



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

Volume 25, Number 1

March 2006
(Fourth quarter data)

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<p>10/27/2005, Comptroller Dugan Discusses Credit Risk, speech (www.occ.treas.gov/ftp/release/2005-107a.pdf)</p> <p>11/1/2005, Comptroller Dugan Tells Bankers OCC Is Committed to Measured, Fair, and Effective Bank Secrecy Act/Anti-Money Laundering Supervision, speech (www.occ.treas.gov/ftp/release/2005-108a.pdf)</p> <p>11/10/2005, Comptroller Dugan Says Basel II Capital Framework Will Substantially Enhance Safety and Soundness, testimony (www.occ.treas.gov/ftp/release/2005-111a.pdf)</p> <p>12/1/2005, Comptroller Dugan Expresses Concern about Negative Amortization, speech (www.occ.treas.gov/ftp/release/2005-117a.pdf)</p>	
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<p><i>October [Interpretations and Actions]</i></p> <p>1041, 09/28/2005, Letter concludes that the bank's proposed escrow activities are part of the business of banking, pursuant to 12 USC 24(7) and 12 CFR 7.5001 & 7.5002.</p>	

December [Interpretations and Actions]

1042, 1/21/1993, Letter concludes that bank may retain ownership of condominium donated to it by its holding company for use in providing lodging to bank employees, consultants, and customers because commercial accommodations frequently are not available. If business use is discontinued, bank must dispose of the property.

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25th Anniversary

ABOUT THE OCC

About the Office of the Comptroller of the Currency

March 2006

Comptroller _____ John C. Dugan

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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.



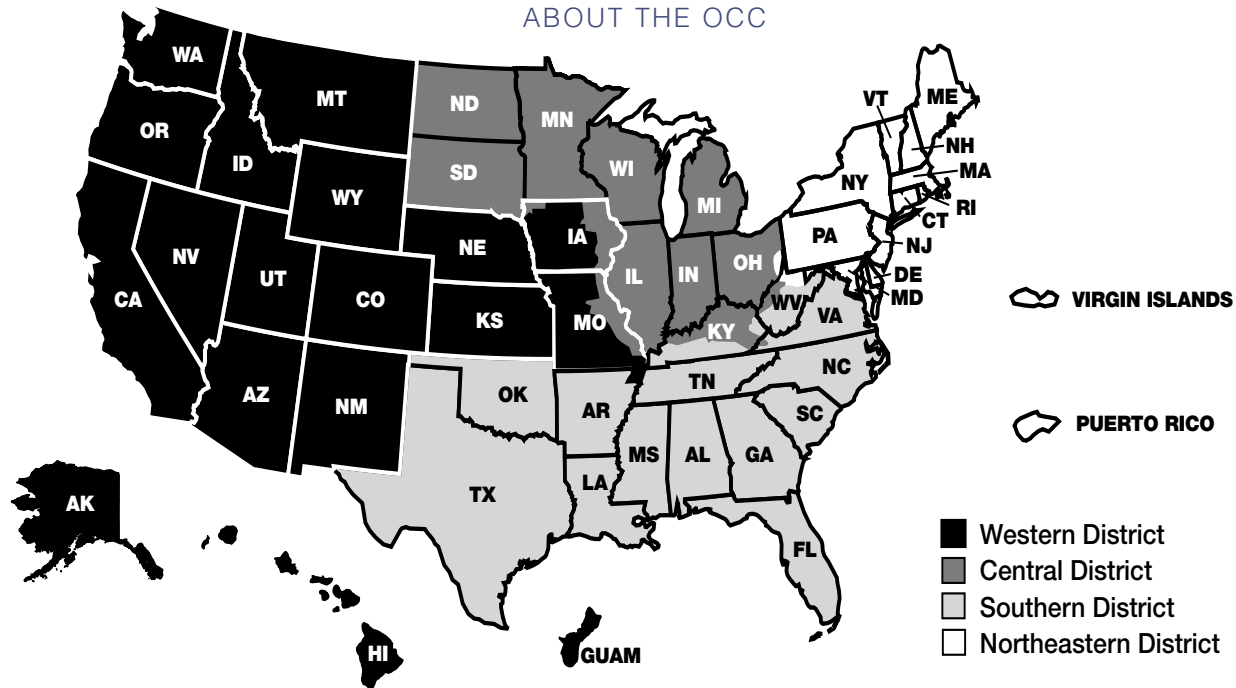
The Comptroller

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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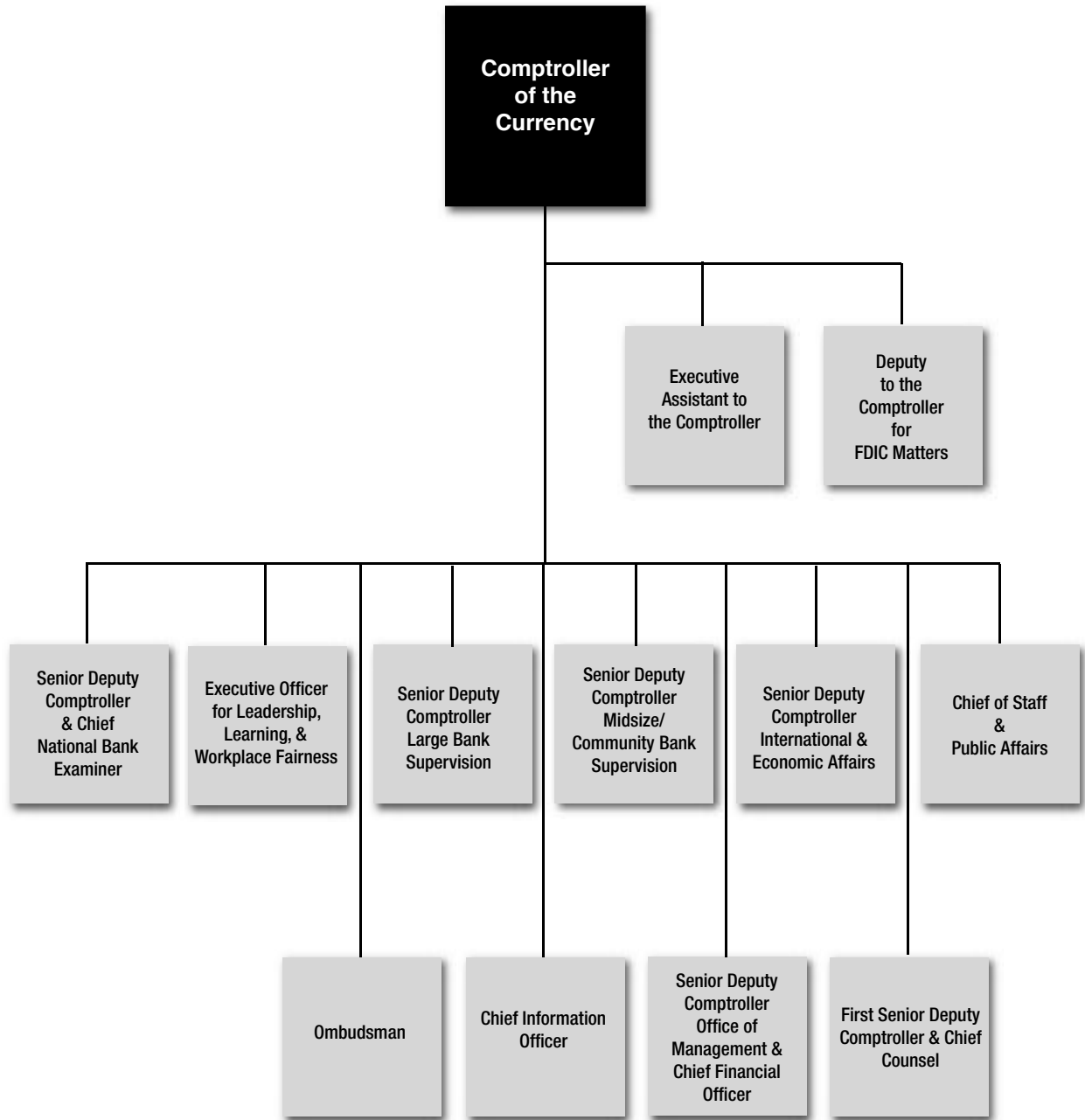
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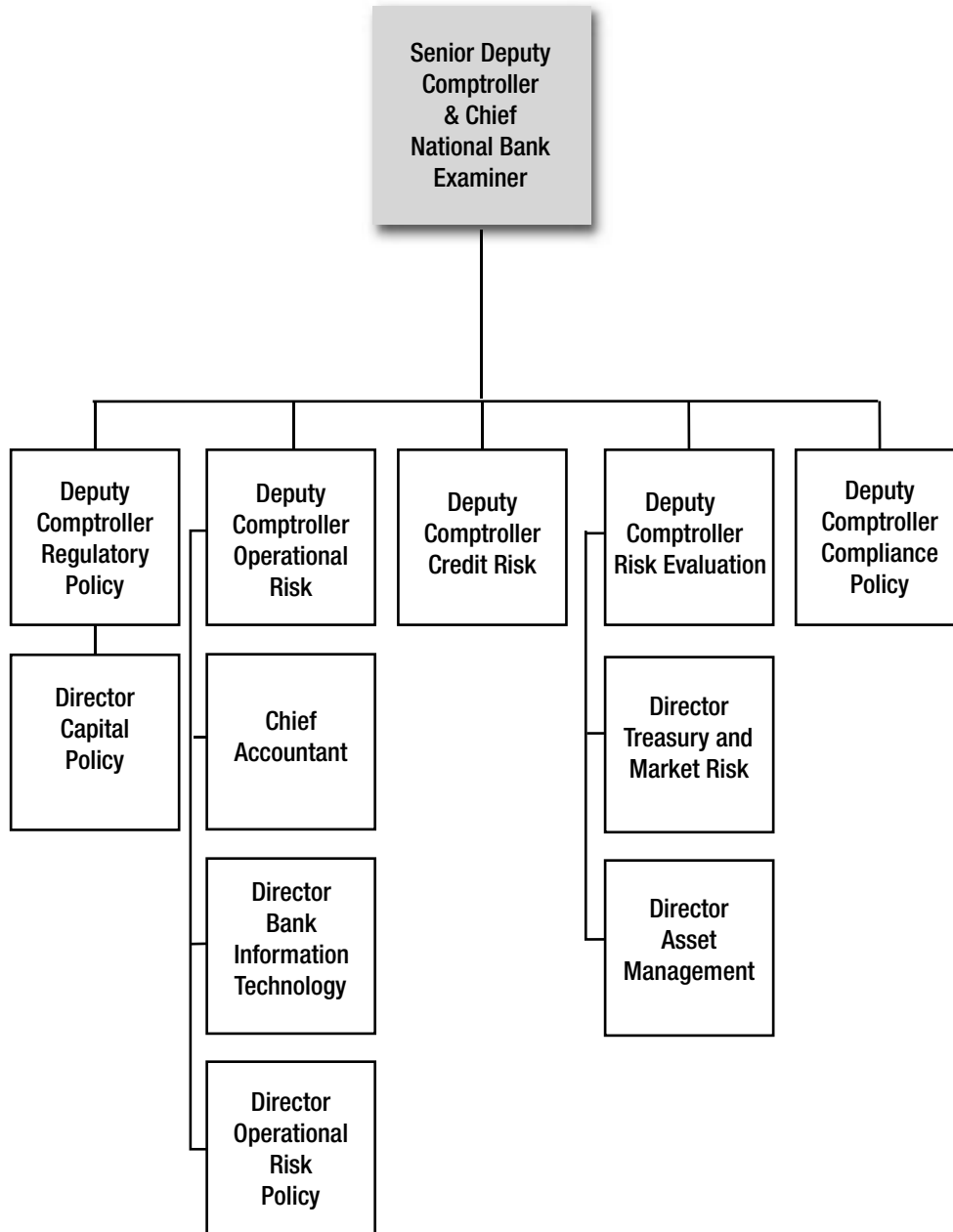
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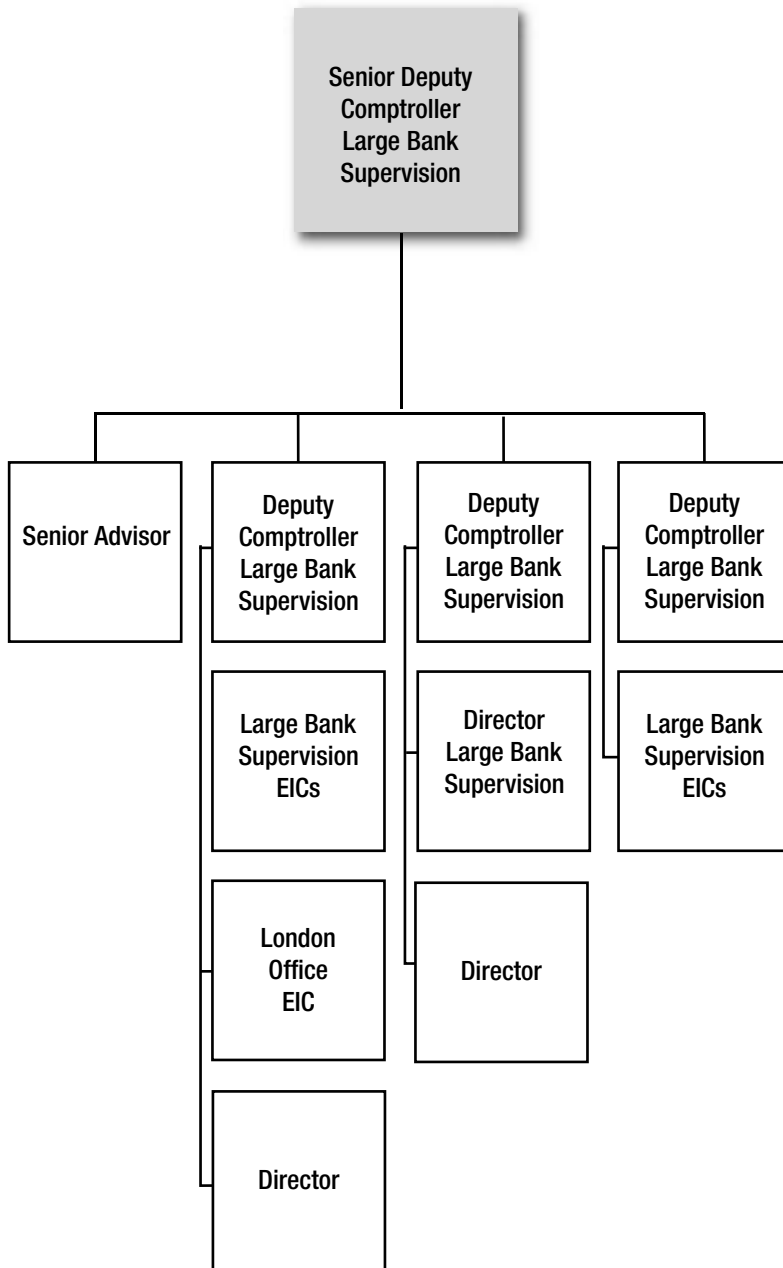


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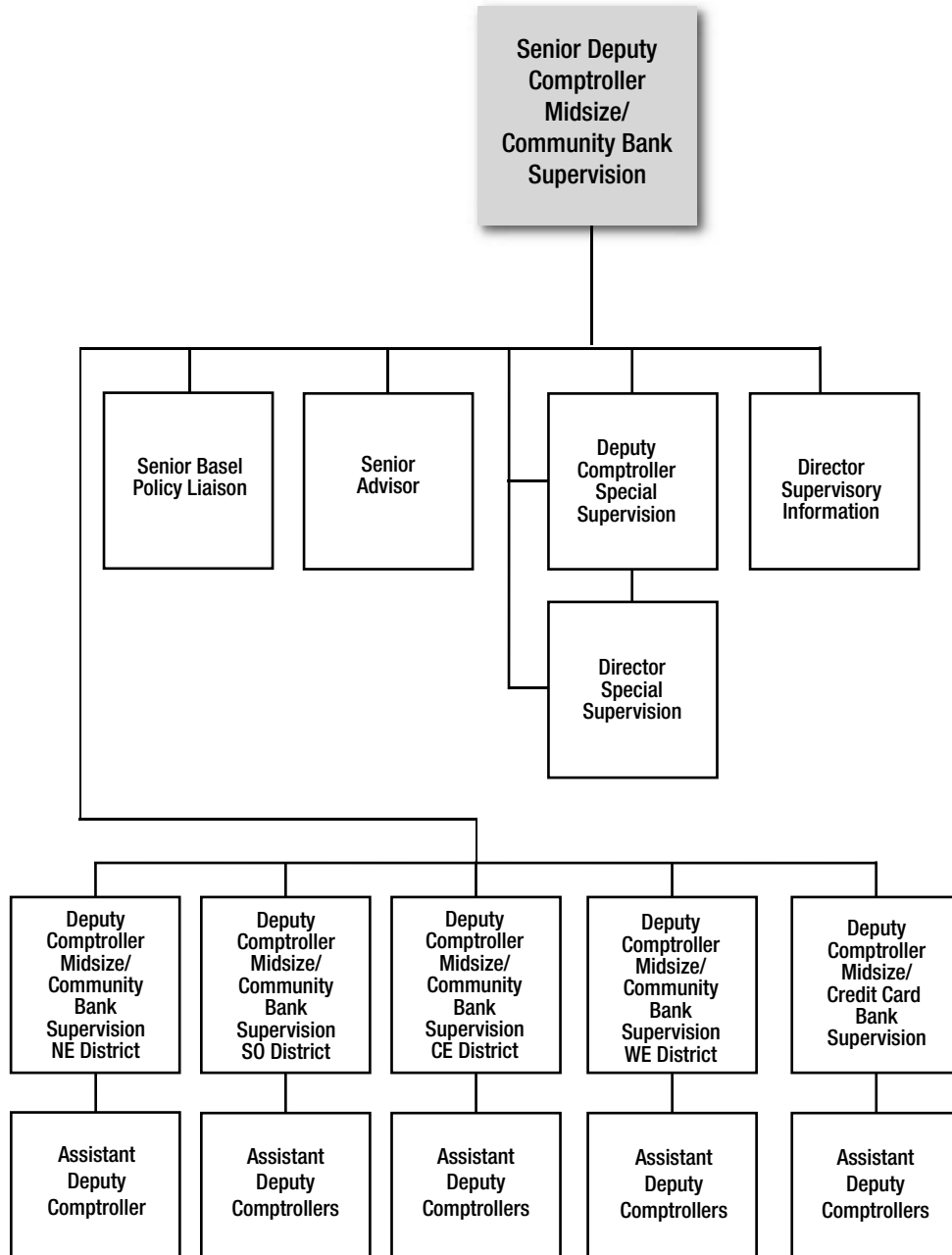
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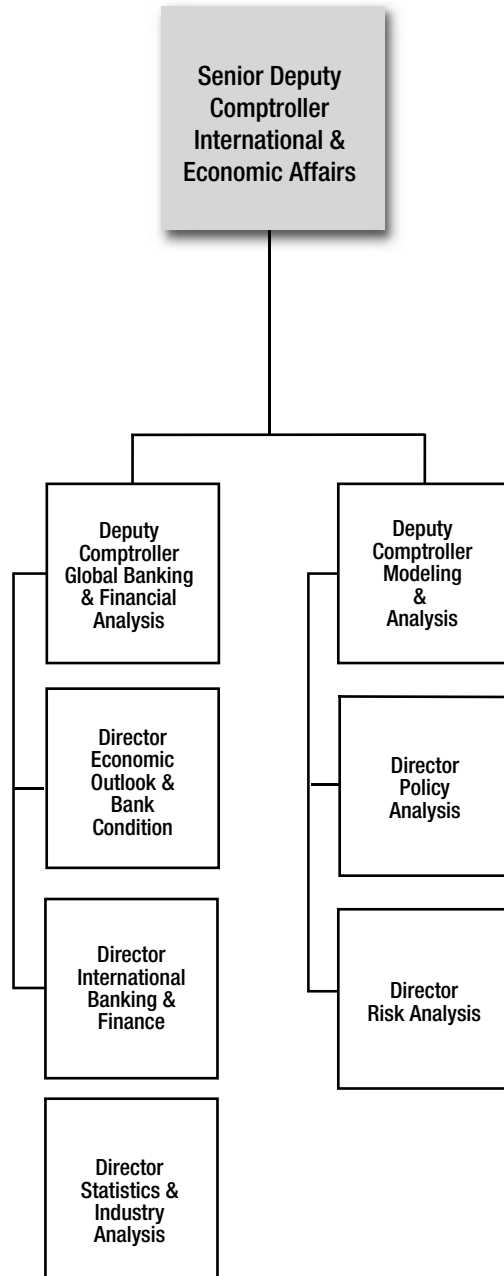
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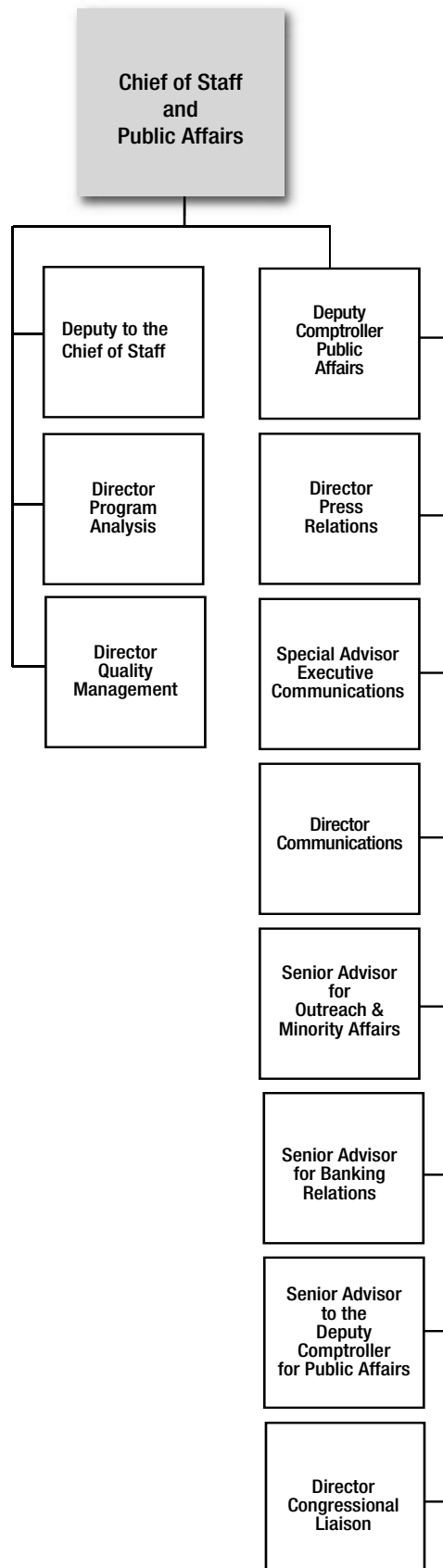


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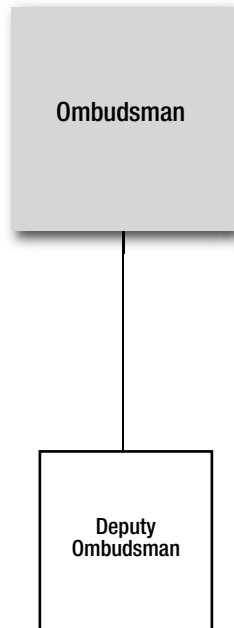


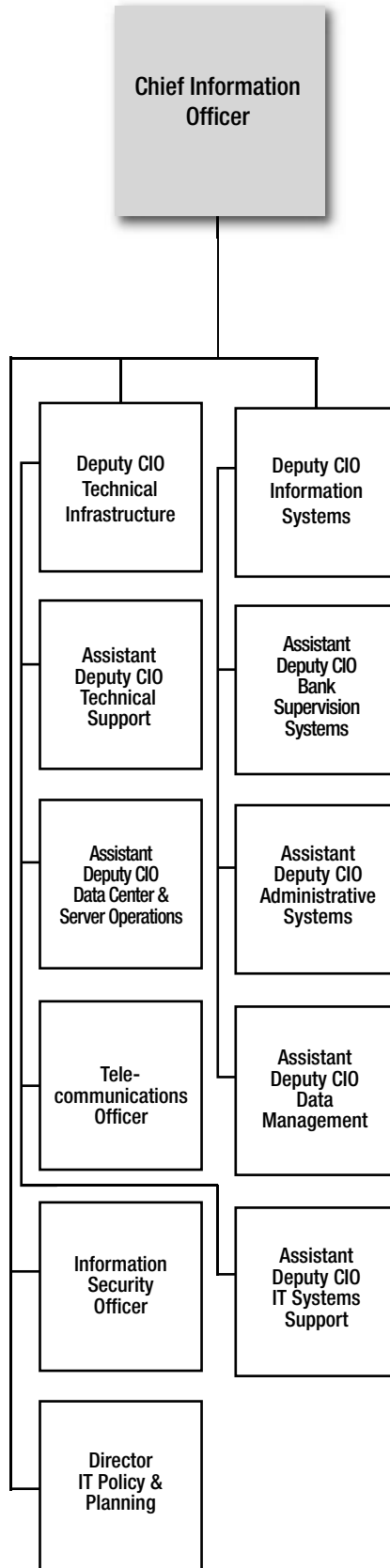
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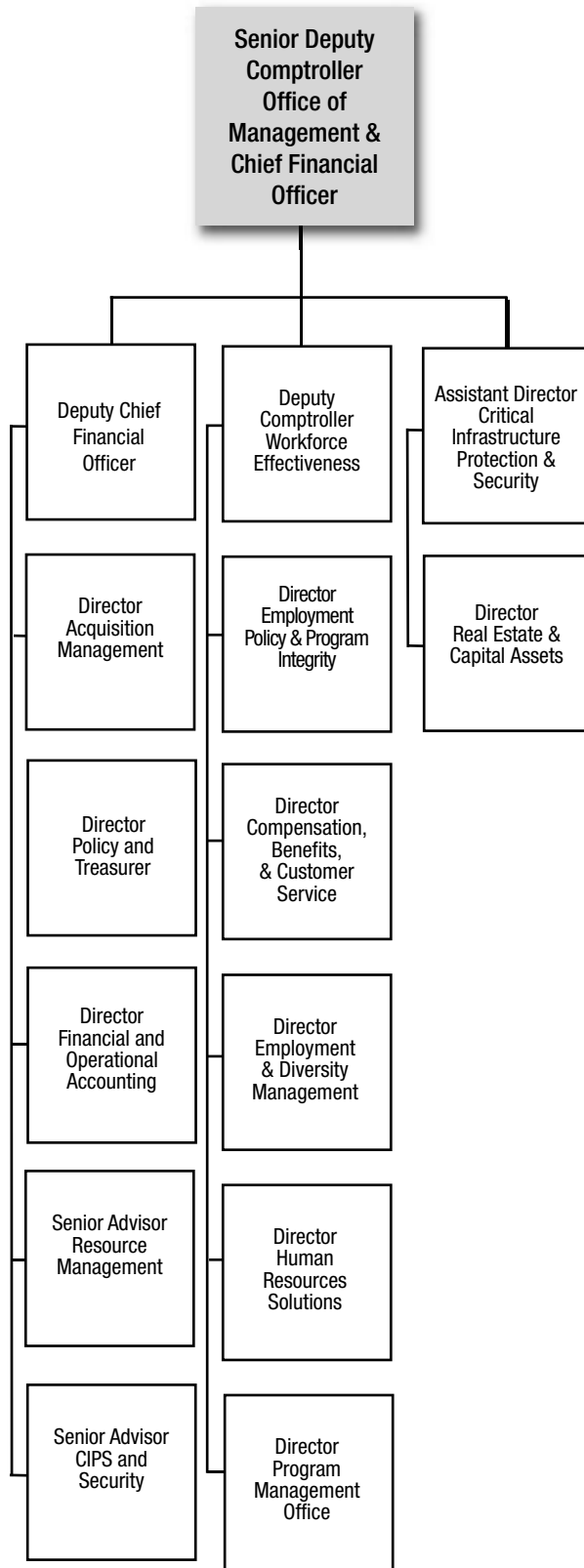


