



25th Anniversary

CONDITION AND PERFORMANCE
OF COMMERCIAL BANKS

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Third quarter 2006

Earnings continued to grow at national banks in the third quarter of 2006. Return on equity, at 16.2 percent, remained near its historical peak, adjusted for the effects of recent mergers (unadjusted ROE was 13.6 percent). Net income continued its recent run, up 10.9 percent from the third quarter of 2006. Net interest income contributed to earnings gains, as the volume of mortgage loans increased again, despite cooling in the housing sector. Credit quality remained good, with most credit indicators near their all-time best.

Several indicators, however, suggest that this performance will be difficult to maintain. Slower housing sales are likely to further erode growth in mortgage loan volume. With net interest margins near all-time lows, this means that banks will be challenged to maintain growth in net interest income. Credit quality is probably near its peak; as problems begin to appear, banks are likely to increase provisions, cutting into earnings.

As Table 1 shows, for national banks in the aggregate, gains in net interest income made a significant contribution to gains in total net income growth in the third quarter. This occurred despite continuing pressures on net interest margins (NIMs), as loans on the books continued to grow. On the other hand, growth in noninterest income slowed considerably from the very fast pace of the previous year. Provisions for bad loans declined, contributing substantially to growth in net income, though this year-over-year comparison is skewed because of the extraordinary level of provisions taken in late 2005, after two hurricanes, and other shocks to the economy.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Table 1—Third quarter earnings growth supported by lower provisioning

	Major income components (change, \$ millions)				Nonspecialty banks under \$1 billion 05Q3-06Q3 % Change
	2004Q3-05Q3 % Change		2005Q3-06Q3 % Change		
Revenues					
Net interest income	585	1.4%	2,260	5.2%	6.5%
Real gains/losses sec	-1,066	n.m.	-452	n.m.	n.m.
Noninterest income	7,312	23.3%	1,896	4.9%	0.3%
Expenses					
Provisioning	1,346	27.7%	-1,662	-26.8%	-8.5%
Noninterest expense	2,875	6.5%	2,647	5.6%	5.8%
Net income	1,304	7.2%	2,103	10.9%	5.1%

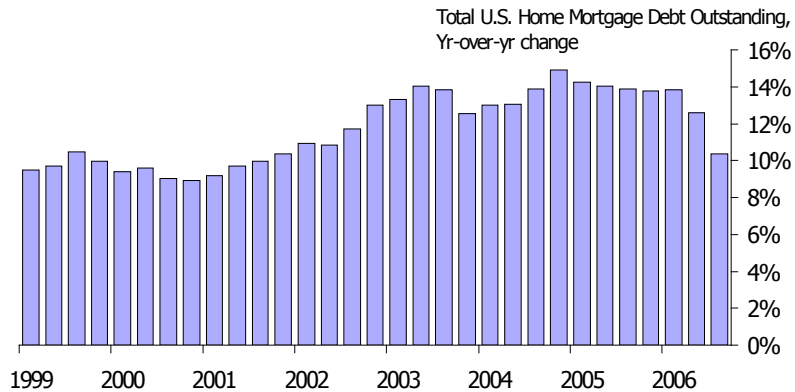
Source: Integrated Banking Information System (OCC)

Date are merger adjusted and held constant for banks operating as of September 30, 2006. Nonspecialty category excludes trust and credit card banks.

At smaller nonspecialty banks (banks with under \$1 billion in assets, without significant trust or credit card business), net interest income continued its pattern of steady growth, as has been the case at larger banks. But noninterest income barely grew year-over-year, and provisions did not drop as dramatically as at larger banks. The result was that net income continued to grow at smaller banks, though not as fast as at their larger counterparts.

As the housing market cools, mortgage loan growth is being affected. Figure 1 shows growth in household mortgages outstanding, counting both loans both on the books at banks, and in securitized mortgage pools. Over the last three quarters, loan growth has clearly decelerated, and now stands at about the level that prevailed before the recent housing boom. Even taking this deceleration into account however, mortgage loan growth remains high by historical standards. This ongoing growth in loan volume has more than offset continuing pressure on net interest margins.

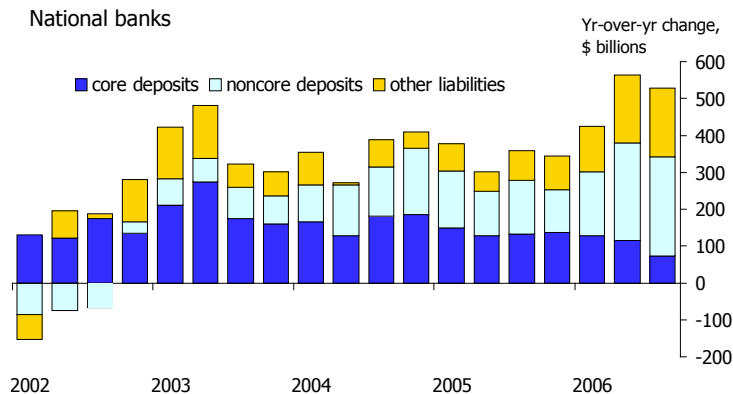
Figure 1—Slower home sales evident in deceleration in residential credit growth



Source: Federal Reserve Flow of Funds (Haver Analytics)
 Quarterly data through 2006Q3. Data include all outstanding residential mortgages held as loans, lines, and in securitized mortgage pools.

Bank funding has shifted over the last several years. As Figure 2 shows, core deposits have accounted for a shrinking share of the growth in bank funding since early 2003. In 2003, short-term interest rates hit 40-year lows of around 1 percent, and depositors found they had few good alternatives to leaving their liquid assets in the bank. Rock-bottom interest rates led to a sharp upswing in core deposits that slowed only when interest rates began to move back toward normal levels in 2004. Higher rates gave depositors alternatives for their liquid assets, and put the squeeze on growth in core deposits. Even as the core deposit inflow decelerated, banks continued to make new loans. With the loan book now growing faster than core deposits, banks have to turn to costlier sources of funds.

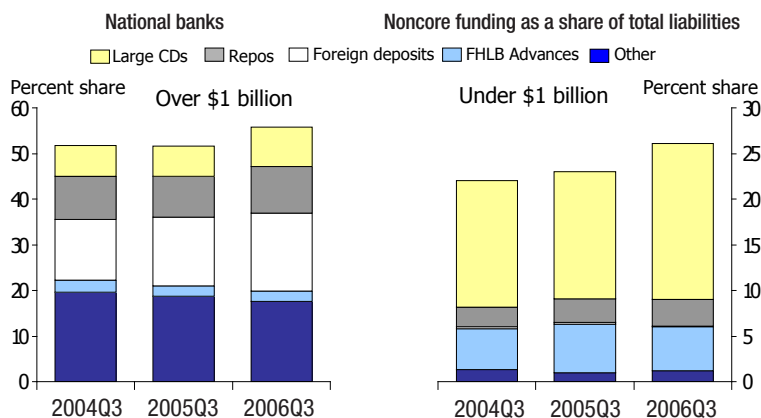
Figure 2—More pronounced slowdown in core deposit growth increases reliance on costlier funds



Source: Integrated Banking Information System (OCC)
 Data are merger adjusted and held constant for banks operating as of September 30, 2006.

For noncore funding, the mix has also changed in recent years. Figure 3 shows noncore funding as a percent of total liabilities over the last three years. The three bars on the left show the situation for larger banks, and on the right, for smaller banks. As short-term interest rates have risen over the last three years, larger banks have relied increasingly on large certificates of deposit (CDs) and foreign deposits.

Figure 3—Large certificates of deposit increasingly favored in noncore funding mix, especially at small banks

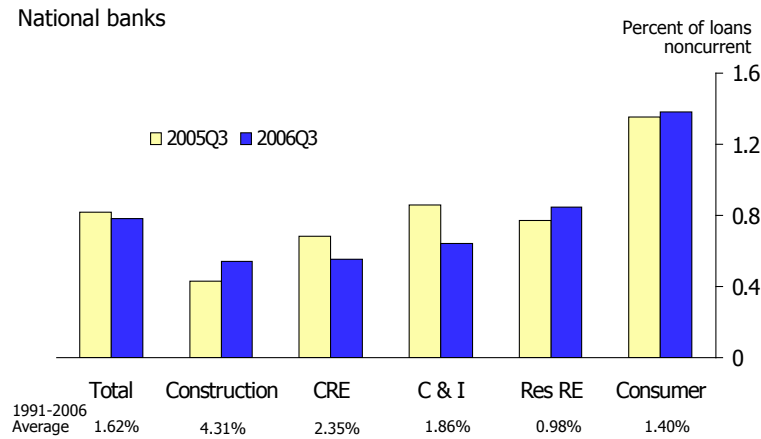


Source: Integrated Banking Information System (OCC)
 Data are merger adjusted and held constant for banks operating as of September 30, 2006. Nonspecialty category excludes trust and credit card banks. FHLB advances are term borrowings from the Federal Home Loan Banks.

Over the same time, smaller banks have also increased their reliance on large CDs. Noncore funding has also edged up as a share of total liabilities, as shown in Figure 3. These noncore sources are more sensitive to swings in interest rates than checking or small savings deposits, which means that smaller banks are facing funding cost pressures as rates increase.

Credit quality remains good. As Figure 4 shows, noncurrent loan ratios remain below their 15-year averages for every major loan category except consumer loans. In the third quarter, the non-current ratio edged up for construction and residential real estate loans, measured year-over-year, but nonetheless remained well below its 15-year average for every loan category except consumer loans.

