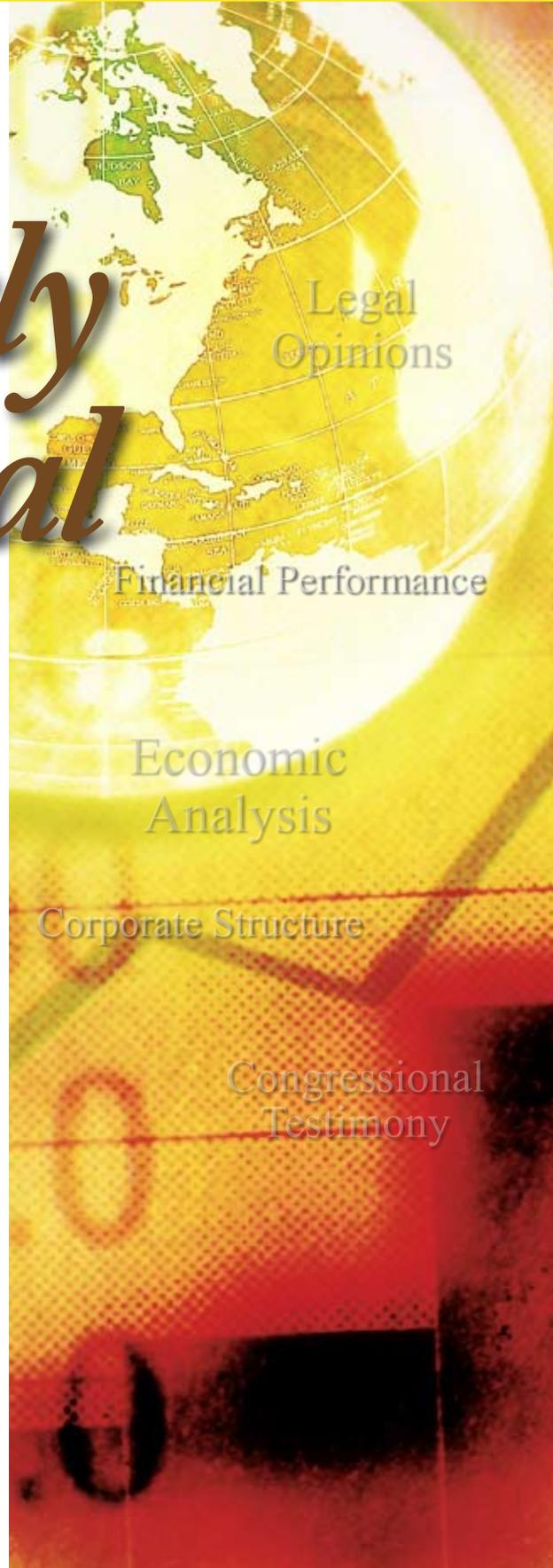




Comptroller of the Currency  
Administrator of National Banks  
US Department of the Treasury

# *Quarterly Journal*

March 2007



Volume 26, Number 1

# Quarterly Journal



Office of the Comptroller of the Currency  
Administrator of National Banks

John C. Dugan  
*Comptroller of the Currency*

Volume 26, Number 1

March 2007  
(Fourth quarter data)

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1069, 8/21/2006, Letter concludes that a national bank and its operating subsidiaries are authorized, pursuant to 12 USC 24(7), 12 USC 371, and 12 CFR 7.4002, to charge expedited service fees for loan payoff information. ( <a href="http://www.occ.gov/interp/oct06/int1069.pdf">www.occ.gov/interp/oct06/int1069.pdf</a> )	

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

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

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

*November [[Interpretations and Actions](#)]*

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

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

*December [[Interpretations and Actions](#)]*

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

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

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# About the OCC

# About the Office of the Comptroller of the Currency

March 2007

Comptroller \_\_\_\_\_ John C. Dugan

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## Background

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

The OCC regulates national banks by its power to:

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

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

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

## ABOUT THE OCC



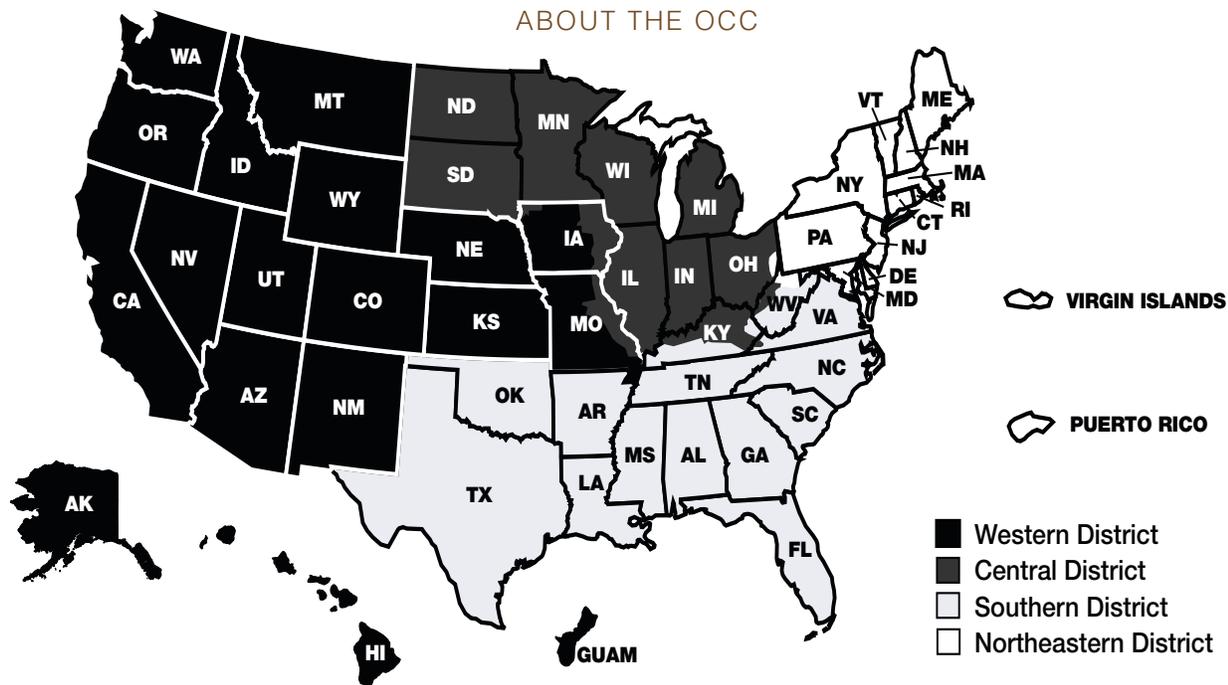
### **The Comptroller**

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

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

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

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(713) 336-4350

### Customer Assistance Group

1301 McKinney Street, Suite 3450  
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March 2007

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(revised July 2005)

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

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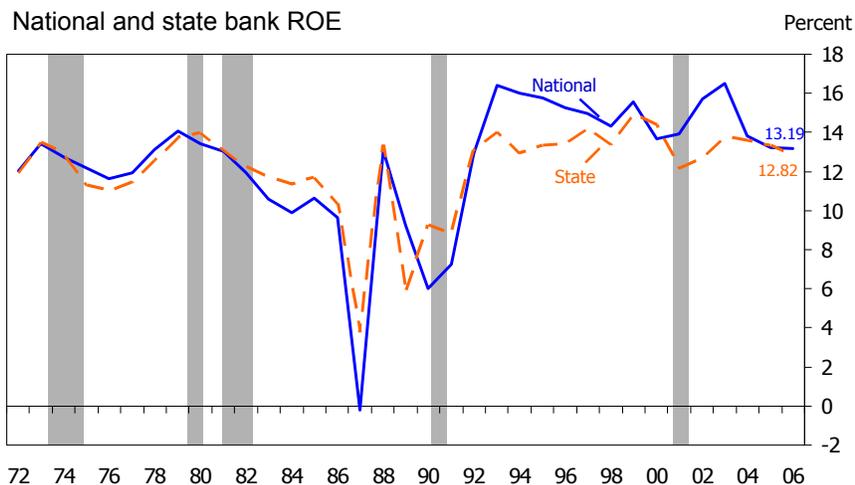
Condition  
and Performance  
of Commercial  
Banks

# Condition and Performance of Commercial Banks

## Fourth quarter 2006

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

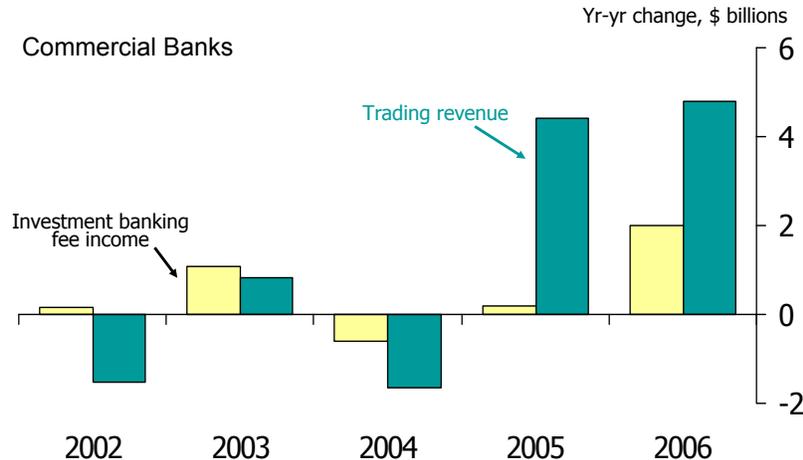
Figure 1—National bank profitability held steady in 2006



Source: Integrated Banking Information System (OCC)

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

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



Source: Integrated Banking Information System (OCC)

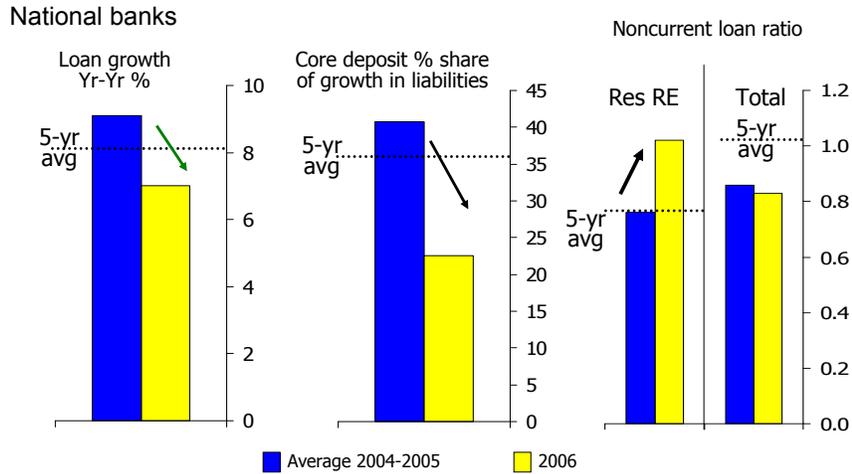
Return on equity (ROE) held steady at both national and state-chartered banks in 2006. ROE for national banks was 13.2 percent for the year, compared with 12.8 percent at state banks. After adjusting for the effects of recent mergers, however, ROE at national banks rose from 13.2 percent in 2005 to 13.8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

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

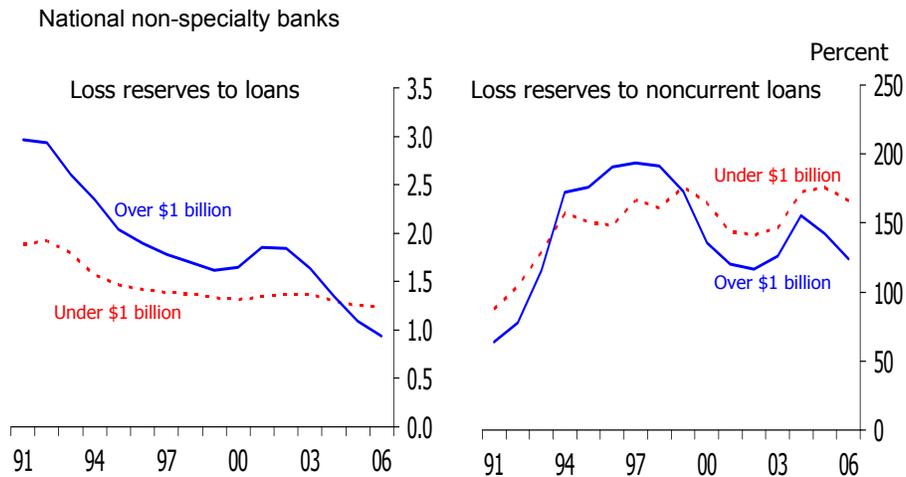
**Figure 3—Slower loan growth and rising funding costs may encourage increased risk taking**



Source: Integrated Banking Information System (OCC)

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

**Figure 4—Additional provisioning is likely this year**



Source: Integrated Banking Information System (OCC)

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

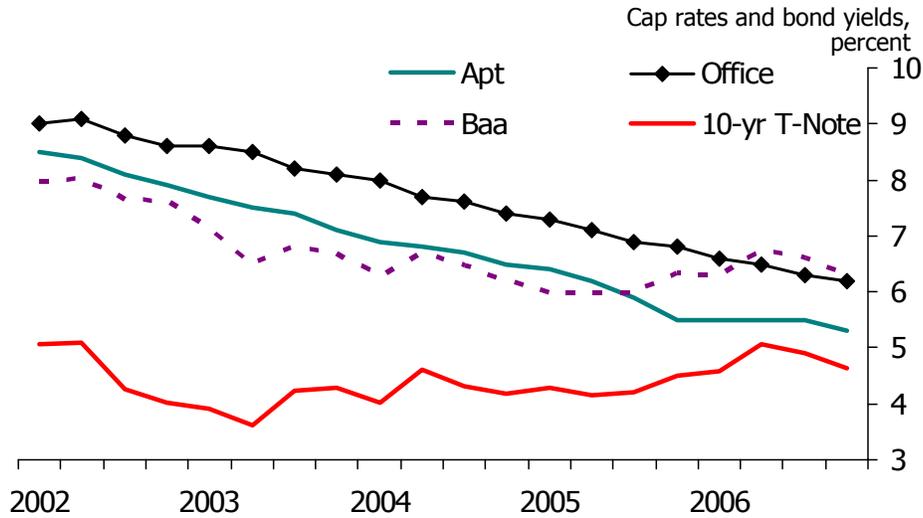
Recent trends in loan growth and credit quality have combined to push down the ratio of loss reserves to loans, illustrated in Figure 4. As the economy emerged from the recession of 2001, loan growth picked up. At the same time, noncurrent ratios remained healthy, allowing banks to cut provisions. Both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

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

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

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

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



Sources: Real Capital Analytics; Haver Analytics

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

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

## Glossary

### Data Sources

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

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

### Computation Methodology

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

### Definitions

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

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

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

**IBIS**—the OCC's Integrated Banking Information System.

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

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

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

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

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

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

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

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

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

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

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

## CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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

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

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

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

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

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

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

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

# Recent Licensing Decisions

# Recent Licensing Decisions

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## **Cases Published during October, November, and December 2006**

### **Business Combination**

On December 27, 2006, the OCC conditionally approved an application to merge Computershare Company of New York, New York, New York (CTC-NY) and Computershare Trust Company, Inc., Golden Colorado (CTC-CO), into Computershare Trust Company, N.A., Canton, Massachusetts (CTC-NA). CTC-NY and CTC-CO are both state-chartered institutions. The applications indicate that CTC-NA will not retain the New York office and plans to convert CTC-CO to a limited liability state trust company under state law immediately prior to the merger into CTC-NA. Since CTC-CO is converting into a limited liability trust company, a question arises as to whether it would be considered a “state bank” under the 12 USC 215a and 215b(1). After careful review, OCC determined that CTC-CO is a “state bank” for purposes those sections and approved the merger subject to CTC-NA executing a modified Operating Agreement and a Capital Assurance and Liquidity Agreement. [Conditional Approval No. 776]