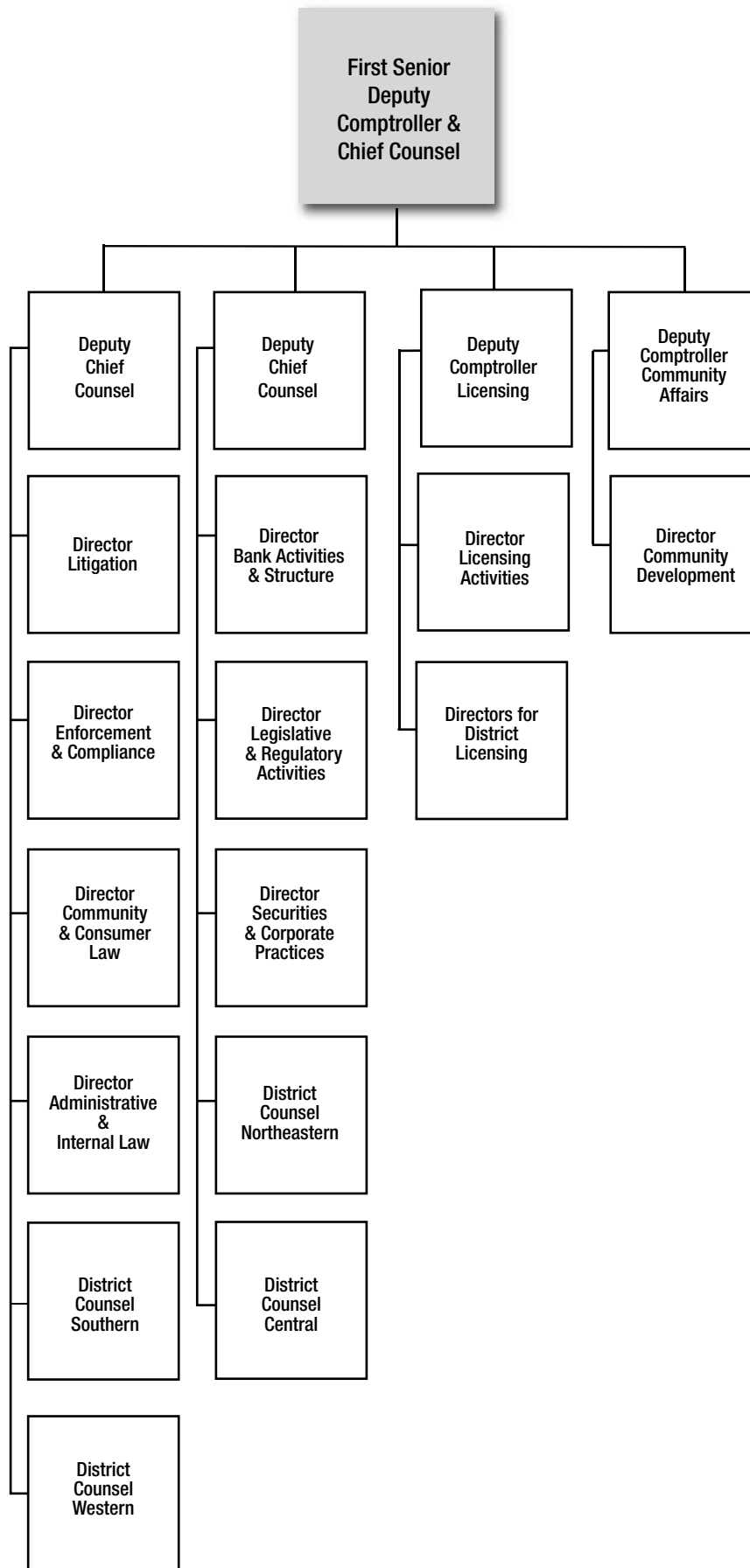
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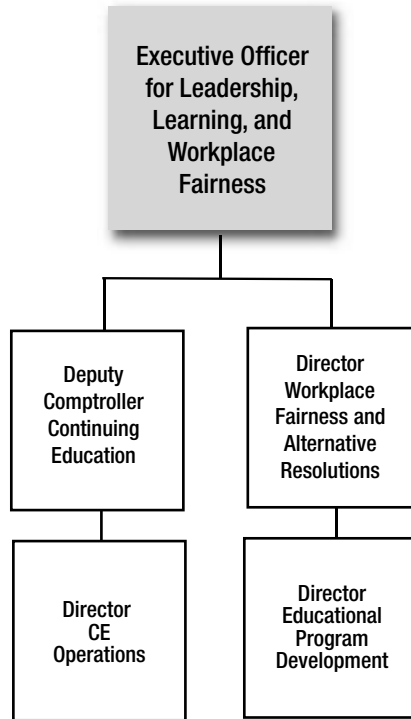


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Table 1—Comptrollers of the Currency, 1863 to the present

No.	Name	Dates of tenure		State
1	McCulloch, Hugh	May 9, 1863	Mar. 8, 1865	Indiana
2	Clarke, Freeman	Mar. 21, 1865	July 24, 1866	New York
3	Hulburt, Hiland R.	Feb. 1, 1865	Apr. 3, 1872	Ohio
4	Knox, John Jay	Apr. 25, 1872	Apr. 30, 1884	Minnesota
5	Cannon, Henry W.	May 12, 1884	Mar. 1, 1886	Minnesota
6	Trenholm, William L.	Apr. 20, 1886	Apr. 30, 1889	South Carolina
7	Lacey, Edward S.	May 1, 1889	June 30, 1892	Michigan
8	Hepburn, A. Barton	Aug. 2, 1892	Apr. 25, 1893	New York
9	Eckels, James H.	Apr. 26, 1893	Dec. 31, 1897	Illinois
10	Dawes, Charles G.	Jan. 1, 1898	Sept. 30, 1901	Illinois
11	Ridgely, William Barret	Oct. 1, 1901	Mar. 28, 1908	Illinois
12	Murray, Lawrence O.	Apr. 27, 1908	Apr. 27, 1913	New York
13	Williams, John Skelton	Feb. 2, 1914	Mar. 2, 1921	Virginia
14	Crissinger, D.R.	Mar. 17, 1921	Mar. 30, 1923	Ohio
15	Dawes, Henry M.	May 1, 1923	Dec. 17, 1924	Illinois
16	McIntosh, Joseph W.	Dec. 20, 1924	Nov. 20, 1928	Illinois
17	Pole, John W.	Nov. 21, 1928	Sept. 20, 1932	Ohio
18	O'Connor, J.F.T.	May 11, 1933	Apr. 16, 1938	California
19	Delano, Preston	Oct. 24, 1938	Feb. 15, 1953	Massachusetts
20	Gidney, Ray M.	Apr. 16, 1953	Nov. 15, 1961	Ohio
21	Saxon, James J.	Nov. 16, 1961	Nov. 15, 1966	Illinois
22	Camp, William B.	Nov. 16, 1966	Mar. 23, 1973	Texas
23	Smith, James E.	July 5, 1973	July 31, 1976	South Dakota
24	Heimann, John G.	July 21, 1977	May 15, 1981	New York
25	Conover, C.T.	Dec. 16, 1981	May 4, 1985	California
26	Clarke, Robert L.	Dec. 2, 1985	Feb. 29, 1992	Texas
27	Ludwig, Eugene A.	Apr. 5, 1993	Apr. 4, 1998	Pennsylvania
28	Hawke, John D., Jr.	Dec. 8, 1998	Dec. 2004	New York
29	Dugan, John C.	Aug. 4, 2005	—	District of Columbia

ABOUT THE OCC

Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present

No.	Name	Dates of tenure		State
1	Howard, Samuel T.	May 9, 1863	Aug. 1, 1865	New York
2	Hulburd, Hiland R.	Aug. 1, 1865	Jan. 31, 1867	Ohio
3	Knox, John Jay	Mar. 12, 1867	Apr. 24, 1872	Minnesota
4	Langworthy, John S.	Aug. 8, 1872	Jan. 3, 1886	New York
5	Snyder, V.P.	Jan. 5, 1886	Jan. 3, 1887	New York
6	Abrahams, J.D.	Jan. 27, 1887	May 25, 1890	Virginia
7	Nixon, R.M.	Aug. 11, 1890	Mar. 16, 1893	Indiana
8	Tucker, Oliver P.	Apr. 7, 1893	Mar. 11, 1896	Kentucky
9	Coffin, George M.	Mar. 12, 1896	Aug. 31, 1898	South Carolina
10	Murray, Lawrence O.	Sept. 1, 1898	June 29, 1899	New York
11	Kane, Thomas P.	June 29, 1899	Mar. 2, 1923	District of Columbia
12	Fowler, Willis J.	July 1, 1908	Feb. 14, 1927	Indiana
13	McIntosh, Joseph W.	May 21, 1923	Dec. 19, 1924	Illinois
14	Collins, Charles W.	July 1, 1923	June 30, 1927	Illinois
15	Stearns, E.W.	Jan. 6, 1925	Nov. 30, 1928	Virginia
16	Awalt, F.G.	July 1, 1927	Feb. 15, 1936	Maryland
17	Gough, E.H.	July 6, 1927	Oct. 16, 1941	Indiana
18	Proctor, John L.	Dec. 1, 1928	Jan. 23, 1933	Washington
19	Lyons, Gibbs	Jan. 24, 1933	Jan. 15, 1938	Georgia
20	Prentiss, William, Jr.	Feb. 24, 1936	Jan. 15, 1938	Georgia
21	Diggs, Marshall R.	Jan. 16, 1938	Sept. 30, 1938	Texas
22	Oppegard, G.J.	Jan. 16, 1938	Sept. 30, 1938	California
23	Upham, C.B.	Oct. 1, 1938	Dec. 31, 1948	Iowa
24	Mulroney, A.J.	May 1, 1939	Aug. 31, 1941	Iowa
25	McCandless, R.B.	July 7, 1941	Mar. 1, 1951	Iowa
26	Sedlacek, L.H.	Sept. 1, 1941	Sept. 30, 1944	Nebraska
27	Robertson, J.L.	Oct. 1, 1944	Feb. 17, 1952	Nebraska
28	Hudspeth, J.W.	Jan. 1, 1949	Aug. 31, 1950	Texas

Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present (continued)

No.	Name	Dates of tenure		State
29	Jennings, L.A.	Sept. 1, 1950	May 16, 1960	New York
30	Taylor, W.M.	Mar. 1, 1951	Apr. 1, 1962	Virginia
31	Garwood, G.W.	Feb. 18, 1952	Dec. 31, 1962	Colorado
32	Fleming, Chapman C.	Sept. 15, 1959	Aug. 31, 1962	Ohio
33	Haggard, Holis S.	May 16, 1960	Aug. 3, 1962	Missouri
34	Camp, William B.	Apr. 2, 1962	Nov. 15, 1966	Texas
35	Redman, Clarence B.	Aug. 4, 1962	Oct. 26, 1963	Connecticut
36	Watson, Justin T.	Sept. 3, 1962	July 18, 1975	Ohio
37	Miller, Dean E.	Dec. 23, 1962	Oct. 22, 1990	Iowa
38	DeShazo, Thomas G.	Jan. 1, 1963	Mar. 3, 1978	Virginia
39	Egerston, R. Coleman	July 13, 1964	June 30, 1966	Iowa
40	Blanchard, Richard J.	Sept. 1, 1964	Sept. 26, 1975	Massachusetts
41	Park, Radcliffe	Sept. 1, 1964	June 1, 1967	Wisconsin
42	Faulstich, Albert J.	July 19, 1965	Oct. 26, 1974	Louisiana
43	Motter, David C.	July 1, 1966	Sept. 20, 1981	Ohio
44	Gwin, John D.	Feb. 21, 1967	Dec. 31, 1974	Mississippi
45	Howland, W.A., Jr.	July 5, 1973	Mar. 27, 1978	Georgia
46	Mullin, Robert A.	July 5, 1973	Sept. 8, 1978	Kansas
47	Ream, Joseph M.	Feb. 2, 1975	June 30, 1978	Pennsylvania
48	Bloom, Robert	Aug. 31, 1975	Feb. 28, 1978	New York
49	Chotard, Richard D.	Aug. 31, 1975	Nov. 25, 1977	Missouri
50	Hall, Charles B.	Aug. 31, 1975	Sept. 14, 1979	Pennsylvania
51	Jones, David H.	Aug. 31, 1975	Sept. 20, 1976	Texas
52	Murphy, C. Westbrook	Aug. 31, 1975	Dec. 30, 1977	Maryland
53	Selby, H. Joe	Aug. 31, 1975	Mar. 15, 1986	Texas
54	Homan, Paul W.	Mar. 27, 1978	Jan. 21, 1983	Nebraska
55	Keefe, James T.	Mar. 27, 1978	Sept. 18, 1981	Massachusetts
56	Muckenfuss, Cantwell F., III	Mar. 27, 1978	Oct. 1, 1981	Alabama

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Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present (continued)

No.	Name	Dates of tenure		State
57	Wood, Billy C.	Nov. 7, 1978	Jan. 16, 1988	Texas
58	Longbrake, William A.	Nov. 8, 1978	July 9, 1982	Wisconsin
59	Odom, Lewis G., Jr.	Mar. 21, 1979	Nov. 16, 1980	Alabama
60	Martin, William E.	May 22, 1979	Apr. 4, 1983	Texas
61	Barefoot, Jo Ann	July 13, 1979	Sept. 5, 1982	Connecticut
62	Downey, John	Aug. 10, 1980	Aug. 2, 1986	Massachusetts
63	Lord, Charles E.	Apr. 13, 1981	Mar. 31, 1982	Connecticut
64	Bench, Robert R.	Mar. 21, 1982	Sept. 25, 1987	Massachusetts
65	Klinzing, Robert R.	Mar. 21, 1982	Aug. 21, 1983	Connecticut
66	Robertson, William L.	Mar. 21, 1982	Sept. 26, 1986	Texas
67	Arnold, Doyle L.	May 2, 1982	May 12, 1984	California
68	Weiss, Steven J.	May 2, 1982	—	Pennsylvania
69	Stephens, Martha B.	June 1, 1982	Jan. 19, 1985	Georgia
70	Stirnweis, Craig M.	Sept. 19, 1982	May 1, 1986	Idaho
71	Hermann, Robert J.	Jan. 1, 1983	May 3, 1995	Illinois
72	Mancusi, Michael A.	Jan. 1, 1983	Feb. 17, 1986	Maryland
73	Marriott, Dean S.	Jan. 1, 1983	Jan. 3, 1997	Missouri
74	Poole, Clifton A., Jr.	Jan. 1, 1983	Oct. 3, 1994	North Carolina
75	Taylor, Thomas W.	Jan. 1, 1983	Jan. 16, 1990	Ohio
76	Boland, James E., Jr.	Feb. 7, 1983	Feb. 15, 1985	Pennsylvania
77	Fisher, Jerry	Apr. 17, 1983	Apr. 4, 1992	Delaware
78	Patriarca, Michael	July 10, 1983	Aug. 15, 1986	California
79	Wilson, Karen J.	July 17, 1983	July 3, 1997	New Jersey
80	Winstead, Bobby B.	Mar. 18, 1984	June 11, 1991	Texas
81	Chew, David L.	May 2, 1984	Feb. 2, 1985	District of Columbia
82	Walter, Judith A.	Apr. 24, 1985	Dec. 30, 1997	Indiana
83	Maguire, Francis E., Jr.	Jan. 9, 1986	Aug. 6, 1996	Virginia
84	Kraft, Peter C.	July 20, 1986	Sept. 15, 1991	California

**Table 2—Senior Deputy and Deputy Comptrollers of the Currency,
1863 to the present (continued)**

No.	Name	Dates of tenure		State
85	Klinzing, Robert R.	Aug. 11, 1986	July 7, 1997	Connecticut
86	Hechinger, Deborah S.	Aug. 31, 1986	Sept. 14, 1987	District of Columbia
87	Norton, Gary W.	Sept. 3, 1986	Jan. 2, 1999	Missouri
88	Shepherd, J. Michael	Jan. 9, 1987	May 3, 1991	California
89	Rushton, Emory Wayne	Jan. 21, 1987	Sept. 20, 1989	Georgia
90	Fiechter, Jonathan	Mar. 4, 1987	Oct. 30, 1987	Pennsylvania
91	Stolte, William J.	Mar. 11, 1987	Mar. 21, 1992	New Jersey
92	Clock, Edwin H.	Feb. 29, 1988	Jan. 3, 1990	California
93	Krause, Susan F.	Mar. 30, 1988	Oct. 18, 1999	California
94	Coonley, Donald G.	June 29, 1988	May 31, 1996	Virginia
95	Blakely, Kevin M.	Oct. 12, 1988	Sept. 27, 1990	Illinois
96	Steinbrink, Stephen R.	Apr. 8, 1990	May 3, 1996	Nebraska
97	Lindhart, Ronald A.	Apr. 22, 1990	July 27, 1991	Florida
98	Hartzell, Jon K.	July 29, 1990	Dec. 5, 1995	California
99	Cross, Leonora S.	Nov. 4, 1990	Mar. 31, 1998	Utah
100	Finke, Fred D.	Nov. 4, 1990	—	Nebraska
101	Kamihachi, James D.	Nov. 6, 1990	Feb. 18, 2000	Washington
102	Barton, Jimmy F.	July 14, 1991	May 1, 1994	Texas
103	Cross, Stephen M.	July 28, 1991	June 4, 1999	Virginia
104	Guerrina, Allan B.	Apr. 19, 1992	June 23, 1996	Virginia
105	Powers, John R.	Aug. 9, 1992	July 2, 1994	Illinois
106	Alt, Konrad S.	Sept. 5, 1993	Oct. 4, 1996	California
107	Harris, Douglas E.	May 20, 1994	June 21, 1996	New York
108	Williams, Julie L.	July 24, 1994	—	District of Columbia
109	Sharpe, Ralph E.	Oct. 30, 1994	July 6, 1997	Virginia
110	Jee, Delora Ng	May 28, 1995	—	California
111	Britton, Leann G.	Jan. 7, 1996	May 17, 2002	Minnesota
112	Golden, Samuel P.	Mar. 31, 1996	—	Texas

**Table 2—Senior Deputy and Deputy Comptrollers of the Currency,
1863 to the present (continued)**

No.	Name	Dates of tenure		State
113	Abbott, John M.	Apr. 1, 1996	May 26, 2000	Texas
114	Healey, Barbara C.	June 9, 1996	Jan. 3, 1998	New Jersey
115	Calhoun, Scott G.	Sept. 29, 1996	Aug. 30, 1997	New York
116	Roberts, Matthew	Oct. 7, 1996	Oct. 18, 1997	District of Columbia
117	Nebhut, David H.	Oct. 27, 1996	Apr. 26, 1998	Pennsylvania
118	Rushton, Emory Wayne	May 5, 1997	—	Georgia
119	Reid, Leonard F., Jr.	May 19, 1997	Feb. 15, 1998	District of Columbia
120	Robinson, John F.	June 1, 1997	June 14, 2002	Missouri
121	Bailey, Kevin J.	July 6, 1997	June 27, 1999	Pennsylvania
122	Bodnar, John A.	July 6, 1997	Jan. 3, 2002	New Jersey
123	Bransford, Archie L., Jr.	July 6, 1997	Nov. 29, 2003	Michigan
124	Gibbons, David D.	July 6, 1997	March 28, 2004	New York
125	Gilland, Jerilyn	July 6, 1997	—	Texas
126	Jaedicke, Ann F.	July 6, 1997	—	Texas
127	Long, Timothy W.	July 6, 1997	—	North Dakota
128	Nishan, Mark A.	July 6, 1997	—	New York
129	Otto, Bert A.	July 6, 1997	—	Indiana
130	Roeder, Douglas W.	July 6, 1997	—	Indiana
131	Yohai, Steven M.	Feb. 17, 1998	Sept. 21, 2001	New York
132	Finister, William	Mar. 1, 1998	July 3, 2000	Louisiana
133	Hanley, Edward J.	Mar. 1, 1998	Aug. 2, 2003	New York
134	Brosnan, Michael L.	Apr. 26, 1998	Aug. 24, 2002	Florida
135	Brown, Jeffrey A.	June 7, 1998	Aug. 2, 1998	Iowa
136	Hammaker, David G.	June 7, 1998	Nov. 29, 2003	Pennsylvania
137	McCue, Mary M.	July 20, 1998	Apr. 9, 1999	New Jersey
138	Sharpe, Ralph E.	Jan. 3, 1999	—	Michigan
139	Engel, Jeanne K.	Mar. 29, 1999	May 5, 2000	New Jersey
140	Wilcox, James	June 7, 1999	Aug. 10, 2001	New York

**Table 2—Senior Deputy and Deputy Comptrollers of the Currency,
1863 to the present (continued)**

No.	Name	Dates of tenure		State
141	Kelly, Jennifer C.	Nov. 22, 1999	—	New York
142	O'Dell, Mark L.	Jan. 2, 2000	—	Colorado
143	Fiechter, Jonathan L.	Feb. 27, 2000	May 31, 2003	Pennsylvania
144	Alvarez Boyd, Anna	June 4, 2000	April 23, 2004	California
145	Stephens, Martha B.	July 30, 2000	Jan. 3, 2004	Georgia
146	Wentzler, Nancy A.	Aug. 27, 2000	—	Pennsylvania
147	Gentile, Paul R.	Jan. 14, 2001	Oct. 3, 2003	California
148	Petitt, Cynthia T.	Jan. 14, 2001	—	South Dakota
149	Dailey, Grace E.	Dec. 16, 2001	—	Pennsylvania
150	Fletcher, Jacquelyn	Feb. 24, 2002	—	District of Columbia
151	Hoover, Jewell	Mar. 10, 2002	Mar. 31, 2003	North Carolina
152	Dick, Kathryn	Aug. 25, 2002	—	Minnesota
153	McPherson, James	Sep. 9, 2002	—	Georgia
154	Kolatch, Barry	Sep. 22, 2002	—	New York
155	Grunkemeyer, Barbara	Oct. 20, 2002	—	Massachusetts
156	Kowitt, Kay E.	April 6, 2003	—	Washington
157	Antiporowich, Harriet	May 18, 2003	—	Illinois
158	Davis, Cheryl F.	May 18, 2003	—	Illinois
159	DeCoster, James L.	May 18, 2003	—	South Carolina
160	Brown, Jeffrey A.	Dec. 14, 2003	—	Iowa
161	Bloom, Thomas R.	Dec. 14, 2003	—	Michigan

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(revised July 2005)

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25th Anniversary

CONDITION AND PERFORMANCE
OF COMMERCIAL BANKS

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Earnings remained high at national banks in 2005. Noninterest income was the most significant contributor to earnings growth, as Table 1 indicates, with the gains at a few of the largest banks driving the results. In contrast, net interest income grew by only about 1 percent year-over-year, as a continued slide in the net interest margin at big institutions nearly offset the impact of growth in the loan book. Banks realized losses on securities for the first time since 2000, as higher interest rates eroded the value of bonds held by banks.

Table 1—Noninterest income drives net income growth

National banks	Major income components (Change, \$ millions)			
	2004	% Change	2005	% Change
Revenues				
Net interest income	11,403	7.3%	2,248	1.3%
Real gains/losses sec	-1,153	n.m.	-3,593	n.m.
Noninterest income	5,585	4.3%	11,474	8.6%
Expenses				
Provisioning	-5,166	-21.4%	1,014	5.3%
Noninterest expense	17,979	11.1%	5,917	3.3%
Net income	2,031	2.9%	2,616	3.7%

Source: Integrated Banking Information System (OCC)

Data are merger adjusted and held constant for national banks operating as of December 31, 2005.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

For the year 2005, national banks posted a return on equity (ROE) of just under 15 adjusted for the effects of recent mergers. This represents a solid performance, though down from the 2003 peak of over 16 percent.

Noninterest income was the major contributor to income growth for the year. The gains came in part from a sharp rise in trading income at a few large banks, concentrated in the third quarter. Trading income depends on trading volume in securities markets, which tends to be volatile. As a result, trading income is volatile as well. Thus the recent contributions from trading volume may not be sustained over the long term. In addition, roughly half of the remaining growth in noninterest income came from transactions at two of the largest banks that are unlikely to recur.

The growth rate of noninterest expenses slowed in 2005. This favorable trend may not continue, however, as the deceleration from 2004 to 2005 occurred only because of unusually high expenses in 2004, when several of the largest banks incurred extraordinary charges related to mergers and litigation.

Small banks showed a different pattern from large banks, and recorded a higher rate of income growth in 2005. Net interest income led the gains. Net interest margins held up better at small banks than at their larger counterparts; a continued drop in provisioning expenses also helped to boost earnings. On the other hand, noninterest income grew more slowly at small banks.

Loan quality remained very strong in all segments of the commercial banking system except credit card banks. The ratio of noncurrents to total loans now stands at its lowest level since the data series began in 1984. The ratio of loan loss allowances to total loans also reached a record low in 2005. Provision expenses, however, rose in 2005, for the first time since 2002, reflecting the desire to replenish reserves.

Figure 1—Banks increasingly rely on housing revenue

Commercial banks		
	Contribution to revenue growth	
	From housing-related revenue	
1998-2001	18%	
2002-2005	41%	Distribution of the 41%
		HELOC 48%
		1- to 4-family 29%
		Construction 13%
		Nonint. inc. 10%
		100%

Source: Integrated Banking Information System, GBFA Calculations (OCC)

Housing-related revenue is residential real estate plus 50% of construction loans as a share of total real estate loans times the interest income from real estate loans plus housing-related noninterest income.