Figure 4—Despite modest uptick in some categories, noncurrent loan rates remain low



Source: Integrated Banking Information System (OCC)
 Noncurrent loans as a percent of loans in respective category.

In the third quarter of 2006, provisions for bad loans declined year-over-year. But this comparison is misleading, because in the third quarter of 2005 the financial system was bracing for the after-shocks from two major hurricanes, a big upswing in oil prices—which many expected to bring economic growth to a halt—and the passage of bankruptcy reform legislation, which was expected to depress credit quality. The economy, however, continued to grow at close to its potential for several quarters, and no major credit problems emerged. This allowed banks to pare back provisioning expenses, boosting year-over-year net earnings in the third quarter. This boost to earnings is not expected to continue in 2007 as aggregate credit quality begins to deteriorate.

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured national banks
Annual 2002–2005, year-to-date through September 30, 2006, third quarter 2005, and third quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q3	Preliminary 2006Q3
Number of institutions reporting	2,077	1,999	1,907	1,818	1,758	1,846	1,758
Total employees (FTEs)	993,469	1,000,493	1,143,384	1,172,300	1,207,635	1,170,598	1,207,635
Selected income data (\$)							
Net income	\$56,210	\$63,116	\$67,434	\$73,822	\$64,112	\$19,347	\$21,482
Net interest income	141,154	143,073	159,641	169,618	134,488	43,058	45,501
Provision for loan losses	32,595	23,989	18,639	19,755	12,638	6,419	4,556
Noninterest income	109,272	116,422	127,063	145,194	122,490	39,131	40,672
Noninterest expense	136,795	144,947	170,829	185,908	148,245	47,041	49,653
Net operating income	54,067	60,746	65,420	73,613	64,442	19,250	21,631
Cash dividends declared	41,757	45,049	33,033	41,663	32,034	13,336	11,713
Net charge-offs	31,360	26,956	21,904	22,137	12,725	6,200	4,810
Selected condition data (\$)							
Total assets	3,908,206	4,292,261	5,602,021	6,003,182	6,567,704	5,946,325	6,567,704
Total loans and leases	2,445,236	2,630,410	3,166,714	3,427,014	3,659,185	3,375,618	3,659,185
Reserve for losses	48,326	48,611	48,964	44,188	43,724	46,647	43,724
Securities	653,608	753,615	908,054	924,206	988,174	937,653	988,174
Other real estate owned	2,075	1,941	1,529	1,575	2,419	1,626	2,419
Noncurrent loans and leases	38,162	34,873	29,609	28,333	28,593	27,624	28,593
Total deposits	2,565,768	2,786,716	3,581,430	3,850,057	4,105,751	3,760,492	4,105,751
Domestic deposits	2,168,874	2,322,011	2,848,730	3,085,596	3,174,352	3,012,886	3,174,352
Equity capital	371,387	390,519	557,821	592,736	659,976	585,605	659,976
Off-balance-sheet derivatives	25,953,772	31,554,693	86,314,368	99,600,068	124,116,807	96,963,460	124,116,807
Performance ratios (annualized %)							
Return on equity	15.72	16.50	13.81	13.22	13.56	13.24	13.23
Return on assets	1.49	1.53	1.27	1.29	1.35	1.32	1.32
Net interest income to assets	3.75	3.47	3.00	2.96	2.84	2.93	2.79
Loss provision to assets	0.87	0.58	0.35	0.35	0.27	0.44	0.28
Net operating income to assets	1.44	1.47	1.23	1.29	1.36	1.31	1.33
Noninterest income to assets	2.90	2.82	2.39	2.54	2.58	2.66	2.50
Noninterest expense to assets	3.63	3.51	3.22	3.25	3.13	3.20	3.05
Loss provision to loans and leases	1.38	0.95	0.62	0.61	0.47	0.77	0.50
Net charge-offs to loans and leases	1.33	1.07	0.73	0.68	0.48	0.74	0.53
Loss provision to net charge-offs	103.94	89.00	85.09	89.24	99.31	103.52	94.71
Performance ratios (%)							
Percent of institutions unprofitable	6.93	5.60	5.30	5.01	4.44	5.63	5.29
Percent of institutions with earnings gains	71.11	55.98	62.72	65.29	60.07	61.97	58.48
Nonint. income to net operating revenue	43.63	44.86	44.32	46.12	47.67	47.61	47.20
Nonint. expense to net operating revenue	54.62	55.86	59.58	59.05	57.69	57.24	57.62
Condition ratios (%)							
Nonperforming assets to assets	1.06	0.89	0.57	0.50	0.47	0.50	0.47
Noncurrent loans to loans	1.56	1.33	0.94	0.83	0.78	0.82	0.78
Loss reserve to noncurrent loans	126.63	139.40	165.37	155.96	152.92	168.86	152.92
Loss reserve to loans	1.98	1.85	1.55	1.29	1.19	1.38	1.19
Equity capital to assets	9.50	9.10	9.96	9.87	10.05	9.85	10.05
Leverage ratio	7.88	7.71	7.30	7.31	7.34	7.35	7.34
Risk-based capital ratio	12.66	12.65	12.26	11.90	12.13	11.98	12.13
Net loans and leases to assets	61.33	60.15	55.65	56.35	55.05	55.98	55.05
Securities to assets	16.72	17.56	16.21	15.40	15.05	15.77	15.05
Appreciation in securities (% of par)	2.10	0.88	0.55	-1.06	-0.15	-0.55	-0.15
Residential mortgage assets to assets	24.72	24.44	23.51	23.60	22.96	23.66	22.96
Total deposits to assets	65.65	64.92	63.93	64.13	62.51	63.24	62.51
Core deposits to assets	48.74	48.03	43.83	43.53	40.06	42.99	40.06
Volatile liabilities to assets	30.31	30.57	33.90	35.75	38.50	35.68	38.50

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured national banks
Annual 2002–2005, year-to-date through September 30, 2006, third quarter 2005, and third quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q3	Preliminary 2006Q3
Percent of loans past due 30-89 days							
Total loans and leases	1.14	1.02	0.87	0.92	0.90	0.87	0.90
Loans secured by real estate (RE)	1.07	0.91	0.75	0.85	0.81	0.76	0.81
1- to 4-family residential mortgages	1.45	1.30	1.05	1.15	1.11	1.01	1.11
Home equity loans	0.61	0.45	0.39	0.56	0.61	0.46	0.61
Multifamily residential mortgages	0.42	0.54	0.39	0.73	0.53	0.42	0.53
Commercial RE loans	0.58	0.47	0.44	0.47	0.36	0.50	0.36
Construction RE loans	0.91	0.66	0.61	0.59	0.69	0.58	0.69
Commercial and industrial loans	0.76	0.63	0.56	0.70	0.53	0.59	0.53
Loans to individuals	2.15	2.08	1.84	1.74	1.93	1.83	1.93
Credit cards	2.57	2.48	2.21	2.07	2.33	2.31	2.33
Installment loans and other plans	2.07	1.95	1.67	1.64	1.83	1.60	1.83
All other loans and leases	0.55	0.34	0.31	0.40	0.40	0.33	0.40
Percent of loans noncurrent							
Total loans and leases	1.56	1.33	0.94	0.83	0.78	0.82	0.78
Loans secured by real estate (RE)	0.97	0.95	0.69	0.80	0.77	0.74	0.77
1- to 4-family residential mortgages	1.02	1.14	0.86	1.15	1.05	0.99	1.05
Home equity loans	0.32	0.24	0.18	0.26	0.33	0.21	0.33
Multifamily residential mortgages	0.48	0.45	0.43	0.40	0.50	0.42	0.50
Commercial RE loans	1.05	0.97	0.72	0.61	0.55	0.68	0.55
Construction RE loans	1.03	0.71	0.44	0.37	0.54	0.43	0.54
Commercial and industrial loans	3.00	2.19	1.22	0.74	0.64	0.86	0.64
Loans to individuals	1.60	1.78	1.66	1.37	1.38	1.35	1.38
Credit cards	2.16	2.24	2.03	1.90	2.04	1.91	2.04
Installment loans and other plans	1.30	1.55	1.46	1.01	1.00	0.99	1.00
All other loans and leases	1.11	0.74	0.39	0.28	0.21	0.29	0.21
Percent of loans charged-off, net							
Total loans and leases	1.33	1.07	0.73	0.68	0.48	0.74	0.53
Loans secured by real estate (RE)	0.19	0.21	0.08	0.06	0.07	0.06	0.08
1- to 4-family residential mortgages	0.17	0.24	0.08	0.06	0.07	0.05	0.09
Home equity loans	0.23	0.23	0.10	0.10	0.14	0.09	0.15
Multifamily residential mortgages	0.11	0.03	0.04	0.05	0.00	0.04	-0.05
Commercial RE loans	0.17	0.13	0.05	0.04	0.02	0.05	0.02
Construction RE loans	0.19	0.14	0.04	0.01	0.03	0.02	0.04
Commercial and industrial loans	1.80	1.35	0.43	0.19	0.23	0.11	0.27
Loans to individuals	4.01	3.45	3.14	3.20	2.25	3.57	2.51
Credit cards	6.57	5.48	5.14	4.96	3.65	4.62	4.09
Installment loans and other plans	1.91	1.81	1.51	1.71	1.16	2.70	1.31
All other loans and leases	0.83	0.58	0.15	0.29	0.09	0.38	0.10
Loans outstanding (\$)							
Total loans and leases	\$2,445,236	\$2,630,410	\$3,166,714	\$3,427,014	\$3,659,185	\$3,375,618	\$3,659,185
Loans secured by real estate (RE)	1,139,394	1,254,951	1,572,665	1,751,721	1,878,769	1,725,742	1,878,769
1- to 4-family residential mortgages	573,802	605,070	744,686	833,953	882,991	816,509	882,991
Home equity loans	141,056	192,703	294,919	320,145	340,455	326,747	340,455
Multifamily residential mortgages	33,968	35,652	39,948	43,518	42,673	44,255	42,673
Commercial RE loans	253,427	269,936	302,215	325,214	348,701	320,810	348,701
Construction RE loans	95,360	104,218	129,221	167,585	195,844	157,955	195,844
Farmland loans	13,225	13,614	14,679	15,824	16,733	15,583	16,733
RE loans from foreign offices	28,556	33,758	46,998	45,482	51,371	43,883	51,371
Commercial and industrial loans	546,053	500,005	580,192	672,562	745,911	649,086	745,911
Loans to individuals	450,436	527,817	615,502	607,137	618,923	610,208	618,923
Credit cards	209,812	250,719	300,097	282,567	265,731	275,685	265,731
Other revolving credit plans	33,243	32,883	34,258	35,160	39,154	34,897	39,154
Installment loans	207,381	244,215	281,147	289,409	314,038	299,626	314,038
All other loans and leases	311,803	349,521	400,578	397,500	416,647	392,513	416,647
Less: Unearned income	2,449	1,884	2,224	1,906	1,065	1,930	1,065