### **Charter Conversion**

On December 6, 2006, the OCC conditionally approved an application to convert California Savings Bank, San Francisco, California, to a national bank, retain all its branches and rename the bank Pacific National Bank. The conditional approval allows the bank to retain its investment in General Motors Acceptance Corp and Ford Motor Credit Corporation provided that the investment is terminated within two years, unless within the period the OCC determines that the investment is permissible. Also, because upon conversion, the bank’s total community development/public welfare investment will exceed the limits provided under national banking regulations, the bank must submit a request to the OCC to retain the investment. [Conditional Approval No. 774]

### **Operating Subsidiary**

On November 30, 2006, the OCC conditionally approved an application filed by National Bank of California, Los Angeles, California, to establish a wholly owned subsidiary, NBOC Processing Services, Inc., which in turn will own 51 percent of NBOC Merchant Services, LLC (LLC). LLC would engage in the business of acquiring merchant credit card account relationships through

## RECENT LICENSING DECISIONS

an arrangement with an unaffiliated bank and an unaffiliated intermediary company. LLC, as a finder, will also facilitate the sale of ancillary products and services to its merchant customers that will be provided by third parties. OCC concluded that that the proposed activities are part of, or incidental to, the business of banking and approved the activity subject to certain reporting and monitoring requirements as well as required notices in the event the bank deviates from the planned activities. [Conditional Approval No. 773]

### **Historic Preservation**

On October 25, 2006 the OCC conditionally approved an application by Bank of America, N.A., Charlotte, North Carolina, to establish a branch at 1439 E. 53rd Street, Chicago, Illinois. The branch will be located within the Hyde Park–Kenwood Historic District, which is listed on the National Register of Historic Places. The OCC and the Illinois Historic Preservation agreed that the proposed work would have no adverse effect on the historic district provided certain conditions are met. [Conditional Approval No. 768]

# Special Supervision and Enforcement Activities

# Special Supervision and Enforcement Activities

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## **Special Supervision**

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

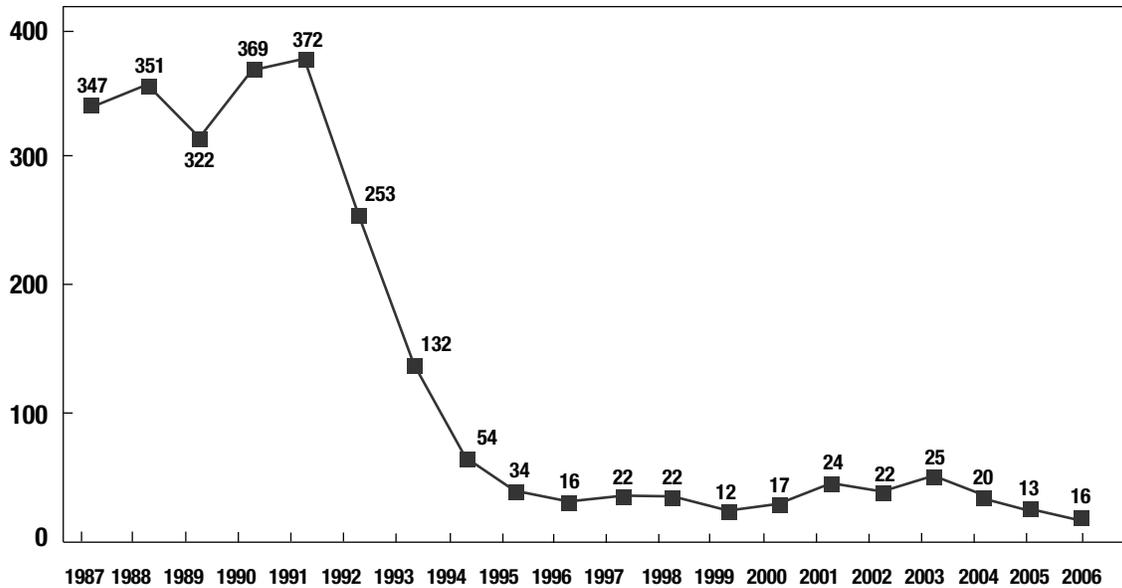
This section includes information on problem national banks, national bank failures, and enforcement actions. Data on problem banks and bank failures is provided by OCC's Special Supervision Division and the FDIC's Department of Resolutions in Washington. Information on enforcement actions is provided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

## **Problem National Banks and National Bank Failures**

Problem banks represented less than 1 percent of the national bank population as of December 31, 2006. The number of problem banks, those with a CAMELS rating of 4 or 5, has declined in recent years. The CAMELS rating is the composite bank rating based on examiner assessment of capital, asset quality, management, earnings, liquidity, and sensitivity to market risk. The total number of problem banks was 16 at December 31, 2006. This low volume of problem banks reflects the stable economy and generally favorable economic conditions of the past several years. No banks failed in 2006.

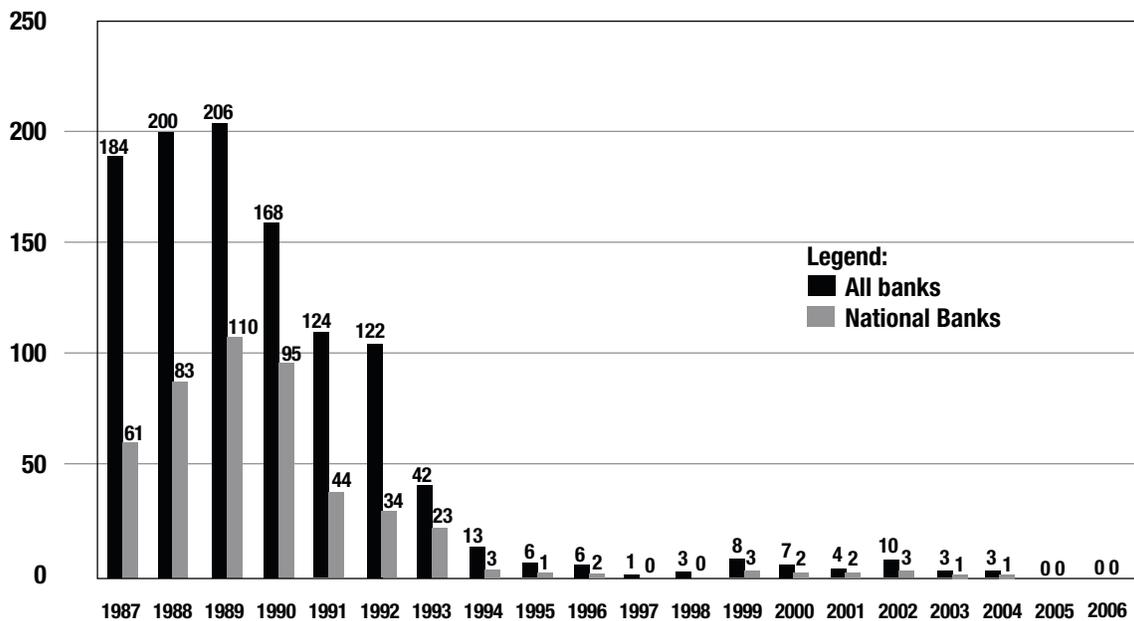
## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

**Figure 1—Problem national bank historical trend line**



Source: Special Supervision

**Figure 2—Number of bank failures**



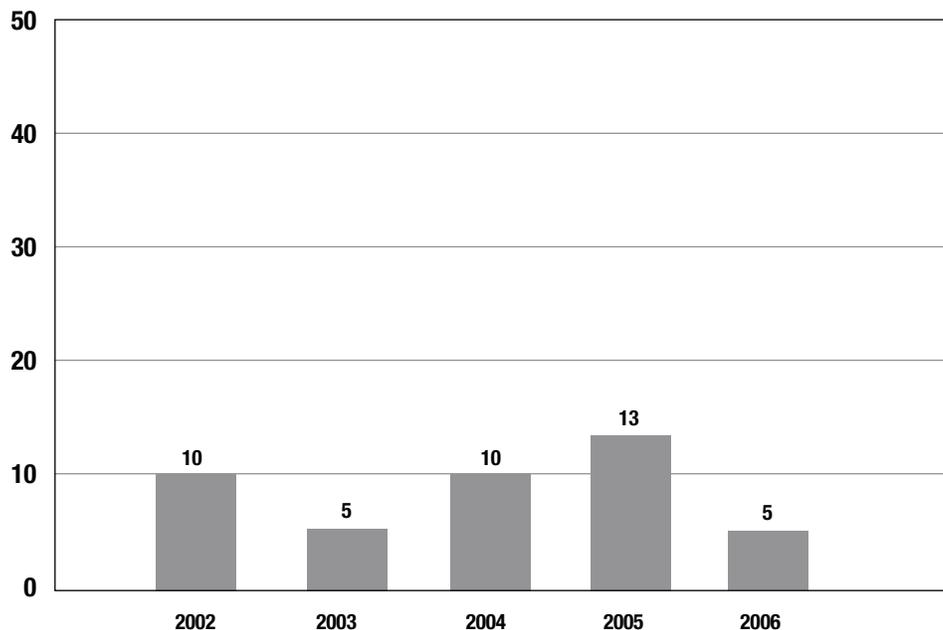
Source: Federal Deposit Insurance Corporation

## Enforcement Actions

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

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

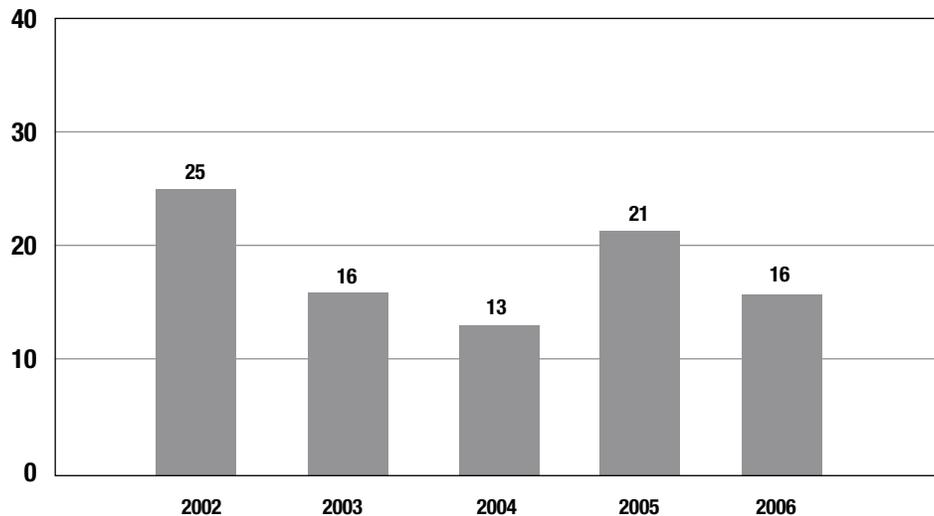
**Figure 3—Commitment letters**



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

## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

**Figure 4—Memorandums of understanding**

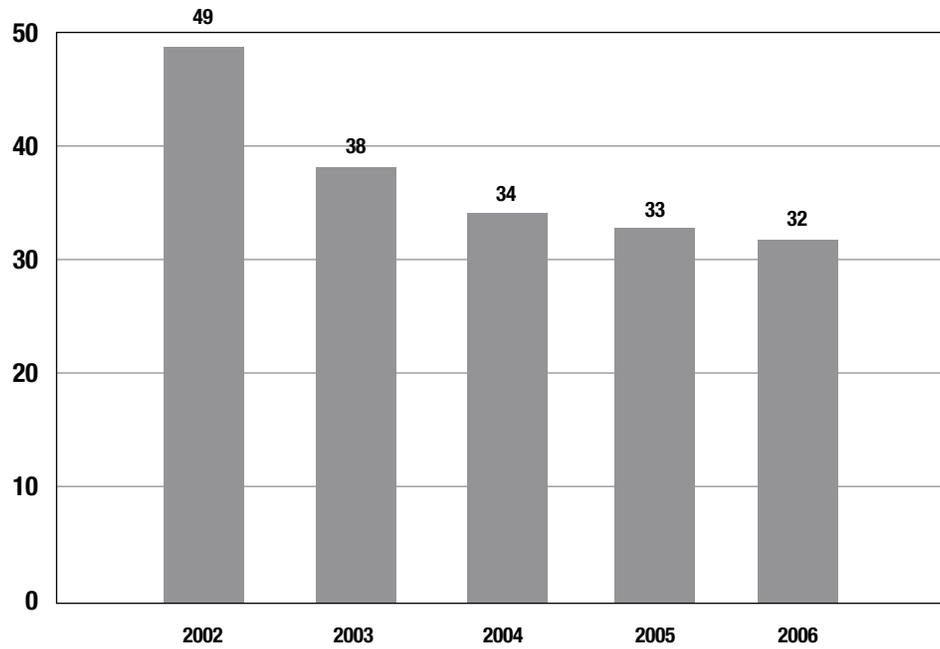


Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

The most common types of formal enforcement actions issued by the OCC against banks over the past several years have been formal agreements and cease and desist orders. Formal agreements are documents signed by a national bank's board of directors and the OCC in which specific corrective and remedial measures are enumerated as necessary to return the bank to a safe and sound condition. Cease and desist orders (C&Ds), sometimes issued as consent orders, are similar in content to formal agreements, and both may be enforced through assessment of civil money penalties (CMPs). C&Ds may also be enforced by an action for injunctive relief in federal district court. The OCC may also assess CMPs against banks. During 2006, the OCC assessed CMPs against 12 banks.

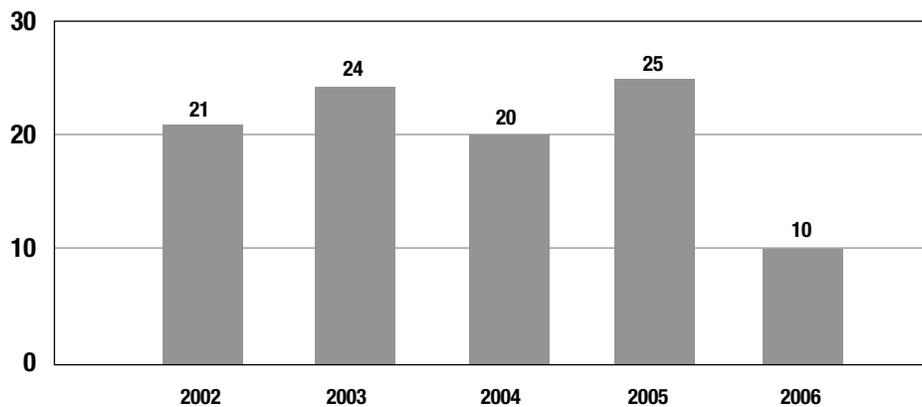
## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

**Figure 5—Formal agreements**



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

**Figure 6—Cease and desist orders against banks**

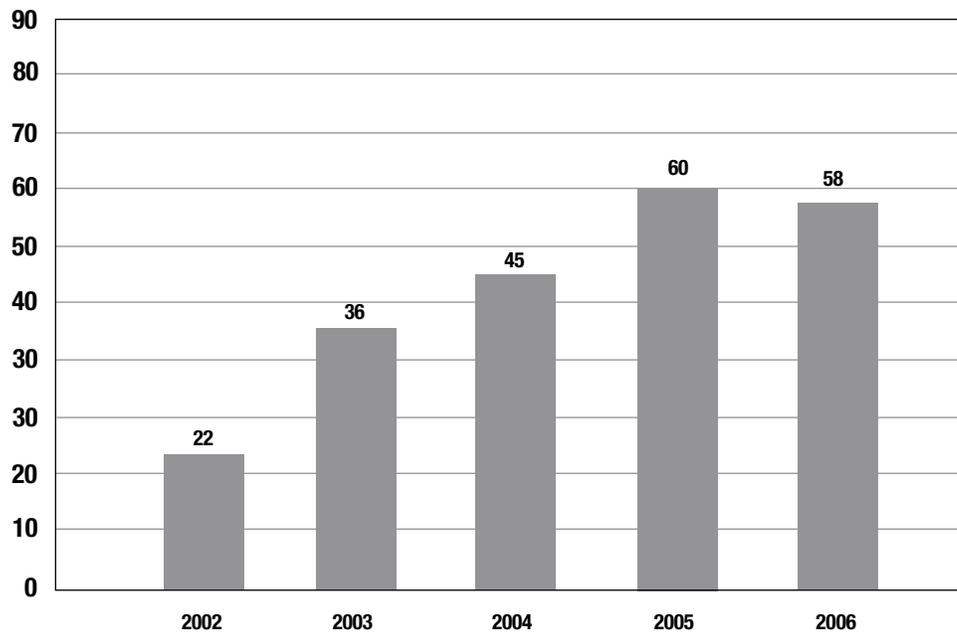


Source: OCC Systems. Note that totals for previous years' completed enforcement actions may be adjusted to reflect revised aggregates.

## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

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

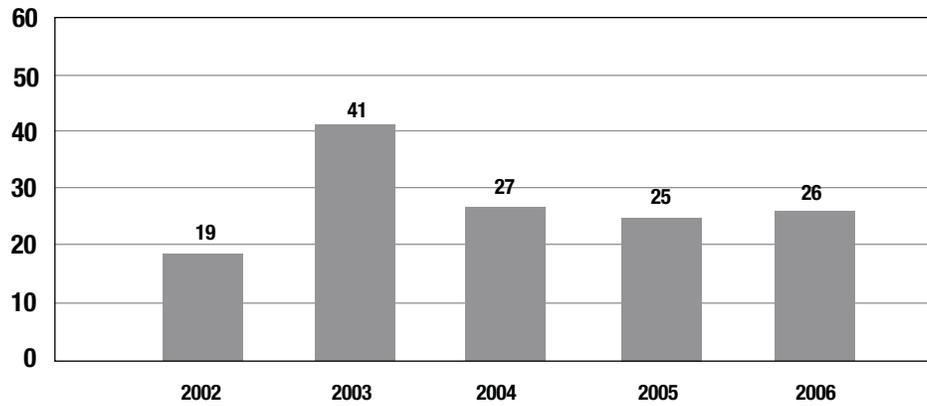
**Figure 7—Civil money penalties against institution-affiliated parties**



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

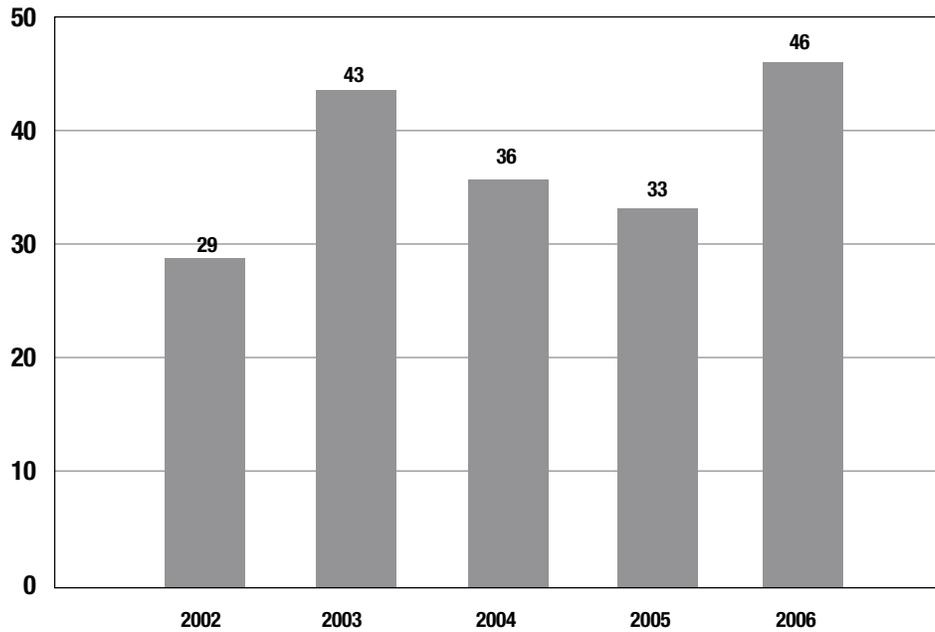
## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

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



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

**Figure 9—Removal and prohibition orders**



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

## Recent Enforcement Cases

Below are summaries of the significant cases completed between January 1 and December 31, 2006:

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

Banks ordered to comply with BSA/AML provisions. The OCC issued cease and desist orders by consent against banks for failing to maintain adequate BSA/AML compliance programs, requiring the banks to take remedial action. In the Matter of The Summit National Bank, Atlanta, Ga., Doc. No. 2006-2 (January 19, 2006); In the Matter of PineBank, N.A., Miami, Fla., Doc. No. 2006-1 (January 25, 2006), terminated, Doc. No. 2006-133 (September 28, 2006); In the Matter of First-Merit Bank, N.A., Akron, Ohio, Doc. No. 2006-134 (November 20, 2006).

*Federal branch ordered to restrict activities.* The federal branch of a foreign bank was found to have internal controls weaknesses. The branch consented to an order requiring it, among other things, to restrict its wire transfer and demand draft activities until such time as it implemented an adequate BSA/AML program. *In the Matter of Bangkok Bank Public Co. Ltd., New York, N.Y. (federal branch)*, Doc. No. 2006-29 (April 20, 2006).

*Federal branch ordered to pay penalty.* A federal branch of a foreign bank was found to have failed to implement policies and procedures to ensure compliance with BSA requirements, resulting in inadequate BSA systems and controls, and to have failed to file timely suspicious activity reports. The branch consented to an order requiring payment of a \$150,000 civil money penalty. *In the Matter of Metropolitan Bank and Trust Co., New York, N.Y. (federal branch)*, Doc. No. 2006-19 (March 24, 2006).

*Federal branch ordered to correct deficiencies.* The OCC issued a cease and desist order by consent against a federal branch for deficiencies in its BSA/AML program, including inadequate internal controls over its wire pouch activities and demand deposits and lack of independent testing. The branch had previously been subject to formal enforcement action for BSA/AML deficiencies. *In the Matter of Doha Bank, New York, N.Y. (federal branch)*, Doc. No. 2006-107 (September 19, 2006).

*Order issued against bank, and bank officer prohibited and ordered to pay fine.* The OCC issued a cease and desist order by consent against a bank for an inadequate BSA/AML program and for failing on multiple occasions to file suspicious activity reports. In addition, the bank's former president/CEO consented to the OCC's issuance of prohibition and cease and desist orders and assessment of a \$100,000 civil money penalty for allegedly issuing and concealing millions of dollars' worth of unsafe or unsound loan guarantees to an entity engaged in suspicious activities. The cease and desist order required the former president/CEO, among other things, to make restitution of \$407,000 to the bank, reimburse the bank \$100,000 for expenses, and to indemnify the bank for half of any judgments against the bank related to the worthless guarantees. The two orders

## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

replaced an earlier order by consent that required the bank to preserve its books and records and to observe restrictions on making loans and allowing overdrafts on customer accounts. Further actions are proceeding. *In the Matter of Terrabank N.A., Miami, Fla.*, Doc. No. 2006-41 (May 9, 2006); *In the Matter of Uriel Mendieta*, Doc. No. 2006-45 (May 25, 2006).

*Order issued against bank, and bank officers fined.* The OCC issued a cease and desist order by consent against a bank and the bank's former compliance officer and a former senior credit officer consented to pay civil money penalties of \$3,500 and \$1,000, respectively, for allegedly causing or permitting violations of law, including violations of BSA/AML requirements. *In the Matter of First United Bank, N.A., Englewood, Colo.*, Doc. No. 2006-121 (October 5, 2006); *In the Matter of Kenneth T. Sullivan*, Doc. No. 2006-152 (December 20, 2006); *In the Matter of Arnold A. Parks*, Doc. No. 2006-151 (December 14, 2006).

*Bank ordered to correct prior deficiencies.* The OCC issued a cease and desist order by consent against a bank for failure to correct previously identified deficiencies in its BSA/AML program. *In the Matter of AMCORE Bank, N.A., Rockford, Ill.*, Doc. No. 2006-81 (August 10, 2006).

### **B. Actions To Combat Identity Theft**

*Actions against bank insiders.* The OCC issued five prohibition orders by consent and the Federal Reserve issued a prohibition order in proceedings initiated by the OCC against former bank employees in cases involving loss to bank customers due to alleged identity theft committed by bank employees or by third parties who received confidential customer information from bank employees. One individual was ordered to pay a fine and four were ordered to pay restitution. *In the Matter of Konya M. Owens, First Union National Bank, Charlotte, N.C.*, Doc. No. 2006-37 (April 26, 2006); *In the Matter of Tiffany D. (Holt) Lipscomb, Wachovia Bank, N.A., Charlotte, N.C.*, Doc. No. 2006-78 (May 23, 2006); *In the Matter of Samuel Siebu, Bank One, N.A., Columbus, Oh.*, Doc. No. 2006-99 (August 28, 2006); *In the Matter of Arpine Misislyan, Bank of America, N.A., Charlotte, N.C.*, Doc. No. 2006-97 (August 31, 2006); *In the Matter of Annette Haratunian, Wells Fargo Bank, N.A., Sioux Falls, S.D.*, Doc. No. 2006-117 (September 25, 2006); *In the Matter of Onyeacholem Moseri, First North American National Bank, Kennesaw, Ga.*, Doc. Nos. 2006-36 (March 23, 2006) and 2006-30 (March 30, 2006).

### **C. Actions To Enforce Lending Protections**

*Banks ordered to pay fines for flood insurance violations.* During 2006, the OCC assessed civil money penalties by consent totaling \$161,300 against eight banks for failure to comply with federal regulations requiring flood insurance for certain properties located in special flood hazard areas that secure loans made by national banks. The penalties were paid to the National Flood Insurance Program. *In the Matter of The Farmers National Bank of Danville, Danville, Ky.*, Doc. No. 2006-3 (January 18, 2006); *In the Matter of First Fidelity Bank, N.A., Oklahoma City, Okla.*, Doc. No. 2006-20 (March 30, 2006); *In the Matter of Fort Knox National Bank, Radcliff, Ky.*, Doc. No. 2006-31 (April 10, 2006); *In the Matter of First National Bank, Fort Collins,*

## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

*Colo.*, Doc. No. 2006-124 (June 6, 2006); *In the Matter of Seacoast National Bank, Stuart, Fla.*, Doc. No. 2006-83 (July 25, 2006); *In the Matter of First National Bank and Trust, London, Ky.*, Doc. No. 2006-111 (August 28, 2006); *In the Matter of Midwest Bank, N.A., Pierce, Neb.*, Doc. No. 2006-126 (October 13, 2006); *In the Matter of U.S. Bank, N.A., Cincinnati, Ohio*, Doc. No. 2006-127 (October 18, 2006).

*Lending subsidiary fined for HMDA violations.* A mortgage company (an operating subsidiary of a national bank) consented to pay a \$25,000 civil money penalty for alleged significant and repeated violations of the Home Mortgage Disclosure Act. *In the Matter of Cornerstone Mortgage Company (operating subsidiary of First National Bank of Omaha, Omaha, Neb.)*, Doc. No. 2006-85 (August 7, 2006).

### **D. Actions To Combat Insider Abuse**

*Former bank president prohibited.* The OCC issued a prohibition order by consent against a former bank president for allegedly causing the bank to make loans significantly in excess of the bank's legal lending limit (which led to closure of the bank), creating false bank records, and engaging in a fraudulent wire transaction. The OCC's supervisory office also assisted the U.S. Attorney for the Western District of Wisconsin in the criminal prosecution of the former president. The judge in that case ordered the former president to serve 9 years in prison and pay \$13.4 million in restitution to the bank. *In the Matter of Mark R. Hardyman, The First National Bank of Blanchardville, Blanchardville, Wis.*, Doc. No. 2006-8 (January 26, 2006); U.S. Dist. Ct., W.D. Wisc., July 21, 2006.

*Former bank CEO and controller prohibited and fined.* The OCC issued a prohibition order by consent and assessed a \$100,000 civil money penalty against a bank's former CEO/director for allegedly causing the bank to pay unauthorized expenses and falsifying bank records to conceal the payments. The bank's former controller, who allegedly assisted the CEO/director in the falsification of bank records, was also prohibited by consent and assessed a \$7,500 civil money penalty. *In the Matter of Myron Wolff, The Ripley National Bank, Ripley, Ohio*, Doc. No. 2006-46 (April 13, 2006); *In the Matter of Katherine Gast*, Doc. No. 2006-34 (April 26, 2006).

*Former bank officer prohibited and fined.* The OCC issued a prohibition order by consent and assessed a \$100,000 civil money penalty against a former senior vice president/director who allegedly engaged in self-dealing and improperly diverted bank funds into his personal accounts and those of relatives, friends, and business associates. The former officer had made restitution to the bank prior to the OCC's action. *In the Matter of Gary P. Norris, Home National Bank, Racine, Ohio*, Doc. No. 2006-33 (April 13, 2006).

*Former bank president prohibited and ordered to pay fine.* The OCC issued a prohibition order by consent and assessed a \$100,000 civil money penalty against a former bank president who allegedly caused the bank to make unauthorized payments for personal expenses totaling at least \$388,000 for himself and his family members. The former president had made restitution of the

## SPECIAL SUPERVISION AND ENFORCEMENT ACTIVITIES

unauthorized payments prior to the OCC's action. *In the Matter of Eldon B. "Brac" Thoma III, First National Bank of Tullahoma, Tullahoma, Tenn.*, Doc. No. 2006-64 (June 5, 2006).

*Actions against bank's officers and directors.* The OCC issued prohibition orders by consent and assessed civil money penalties of \$5,000 each against two former senior bank officers for alleged embezzlement of bank funds and for assisting other executive officers' misconduct. The OCC also issued cease and desist orders by consent against the bank's former executive vice president/senior loan officer/director and another former loan officer and assessed a \$20,000 civil money penalty against the senior loan officer, for allegedly making a nominee loan and using the proceeds to conceal nonperforming loans. In addition, the OCC also assessed civil money penalties ranging from \$7,500 to \$10,000 against five bank directors, by consent, for inadequate oversight of the affairs of the bank and for the bank's failure to comply with a 2002 Formal Agreement with the OCC. The bank has been purchased by another financial institution. Further enforcement actions are pending. *In the Matter of Judy R. Davis, First National Bank of Shelby County, Columbiana, Ala.*, Doc. No. 2006-59 (June 5, 2006); *In the Matter of Russell J. Rasco*, Doc. No. 2006-61 (May 31, 2006); *In the Matter of Jerry E. Oliver, Jr.*, Doc. No. 2006-123 (October 25, 2006); *In the Matter of Paul L. Ash*, Doc. No. 2006-131 (September 21, 2006); *In the Matter of A. Duncan McFarlane*, Doc. No. 2006-60 (June 29, 2006); *In the Matter of Martha B. Ferguson*, Doc. No. 2006-42 (May 31, 2006); *In the Matter of Robert A. Hayes*, Doc. No. 2006-43 (May 31, 2006); *In the Matter of Hewitt L. Conwill*, Doc. No. 2006-122 (October 25, 2006); *In the Matter of Joe L. Tidmore*, Doc. No. 2006-44 (May 23, 2006).