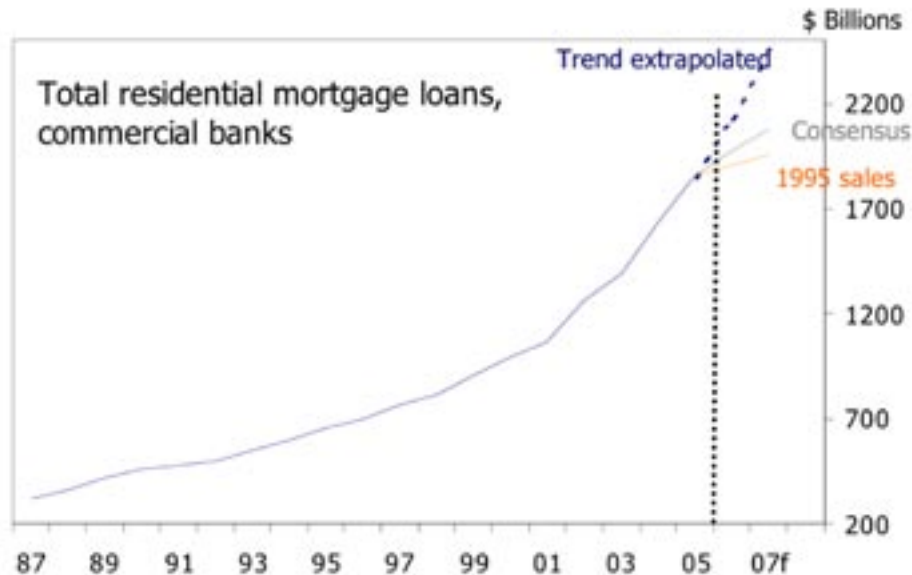
For the commercial banking system, a slowdown in housing remains an important risk, as more and more banks are relying on housing-related income for revenue growth. As Figure 1 indicates, from 1998 to 2001, approximately 18 percent of the growth in commercial banks revenue was from housing related activity, which includes 1- to 4-family mortgages, home equity, and a portion of construction lending.¹ The share rose considerably over the 2002 to 2005 period, jumping to 41 percent. A cooling of the housing market would make it difficult to sustain recent rates of revenue growth.

And most analysts do expect housing markets to cool in 2006. If this occurs, banks will experience slower growth in residential mortgage loans, as Figure 2 indicates. Residential mortgage lending has been rising at the rate of 15 percent annually for the last few years. But most projections of the economic drivers behind this growth imply a slowdown over the next few years. For example, if 2006 housing starts and existing home sales reach the level projected by a consensus of economic forecasters, which assumes GDP will grow at about the economy’s long-term potential, growth in residential lending at commercial banks would fall from around 15 percent annually to around 8 percent (labeled “consensus” in Figure 2). If housing starts and existing

¹ Housing-related revenue is calculated as the share of loans attributed to residential real estate (the sum of 1-4 family loans, home equity loans, and 50% of construction loans, divided by total real estate loans) times interest income from all real estate loans, plus housing-related noninterest income.

home sales fall to the levels experienced in 1995, consistent with a housing slump, home lending growth would fall to about 4 percent (labeled “1995 sales”). Either of these scenarios would cut into growth in net interest income, income from mortgage loan securitization, and gains on loan sales.

Figure 2—Housing slowdown would hit banks’ mortgage book



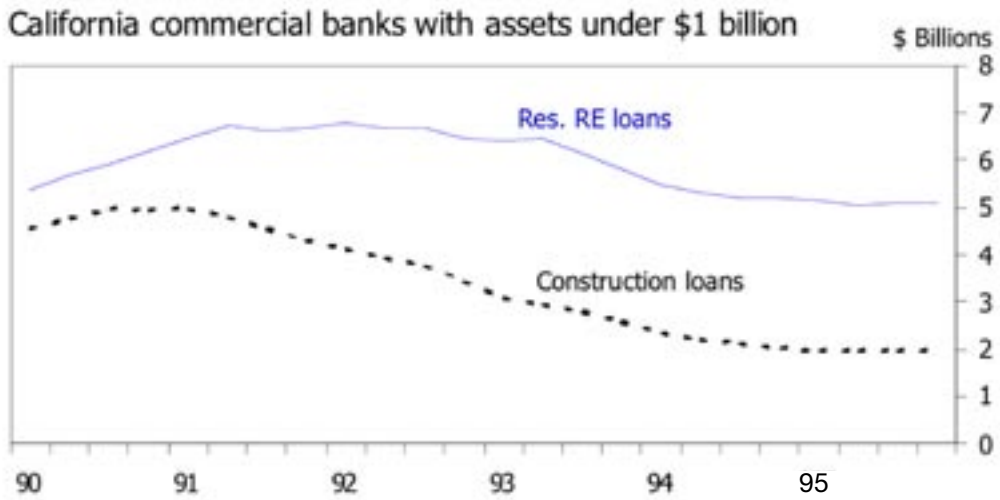
Source: IBIS, GBFA Calculations (OCC)

Consensus case based on Blue Chip estimate of home starts, Mortgage Bankers Assn. estimate of existing home sales for 2006; “1995 sales” case based on actual starts and sales in 1995; “price decline case” based on “1995 sales case” and 10% nationwide home price decline. Top line is extrapolation of recent trend in total mortgage loans.

Moreover, banks would find it hard to offset a slowdown in housing loans with loans to other sectors. For example, to offset the housing loan slowdown implied by the consensus estimate, commercial and industrial (C&I) and commercial real estate (CRE) loans would have to grow faster than has ever been observed in our two decades of data.

A housing slowdown could be expected to hit construction lending particularly hard, as construction lending shows wider swings than residential real estate lending as a whole. For example, during the last housing downturn, in the early 1990s, small banks in California experienced a 25 percent decline in residential real estate loans on the books, but a 60 percent decline in construction loans on the books, as shown in Figure 3. Because construction lending is more volatile than other lending for residential real estate, extra scrutiny may be warranted as housing markets cool.

Figure 3—Small California banks saw shrinking loan book after last housing downturn in the 1990s



Source: Integrated Banking Information System (OCC)

Quarterly data. Residential real estate (Res. RE) is 1- to 4-family and home equity loans. California small bank population in December 1995 held constant.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured national banks
Annual 2001--2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	Preliminary 2004Q4	Preliminary 2005Q4
Number of institutions reporting	2,138	2,077	1,999	1,907	1,818	1,907	1,818
Total employees (FTEs)	966,545	993,469	1,000,493	1,143,384	1,172,360	1,143,384	1,172,360
Selected income data (\$)							
Net income	\$44,072	\$56,441	\$62,988	\$67,549	\$73,972	\$17,697	\$17,753
Net interest income	125,344	141,324	143,148	159,212	169,714	43,137	43,384
Provision for loan losses	28,921	32,595	23,989	18,639	19,759	4,756	5,444
Noninterest income	99,922	109,469	116,141	127,280	145,312	35,575	35,323
Noninterest expense	131,704	136,792	144,946	170,832	185,894	47,767	46,915
Net operating income	42,842	54,298	60,619	65,268	73,763	17,519	18,004
Cash dividends declared	27,783	41,757	45,049	33,033	41,655	9,793	8,807
Net charge-offs	25,107	31,360	26,956	21,904	22,135	6,196	6,652
Selected condition data (\$)							
Total assets	3,634,967	3,908,166	4,292,292	5,602,044	6,003,169	5,602,044	6,003,169
Total loans and leases	2,269,240	2,445,101	2,630,440	3,166,737	3,427,030	3,166,737	3,427,030
Reserve for losses	45,537	48,326	48,611	48,964	44,203	48,964	44,203
Securities	576,550	653,702	753,615	908,054	924,206	908,054	924,206
Other real estate owned	1,799	2,075	1,941	1,529	1,575	1,529	1,575
Noncurrent loans and leases	34,261	38,162	34,873	29,609	28,322	29,609	28,322
Total deposits	2,384,414	2,565,771	2,786,714	3,581,425	3,850,051	3,581,425	3,850,051
Domestic deposits	2,001,243	2,168,876	2,322,009	2,848,726	3,085,590	2,848,726	3,085,590
Equity capital	340,582	371,362	390,532	557,841	592,774	557,841	592,774
Off-balance-sheet derivatives	20,549,785	25,953,772	31,554,693	86,319,461	99,646,101	86,319,461	99,646,101
Performance ratios (annualized %)							
Return on equity	13.81	15.78	16.47	13.83	12.81	13.06	12.09
Return on assets	1.25	1.50	1.53	1.27	1.27	1.28	1.19
Net interest income to assets	3.55	3.75	3.47	3.00	2.91	3.12	2.91
Loss provision to assets	0.82	0.87	0.58	0.35	0.34	0.34	0.37
Net operating income to assets	1.21	1.44	1.47	1.23	1.27	1.27	1.21
Noninterest income to assets	2.83	2.91	2.82	2.40	2.50	2.57	2.37
Noninterest expense to assets	3.74	3.63	3.51	3.22	3.19	3.45	3.15
Loss provision to loans and leases	1.28	1.38	0.95	0.62	0.60	0.61	0.64
Net charge-offs to loans and leases	1.11	1.33	1.07	0.73	0.67	0.79	0.78
Loss provision to net charge-offs	115.19	103.94	89.00	85.09	89.27	76.75	81.84
Performance ratios (%)							
Percent of institutions unprofitable	7.48	6.93	5.60	5.30	4.84	8.81	7.70
Percent of institutions with earnings gains	56.83	71.11	55.93	62.72	65.46	61.46	57.81
Nonint. income to net operating revenue	44.36	43.65	44.79	44.43	46.13	45.20	44.88
Nonint. expense to net operating revenue	58.47	54.54	55.90	59.63	59.01	60.69	59.61
Condition ratios (%)							
Nonperforming assets to assets	1.01	1.06	0.89	0.57	0.50	0.57	0.50
Noncurrent loans to loans	1.51	1.56	1.33	0.94	0.83	0.94	0.83
Loss reserve to noncurrent loans	132.91	126.63	139.40	165.37	156.07	165.37	156.07
Loss reserve to loans	2.01	1.98	1.85	1.55	1.29	1.55	1.29
Equity capital to assets	9.37	9.50	9.10	9.96	9.87	9.96	9.87
Leverage ratio	7.81	7.88	7.70	7.30	7.31	7.30	7.31
Risk-based capital ratio	12.59	12.66	12.65	12.25	11.95	12.25	11.95
Net loans and leases to assets	61.18	61.33	60.15	55.65	56.35	55.65	56.35
Securities to assets	15.86	16.73	17.56	16.21	15.40	16.21	15.40
Appreciation in securities (% of par)	0.47	2.12	0.88	0.55	-1.06	0.55	-1.06
Residential mortgage assets to assets	22.55	24.72	24.44	23.52	23.61	23.52	23.61
Total deposits to assets	65.60	65.65	64.92	63.93	64.13	63.93	64.13
Core deposits to assets	48.08	48.74	48.03	43.83	43.53	43.83	43.53
Volatile liabilities to assets	31.24	30.31	30.57	33.90	35.75	33.90	35.75

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured national banks
Annual 2001--2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	Preliminary 2004Q4	Preliminary 2005Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.38	1.14	1.02	0.87	0.92	0.87	0.92
Loans secured by real estate (RE)	1.42	1.07	0.91	0.75	0.85	0.75	0.85
1- to 4-family residential mortgages	1.84	1.45	1.30	1.05	1.15	1.05	1.15
Home equity loans	0.79	0.61	0.45	0.39	0.57	0.39	0.57
Multifamily residential mortgages	0.82	0.42	0.54	0.39	0.73	0.39	0.73
Commercial RE loans	0.85	0.58	0.47	0.44	0.47	0.44	0.47
Construction RE loans	1.28	0.91	0.66	0.61	0.60	0.61	0.60
Commercial and industrial loans	0.94	0.76	0.63	0.56	0.70	0.56	0.70
Loans to individuals	2.38	2.15	2.08	1.84	1.74	1.84	1.74
Credit cards	2.52	2.57	2.48	2.21	2.07	2.21	2.07
Installment loans and other plans	2.62	2.07	1.95	1.67	1.64	1.67	1.64
All other loans and leases	0.84	0.55	0.34	0.31	0.40	0.31	0.40
Percent of loans noncurrent							
Total loans and leases	1.51	1.56	1.33	0.94	0.83	0.94	0.83
Loans secured by real estate (RE)	1.05	0.97	0.95	0.69	0.80	0.69	0.80
1- to 4-family residential mortgages	1.06	1.02	1.14	0.86	1.15	0.86	1.15
Home equity loans	0.38	0.32	0.24	0.18	0.26	0.18	0.26
Multifamily residential mortgages	0.54	0.48	0.45	0.43	0.40	0.43	0.40
Commercial RE loans	1.02	1.05	0.97	0.72	0.60	0.72	0.60
Construction RE loans	1.15	1.03	0.71	0.45	0.38	0.45	0.38
Commercial and industrial loans	2.44	3.00	2.19	1.22	0.74	1.22	0.74
Loans to individuals	1.49	1.60	1.78	1.66	1.37	1.66	1.37
Credit cards	2.05	2.16	2.24	2.03	1.90	2.03	1.90
Installment loans and other plans	1.24	1.30	1.55	1.46	1.00	1.46	1.00
All other loans and leases	1.19	1.11	0.74	0.39	0.28	0.39	0.28
Percent of loans charged-off, net							
Total loans and leases	1.11	1.33	1.07	0.73	0.67	0.79	0.78
Loans secured by real estate (RE)	0.26	0.19	0.21	0.08	0.06	0.09	0.06
1- to 4-family residential mortgages	0.32	0.17	0.24	0.08	0.06	0.10	0.06
Home equity loans	0.35	0.23	0.23	0.10	0.10	0.10	0.11
Multifamily residential mortgages	0.04	0.11	0.03	0.04	0.04	0.04	0.04
Commercial RE loans	0.16	0.17	0.13	0.05	0.04	0.07	0.04
Construction RE loans	0.15	0.19	0.14	0.04	0.01	0.06	0.00
Commercial and industrial loans	1.50	1.80	1.35	0.43	0.19	0.40	0.29
Loans to individuals	3.13	4.01	3.45	3.14	3.17	3.41	3.68
Credit cards	5.06	6.57	5.48	5.14	4.92	5.05	6.21
Installment loans and other plans	1.66	1.91	1.81	1.51	1.70	1.94	1.57
All other loans and leases	0.44	0.62	0.44	0.12	0.22	0.13	0.36
Loans outstanding (\$)							
Total loans and leases	\$2,269,240	\$2,445,101	\$2,630,440	\$3,166,737	\$3,427,030	\$3,166,737	\$3,427,030
Loans secured by real estate (RE)	976,090	1,139,259	1,254,981	1,572,689	1,751,668	1,572,689	1,751,668
1- to 4-family residential mortgages	472,678	573,667	605,100	745,229	834,628	745,229	834,628
Home equity loans	102,129	141,056	192,703	294,919	320,152	294,919	320,152
Multifamily residential mortgages	30,075	33,968	35,652	39,948	43,518	39,948	43,518
Commercial RE loans	236,489	253,427	269,936	302,281	325,245	302,281	325,245
Construction RE loans	91,436	95,360	104,218	128,635	166,822	128,635	166,822
Farmland loans	12,615	13,225	13,614	14,679	15,821	14,679	15,821
RE loans from foreign offices	30,668	28,556	33,758	46,998	45,482	46,998	45,482
Commercial and industrial loans	597,304	546,053	500,005	580,192	672,633	580,192	672,633
Loans to individuals	389,940	450,436	527,817	615,502	607,184	615,502	607,184
Credit cards	166,628	209,812	250,719	300,097	282,567	300,097	282,567
Other revolving credit plans	29,258	33,243	32,883	34,258	35,171	34,258	35,171
Installment loans	194,054	207,381	244,215	281,147	289,446	281,147	289,446
All other loans and leases	307,851	311,803	349,521	400,578	397,451	400,578	397,451
Less: Unearned income	1,944	2,449	1,884	2,224	1,905	2,224	1,905

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured national banks by asset size
Fourth quarter 2004 and fourth quarter 2005
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
Number of institutions reporting	765	683	972	960	125	130	45	45
Total employees (FTEs)	17,128	15,177	90,567	87,246	87,852	83,513	947,837	986,424
Selected income data (\$)								
Net income	\$110	\$85	\$804	\$803	\$1,283	\$1,208	\$15,501	\$15,657
Net interest income	413	377	2,577	2,542	3,280	3,042	36,866	37,424
Provision for loan losses	25	17	188	156	364	274	4,178	4,997
Noninterest income	161	143	1,174	1,160	2,425	2,178	31,815	31,842
Noninterest expense	403	397	2,470	2,444	3,383	3,111	41,511	40,963
Net operating income	111	86	816	813	1,291	1,247	15,302	15,858
Cash dividends declared	107	103	568	569	752	1,199	8,366	6,936
Net charge-offs	21	18	165	132	308	210	5,702	6,293
Selected condition data (\$)								
Total assets	42,770	38,165	272,150	269,663	363,421	378,506	4,923,703	5,316,834
Total loans and leases	25,380	22,594	174,430	173,667	230,944	235,174	2,735,983	2,995,595
Reserve for losses	360	311	2,350	2,191	3,437	2,946	42,817	38,755
Securities	11,187	10,183	65,991	60,822	75,483	74,251	755,393	778,950
Other real estate owned	62	43	241	236	161	122	1,067	1,175
Noncurrent loans and leases	262	218	1,276	1,177	1,476	1,403	26,595	25,522
Total deposits	35,691	31,972	219,066	218,481	242,984	253,377	3,083,684	3,346,221
Domestic deposits	35,670	31,958	218,800	218,202	238,411	249,772	2,355,845	2,585,658
Equity capital	4,973	4,394	28,089	27,924	40,126	41,092	484,654	519,365
Off-balance-sheet derivatives	22	25	2,727	3,344	13,195	20,207	86,704,062	100,029,882
Performance ratios (annualized %)								
Return on equity	8.83	7.66	11.54	11.57	12.66	12.11	13.22	12.16
Return on assets	1.04	0.89	1.20	1.20	1.43	1.29	1.27	1.18
Net interest income to assets	3.91	3.98	3.83	3.81	3.66	3.24	3.03	2.83
Loss provision to assets	0.24	0.18	0.28	0.23	0.41	0.29	0.34	0.38
Net operating income to assets	1.05	0.91	1.21	1.22	1.44	1.33	1.26	1.20
Noninterest income to assets	1.52	1.50	1.75	1.74	2.70	2.32	2.62	2.41
Noninterest expense to assets	3.81	4.19	3.67	3.67	3.77	3.32	3.41	3.10
Loss provision to loans and leases	0.40	0.30	0.44	0.36	0.64	0.47	0.61	0.67
Net charge-offs to loans and leases	0.34	0.32	0.38	0.31	0.54	0.36	0.84	0.85
Loss provision to net charge-offs	117.97	92.77	114.48	118.31	117.99	130.80	73.28	79.41
Performance ratios (%)								
Percent of institutions unprofitable	14.38	13.32	5.45	4.58	4.00	3.85	0.00	0.00
Percent of institutions with earnings gains	53.73	54.47	66.26	59.38	69.60	64.62	66.67	55.56
Nonint. income to net operating revenue	28.02	27.44	31.29	31.33	42.51	41.73	46.32	45.97
Nonint. expense to net operating revenue	70.23	76.35	65.84	66.03	59.29	59.61	60.44	59.14
Condition ratios (%)								
Nonperforming assets to assets	0.76	0.69	0.56	0.53	0.46	0.41	0.57	0.51
Noncurrent loans to loans	1.03	0.97	0.73	0.68	0.64	0.60	0.97	0.85
Loss reserve to noncurrent loans	137.60	142.27	184.14	186.04	232.93	209.94	160.99	151.85
Loss reserve to loans	1.42	1.38	1.35	1.26	1.49	1.25	1.56	1.29
Equity capital to assets	11.63	11.51	10.32	10.35	11.04	10.86	9.84	9.77
Leverage ratio	11.41	11.56	9.48	9.63	8.81	8.63	7.02	7.07
Risk-based capital ratio	18.71	18.93	14.66	14.61	13.79	13.29	11.98	11.70
Net loans and leases to assets	58.50	58.39	63.23	63.59	62.60	61.35	54.70	55.61
Securities to assets	26.16	26.68	24.25	22.55	20.77	19.62	15.34	14.65
Appreciation in securities (% of par)	0.00	-1.51	0.28	-1.26	0.20	-1.04	0.62	-1.04
Residential mortgage assets to assets	20.75	20.10	22.72	21.53	26.57	23.70	23.36	23.74
Total deposits to assets	83.45	83.77	80.49	81.02	66.86	66.94	62.63	62.94
Core deposits to assets	70.94	70.59	67.39	66.34	56.10	54.44	41.38	41.40
Volatile liabilities to assets	14.80	15.43	17.90	19.25	25.74	28.56	35.55	37.24

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured national banks by asset size
Fourth quarter 2004 and fourth quarter 2005
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.23	1.21	0.89	0.84	0.77	0.80	0.87	0.94
Loans secured by real estate (RE)	1.14	1.11	0.77	0.77	0.66	0.66	0.75	0.87
1- to 4-family residential mortgages	1.71	1.69	1.22	1.19	1.02	1.06	1.03	1.15
Home equity loans	0.41	0.56	0.31	0.48	0.24	0.43	0.40	0.57
Multifamily residential mortgages	0.65	0.39	0.52	0.43	0.36	0.35	0.38	0.87
Commercial RE loans	0.81	0.79	0.58	0.56	0.38	0.43	0.41	0.45
Construction RE loans	0.85	0.92	0.64	0.75	0.73	0.57	0.57	0.57
Commercial and industrial loans	1.29	1.28	1.01	0.82	0.77	1.06	0.51	0.66
Loans to individuals	2.44	2.52	1.88	1.64	1.38	1.26	1.86	1.76
Credit cards	1.98	3.59	3.93	2.41	2.13	1.67	2.21	2.07
Installment loans and other plans	2.50	2.54	1.61	1.58	0.98	1.25	1.71	1.66
All other loans and leases	0.52	0.52	0.56	0.54	0.50	0.66	0.30	0.38
Percent of loans noncurrent								
Total loans and leases	1.03	0.97	0.73	0.68	0.64	0.60	0.97	0.85
Loans secured by real estate (RE)	0.92	0.89	0.66	0.63	0.50	0.53	0.71	0.84
1- to 4-family residential mortgages	0.93	0.87	0.65	0.69	0.49	0.64	0.90	1.21
Home equity loans	0.38	0.27	0.14	0.19	0.17	0.23	0.18	0.26
Multifamily residential mortgages	0.78	0.67	0.41	0.40	0.37	0.21	0.44	0.44
Commercial RE loans	1.09	1.12	0.73	0.68	0.65	0.68	0.72	0.56
Construction RE loans	0.65	0.63	0.66	0.57	0.33	0.28	0.43	0.36
Commercial and industrial loans	1.67	1.46	1.07	1.01	0.88	0.79	1.26	0.72
Loans to individuals	0.85	0.79	0.77	0.62	0.97	0.52	1.72	1.42
Credit cards	1.11	1.20	2.98	1.71	2.00	1.45	2.02	1.91
Installment loans and other plans	0.86	0.80	0.45	0.46	0.34	0.35	1.60	1.07
All other loans and leases	0.91	0.89	0.64	0.51	0.56	0.75	0.37	0.25
Percent of loans charged-off, net								
Total loans and leases	0.34	0.32	0.38	0.31	0.54	0.36	0.84	0.85
Loans secured by real estate (RE)	0.13	0.10	0.10	0.08	0.07	0.07	0.10	0.06
1- to 4-family residential mortgages	0.07	0.08	0.14	0.09	0.09	0.08	0.10	0.06
Home equity loans	0.14	0.11	0.13	0.09	0.06	0.12	0.10	0.11
Multifamily residential mortgages	0.02	0.00	0.05	0.10	0.07	0.09	0.04	0.02
Commercial RE loans	0.20	0.18	0.09	0.09	0.08	0.08	0.07	0.01
Construction RE loans	0.19	0.09	0.07	0.04	0.03	0.01	0.06	-0.01
Commercial and industrial loans	0.79	0.89	0.98	0.64	0.84	0.79	0.33	0.23
Loans to individuals	1.07	0.98	1.53	1.63	2.48	1.27	3.52	3.83
Credit cards	2.06	2.75	6.06	6.65	4.59	3.39	5.07	6.24
Installment loans and other plans	1.05	0.93	0.88	0.85	1.03	0.86	2.05	1.64
All other loans and leases	0.22	0.18	0.36	0.38	0.44	0.71	0.12	0.35
Loans outstanding (\$)								
Total loans and leases	\$25,380	\$22,594	\$174,430	\$173,667	\$230,944	\$235,174	\$2,735,983	\$2,995,595
Loans secured by real estate (RE)	15,844	14,215	121,718	123,880	144,696	153,856	1,290,431	1,459,717
1- to 4-family residential mortgages	6,271	5,564	38,649	38,136	52,334	51,842	647,974	739,086
Home equity loans	569	481	7,523	6,743	11,900	11,638	274,927	301,290
Multifamily residential mortgages	392	321	4,260	4,131	6,247	7,600	29,049	31,467
Commercial RE loans	4,919	4,540	48,719	48,878	49,974	49,898	198,670	221,929
Construction RE loans	1,769	1,536	16,664	19,763	21,814	28,938	88,387	116,585
Farmland loans	1,925	1,773	5,901	6,228	1,827	2,769	5,027	5,051
RE loans from foreign offices	0	0	2	2	599	1,171	46,397	44,310
Commercial and industrial loans	4,016	3,428	27,986	26,434	46,045	47,954	502,146	594,817
Loans to individuals	2,647	2,333	14,788	13,996	29,378	21,320	568,689	569,534
Credit cards	63	70	1,913	1,937	11,294	3,582	286,827	276,979
Other revolving credit plans	47	48	340	437	1,209	1,062	32,662	33,624
Installment loans	2,537	2,215	12,535	11,623	16,874	16,676	249,200	258,931
All other loans and leases	2,893	2,636	10,117	9,519	10,951	12,176	376,617	373,120
Less: Unearned income	20	18	179	162	125	134	1,899	1,592