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3
Number of institutions reporting	711	653	961	931	127	129	47	45
Total employees (FTEs)	16,011	14,862	88,655	85,995	83,768	82,929	982,164	1,023,849
Selected income data (\$)								
Net income	\$110	\$112	\$891	\$865	\$1,291	\$1,447	\$17,055	\$19,059
Net interest income	390	367	2,534	2,519	3,005	3,095	37,129	39,521
Provision for loan losses	16	15	144	121	216	163	6,042	4,255
Noninterest income	144	163	1,325	1,195	2,302	2,359	35,360	36,954
Noninterest expense	375	387	2,502	2,429	3,180	3,159	40,983	43,678
Net operating income	111	113	891	862	1,282	1,451	16,967	19,205
Cash dividends declared	58	47	535	464	1,168	1,339	11,575	9,863
Net charge-offs	10	9	92	73	175	132	5,923	4,596
Selected condition data (\$)								
Total assets	39,794	37,177	269,466	267,554	354,559	371,217	5,282,507	5,891,756
Total loans and leases	23,724	22,227	174,240	176,213	225,573	236,349	2,952,081	3,224,396
Reserve for losses	335	308	2,228	2,199	2,789	2,865	41,294	38,353
Securities	10,665	9,703	61,146	59,483	72,851	70,161	792,991	848,827
Other real estate owned	53	43	235	252	123	154	1,215	1,970
Noncurrent loans and leases	250	219	1,247	1,267	1,357	1,419	24,770	25,687
Total deposits	33,051	30,605	217,523	215,956	244,150	258,592	3,265,769	3,600,599
Domestic deposits	33,036	30,591	217,275	215,742	241,107	255,585	2,521,467	2,672,434
Equity capital	4,643	4,660	28,264	28,679	38,118	41,113	514,580	585,525
Off-balance-sheet derivatives	21	24	4,164	3,545	17,439	21,047	97,689,795	124,959,080
Performance ratios (annualized %)								
Return on equity	9.49	9.87	12.72	12.34	13.58	14.30	13.27	13.22
Return on assets	1.12	1.22	1.34	1.31	1.48	1.56	1.30	1.31
Net interest income to assets	3.95	3.99	3.81	3.80	3.45	3.34	2.84	2.71
Loss provision to assets	0.16	0.17	0.22	0.18	0.25	0.18	0.46	0.29
Net operating income to assets	1.12	1.23	1.34	1.30	1.47	1.57	1.30	1.32
Noninterest income to assets	1.46	1.77	1.99	1.80	2.64	2.55	2.70	2.53
Noninterest expense to assets	3.80	4.20	3.76	3.67	3.65	3.41	3.14	2.99
Loss provision to loans and leases	0.28	0.28	0.34	0.28	0.39	0.28	0.83	0.53
Net charge-offs to loans and leases	0.18	0.16	0.21	0.17	0.31	0.23	0.81	0.57
Loss provision to net charge-offs	157.62	171.43	156.86	166.46	123.76	123.96	102.00	92.58
Performance ratios (%)								
Percent of institutions unprofitable	9.56	9.65	3.23	3.01	2.36	1.55	4.26	0.00
Percent of institutions with earnings gains	57.10	54.06	63.79	60.47	74.02	64.34	65.96	64.44
Nonint. income to net operating revenue	27.03	30.76	34.33	32.18	43.37	43.25	48.78	48.32
Nonint. expense to net operating revenue	70.20	73.00	64.85	65.40	59.93	57.92	56.54	57.11
Condition ratios (%)								
Nonperforming assets to assets	0.76	0.71	0.55	0.57	0.42	0.43	0.50	0.47
Noncurrent loans to loans	1.05	0.99	0.72	0.72	0.60	0.60	0.84	0.80
Loss reserve to noncurrent loans	133.88	140.37	178.70	173.51	205.52	201.83	166.71	149.31
Loss reserve to loans	1.41	1.38	1.28	1.25	1.24	1.21	1.40	1.19
Equity capital to assets	11.67	12.53	10.49	10.72	10.75	11.08	9.74	9.94
Leverage ratio	11.69	12.60	9.65	9.89	8.99	8.71	7.09	7.10
Risk-based capital ratio	19.12	20.22	14.67	14.69	13.34	12.89	11.73	11.93
Net loans and leases to assets	58.78	58.96	63.83	65.04	62.83	62.90	55.10	54.08
Securities to assets	26.80	26.10	22.69	22.23	20.55	18.90	15.01	14.41
Appreciation in securities (% of par)	-0.89	-1.23	-0.67	-1.04	-0.71	-0.97	-0.52	-0.01
Residential mortgage assets to assets	20.61	19.43	21.84	21.72	24.35	20.30	23.73	23.20
Total deposits to assets	83.05	82.32	80.72	80.71	68.86	69.66	61.82	61.11
Core deposits to assets	70.11	68.20	66.33	64.79	56.29	54.71	40.71	37.84
Volatile liabilities to assets	15.73	16.66	18.99	20.29	26.56	28.27	37.30	40.11

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3
Percent of loans past due 30-89 days								
Total loans and leases	1.24	1.24	0.82	0.89	0.76	0.71	0.88	0.91
Loans secured by real estate (RE)	1.14	1.18	0.72	0.83	0.52	0.53	0.78	0.84
1- to 4-family residential mortgages	1.62	1.56	1.05	1.15	0.66	0.60	1.03	1.13
Home equity loans	0.48	0.80	0.38	0.65	0.29	0.45	0.47	0.62
Multifamily residential mortgages	0.85	1.34	0.42	0.59	0.32	0.79	0.44	0.45
Commercial RE loans	0.89	0.94	0.53	0.64	0.50	0.41	0.48	0.29
Construction RE loans	0.88	1.23	0.78	0.89	0.46	0.63	0.57	0.66
Commercial and industrial loans	1.40	1.37	1.02	0.96	1.40	1.11	0.50	0.47
Loans to individuals	2.28	2.25	1.60	1.62	1.11	1.27	1.86	1.95
Credit cards	1.91	2.76	2.88	2.79	1.85	1.83	2.31	2.33
Installment loans and other plans	2.34	2.27	1.48	1.50	1.02	1.19	1.63	1.87
All other loans and leases	0.63	0.53	0.52	0.45	0.54	0.39	0.32	0.40
Percent of loans noncurrent								
Total loans and leases	1.05	0.99	0.72	0.72	0.60	0.60	0.84	0.80
Loans secured by real estate (RE)	0.95	0.93	0.68	0.70	0.54	0.57	0.76	0.79
1- to 4-family residential mortgages	0.92	0.93	0.69	0.70	0.55	0.48	1.04	1.10
Home equity loans	0.30	0.23	0.18	0.29	0.18	0.30	0.21	0.33
Multifamily residential mortgages	1.00	0.48	0.49	0.53	0.24	0.72	0.44	0.44
Commercial RE loans	1.17	1.14	0.75	0.74	0.75	0.68	0.63	0.47
Construction RE loans	0.58	0.77	0.63	0.78	0.36	0.57	0.41	0.49
Commercial and industrial loans	1.68	1.56	1.00	0.94	0.87	0.79	0.85	0.61
Loans to individuals	0.83	0.71	0.58	0.57	0.50	0.54	1.40	1.43
Credit cards	1.15	0.63	1.73	1.72	1.37	1.52	1.92	2.05
Installment loans and other plans	0.84	0.72	0.45	0.42	0.35	0.31	1.06	1.06
All other loans and leases	0.97	0.77	0.56	0.48	0.47	0.28	0.27	0.20
Percent of loans charged-off, net								
Total loans and leases	0.18	0.16	0.21	0.17	0.31	0.23	0.81	0.57
Loans secured by real estate (RE)	0.05	0.05	0.05	0.04	0.08	0.05	0.06	0.09
1- to 4-family residential mortgages	0.05	0.04	0.06	0.05	0.09	0.06	0.05	0.09
Home equity loans	0.04	0.10	0.02	0.02	0.09	0.08	0.09	0.15
Multifamily residential mortgages	0.16	-0.42	0.16	0.02	0.12	0.10	0.00	-0.10
Commercial RE loans	0.07	0.10	0.04	0.04	0.10	0.03	0.04	0.01
Construction RE loans	0.05	0.08	0.04	0.02	0.03	0.04	0.01	0.05
Commercial and industrial loans	0.51	0.40	0.34	0.26	0.64	0.47	0.06	0.26
Loans to individuals	0.58	0.56	1.24	1.24	1.13	0.94	3.73	2.60
Credit cards	1.91	1.41	5.88	6.39	2.59	2.57	4.64	4.09
Installment loans and other plans	0.55	0.53	0.62	0.50	0.85	0.54	2.90	1.39
All other loans and leases	0.02	0.10	0.48	0.21	0.56	0.39	0.38	0.09
Loans outstanding (\$)								
Total loans and leases	\$23,724	\$22,227	\$174,240	\$176,213	\$225,573	\$236,349	\$2,952,081	\$3,224,396
Loans secured by real estate (RE)	14,761	13,914	124,103	127,095	148,222	155,888	1,438,657	1,581,871
1- to 4-family residential mortgages	5,913	5,313	38,624	38,162	48,321	41,758	723,650	797,758
Home equity loans	471	457	6,929	6,549	11,836	9,915	307,510	323,534
Multifamily residential mortgages	356	287	4,105	4,105	7,265	8,237	32,530	30,044
Commercial RE loans	4,626	4,441	48,908	49,486	49,472	53,916	217,803	240,858
Construction RE loans	1,538	1,605	19,379	22,364	27,826	37,379	109,212	134,497
Farmland loans	1,856	1,812	6,155	6,428	2,612	2,988	4,959	5,505
RE loans from foreign offices	0	0	2	1	890	1,694	42,992	49,675
Commercial and industrial loans	3,688	3,474	26,845	26,710	47,003	49,535	571,549	666,193
Loans to individuals	2,471	2,146	13,951	12,959	21,027	19,810	572,759	584,008
Credit cards	58	69	1,624	1,658	3,424	4,015	270,578	259,989
Other revolving credit plans	54	35	414	408	1,058	763	33,371	37,948
Installment loans	2,359	2,042	11,913	10,893	16,544	15,032	268,810	286,071
All other loans and leases	2,823	2,710	9,503	9,601	9,461	11,273	370,725	393,064
Less: Unearned income	19	17	162	152	140	157	1,609	740