*Former trust officers removed and ordered to pay restitution and fines.* The OCC issued removal orders by consent against a former trust officer and a former trust administrator and assessed civil money penalties of \$20,000 and \$5,000, respectively, for allegedly making unauthorized use of bank funds for stock trading and violating laws and regulations governing the loan of funds held in trust. The former officer and administrator agreed to pay restitution to the bank in the amounts of \$10,678.49 and \$52,940.72, respectively. *In the Matter of Timothy Fullerton, National Bank of Commerce, Berkeley, Ill.*, Doc. No. 2006-69 (August 1, 2006); *In the Matter of Susan E. Osborne*, Doc. No. 2006-84 (July 27, 2006).

*Actions against bank officers, directors, and employees for nominee loan scheme.* The OCC issued removal orders by consent and assessed civil money penalties of \$7,500 and \$3,000, respectively, against a former officer/director and the bank's internal auditor for their alleged participation in a scheme involving nominee loans whereby the former president/CEO allegedly misappropriated more than \$1.8 million of the bank's funds. A bank employee who facilitated the scheme consented to an order to cease and desist and assessment of a \$1,000 civil money penalty. Further actions are proceeding. *In the Matter of Neal Patterson, The First National Bank of Fremont, Fremont, Ind.*, Doc. No. 2006-139 (November 2, 2006); *In the Matter of Harold Arndt*, Doc. No. 2006-173 (December 12, 2006); *In the Matter of Anne Mounts*, Doc. No. 2006-138 (November 2, 2006).

### **E. Early Intervention for Problem Banks**

*Orders issued against problem bank and its officers and directors.* In 2005, the OCC issued a cease and desist order by consent against a bank and assessed a \$5,000 civil money penalty by consent against the bank's CEO/chairman of the board for alleged violations of laws and regulations governing legal lending limits, insider loans, and affiliate transactions. In 2006, the OCC issued a second cease and desist order by consent and assessed a \$20,000 CMP against the bank for failure to maintain adequate and accurate book and records and for filing inaccurate reports on the bank's condition. The OCC also issued a cease and desist order by consent and assessed a \$50,000 civil money penalty against the bank's CEO/chairman for alleged self-dealing related to his rental of bank OREO property and for violating the two prior cease and desist orders. The bank's former president/director consented to a cease and desist order and assessment of a \$5,000 civil money penalty for alleged abuse of his overdraft protection line of credit. The OCC also assessed civil money penalties of \$1,500 each, by consent, against two other directors for alleged violations of the two consent orders. *In the Matter of The First National Bank of Brewster, Brewster, Minn.*, Doc. Nos. 2005-102 (August 25, 2005), 2006-12 (February 28, 2006), and 2006-70 (July 6, 2006); *In the Matter of Charles C. Moser*, Doc. No. 2006-142 (November 6, 2006); *In the Matter of Bradford S. Fornoff*, Doc. No. 2006-140 (November 6, 2006); *In the Matter of Bruce N. Kness*, Doc. No. 2006-141 (November 22, 2006); *In the Matter of Dennis A. Walker*, Doc. No. 2006-143 (November 27, 2006).

### **F. Actions Involving Third Parties**

*Order against bank auditor to cease and desist and to pay penalty stayed, pending judicial review.* After a hearing before an administrative law judge, the Comptroller issued a cease and desist order and assessed a \$300,000 civil money penalty against an auditing firm for reckless conduct in performing its audit of First National Bank of Keystone's 1998 financial statements. The auditing firm was ordered, among other things, to conduct its audits of insured depository institutions in accordance with Generally Accepted Auditing Standards. The Comptroller granted the auditing firm's subsequent motion to stay the cease and desist order and the civil money penalty assessment, pending review in the D.C. Circuit Court of Appeals. *In the Matter of Grant Thornton LLP, external auditor for The First National Bank of Keystone, Keystone, W.V.*, Doc. No. 2006-149 (order, December 7, 2006; stay, December 29, 2006).

*Law firm and attorney consent to written agreements and fines.* The OCC entered into agreements with an attorney and the attorney's law firm in connection with the law firm's investigation, on behalf of a bank, of the activities of certain bank officers, including the bank's CEO/chairman of the board. The OCC had discovered evidence to suggest that the officers had engaged in fraudulent transactions to hide bank losses. However, the law firm's reports cleared the officers of wrongdoing. The OCC subsequently closed the bank at a cost to the Federal Deposit Insurance Fund of approximately \$127 million. At the conclusion of a criminal trial at which OCC personnel testified for the government, the bank's CEO/chairman was convicted on 16 counts, including

bank fraud, securities fraud, and lying to regulators. He and two other bank officers who pled guilty to related charges are currently incarcerated. The law firm and the firm attorney signed agreements with the OCC governing their representation of insured depository institution clients and agreed to pay civil money penalties of \$750,000 and \$175,000, respectively. In a separate agreement with the FDIC, the law firm agreed to pay more than \$7 million to the FDIC as the receiver for the bank. Further actions are proceeding. *In the Matter of Greenberg Traurig LLP, special outside counsel for Hamilton Bank, N.A., Miami, Fla.*, Doc. No. 2006-135 (October 31, 2006); *In the Matter of Robert L. Grossman, Greenberg Traurig LLP, special outside counsel for Hamilton Bank, N.A., Miami, Fla.*, Doc. No. 2006-136 (November 7, 2006).

### **G. Fast Track Enforcement Cases**

The OCC continued its Fast Track Enforcement program, initiated in 1996, which ensures that bank insiders who have engaged in criminal and other serious acts in banks but who are not being criminally prosecuted are prohibited from working in the banking industry. As part of the Fast Track Enforcement program, the OCC secured 16 prohibition orders (15 by consent and one issued by the Board of Governors of the Federal Reserve System) against institution-affiliated parties from January 1 through December 31, 2006. Seven of these orders incorporated restitution to the appropriate bank for losses incurred, and two of the orders incorporated a civil money penalty. During the same period, the OCC sent out notifications to 108 former bank employees who were convicted of crimes of dishonesty; the letters informed them that under federal law they are prohibited from working again in any federally insured depository institution.

# Appeals Process

# Appeals Process

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## Appeal of OCC Decision to Deny Two Branch Applications

### Background

A bank, operating under a formal enforcement action, appealed to the Ombudsman a decision rendered by the OCC's Licensing Department to deny applications to establish a branch in two local communities. In its appeal, the bank acknowledged that the most recent examination found that supervisory issues still existed; however, a significant level of progress had been achieved. The appeal also stated that without these branches the communities would have no access to local financial services.

### Discussion

In reviewing the applications, the Licensing Department applied the factors under 12 CFR 5.30—Establishment, Acquisition, and Relocation of a Branch<sup>1</sup> and 12 CFR 5.13—Decisions.<sup>2</sup> The decision to deny the branch applications was based on its determination that branching raised significant supervisory concerns.

The supervisory office determined that the composite 3 rating would continue and the existing enforcement action against the bank would remain in place. However, the examination also found that significant improvement in bank operations and board and management supervision had occurred. Notwithstanding the bank's composite 3 rating, improvements had been made that diminished the severity of the supervisory issues.

Additionally, management had made significant progress in complying with the enforcement action.

The Ombudsman gave measured and careful consideration to all relevant regulatory factors and guidance set forth in the *Comptroller's Licensing Manual* booklet ("Branches and Relocations").

<sup>1</sup>OCC branching regulation (12 CFR 5.30(e) (1)–(4)) provides that OCC branching decisions be guided by the following principles: (a) maintaining a safe and sound banking system, (b) encouraging the bank to help meet the credit needs of its entire community, (c) that the marketplace is generally the best regulator of economic activity, and (d) encouraging healthy competition to promote efficiency and better service to customers.

<sup>2</sup>In accordance with 12 CFR 5.13(b) (1), the OCC may deny a filing if a significant supervisory, Community Reinvestment Act (if applicable), or compliance concern exists with respect to the applicant.

## APPEALS PROCESS

A review was performed of the information enclosed with the appeal, the OCC's official record of the decision, and information obtained during an on-site visit to the bank. Additionally, discussions were held with all OCC staff involved in the decision-making process. The Ombudsman also reviewed examination work papers and conclusions from the most recent safety and soundness examination.

### **Conclusion**

The severity of the supervisory issues was considered for purposes of determining whether or not the bank was a significant supervisory concern. The Ombudsman concluded that the bank's level of progress in addressing the supervisory concerns and the ongoing commitment by bank management and its board to improve operations met the requirements under 12 CFR 5.30 for approval of the branch applications. The establishment of the branches would positively affect the local communities while having no material impact on the safe and sound operation of the bank. Therefore, the Ombudsman opined to approve the branch applications.

Speeches and  
Congressional  
Testimony

# Speeches and Congressional Testimony

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10/12/2006, Comptroller Dugan Highlights OCC Efforts To Assist Minority Banks, Speech ([www.occ.gov/ftp/release/2006-112a.pdf](http://www.occ.gov/ftp/release/2006-112a.pdf))

10/16/2006, Comptroller Speaks to the American Bankers Association about Credit Risk and Loan Loss Reserves, Speech ([www.occ.gov/ftp/release/2006-113a.pdf](http://www.occ.gov/ftp/release/2006-113a.pdf))

10/17/2006, Comptroller Dugan Urges Key Principles of Federal Nontraditional Mortgage Guidance Apply to all Mortgage Originators, Speech ([www.occ.gov/ftp/release/2006-115a.pdf](http://www.occ.gov/ftp/release/2006-115a.pdf))

11/10/2006, Comptroller Dugan Tells Bankers that Managing Risk in Derivatives Markets Is Essential to Maintain Public Confidence in Nation's Financial Institutions, Speech ([www.occ.gov/ftp/release/2006-121a.pdf](http://www.occ.gov/ftp/release/2006-121a.pdf))

11/16/2006, Comptroller of the Currency Visits Pittsburgh Community Reinvestment Projects, Speech ([www.occ.gov/ftp/release/2006-124a.pdf](http://www.occ.gov/ftp/release/2006-124a.pdf))

# Interpretations

# Interpretations

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## *October [Interpretations and Actions]*

1069, 8/21/2006, Letter concludes that a national bank and its operating subsidiaries are authorized, pursuant to 12 USC 24(7), 12 USC 371, and 12 CFR 7.4002, to charge expedited service fees for loan payoff information. ([www.occ.gov/interp/oct06/int1069.pdf](http://www.occ.gov/interp/oct06/int1069.pdf))

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

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

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

## *November [Interpretations and Actions]*

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

## INTERPRETATIONS

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

*December [[Interpretations and Actions](#)]*

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

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

# Mergers

# Mergers—October 1 to December 31, 2006

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## Mergers—October 1 to December 31, 2006

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

Title and location	Charter number	Total assets (\$)
<b>Florida</b>		
The Hemisphere National Bank, Miami and PineBank, National Association, Miami, Florida merged on September 28, 2006, under the title of <b>The Hemisphere National Bank, Miami</b>	(016776) (023181) (016776)	319,766,000 417,855,000 665,526,000
First National Bank of Nassau County, Fernandina Beach and Cairo Banking Company, Cairo, Georgia merged on October 27, 2006, under the title of <b>First National Bank of Nassau County, Fernandina Beach</b>	(023766) (023766)	218,459,000 11,490,000 230,949,000
<b>Kansas</b>		
Equity Bank, A National Association, Andover and The First National Bank of Sarcoxie, Sarcoxie, Missouri merged on October 12, 2006, under the title of <b>Equity Bank, A National Association, Andover</b>	(018478) (005515) (018478)	149,170,000 25,664,000 149,170,000
<b>Mississippi</b>		
The First, A National Banking Association, Hattiesburg and First National Bank of Wiggins, Wiggins, Mississippi merged on September 30, 2006, under the title of <b>The First, A National Banking Association, Hattiesburg</b>	(022949) (016204) (022949)	309,658,000 49,386,000 362,048,000
Cadence Bank, National Association, Starkville and Seasons Bank, Blairsville, Georgia merged on November 14, 2006, under the title of <b>Cadence Bank, National Association, Starkville</b>	(003656) (003656)	1,470,803,000 81,364,000 1,561,835,000
<b>Missouri</b>		
Commerce Bank, National Association, Kansas City and West Pointe Bank and Trust Company, Belleville, Illinois merged on September 1, 2006, under the title of <b>Commerce Bank, National Association, Kansas City</b>	(018112) (018112)	12,387,130,000 464,590,000 12,904,161,000
<b>New York</b>		
Community Bank, National Association, Canton and Ontario National Bank, Clifton Springs, New York merged on December 1, 2006, under the title of <b>Community Bank, National Association, Canton</b>	(008531) (008717) (008531)	4,339,726,000 95,457,000 4,458,375,000
<b>Ohio</b>		
The Park National Bank, Newark and Anderson Bank Company, Cincinnati, Ohio merged on December 18, 2006, under the title of <b>The Park National Bank, Newark</b>	(009179) (009179)	2,043,456,000 70,093,000 2,124,211,000
<b>Pennsylvania</b>		
First National Trust Company, Hermitage and The Legacy Trust Company, Harrisburg, Pennsylvania merged on May 26, 2006, under the title of <b>First National Trust Company, Hermitage</b>	(024475) (024475)	7,726,000 1,393,000 11,129,000
First National Bank of Pennsylvania, Greenville and The Legacy Bank, Harrisburg, Pennsylvania merged on May 26, 2006, under the title of <b>First National Bank of Pennsylvania, Greenville</b>	(000249) (000249)	5,620,207,000 382,139,000 6,035,703,000
<b>Texas</b>		
The Frost National Bank, San Antonio and Summit Bank, National Association, Fort Worth, Texas merged on December 8, 2006, under the title of <b>The Frost National Bank, San Antonio</b>	(005179) (016422) (005179)	11,455,216,000 1,160,310,000 12,898,710,000

## MERGERS

### **Nonaffiliated mergers—thrift (mergers consummated involving nonaffiliated national banks and savings and loan associations) from October 1 to December 31, 2006, by state**

Title and location	Charter number	Total assets (\$)
<b>Maryland</b>		
First National Bank of North East, North East	(007064)	150,283,000
and Bay Net, A Community Bank, Bel Air, Maryland		95,646,000
merged on October 27, 2006, under the title of <b>Bay First Bank, National Association, North East</b>	(007064)	261,841,000
<b>Virginia</b>		
Sonabank, National Association, Charlottesville	(024578)	145,561,000
and 1st Service Bank, McLean, Virginia		124,410,000
merged on December 1, 2006, under the title of <b>Sonabank, National Association, Charlottesville</b>	(024578)	227,919,000

## MERGERS

### **Affiliated mergers (mergers consummated involving affiliated operating banks), from October 1 to December 31, 2006, by state**

