
Derivative contracts (notional value)	328	135	8,842	13,068	97,566	82,179	101,330,314	131,403,691
Futures and forward contracts	82	64	1,728	1,718	24,522	11,366	12,029,257	14,863,721
Interest rate contracts	22	20	1,710	1,684	18,183	8,930	7,039,693	8,523,876
Foreign exchange contracts	60	44	10	27	2,143	2,263	4,825,893	6,140,850
All other futures and forwards	0	0	8	6	4,196	173	163,671	198,995
Option contracts	199	57	3,360	5,917	11,603	10,425	18,840,754	26,258,447
Interest rate contracts	177	40	3,168	5,790	8,258	8,675	15,148,769	20,500,334
Foreign exchange contracts	0	0	1	0	1,874	912	2,357,746	3,271,884
All other options	23	18	191	127	1,470	838	1,334,239	2,486,229
Swaps	46	13	3,703	5,433	57,377	60,052	64,642,398	81,262,565
Interest rate contracts	36	9	3,617	5,364	56,959	59,805	62,238,777	78,300,761
Foreign exchange contracts	0	0	0	12	314	94	2,100,341	2,484,236
All other swaps	10	4	86	56	105	153	303,280	477,568
Memoranda: Derivatives by purpose								
Contracts held for trading	3	3	128	158	28,541	38,297	92,979,698	119,594,969
Contracts not held for trading	324	132	8,663	12,909	64,961	43,546	2,532,710	2,789,763
Memoranda: Derivatives by position								
Held for trading—positive fair value	0	0	3	6	710	798	1,208,629	1,119,984
Held for trading—negative fair value	0	0	3	3	674	775	1,192,862	1,106,428
Not for trading—positive fair value	11	3	52	69	304	251	14,320	11,257
Not for trading—negative fair value	3	2	80	73	526	375	14,068	11,321

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.