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Off-balance-sheet items, FDIC-insured national banks
Annual 2002–2005, year-to-date through September 30, 2006, third quarter 2005, and third quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q3	Preliminary 2006Q3
Number of institutions reporting	2,077	1,999	1,907	1,818	1,758	1,846	1,758
Unused commitments	\$3,889,135	\$3,991,445	\$4,453,084	\$4,829,955	\$5,275,208	\$4,694,183	\$5,275,208
Home equity lines	172,847	216,968	293,398	363,935	406,494	350,237	406,494
Credit card lines	2,645,382	2,739,921	2,821,263	2,947,829	3,206,069	2,874,489	3,206,069
Commercial RE, construction and land	83,422	92,106	129,764	173,111	185,515	164,000	185,515
All other unused commitments	987,484	942,451	1,208,660	1,345,079	1,477,131	1,305,457	1,477,131
Letters of Credit:							
Standby letters of credit	162,127	178,128	259,179	278,573	318,040	266,848	318,040
Financial letters of credit	134,861	147,060	218,547	233,409	268,966	223,440	268,966
Performance letters of credit	27,266	31,069	40,631	45,164	49,073	43,407	49,073
Commercial letters of credit	15,298	15,286	24,270	24,026	25,497	25,216	25,497
Securities lent	123,912	177,478	457,946	535,264	661,248	532,026	661,248
Spot foreign exchange contracts	147,685	222,054	400,545	407,358	866,890	747,959	866,890
Credit derivatives (notional value)							
Reporting bank is the guarantor	110,910	178,245	1,125,687	2,679,692	3,952,652	2,368,089	3,952,652
Reporting bank is the beneficiary	145,087	202,908	1,209,280	3,125,115	3,926,386	2,710,758	3,926,386
Derivative contracts (notional value)	25,953,772	31,554,693	86,314,368	99,600,068	124,116,807	96,963,460	124,116,807
Futures and forward contracts	6,464,816	5,909,650	10,812,285	11,388,668	13,676,731	11,254,597	13,676,731
Interest rate contracts	4,194,362	3,590,804	6,434,040	6,934,657	8,244,576	6,902,613	8,244,576
Foreign exchange contracts	2,211,652	2,302,176	4,250,770	4,291,077	5,109,525	4,174,470	5,109,525
All other futures and forwards	58,802	16,671	127,475	162,935	322,630	177,513	322,630
Option contracts	5,312,873	6,756,117	17,364,333	18,354,504	25,731,314	19,159,325	25,731,314
Interest rate contracts	4,617,502	5,879,588	14,603,770	14,711,524	19,657,493	15,728,391	19,657,493
Foreign exchange contracts	536,303	726,617	1,708,926	2,325,694	3,170,312	2,047,743	3,170,312
All other options	159,068	149,912	1,051,637	1,317,286	2,903,510	1,383,191	2,903,510
Swaps	13,920,086	18,507,773	55,802,783	64,052,089	76,829,724	61,470,690	76,829,724
Interest rate contracts	13,320,120	17,647,756	53,504,377	61,691,179	73,998,658	59,147,355	73,998,658
Foreign exchange contracts	541,373	763,911	2,121,180	2,066,824	2,322,262	2,059,813	2,322,262
All other swaps	58,593	96,106	177,226	294,086	508,804	263,523	508,804
Memoranda: Derivatives by purpose							
Contracts held for trading	24,024,510	29,177,058	81,635,027	91,485,205	113,537,798	89,631,513	113,537,798
Contracts not held for trading	1,673,266	1,996,482	2,344,373	2,310,056	2,699,971	2,253,099	2,699,971
Memoranda: Derivatives by position							
Held for trading—positive fair value	484,368	488,557	1,291,415	1,194,968	1,124,492	1,319,450	1,124,492
Held for trading—negative fair value	478,681	479,255	1,267,379	1,178,314	1,108,020	1,297,435	1,108,020
Not for trading—positive fair value	28,569	22,168	18,222	12,551	9,600	12,859	9,600
Not for trading—negative fair value	20,149	18,876	15,809	12,374	8,654	12,401	8,654

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3
Number of institutions reporting	711	653	961	931	127	129	47	45
Unused commitments	\$56,618	\$23,792	\$141,396	\$189,797	\$686,011	\$745,477	\$3,810,158	\$4,316,142
Home equity lines	342	357	5,805	6,190	11,810	11,579	332,280	388,368
Credit card lines	53,126	20,377	105,250	152,603	618,917	673,276	2,097,196	2,359,814
Commercial RE, construction and land	914	861	11,448	11,762	22,159	25,720	129,479	147,172
All other unused commitments	2,236	2,198	18,893	19,243	33,125	34,903	1,251,203	1,420,788
Letters of Credit:								
Standby letters of credit	111	110	1,878	1,762	4,854	5,313	260,005	310,855
Financial letters of credit	64	65	1,198	1,086	3,483	3,655	218,695	264,160
Performance letters of credit	47	45	679	675	1,370	1,658	41,311	46,695
Commercial letters of credit	15	23	230	240	604	791	24,368	24,442
Securities lent	24	15	20	45	986	1,412	530,996	659,775
Spot foreign exchange contracts	0	0	2	2	91	223	747,867	866,665
Credit derivatives (notional value)								
Reporting bank is the guarantor	0	0	0	5	0	23	2,368,089	3,952,624
Reporting bank is the beneficiary	0	0	40	0	0	38	2,710,718	3,926,348
Derivative contracts (notional value)	21	24	4,161	3,543	17,349	20,824	96,941,929	124,092,415
Futures and forward contracts	4	5	1,307	1,058	3,780	3,035	11,249,506	13,672,632
Interest rate contracts	4	5	1,295	1,048	2,285	1,869	6,899,029	8,241,653
Foreign exchange contracts	0	0	10	9	1,495	1,165	4,172,966	5,108,351
All other futures and forwards	0	0	1	1	0	1	177,512	322,629
Option contracts	12	15	1,506	1,256	3,039	3,771	19,154,768	25,726,272
Interest rate contracts	10	13	1,457	1,210	2,385	2,947	15,724,540	19,653,322
Foreign exchange contracts	0	0	1	0	642	457	2,047,099	3,169,855
All other options	2	2	48	46	12	367	1,383,129	2,903,094
Swaps	5	4	1,309	1,224	10,529	13,957	61,458,847	76,814,539
Interest rate contracts	5	4	1,293	1,208	10,496	13,710	59,135,561	73,983,736
Foreign exchange contracts	0	0	0	0	0	20	2,059,813	2,322,242
All other swaps	0	0	16	15	33	227	263,473	508,561
Memoranda: Derivatives by purpose								
Contracts held for trading	0	6	64	28	5,291	6,926	89,626,158	113,530,839
Contracts not held for trading	21	19	4,057	3,511	12,058	13,837	2,236,963	2,682,605
Memoranda: Derivatives by position								
Held for trading—positive fair value	0	0	1	0	15	43	1,319,434	1,124,449
Held for trading—negative fair value	0	0	1	0	10	39	1,297,424	1,107,981
Not for trading—positive fair value	1	1	16	17	32	58	12,810	9,523
Not for trading—negative fair value	0	0	24	23	105	134	12,271	8,497