Title and location	Charter number	Total assets (\$)
<b>Delaware</b>		
FIA Card Services, National Association, Wilmington	(022381)	81,254,002,000
and Bank of America, National Association (USA), Phoenix, Arizona	(022106)	62,271,152,000
merged on October 20, 2006, under the title of <b>FIA Card Services, National Association, Wilmington</b>	(022381)	128,905,818,000
<b>Illinois</b>		
MB Financial Bank, National Association, Chicago	(013684)	5,459,113,000
and Oak Brook Bank, Oak Brook, Illinois		2,318,895,000
merged on November 2, 2006, under the title of <b>MB Financial Bank, National Association, Chicago</b>	(013684)	8,013,503,000
<b>Michigan</b>		
Range Bank, National Association, Negaunee	(003717)	146,442,000
and Range Bank—Copper Country, National Association, Calumet, Michigan	(003948)	56,246,000
merged on December 15, 2006, under the title of <b>Range Bank, National Association, Negaunee</b>	(003717)	202,687,000
<b>Minnesota</b>		
Anchor Bank, West St. Paul National Association, West St. Paul	(021179)	359,942,000
and Anchor Bank Saint Paul, Saint Paul, Minnesota		66,990,000
merged on December 1, 2006, under the title of <b>Anchor Bank, West St. Paul National Association, West St. Paul</b>	(021179)	426,932,000
<b>Nevada</b>		
Citibank, National Association, Las Vegas	(001461)	485,990,000,000
and CFSB, National Association, Reston, Virginia	(024687)	21,552,000,000
and West, National Association, San Francisco, California	(024688)	37,926,000,000
and Citibank, Texas, National Association, Dallas, Texas	(024561)	3,291,000,000
and Citibank (Delaware), New Castle, Delaware		1,987,000,000
merged on October 1, 2006, under the title of <b>Citibank, National Association, Las Vegas</b>	(001461)	864,715,000,000
<b>New York</b>		
Citibank, National Association, New York City	(001461)	864,715,000,000
and Citicorp Trust, National Association, Los Angeles, California	(020563)	109,138,000
merged on October 1, 2006, under the title of <b>Citibank, National Association, New York City</b>	(001461)	864,824,000,000
Alliance Bank, National Association, Syracuse	(001090)	998,020,000
and Oswego County National Bank, Oswego, New York	(024386)	223,107,000
merged on October 6, 2006, under the title of <b>Alliance Bank, National Association, Syracuse</b>	(001090)	1,247,331,000
<b>North Carolina</b>		
First National Bank and Trust Company, Asheboro	(008953)	1,080,823,000
and First Gaston Bank of North Carolina, Gastonia, North Carolina		666,932,000
merged on August 1, 2006, under the title of <b>First National Bank and Trust Company, Asheboro</b>	(008953)	1,812,390,000
<b>North Dakota</b>		
The First National Bank of McClusky, McClusky	(008881)	24,550,000
and First Security Bank, Underwood, Underwood, North Dakota		22,716,000
merged on December 1, 2006, under the title of <b>North Country Bank, National Association, McClusky</b>	(008881)	47,266,000

## MERGERS

### **Affiliated mergers (mergers consummated involving affiliated operating banks), from October 1 to December 31, 2006, by state (continued)**

Title and location	Charter number	Total assets (\$)
<b>Ohio</b>		
JPMorgan Chase Bank, National Association, Columbus	(000008)	983,049,000,000
and Bank One Trust Company, National Association, Columbus, Ohio	(016235)	4,596,000,000
merged on October 20, 2006, under the title of <b>JPMorgan Chase Bank, National Association, Columbus</b>	(000008)	984,704,000,000
U.S. Bank National Association, Cincinnati	(000024)	209,000,000,000
and U.S. Bank Trust Interim National Association, Alabama, Homewood, Alabama	(024708)	5,000
and U.S. Bank Trust Interim National Association, Virginia, Richmond, Virginia	(024709)	5,000
and U.S. Bank Trust Interim National Association, North Carolina, Charlotte, North Carolina	(024710)	5,000
and U.S. Bank Trust Interim National Association, South Carolina, Columbia, South Carolina	(024707)	5,000
merged on September 5, 2006, under the title of <b>U.S. Bank National Association, Cincinnati</b>	(000024)	209,000,000,000
U.S. Bank National Association, Cincinnati	(000024)	209,000,000,000
and U.S. Bank Trust Interim National Association, Tennessee, Nashville, Tennessee	(024706)	5,000
merged on September 5, 2006, under the title of <b>U.S. Bank National Association, Cincinnati</b>	(000024)	209,000,000,000
<b>Oklahoma</b>		
First Fidelity Bank, National Association, Oklahoma City	(017045)	764,531,000
and Edmond Bank and Trust, Edmond, Oklahoma		98,256,000
merged on November 17, 2006, under the title of <b>First Fidelity Bank, National Association, Oklahoma City</b>	(017045)	862,788,000
<b>South Carolina</b>		
Orangeburg National Bank, Orangeburg	(021398)	221,082,000
and Florence National Bank, Florence, South Carolina	(023550)	84,710,000
and Sumter National Bank, Sumter, South Carolina	(022952)	137,562,000
and Bank of Ridgeway, Ridgeway, South Carolina		106,672,000
merged on September 30, 2006, under the title of <b>Community Resource Bank, National Association, Orangeburg</b>	(021398)	550,026,000
<b>South Dakota</b>		
Citibank (South Dakota), National Association, Sioux Falls	(016971)	44,011,000,000
and Citibank USA, National Association, Sioux Falls, South Dakota	(024281)	6,725,000,000
and Citibank (Nevada), National Association, Las Vegas, Nevada	(020484)	16,548,000,000
merged on October 1, 2006, under the title of <b>Citibank (South Dakota), National Association, Sioux Falls</b>	(016971)	62,599,000,000
Citibank (South Dakota), National Association, Sioux Falls	(016971)	62,599,000,000
and Universal Financial Corp., Salt Lake City, Utah		570,000,000
merged on October 1, 2006, under the title of <b>Citibank (South Dakota), National Association, Sioux Falls</b>	(016971)	63,169,000,000
<b>Texas</b>		
The First National Bank of Lewisville, Texarkana	(009354)	161,687,000
and The First National Bank of Hope, Hope, Arkansas	(012533)	3,797,000
merged on November 15, 2006, under the title of <b>First National Bank, Texarkana</b>	(009354)	165,488,000

## MERGERS

### **Affiliated mergers—thrift (mergers consummated involving affiliated national banks and savings and loan associations), from October 1 to December 31, 2006, by state**

Title and location	Charter number	Total assets (\$)
<b>Connecticut</b>		
Webster Bank, National Association, Waterbury	(024469)	17,667,592,000
and NewMil Bank, New Milford, Connecticut		877,843,000
merged on October 6, 2006, under the title of <b>Webster Bank, National Association, Waterbury</b>	(024469)	18,670,374,000
<b>Maine</b>		
The Camden National Bank, Camden	(002311)	1,130,970,000
and UnitedKingfield Bank, Bangor, Maine		510,684,000
merged on September 30, 2006, under the title of <b>The Camden National Bank, Camden</b>	(002311)	1,641,654,000

Corporate  
Structure of the  
National Banking  
System

# Corporate Structure of the National Banking System

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## CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Changes in the corporate structure of the national banking system, by state, July 1 to December 31, 2006**

	In operation July 1, 2006	Organized and open for business	Merged	Voluntary liquidations	Payouts	12 USC 214		In operation December 31, 2006
						Converted to non-national institutions	Merged with non-national institutions	
ALABAMA	22	2	2	0	0	0	0	22
ALASKA	4	0	0	0	0	0	0	4
ARIZONA	16	3	2	0	0	0	0	17
ARKANSAS	37	0	1	0	0	1	0	35
CALIFORNIA	77	2	2	0	0	2	2	73
COLORADO	41	0	1	0	0	0	0	40
CONNECTICUT	9	0	0	0	0	0	0	9
DELAWARE	16	1	1	0	0	0	0	16
DISTRICT of COLUMBIA	4	0	0	0	0	0	1	3
FLORIDA	63	4	3	1	0	0	0	63
GEORGIA	49	0	0	0	0	0	1	48
HAWAII	1	0	0	0	0	0	0	1
IDAHO	2	0	0	0	0	0	0	2
ILLINOIS	153	0	1	0	0	0	0	152
INDIANA	32	1	4	0	0	0	0	29
IOWA	45	0	1	0	0	0	0	44
KANSAS	91	1	0	0	0	0	1	91
KENTUCKY	40	0	2	0	0	0	0	38
LOUISIANA	15	0	0	0	0	0	0	15
MAINE	4	0	0	0	0	0	0	4
MARYLAND	10	1	0	0	0	0	0	11
MASSACHUSETTS	18	0	0	0	0	0	0	18
MICHIGAN	24	0	1	0	0	0	0	23
MINNESOTA	103	0	0	0	0	1	1	11
MISSISSIPPI	18	0	1	0	0	0	0	17
MISSOURI	47	0	2	0	0	1	0	44
MONTANA	14	1	0	0	0	0	0	15
NEBRASKA	61	0	1	0	0	3	0	57
NEVADA	8	0	1	0	0	0	0	8
NEW HAMPSHIRE	2	0	0	0	0	0	0	2
NEW JERSEY	20	0	0	0	0	0	0	20
NEW MEXICO	14	0	0	0	0	0	0	14
NEW YORK	59	1	2	0	0	0	0	57
NORTH CAROLINA	4	1	1	0	0	0	0	4
NORTH DAKOTA	13	0	0	0	0	0	0	13
OHIO	79	0	1	0	0	0	0	78
OKLAHOMA	82	1	1	0	0	1	0	81
OREGON	3	0	0	0	0	0	0	3
PENNSYLVANIA	70	0	2	0	0	4	1	63
RHODE ISLAND	4	0	0	0	0	0	0	4
SOUTH CAROLINA	24	1	3	0	0	0	0	22
SOUTH DAKOTA	19	0	1	0	0	0	0	18
TENNESSEE	26	1	1	0	0	1	1	24
TEXAS	295	2	3	0	0	2	2	290
UTAH	5	0	0	0	0	0	0	5
VERMONT	8	0	0	0	0	0	0	8
VIRGINIA	37	2	2	0	0	0	1	36
WASHINGTON	11	0	0	0	0	0	1	10

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Changes in the corporate structure of the national banking system, by state, July 1 to December 31, 2006 (continued)**

	In operation July 1, 2006	Organized and open for business	Merged	Voluntary liquidations	Payouts	12 USC 214		In operation December 31, 2006
						Converted to non-national institutions	Merged with non-national institutions	
WEST VIRGINIA	15	0	0	0	0	2	0	13
WISCONSIN	39	0	0	0	0	0	0	39
WYOMING	14	0	0	0	0	2	0	12
TOTALS:	1,867	25	43	1	0	20	12	1,816

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

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Applications for new, full-service national bank charters, approved and denied, by state, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Approved</b>
<b>Arizona</b>	Heritage Bank, National Association, Phoenix TCF National Bank Arizona, Mesa West Valley National Bank, Avondale	July 24, 2006 July 17, 2006 September 22, 2006
<b>Florida</b>	FineMark National Bank & Trust, Fort Myers First Avenue National Bank, Ocala National Bank of Southwest Florida, Port Charlotte	November 16, 2006 September 11, 2006 July 5, 2006
<b>Georgia</b>	Embassy National Bank, Lawrenceville	September 5, 2006
<b>Kansas</b>	Bank of Kansas City, National Association, Overland Park	October 3, 2006
<b>Maryland</b>	HSBC National Bank USA, Bethesda	August 17, 2006
<b>Minnesota</b>	Alerus Interim, National Association, Minnetonka	December 7, 2006
<b>New York</b>	Madison National Bank, Merrick	November 28, 2006
<b>Texas</b>	Icon Bank of Texas, National Association, Houston Redstone Interim Bank, National Association, Houston Texas Advantage Community Bank, National Association, Alvin	September 14, 2006 November 16, 2006 October 12, 2006
<b>Virginia</b>	Old Dominion National Bank, North Garden	December 28, 2006
<b>Wisconsin</b>	The PrivateBank, National Association, Milwaukee	September 18, 2006

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Applications for new, limited-purpose national bank charters, approved and denied, by state, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Approved</b>
<b>Alabama</b>	U.S. Bank Trust Interim National Association, Alabama, Homewood Wachovia Trust Company of Alabama, National Association, Homewood	September 1, 2006 August 31, 2006
<b>North Carolina</b>	U.S. Bank Trust Interim National Association, North Carolina, Charlotte Wachovia Trust Company of North Carolina, National Association, Charlotte	September 1, 2006 August 31, 2006
<b>South Carolina</b>	U.S. Bank Trust Interim National Association, South Carolina, Columbia Wachovia Trust Company of South Carolina, National Association, Columbia	September 1, 2006 August 31, 2006
<b>Tennessee</b>	U.S. Bank Trust Interim National Association, Tennessee, Nashville Wachovia Trust Company of Tennessee, National Association, Nashville	September 1, 2006 August 31, 2006
<b>Virginia</b>	U.S. Bank Trust Interim National Association, Virginia, Richmond Wachovia Trust Company of Virginia, National Association, Richmond	September 1, 2006 August 31, 2006

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**New, full-service national bank charters issued, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Date</b>
<b>Arizona</b>	Heritage Bank, National Association, Phoenix	024681	September 18, 2006
	Premier Commercial Bank Arizona, National Association, Mesa	024666	November 10, 2006
	TCF National Bank Arizona, Mesa	024658	December 13, 2006
<b>California</b>	Bank of Napa, National Association, Napa	024611	August 14, 2006
<b>Florida</b>	Southern Commerce Bank, National Association, Tampa	024665	July 7, 2006
	First Avenue National Bank, Ocala	024652	November 16, 2006
	Seaside National Bank & Trust, Orlando	024649	October 31, 2006
	Southwest Capital Bank, National Association, Fort Myers	024638	July 24, 2006
<b>Kansas</b>	Bank of Kansas City, National Association, Overland Park	024717	November 6, 2006
<b>Maryland</b>	HSBC National Bank USA, Bethesda	024695	October 30, 2006
<b>Texas</b>	Texas Advantage Community Bank, National Association, Alvin	024693	December 18, 2006

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**New, limited-purpose national bank charters issued, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Date</b>
<b>Alabama</b>	U.S. Bank Trust Interim National Association, Alabama, Homewood	024708	September 5, 2006
	Wachovia Trust Company of Alabama, National Association, Homewood	024696	September 5, 2006
<b>Delaware</b>	LaSalle National Trust Delaware, Wilmington	024657	September 1, 2006
<b>Indiana</b>	First Indiana Trust Company, National Association, Indianapolis	024691	June 30, 2006
<b>North Carolina</b>	U.S. Bank Trust Interim National Association, North Carolina, Charlotte	024710	September 5, 2006
	Wachovia Trust Company of North Carolina, National Association, Charlotte	024699	September 5, 2006
<b>South Carolina</b>	U.S. Bank Trust Interim National Association, South Carolina, Columbia	024707	September 5, 2006
	Wachovia Trust Company of South Carolina, National Association, Columbia	024700	September 5, 2006
<b>Tennessee</b>	U.S. Bank Trust Interim National Association, Tennessee, Nashville	024706	September 5, 2006
	Wachovia Trust Company of Tennessee, National Association, Nashville	024701	September 5, 2006
<b>Virginia</b>	U.S. Bank Trust Interim National Association, Virginia, Richmond	024709	September 5, 2006
	Wachovia Trust Company of Virginia, National Association, Richmond	024702	September 5, 2006

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**State-chartered banks converted to full-service national banks, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Effective date</b>	<b>Total assets (\$)</b>
<b>Montana</b>	First Citizens Bank of Polson, National Association conversion of First Community Bank, Polson	024670	August 23, 2006	29,000,000
<b>Texas</b>	First Community Bank Central Texas, National Association conversion of Bosque County Bank of Meridian, Meridian	024689	September 30, 2006	82,513,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**State-chartered bank converted to a limited-purpose national bank, July 1 to  
December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Effective date</b>	<b>Total assets (\$)</b>
<b>Oklahoma</b>	Southwest Trust Company, National Association conversion of Southwest Trust Company, Oklahoma City	024663	April 14, 2006	1,928,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Nonbanking institutions converted to full-service national banks, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Effective date</b>	<b>Total assets (\$)</b>
<b>California</b>	West, National Association conversion of Citibank (West), FSB, San Francisco	024688	October 1, 2006	121,454,000,000
<b>Virginia</b>	CFSB, National Association conversion of Citibank, Federal Savings Bank, Reston	024687	October 1, 2006	32,935,000,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Nonbanking institution converted to a limited-purpose national bank, July 1 to  
December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Effective date</b>	<b>Total assets (\$)</b>
<b>New York</b>	Brown Brothers Harriman Trust Company, National Association conversion of Brown Brothers Harriman Trust Company, LLC, New York	024429	July 1, 2006	11,959,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Applications for national bank charters, by state and charter type, July 1 to December 31, 2006<sup>1</sup>**