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured commercial banks
Annual 2001--2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	2004Q4	Preliminary 2005Q4
Number of institutions reporting	8,080	7,888	7,770	7,631	7,527	7,631	7,527
Total employees (FTEs)	1,701,721	1,745,614	1,759,517	1,815,099	1,868,349	1,815,099	1,868,349
Selected income data (\$)							
Net income	\$73,730	\$89,674	\$102,458	\$104,172	\$114,308	\$26,480	\$27,709
Net interest income	214,654	236,602	239,986	249,601	269,556	66,933	69,550
Provision for loan losses	43,337	48,175	34,814	26,098	26,574	6,792	7,684
Noninterest income	158,034	172,343	186,509	183,909	201,458	50,090	49,800
Noninterest expense	223,223	233,559	245,997	257,525	276,182	71,018	70,823
Net operating income	70,902	85,377	98,211	101,589	114,141	26,362	28,072
Cash dividends declared	54,228	67,536	77,838	55,685	64,245	15,799	15,172
Net charge-offs	36,474	44,515	37,914	29,108	28,500	8,258	8,830
Selected condition data (\$)							
Total assets	6,552,336	7,076,726	7,601,236	8,413,851	9,039,674	8,413,851	9,039,674
Total loans and leases	3,884,328	4,155,979	4,428,670	4,904,479	5,380,346	4,904,479	5,380,346
Reserve for losses	72,273	76,986	77,133	73,504	68,673	73,504	68,673
Securities	1,172,540	1,334,826	1,456,280	1,551,273	1,572,274	1,551,273	1,572,274
Other real estate owned	3,569	4,165	4,218	3,373	3,255	3,373	3,255
Noncurrent loans and leases	54,581	60,546	52,946	42,082	40,280	42,082	40,280
Total deposits	4,377,558	4,689,852	5,035,056	5,593,170	6,073,333	5,593,170	6,073,333
Domestic deposits	3,748,042	4,031,815	4,293,884	4,727,278	5,152,701	4,727,278	5,152,701
Equity capital	593,621	647,372	691,940	850,336	912,652	850,336	912,652
Off-balance-sheet derivatives	45,325,982	56,208,857	71,098,970	87,872,811	101,477,789	87,872,811	101,477,789
Performance ratios (annualized %)							
Return on equity	13.08	14.46	15.31	13.74	12.91	12.80	12.26
Return on assets	1.15	1.33	1.40	1.30	1.31	1.28	1.24
Net interest income to assets	3.35	3.50	3.27	3.12	3.09	3.22	3.10
Loss provision to assets	0.68	0.71	0.47	0.33	0.30	0.33	0.34
Net operating income to assets	1.11	1.26	1.34	1.27	1.31	1.27	1.25
Noninterest income to assets	2.46	2.55	2.54	2.30	2.31	2.41	2.22
Noninterest expense to assets	3.48	3.46	3.35	3.22	3.16	3.42	3.16
Loss provision to loans and leases	1.12	1.21	0.82	0.56	0.52	0.56	0.58
Net charge-offs to loans and leases	0.95	1.12	0.89	0.63	0.56	0.68	0.66
Loss provision to net charge-offs	118.82	108.22	91.82	89.66	93.24	82.25	87.03
Performance ratios (%)							
Percent of institutions unprofitable	8.13	6.64	6.01	5.87	6.15	9.88	9.25
Percent of institutions with earnings gains	56.27	72.64	59.20	64.84	66.07	62.06	60.60
Nonint. income to net operating revenue	42.40	42.14	43.73	42.42	42.77	42.80	41.73
Nonint. expense to net operating revenue	59.90	57.11	57.68	59.40	58.64	60.69	59.34
Condition ratios (%)							
Nonperforming assets to assets	0.92	0.94	0.77	0.55	0.48	0.55	0.48
Noncurrent loans to loans	1.41	1.46	1.20	0.86	0.75	0.86	0.75
Loss reserve to noncurrent loans	132.41	127.15	145.68	174.67	170.49	174.67	170.49
Loss reserve to loans	1.86	1.85	1.74	1.50	1.28	1.50	1.28
Equity capital to assets	9.06	9.15	9.10	10.11	10.10	10.11	10.10
Leverage ratio	7.78	7.82	7.85	7.82	7.91	7.82	7.91
Risk-based capital ratio	12.70	12.76	12.75	12.61	12.34	12.61	12.34
Net loans and leases to assets	58.18	57.64	57.25	57.42	58.76	57.42	58.76
Securities to assets	17.89	18.86	19.16	18.44	17.39	18.44	17.39
Appreciation in securities (% of par)	0.82	2.22	0.84	0.43	-1.11	0.43	-1.11
Residential mortgage assets to assets	21.64	23.29	23.28	23.33	23.53	23.33	23.53
Total deposits to assets	66.81	66.27	66.24	66.48	67.19	66.48	67.19
Core deposits to assets	48.72	48.68	48.63	47.56	47.13	47.56	47.13
Volatile liabilities to assets	31.45	31.41	30.95	31.67	33.25	31.67	33.25

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured commercial banks
Annual 2001–2004, year-to-date through December 31, 2005, fourth quarter 2004, and fourth quarter 2005
(Dollar figures in millions)

	2001	2002	2003	2004	Preliminary 2005YTD	2004Q4	Preliminary 2005Q4
Percent of loans past due 30-89 days							
Total loans and leases	1.37	1.17	1.02	0.86	0.88	0.86	0.88
Loans secured by real estate (RE)	1.32	1.08	0.90	0.73	0.80	0.73	0.80
1- to 4-family residential mortgages	1.69	1.49	1.29	1.05	1.13	1.05	1.13
Home equity loans	0.79	0.59	0.45	0.37	0.55	0.37	0.55
Multifamily residential mortgages	0.73	0.46	0.48	0.36	0.51	0.36	0.51
Commercial RE loans	0.90	0.68	0.56	0.49	0.50	0.49	0.50
Construction RE loans	1.23	0.89	0.69	0.58	0.65	0.58	0.65
Commercial and industrial loans	1.01	0.89	0.72	0.64	0.69	0.64	0.69
Loans to individuals	2.46	2.22	2.08	1.82	1.72	1.82	1.72
Credit cards	2.70	2.72	2.53	2.24	2.00	2.24	2.00
Installment loans and other plans	2.54	2.08	1.93	1.62	1.66	1.62	1.66
All other loans and leases	0.84	0.58	0.48	0.38	0.40	0.38	0.40
Percent of loans noncurrent							
Total loans and leases	1.41	1.46	1.20	0.86	0.75	0.86	0.75
Loans secured by real estate (RE)	0.96	0.89	0.86	0.65	0.70	0.65	0.70
1- to 4-family residential mortgages	0.97	0.93	1.00	0.82	1.02	0.82	1.02
Home equity loans	0.37	0.30	0.24	0.18	0.25	0.18	0.25
Multifamily residential mortgages	0.46	0.38	0.38	0.35	0.34	0.35	0.34
Commercial RE loans	0.96	0.94	0.90	0.69	0.60	0.69	0.60
Construction RE loans	1.06	0.98	0.70	0.44	0.37	0.44	0.37
Commercial and industrial loans	2.41	2.93	2.10	1.17	0.75	1.17	0.75
Loans to individuals	1.43	1.51	1.53	1.46	1.20	1.46	1.20
Credit cards	2.12	2.24	2.22	2.00	1.80	2.00	1.80
Installment loans and other plans	1.12	1.14	1.14	1.12	0.83	1.12	0.83
All other loans and leases	0.97	1.01	0.66	0.40	0.29	0.40	0.29
Percent of loans charged-off, net							
Total loans and leases	0.95	1.12	0.89	0.63	0.56	0.68	0.66
Loans secured by real estate (RE)	0.19	0.15	0.17	0.08	0.06	0.10	0.07
1- to 4-family residential mortgages	0.22	0.14	0.19	0.08	0.06	0.10	0.07
Home equity loans	0.27	0.19	0.20	0.10	0.10	0.10	0.12
Multifamily residential mortgages	0.04	0.08	0.03	0.04	0.04	0.05	0.05
Commercial RE loans	0.13	0.15	0.13	0.07	0.05	0.10	0.06
Construction RE loans	0.14	0.17	0.14	0.05	0.03	0.06	0.03
Commercial and industrial loans	1.43	1.76	1.26	0.50	0.27	0.53	0.42
Loans to individuals	2.73	3.33	3.04	2.81	2.79	3.02	3.28
Credit cards	5.12	6.37	5.56	5.01	4.78	4.91	6.00
Installment loans and other plans	1.29	1.46	1.45	1.28	1.38	1.60	1.36
All other loans and leases	0.40	0.57	0.40	0.16	0.23	0.19	0.35
Loans outstanding (\$)							
Total loans and leases	\$3,884,328	\$4,155,979	\$4,428,670	\$4,904,479	\$5,380,346	\$4,904,479	\$5,380,346
Loans secured by real estate (RE)	1,800,224	2,068,149	2,272,837	2,625,475	2,988,207	2,625,475	2,988,207
1- to 4-family residential mortgages	810,779	945,706	994,151	1,083,227	1,230,222	1,083,227	1,230,222
Home equity loans	154,191	214,722	284,511	398,895	431,218	398,895	431,218
Multifamily residential mortgages	64,131	71,934	79,678	87,920	97,967	87,920	97,967
Commercial RE loans	505,882	555,990	602,724	667,692	736,971	667,692	736,971
Construction RE loans	193,014	207,451	231,514	290,057	391,606	290,057	391,606
Farmland loans	35,533	38,066	40,699	44,619	47,745	44,619	47,745
RE loans from foreign offices	36,695	34,280	39,559	53,066	52,479	53,066	52,479
Commercial and industrial loans	981,133	910,810	869,489	907,845	1,019,833	907,845	1,019,833
Loans to individuals	629,405	703,568	770,322	838,732	836,885	838,732	836,885
Credit cards	232,448	275,786	315,839	371,421	354,761	371,421	354,761
Other revolving credit plans	34,202	38,209	37,556	39,158	40,701	39,158	40,701
Installment loans	362,755	389,573	416,927	428,152	441,423	428,152	441,423
All other loans and leases	476,689	476,854	518,890	535,635	538,395	535,635	538,395
Less: Unearned income	3,123	3,401	2,870	3,208	2,974	3,208	2,974

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured commercial banks by asset size
Fourth quarter 2004 and fourth quarter 2005
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
Number of institutions reporting	3,655	3,459	3,531	3,593	360	391	85	84
Total employees (FTEs)	70,166	65,612	299,535	299,331	230,521	239,480	1,214,877	1,263,926
Selected income data (\$)								
Net income	\$389	\$374	\$2,886	\$3,157	\$3,427	\$3,360	\$19,777	\$20,818
Net interest income	1,840	1,771	9,297	9,856	8,818	9,276	46,978	48,647
Provision for loan losses	129	104	684	628	801	685	5,178	6,267
Noninterest income	470	469	3,201	3,130	5,389	4,761	41,029	41,440
Noninterest expense	1,687	1,660	7,906	8,078	8,153	8,298	53,271	52,787
Net operating income	389	380	2,901	3,183	3,450	3,483	19,623	21,026
Cash dividends declared	426	416	1,930	2,144	1,688	2,441	11,755	10,171
Net charge-offs	113	88	614	492	731	590	6,801	7,660
Selected condition data (\$)								
Total assets	189,040	180,118	953,896	1,000,883	973,652	1,074,648	6,297,263	6,784,025
Total loans and leases	116,638	112,096	641,821	682,709	627,690	701,816	3,518,330	3,883,726
Reserve for losses	1,681	1,569	8,911	8,855	9,182	8,932	53,729	49,317
Securities	46,778	42,789	210,540	203,251	223,042	225,361	1,070,912	1,100,873
Other real estate owned	275	218	1,078	979	496	425	1,523	1,633
Noncurrent loans and leases	1,109	985	4,541	4,367	4,451	4,157	31,980	30,771
Total deposits	158,200	149,728	770,882	813,657	666,525	754,409	3,997,563	4,355,540
Domestic deposits	158,178	149,714	769,184	812,115	655,428	744,322	3,144,489	3,446,551
Equity capital	21,779	21,466	95,651	100,331	106,624	114,932	626,283	675,923
Off-balance-sheet derivatives	90	328	6,761	8,851	76,861	97,816	88,207,934	101,800,832
Performance ratios (annualized %)								
Return on equity	7.15	6.96	12.18	12.71	12.96	11.89	13.08	12.42
Return on assets	0.83	0.84	1.23	1.28	1.43	1.27	1.27	1.24
Net interest income to assets	3.94	3.98	3.95	4.00	3.68	3.49	3.02	2.89
Loss provision to assets	0.28	0.23	0.29	0.25	0.33	0.26	0.33	0.37
Net operating income to assets	0.83	0.85	1.23	1.29	1.44	1.31	1.26	1.25
Noninterest income to assets	1.01	1.05	1.36	1.27	2.25	1.79	2.64	2.46
Noninterest expense to assets	3.61	3.73	3.36	3.27	3.40	3.13	3.43	3.14
Loss provision to loans and leases	0.45	0.37	0.43	0.37	0.52	0.40	0.59	0.65
Net charge-offs to loans and leases	0.39	0.32	0.39	0.29	0.47	0.34	0.78	0.80
Loss provision to net charge-offs	114.92	118.01	111.41	127.53	109.63	116.22	76.14	81.82
Performance ratios (%)								
Percent of institutions unprofitable	15.81	15.73	4.53	3.79	4.17	3.84	1.18	1.19
Percent of institutions with earnings gains	55.27	54.50	67.83	65.40	73.89	69.31	64.71	65.48
Nonint. income to net operating revenue	20.35	20.94	25.61	24.10	37.93	33.92	46.62	46.00
Nonint. expense to net operating revenue	73.01	74.13	63.26	62.20	57.39	59.12	60.53	58.60
Condition ratios (%)								
Nonperforming assets to assets	0.73	0.67	0.59	0.54	0.51	0.43	0.54	0.48
Noncurrent loans to loans	0.95	0.88	0.71	0.64	0.71	0.59	0.91	0.79
Loss reserve to noncurrent loans	151.57	159.26	196.24	202.78	206.28	214.88	168.01	160.27
Loss reserve to loans	1.44	1.40	1.39	1.30	1.46	1.27	1.53	1.27
Equity capital to assets	11.52	11.92	10.03	10.02	10.95	10.69	9.95	9.96
Leverage ratio	11.31	11.99	9.47	9.66	9.35	9.23	7.22	7.34
Risk-based capital ratio	17.93	18.60	14.06	13.97	13.91	13.25	12.06	11.84
Net loans and leases to assets	60.81	61.36	66.35	67.33	63.52	64.48	55.02	56.52
Securities to assets	24.75	23.76	22.07	20.31	22.91	20.97	17.01	16.23
Appreciation in securities (% of par)	0.10	-1.39	0.33	-1.18	0.22	-1.19	0.51	-1.06
Residential mortgage assets to assets	20.45	19.31	21.76	20.26	25.73	23.00	23.28	24.21
Total deposits to assets	83.69	83.13	80.81	81.29	68.46	70.20	63.48	64.20
Core deposits to assets	71.04	69.49	66.88	65.30	55.42	55.06	42.71	42.59
Volatile liabilities to assets	14.70	15.82	18.60	20.48	26.55	28.19	34.96	36.39

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured commercial banks by asset size
Fourth quarter 2004 and fourth quarter 2005
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4	2004Q4	2005Q4
Percent of loans past due 30-89 days								
Total loans and leases	1.26	1.29	0.89	0.83	0.75	0.75	0.86	0.91
Loans secured by real estate (RE)	1.14	1.22	0.75	0.74	0.58	0.65	0.74	0.84
1- to 4-family residential mortgages	1.75	1.86	1.29	1.25	0.91	0.96	1.01	1.12
Home equity loans	0.47	0.60	0.36	0.51	0.32	0.47	0.38	0.55
Multifamily residential mortgages	0.71	0.66	0.40	0.36	0.36	0.34	0.34	0.65
Commercial RE loans	0.82	0.93	0.56	0.55	0.40	0.46	0.48	0.46
Construction RE loans	0.76	0.84	0.53	0.57	0.56	0.75	0.60	0.64
Commercial and industrial loans	1.39	1.29	0.96	0.88	0.74	0.81	0.55	0.63
Loans to individuals	2.53	2.52	2.21	1.94	1.82	1.52	1.78	1.72
Credit cards	2.05	2.42	5.91	3.49	2.60	1.27	2.15	2.01
Installment loans and other plans	2.57	2.57	1.81	1.83	1.46	1.68	1.59	1.61
All other loans and leases	0.60	0.63	0.57	0.55	0.46	0.53	0.35	0.38
Percent of loans noncurrent								
Total loans and leases	0.95	0.88	0.71	0.64	0.71	0.59	0.91	0.79
Loans secured by real estate (RE)	0.84	0.79	0.62	0.57	0.60	0.54	0.67	0.77
1- to 4-family residential mortgages	0.96	0.92	0.69	0.69	0.67	0.72	0.86	1.12
Home equity loans	0.25	0.22	0.18	0.21	0.19	0.23	0.18	0.26
Multifamily residential mortgages	0.50	0.56	0.46	0.39	0.23	0.24	0.36	0.37
Commercial RE loans	0.92	0.86	0.69	0.62	0.72	0.61	0.66	0.56
Construction RE loans	0.54	0.54	0.45	0.42	0.46	0.36	0.43	0.35
Commercial and industrial loans	1.47	1.30	1.03	0.95	0.99	0.81	1.21	0.70
Loans to individuals	0.94	0.90	0.90	0.77	0.93	0.52	1.56	1.30
Credit cards	1.33	1.08	3.56	2.25	1.93	1.05	1.98	1.83
Installment loans and other plans	0.95	0.91	0.59	0.62	0.37	0.37	1.29	0.92
All other loans and leases	0.85	0.77	0.67	0.52	0.61	0.56	0.35	0.24
Percent of loans charged-off, net								
Total loans and leases	0.39	0.32	0.39	0.29	0.47	0.34	0.78	0.80
Loans secured by real estate (RE)	0.14	0.09	0.11	0.08	0.10	0.08	0.09	0.06
1- to 4-family residential mortgages	0.15	0.11	0.13	0.12	0.08	0.09	0.10	0.06
Home equity loans	0.04	0.05	0.07	0.07	0.13	0.15	0.10	0.12
Multifamily residential mortgages	0.03	0.04	0.10	0.05	0.03	0.06	0.03	0.04
Commercial RE loans	0.19	0.11	0.12	0.07	0.12	0.10	0.08	0.03
Construction RE loans	0.13	0.08	0.08	0.05	0.06	0.03	0.05	0.01
Commercial and industrial loans	0.93	0.80	0.96	0.69	0.79	0.60	0.41	0.35
Loans to individuals	1.18	1.08	1.79	1.74	2.17	1.69	3.23	3.55
Credit cards	2.91	3.06	7.33	7.57	4.28	4.01	4.92	6.08
Installment loans and other plans	1.16	1.04	1.11	1.09	0.96	0.95	1.75	1.44
All other loans and leases	0.31	0.27	0.39	0.31	0.42	0.39	0.16	0.36
Loans outstanding (\$)								
Total loans and leases	\$116,638	\$112,096	\$641,821	\$682,709	\$627,690	\$701,816	\$3,518,330	\$3,883,726
Loans secured by real estate (RE)	73,268	70,900	462,555	502,479	410,399	474,045	1,679,252	1,940,783
1- to 4-family residential mortgages	28,332	26,450	135,501	138,347	127,769	133,156	791,625	932,270
Home equity loans	2,583	2,415	27,304	26,139	33,495	34,962	335,513	367,702
Multifamily residential mortgages	1,599	1,494	16,818	17,775	22,125	28,170	47,378	50,527
Commercial RE loans	22,601	22,025	186,350	198,790	154,260	175,183	304,481	340,974
Construction RE loans	8,211	8,808	75,802	99,378	65,591	93,295	140,453	190,125
Farmland loans	9,944	9,708	20,747	22,022	6,200	8,014	7,728	8,001
RE loans from foreign offices	0	0	32	28	960	1,266	52,074	51,185
Commercial and industrial loans	18,518	17,781	100,977	103,692	113,763	128,283	674,587	770,077
Loans to individuals	11,533	10,528	48,188	45,580	72,835	64,125	706,176	716,652
Credit cards	182	185	5,350	4,742	26,654	16,129	339,236	333,704
Other revolving credit plans	162	186	1,475	1,543	2,753	2,406	34,769	36,567
Installment loans	11,190	10,157	41,363	39,295	43,429	45,590	332,170	346,381
All other loans and leases	13,394	12,950	30,687	31,550	31,171	35,941	460,383	457,953
Less: Unearned income	75	63	586	593	479	578	2,068	1,740

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.

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 October, November, and December 2005

Branch

On November 28, 2005, the OCC conditionally approved the application by Main Street National Bank, Kingwood, Texas, to establish a branch in Humble, Texas. This conditional approval was subject to the conditions that the bank shall not significantly deviate from its current operations without a prior written determination of no supervisory objection from the OCC and, within 60 days of this approval, the bank shall submit a written business plan to the OCC subject to its prior written determination of no supervisory objection. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 717]

Community Reinvestment Act (CRA) Decision

On November 3, 2005, the OCC approved the application to merge Direct Merchants Credit Card Bank of Phoenix, Arizona, (Direct Merchants), with and into HSBC Bank Nevada, National Association, Las Vegas, Nevada, (HSBC Bank NV), under the charter and title of the latter. The OCC received comments from one community organization opposing the merger because of concerns with affiliated HSBC Bank USA, N.A.'s 2004 Home Mortgage Disclosure Act (HMDA) data and HSBC's offering of refund anticipation loans (RALs). The OCC is carefully analyzing the 2004 HMDA data for national banks and their subsidiaries, including HSBC Bank USA, N.A., and is incorporating the results of its analysis into supervisory strategies for upcoming fair lending examinations. It was noted that the Federal Reserve Bank of New York assigned HSBC Bank (HSBC Bank USA, N.A.'s predecessor bank) an "outstanding" rating in its 2003 CRA Performance Evaluation and noted no violations of the substantive provisions of the anti-discrimination laws and regulations. In addition, HSBC Bank NV is not involved in RAL lending, and the OCC's recent review of RAL lending at HSBC Bank USA, N.A., disclosed that the latter bank's management controls and compliance efforts with respect to the RAL product are satisfactory. Based on the applicant's records of CRA performance and other findings, the OCC found approval consistent with the CRA. [CRA Decision No. 129]

Charter

On November 7, 2005, the OCC granted preliminary conditional approval of the charter application to establish Bank of Napa, N.A., Napa, California, as a full-service national bank. This conditional approval was subject to the standard “significant deviation” condition imposed on all new bank charter approvals and a condition that requires, for the first three years of operation, a minimum of three board members with prior banking experience as directors or executive officers of a well-run financial institution. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 712]

Conversions

On October 3, 2005, the OCC conditionally approved the application to convert Enterprise Bank, Kenilworth, New Jersey, to a national bank to be titled “Enterprise National Bank N.J.,” Kenilworth, New Jersey. This conditional approval was subject to the standard “significant deviation” condition imposed on all new bank charter approvals and a condition that requires, within 60 days following the conversion, bank management to develop and implement a contingency funding plan approved by the bank’s board. [Conditional Approval No. 705]

On October 6, 2005, the OCC conditionally approved JPMorgan Chase Bank, National Association, New York, New York, to continue to conduct activities engaged in by its operating subsidiaries, J.P. Morgan Property Exchange Inc., J.P. Morgan Property Holdings LLC, and J.P. Morgan Aircraft Holdings Inc. (collectively, the “JPEX Entities”). Because this OCC review of the JPEX Entities was conducted as a continuation of our review of the bank’s original conversion application, this decision constituted an addendum to Conditional Approval No. 658 (October 14, 2004). The JPEX Entities offer various services for customers interested in engaging in capital gains tax-deferred exchanges of business and investment property under section 1031 of the Internal Revenue Code, 26 USC 1031. Such transactions are called like-kind exchanges. The OCC found that the activities of the JPEX Entities are permissible for national banks and their operating subsidiaries. Therefore, the bank is legally authorized to retain the JPEX Entities, subject to the following conditions:

- maintain, to the satisfaction of the examiner-in-charge, the risk mitigation policies, procedures, and controls described in this decision letter; and,
- at all times, the EAT (exchange accommodation titleholder) Services conducted by JPEX Entities must qualify for agency accounting under GAAP.

These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 706]

Corporate Reorganization

On November 8, 2005, the OCC conditionally approved the application to reorganize Smith River Community Bank, N.A., Martinsville, Virginia, to become a subsidiary of a bank holding company. This conditional approval was subject to the conditions that the bank shall not significantly deviate from its current operations without a prior written determination of no supervisory objection from the OCC and, within 60 days of this approval, the bank shall submit a written business plan to the OCC subject to its prior written determination of no supervisory objection. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 714]

Expansion of Services

On October 14, 2005, the OCC conditionally approved the request for Idaho Trust National Bank, Coeur d'Alene, Idaho, to expand its operations from a limited charter to a full-service charter bank. Such bank requests to expand powers from a limited charter to a full-service charter bank are infrequent, and the OCC usually evaluates such requests in a similar manner to an application for a full-service charter. This conditional approval was subject to conditions that replicate the standard condition imposed and the other safeguards available in all new bank charter approvals. [Conditional Approval No. 707]

Merger

On November 18, 2005, the OCC conditionally approved the application to merge Palm Beach County Bank, West Palm Beach, Florida, (PBCB), with and into Commerce Bank, National Association, Philadelphia, Pennsylvania (CBNA), under the title and charter of the latter. This conditional approval was subject to several conditions related to an effective anti-money-laundering/Bank Secrecy Act compliance program, a significant deviation requirement, and a certification of the divestiture or cessation of operations of PBCB and its subsidiaries concurrent with consummation of the merger. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 716]



25th Anniversary



SPECIAL SUPERVISION AND
ENFORCEMENT ACTIVITIES

SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

The Special Supervision Division of the Midsize/Community Bank Supervision Department supervises critical problem banks through rehabilitation or through other resolution processes such as orderly failure management or the sale, merger, or liquidation of such institutions. The Special Supervision Division monitors the supervision of delegated problem banks, coordinates safety and soundness examinations, provides training, analyzes and disseminates information, and supports OCC supervisory objectives as an advisor and liaison to OCC management and field staff on emerging problem bank-related issues.