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Northeast	Central	Western	Southern	Large-Banks	Mid-Size	All Institutions
Number of institutions reporting	182	461	359	626	57	63	1,758
Total employees (FTEs)	27,110	35,628	28,936	55,131	985,838	74,269	1,207,591
Selected income data (\$)							
Net income	\$322	\$406	\$367	\$574	\$18,867	\$937	\$21,481
Net interest income	914	1,174	1,076	1,633	38,231	2,456	45,500
Provision for loan losses	36	63	35	77	4,266	79	4,556
Noninterest income	508	335	300	547	37,477	1,499	40,671
Noninterest expense	927	893	821	1,353	43,194	2,439	49,652
Net operating income	324	410	369	578	18,971	972	21,631
Cash dividends declared	154	276	112	235	10,250	685	11,713
Net charge-offs	20	48	10	42	4,618	73	4,810
Selected condition data (\$)							
Total assets	119,969	128,974	107,092	169,089	5,750,666	289,255	6,567,563
Total loans and leases	75,320	87,405	71,794	108,900	3,127,854	186,498	3,659,104
Reserve for losses	836	1,117	863	1,329	37,442	2,115	43,724
Securities	30,027	29,268	23,241	39,515	796,598	68,784	988,146
Other real estate owned	32	111	74	167	1,912	120	2,419
Noncurrent loans and leases	452	748	467	607	25,337	945	28,593
Total deposits	92,602	103,258	83,083	137,893	3,465,818	221,195	4,105,646
Domestic deposits	92,067	103,229	83,065	137,017	2,538,009	219,207	3,174,247
Equity capital	12,399	12,960	11,248	17,213	578,956	26,844	659,942
Off-balance-sheet derivatives	7,611	2,193	6,723	2,741	124,063,261	34,237	124,116,807
Performance ratios (annualized %)							
Return on equity	10.59	12.77	13.46	13.73	13.23	14.28	13.23
Return on assets	1.08	1.27	1.40	1.37	1.32	1.30	1.32
Net interest income to assets	3.08	3.67	4.09	3.91	2.68	3.41	2.79
Loss provision to assets	0.12	0.20	0.13	0.19	0.30	0.11	0.28
Net operating income to assets	1.09	1.28	1.40	1.38	1.33	1.35	1.33
Noninterest income to assets	1.71	1.04	1.14	1.31	2.63	2.08	2.50
Noninterest expense to assets	3.12	2.79	3.12	3.24	3.03	3.38	3.05
Loss provision to loans and leases	0.19	0.29	0.20	0.29	0.55	0.17	0.50
Net charge-offs to loans and leases	0.11	0.22	0.06	0.16	0.59	0.16	0.53
Loss provision to net charge-offs	179.86	129.93	350.88	185.75	92.38	108.76	94.71
Performance ratios (%)							
Percent of institutions unprofitable	5.52	4.99	5.57	4.31	3.51	6.35	5.29
Percent of institutions with earnings gains	45.30	48.16	60.72	68.37	66.67	55.56	58.45
Nonint. income to net operating revenue	35.70	22.18	21.82	25.09	49.50	37.90	47.20
Nonint. expense to net operating revenue	65.19	59.24	59.62	62.04	57.05	61.67	57.62
Condition ratios (%)							
Nonperforming assets to assets	0.41	0.67	0.51	0.46	0.48	0.37	0.47
Noncurrent loans to loans	0.60	0.86	0.65	0.56	0.81	0.51	0.78
Loss reserve to noncurrent loans	184.87	149.25	184.73	218.85	147.78	223.89	152.92
Loss reserve to loans	1.11	1.28	1.20	1.22	1.20	1.13	1.19
Equity capital to assets	10.34	10.05	10.50	10.18	10.07	9.28	10.05
Leverage ratio	8.55	9.45	9.79	9.49	7.12	7.90	7.34
Risk-based capital ratio	13.38	13.65	13.80	14.01	12.00	11.97	12.13
Net loans and leases to assets	62.09	66.90	66.23	63.62	53.74	63.74	55.05
Securities to assets	25.03	22.69	21.70	23.37	13.85	23.78	15.05
Appreciation in securities (% of par)	-1.02	-0.74	-0.70	-1.19	0.09	-1.48	-0.15
Residential mortgage assets to assets	31.69	21.30	20.16	20.94	22.43	32.79	22.96
Total deposits to assets	77.19	80.06	77.58	81.55	60.27	76.47	62.51
Core deposits to assets	62.70	64.05	62.51	63.69	36.73	64.07	40.06
Volatile liabilities to assets	20.92	22.10	22.17	22.80	40.84	21.89	38.50

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Northeast	Central	Western	Southern	Large-Banks	Mid-Sized	All Institutions
Percent of loans past due 30-89 days							
Total loans and leases	0.68	0.90	0.72	0.83	0.93	0.51	0.90
Loans secured by real estate (RE)	0.57	0.84	0.63	0.74	0.86	0.45	0.81
1- to 4-family residential mortgages	0.55	1.30	0.78	1.09	1.16	0.51	1.11
Home equity loans	0.56	0.66	0.23	0.57	0.62	0.39	0.61
Multifamily residential mortgages	0.99	0.86	0.60	0.50	0.48	0.41	0.53
Commercial RE loans	0.51	0.68	0.47	0.59	0.30	0.28	0.36
Construction RE loans	0.85	0.67	0.90	0.67	0.68	0.60	0.69
Commercial and industrial loans	1.23	1.05	0.94	0.93	0.49	0.53	0.53
Loans to individuals	0.78	1.53	1.55	1.60	1.97	1.10	1.93
Credit cards	1.31	7.75	1.18	1.55	2.33	1.71	2.33
Installment loans and other plans	0.89	1.33	1.68	1.64	1.89	1.01	1.83
All other loans and leases	0.38	0.44	0.54	0.48	0.40	0.45	0.40
Percent of loans noncurrent							
Total loans and leases	0.60	0.86	0.65	0.56	0.81	0.51	0.78
Loans secured by real estate (RE)	0.65	0.88	0.56	0.50	0.81	0.43	0.77
1- to 4-family residential mortgages	0.37	0.87	0.57	0.57	1.13	0.40	1.05
Home equity loans	0.26	0.36	0.25	0.32	0.33	0.22	0.33
Multifamily residential mortgages	0.53	1.09	0.22	0.68	0.41	0.58	0.50
Commercial RE loans	0.78	1.05	0.53	0.48	0.48	0.62	0.55
Construction RE loans	1.73	0.83	0.66	0.48	0.51	0.30	0.54
Commercial and industrial loans	0.63	1.06	1.14	0.88	0.61	0.75	0.64
Loans to individuals	0.17	0.47	0.45	0.46	1.45	0.57	1.38
Credit cards	0.73	2.49	0.75	0.79	2.05	1.51	2.04
Installment loans and other plans	0.19	0.41	0.45	0.45	1.08	0.37	1.00
All other loans and leases	0.36	0.44	0.62	0.43	0.20	0.42	0.21
Percent of loans charged-off, net							
Total loans and leases	0.11	0.22	0.06	0.16	0.59	0.16	0.53
Loans secured by real estate (RE)	0.03	0.07	0.03	0.02	0.09	0.05	0.08
1- to 4-family residential mortgages	0.03	0.10	0.02	0.05	0.09	0.03	0.09
Home equity loans	0.02	0.07	0.01	0.05	0.15	0.17	0.15
Multifamily residential mortgages	0.01	-0.01	0.08	0.03	-0.10	0.09	-0.05
Commercial RE loans	0.05	0.07	0.03	0.01	0.01	0.02	0.02
Construction RE loans	0.03	0.06	0.02	0.01	0.05	0.06	0.04
Commercial and industrial loans	0.28	0.36	0.12	0.32	0.27	0.24	0.27
Loans to individuals	0.32	1.55	-0.05	0.67	2.63	0.83	2.51
Credit cards	0.50	26.53	1.84	1.80	4.09	2.32	4.09
Installment loans and other plans	0.32	0.54	-0.20	0.61	1.41	0.51	1.31
All other loans and leases	0.42	0.22	0.32	0.62	0.09	0.20	0.10
Loans outstanding (\$)							
Total loans and leases	\$75,320	\$87,405	\$71,794	\$108,900	\$3,127,854	\$186,498	\$3,659,104
Loans secured by real estate (RE)	55,302	62,570	52,182	76,585	1,506,591	124,448	1,878,694
1- to 4-family residential mortgages	23,457	18,676	10,818	20,748	765,226	43,621	882,945
Home equity loans	3,791	4,271	2,867	2,855	315,538	11,096	340,455
Multifamily residential mortgages	2,006	3,571	1,994	2,086	27,796	5,095	42,673
Commercial RE loans	20,297	20,213	19,752	29,075	221,113	37,835	348,678
Construction RE loans	5,071	10,563	13,314	18,958	122,073	25,804	195,841
Farmland loans	679	3,584	3,437	2,862	5,171	996	16,732
RE loans from foreign offices	0	1,694	1	2	49,675	0	51,371
Commercial and industrial loans	11,408	14,120	11,399	18,167	653,140	37,484	745,909
Loans to individuals	6,109	5,833	3,299	9,097	579,944	14,615	618,921
Credit cards	30	229	243	460	262,043	2,725	265,731
Other revolving credit plans	784	237	187	202	37,208	533	39,154
Installment loans	5,295	5,367	2,869	8,435	280,693	11,357	314,036
All other loans and leases	2,592	4,911	4,981	5,128	388,902	10,030	416,645
Less: Unearned income	91	29	66	78	723	78	1,065

