



25th Anniversary

CONDITION AND PERFORMANCE
OF COMMERCIAL BANKS

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

Source: Integrated Banking Information System (OCC)

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

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

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

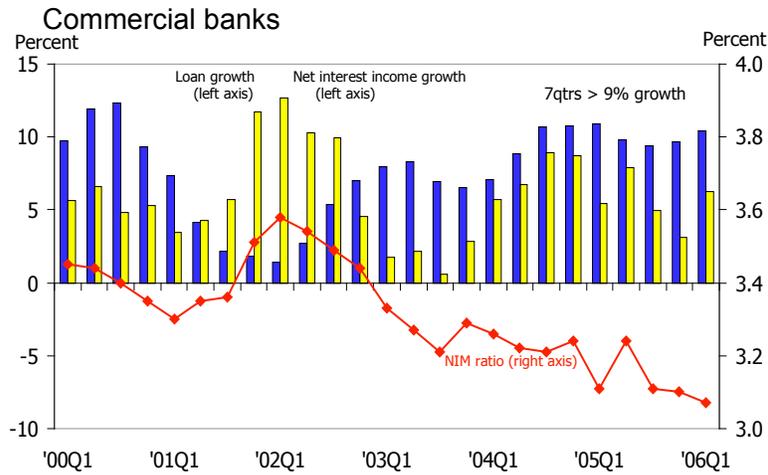
A different picture of income growth emerges if results from the five largest banks are excluded. In this case, as Table 1 shows, net income for the quarter grew only 3.4 percent, rather than 9.1 percent. Further, excluding the five largest banks, net interest income leads the gains, with noninterest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

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

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

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

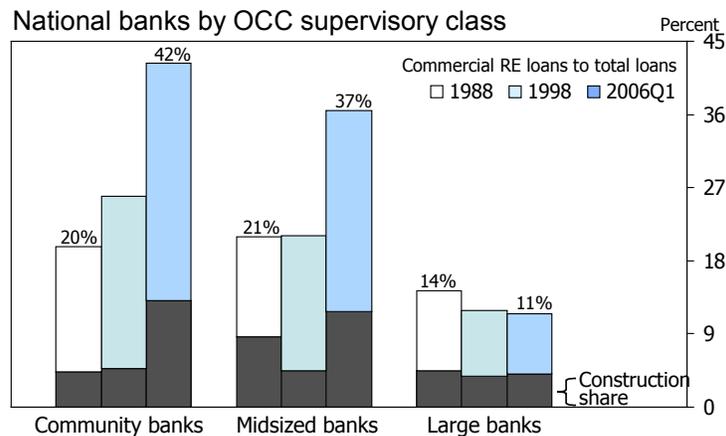


Source: Integrated Banking Information System (OCC)

Growth calculated from the year-ago quarter.

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

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



Source: Integrated Banking Information System (OCC)

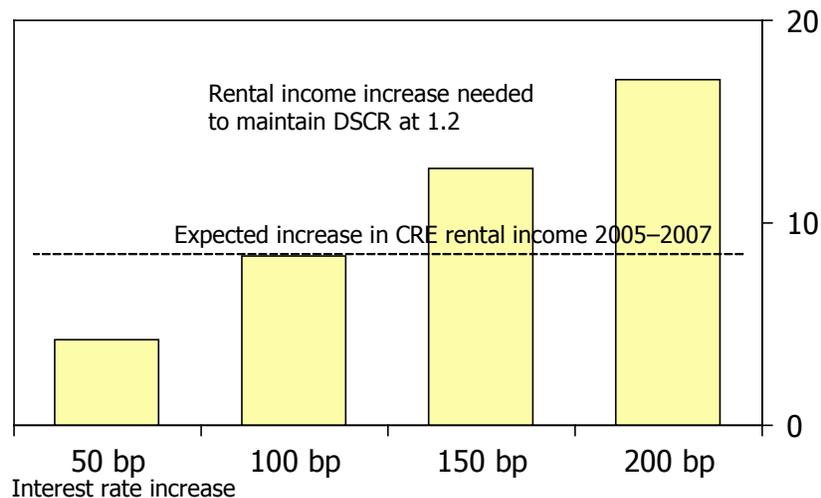
1988 banks defined using asset size groups (under \$1 billion, \$1-\$10 billion, and over \$10 billion). Commercial real estate includes nonresidential, multifamily, and construction loans.

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

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

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



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

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

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

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

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

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

(Dollar figures in millions)

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

Glossary

Data Sources

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

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

Computation Methodology

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

Definitions

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

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

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

IBIS—the OCC's Integrated Banking Information System.

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

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

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

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

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

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

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

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

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

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

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

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

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

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

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