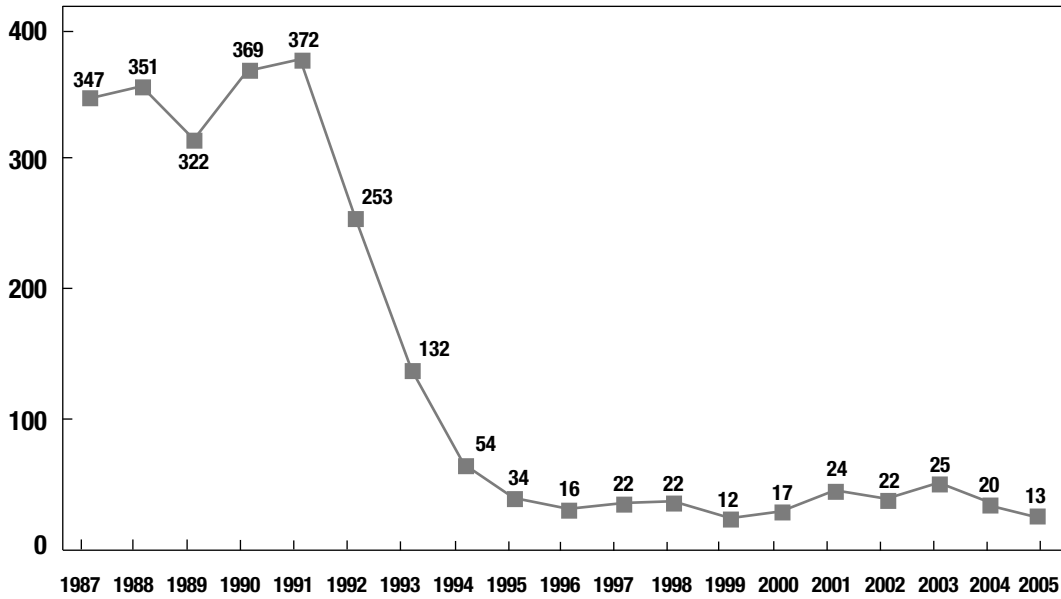
This section includes information on problem national banks, national bank failures, and enforcement actions. Data on problem banks and bank failures is provided by OCC's Special Supervision Division and the FDIC's Department of Resolutions in Washington. Information on enforcement actions is provided by the Enforcement and Compliance Division (E&C) of the Law Department. The latter is principally responsible for presenting and litigating administrative actions on the OCC's behalf against banks requiring special supervision.

Problem National Banks and National Bank Failures

Problem banks represented less than 1 percent of the national bank population as of December 31, 2005. The volume of problem banks, those with a CAMELS rating of 4 or 5, has been stable for several years and declined in 2005. (A bank's "CAMELS" rating is a composite rating based on the examiner assessment of capital, asset quality, management, earnings, liquidity, and sensitivity to market risk.) The total number of problem banks is 13 at December 31, 2005. This low volume of problem banks reflects the stable economy and generally favorable economic conditions enjoyed for the past several years. No banks failed in 2005.

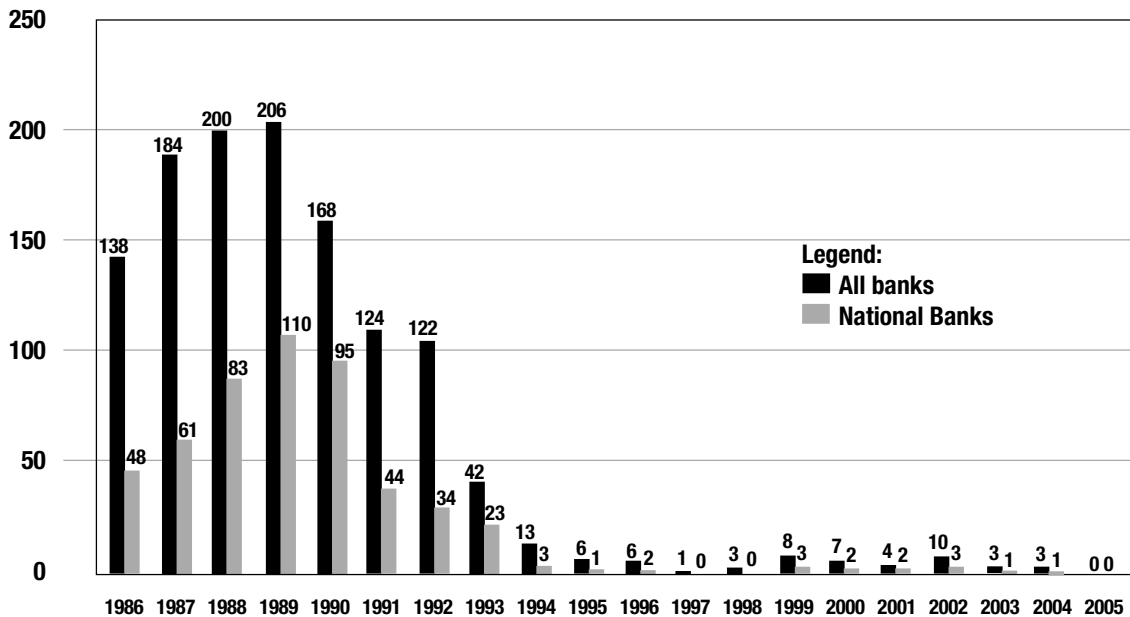
SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

Figure 1—Problem national bank historical trend line



Source: Special Supervision

Figure 2—Number of bank failures



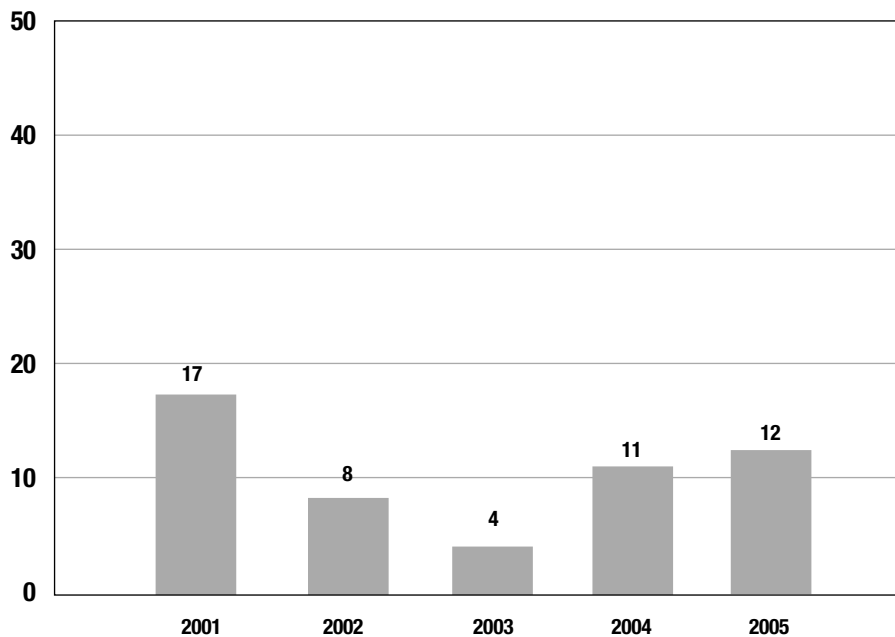
Source: Federal Deposit Insurance Corporation

Enforcement Actions

The OCC has a number of remedies with which to carry out its supervisory responsibilities. When it identifies safety and soundness or compliance problems, these remedies range from advice and moral suasion to informal and formal enforcement actions. These mechanisms are designed to achieve expeditious corrective and remedial action to return the bank to a safe and sound condition.

The OCC takes enforcement actions against national banks, parties affiliated with national banks, and servicing companies that provide data processing and other services to national banks. The OCC's informal enforcement actions against banks include commitment letters and memorandums of understanding (MOUs). Informal enforcement actions are meant to handle less serious supervisory problems identified by the OCC in its supervision of national banks. Failure to honor informal enforcement actions will provide strong evidence of the need for the OCC to take formal enforcement action. The charts below show total numbers of the various types of informal enforcement actions completed by the OCC against banks in the last several years.

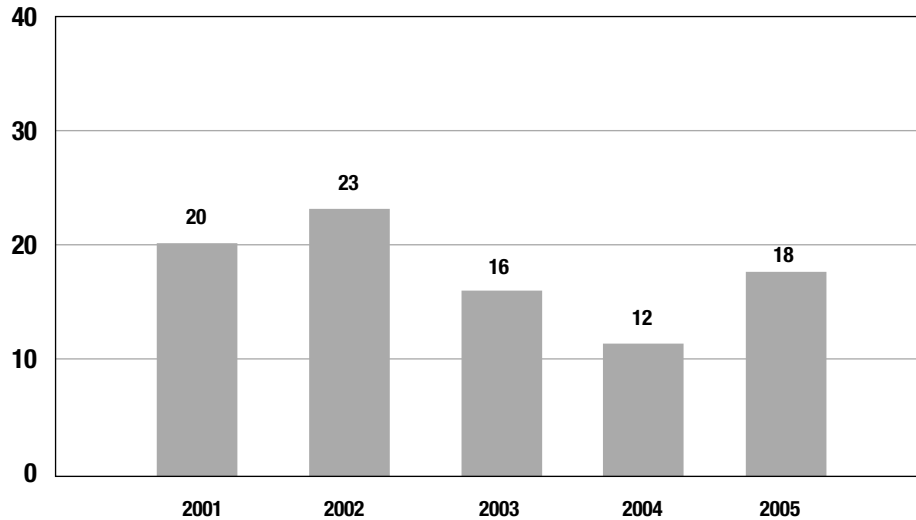
Figure 3—Commitment letters



Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

Figure 4—Memorandums of understanding

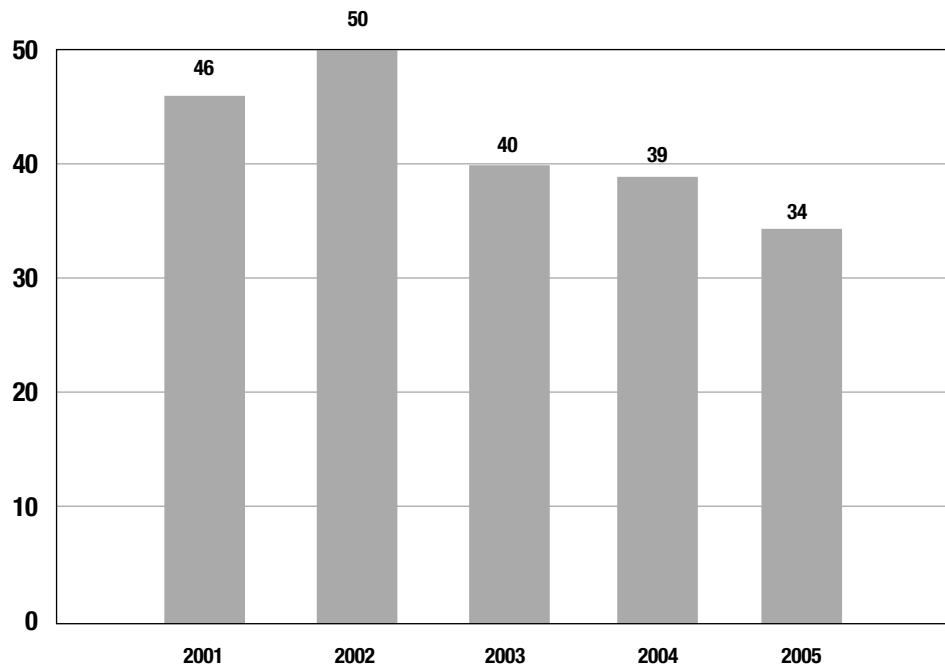


Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

The most common types of formal enforcement actions issued by the OCC against banks over the past several years have been formal agreements and cease-and-desist orders. Formal agreements are documents signed by a national bank's board of directors and the OCC in which specific corrective and remedial measures are enumerated as necessary to return the bank to a safe and sound condition. Cease-and-desist orders (C&Ds), sometimes issued as consent orders, are similar in content to formal agreements, but may be enforced either through assessment of civil money penalties (CMPs) or by an action for injunctive relief in federal district court. The OCC may also assess CMPs against banks, and in 2005, the OCC assessed CMPs against 21 banks.

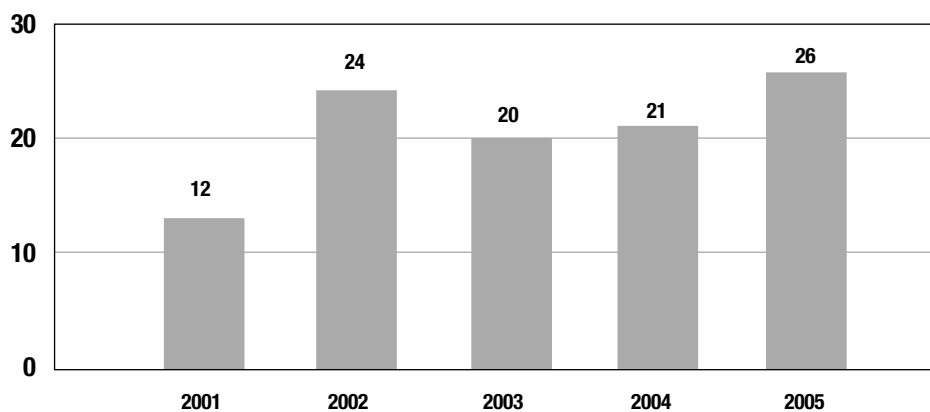
SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

Figure 5—Formal agreements



Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

Figure 6—Cease-and-desist orders against banks

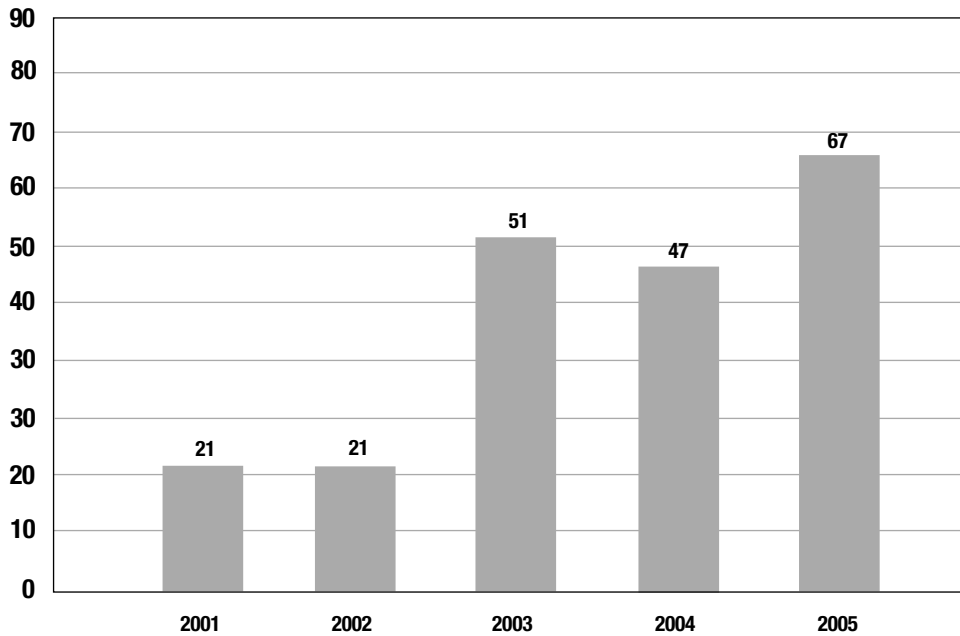


Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

The most common enforcement actions against individuals and other institution-affiliated parties are CMPs, personal C&Ds, and removal and prohibition orders. CMPs are authorized for violations of laws, rules, regulations, formal written agreements, final orders, conditions imposed in writing, unsafe or unsound banking practices, and breaches of fiduciary duty. Personal C&Ds may be used to restrict activities, order payment of restitution, or require institution-affiliated parties to take other affirmative action to correct the results of past conduct. Removal and prohibition actions, which are used in the most serious cases, result in lifetime bans from the banking industry.

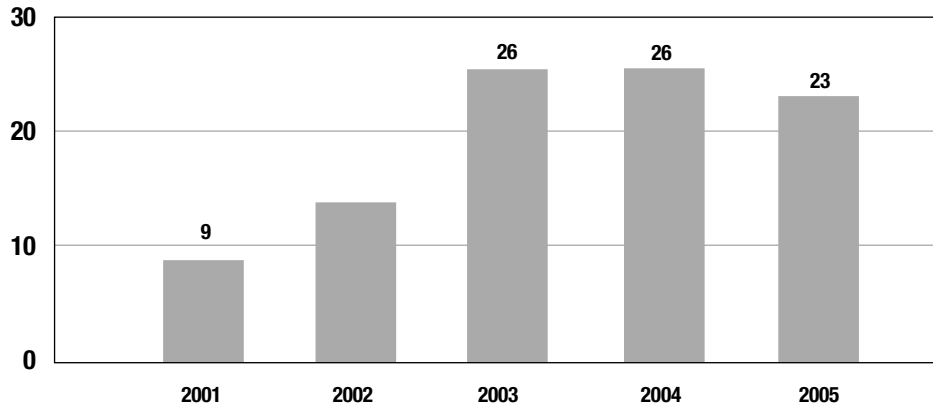
Figure 7—Civil money penalties against institution-affiliated parties



Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

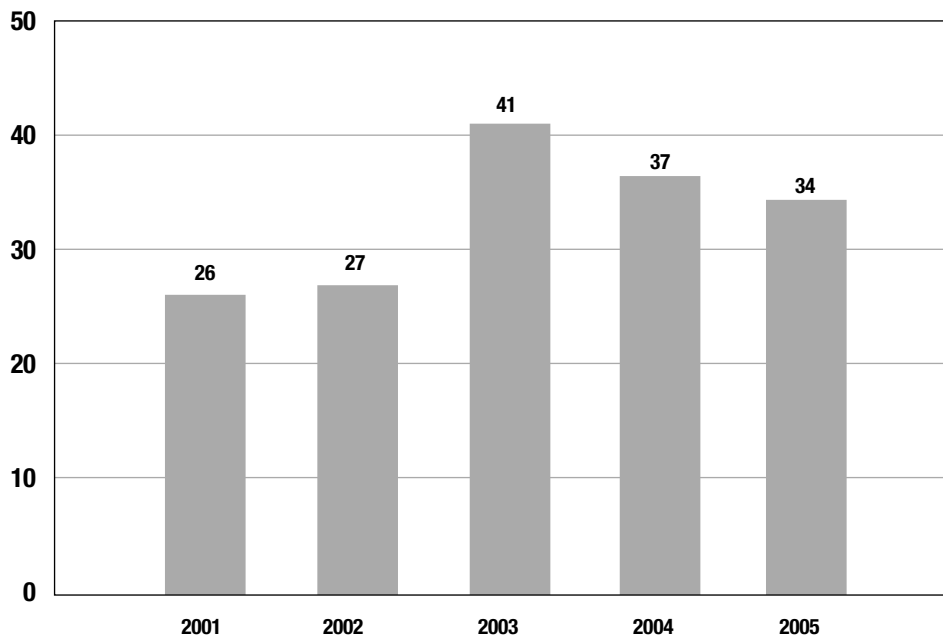
SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

Figure 8—Cease-and-desist orders against institution-affiliated parties



Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

Figure 9—Removal and prohibition orders



Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

Recent Enforcement Cases

Below are summaries of the significant cases completed between January 1 and December 31, 2005:

A. Actions Involving Anti-Money Laundering/Bank Secrecy Act Compliance

Banks ordered to comply with BSA/AML provisions. The OCC brought enforcement actions against banks for failing to maintain adequate BSA/AML compliance programs and ordered those banks to provide for internal controls, audit procedures, and employee training, and/or to designate a BSA compliance officer. *In the Matter of Asian Pacific National Bank, San Gabriel, Calif.*, Doc. Nos. 2005-3 (January 24, 2005) and 2005-180 (December 15, 2005); *In the Matter of City National Bank, Beverly Hills, Calif.*, Doc. No. 2005-16 (February 23, 2005); *United Americas Bank, N.A., Atlanta, Ga.*, Doc. Nos. 2005-19 (February 23, 2005) and 2005-160 (November 17, 2005); *The Fulton County National Bank and Trust Company, McConnellsburg, Penn.*, Doc. No. 2005-29 (March 23, 2005); *Interbusiness Bank, N.A., Diamond Bar, Calif.*, Doc. No. 2005-53 (May 16, 2005); *Far East National Bank, Los Angeles, Calif.*, Doc. No. 2205-63 (June 13, 2005); *United National Bank, San Marino, Calif.*, Doc. Nos. 2005-64 (June 16, 2005) and 2005-159 (September 7, 2005); *Continental National Bank of Miami, Miami, Fla.*, Doc. No. 2005-65 (June 24, 2005); *In the Matter of KeyBank N.A., Cleveland, Ohio*, Doc. No. 2005-141 (October 17, 2005); *In the Matter of Wing Lung Bank, Ltd. (federal branch), Los Angeles, Calif.*, Doc. No. 2005-163 (November 17, 2005); and *In the Matter of Pacific National Bank, Miami, Fla.*, Doc. No. 2005-165 (December 16, 2005).

Order issued against bank and bank officer prohibited and ordered to pay fine. The OCC issued a cease and desist order by consent and assessed a \$3 million civil money penalty against the Federal branch of Banco de Chile for deficiencies in the branch's internal controls, particularly in the area of BSA/AML compliance. The OCC also issued a prohibition order by consent and assessed a \$200,000 civil money penalty against the branch's former general manager. *In the Matter of Banco de Chile, New York, N.Y. (federal branch)*, Doc. Nos. 2005-2 (February 1, 2005), and 2005-140 (October 11, 2005); *In the Matter of Hernan Donoso*, Doc. No. 2005-42 (April 14, 2005).

Federal branch ordered to preserve assets, contract its services, and pay fine. The federal branch of a foreign bank was found to have internal control weaknesses, particularly with regard to its international funds transfer activities. The branch consented to an order requiring it to restrict its funds transfer activities, wind down its operations, pay off creditors, and convert to an agency office. The order also required the branch to maintain assets levels and to improve its compliance program and internal controls. The order replaced an interim order that required the branch to preserve its assets and restrict its funds transfer activities until the second order was in place. The branch also agreed to the assessment of a \$24 million civil money penalty, assessed jointly by the OCC and the Financial Crimes Enforcement Network, for inadequate risk management and failure to comply with the requirements of the Bank Secrecy Act. *In the Matter of Arab Bank*

PLC, New York, N.Y. (federal branch), Doc. Nos. 2005-13 (February 8, 2005), 2005-14 (February 24, 2005), and 2005-101 (August 17, 2005).

B. Actions to Enforce Federal Standards Regarding Mortgage Lending

Joint action by OCC and HUD against banks' settlement agent. The OCC issued a cease and desist order by consent and, jointly with the Office of Thrift Supervision and HUD, assessed a \$5 million civil money penalty against a title insurance company for an alleged pattern of violating the Real Estate Settlement Procedures Act by providing inaccurate HUD-1 Settlement Statements to borrowers and to federally insured depository institutions and for unsafe or unsound settlement practices. *In the Matter of Chicago Title Insurance Co., settlement agent for Whitney National Bank, New Orleans, La.; Southwest Bank of Texas, N.A., Houston, Tex., and Frost National Bank, San Antonio, Tex.*, Doc. No. 2005-12 (February 24, 2005).

Action against appraiser for a national bank. The OCC issued an order by consent and assessed a civil money penalty against an appraiser who worked for a national bank for allegedly performing inaccurate and improper real estate appraisals and receiving improper financial benefit in exchange for making the inaccurate and improper real estate appraisals. The order required the appraiser to perform no appraisals for any insured depository institution without the co-signature of an independent professional review appraiser. *In the Matter of Charles D. Brown, former appraiser for Whitney National Bank, New Orleans, La.*, Doc. No. 2005-106 (August 29, 2005).

Mortgage lender fined and ordered to repay HUD for loan practices and violations. A mortgage lending subsidiary of a national bank was found to have engaged in a pattern of submitting loans to the U.S. Department of Housing and Urban Development ("HUD") for Federal Housing Administration ("FHA") insurance without proper review and certification by appropriate underwriters, as required by HUD. The subsidiary agreed to pay approximately \$6.8 million to HUD in restitution, agreed to not submit certain loans for FHA insurance coverage, and was assessed a \$6.25 million civil money penalty. *In the Matter of ABN AMRO Mortgage Group, Inc., operating subsidiary of Lasalle Bank MidWest N.A., Troy, Mich.*, Doc. No. 2005-162 (December 30, 2005).

C. Unfair and Deceptive Acts or Practices

Banks given guidance on unfair real estate lending practices. On February 2, 2005, the OCC issued residential real estate lending standards and, on May 16, 2005, issued (jointly with other financial regulators) Credit Risk Management Guidance for Home Equity Lending, to assist national banks in their efforts to avoid becoming involved in predatory, abusive, unfair, or deceptive residential mortgage lending practices. OCC Bulletin 2005-3, News Release 2005-48.

Mortgage lender required to pay reimbursement to customers for deceptive practices. A mortgage lending subsidiary of a national bank, which was alleged to have engaged in unfair and deceptive lending practices in violation of the Federal Trade Commission Act and other consumer protection laws, entered into a Formal Agreement with the OCC to improve its compliance programs

and to reimburse affected borrowers from a \$14 million fund set aside for that purpose. *In the Matter of The Laredo National Bank, Laredo, Tex., and subsidiary Homeowners Loan Corporation*, Doc. No. 2005-142 (November 3, 2005).

Former bank officer fined for real estate-secured lending practices. The OCC issued prohibition and cease and desist orders by consent and assessed a \$20,000 civil money penalty against a former bank vice president and loan officer for making tax lien loans that violated the Home Ownership Equity Protection Act, the Truth in Lending Act, the Real Estate Settlement Procedures Act, and the Federal Trade Commission Act and for receiving a large portion of excessive and duplicative fees collected by the Bank from customers, including fees for services that were never performed. The OCC had earlier required the bank to make restitution to affected customers and had issued a cease and desist order by consent against the company that marketed, originated, serviced, and collected the tax lien loans to restrict its conduct of business with insured depository institutions. *In the Matter of Michael K. Muckleroy, Clear Lake National Bank, San Antonio, Tex.*, Doc. No. 2005-46 (April 19, 2005).

D. Actions to Protect Customer Privacy

Bank subsidiary ordered to pay fine. The OCC assessed a \$180,000 civil money penalty by consent against a bank's subsidiary for allegedly failing to dispose of confidential customer information in a secure fashion, in violation of OCC regulations governing the security of customer information. *In the Matter of First Horizon Home Loan Corporation (operating subsidiary of First Tennessee Bank N.A., Memphis, Tenn.)*, Doc. No. 2005-78 (June 30, 2005).

E. Actions to Combat Identity Theft

Former bank teller prohibited and ordered to make restitution. The OCC issued prohibition and restitution orders by consent against a former bank teller for allegedly making unauthorized and fraudulent withdrawals from a bank customer's account, for his own benefit. *In the Matter of Bradley A. Odom, Bank of America, N.A., Charlotte, N.C.*, Doc. No. 2005-50 (April 28, 2005).

Former bank employee prohibited and ordered to make restitution. Following the OCC's issuance of a Notice of Charges, the Federal Reserve Board issued a prohibition order and the OCC issued a restitution order against a former bank employee for allegedly altering bank records to inflate the amount of deposits into customers' accounts and depositing the surplus into his own account and for diverting for his own use a cash overage that resulted when he conducted an improper transaction. *In the Matter of Kenneth L. Coleman, PNC Bank, N.A., Pittsburgh, Pa., and Mellon Bank, N.A., Pittsburgh, Pa.*, Doc. No. 2005-37 (March 1, 2005); *In the Matter of Kenneth L. Coleman*, Doc. No. 2005-38 (March 2, 2005).