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Key indicators, FDIC-insured commercial banks
Annual 2002–2005, year-to-date through September 30, 2006, third quarter 2005, and third quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q3	Preliminary 2006Q3
Number of institutions reporting	7,888	7,770	7,631	7,526	7,450	7,541	7,450
Total employees (FTEs)	1,745,614	1,759,517	1,815,099	1,868,156	1,913,297	1,856,401	1,913,297
Selected income data (\$)							
Net income	\$89,444	\$102,582	\$104,048	\$114,022	\$96,748	\$29,803	\$32,468
Net interest income	236,433	239,905	250,024	269,357	214,740	68,558	72,599
Provision for loan losses	48,175	34,814	26,098	26,592	17,551	8,168	6,610
Noninterest income	172,147	186,791	183,695	201,330	167,450	53,750	56,565
Noninterest expense	233,562	245,999	257,530	276,262	220,497	69,991	74,302
Net operating income	85,147	98,335	101,732	113,855	97,022	29,799	32,666
Cash dividends declared	67,536	77,838	55,637	64,266	50,032	19,158	16,744
Net charge-offs	44,515	37,914	29,108	28,509	16,366	7,704	6,179
Selected condition data (\$)							
Total assets	7,076,765	7,601,199	8,413,813	9,039,369	9,765,433	8,903,856	9,765,433
Total loans and leases	4,156,114	4,428,635	4,904,442	5,380,046	5,735,410	5,266,106	5,735,410
Reserve for losses	76,986	77,133	73,504	68,671	69,269	70,975	69,269
Securities	1,334,732	1,456,280	1,551,273	1,572,270	1,632,917	1,583,185	1,632,917
Other real estate owned	4,165	4,218	3,373	3,255	4,249	3,327	4,249
Noncurrent loans and leases	60,546	52,946	42,082	40,292	42,318	39,651	42,318
Total deposits	4,689,850	5,035,057	5,593,174	6,073,109	6,426,483	5,917,068	6,426,483
Domestic deposits	4,031,812	4,293,886	4,727,283	5,152,477	5,322,921	5,014,317	5,322,921
Equity capital	647,398	691,924	850,304	912,433	1,012,067	899,405	1,012,067
Off-balance-sheet derivatives	56,208,857	71,098,970	87,867,718	101,437,049	126,175,652	98,753,192	126,175,652
Performance ratios (annualized %)							
Return on equity	14.43	15.33	13.72	13.26	13.36	13.30	13.06
Return on assets	1.32	1.40	1.30	1.33	1.37	1.35	1.34
Net interest income to assets	3.50	3.27	3.13	3.13	3.04	3.11	3.00
Loss provision to assets	0.71	0.47	0.33	0.31	0.25	0.37	0.27
Net operating income to assets	1.26	1.34	1.27	1.32	1.37	1.35	1.35
Noninterest income to assets	2.55	2.55	2.30	2.34	2.37	2.44	2.34
Noninterest expense to assets	3.46	3.35	3.22	3.21	3.12	3.18	3.07
Loss provision to loans and leases	1.21	0.82	0.56	0.53	0.42	0.63	0.46
Net charge-offs to loans and leases	1.12	0.89	0.63	0.56	0.39	0.59	0.43
Loss provision to net charge-offs	108.22	91.82	89.66	93.28	107.24	106.02	106.96
Performance ratios (%)							
Percent of institutions unprofitable	6.64	6.02	5.87	6.31	6.59	5.76	6.91
Percent of institutions with earnings gains	72.64	59.20	64.83	66.02	60.32	62.19	56.93
Nonint. income to net operating revenue	42.13	43.78	42.35	42.77	43.81	43.95	43.79
Nonint. expense to net operating revenue	57.16	57.65	59.38	58.69	57.69	57.23	57.53
Condition ratios (%)							
Nonperforming assets to assets	0.94	0.77	0.55	0.48	0.48	0.49	0.48
Noncurrent loans to loans	1.46	1.20	0.86	0.75	0.74	0.75	0.74
Loss reserve to noncurrent loans	127.15	145.68	174.67	170.43	163.68	179.00	163.68
Loss reserve to loans	1.85	1.74	1.50	1.28	1.21	1.35	1.21
Equity capital to assets	9.15	9.10	10.11	10.09	10.36	10.10	10.36
Leverage ratio	7.83	7.85	7.82	7.91	8.06	7.93	8.06
Risk-based capital ratio	12.77	12.75	12.61	12.30	12.57	12.40	12.57
Net loans and leases to assets	57.64	57.25	57.42	58.76	58.02	58.35	58.02
Securities to assets	18.86	19.16	18.44	17.39	16.72	17.78	16.72
Appreciation in securities (% of par)	2.21	0.84	0.43	-1.11	-0.48	-0.58	-0.48
Residential mortgage assets to assets	23.30	23.28	23.32	23.49	22.76	23.68	22.76
Total deposits to assets	66.27	66.24	66.48	67.19	65.81	66.46	65.81
Core deposits to assets	48.68	48.63	47.56	47.09	44.02	46.65	44.02
Volatile liabilities to assets	31.41	30.95	31.68	33.29	35.66	33.19	35.66

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Loan performance, FDIC-insured commercial banks
Annual 2002–2005, year-to-date through September 30, 2006, third quarter 2005, and third quarter 2006
(Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q3	Preliminary 2006Q3
Percent of loans past due 30-89 days							
Total loans and leases	1.17	1.02	0.86	0.88	0.87	0.83	0.87
Loans secured by real estate (RE)	1.08	0.90	0.73	0.79	0.79	0.72	0.79
1- to 4-family residential mortgages	1.49	1.29	1.05	1.13	1.09	0.99	1.09
Home equity loans	0.59	0.45	0.37	0.54	0.60	0.44	0.60
Multifamily residential mortgages	0.46	0.48	0.36	0.51	0.51	0.40	0.51
Commercial RE loans	0.68	0.56	0.49	0.50	0.50	0.52	0.50
Construction RE loans	0.89	0.69	0.58	0.61	0.72	0.58	0.72
Commercial and industrial loans	0.89	0.72	0.64	0.69	0.58	0.63	0.58
Loans to individuals	2.22	2.08	1.82	1.72	1.85	1.75	1.85
Credit cards	2.72	2.53	2.24	2.00	2.23	2.22	2.23
Installment loans and other plans	2.08	1.93	1.62	1.66	1.75	1.56	1.75
All other loans and leases	0.58	0.48	0.38	0.40	0.42	0.35	0.42
Percent of loans noncurrent							
Total loans and leases	1.46	1.20	0.86	0.75	0.74	0.75	0.74
Loans secured by real estate (RE)	0.89	0.86	0.65	0.70	0.71	0.66	0.71
1- to 4-family residential mortgages	0.93	1.00	0.82	1.03	0.97	0.91	0.97
Home equity loans	0.30	0.24	0.18	0.25	0.32	0.21	0.32
Multifamily residential mortgages	0.38	0.38	0.35	0.34	0.43	0.35	0.43
Commercial RE loans	0.94	0.90	0.69	0.60	0.60	0.63	0.60
Construction RE loans	0.98	0.70	0.44	0.37	0.52	0.39	0.52
Commercial and industrial loans	2.93	2.10	1.17	0.75	0.72	0.88	0.72
Loans to individuals	1.51	1.53	1.46	1.20	1.22	1.20	1.22
Credit cards	2.24	2.22	2.00	1.80	1.94	1.86	1.94
Installment loans and other plans	1.14	1.14	1.12	0.84	0.82	0.82	0.82
All other loans and leases	1.01	0.66	0.40	0.29	0.23	0.31	0.23
Percent of loans charged-off, net							
Total loans and leases	1.12	0.89	0.63	0.56	0.39	0.59	0.43
Loans secured by real estate (RE)	0.15	0.17	0.08	0.06	0.06	0.06	0.07
1- to 4-family residential mortgages	0.14	0.19	0.08	0.07	0.07	0.06	0.08
Home equity loans	0.19	0.20	0.10	0.10	0.14	0.10	0.15
Multifamily residential mortgages	0.08	0.03	0.04	0.04	0.03	0.06	0.01
Commercial RE loans	0.15	0.13	0.07	0.05	0.03	0.06	0.04
Construction RE loans	0.17	0.14	0.05	0.03	0.03	0.03	0.04
Commercial and industrial loans	1.76	1.26	0.50	0.27	0.24	0.20	0.27
Loans to individuals	3.33	3.04	2.81	2.81	1.99	3.04	2.23
Credit cards	6.37	5.56	5.01	4.80	3.50	4.47	3.91
Installment loans and other plans	1.46	1.45	1.28	1.39	0.98	2.05	1.11
All other loans and leases	0.77	0.53	0.21	0.31	0.12	0.38	0.13
Loans outstanding (\$)							
Total loans and leases	\$4,156,114	\$4,428,635	\$4,904,442	\$5,380,046	\$5,735,410	\$5,266,106	\$5,735,410
Loans secured by real estate (RE)	2,068,284	2,272,803	2,625,476	2,987,185	3,207,082	2,920,904	3,207,082
1- to 4-family residential mortgages	945,841	994,121	1,082,689	1,226,330	1,288,645	1,205,257	1,288,645
Home equity loans	214,722	284,511	398,894	431,194	447,588	436,973	447,588
Multifamily residential mortgages	71,934	79,678	87,922	97,941	99,089	96,364	99,089
Commercial RE loans	555,990	602,719	667,641	739,075	786,481	722,174	786,481
Construction RE loans	207,451	231,514	290,644	392,417	475,682	364,258	475,682
Farmland loans	38,066	40,699	44,620	47,750	51,285	47,256	51,285
RE loans from foreign offices	34,280	39,559	53,066	52,479	58,311	48,622	58,311
Commercial and industrial loans	910,810	869,489	907,820	1,019,595	1,117,208	987,549	1,117,208
Loans to individuals	703,568	770,322	838,763	836,790	846,885	831,394	846,885
Credit cards	275,786	315,839	371,421	354,768	338,221	338,938	338,221
Other revolving credit plans	38,209	37,556	39,159	40,685	44,840	40,252	44,840
Installment loans	389,573	416,927	428,183	441,338	463,824	452,203	463,824
All other loans and leases	476,854	518,890	535,591	539,450	566,369	529,278	566,369
Less: Unearned income	3,401	2,870	3,208	2,975	2,133	3,019	2,133