Former bank employee prohibited and ordered to pay fine. The OCC issued a prohibition order by consent and assessed a \$5,000 civil money penalty against a former bank employee who allegedly made unauthorized transfers from her relatives' accounts into her business account; made

unauthorized loans to, and withdrawals from, accounts of unrelated bank customers; and provided falsified bank documents to another bank for the purpose of obtaining a business loan. *In the Matter of Angie Cox, The Peoples National Bank of McLeansboro, McLeansboro, Ill.*, Doc. No. 2005-20 (February 9, 2005).

F. Actions to Enforce Flood Insurance Requirements

Banks ordered to pay fines for flood insurance violations. In 2005, the OCC assessed civil money penalties totaling \$334,700 against 12 banks for violations of flood insurance requirements. The penalties were paid to the National Flood Insurance Program. Two banks were assessed \$115,000 each for allegedly engaging in patterns of making loans in special flood hazard areas without requiring coverage of the property securing the loans by requisite flood insurance. *In the Matter of Charter One Bank, N.A., Cleveland, Ohio*, Doc. No. 2005-55 (May 17, 2005); *In the Matter of Wells Fargo Bank, N.A., Sioux Falls, S.D.*, Doc. No. 2005-77 (June 27, 2005); *see also In the Matter of First National Bank of Omaha, Omaha, Neb.*, Doc. No. 2005-22 (January 10, 2005); *In the Matter of First National Bank, Orrville, Ohio*, Doc. No. 2005-05 (January 10, 2005); *In the Matter of FSGBank, N.A., Chattanooga, Tenn.*, Doc. No. 2005-32 (February 23, 2005); *In the Matter of The Marion Center National Bank, Marion Center, Pa.*, Doc. No. 2005-31 (March 30, 2005); *In the Matter of Commerce National Bank, Columbus, Ohio*, Doc. No. 2005-43 (April 26, 2005); *In the Matter of The First National Bank of Waverly, Waverly, Ohio*, Doc. No. 2005-56 (June 1, 2005); *In the Matter of First National Bank of Colorado, Colorado Springs, Colo.*, Doc. No. 2005-88 (July 6, 2005); *In the Matter of First National Bank, North Platte, Neb.*, Doc. No. 2005-158 (August 17, 2005); *In the Matter of Indian River National Bank, Vero Beach, Fla.*, Doc. No. 2005-104 (August 22, 2005); and *In the Matter of Fifth Third Bank, N.A., Franklin, Tenn.*, Doc. No. 2005-27 (September 7, 2005).

G. Actions to Combat Insider Abuse

Actions against bank officers and directors for violations of law, unsafe or unsound practices, and breaches of fiduciary duty. The OCC issued prohibition and restitution (\$50,000) orders by consent and assessed a \$20,000 civil money penalty against the former president of a bank. The Federal Reserve issued a prohibition order against the bank's former vice president and director on an action initiated by the OCC, which also assessed a \$50,000 civil money penalty. The senior executive officers and directors of the bank, which had been operating under a Formal Agreement with the OCC since 2001, allegedly failed to correct deficiencies in lending practices, asset quality, and internal controls and allegedly failed to correct violations of law, including suspected violations of the legal lending limit. The bank's four outside directors consented to assessments of civil money penalties in amounts ranging from \$5,000 to \$18,000. Three of those directors consented to cease and desist orders and the fourth consented to a prohibition order. *In the Matter of Robert C. Hobgood, First National Bank, Lubbock, Tex.*, Doc. No. 2005-33 (February 18, 2005); *In the Matter of Walter C. "Charlie" Cleveland*, Doc. Nos. 2005-79 (June 20, 2005) and 2005-121 (August 17, 2005); *In the Matter of Kim Morris*, Doc. No. 2004-111 (September 3, 2004); *In*

SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

the Matter of Darrell Hobgood, Doc. No. 2004-110 (September 28, 2004); *In the Matter of Brian Burns*, Doc. No. 2004-125 (October 13, 2004); *In the Matter of Johnny Bob Carruth*, Doc. No. 2004-109 (September 22, 2004).

Actions against loan officers for misconduct. Two loan officers, one of whom is suspected to have engaged in misconduct at two successive banks, allegedly received payments and other benefit for making several million dollars' worth of loans to non-creditworthy borrowers for the benefit of a third party and to the detriment of the banks issuing the loans. The OCC issued prohibition actions by consent and assessed civil money penalties of \$250,000 and \$130,000, respectively, against those two former bank officers for misconduct in connection with the origination of loans. *In the Matter of Tom J. Trammell, Southwest Bank of Texas, N.A., and Whitney National Bank*, Doc. No. 2005-11 (February 4, 2005); *In the Matter of David A. Ranostaj, Whitney National Bank*, Doc. No. 2004-152 (December 23, 2004).

Action against bank for insider abuse. The OCC issued a cease and desist order against a community bank for alleged insider abuse and for failure to comply with a 2002 Formal Agreement with the OCC. In addition, the OCC issued prohibition orders by consent against the bank's chairman of the board of directors, president, and senior vice president for allegedly engaging in unsafe or unsound banking practices and illegal activities that caused harm to the bank and benefit to themselves, their families, or their related interests. The bank's president also allegedly violated the cease and desist order. *In the Matter of First National Bank of Shelby County, Columbiana, Ala.*, Doc. No. 2005-52 (May 18, 2005); *In the Matter of William T. Harrison, Sr.*, Doc. No. 2005-113; *In the Matter of Helen Harrison Phillips*, Doc. No. 2005-114; and *In the Matter of Carol Harrison Smith*, Doc. No. 2005-115 (September 2, 2005).

Petitions for review of final enforcement actions rejected by Ninth Circuit Court of Appeals. In 2003, following the OCC's issuance of Notices of Charges, the Federal Reserve Board issued orders for prohibition against two former bank insiders, and the OCC issued an order for joint payment of \$232,000 in restitution and assessed civil money penalties of \$35,000 and \$20,000, respectively. In April 2005, the Ninth Circuit Court of Appeals rejected the insiders' petitions for review of the earlier orders. *In the Matter of Gene Ulrich and Susan Diehl McCarthy, Six Rivers National Bank, Eureka, Calif.*, 9th Cir. Ct. Docket Nos. 03-73491, 03-73591, 03-73854, 03-73997 (April 27, 2005); *In the Matter of Gene Ulrich and Susan Diehl McCarthy*, Doc. Nos. 2003-169 (September 2, 2003) and 2003-170 (October 15, 2003).

Former bank officer prohibited and ordered to pay fine. The OCC issued a prohibition order by consent and assessed a \$2,500 civil money penalty against a former bank senior vice president for a pattern of misconduct involving unsafe or unsound lending practices and extending credit in violation of the bank's legal lending limits. *In the Matter of Daniel R. Kline, The National Union Bank of Kinderhook, Kinderhook, N.Y.*, Doc. No. 2005-30 (March 28, 2005).

H. Early Intervention for Problem Banks

Former bank president ordered to pay fine and take remedial action. The OCC issued a cease and desist order by consent and assessed a \$35,000 civil money penalty against the former president of a bank that had allegedly engaged in a questionable loan transaction with The Central Bank of the Gambia. Seven of the bank's directors previously had consented to the OCC's assessments of civil money penalties for varying levels of alleged culpability for the loan transaction and other deficiencies in the bank's operations. *In the Matter of Richard Dean, First Liberty National Bank, Washington, D.C.*, Doc. Nos. 2005-41 and 2005-48 (April 13, 2005); *In the Matter of Arthur Mason*, Doc. No. 2004-104; *In the Matter of Madhu Mohan*, Doc. No. 2004-105; *In the Matter of Patrick M. Donahue*, Doc. No. 2004-99; *In the Matter of John J. Mahoney*, Doc. No. 2004-103; *In the Matter of Shailendra Kumar*, Doc. No. 2004-102; *In the Matter of Kailash C. Goel*, Doc. No. 2004-100; *In the Matter of John M. Jacquemin*, Doc. No. 2004-101 (September 22, 2004).

Actions against bank's chairman of the board and directors. The OCC issued a cease and desist order by consent and assessed a \$27,500 civil money penalty against a bank's former chairman of the board for allegedly engaging in unsafe or unsound practices or breaches of fiduciary duty by (a) his continued disregard of examination findings and direction of the OCC and (b) repeatedly failing to ensure that bank management for which he was responsible took steps to accurately report the bank's condition, as required by 12 USC 161. In addition, he allegedly engaged in unsafe and unsound practices or breaches of fiduciary duty while acting as the bank's outside counsel by failing to obtain approval of the bank's board of directors and failing to apprise the OCC of his law firm's stipulation to an injunction against the bank in a suit against the bank, which stipulation consented to an encumbrance of all of the bank's assets. The OCC also assessed civil money penalties ranging from \$10,000 to \$15,000 against four bank directors for alleged disregard of regulatory direction and inaccurate regulatory reports. *In the Matter of David A. Barrett, Guaranty National Bank of Tallahassee, Tallahassee, Fla.*, Doc. No. 2005-66 (June 24, 2005); *In the Matter of Linda Alexionok*, Doc. No. 2005-54 (May 17, 2005); *In the Matter of Rica Barrett*, Doc. No. 2005-67 (June 14, 2005); *In the Matter of Kenneth Fuqua*, Doc. No. 2005-68 (June 24, 2005); *In the Matter of Wilma Lauder*, Doc. No. 2005-69 (June 8, 2005).

Bank ordered to preserve records and to limit its lending activities. An examination of a bank's lending practices revealed that the bank's books and records were incomplete and inaccurate. The bank agreed to an order requiring it to preserve all books and records and to observe restrictions on making loans and allowing overdrafts on customer accounts. *In the Matter of Terrabank N.A., Miami, Fla.*, Doc. No. 2005-152 (November 15, 2005).

I. Fast Track Enforcement Cases

The OCC continued its Fast Track Enforcement program, initiated in 1996, which ensures that bank insiders who have engaged in criminal and other serious acts in banks but who are not being criminally prosecuted are prohibited from working in the banking industry. As part of the Fast Track Enforcement program, the OCC secured 12 prohibition orders (nine by consent and three

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issued by the Board of Governors of the Federal Reserve System) and one cease and desist order against institution-affiliated parties from January 1, 2005, through December 31, 2005. Eight of these orders incorporated restitution to the appropriate bank for losses incurred, and three of the orders incorporated a civil money penalty. During the same period, the OCC sent out notifications to 436 former bank employees who were convicted of crimes of dishonesty; the letters informed them that pursuant to 12 USC 1829 they are prohibited from working again in any federally insured depository institution.

A decorative graphic featuring a large, light gray letter 'Q' in the background. Overlaid on the 'Q' is a scroll with the text '25th Anniversary' written in a cursive font. The scroll is surrounded by intricate, light gray floral and vine flourishes.

25th Anniversary

APPEALS PROCESS

APPEALS PROCESS

Appeal 1: Of Composite and Component Ratings

Background

The bank's board of directors appealed the downgrade of its overall composite rating and the component ratings for consumer compliance, asset quality, and management. The bank had an overall composite rating of 1 for the last five examinations until the most recent examination when a 2 composite rating was assigned. The board was of the opinion that had the three component ratings been properly rated, a 1 composite rating would have been assigned.

The appeal states that management disagreed with the downgrade in the consumer compliance rating, because they believed the compliance program was sound and there had been no change from the previous examination. The Report of Examination (ROE) noted that the compliance program was satisfactory and stated a bank with a 2 rating is generally in a strong compliance position. It further stated that risk management systems were satisfactory and management responds promptly to audit and regulatory concerns. The ROE notes management plans to implement enhancements to internal controls in response to the OCC's 2004 Fair Lending examination and Bank Secrecy Act weaknesses. These issues were identified internally and confirmed by OCC examiners.

Management disagreed with the asset quality rating of 2 as they believed that asset quality remains strong as evidenced by the low level of classified assets, historical losses, past dues, and nonaccruals. The supervisory office stated that the downgrade in the asset quality rating was attributed to identified weaknesses in risk management practices in the commercial real estate (CRE) portfolio. Specifically, the weaknesses included portfolio and concentration management and reporting, market analysis, appraisal processes, policy exception reporting, and the allowance for loan and lease losses (ALLL). The overall level of risk had increased significantly from the prior examination without a commensurate improvement in risk management practices. Several of these weaknesses were noted at the previous examination.

Management disagreed with the management rating of 2 since they believed the downgrade was the result of the lack of credit risk management processes and weaknesses noted in their trust area. Management believed that the due diligence it performed on the group of trust accounts was adequate. Furthermore, they believed that the supervisory office was overly critical of management's slower-than-expected development of loan concentration reports, analyses, and policies.

APPEALS PROCESS

The supervisory office stated the downgrade was because of risk management practices lagging behind the bank's substantial growth and change in the loan mix and the lack of due diligence over a group of new trust accounts. Violations of law were noted related to the oversight of these trust accounts.

Management disagreed with the downgrade of the composite rating to 2, because they believed that, if the compliance, asset quality, and management ratings had been appropriately assigned a 1 rating, then this would have resulted in a 1 composite rating. The supervisory office stated that the downgrade was reflective of a higher risk profile, increased leverage, higher concentrations in the loan portfolio, and the need to strengthen credit risk management practices.

Discussion and Conclusion

The ombudsman conducted a review of the information submitted by the bank and supporting 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 ombudsman ruled that the conclusion reached by the supervisory office regarding asset quality was appropriate and well supported by the facts at the time of the examination. The ROE and other OCC communications with the bank outlined concerns with the bank's approach to managing and monitoring real estate-related concentrations in the loan portfolio. While the ombudsman agreed with management's quantitative assessment on asset quality, the overall level of risk had increased from the previous examination without a commensurate improvement in risk management practices. The ombudsman was particularly concerned with the board's and management's approach to managing and monitoring concentrations in the lending portfolio.

The ombudsman ruled that the conclusions reached by the supervisory office regarding consumer compliance and management were more reflective of a 1 rating. The ombudsman noted the existence of a strong compliance management program including an efficient system of internal controls. Bank management demonstrated that it understands and is committed to all aspects of compliance risk management. While the ROE did identify areas needing improvement in the compliance area, these can be addressed in the normal course of business and do not materially detract from the overall quality of the compliance program. Furthermore, the bank has a history of substantial compliance with laws and regulations.

The ombudsman noted that the board and management have demonstrated the ability to effectively administer the bank's affairs. This is evident in the strong audit and compliance culture, strong internal control structure, good historical financial performance, and management's depth and knowledge to plan and respond to risks as changes in business conditions occur. While the bank needs to strengthen the credit risk management processes recommended by the OCC supervisory office, the ombudsman believes management has demonstrated over multiple business cycles the

ability to implement the needed controls during the normal course of business. Based on these factors, the ombudsman concluded that a 1 rating is more reflective of the management component.

Finally, the ombudsman agreed with the concerns raised by the supervisory office, that the higher risk profile, increased leverage, higher concentrations in the loan portfolio, and the need to strengthen credit risk management practices support the assigned 2 composite rating. Additionally, the bank's low risk-based capital level at the time of the examination and the low ALLL provides little flexibility to handle unforeseen losses of substance.

Appeal 2: Of Composite and Component Ratings

Background

The bank's board of directors appealed the overall composite, capital, and management ratings. A downgrade to a 3 rating was assigned to the composite and capital components. There was no change to the management rating of 3; however, the board believed that based on projected strategic growth and profitability goals, an upgrade to a 2 was warranted. Additionally, the informal Memorandum of Understanding (MOU) issued as a result of the Report of Examination was appealed.

The board disagreed with the assigned capital rating of 3, because the bank had maintained capital above the regulatory minimum level. According to management, the bank's capital level either improved or stayed the same since the previous examination and contended that it was in full compliance with a strategic plan previously submitted to the OCC. Furthermore, management stated that the bank's principal shareholder had demonstrated the capacity to support the bank's capital needs. The supervisory office stated that the downgrade was because of declining capital ratios and the lack of a formal capital plan. Additionally, the supervisory office was concerned with the overall weak earnings trend and that the bank would need a capital injection by year-end 2005.

The board disagreed with the assigned management rating of 3 based on the implementation of their strategic plan. Management stated that the strategic plan was not fully implemented and that the bank had a demonstrated capacity for future growth. Additionally, core earnings were improving rapidly with potential improvement in profitability as the strategic plan continued to be implemented. The supervisory office stated that the key factor in rating management a 3 was the failure of the board and management to ensure that appropriate risk management processes were maintained over the lending area. The supervisory office believed that the bank's rapid loan growth, coupled with weak credit risk management, low capital, and weak earnings posed a high potential for future problems. Subsequent to the examination, the board replaced the president and senior credit administrator in an effort to improve credit administration and overall bank management.

APPEALS PROCESS

The board disagreed with the composite rating, but provided little support as to why the rating was in error. Management stated that the condition of the bank had not deteriorated from the previous year, but instead had improved dramatically in all key areas. The supervisory office stated that the composite 3 rating was assigned because of a combination of weaknesses in management, capital, and earnings.

The board appealed the MOU, but did not provide support as to what provisions of the MOU it believed were inappropriate. The supervisory office stated that it believed the MOU was appropriate to aid the bank in addressing its long history of weak management, poor financial performance, and weak credit risk management processes. Consideration was given to the fact that the present level of problem assets was not severe and the bank's principal shareholder had a history of providing financial support.

Discussion

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

The ombudsman concurred with the supervisory office's conclusions of the bank's weak financial and managerial deficiencies existing at the time of the examination. While certain aspects of the bank's operations appear to have stabilized, overall financial performance was less than satisfactory. The bank's total asset growth had been erratic and earnings performance had been weak to nonexistent. Tier 1 leverage capital declined from a high of 10.09 percent at year-end 2000 to 6.85 percent at year-end 2004. While asset quality remained satisfactory, credit risk management practices warranted improvement.

Although the earnings rating was upgraded from a 4 to a 3, the ombudsman concluded that earnings from core operations were insufficient to support planned asset growth and augment capital. While nonrecurring items had affected the quantity of earnings, the quality of earnings as the primary source to support future operations was impaired by the bank's below-average net interest margin. Capital levels were insufficient without the capital injections by the principal shareholder.

Conclusion

In conclusion, the ombudsman concluded that the composite rating of 3 assigned at the examination was appropriate and complies with the factors provided in the Uniform Financial Institutions Rating System (UFIRS), (OCC Bulletin 97-1, "Uniform Financial Institutions Rating System and Disclosure of Component Ratings," January 3, 1997). The ombudsman also concluded that the ratings for capital, earnings, and management were appropriate as assigned. Additionally, the ombudsman ruled that the MOU entered into between the board of directors and the OCC was reasonable and in the best interest of the bank.



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SPEECHES AND
CONGRESSIONAL TESTIMONY

SPEECHES AND CONGRESSIONAL TESTIMONY

10/27/2005, Comptroller Dugan Discusses Credit Risk, speech (www.occ.treas.gov/ftp/release/2005-107a.pdf)

11/1/2005, Comptroller Dugan Tells Bankers OCC Is Committed to Measured, Fair, and Effective Bank Secrecy Act/Anti-Money Laundering Supervision, speech (www.occ.treas.gov/ftp/release/2005-108a.pdf)

11/10/2005, Comptroller Dugan Says Basel II Capital Framework Will Substantially Enhance Safety and Soundness, testimony (www.occ.treas.gov/ftp/release/2005-111a.pdf)

12/1/2005, Comptroller Dugan Expresses Concern about Negative Amortization, speech (www.occ.treas.gov/ftp/release/2005-117a.pdf)



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INTERPRETATIONS

INTERPRETATIONS

October [Interpretations and Actions]

1041, 09/28/2005, Letter concludes that the bank's proposed escrow activities are part of the business of banking, pursuant to 12 USC 24(7) and 12 CFR 7.5001 & 7.5002.

December [Interpretations and Actions]

1042, 1/21/1993, Letter concludes that bank may retain ownership of condominium donated to it by its holding company for use in providing lodging to bank employees, consultants, and customers because commercial accommodations frequently are not available. If business use is discontinued, bank must dispose of the property.



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MERGERS

MERGERS—OCTOBER 1 TO DECEMBER 31, 2005

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Affiliated mergers (mergers consummated involving affiliated operating banks) _____	48

MERGERS

Mergers—October 1 to December 31, 2005

Nonaffiliated mergers (mergers consummated involving two or more nonaffiliated operating banks), from October 1 to December 31, 2005, by state

State	Title and location	Charter number	Total assets
Connecticut	U.S. Trust Company, National Association, Greenwich and State Street Bank and Trust Company of New England, National Association, Hartford, Connecticut merged on October 1, 2005, under the title of U.S. Trust Company, National Association, Greenwich	022413	1,777,542,000
		024449	2,000
		022413	2,142,542,000
Nevada	HSBC Bank Nevada, National Association, Las Vegas and Direct Merchants Credit Card Bank, National Association, Phoenix, Arizona merged on December 1, 2005, under the title of HSBC Bank Nevada, National Association, Las Vegas	022675	2,035,781,000
		022734	201,738,000
		022675	2,446,519,000
Tennessee	First Tennessee Bank National Association, Memphis and Town and Country Bank of the Ozarks, Republic, Missouri merged on December 15, 2005, under the title of First Tennessee Bank National Association, Memphis	000336	36,892,370,000
			53,409,000
		000336	36,945,419,000
Texas	Broadway National Bank, San Antonio and Balcones Bank, S.S.B., San Marcos, Texas merged on November 4, 2005, under the title of Broadway National Bank, San Antonio	014447	1,548,000
			114,000
		014447	1,654,000

MERGERS

Affiliated mergers (mergers consummated involving affiliated operating banks), from October 1 to December 31, 2005, by state

State	Title and location	Charter number	Total assets
California	Pacific Western National Bank, Santa Monica	017423	1,860,656,000
	and Pacific Liberty Bank, Huntington Beach, California		141,587,000
	merged on October 7, 2005, under the title of Pacific Western National Bank, Santa Monica	017423	2,029,599,000
Illinois	Harris National Association, Chicago	014583	33,078,654,000
	and Villa Park Trust & Savings Bank, Villa Park, Illinois		288,307,000
	merged on December 2, 2005, under the title of Harris National Association, Chicago	014583	33,408,739,000
Indiana	First Financial Bank, National Association, Terre Haute	000047	1,366,778,000
	and First Community Bank, National Association, Olney, Illinois	022865	133,717,000
	merged on September 10, 2005, under the title of First Financial Bank, National Association, Terre Haute	000047	1,990,062,000
Minnesota	The First National Bank of Saint Peter, St. Peter	001794	114,583,000
	and Security State Bank of Mankato, Mankato, Minnesota		98,637,000
	merged on October 1, 2005, under the title of First National Bank Minnesota, St. Peter	001794	213,220,000
	Bremer Bank, National Association, Willmar	023298	226,629,000
	and Bremer Bank, National Association, Marshall, Minnesota	023294	203,619,000
	merged on November 18, 2005, under the title of Bremer Bank, National Association, Willmar	023298	430,248,000
Nebraska	Cornerstone Bank, National Association, York	002683	398,680,000
	and The Albion National Bank, Albion, Nebraska	004173	68,875,000
	and City State Bank, Sutton, Nebraska		64,202,000
	merged on October 21, 2005, under the title of Cornerstone Bank, National Association, York	002683	531,757,000
Pennsylvania	First National Bank of Pennsylvania, Greenville	000249	5,707,522,000
	and The National Bank of North East, North East, Pennsylvania	009149	75,224,000
	merged on October 7, 2005, under the title of First National Bank of Pennsylvania, Greenville	000249	5,791,483,000
South Dakota	Wells Fargo Bank, National Association, Sioux Falls	001741	367,581,390,000
	and First Community Bank, National Association, Houston, Texas	022814	571,722,000,000
	merged on September 24, 2005, under the title of Wells Fargo Bank, National Association, Sioux Falls	001741	368,237,955,000
Texas	State National Bank, Fort Worth	023117	1,353,969,000
	and Heritage National Bank, Granbury, Texas	018255	249,326,000
	merged on October 7, 2005, under the title of State National Bank, Fort Worth	023117	1,353,969,000
	The First National Bank of Bridgeport, Southlake	008731	142,614,000
	and First Financial Bank, National Association, Southlake, Texas	018551	110,328,000
	merged on December 1, 2005, under the title of First Financial Bank, National Association, Southlake	008731	265,247,000
	The Laredo National Bank, Laredo	005001	2,796,732,000
	and South Texas National Bank of Laredo, Laredo, Texas	016686	662,961,000
	merged on November 30, 2005, under the title of The Laredo National Bank, Laredo	005001	3,434,476,000
Wisconsin	Associated Bank, National Association, Green Bay	023695	20,550,149,000
	and State Financial Bank, National Association, Hales Corners, Wisconsin	000945	1,460,837,000
	merged on November 4, 2005, under the title of Associated Bank, National Association, Green Bay	023695	22,188,879,000



25th Anniversary

CORPORATE STRUCTURE OF THE
NATIONAL BANKING SYSTEM

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

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CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

Changes in the corporate structure of the national banking system, by state, July 1 to December 31, 2005

	In operation July 1, 2005	Organized and open for business	Merged	Voluntary liquidations	Payouts	12 USC 214		In operation December 31, 2005
						Converted to non-national institutions	Merged with non-national institutions	
Alabama	22	2	0	0	0	0	0	24
Alaska	4	0	0	0	0	0	0	4
Arizona	15	1	1	0	0	0	0	15
Arkansas	41	0	0	0	0	1	0	40
California	81	1	1	0	0	1	1	79
Colorado	44	0	0	0	0	0	1	43
Connecticut	11	0	1	0	0	0	0	10
Delaware	14	2	0	0	0	0	0	16
District of Columbia	4	0	0	0	0	0	0	4
Florida	65	0	0	0	0	0	0	65
Georgia	53	1	2	0	0	1	0	52 ¹
Hawaii	1	0	0	0	0	0	0	1
Idaho	2	0	0	0	0	0	0	2
Illinois	153	0	1	0	0	0	0	152
Indiana	35	0	0	0	0	0	1	34
Iowa	47	0	1	0	0	0	0	46
Kansas	93	0	0	0	0	0	0	93
Kentucky	43	0	1	0	0	3	0	39
Louisiana	15	0	0	0	0	0	0	15
Maine	4	0	0	0	0	0	0	4
Maryland	10	1	0	0	0	0	0	10 ²
Massachusetts	18	0	0	0	0	0	0	18
Michigan	24	0	0	0	0	1	0	23
Minnesota	111	0	2	0	0	1	0	108
Mississippi	19	0	0	0	0	0	0	19
Missouri	46	1	0	0	0	0	0	47
Montana	14	0	0	0	0	0	0	14
Nebraska	67	0	2	0	0	1	0	64
Nevada	7	1	0	0	0	0	0	8
New Hampshire	4	0	0	0	0	0	2	2
New Jersey	23	0	0	0	0	0	0	22 ³
New Mexico	14	0	0	0	0	0	0	14
New York	60	0	0	0	0	0	2	58
North Carolina	5	0	0	0	0	0	0	4 ⁴
North Dakota	12	1	0	0	0	0	0	13
Ohio	82	0	0	1	0	0	0	81
Oklahoma	83	0	0	0	0	1	0	82
Oregon	4	0	0	1	0	0	0	3
Pennsylvania	77	0	2	0	0	1	2	73 ⁵
Rhode Island	4	0	0	0	0	0	0	4

¹+1: Relocated from North Carolina.

²-1: Relocated to Virginia.

³-1: Relocated to Pennsylvania.

⁴-1: Relocated to Georgia.

⁵+1: Relocated from New Jersey.

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

Changes in the corporate structure of the national banking system, by state, July 1 to December 31, 2005 (continued)

						12 USC 214		In operation December 31, 2005
	In operation July 1, 2005	Organized and open for business	Merged	Voluntary liquidations	Payouts	Converted to non- national institutions	Merged with non- national institutions	
South Carolina	24	0	0	0	0	0	1	23
South Dakota	18	1	0	0	0	0	0	19
Tennessee	29	0	0	0	0	1	1	27
Texas	310	0	5	0	0	1	2	302
Utah	7	0	0	1	0	0	0	6
Vermont	8	0	0	0	0	0	0	8
Virginia	39	0	0	0	0	0	0	40 ⁶
Washington	13	0	0	0	0	1	1	11
West Virginia	16	0	0	0	0	0	1	15
Wisconsin	41	0	1	0	0	1	0	39
Wyoming	15	0	1	0	0	1	0	13
TOTALS:	1,951	12	21	3	0	16	15	1,908

Notes: The column "organized and opened for business" includes all state banks converted to national banks as well as newly formed national banks. The column titled "merged" includes all mergers, consolidations, and purchases and assumptions of branches in which the resulting institution is a nationally chartered bank. Also included in this column are immediate FDIC-assisted "merger" transactions in which the resulting institution is a nationally chartered bank. The column titled "voluntary liquidations" includes only straight liquidations of national banks. No liquidation pursuant to a purchase and assumption transaction is included in this total. Liquidations resulting from purchases and assumptions are included in the "merged" column. The column titled "payouts" includes failed national banks in which the FDIC is named receiver and no other depository institution is named as successor. The column titled "merged with non-national institutions" includes all mergers, consolidations, and purchases and assumptions of branches in which the resulting institution is a non-national institution. Also included in this column are immediate FDIC-assisted "merger" transactions in which the resulting institution is a non-national institution.

⁶+1: Relocated from Maryland.

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

Applications for new, full-service national bank charters, approved and denied, by state, July 1 to December 31, 2005

State	Title and location	Approved	Denied
Alabama	Noblebank & Trust, National Association, Anniston	August 2, 2005	
Arizona	First Fidelity Bank, National Association, Phoenix Sonoran Bank, National Association, Phoenix UMB Bank Arizona, National Association, Phoenix	December 14, 2005 December 13, 2005 July 20, 2005	
California	Bank of Napa, National Association, Napa Northern California National Bank, Chico	November 7, 2005 December 20, 2005	
Florida	Community National Bank of the South, Lake Mary	November 3, 2005	
Illinois	CenterBank and Trust, National Association, Deerfield	September 7, 2005	
Michigan	First National Bank of Michigan, Kalamazoo	December 16, 2005	
Missouri	OakStar Bank, National Association, Springfield	August 24, 2005	
New York	New York National Bank II, Yonkers	December 5, 2005	
South Carolina	BankMeridian, National Association, Columbia Harbor National Bank, Charleston	November 18, 2005 December 13, 2005	
Texas	CF Interim National Bank, San Antonio	July 19, 2005	

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

Applications for new, limited-purpose national bank charters, approved and denied, by state, July 1 to December 31, 2005

State	Title and location	Charter number	Approved	Denied
Delaware	Citigroup Trust--Delaware, National Association, Wilmington		November 1, 2005	
South Dakota	Department Stores National Bank, Sioux Falls		September 20, 2005	
Alabama	Noblebank & Trust, National Association, Anniston	024606	October 11, 2005	
Arizona	UMB Bank Arizona, National Association, Phoenix	024616	November 4, 2005	
California	Saigon National Bank, Westminster	024577	November 30, 2005	
Missouri	OakStar Bank, National Association, Springfield	024605	October 24, 2005	
Delaware	Citigroup Trust--Delaware, National Association, Wilmington	024629	December 15, 2005	
	HSBC Trust Company (Delaware), National Association, Wilmington	024601	July 1, 2005	
Nevada	Town North Bank Nevada, National Association, Las Vegas	024576	October 6, 2005	
South Dakota	Department Stores National Bank, Sioux Falls	024622	October 24, 2005	

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**State-chartered banks converted to full-service national banks,
July 1 to December 31, 2005**

State	Title and location	Charter number	Effective date	Total assets
North Dakota	Dakota Community Bank, National Association conversion of Dakota Community Bank, Hebron	024604	July 1, 2005	201,031,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

State-chartered bank converted to limited-purpose national bank, July 1 to December 31, 2005

State	Title and location	Charter number	Effective date	Total assets
Alabama	Alabama Banker's Bank, National Association conversion of Alabama Banker's Bank, Homewood	024613	September 28, 2005	46,186,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Nonbanking institutions converted to full-service national banks,
July 1 to December 31, 2005**

State	Title and location	Charter number	Effective date	Total assets
Georgia	Omni Interim, National Association conversion of Georgia Community Bank, Dalton	024608	July 1, 2005	43,774,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

Nonbanking institutions converted to limited-purpose national banks, July 1 to December 31, 2005

State	Title and location	Charter number	Effective date	Total assets
Maryland	Legg Mason Trust Company, National Association conversion of Legg Mason Trust, FSB, Baltimore	024627	November 15, 2005	2,861,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Applications for national bank charters, by state and charter type,
July 1 to December 31, 2005**

	Received	Approved	Denied	Charters issued ¹					
				New, full-service national bank charters issued	New, limited-purpose national bank charters issued	Full-service national charters issued to converting state-chartered banks	Limited-purpose national charters issued to converting state-chartered banks	Full-service national charters issued to converting nonbanking institutions	Limited-purpose national charters issued to converting nonbanking institutions
Alabama	0	1	0	1	0	0	1	0	0
Alaska	0	0	0	0	0	0	0	0	0
Arizona	4	3	0	1	0	0	0	0	0
Arkansas	0	0	0	0	0	0	0	0	0
California	2	2	0	1	0	0	0	0	0
Colorado	1	0	0	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0	0	0	0
Delaware	1	1	0	0	2	0	0	0	0
District of Columbia	0	0	0	0	0	0	0	0	0
Florida	3	1	0	0	0	0	0	0	0
Georgia	0	0	0	0	0	0	0	1	0
Hawaii	0	0	0	0	0	0	0	0	0
Idaho	0	0	0	0	0	0	0	0	0
Illinois	1	1	0	0	0	0	0	0	0
Indiana	0	0	0	0	0	0	0	0	0
Iowa	0	0	0	0	0	0	0	0	0
Kansas	0	0	0	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0	0	0	0
Maine	0	0	0	0	0	0	0	0	0
Maryland	0	0	0	0	0	0	0	0	1
Massachusetts	0	0	0	0	0	0	0	0	0
Michigan	1	1	0	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0	0	0	0
Missouri	0	1	0	1	0	0	0	0	0
Montana	0	0	0	0	0	0	0	0	0
Nebraska	0	0	0	0	0	0	0	0	0
Nevada	0	0	0	0	1	0	0	0	0
New Hampshire	0	0	0	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0	0	0	0
New York	0	1	0	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0	0	0	0
North Dakota	0	0	0	0	0	1	0	0	0
Ohio	0	0	0	0	0	0	0	0	0
Oklahoma	0	0	0	0	0	0	0	0	0
Oregon	0	0	0	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0	0	0	0

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Applications for national bank charters, by state and charter type,
July 1 to December 31, 2005 (continued)**

	Received	Approved	Denied	Charters issued ¹					
				New, full-service national bank charters issued	New, limited-purpose national bank charters issued	Full-service national charters issued to converting state-chartered banks	Limited-purpose national charters issued to converting state-chartered banks	Full-service national charters issued to converting nonbanking institutions	Limited-purpose national charters issued to converting nonbanking institutions
South Carolina	2	2	0	0	0	0	0	0	0
South Dakota	1	1	0	0	1	0	0	0	0
Tennessee	0	0	0	0	0	0	0	0	0
Texas	2	1	0	0	0	0	0	0	0
Utah	0	0	0	0	0	0	0	0	0
Vermont	0	0	0	0	0	0	0	0	0
Virginia	1	0	0	0	0	0	0	0	0
Washington	0	0	0	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0	0	0	0
Wisconsin	0	0	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0
American Samoa	0	0	0	0	0	0	0	0	0
Canal Zone	0	0	0	0	0	0	0	0	0
Fed. St. of Micronesia	0	0	0	0	0	0	0	0	0
Guam	0	0	0	0	0	0	0	0	0
No. Mariana Is.	0	0	0	0	0	0	0	0	0
Midway Islands	0	0	0	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0	0	0	0
Trust Territories	0	0	0	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0	0	0	0
Wake Island	0	0	0	0	0	0	0	0	0
Total	19	16	0	4	4	1	1	1	1

¹These figures may also include new national banks chartered to acquire a failed institution, trust company, credit card bank, and other limited charter national banks.

Voluntary liquidations of national banks, July 1 to December 31, 2005

State	Title and location	Charter number	Effective date	Total assets
Ohio	May National Bank of Ohio, Lorain	021922	November 10, 2005	0
Oregon	First Consumers National Bank, Lake Oswego	021688	November 29, 2005	0
Utah	American Investment Bank, National Association, Salt Lake City	018174	July 29, 2005	155,00,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

National banks merged out of the national bank system, July 1 to December 31, 2005

State	Title and location	Charter number	Effective date
California	United National Bank, San Marino	017785	September 6, 2005
Colorado	First MainStreet Bank, National Association, Longmont	011253	October 23, 2005
Indiana	The First National Bank of Fremont, Fremont	010718	November 1, 2005
New Hampshire	The Pemigewasset National Bank of Plymouth New Hampshire, Plymouth Providian National Bank, Tilton	002587 001333	October 1, 2005 October 1, 2005
New York	Bath National Bank, Bath National Bank of Geneva, Geneva	010235 012450	December 3, 2005 December 3, 2005
Pennsylvania	Blue Ball National Bank, Blue Ball PennRock Financial Advisors, National Association, Blue Ball	008421 024480	July 1, 2005 November 7, 2005
South Carolina	Summit National Bank, Greenville	022104	July 1, 2005
Tennessee	Union Planters Bank, National Association, Memphis	013349	June 29, 2005
Texas	First National Bank in Cisco, Cisco First National Bank of Hamilton, Hamilton	012795 011800	October 28, 2005 October 13, 2005
Washington	Redmond National Bank, Redmond	018746	September 2, 2005
West Virginia	The National Bank of Davis, Davis	004828	November 16, 2005

**National banks converted out of the national banking system,
July 1 to December 31, 2005**

State	Title and location	Charter number	Effective date	Total assets
Arkansas	The Bank of Fayetteville, National Association, Fayetteville	021206	December 1, 2005	377,687,000
California	Temecula Valley Bank, National Association, Temecula	023109	June 23, 2005	387,839,000,000
Georgia	The Buckhead Community Bank, National Association, Atlanta	023242	July 1, 2005	319,000,000
Kentucky	The Berea National Bank, Berea	008435	December 29, 2005	85,165,000
	Kentucky National Bank, Elizabethtown	023434	December 29, 2005	111,000,000
	The First National Bank of Mayfield, Mayfield	002245	November 14, 2005	136,530,000
Michigan	First Independence National Bank of Detroit, Detroit	015801	November 7, 2005	147,864,000
Minnesota	First Minnesota Bank, National Association, Minnetonka	002571	June 16, 2005	360,890,000
Nebraska	The First National Bank of Albion, Albion	003960	November 10, 2005	1,553,000
Oklahoma	First Bethany Bank & Trust, National Association, Bethany	012169	June 30, 2005	126,385,000
Pennsylvania	The Manor National Bank, Manor	006456	December 15, 2005	17,531,000
Tennessee	First Farmers & Merchants National Bank of Columbia, Columbia	014710	July 5, 2005	14,710,000
Texas	FirstBank Southwest, National Association, Amarillo	008769	October 25, 2005	451,617,000
Washington	Central Valley Bank, National Association, Toppenish	017257	September 1, 2005	103,532,000
Wisconsin	Superior National Bank, Superior	014616	December 27, 2005	30,600,000
Wyoming	American National Bank of Rock Springs, Rock Springs	017656	August 3, 2005	49,658,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Federal branches and agencies of foreign banks in operation,
July 1 to December 31, 2005**

	In operation July 1, 2005	Opened July 1— December 31, 2005	Closed July 1— December 31, 2005	In operation December 31, 2005
Federal branch				
California	1	0	0	1
District of Columbia	1	0	0	1
Florida	1	0	0	1
New York	34	0	1	33
Washington	1	0	0	1
Limited federal branch				
California	7	0	0	7
District of Columbia	1	0	0	1
New York	2	0	0	2
Federal agency				
Florida	1	0	0	1
Illinois	1	0	0	1
New York	2	1	0	3
Federal branch status changed to federal agency				
New York		1		
Total:	52	1	1	52



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FINANCIAL PERFORMANCE
OF NATIONAL BANKS

FINANCIAL PERFORMANCE OF NATIONAL BANKS

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FINANCIAL PERFORMANCE OF NATIONAL BANKS

Assets, liabilities, and capital accounts of national banks
December 31, 2004 and December 31, 2005
 (Dollar figures in millions)

	December 31, 2004	December 31, 2005	Change December 31, 2004- December 31, 2005 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
Number of institutions	1,907	1,818	(89)	(4.67)
Total assets	\$5,602,044	\$6,003,169	\$401,125	7.16
Cash and balances due from depositories	252,701	261,965	9,264	3.67
Noninterest-bearing balances, currency and coin	159,949	187,781	27,832	17.40
Interest bearing balances	92,752	74,184	(18,568)	(20.02)
Securities	908,054	924,206	16,152	1.78
Held-to-maturity securities, amortized cost	38,984	38,641	(343)	(0.88)
Available-for-sale securities, fair value	869,070	885,564	16,495	1.90
Federal funds sold and securities purchased	291,742	371,565	79,823	27.36
Net loans and leases	3,117,773	3,382,828	265,055	8.50
Total loans and leases	3,166,737	3,427,030	260,293	8.22
Loans and leases, gross	3,168,961	3,428,936	259,975	8.20
Less: Unearned income	2,224	1,905	(318)	(14.32)
Less: Reserve for losses	48,964	44,203	(4,762)	(9.72)
Assets held in trading account	474,752	467,219	(7,534)	(1.59)
Other real estate owned	1,529	1,575	46	2.99
Intangible assets	219,020	238,714	19,694	8.99
All other assets	336,473	355,098	18,625	5.54
Total liabilities and equity capital	5,602,044	6,003,169	401,125	7.16
Deposits in domestic offices	2,848,726	3,085,590	236,864	8.31
Deposits in foreign offices	732,700	764,461	31,761	4.33
Total deposits	3,581,425	3,850,051	268,625	7.50
Noninterest-bearing deposits	701,027	825,821	124,793	17.80
Interest-bearing deposits	2,880,398	3,024,230	143,832	4.99
Federal funds purchased and securities sold	377,854	482,959	105,105	27.82
Other borrowed money	518,887	536,562	17,675	3.41
Trading liabilities less revaluation losses	115,902	116,574	672	0.58
Subordinated notes and debentures	90,504	100,822	10,318	11.40
All other liabilities	359,630	323,426	(36,204)	(10.07)
Trading liabilities revaluation losses	155,099	127,285	(27,814)	(17.93)
Other	204,531	196,141	(8,390)	(4.10)
Total equity capital	557,841	592,774	34,933	6.26
Perpetual preferred stock	2,514	1,378	(1,136)	(45.19)
Common stock	13,555	14,427	872	6.43
Surplus	348,213	367,728	19,515	5.60
Retained earnings and other comprehensive income	192,778	195,963	3,185	1.65
Other equity capital components	(65)	(135)	(70)	NM

NM indicates calculated percent change is not meaningful.

FINANCIAL PERFORMANCE OF NATIONAL BANKS

 Quarterly income and expenses of national banks
 Fourth quarter 2004 and fourth quarter 2005
 (Dollar figures in millions)

	Fourth quarter 2004	Fourth quarter 2005	Change Fourth quarter 2004-fourth quarter 2005 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
Number of institutions	1,907	1,818	(89)	(4.67)
Net income	\$17,697	\$17,753	\$55	0.31
Net interest income	43,137	43,384	247	0.57
Total interest income	62,261	76,996	14,735	23.67
On loans	46,937	56,885	9,948	21.20
From lease financing receivables	1,265	1,251	(14)	(1.09)
On balances due from depositories	590	1,074	484	81.92
On securities	9,207	10,908	1,701	18.48
From assets held in trading account	2,560	3,172	612	23.91
On federal funds sold and securities repurchased	1,293	3,268	1,976	152.86
Less: Interest expense	19,124	33,611	14,487	75.76
On deposits	11,782	20,535	8,754	74.30
Of federal funds purchased and securities sold	2,056	4,846	2,790	135.67
On demand notes and other borrowed money*	4,036	6,608	2,571	63.71
On subordinated notes and debentures	1,249	1,623	373	29.87
Less: Provision for losses	4,756	5,444	689	14.48
Noninterest income	35,575	35,323	(252)	(0.71)
From fiduciary activities	3,202	3,182	(19)	(0.61)
Service charges on deposits	5,845	6,047	202	3.45
Trading revenue	1,881	2,854	973	51.73
From interest rate exposures	1,020	901	(118)	(11.62)
From foreign exchange exposures	1,062	1,427	365	34.38
From equity security and index exposures	107	779	672	NM
From commodity and other exposures	(309)	(258)	51	NM
Investment banking brokerage fees	2,318	2,020	(297)	(12.83)
Venture capital revenue	115	202	86	75.14
Net servicing fees	3,458	3,170	(287)	(8.31)
Net securitization income	4,710	3,726	(984)	(20.90)
Insurance commissions and fees	706	710	4	0.62
Insurance and reinsurance underwriting income	139	85	(54)	(39.04)
Income from other insurance activities	567	625	59	10.37
Net gains on asset sales	1,525	1,855	330	21.64
Sales of loans and leases	1,355	1,307	(48)	(3.54)
Sales of other real estate owned	9	18	9	99.15
Sales of other assets(excluding securities)	160	530	369	230.81
Other noninterest income	11,815	11,551	(264)	(2.23)
Gains/losses on securities	250	(890)	(1,140)	(456.66)
Less: Noninterest expense	47,767	46,915	(852)	(1.78)
Salaries and employee benefits	19,485	20,484	999	5.12
Of premises and fixed assets	6,184	6,063	(121)	(1.95)
Goodwill impairment losses	1	6	5	475.43
Amortization expense and impairment losses	1,609	1,493	(116)	(7.18)
Other noninterest expense	20,489	18,869	(1,619)	(7.90)
Less: Taxes on income before extraordinary items	8,811	8,026	(785)	(8.91)
Income/loss from extraordinary items, net of income taxes	70	321	251	358.31
Memoranda:				
Net operating income	17,519	18,004	485	2.77
Income before taxes and extraordinary items	26,438	25,457	(981)	(3.71)
Income net of taxes before extraordinary items	17,627	17,431	(196)	(1.11)
Cash dividends declared	9,793	8,807	(986)	(10.07)
Net charge-offs to loan and lease reserve	6,196	6,652	456	7.36
Charge-offs to loan and lease reserve	7,797	8,547	749	9.61
Less: Recoveries credited to loan and lease reserve	1,601	1,894	293	18.30

* 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 December 31, 2004 and through December 31, 2005
(Dollar figures in millions)

	December 31, 2004	December 31, 2005	Change December 31, 2004- December 31, 2005 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
Number of institutions	1,907	1,818	(89)	(4.67)
Net income	\$67,549	\$73,972	\$6,422	9.51
Net interest income	159,212	169,714	10,502	6.60
Total interest income	222,882	280,794	57,912	25.98
On loans	167,251	207,782	40,531	24.23
From lease financing receivables	5,152	5,295	143	2.77
On balances due from depositories	1,860	3,360	1,500	80.65
On securities	34,182	41,392	7,210	21.09
From assets held in trading account	8,985	12,335	3,350	37.28
On federal funds sold and securities repurchased	4,079	8,940	4,862	119.20
Less: Interest expense	63,670	111,080	47,410	74.46
On deposits	38,729	67,243	28,514	73.63
Of federal funds purchased and securities sold	6,632	14,581	7,949	119.85
On demand notes and other borrowed money*	14,434	23,601	9,166	63.50
On subordinated notes and debentures	3,875	5,656	1,781	45.95
Less: Provision for losses	18,639	19,759	1,120	6.01
Noninterest income	127,280	145,312	18,032	14.17
From fiduciary activities	11,629	12,710	1,081	9.30
Service charges on deposits	21,651	23,612	1,962	9.06
Trading revenue	8,678	13,266	4,588	52.86
From interest rate exposures	2,690	4,959	2,269	84.37
From foreign exchange exposures	4,286	5,148	862	20.11
From equity security and index exposures	1,505	2,518	1,013	67.29
From commodity and other exposures	193	628	435	225.09
Investment banking brokerage fees	7,695	8,074	379	4.92
Venture capital revenue	283	732	449	158.99
Net servicing fees	12,095	12,192	97	0.80
Net securitization income	16,467	17,383	916	5.56
Insurance commissions and fees	2,501	2,590	90	3.58
Insurance and reinsurance underwriting income	535	473	(61)	(11.49)
Income from other insurance activities	1,966	2,117	151	7.68
Net gains on asset sales	6,465	5,615	(850)	(13.15)
Sales of loans and leases	4,673	4,166	(507)	(10.85)
Sales of other real estate owned	89	84	(6)	(6.35)
Sales of other assets(excluding securities)	1,703	1,365	(338)	(19.84)
Other noninterest income	39,815	49,138	9,322	23.41
Gains/losses on securities	3,227	(197)	(3,424)	(106.09)
Less: Noninterest expense	170,832	185,894	15,062	8.82
Salaries and employee benefits	71,342	81,045	9,703	13.60
Of premises and fixed assets	21,383	23,814	2,431	11.37
Goodwill impairment losses	11	19	8	65.41
Amortization expense and impairment losses	5,147	6,073	926	17.99
Other noninterest expense	72,949	74,942	1,994	2.73
Less: Taxes on income before extraordinary items	32,766	35,507	2,741	8.37
Income/loss from extraordinary items, net of income taxes	67	303	236	NM
Memoranda:				
Net operating income	65,268	73,763	8,495	13.02
Income before taxes and extraordinary items	100,248	109,176	8,928	8.91
Income net of taxes before extraordinary items	67,482	73,669	6,187	9.17
Cash dividends declared	33,033	41,655	8,623	26.10
Net charge-offs to loan and lease reserve	21,904	22,135	231	1.05
Charge-offs to loan and lease reserve	28,251	29,425	1,174	4.16
Less: Recoveries credited to loan and lease reserve	6,347	7,291	944	14.87

* Includes mortgage indebtedness

NM indicates calculated percent change is not meaningful.