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3
Number of institutions reporting	3,524	3,331	3,551	3,631	380	401	86	87
Total employees (FTEs)	67,643	62,872	298,371	303,657	234,720	242,588	1,255,667	1,304,180
Selected income data (\$)								
Net income	\$490	\$443	\$3,351	\$3,435	\$3,523	\$3,429	\$22,439	\$25,161
Net interest income	1,814	1,714	9,644	10,061	8,990	9,624	48,110	51,201
Provision for loan losses	89	89	541	494	599	720	6,938	5,306
Noninterest income	466	459	3,352	3,243	4,914	5,204	45,017	47,659
Noninterest expense	1,564	1,531	7,953	8,202	8,039	8,779	52,436	55,790
Net operating income	494	446	3,325	3,441	3,504	3,441	22,476	25,338
Cash dividends declared	239	223	1,440	1,447	2,706	2,303	14,773	12,771
Net charge-offs	48	46	329	277	472	433	6,855	5,423
Selected condition data (\$)								
Total assets	184,294	173,854	982,391	1,031,919	1,022,836	1,095,324	6,714,336	7,464,335
Total loans and leases	115,988	109,798	671,336	718,807	669,635	730,190	3,809,147	4,176,614
Reserve for losses	1,647	1,510	8,788	9,131	8,631	9,352	51,909	49,276
Securities	43,874	40,216	200,928	202,102	222,731	212,220	1,115,652	1,178,379
Other real estate owned	239	221	999	1,052	436	523	1,653	2,453
Noncurrent loans and leases	1,067	1,029	4,506	4,931	4,037	4,400	30,041	31,959
Total deposits	152,306	142,648	796,088	836,911	719,724	777,344	4,248,951	4,669,579
Domestic deposits	152,292	142,634	794,363	835,404	709,968	767,389	3,357,694	3,577,495
Equity capital	22,022	22,160	99,384	106,181	109,445	126,216	668,555	757,510
Off-balance-sheet derivatives	124	270	9,467	12,162	73,609	87,623	99,470,473	126,992,472
Performance ratios (annualized %)								
Return on equity	8.97	8.15	13.66	13.26	12.95	11.09	13.45	13.51
Return on assets	1.08	1.03	1.38	1.35	1.40	1.26	1.35	1.36
Net interest income to assets	3.99	3.99	3.98	3.95	3.57	3.53	2.89	2.77
Loss provision to assets	0.20	0.21	0.22	0.19	0.24	0.26	0.42	0.29
Net operating income to assets	1.09	1.04	1.37	1.35	1.39	1.26	1.35	1.37
Noninterest income to assets	1.02	1.07	1.38	1.27	1.95	1.91	2.70	2.58
Noninterest expense to assets	3.44	3.57	3.28	3.22	3.19	3.22	3.15	3.02
Loss provision to loans and leases	0.31	0.33	0.33	0.28	0.36	0.40	0.74	0.51
Net charge-offs to loans and leases	0.17	0.17	0.20	0.16	0.29	0.24	0.73	0.52
Loss provision to net charge-offs	185.30	195.44	164.16	178.19	127.10	166.11	101.22	97.85
Performance ratios (%)								
Percent of institutions unprofitable	9.73	12.40	2.22	2.59	2.63	2.00	2.33	0.00
Percent of institutions with earnings gains	54.43	50.89	68.46	61.31	73.95	65.59	69.77	65.52
Nonint. income to net operating revenue	20.45	21.12	25.79	24.38	35.34	35.10	48.34	48.21
Nonint. expense to net operating revenue	68.58	70.48	61.20	61.65	57.82	59.21	56.31	56.43
Condition ratios (%)								
Nonperforming assets to assets	0.71	0.72	0.56	0.58	0.44	0.45	0.48	0.46
Noncurrent loans to loans	0.92	0.94	0.67	0.69	0.60	0.60	0.79	0.77
Loss reserve to noncurrent loans	154.38	146.72	195.04	185.18	213.79	212.55	172.79	154.19
Loss reserve to loans	1.42	1.37	1.31	1.27	1.29	1.28	1.36	1.18
Equity capital to assets	11.95	12.75	10.12	10.29	10.70	11.52	9.96	10.15
Leverage ratio	11.94	12.81	9.67	9.80	9.37	9.86	7.34	7.43
Risk-based capital ratio	18.46	19.50	14.02	13.94	13.37	13.78	11.88	12.07
Net loans and leases to assets	62.04	62.29	67.44	68.77	64.62	65.81	55.96	55.29
Securities to assets	23.81	23.13	20.45	19.59	21.78	19.38	16.62	15.79
Appreciation in securities (% of par)	-0.76	-1.10	-0.55	-0.92	-0.76	-1.10	-0.55	-0.27
Residential mortgage assets to assets	19.77	19.02	20.56	20.06	23.76	20.69	24.23	23.52
Total deposits to assets	82.64	82.05	81.04	81.10	70.37	70.97	63.28	62.56
Core deposits to assets	69.12	66.96	65.38	63.50	54.96	54.10	42.03	39.31
Volatile liabilities to assets	16.06	17.35	20.19	21.85	27.99	28.19	36.35	39.09

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3
Percent of loans past due 30-89 days								
Total loans and leases	1.25	1.33	0.84	0.90	0.71	0.74	0.83	0.87
Loans secured by real estate (RE)	1.17	1.30	0.73	0.83	0.53	0.60	0.74	0.81
1- to 4-family residential mortgages	1.69	1.83	1.12	1.20	0.71	0.87	0.99	1.08
Home equity loans	0.56	0.86	0.42	0.58	0.39	0.55	0.44	0.61
Multifamily residential mortgages	0.60	0.98	0.53	0.60	0.29	0.61	0.41	0.40
Commercial RE loans	0.99	1.03	0.58	0.65	0.47	0.46	0.47	0.40
Construction RE loans	0.92	1.26	0.62	0.84	0.55	0.58	0.56	0.70
Commercial and industrial loans	1.37	1.43	1.01	1.03	1.04	0.87	0.49	0.46
Loans to individuals	2.40	2.41	1.86	1.72	1.41	1.63	1.76	1.86
Credit cards	1.99	2.10	3.84	2.84	1.45	1.67	2.23	2.25
Installment loans and other plans	2.45	2.46	1.72	1.67	1.46	1.69	1.52	1.74
All other loans and leases	0.60	0.61	0.50	0.53	0.46	0.57	0.33	0.40
Percent of loans noncurrent								
Total loans and leases	0.92	0.94	0.67	0.69	0.60	0.60	0.79	0.77
Loans secured by real estate (RE)	0.81	0.88	0.60	0.64	0.53	0.57	0.70	0.75
1- to 4-family residential mortgages	0.93	0.96	0.69	0.71	0.67	0.68	0.97	1.04
Home equity loans	0.23	0.24	0.22	0.27	0.21	0.31	0.21	0.32
Multifamily residential mortgages	0.74	0.81	0.41	0.47	0.20	0.45	0.39	0.39
Commercial RE loans	0.86	0.97	0.65	0.67	0.62	0.58	0.60	0.54
Construction RE loans	0.46	0.82	0.43	0.60	0.37	0.53	0.38	0.46
Commercial and industrial loans	1.48	1.37	1.04	0.97	0.93	0.81	0.84	0.66
Loans to individuals	0.90	0.90	0.73	0.65	0.51	0.58	1.30	1.32
Credit cards	1.28	0.87	2.16	2.08	1.12	1.23	1.89	1.97
Installment loans and other plans	0.91	0.92	0.60	0.53	0.34	0.36	0.90	0.91
All other loans and leases	0.79	0.71	0.56	0.51	0.53	0.33	0.26	0.19
Percent of loans charged-off, net								
Total loans and leases	0.17	0.17	0.20	0.16	0.29	0.24	0.73	0.52
Loans secured by real estate (RE)	0.04	0.06	0.05	0.05	0.08	0.06	0.06	0.08
1- to 4-family residential mortgages	0.05	0.08	0.08	0.06	0.07	0.07	0.06	0.09
Home equity loans	0.04	0.09	0.05	0.05	0.10	0.13	0.10	0.16
Multifamily residential mortgages	0.05	0.04	0.05	0.04	0.06	0.08	0.07	-0.03
Commercial RE loans	0.05	0.07	0.05	0.05	0.10	0.05	0.04	0.03
Construction RE loans	0.03	0.08	0.04	0.04	0.04	0.04	0.02	0.04
Commercial and industrial loans	0.37	0.41	0.39	0.33	0.53	0.43	0.12	0.23
Loans to individuals	0.73	0.59	1.29	0.99	1.24	1.26	3.35	2.41
Credit cards	2.34	1.52	6.02	5.18	2.69	2.54	4.53	3.97
Installment loans and other plans	0.70	0.57	0.81	0.59	0.77	0.79	2.37	1.21
All other loans and leases	0.11	0.12	0.25	0.22	0.42	0.30	0.39	0.11
Loans outstanding (\$)								
Total loans and leases	\$115,988	\$109,798	\$671,336	\$718,807	\$669,635	\$730,190	\$3,809,147	\$4,176,614
Loans secured by real estate (RE)	72,961	69,723	492,946	534,302	453,113	499,924	1,901,883	2,103,133
1- to 4-family residential mortgages	27,595	25,518	137,115	143,582	127,616	122,774	912,930	996,772
Home equity loans	2,502	2,276	26,402	25,703	35,166	32,197	372,904	387,412
Multifamily residential mortgages	1,617	1,513	17,608	18,423	26,192	27,657	50,947	51,496
Commercial RE loans	22,548	21,198	195,824	207,173	169,730	185,335	334,073	372,775
Construction RE loans	8,733	9,571	94,259	115,504	85,851	121,071	175,416	229,537
Farmland loans	9,966	9,647	21,709	23,891	7,600	9,104	7,980	8,644
RE loans from foreign offices	0	0	29	26	958	1,787	47,634	56,497
Commercial and industrial loans	18,274	17,026	102,085	107,194	123,458	133,465	743,732	859,523
Loans to individuals	11,030	9,547	45,520	44,159	62,005	63,973	712,839	729,206
Credit cards	190	154	4,230	3,950	14,524	17,505	319,994	316,611
Other revolving credit plans	206	170	1,501	1,553	2,317	2,212	36,229	40,905
Installment loans	10,634	9,223	39,789	38,655	45,164	44,255	356,616	371,690
All other loans and leases	13,790	13,562	31,383	33,722	31,642	33,466	452,463	485,618
Less: Unearned income	66	61	599	570	584	637	1,770	865