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Assets of national banks by asset size
December 31, 2005
 (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	1,818	683	960	130	45	7,527
Total assets	\$6,003,169	\$38,165	\$269,663	\$378,506	\$5,316,834	\$9,039,674
Cash and balances due from	261,965	2,196	11,602	16,891	231,276	399,613
Securities	924,206	10,183	60,822	74,251	778,950	1,572,274
Federal funds sold and securities purchased	371,565	1,687	9,617	26,494	333,767	443,515
Net loans and leases	3,382,828	22,283	171,477	232,227	2,956,840	5,311,672
Total loans and leases	3,427,030	22,594	173,667	235,174	2,995,595	5,380,346
Loans and leases, gross	3,428,936	22,612	173,829	235,307	2,997,188	5,383,320
Less: Unearned income	1,905	18	162	134	1,592	2,974
Less: Reserve for losses	44,203	311	2,191	2,946	38,755	68,673
Assets held in trading account	467,219	4	147	488	466,579	498,996
Other real estate owned	1,575	43	236	122	1,175	3,255
Intangible assets	238,714	130	3,372	11,191	224,021	302,975
All other assets	355,098	1,639	12,391	16,842	324,226	507,374
Gross loans and leases by type:						
Loans secured by real estate	1,751,668	14,215	123,880	153,856	1,459,717	2,988,207
1- to 4-family residential mortgages	834,628	5,564	38,136	51,842	739,086	1,230,222
Home equity loans	320,152	481	6,743	11,638	301,290	431,218
Multifamily residential mortgages	43,518	321	4,131	7,600	31,467	97,967
Commercial RE loans	325,245	4,540	48,878	49,898	221,929	736,971
Construction RE loans	166,822	1,536	19,763	28,938	116,585	391,606
Farmland loans	15,821	1,773	6,228	2,769	5,051	47,745
RE loans from foreign offices	45,482	0	2	1,171	44,310	52,479
Commercial and industrial loans	672,633	3,428	26,434	47,954	594,817	1,019,833
Loans to individuals	607,184	2,333	13,996	21,320	569,534	836,885
Credit cards	282,567	70	1,937	3,582	276,979	354,761
Other revolving credit plans	35,171	48	437	1,062	33,624	40,701
Installment loans	289,446	2,215	11,623	16,676	258,931	441,423
All other loans and leases	397,451	2,636	9,519	12,176	373,120	538,395
Securities by type:						
U.S. Treasury securities	29,053	406	1,599	3,269	23,780	53,250
Mortgage-backed securities	582,891	2,107	19,931	37,846	523,007	897,141
Pass-through securities	441,618	1,671	13,915	18,795	407,238	595,115
Collateralized mortgage obligations	141,273	435	6,017	19,051	115,769	302,026
Other securities	276,913	7,666	38,982	32,319	197,946	552,424
Other U.S. government securities	88,342	5,755	24,446	20,333	37,807	274,753
State and local government securities	60,629	1,678	12,238	7,827	38,886	122,542
Other debt securities	121,634	152	1,742	3,653	116,087	141,677
Equity securities	6,309	81	557	506	5,166	13,451
Memoranda:						
Agricultural production loans	22,125	2,273	5,659	2,684	11,509	51,495
Pledged securities	510,680	4,243	30,577	43,446	432,414	866,198
Book value of securities	933,783	10,322	61,526	74,991	786,944	1,588,538
Available-for-sale securities	895,142	8,898	53,816	67,897	764,531	1,458,387
Held-to-maturity securities	38,641	1,425	7,710	7,093	22,413	130,151
Market value of securities	923,913	10,166	60,749	74,208	778,790	1,570,966
Available-for-sale securities	885,564	8,758	53,112	67,158	756,536	1,442,124
Held-to-maturity securities	38,349	1,408	7,637	7,050	22,253	128,843

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Past-due and nonaccrual loans and leases of national banks by asset size
December 31, 2005
(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	1,818	683	960	130	45	7,527
Loans and leases past due 30-89 days	\$31,690	\$274	\$1,455	\$1,878	\$28,083	\$47,585
Loans secured by real estate	14,830	157	958	1,021	12,694	23,921
1- to 4-family residential mortgages	9,593	94	453	549	8,497	13,924
Home equity loans	1,812	3	32	50	1,726	2,351
Multifamily residential mortgages	319	1	18	26	273	502
Commercial RE loans	1,518	36	275	215	992	3,673
Construction RE loans	993	14	148	164	668	2,564
Farmland loans	81	9	33	14	25	281
RE loans from foreign offices	515	0	0	3	512	627
Commercial and industrial loans	4,710	44	216	507	3,943	7,071
Loans to individuals	10,572	59	230	269	10,014	14,416
Credit cards	5,836	3	47	60	5,727	7,084
Installment loans and other plans	4,736	56	184	209	4,288	7,333
All other loans and leases	1,577	14	51	81	1,431	2,177
Loans and leases past due 90+ days	13,586	50	252	302	12,982	17,077
Loans secured by real estate	5,972	27	144	145	5,655	7,708
1- to 4-family residential mortgages	5,538	17	76	110	5,335	6,591
Home equity loans	171	0	3	7	161	254
Multifamily residential mortgages	18	0	2	1	15	48
Commercial RE loans	137	5	40	13	79	469
Construction RE loans	95	2	18	13	62	275
Farmland loans	14	3	6	1	3	56
RE loans from foreign offices	0	0	0	0	0	17
Commercial and industrial loans	595	8	49	97	441	1,034
Loans to individuals	6,900	8	46	47	6,799	8,125
Credit cards	5,006	1	25	21	4,960	5,820
Installment loans and other plans	1,894	8	22	25	1,839	2,304
All other loans and leases	119	6	12	14	86	210
Nonaccrual loans and leases	14,675	169	925	1,100	12,481	23,120
Loans secured by real estate	8,001	99	632	678	6,593	13,277
1- to 4-family residential mortgages	4,063	32	187	224	3,620	6,017
Home equity loans	668	1	10	20	637	834
Multifamily residential mortgages	154	2	14	16	122	281
Commercial RE loans	1,819	46	291	324	1,158	3,944
Construction RE loans	531	8	95	68	361	1,191
Farmland loans	133	11	35	26	62	302
RE loans from foreign offices	633	0	0	0	633	708
Commercial and industrial loans	4,370	42	217	282	3,828	6,615
Loans to individuals	1,390	10	40	64	1,275	1,945
Credit cards	377	0	9	30	337	566
Installment loans and other plans	1,013	10	32	34	938	1,380
All other loans and leases	975	17	36	77	844	1,366

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Liabilities of national banks by asset size
December 31, 2005
 (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	1,818	683	960	130	45	7,527
Total liabilities and equity capital	6,003,169	38,165	269,663	378,506	5,316,834	9,039,674
Deposits in domestic offices	3,085,590	31,958	218,202	249,772	2,585,658	5,152,701
Deposits in foreign offices	764,461	14	279	3,605	760,563	920,632
Total deposits	3,850,051	31,972	218,481	253,377	3,346,221	6,073,333
Noninterest bearing	825,821	6,140	38,548	45,242	735,891	1,203,765
Interest bearing	3,024,230	25,832	179,933	208,135	2,610,330	4,869,568
Federal funds purchased and securities sold	482,959	441	7,396	29,933	445,188	667,545
Other borrowed funds	536,562	1,070	13,045	45,847	476,600	755,941
Trading liabilities less revaluation losses	116,574	0	0	62	116,513	116,866
Subordinated notes and debentures	100,822	0	207	1,425	99,191	122,237
All other liabilities	323,426	287	2,611	6,770	313,757	391,100
Equity capital	592,774	4,394	27,924	41,092	519,365	912,652
Total deposits by depositor:						
Individuals and corporations	3,133,828	18,933	151,342	202,239	2,761,314	4,900,181
U.S., state, and local governments	141,665	3,037	16,873	16,509	105,247	264,680
Depositories in the U.S.	62,847	349	3,524	3,247	55,726	92,173
Foreign banks and governments	156,107	3	298	138	155,669	179,313
Domestic deposits by depositor:						
Individuals and corporations	2,532,452	18,922	151,255	199,001	2,163,274	4,168,312
U.S., state, and local governments	141,665	3,037	16,873	16,509	105,247	264,680
Depositories in the U.S.	34,759	349	3,524	2,932	27,953	58,242
Foreign banks and governments	21,480	3	105	86	21,286	24,907
Foreign deposits by depositor:						
Individuals and corporations	601,377	12	87	3,238	598,041	731,869
Depositories in the U.S.	28,088	0	0	315	27,773	33,931
Foreign banks and governments	134,627	0	192	52	134,383	154,405
Deposits in domestic offices by type:						
Transaction deposits	422,510	10,983	52,644	35,627	323,256	749,038
Demand deposits	322,611	6,039	31,500	26,147	258,925	543,673
Savings deposits	1,819,887	7,231	74,003	128,946	1,609,707	2,754,493
Money market deposit accounts	1,341,043	3,695	41,802	97,774	1,197,771	2,012,069
Other savings deposits	478,844	3,536	32,201	31,172	411,936	742,424
Time deposits	843,193	13,744	91,555	85,198	652,695	1,649,171
Small time deposits	370,669	8,726	52,236	41,476	268,230	756,456
Large time deposits	472,524	5,018	39,319	43,722	384,465	892,715

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Off-balance-sheet items of national banks by asset size

December 31, 2005

(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	1,818	683	960	130	45	7,527
Unused commitments	\$4,830,504	\$30,579	\$173,240	\$706,489	\$3,920,196	\$6,179,157
Home equity lines	363,935	375	5,931	12,199	345,430	473,819
Credit card lines	2,947,328	27,100	137,015	636,679	2,146,534	3,524,563
Commercial RE, construction and land	173,122	923	11,550	22,880	137,769	323,538
All other unused commitments	1,346,119	2,180	18,744	34,731	1,290,463	1,857,237
Letters of credit:						
Standby letters of credit	278,610	106	1,773	4,995	271,736	367,398
Financial letters of credit	233,436	61	1,096	3,678	228,601	313,088
Performance letters of credit	45,174	45	677	1,317	43,134	54,310
Commercial letters of credit	24,026	19	210	641	23,156	28,239
Securities lent	535,264	33	33	1,327	533,871	1,368,100
Spot foreign exchange contracts	407,358	0	2	133	407,223	430,038
Credit derivatives (notional value)						
Reporting bank is the guarantor	2,679,692	0	0	0	2,679,692	2,681,078
Reporting bank is the beneficiary	3,125,105	0	50	0	3,125,055	3,140,920
Derivative contracts (notional value)	99,646,101	25	3,342	20,074	99,622,660	101,477,789
Futures and forward contracts	11,388,668	9	1,008	3,156	11,384,496	12,049,256
Interest rate contracts	6,934,657	9	997	1,957	6,931,694	7,059,599
Foreign exchange contracts	4,291,077	0	10	1,198	4,289,868	4,821,783
All other futures and forwards	162,935	0	1	0	162,934	167,874
Option contracts	18,367,542	12	1,156	4,464	18,361,909	18,868,973
Interest rate contracts	14,711,524	10	1,106	3,294	14,707,113	15,160,393
Foreign exchange contracts	2,325,694	0	1	1,142	2,324,551	2,359,619
All other options	1,330,324	2	49	28	1,330,245	1,348,961
Swaps	64,085,094	4	1,128	12,454	64,071,508	64,737,562
Interest rate contracts	61,691,179	4	1,112	12,412	61,677,651	62,300,419
Foreign exchange contracts	2,066,830	0	0	0	2,066,830	2,100,679
All other swaps	327,085	0	16	42	327,027	336,464
Memoranda: Derivatives by purpose						
Contracts held for trading	91,529,964	0	35	5,877	91,524,053	93,038,354
Contracts not held for trading	2,311,340	25	3,257	14,198	2,293,860	2,617,437
Memoranda: Derivatives by position						
Held for trading--positive fair value	1,194,941	0	1	21	1,194,919	1,209,154
Held for trading--negative fair value	1,178,295	0	1	14	1,178,280	1,193,342
Not for trading--positive fair value	12,563	1	16	50	12,496	14,763
Not for trading--negative fair value	12,376	0	25	128	12,223	14,749

FINANCIAL PERFORMANCE OF NATIONAL BANKS

 Quarterly income and expenses of national banks by asset size
 Fourth quarter 2005
 (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	1,818	683	960	130	45	7,527
Net income	\$17,753	\$85	\$803	\$1,208	\$15,657	\$27,709
Net interest income	43,384	377	2,542	3,042	37,424	69,550
Total interest income	76,996	546	3,880	5,217	67,353	119,461
On loans	56,885	420	3,124	3,974	49,367	89,981
From lease financing receivables	1,251	2	16	63	1,171	1,786
On balances due from depositories	1,074	7	25	59	984	1,545
On securities	10,908	96	596	782	9,433	17,669
From assets held in trading account	3,172	0	3	9	3,159	3,516
On fed. funds sold & securities repurchased	3,268	18	97	293	2,861	3,936
Less: Interest expense	33,611	169	1,338	2,175	29,929	49,911
On deposits	20,535	153	1,134	1,349	17,899	32,523
Of federal funds purchased & securities sold	4,846	3	59	307	4,476	6,590
On demand notes & other borrowed money*	6,608	12	141	499	5,956	8,892
On subordinated notes and debentures	1,623	0	4	21	1,598	1,905
Less: Provision for losses	5,444	17	156	274	4,997	7,684
Noninterest income	35,323	143	1,160	2,178	31,842	49,800
From fiduciary activities	3,182	11	188	469	2,515	6,089
Service charges on deposits	6,047	42	318	317	5,370	8,704
Trading revenue	2,854	(0)	1	9	2,843	3,149
From interest rate exposures	901	0	1	6	895	813
From foreign exchange exposures	1,427	0	0	1	1,426	1,765
From equity security and index exposures	779	0	0	0	779	845
From commodity and other exposures	(258)	0	0	0	(258)	(292)
Investment banking brokerage fees	2,020	1	25	38	1,957	2,497
Venture capital revenue	202	0	(0)	0	202	203
Net servicing fees	3,170	23	53	96	2,998	3,988
Net securitization income	3,726	0	82	10	3,634	4,771
Insurance commissions and fees	710	10	19	25	656	1,147
Insurance and reinsurance underwriting income	85	0	0	3	82	110
Income from other insurance activities	625	10	19	22	574	1,037
Net gains on asset sales	1,855	4	62	579	1,210	2,451
Sales of loans and leases	1,307	4	57	547	700	1,806
Sales of other real estate owned	18	0	(1)	4	15	45
Sales of other assets(excluding securities)	530	0	6	28	496	600
Other noninterest income	11,551	46	412	635	10,458	16,797
Gains/losses on securities	(890)	(2)	(15)	(55)	(819)	(1,040)
Less: Noninterest expense	46,915	397	2,444	3,111	40,963	70,823
Salaries and employee benefits	20,484	200	1,194	1,377	17,712	31,394
Of premises and fixed assets	6,063	48	299	325	5,391	8,966
Goodwill impairment losses	6	0	5	0	1	32
Amortization expense and impairment losses	1,493	1	26	145	1,321	1,744
Other noninterest expense	18,869	147	920	1,264	16,538	28,687
Less: Taxes on income before extraord. items	8,026	20	284	571	7,151	12,419
Income/loss from extraord. items, net of taxes	303	1	0	2	300	240
Memoranda:						
Net operating income	18,004	86	813	1,247	15,858	28,072
Income before taxes and extraordinary items	25,457	104	1,087	1,779	22,487	39,802
Income net of taxes before extraordinary items	17,431	85	802	1,208	15,336	27,383
Cash dividends declared	8,807	103	569	1,199	6,936	15,172
Net loan and lease losses	6,652	18	132	210	6,293	8,830
Charge-offs to loan and lease reserve	8,547	22	167	283	8,075	11,295
Less: Recoveries credited to loan & lease resv.	1,894	4	35	73	1,782	2,465

* Includes mortgage indebtedness

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Year-to-date income and expenses of national banks by asset size
Through December 31, 2005
(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	1,818	683	960	130	45	7,527
Net income	\$73,972	\$383	\$3,284	\$5,170	\$65,135	\$114,308
Net interest income	169,714	1,453	9,691	11,827	146,742	269,556
Total interest income	280,794	2,031	14,187	18,632	245,943	434,678
On loans	207,782	1,565	11,392	14,562	180,262	326,234
From lease financing receivables	5,295	6	56	245	4,987	7,376
On balances due from depositories	3,360	23	81	169	3,087	5,165
On securities	41,392	371	2,293	2,836	35,892	67,244
From assets held in trading account	12,335	0	11	33	12,290	13,672
On fed. funds sold & securities repurchased	8,940	55	279	657	7,949	11,004
Less: Interest expense	111,080	578	4,496	6,805	99,201	165,122
On deposits	67,243	522	3,771	4,257	58,692	106,189
Of federal funds purchased & securities sold	14,581	11	181	953	13,437	20,376
On demand notes & other borrowed money*	23,601	44	530	1,525	21,500	31,898
On subordinated notes and debentures	5,656	0	13	70	5,572	6,659
Less: Provision for losses	19,759	56	545	824	18,333	26,574
Noninterest income	145,312	514	4,694	8,924	131,180	201,458
From fiduciary activities	12,710	66	718	1,838	10,088	23,943
Service charges on deposits	23,612	162	1,240	1,224	20,986	33,834
Trading revenue	13,266	(0)	5	38	13,223	14,386
From interest rate exposures	4,959	0	5	22	4,932	4,436
From foreign exchange exposures	5,148	0	0	5	5,143	6,201
From equity security and index exposures	2,518	0	0	0	2,518	3,108
From commodity and other exposures	628	0	0	0	628	593
Investment banking brokerage fees	8,074	3	81	156	7,834	9,886
Venture capital revenue	732	0	(1)	4	729	730
Net servicing fees	12,192	74	218	462	11,438	15,101
Net securitization income	17,383	0	395	82	16,906	21,641
Insurance commissions and fees	2,590	39	79	112	2,361	4,420
Insurance and reinsurance underwriting income	473	0	1	11	461	653
Income from other insurance activities	2,117	38	78	101	1,900	3,767
Net gains on asset sales	5,615	15	278	2,224	3,097	8,624
Sales of loans and leases	4,166	14	254	2,147	1,750	6,745
Sales of other real estate owned	84	0	1	20	62	167
Sales of other assets(excluding securities)	1,365	1	23	57	1,285	1,712
Other noninterest income	49,138	155	1,682	2,783	44,518	68,893
Gains/losses on securities	(197)	(4)	(3)	(40)	(150)	(157)
Less: Noninterest expense	185,894	1,433	9,406	12,207	162,848	276,182
Salaries and employee benefits	81,045	743	4,592	5,311	70,399	122,868
Of premises and fixed assets	23,814	180	1,151	1,242	21,242	34,945
Goodwill impairment losses	19	2	16	0	1	49
Amortization expense and impairment losses	6,073	5	101	449	5,518	7,057
Other noninterest expense	74,942	503	3,547	5,204	65,689	111,264
Less: Taxes on income before extraord. items	35,507	92	1,147	2,512	31,756	54,034
Income/loss from extraord. items, net of taxes	303	1	0	2	300	240
Memoranda:						
Net operating income	73,763	385	3,287	5,197	64,894	114,141
Income before taxes and extraordinary items	109,176	474	4,430	7,681	96,591	168,101
Income net of taxes before extraordinary items	73,669	382	3,284	5,169	64,835	114,067
Cash dividends declared	41,655	373	1,777	3,934	35,571	64,245
Net loan and lease losses	22,135	46	372	728	20,989	28,500
Charge-offs to loan and lease reserve	29,425	67	511	1,019	27,828	38,059
Less: Recoveries credited to loan & lease resv.	7,291	21	139	291	6,839	9,559

* Includes mortgage indebtedness

FINANCIAL PERFORMANCE OF NATIONAL BANKS

 Quarterly net loan and lease losses of national banks by asset size
 Fourth quarter 2005

	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	1,818	683	960	130	45	7,527
Net charge-offs to loan and lease reserve	\$6,652	\$18	\$132	\$210	\$6,293	\$8,830
Loans secured by real estate	267	4	25	27	211	504
1- to 4-family residential mortgages	132	1	9	11	111	221
Home equity loans	87	0	2	4	82	126
Multifamily residential mortgages	4	(0)	1	2	2	12
Commercial RE loans	31	2	11	10	7	104
Construction RE loans	(1)	0	2	0	(4)	27
Farmland loans	1	(0)	(0)	1	0	1
RE loans from foreign offices	13	0	0	0	13	13
Commercial and industrial loans	477	8	42	94	334	1,058
Loans to individuals	5,558	6	57	68	5,428	6,796
Credit cards	4,267	0	31	30	4,206	5,142
Installment loans and other plans	1,290	5	26	38	1,221	1,654
All other loans and leases	351	1	9	21	320	472
Charge-offs to loan and lease reserve	8,547	22	167	283	8,075	11,295
Loans secured by real estate	407	4	30	37	336	709
1- to 4-family residential mortgages	184	1	11	15	157	298
Home equity loans	105	0	2	4	99	153
Multifamily residential mortgages	6	0	1	2	3	17
Commercial RE loans	71	2	14	12	43	166
Construction RE loans	14	0	2	2	9	45
Farmland loans	3	0	0	1	1	7
RE loans from foreign offices	24	0	0	0	24	24
Commercial and industrial loans	1,075	9	52	121	893	1,812
Loans to individuals	6,554	8	73	98	6,375	8,094
Credit cards	4,905	1	37	42	4,826	5,941
Installment loans and other plans	1,649	7	37	56	1,549	2,153
All other loans and leases	511	2	13	26	471	679
Recoveries credited to loan and lease reserve	1,894	4	35	73	1,782	2,465
Loans secured by real estate	141	0	5	10	125	206
1- to 4-family residential mortgages	53	0	2	5	46	77
Home equity loans	18	0	0	1	17	28
Multifamily residential mortgages	2	0	0	1	1	4
Commercial RE loans	40	0	2	2	36	61
Construction RE loans	15	0	0	2	13	18
Farmland loans	2	0	0	0	1	6
RE loans from foreign offices	11	0	0	0	11	11
Commercial and industrial loans	598	1	10	27	560	754
Loans to individuals	996	2	17	30	947	1,299
Credit cards	637	0	6	12	619	799
Installment loans and other plans	358	2	11	18	327	500
All other loans and leases	160	1	4	5	151	207

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Year-to-date net loan and lease losses of national banks by asset size
Through December 31, 2005
(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	1,818	683	960	130	45	7,527
Net charge-offs to loan and lease reserve	22,135	46	372	728	20,989	28,500
Loans secured by real estate	995	9	60	105	821	1,759
1- to 4-family residential mortgages	466	3	23	39	401	754
Home equity loans	304	0	4	9	291	426
Multifamily residential mortgages	18	1	5	5	8	40
Commercial RE loans	127	4	22	45	56	380
Construction RE loans	19	1	5	6	6	89
Farmland loans	7	(0)	1	1	5	17
RE loans from foreign offices	54	0	0	0	54	53
Commercial and industrial loans	1,179	19	102	286	772	2,594
Loans to individuals	19,117	16	179	285	18,638	22,941
Credit cards	13,582	1	108	105	13,367	16,314
Installment loans and other plans	5,536	15	71	179	5,270	6,627
All other loans and leases	843	2	31	52	758	1,206
Charge-offs to loan and lease reserve	29,425	67	511	1,019	27,828	38,059
Loans secured by real estate	1,499	12	83	143	1,262	2,509
1- to 4-family residential mortgages	676	5	32	57	582	1,051
Home equity loans	383	0	4	13	366	536
Multifamily residential mortgages	23	1	5	6	11	50
Commercial RE loans	245	4	32	55	153	587
Construction RE loans	66	1	8	9	47	156
Farmland loans	13	0	2	2	8	35
RE loans from foreign offices	93	0	0	0	93	95
Commercial and industrial loans	3,328	25	143	374	2,786	5,307
Loans to individuals	23,137	26	237	421	22,454	28,257
Credit cards	16,250	2	125	169	15,954	19,687
Installment loans and other plans	6,887	24	112	251	6,500	8,570
All other loans and leases	1,461	4	48	82	1,327	1,986
Recoveries credited to loan and lease reserve	7,291	21	139	291	6,839	9,559
Loans secured by real estate	504	3	23	37	441	750
1- to 4-family residential mortgages	209	2	9	18	181	296
Home equity loans	79	0	1	3	75	110
Multifamily residential mortgages	5	0	0	1	4	10
Commercial RE loans	119	1	10	10	98	208
Construction RE loans	47	0	3	3	41	66
Farmland loans	5	1	1	1	3	17
RE loans from foreign offices	40	0	0	0	40	43
Commercial and industrial loans	2,149	6	41	88	2,014	2,713
Loans to individuals	4,020	10	58	136	3,816	5,316
Credit cards	2,668	1	18	64	2,586	3,373
Installment loans and other plans	1,352	9	41	72	1,230	1,943
All other loans and leases	618	3	17	30	569	780

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Number of national banks by state and asset size
December 31, 2005

	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	1,818	683	960	130	45	7,527
Alabama	23	10	12	0	1	150
Alaska	2	1	0	1	0	5
Arizona	15	4	6	4	1	48
Arkansas	38	8	28	2	0	154
California	72	16	41	13	2	274
Colorado	42	18	21	3	0	161
Connecticut	10	1	7	1	1	24
Delaware	8	0	3	2	3	27
District of Columbia	4	1	3	0	0	6
Florida	61	5	50	6	0	262
Georgia	50	10	39	1	0	332
Hawaii	1	0	1	0	0	5
Idaho	1	0	1	0	0	15
Illinois	145	53	85	4	3	611
Indiana	30	6	16	7	1	131
Iowa	44	17	26	1	0	392
Kansas	93	58	31	4	0	354
Kentucky	38	16	21	1	0	205
Louisiana	14	2	10	0	2	136
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	156
Minnesota	103	59	41	2	1	444
Mississippi	19	5	12	2	0	93
Missouri	45	21	19	4	1	342
Montana	14	11	3	0	0	78
Nebraska	63	39	22	2	0	248
Nevada	8	2	1	4	1	37
New Hampshire	2	1	0	1	0	10
New Jersey	20	0	13	5	2	72
New Mexico	14	4	7	3	0	48
New York	54	12	32	8	2	134
North Carolina	4	0	2	0	2	74
North Dakota	13	6	5	2	0	96
Ohio	77	30	35	5	7	175
Oklahoma	81	38	41	1	1	267
Oregon	2	0	1	1	0	38
Pennsylvania	68	13	43	8	4	161
Rhode Island	3	2	0	1	0	7
South Carolina	23	4	17	2	0	74
South Dakota	18	6	9	1	2	88
Tennessee	26	6	16	3	1	186
Texas	299	150	130	18	1	623
Utah	5	1	2	0	2	63
Vermont	8	2	6	0	0	14
Virginia	39	7	30	1	1	128
Washington	11	7	4	0	0	78
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
December 31, 2005
(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	\$6,003,169	\$38,165	\$269,663	\$378,506	\$5,316,834	\$9,039,674
Alabama	24,659	666	2,597	0	21,397	216,241
Alaska	2,248	63	0	2,185	0	3,686
Arizona	75,135	171	2,729	9,252	62,983	80,451
Arkansas	10,521	401	7,540	2,580	0	42,327
California	112,681	964	10,686	37,955	63,077	320,227
Colorado	11,829	906	5,891	5,032	0	40,820
Connecticut	24,361	96	2,794	3,881	17,590	26,136
Delaware	293,168	0	771	8,149	284,248	343,654
District of Columbia	759	91	668	0	0	927
Florida	34,009	389	13,759	19,860	0	97,539
Georgia	14,411	452	9,066	4,893	0	265,870
Hawaii	438	0	438	0	0	28,154
Idaho	329	0	329	0	0	5,087
Illinois	177,131	2,812	22,907	20,541	130,871	334,968
Indiana	52,160	367	6,911	18,611	26,271	85,824
Iowa	10,018	1,002	7,226	1,791	0	48,263
Kansas	19,500	3,081	9,709	6,710	0	48,236
Kentucky	15,414	1,110	4,785	9,519	0	50,068
Louisiana	42,566	70	2,693	0	39,803	67,433
Maine	34,224	0	0	2,142	32,082	38,028
Maryland	3,151	31	1,777	1,344	0	41,086
Massachusetts	11,501	115	2,025	9,361	0	162,506
Michigan	42,009	401	2,968	0	38,640	191,176
Minnesota	29,386	3,091	9,432	3,398	13,465	62,690
Mississippi	13,312	305	3,325	9,682	0	46,974
Missouri	31,685	1,259	5,427	12,520	12,480	92,068
Montana	1,619	694	925	0	0	15,631
Nebraska	15,115	1,880	5,123	8,112	0	32,443
Nevada	28,960	145	130	12,137	16,548	59,419
New Hampshire	1,703	57	0	1,645	0	4,266
New Jersey	43,758	0	4,426	16,483	22,850	86,867
New Mexico	6,917	258	1,759	4,901	0	13,590
New York	755,289	851	11,387	20,239	722,813	1,067,441
North Carolina	1,556,101	0	1,716	0	1,554,386	1,700,498
North Dakota	7,232	305	1,881	5,047	0	15,630
Ohio	1,492,116	1,792	11,878	13,188	1,465,258	1,583,427
Oklahoma	26,849	2,086	9,751	2,023	12,989	51,553
Oregon	9,427	0	237	9,190	0	25,342
Pennsylvania	193,131	858	13,959	21,203	157,111	241,453
Rhode Island	9,836	74	0	9,762	0	27,141
South Carolina	10,210	241	4,566	5,402	0	41,073
South Dakota	457,784	225	3,565	6,725	447,269	469,820
Tennessee	45,589	498	5,102	3,697	36,293	77,466
Texas	96,469	8,202	32,559	43,893	11,816	173,155
Utah	32,124	68	408	0	31,648	160,842
Vermont	1,665	127	1,538	0	0	6,922
Virginia	85,120	360	9,703	1,941	73,116	168,762
Washington	1,984	404	1,580	0	0	38,166
West Virginia	4,466	480	1,493	2,494	0	20,121
Wisconsin	30,894	536	7,507	1,022	21,830	108,137
Wyoming	2,199	180	2,020	0	0	5,771
U.S. territories	0	0	0	0	0	104,299



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