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

Off-balance-sheet items, FDIC-insured commercial banks Annual 2002–2005, year-to-date through September 30, 2006, third quarter 2005, and third quarter 2006 (Dollar figures in millions)

	2002	2003	2004	2005	Preliminary 2006YTD	2005Q3	Preliminary 2006Q3
Number of institutions reporting	7,888	7,770	7,631	7,526	7,450	7,541	7,450
Unused commitments	\$5,312,641	\$5,395,215	\$5,813,673	\$6,177,765	\$6,745,790	\$6,004,658	\$6,745,790
Home equity lines	248,045	314,129	393,506	473,810	522,588	457,924	522,588
Credit card lines	3,352,608	3,386,476	3,526,159	3,525,070	3,830,454	3,442,409	3,830,454
Commercial RE, construction and land	164,663	187,857	249,379	323,255	348,371	306,127	348,371
All other unused commitments	1,547,325	1,506,754	1,644,629	1,855,630	2,044,378	1,798,198	2,044,378
Letters of Credit:							
Standby letters of credit	269,193	288,613	337,708	367,339	412,341	352,435	412,341
Financial letters of credit	227,448	242,217	288,630	313,044	353,488	300,104	353,488
Performance letters of credit	41,744	46,395	49,077	54,295	58,852	52,331	58,852
Commercial letters of credit	22,607	24,236	28,369	28,243	29,726	29,622	29,726
Securities lent	582,326	851,980	1,165,311	1,368,100	1,704,621	1,353,805	1,704,621
Spot foreign exchange contracts	195,883	273,038	418,835	430,912	916,874	800,481	916,874
Credit derivatives (notional value)							
Reporting bank is the guarantor	291,346	471,459	1,127,101	2,681,083	3,953,632	2,369,469	3,953,632
Reporting bank is the beneficiary	350,169	529,198	1,219,593	3,140,937	3,950,399	2,724,212	3,950,399
Derivative contracts (notional value)	56,208,857	71,098,970	87,867,718	101,437,049	126,175,652	98,753,192	126,175,652
Futures and forward contracts	11,376,170	11,400,204	11,364,572	12,055,589	14,482,300	11,926,969	14,482,300
Interest rate contracts	7,380,246	7,212,780	6,520,258	7,059,609	8,392,713	6,999,076	8,392,713
Foreign exchange contracts	3,865,759	4,078,891	4,716,750	4,828,106	5,766,085	4,746,726	5,766,085
All other futures and forwards	130,165	108,532	127,564	167,874	323,502	181,167	323,502
Option contracts	11,574,288	14,613,199	17,749,827	18,855,916	26,245,895	19,621,987	26,245,895
Interest rate contracts	9,897,725	12,542,023	14,950,427	15,160,373	20,097,660	16,148,031	20,097,660
Foreign exchange contracts	910,932	1,299,696	1,734,365	2,359,620	3,213,671	2,075,213	3,213,671
All other options	765,631	771,480	1,065,036	1,335,923	2,934,563	1,398,743	2,934,563
Swaps	32,616,884	44,084,911	56,406,624	64,703,524	77,543,426	62,110,555	77,543,426
Interest rate contracts	31,195,203	42,107,453	54,048,037	62,299,388	74,694,495	59,736,600	74,694,495
Foreign exchange contracts	1,303,654	1,805,416	2,155,470	2,100,655	2,330,177	2,101,970	2,330,177
All other swaps	118,026	172,041	203,117	303,481	518,754	271,985	518,754
Memoranda: Derivatives by purpose							
Contracts held for trading	53,460,317	67,730,113	82,911,846	93,008,371	115,273,950	91,106,563	115,273,950
Contracts not held for trading	2,107,025	2,368,200	2,609,178	2,606,658	2,997,671	2,552,948	2,997,671
Memoranda: Derivatives by position							
Held for trading—positive fair value	1,134,845	1,147,402	1,308,177	1,209,342	1,137,266	1,335,271	1,137,266
Held for trading—negative fair value	1,118,099	1,127,517	1,283,865	1,193,538	1,122,024	1,314,266	1,122,024
Not for trading—positive fair value	36,321	25,877	20,151	14,687	11,692	15,005	11,692
Not for trading—negative fair value	25,755	22,771	18,371	14,678	11,043	14,833	11,043

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3	2005Q3	2006Q3
Number of institutions reporting	3,524	3,331	3,551	3,631	380	401	86	87
Unused commitments	\$71,990	\$38,774	\$298,253	\$334,767	\$906,105	\$1,024,627	\$4,728,310	\$5,347,623
Home equity lines	1,795	1,794	22,309	24,069	34,520	35,342	399,300	461,382
Credit card lines	54,351	21,486	128,997	180,706	683,746	763,579	2,575,315	2,864,682
Commercial RE, construction and land	5,072	4,989	53,149	56,168	63,716	75,733	184,190	211,481
All other unused commitments	10,772	10,505	93,798	73,823	124,124	149,972	1,569,505	1,810,077
Letters of Credit:								
Standby letters of credit	502	470	7,088	7,416	18,355	17,792	326,490	386,663
Financial letters of credit	324	298	4,337	4,507	14,105	12,921	281,338	335,763
Performance letters of credit	178	172	2,751	2,909	4,250	4,871	45,152	50,900
Commercial letters of credit	89	95	682	758	1,854	2,079	26,997	26,795
Securities lent	24	15	571	477	4,094	5,178	1,349,116	1,698,951
Spot foreign exchange contracts	0	0	10	41	264	462	800,207	916,371
Credit derivatives (notional value)								
Reporting bank is the guarantor	0	0	3	5	130	231	2,369,335	3,953,396
Reporting bank is the beneficiary	0	0	41	1	3,497	64	2,720,674	3,950,333
Derivative contracts (notional value)	124	270	9,457	12,120	73,346	87,161	98,670,265	126,076,101
Futures and forward contracts	29	157	2,052	2,035	12,873	10,544	11,912,016	14,469,564
Interest rate contracts	20	25	2,033	1,999	7,034	7,976	6,989,990	8,382,714
Foreign exchange contracts	9	132	10	29	2,591	2,435	4,744,116	5,763,489
All other futures and forwards	0	0	9	7	3,248	134	177,910	323,362
Option contracts	65	81	3,728	5,421	14,483	12,658	19,603,711	26,227,735
Interest rate contracts	42	60	3,537	5,272	11,861	10,372	16,132,591	20,081,957
Foreign exchange contracts	0	0	1	0	1,148	1,198	2,074,063	3,212,473
All other options	23	21	191	149	1,474	1,088	1,397,056	2,933,305
Swaps	30	32	3,634	4,659	42,363	63,663	62,064,529	77,475,072
Interest rate contracts	20	25	3,548	4,584	41,972	62,715	59,691,059	74,627,171
Foreign exchange contracts	0	0	0	3	299	688	2,101,671	2,329,487
All other swaps	10	7	85	72	91	261	271,799	518,414
Memoranda: Derivatives by purpose								
Contracts held for trading	3	11	177	146	14,285	37,169	91,092,098	115,236,625
Contracts not held for trading	121	259	9,236	11,968	55,433	49,697	2,488,158	2,935,747
Memoranda: Derivatives by position								
Held for trading—positive fair value	0	0	3	5	258	789	1,335,010	1,136,471
Held for trading—negative fair value	0	0	3	3	238	768	1,314,025	1,121,252
Not for trading—positive fair value	3	5	49	68	256	277	14,696	11,342
Not for trading—negative fair value	2	3	70	76	460	452	14,301	10,513

Glossary

Data Sources

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

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

Computation Methodology

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

Definitions

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

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

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

IBIS—the OCC's Integrated Banking Information System.

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

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

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

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

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

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

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

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

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

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

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

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

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

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

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