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

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

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Applications for national bank charters, by state and charter type, July 1 to December 31, 2006<sup>1</sup> (continued)**

	Received	Approved	Denied	Charters issued					
				New, full-service national bank charters issued	New, limited-purpose national bank charters issued	Full-service national charters issued to converting state-chartered banks	Limited-purpose national charters issued to converting state-chartered banks	Full-service national charters issued to converting nonbanking institutions	Limited-purpose national charters issued to converting nonbanking institutions
Texas	3	3	0	1	0	1	0	0	0
Utah	0	0	0	0	0	0	0	0	0
Vermont	0	0	0	0	0	0	0	0	0
Virginia	4	3	0	0	2	0	0	1	0
Washington	0	0	0	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0	0	0	0
Wisconsin	2	1	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0
American Samoa	0	0	0	0	0	0	0	0	0
Canal Zone	0	0	0	0	0	0	0	0	0
Fed St of Micronesia	0	0	0	0	0	0	0	0	0
Guam	0	0	0	0	0	0	0	0	0
No. Mariana Is.	0	0	0	0	0	0	0	0	0
Midway Islands	0	0	0	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0	0	0	0
Trust Territories	0	0	0	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0	0	0	0
Wake Island	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>26</b>	<b>26</b>	<b>0</b>	<b>11</b>	<b>12</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>

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

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Voluntary liquidation of a national bank, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Effective date</b>	<b>Total assets (\$)</b>
<b>Florida</b>	PineBank, National Association, Miami	023181	September 28, 2006	33,854,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**National banks merged out of the national banking system, July 1 to December 31, 2006**

<b>State</b>	<b>Title and location</b>	<b>Charter number</b>	<b>Effective date</b>
<b>California</b>	Community National Bank, Escondido	018686	October 26, 2006
	First National Bank, Rancho Santa Fe	017212	October 26, 2006
<b>District of Columbia</b>	First Liberty National Bank, Washington	018739	September 15, 2006
<b>Georgia</b>	Sapelo National Bank, Darien	023093	December 15, 2006
<b>Kansas</b>	The First National Bank of Tribune, Tribune	012168	July 21, 2006
<b>Minnesota</b>	The First National Bank of Deer River, Deer River	009131	December 3, 2006
<b>Pennsylvania</b>	The Fulton County National Bank and Trust Company, McConnellsburg	013765	June 30, 2006
<b>Tennessee</b>	First National Bank of Tullahoma, Tullahoma	003107	August 25, 2006
<b>Texas</b>	Bank of the Hills, National Association, Kerrville	023475	September 29, 2006
	Northeast National Bank, Mesquite	021059	December 18, 2006
<b>Virginia</b>	First Citizens Bank, National Association, Roanoke	024344	June 15, 2006
<b>Washington</b>	Washington State Bank, National Association, Federal Way	023709	May 31, 2006

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**National banks converted out of the national banking system, July 1 to December 31, 2006**

State	Title and location	Charter number	Effective date	Total assets (\$)
<b>Arkansas</b>	The First National Bank of De Witt, De Witt	010178	September 26, 2006	102,636,000
<b>California</b>	Orange County Business Bank, National Association, Newport Beach Pacific Western National Bank, Santa Monica	024292 017423	July 31, 2006 September 13, 2006	163,318,000 2,554,900,000
<b>Minnesota</b>	Community National Bank, Northfield	013350	June 27, 2006	20,810,000
<b>Missouri</b>	NorthStar Bank, National Association, North Kansas City	023986	October 6, 2006	1,500,000,000
<b>Nebraska</b>	Nebraska Bankers' Bank, National Association, Lincoln The First National Bank of Marquette, Marquette Cornerstone Bank, National Association, York	024300 008400 002683	December 11, 2006 June 27, 2006 September 30, 2006	43,712,000 25,441,000 558,543,000
<b>Oklahoma</b>	Valliance Bank, National Association, Oklahoma City	024532	December 20, 2006	83,382,000
<b>Pennsylvania</b>	Community Bank, National Association, Carmichaels County National Bank, Clearfield Omega Bank, National Association, Huntingdon The Luzerne National Bank, Luzerne	005784 013998 000031 008921	December 19, 2006 December 28, 2006 June 29, 2006 December 13, 2006	335,381,000 762,249,000 1,901,137,000 180,770,000
<b>Tennessee</b>	Erwin National Bank, Erwin	010583	September 1, 2006	96,498,000
<b>Texas</b>	The First National Bank of Brownfield, Brownfield Main Street National Bank, Kingwood	011415 018104	October 12, 2006 October 1, 2006	130,648,000 68,430,000
<b>West Virginia</b>	First National Bank, Spencer First National Bank in West Union, West Union	010127 013881	November 1, 2006 December 1, 2006	124,943,000 70,000,000
<b>Wyoming</b>	First National Bank—West, Evanston First National Bank of Pinedale, Pinedale	014570 015076	June 29, 2006 October 1, 2006	285,100,000 73,416,000

CORPORATE STRUCTURE OF THE NATIONAL BANKING SYSTEM

**Federal branches and agencies of foreign banks in operation, July 1 to December 31, 2006**

	In operation July 1, 2006	Opened (or converted) July 1—December 31, 2006	Closed (or converted) July 1—December 31, 2006	In operation December 31, 2006
<b>Federal branch</b>				
California	1	0	1	0
District of Columbia	1	0	0	1
Florida	1	1	0	2
New York	31	0	0	31
Washington	1	0	1	0
<b>Limited federal branch</b>				
California	7	0	1	6
District of Columbia	1	0	0	1
Florida	0	1	0	0
New York	2	1	1	2
<b>Federal agency</b>				
Florida	1	1	0	2
Illinois	1	0	0	1
New York	2	0	0	1
<b>Total United States</b>	<b>49</b>	<b>4</b>	<b>4</b>	<b>47</b>

# Financial Performance of National Banks

# Financial Performance of National Banks

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## FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	December 31, 2005	December 31, 2006	Change December 31, 2005- December 31, 2006 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
<b>Number of institutions</b>	1,818	1,715	(103)	(5.67)
<b>Total assets</b>	<b>\$6,003,182</b>	<b>\$6,829,269</b>	<b>\$826,087</b>	<b>13.76</b>
<b>Cash and balances due from depositories</b>	<b>262,547</b>	<b>293,352</b>	<b>30,805</b>	<b>11.73</b>
Noninterest-bearing balances, currency and coin	188,348	191,815	3,467	1.84
Interest bearing balances	74,200	101,538	27,338	36.84
<b>Securities</b>	<b>924,206</b>	<b>1,042,568</b>	<b>118,362</b>	<b>12.81</b>
Held-to-maturity securities, amortized cost	38,605	36,678	(1,927)	(4.99)
Available-for-sale securities, fair value	885,601	1,005,890	120,290	13.58
<b>Federal funds sold and securities purchased</b>	<b>371,565</b>	<b>444,049</b>	<b>72,484</b>	<b>19.51</b>
<b>Net loans and leases</b>	<b>3,382,826</b>	<b>3,801,089</b>	<b>418,263</b>	<b>12.36</b>
Total loans and leases	3,427,014	3,844,442	417,427	12.18
Loans and leases, gross	3,428,920	3,845,717	416,797	12.16
Less: Unearned income	1,906	1,276	(630)	(33.08)
Less: Reserve for losses	44,188	43,353	(835)	(1.89)
<b>Assets held in trading account</b>	<b>467,232</b>	<b>568,860</b>	<b>101,628</b>	<b>21.75</b>
<b>Other real estate owned</b>	<b>1,575</b>	<b>2,764</b>	<b>1,189</b>	<b>75.50</b>
<b>Intangible assets</b>	<b>238,705</b>	<b>274,161</b>	<b>35,457</b>	<b>14.85</b>
<b>All other assets</b>	<b>354,526</b>	<b>402,424</b>	<b>47,898</b>	<b>13.51</b>
<b>Total liabilities and equity capital</b>	<b>6,003,182</b>	<b>6,829,269</b>	<b>826,087</b>	<b>13.76</b>
Deposits in domestic offices	3,085,596	3,325,775	240,179	7.78
Deposits in foreign offices	764,461	1,010,761	246,300	32.22
<b>Total deposits</b>	<b>3,850,057</b>	<b>4,336,536</b>	<b>486,479</b>	<b>12.64</b>
Noninterest-bearing deposits	825,757	838,143	12,385	1.50
Interest-bearing deposits	3,024,300	3,498,393	474,094	15.68
<b>Federal funds purchased and securities sold</b>	<b>482,959</b>	<b>538,394</b>	<b>55,435</b>	<b>11.48</b>
<b>Other borrowed money</b>	<b>536,555</b>	<b>649,821</b>	<b>113,266</b>	<b>21.11</b>
<b>Trading liabilities less revaluation losses</b>	<b>116,574</b>	<b>121,799</b>	<b>5,225</b>	<b>4.48</b>
<b>Subordinated notes and debentures</b>	<b>100,822</b>	<b>126,695</b>	<b>25,872</b>	<b>25.66</b>
<b>All other liabilities</b>	<b>323,478</b>	<b>390,417</b>	<b>66,939</b>	<b>20.69</b>
Trading liabilities revaluation losses	127,289	135,553	8,264	6.49
Other	196,190	254,864	58,674	29.91
<b>Total equity capital</b>	<b>592,736</b>	<b>665,607</b>	<b>72,871</b>	<b>12.29</b>
Perpetual preferred stock	1,361	1,359	(2)	(0.16)
Common stock	14,425	14,193	(232)	(1.61)
Surplus	367,733	429,522	61,789	16.80
Retained earnings and other comprehensive income	195,882	206,787	10,905	5.57
Other equity capital components	(137)	(37)	100	NM

NM indicates calculated percent change is not meaningful.

## FINANCIAL PERFORMANCE OF NATIONAL BANKS

 Quarterly income and expenses of national banks  
 Fourth quarter 2005 and fourth quarter 2006

(Dollar figures in millions)

	Fourth quarter 2005	Fourth quarter 2006	Change Fourth quarter 2005– fourth quarter 2006 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
<b>Number of institutions</b>	<b>1,818</b>	<b>1,715</b>	<b>(103)</b>	<b>(5.67)</b>
<b>Net income</b>	<b>\$17,697</b>	<b>\$20,566</b>	<b>\$2,869</b>	<b>16.21</b>
<b>Net interest income</b>	<b>43,380</b>	<b>45,296</b>	<b>1,916</b>	<b>4.42</b>
Total interest income	76,984	96,247	19,262	25.02
On loans	56,861	69,857	12,996	22.86
From lease financing receivables	1,251	1,350	99	7.89
On balances due from depositories	1,075	1,473	398	37.06
On securities	10,904	12,959	2,055	18.85
From assets held in trading account	3,172	4,224	1,052	33.15
On federal funds sold and securities repurchased	3,284	5,911	2,627	79.99
Less: Interest expense	33,605	50,951	17,346	51.62
On deposits	20,573	31,500	10,927	53.12
Of federal funds purchased and securities sold	4,800	7,544	2,744	57.17
On demand notes and other borrowed money*	6,610	9,961	3,351	50.70
On subordinated notes and debentures	1,623	1,947	324	19.97
<b>Less: Provision for losses</b>	<b>5,439</b>	<b>5,719</b>	<b>281</b>	<b>5.16</b>
<b>Noninterest income</b>	<b>35,263</b>	<b>33,933</b>	<b>(1,330)</b>	<b>(3.77)</b>
From fiduciary activities	3,182	3,318	135	4.25
Service charges on deposits	6,048	6,660	612	10.11
Trading revenue	2,862	3,611	749	26.16
From interest rate exposures	910	1,280	371	40.75
From foreign exchange exposures	1,427	1,344	(83)	(5.82)
From equity security and index exposures	779	940	161	20.68
From commodity and other exposures	(258)	(126)	132	NM
Investment banking brokerage fees	2,018	2,525	507	25.13
Venture capital revenue	202	79	(123)	(60.79)
Net servicing fees	3,215	1,368	(1,847)	(57.46)
Net securitization income	3,734	261	(3,473)	(93.01)
Insurance commissions and fees	710	591	(119)	(16.74)
Insurance and reinsurance underwriting income	85	42	(43)	(50.62)
Income from other insurance activities	625	549	(76)	(12.15)
Net gains on asset sales	1,858	3,416	1,558	83.85
Sales of loans and leases	1,310	2,324	1,014	77.44
Sales of other real estate owned	18	8	(11)	(59.00)
Sales of other assets(excluding securities)	530	1,085	555	104.63
Other noninterest income	11,428	12,514	1,086	9.50
<b>Gains/losses on securities</b>	<b>(890)</b>	<b>585</b>	<b>1,475</b>	<b>NM</b>
<b>Less: Noninterest expense</b>	<b>46,929</b>	<b>45,435</b>	<b>(1,494)</b>	<b>(3.18)</b>
Salaries and employee benefits	20,483	21,326	843	4.12
Of premises and fixed assets	6,065	6,444	379	6.25
Goodwill impairment losses	1	0	(1)	NM
Amortization expense and impairment losses	1,499	1,059	(440)	(29.37)
Other noninterest expense	18,881	16,622	(2,259)	(11.96)
<b>Less: Taxes on income before extraordinary items</b>	<b>8,009</b>	<b>8,752</b>	<b>743</b>	<b>9.28</b>
<b>Income/loss from extraordinary items, net of income taxes</b>	<b>321</b>	<b>659</b>	<b>338</b>	<b>NM</b>
<b>Memoranda:</b>				
Net operating income	17,949	19,501	1,552	8.64
Income before taxes and extraordinary items	25,385	28,659	3,274	12.90
Income net of taxes before extraordinary items	17,376	19,907	2,531	14.56
Cash dividends declared	8,814	22,156	13,342	151.38
Net charge-offs to loan and lease reserve	6,655	4,943	(1,713)	(25.73)
Charge-offs to loan and lease reserve	8,550	6,189	(2,361)	(27.62)
Less: Recoveries credited to loan and lease reserve	1,895	1,246	(649)	(34.23)

\* Includes mortgage indebtedness

NM indicates calculated percent change is not meaningful.

FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	December 31, 2005	December 31, 2006	Change December 31, 2005– December 31, 2006 fully consolidated	
	Consolidated foreign and domestic	Consolidated foreign and domestic	Amount	Percent
<b>Number of institutions</b>	<b>1,818</b>	<b>1,715</b>	<b>(103)</b>	<b>(5.67)</b>
<b>Net income</b>	<b>\$73,822</b>	<b>\$85,904</b>	<b>\$12,082</b>	<b>16.37</b>
<b>Net interest income</b>	<b>169,618</b>	<b>182,371</b>	<b>12,753</b>	<b>7.52</b>
Total interest income	280,723	364,198	83,475	29.74
On loans	207,689	267,367	59,678	28.73
From lease financing receivables	5,295	5,358	63	1.20
On balances due from depositories	3,361	5,420	2,059	61.27
On securities	41,380	50,895	9,515	22.99
From assets held in trading account	12,335	15,609	3,274	26.55
On federal funds sold and securities repurchased	8,974	17,702	8,728	97.26
Less: Interest expense	111,106	181,827	70,721	63.65
On deposits	67,441	111,261	43,820	64.97
Of federal funds purchased and securities sold	14,398	26,329	11,931	82.86
On demand notes and other borrowed money*	23,611	36,890	13,279	56.24
On subordinated notes and debentures	5,656	7,348	1,692	29.92
<b>Less: Provision for losses</b>	<b>19,755</b>	<b>18,429</b>	<b>(1,327)</b>	<b>(6.72)</b>
<b>Noninterest income</b>	<b>145,194</b>	<b>157,724</b>	<b>12,530</b>	<b>8.63</b>
From fiduciary activities	12,710	13,256	547	4.30
Service charges on deposits	23,614	25,644	2,030	8.60
Trading revenue	13,274	17,941	4,666	35.15
From interest rate exposures	4,967	4,588	(378)	(7.62)
From foreign exchange exposures	5,148	6,619	1,471	28.58
From equity security and index exposures	2,518	5,144	2,625	NM
From commodity and other exposures	628	1,254	627	99.83
Investment banking brokerage fees	8,071	10,013	1,942	24.07
Venture capital revenue	732	246	(485)	(66.33)
Net servicing fees	12,287	10,608	(1,679)	(13.67)
Net securitization income	17,392	16,048	(1,344)	(7.73)
Insurance commissions and fees	2,590	2,481	(110)	(4.24)
Insurance and reinsurance underwriting income	473	268	(205)	(43.39)
Income from other insurance activities	2,117	2,213	96	4.51
Net gains on asset sales	5,386	8,802	3,416	63.42
Sales of loans and leases	3,936	6,412	2,476	62.89
Sales of other real estate owned	84	80	(4)	(4.20)
Sales of other assets(excluding securities)	1,366	2,309	943	69.08
Other noninterest income	49,138	52,686	3,548	7.22
<b>Gains/losses on securities</b>	<b>(197)</b>	<b>(489)</b>	<b>(292)</b>	<b>NM</b>
<b>Less: Noninterest expense</b>	<b>185,908</b>	<b>195,585</b>	<b>9,677</b>	<b>5.21</b>
Salaries and employee benefits	81,044	89,111	8,067	9.95
Of premises and fixed assets	23,816	24,593	778	3.27
Goodwill impairment losses	4	2	(3)	(64.97)
Amortization expense and impairment losses	6,090	5,891	(198)	(3.26)
Other noninterest expense	74,954	75,987	1,033	1.38
<b>Less: Taxes on income before extraordinary items</b>	<b>35,433</b>	<b>40,735</b>	<b>5,302</b>	<b>14.96</b>
<b>Income/loss from extraordinary items, net of income taxes</b>	<b>303</b>	<b>1,046</b>	<b>743</b>	<b>NM</b>
<b>Memoranda:</b>				
Net operating income	73,613	85,150	11,537	15.67
Income before taxes and extraordinary items	108,952	125,593	16,641	15.27
Income net of taxes before extraordinary items	73,519	84,858	11,339	15.42
Cash dividends declared	41,663	54,466	12,802	30.73
Net charge-offs to loan and lease reserve	22,137	17,786	(4,351)	(19.66)
Charge-offs to loan and lease reserve	29,429	23,975	(5,454)	(18.53)
Less: Recoveries credited to loan and lease reserve	7,291	6,189	(1,102)	(15.12)

\* Includes mortgage indebtedness

NM indicates calculated percent change is not meaningful.

FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Total assets</b>	<b>\$6,829,269</b>	<b>\$35,139</b>	<b>\$265,391</b>	<b>\$362,436</b>	<b>\$6,166,303</b>	<b>\$10,090,626</b>
<b>Cash and balances due from</b>	<b>293,352</b>	<b>1,984</b>	<b>10,293</b>	<b>14,779</b>	<b>266,296</b>	<b>431,987</b>
<b>Securities</b>	<b>1,042,568</b>	<b>9,082</b>	<b>57,399</b>	<b>65,722</b>	<b>910,365</b>	<b>1,665,743</b>
<b>Federal funds sold and securities purchased</b>	<b>444,049</b>	<b>2,151</b>	<b>10,522</b>	<b>23,885</b>	<b>407,491</b>	<b>529,599</b>
<b>Net loans and leases</b>	<b>3,801,089</b>	<b>20,166</b>	<b>171,603</b>	<b>229,452</b>	<b>3,379,868</b>	<b>5,911,844</b>
Total loans and leases	3,844,442	20,449	173,743	232,195	3,418,054	5,980,915
Loans and leases, gross	3,845,717	20,464	173,889	232,351	3,419,013	5,983,210
Less: Unearned income	1,276	15	146	156	959	2,295
Less: Reserve for losses	43,353	283	2,140	2,743	38,186	69,071
<b>Assets held in trading account</b>	<b>568,860</b>	<b>1</b>	<b>175</b>	<b>690</b>	<b>567,995</b>	<b>620,054</b>
<b>Other real estate owned</b>	<b>2,764</b>	<b>41</b>	<b>241</b>	<b>164</b>	<b>2,319</b>	<b>4,721</b>
<b>Intangible assets</b>	<b>274,161</b>	<b>142</b>	<b>2,604</b>	<b>9,029</b>	<b>262,387</b>	<b>358,472</b>
<b>All other assets</b>	<b>402,424</b>	<b>1,572</b>	<b>12,555</b>	<b>18,716</b>	<b>369,581</b>	<b>568,191</b>
<b>Gross loans and leases by type:</b>						
<b>Loans secured by real estate</b>	<b>2,060,099</b>	<b>12,840</b>	<b>125,304</b>	<b>160,494</b>	<b>1,761,462</b>	<b>3,432,190</b>
1- to 4-family residential mortgages	1,015,599	4,895	37,790	46,279	926,634	1,437,153
Home equity loans	364,145	406	6,264	10,236	347,238	469,802
Multifamily residential mortgages	51,870	260	4,084	7,821	39,705	106,382
Commercial RE loans	359,348	4,085	48,125	53,320	253,818	810,757
Construction RE loans	201,612	1,502	22,525	37,615	139,971	498,512
Farmland loans	17,144	1,692	6,512	3,209	5,730	52,348
RE loans from foreign offices	50,382	0	3	2,013	48,365	57,235
<b>Commercial and industrial loans</b>	<b>766,030</b>	<b>3,203</b>	<b>26,264</b>	<b>41,724</b>	<b>694,840</b>	<b>1,139,123</b>
<b>Loans to individuals</b>	<b>621,245</b>	<b>1,969</b>	<b>13,041</b>	<b>19,188</b>	<b>587,046</b>	<b>857,887</b>
Credit cards	259,519	59	1,978	3,576	253,906	341,022
Other revolving credit plans	41,706	31	397	786	40,491	47,706
Installment loans	320,020	1,880	10,666	14,826	292,649	469,159
<b>All other loans and leases</b>	<b>398,343</b>	<b>2,452</b>	<b>9,280</b>	<b>10,945</b>	<b>375,666</b>	<b>554,010</b>
<b>Securities by type:</b>						
<b>U.S. Treasury securities</b>	<b>22,110</b>	<b>313</b>	<b>1,171</b>	<b>1,768</b>	<b>18,858</b>	<b>42,768</b>
<b>Mortgage-backed securities</b>	<b>678,662</b>	<b>1,819</b>	<b>18,979</b>	<b>30,078</b>	<b>627,785</b>	<b>972,257</b>
Pass-through securities	528,382	1,392	13,049	15,390	498,551	663,416
Collateralized mortgage obligations	150,279	427	5,931	14,688	129,234	308,841
<b>Other securities</b>	<b>289,065</b>	<b>6,949</b>	<b>36,937</b>	<b>32,916</b>	<b>212,263</b>	<b>561,935</b>
Other U.S. government securities	81,128	5,278	23,087	20,295	32,468	260,857
State and local government securities	69,654	1,523	11,834	8,437	47,859	135,261
Other debt securities	127,509	87	1,416	3,571	122,435	147,910
Equity securities	10,775	61	599	614	9,500	17,907
<b>Memoranda:</b>						
Agricultural production loans	22,510	2,133	5,799	2,893	11,684	54,114
Pledged securities	532,507	3,921	29,693	36,763	462,130	883,145
Book value of securities	1,051,330	9,141	57,796	66,169	918,225	1,677,990
Available-for-sale securities	1,014,652	7,826	51,983	59,113	895,730	1,563,297
Held-to-maturity securities	36,678	1,314	5,814	7,055	22,495	114,693
Market value of securities	1,042,277	9,072	57,364	65,684	910,156	1,664,712
Available-for-sale securities	1,005,890	7,768	51,585	58,667	887,871	1,551,050
Held-to-maturity securities	36,386	1,304	5,779	7,017	22,286	113,661

## FINANCIAL PERFORMANCE OF NATIONAL BANKS

**Past-due and nonaccrual loans and leases of national banks by asset size**  
**December 31, 2006**  
 (Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Loans and leases past due 30-89 days</b>	<b>\$39,410</b>	<b>\$281</b>	<b>\$1,668</b>	<b>\$1,870</b>	<b>\$35,590</b>	<b>\$58,960</b>
<b>Loans secured by real estate</b>	<b>21,886</b>	<b>165</b>	<b>1,157</b>	<b>1,243</b>	<b>19,323</b>	<b>33,646</b>
1- to 4-family residential mortgages	14,927	88	494	475	13,870	19,835
Home equity loans	2,439	4	44	45	2,346	3,144
Multifamily residential mortgages	278	4	40	50	184	594
Commercial RE loans	1,645	39	311	217	1,078	4,595
Construction RE loans	1,911	16	229	434	1,231	4,425
Farmland loans	101	14	38	21	29	332
RE loans from foreign offices	585	0	0	0	585	720
<b>Commercial and industrial loans</b>	<b>3,837</b>	<b>49</b>	<b>232</b>	<b>339</b>	<b>3,217</b>	<b>6,257</b>
<b>Loans to individuals</b>	<b>11,986</b>	<b>49</b>	<b>225</b>	<b>233</b>	<b>11,479</b>	<b>16,016</b>
Credit cards	5,748	2	49	48	5,649	7,218
Installment loans and other plans	6,238	48	175	185	5,830	8,798
<b>All other loans and leases</b>	<b>1,700</b>	<b>19</b>	<b>55</b>	<b>56</b>	<b>1,571</b>	<b>3,041</b>
<b>Loans and leases past due 90+ days</b>	<b>16,260</b>	<b>46</b>	<b>285</b>	<b>245</b>	<b>15,685</b>	<b>20,311</b>
<b>Loans secured by real estate</b>	<b>7,910</b>	<b>27</b>	<b>185</b>	<b>136</b>	<b>7,562</b>	<b>9,994</b>
1- to 4-family residential mortgages	7,202	16	76	42	7,069	8,267
Home equity loans	279	1	6	10	263	398
Multifamily residential mortgages	62	0	6	38	17	112
Commercial RE loans	201	5	43	16	138	582
Construction RE loans	151	3	47	30	72	542
Farmland loans	14	3	7	1	4	75
RE loans from foreign offices	0	0	0	0	0	18
<b>Commercial and industrial loans</b>	<b>709</b>	<b>6</b>	<b>38</b>	<b>49</b>	<b>616</b>	<b>1,146</b>
<b>Loans to individuals</b>	<b>7,438</b>	<b>8</b>	<b>48</b>	<b>55</b>	<b>7,327</b>	<b>8,859</b>
Credit cards	5,036	0	28	34	4,973	6,128
Installment loans and other plans	2,403	8	20	21	2,354	2,731
<b>All other loans and leases</b>	<b>202</b>	<b>4</b>	<b>14</b>	<b>5</b>	<b>179</b>	<b>312</b>
<b>Nonaccrual loans and leases</b>	<b>15,692</b>	<b>161</b>	<b>956</b>	<b>1,180</b>	<b>13,396</b>	<b>26,613</b>
<b>Loans secured by real estate</b>	<b>10,494</b>	<b>106</b>	<b>697</b>	<b>853</b>	<b>8,838</b>	<b>17,924</b>
1- to 4-family residential mortgages	5,392	32	193	173	4,993	7,871
Home equity loans	1,191	1	19	29	1,142	1,454
Multifamily residential mortgages	279	1	28	94	156	491
Commercial RE loans	1,704	44	292	318	1,050	4,206
Construction RE loans	1,107	15	134	219	740	2,847
Farmland loans	105	12	32	19	41	277
RE loans from foreign offices	717	0	0	0	717	778
<b>Commercial and industrial loans</b>	<b>3,482</b>	<b>36</b>	<b>202</b>	<b>266</b>	<b>2,978</b>	<b>6,091</b>
<b>Loans to individuals</b>	<b>1,162</b>	<b>7</b>	<b>28</b>	<b>33</b>	<b>1,094</b>	<b>1,768</b>
Credit cards	233	0	4	10	219	479
Installment loans and other plans	929	7	24	23	875	1,289
<b>All other loans and leases</b>	<b>595</b>	<b>12</b>	<b>29</b>	<b>28</b>	<b>526</b>	<b>900</b>

FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Total liabilities and equity capital</b>	<b>6,829,269</b>	<b>35,139</b>	<b>265,391</b>	<b>362,436</b>	<b>6,166,303</b>	<b>10,090,626</b>
Deposits in domestic offices	3,325,775	29,148	214,657	252,036	2,829,934	5,537,758
Deposits in foreign offices	1,010,761	15	233	1,742	1,008,770	1,193,604
<b>Total deposits</b>	<b>4,336,536</b>	<b>29,163</b>	<b>214,890</b>	<b>253,778</b>	<b>3,838,704</b>	<b>6,731,362</b>
Noninterest bearing	838,143	5,437	36,134	44,866	751,705	1,216,695
Interest bearing	3,498,393	23,726	178,756	208,912	3,086,999	5,514,667
<b>Federal funds purchased and securities sold</b>	<b>538,394</b>	<b>345</b>	<b>7,655</b>	<b>25,912</b>	<b>504,482</b>	<b>719,180</b>
<b>Other borrowed funds</b>	<b>649,821</b>	<b>831</b>	<b>11,928</b>	<b>38,647</b>	<b>598,415</b>	<b>869,984</b>
<b>Trading liabilities less revaluation losses</b>	<b>121,799</b>	<b>0</b>	<b>0</b>	<b>147</b>	<b>121,652</b>	<b>122,247</b>
<b>Subordinated notes and debentures</b>	<b>126,695</b>	<b>0</b>	<b>191</b>	<b>1,045</b>	<b>125,458</b>	<b>149,795</b>
<b>All other liabilities</b>	<b>390,417</b>	<b>312</b>	<b>2,946</b>	<b>5,191</b>	<b>381,969</b>	<b>467,645</b>
<b>Equity capital</b>	<b>665,607</b>	<b>4,487</b>	<b>27,781</b>	<b>37,716</b>	<b>595,624</b>	<b>1,030,413</b>
<b>Total deposits by depositor:</b>						
Individuals and corporations	3,492,938	17,586	155,437	207,025	3,112,889	5,442,805
U.S., state, and local governments	159,119	2,908	16,556	17,682	121,973	293,471
Depositories in the United States	86,438	284	3,237	3,703	79,214	119,344
Foreign banks and governments	247,081	1	272	329	246,479	273,244
<b>Domestic deposits by depositor:</b>						
Individuals and corporations	2,747,160	17,574	155,355	205,371	2,368,861	4,546,962
U.S., state, and local governments	159,119	2,908	16,556	17,682	121,973	293,471
Depositories in the United States	43,788	284	3,237	3,703	36,564	66,886
Foreign banks and governments	25,263	1	122	241	24,899	28,527
<b>Foreign deposits by depositor:</b>						
Individuals and corporations	745,778	12	83	1,655	744,028	895,843
Depositories in the United States	42,650	0	0	0	42,650	52,458
Foreign banks and governments	221,818	0	150	88	221,580	244,716
<b>Deposits in domestic offices by type:</b>						
<b>Transaction deposits</b>	<b>420,573</b>	<b>9,586</b>	<b>45,212</b>	<b>30,079</b>	<b>335,695</b>	<b>716,865</b>
Demand deposits	317,846	5,318	27,426	21,768	263,334	516,356
<b>Savings deposits</b>	<b>1,929,269</b>	<b>6,426</b>	<b>73,512</b>	<b>119,798</b>	<b>1,729,532</b>	<b>2,905,421</b>
Money market deposit accounts	1,480,760	3,513	42,082	83,984	1,351,182	2,211,607
Other savings deposits	448,509	2,913	31,430	35,815	378,351	693,814
<b>Time deposits</b>	<b>975,933</b>	<b>13,136</b>	<b>95,933</b>	<b>102,158</b>	<b>764,707</b>	<b>1,915,412</b>
Small time deposits	435,474	8,098	53,454	50,161	323,761	878,327
Large time deposits	540,460	5,038	42,479	51,997	440,946	1,037,086

## FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Unused commitments</b>	<b>\$5,126,193</b>	<b>\$19,271</b>	<b>\$197,973</b>	<b>\$294,014</b>	<b>\$4,614,936</b>	<b>\$6,622,387</b>
Home equity lines	440,849	341	6,048	12,980	421,480	557,149
Credit card lines	2,947,612	16,231	161,725	225,987	2,543,670	3,581,327
Commercial RE, construction and land	188,298	724	11,303	24,862	151,409	354,957
All other unused commitments	1,549,434	1,976	18,896	30,185	1,498,378	2,128,953
<b>Letters of credit:</b>						
<b>Standby letters of credit</b>	<b>321,873</b>	<b>102</b>	<b>1,696</b>	<b>5,011</b>	<b>315,064</b>	<b>416,790</b>
Financial letters of credit	274,477	55	1,051	3,429	269,943	359,840
Performance letters of credit	47,396	48	645	1,582	45,121	56,950
<b>Commercial letters of credit</b>	<b>24,304</b>	<b>20</b>	<b>220</b>	<b>767</b>	<b>23,297</b>	<b>28,405</b>
<b>Securities lent</b>	<b>682,875</b>	<b>11</b>	<b>66</b>	<b>1,338</b>	<b>681,459</b>	<b>1,761,414</b>
<b>Spot foreign exchange contracts</b>	<b>628,931</b>	<b>0</b>	<b>2</b>	<b>155</b>	<b>628,774</b>	<b>663,873</b>
<b>Credit derivatives (notional value)</b>						
Reporting bank is the guarantor	4,495,008	0	0	28	4,494,979	4,495,902
Reporting bank is the beneficiary	4,499,871	0	0	74	4,499,797	4,523,395
<b>Derivative contracts (notional value)</b>	<b>129,392,745</b>	<b>20</b>	<b>3,338</b>	<b>19,752</b>	<b>129,369,634</b>	<b>131,499,074</b>
<b>Futures and forward contracts</b>	<b>14,037,605</b>	<b>9</b>	<b>894</b>	<b>3,212</b>	<b>14,033,490</b>	<b>14,876,869</b>
Interest rate contracts	8,384,333	9	885	2,190	8,381,249	8,534,510
Foreign exchange contracts	5,455,304	0	8	1,021	5,454,275	6,143,185
All other futures and forwards	197,969	0	1	1	197,967	199,174
<b>Option contracts</b>	<b>25,756,084</b>	<b>11</b>	<b>1,058</b>	<b>2,963</b>	<b>25,752,052</b>	<b>26,274,846</b>
Interest rate contracts	20,069,079	9	1,017	2,566	20,065,487	20,514,839
Foreign exchange contracts	3,232,462	0	0	305	3,232,156	3,272,795
All other options	2,454,543	2	41	91	2,454,408	2,487,212
<b>Swaps</b>	<b>80,604,177</b>	<b>0</b>	<b>1,386</b>	<b>13,475</b>	<b>80,589,316</b>	<b>81,328,062</b>
Interest rate contracts	77,658,982	0	1,373	13,344	77,644,266	78,365,939
Foreign exchange contracts	2,476,307	0	0	19	2,476,288	2,484,343
All other swaps	468,888	0	13	112	468,762	477,781
<b>Memoranda: Derivatives by purpose</b>						
Contracts held for trading	117,858,698	2	36	6,353	117,852,308	119,633,427
Contracts not held for trading	2,539,168	18	3,302	13,298	2,522,550	2,846,350
<b>Memoranda: Derivatives by position</b>						
Held for trading—positive fair value	1,106,608	0	1	29	1,106,578	1,120,788
Held for trading—negative fair value	1,092,057	0	0	28	1,092,028	1,107,206
Not for trading—positive fair value	9,485	1	19	53	9,413	11,581
Not for trading—negative fair value	9,733	0	19	123	9,591	11,771

## FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Net income</b>	<b>\$20,566</b>	<b>\$76</b>	<b>\$762</b>	<b>\$1,239</b>	<b>\$18,490</b>	<b>\$31,651</b>
<b>Net interest income</b>	<b>45,296</b>	<b>342</b>	<b>2,464</b>	<b>2,914</b>	<b>39,575</b>	<b>70,398</b>
Total interest income	96,247	551	4,259	5,640	85,797	144,378
On loans	69,857	413	3,418	4,343	61,684	108,689
From lease financing receivables	1,350	1	16	64	1,269	1,901
On balances due from depositories	1,473	7	23	69	1,374	2,094
On securities	12,959	99	640	809	11,411	20,392
From assets held in trading account	4,224	0	3	9	4,212	4,676
On fed. funds sold & securities repurchased	5,911	28	136	298	5,449	6,859
Less: Interest expense	50,951	209	1,795	2,726	46,222	73,980
On deposits	31,500	194	1,555	1,931	27,820	49,421
Of federal funds purchased & securities sold	7,544	4	85	303	7,152	9,584
On demand notes & other borrowed money*	9,961	11	150	472	9,328	12,694
On subordinated notes and debentures	1,947	0	4	20	1,922	2,281
<b>Less: Provision for losses</b>	<b>5,719</b>	<b>17</b>	<b>147</b>	<b>167</b>	<b>5,388</b>	<b>8,011</b>
<b>Noninterest income</b>	<b>33,933</b>	<b>95</b>	<b>1,180</b>	<b>1,861</b>	<b>30,797</b>	<b>50,392</b>
From fiduciary activities	3,318	25	148	264	2,882	6,413
Service charges on deposits	6,660	36	314	318	5,993	9,237
Trading revenue	3,611	0	2	8	3,601	4,083
From interest rate exposures	1,280	0	2	2	1,277	1,152
From foreign exchange exposures	1,344	0	0	1	1,344	1,613
From equity security and index exposures	940	0	0	0	940	1,217
From commodity and other exposures	(126)	0	0	(0)	(126)	(111)
Investment banking brokerage fees	2,525	1	31	35	2,458	2,978
Venture capital revenue	79	(0)	(0)	1	79	78
Net servicing fees	1,368	35	95	28	1,209	1,997
Net securitization income	261	0	132	3	126	2,291
Insurance commissions and fees	591	10	18	35	528	1,064
Insurance and reinsurance underwriting income	42	0	0	1	41	67
Income from other insurance activities	549	10	18	34	488	997
Net gains on asset sales	3,416	5	56	687	2,668	3,562
Sales of loans and leases	2,324	5	52	661	1,606	2,452
Sales of other real estate owned	8	0	(1)	3	5	8
Sales of other assets(excluding securities)	1,085	(0)	5	23	1,057	1,101
Other noninterest income	12,514	(17)	385	483	11,663	19,101
<b>Gains/losses on securities</b>	<b>585</b>	<b>(2)</b>	<b>(3)</b>	<b>(3)</b>	<b>592</b>	<b>(65)</b>
<b>Less: Noninterest expense</b>	<b>45,435</b>	<b>323</b>	<b>2,452</b>	<b>2,769</b>	<b>39,890</b>	<b>70,251</b>
Salaries and employee benefits	21,326	156	1,206	1,242	18,722	32,912
Of premises and fixed assets	6,444	42	299	306	5,797	9,440
Goodwill impairment losses	0	0	0	0	0	12
Amortization expense and impairment losses	1,059	1	24	92	942	1,344
Other noninterest expense	16,622	124	924	1,129	14,446	26,559
<b>Less: Taxes on income before extraord. items</b>	<b>8,752</b>	<b>19</b>	<b>260</b>	<b>585</b>	<b>7,888</b>	<b>12,935</b>
<b>Income/loss from extraord. items, net of taxes</b>	<b>1,046</b>	<b>6</b>	<b>5</b>	<b>(12)</b>	<b>1,048</b>	<b>2,647</b>
<b>Memoranda:</b>						
Net operating income	19,501	77	786	1,255	17,383	29,586
Income before taxes and extraordinary items	28,659	95	1,042	1,836	25,686	42,462
Income net of taxes before extraordinary items	19,907	76	782	1,251	17,798	29,527
Cash dividends declared	22,156	102	540	1,137	20,377	31,220
Net loan and lease losses	4,943	17	138	168	4,620	6,842
Charge-offs to loan and lease reserve	6,189	21	171	234	5,763	8,617
Less: Recoveries credited to loan & lease resv.	1,246	4	33	66	1,144	1,775

\* Includes mortgage indebtedness

## FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Net income</b>	<b>\$85,904</b>	<b>\$363</b>	<b>\$3,236</b>	<b>\$4,992</b>	<b>\$77,312</b>	<b>\$128,640</b>
<b>Net interest income</b>	<b>182,371</b>	<b>1,322</b>	<b>9,625</b>	<b>11,424</b>	<b>159,999</b>	<b>284,888</b>
Total interest income	364,198	2,049	15,990	20,918	325,241	547,912
On loans	267,367	1,544	12,829	16,145	236,850	411,604
From lease financing receivables	5,358	5	60	231	5,062	7,379
On balances due from depositories	5,420	27	85	233	5,075	7,701
On securities	50,895	376	2,447	3,060	45,012	78,978
From assets held in trading account	15,609	0	11	32	15,565	17,954
On fed. funds sold & securities repurchased	17,702	87	471	1,057	16,088	21,040
Less: Interest expense	181,827	727	6,364	9,494	165,242	263,024
On deposits	111,261	668	5,353	6,655	98,584	172,999
Of federal funds purchased & securities sold	26,329	16	337	1,073	24,903	34,487
On demand notes & other borrowed money*	36,890	42	660	1,699	34,488	46,950
On subordinated notes and debentures	7,348	0	15	66	7,267	8,588
<b>Less: Provision for losses</b>	<b>18,429</b>	<b>51</b>	<b>473</b>	<b>513</b>	<b>17,392</b>	<b>25,384</b>
<b>Noninterest income</b>	<b>157,724</b>	<b>542</b>	<b>4,568</b>	<b>6,872</b>	<b>145,743</b>	<b>217,626</b>
From fiduciary activities	13,256	95	546	829	11,786	25,208
Service charges on deposits	25,644	142	1,230	1,216	23,057	35,725
Trading revenue	17,941	0	8	32	17,901	19,182
From interest rate exposures	4,588	0	6	16	4,566	4,614
From foreign exchange exposures	6,619	0	0	4	6,615	7,948
From equity security and index exposures	5,144	0	0	0	5,144	4,952
From commodity and other exposures	1,254	0	0	(0)	1,254	1,264
Investment banking brokerage fees	10,013	3	91	123	9,796	11,888
Venture capital revenue	246	(0)	(1)	2	245	248
Net servicing fees	10,608	119	383	108	9,998	13,504
Net securitization income	16,048	0	569	115	15,363	22,169
Insurance commissions and fees	2,481	39	74	135	2,232	4,304
Insurance and reinsurance underwriting income	268	0	1	3	264	354
Income from other insurance activities	2,213	38	74	132	1,969	3,950
Net gains on asset sales	8,802	17	244	2,290	6,250	10,274
Sales of loans and leases	6,412	17	209	2,223	3,964	7,573
Sales of other real estate owned	80	(0)	10	21	50	127
Sales of other assets(excluding securities)	2,309	1	26	47	2,236	2,575
Other noninterest income	52,686	127	1,422	2,023	49,114	75,124
<b>Gains/losses on securities</b>	<b>(489)</b>	<b>(4)</b>	<b>(17)</b>	<b>(34)</b>	<b>(435)</b>	<b>(1,287)</b>
<b>Less: Noninterest expense</b>	<b>195,585</b>	<b>1,368</b>	<b>9,346</b>	<b>10,400</b>	<b>174,471</b>	<b>290,209</b>
Salaries and employee benefits	89,111	687	4,596	4,752	79,077	133,311
Of premises and fixed assets	24,593	159	1,148	1,179	22,107	35,939
Goodwill impairment losses	2	0	1	0	0	338
Amortization expense and impairment losses	5,891	4	95	338	5,454	6,986
Other noninterest expense	75,987	518	3,506	4,130	67,833	113,636
<b>Less: Taxes on income before extraord. items</b>	<b>40,735</b>	<b>85</b>	<b>1,126</b>	<b>2,344</b>	<b>37,180</b>	<b>59,641</b>
<b>Income/loss from extraord. items, net of taxes</b>	<b>1,046</b>	<b>6</b>	<b>5</b>	<b>(12)</b>	<b>1,048</b>	<b>2,647</b>
<b>Memoranda:</b>						
Net operating income	85,150	360	3,247	5,029	76,514	126,855
Income before taxes and extraordinary items	125,593	441	4,358	7,349	113,445	185,634
Income net of taxes before extraordinary items	84,858	357	3,232	5,005	76,264	125,993
Cash dividends declared	54,466	246	2,387	3,167	48,665	80,558
Net loan and lease losses	17,786	37	335	493	16,921	23,207
Charge-offs to loan and lease reserve	23,975	57	465	732	22,721	31,571
Less: Recoveries credited to loan & lease resv.	6,189	20	130	239	5,800	8,364

\* Includes mortgage indebtedness

FINANCIAL PERFORMANCE OF NATIONAL BANKS

Quarterly net loan and lease losses of national banks by asset size  
Fourth quarter 2006  
(Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Net charge-offs to loan and lease reserve</b>	<b>\$4,943</b>	<b>\$17</b>	<b>\$138</b>	<b>\$168</b>	<b>\$4,620</b>	<b>\$6,842</b>
<b>Loans secured by real estate</b>	<b>576</b>	<b>5</b>	<b>37</b>	<b>36</b>	<b>498</b>	<b>944</b>
1- to 4-family residential mortgages	263	2	11	14	235	372
Home equity loans	181	0	3	4	174	248
Multifamily residential mortgages	6	0	0	3	3	12
Commercial RE loans	54	2	14	9	29	148
Construction RE loans	43	0	8	6	29	127
Farmland loans	5	(0)	1	(0)	4	11
RE loans from foreign offices	(0)	0	0	0	(0)	1
<b>Commercial and industrial loans</b>	<b>799</b>	<b>7</b>	<b>43</b>	<b>76</b>	<b>674</b>	<b>1,241</b>
<b>Loans to individuals</b>	<b>3,338</b>	<b>4</b>	<b>51</b>	<b>33</b>	<b>3,250</b>	<b>4,334</b>
Credit cards	1,923	0	33	18	1,872	2,594
Installment loans and other plans	1,415	3	18	15	1,378	1,740
<b>All other loans and leases</b>	<b>230</b>	<b>2</b>	<b>7</b>	<b>23</b>	<b>198</b>	<b>323</b>
<b>Charge-offs to loan and lease reserve</b>	<b>6,189</b>	<b>21</b>	<b>171</b>	<b>234</b>	<b>5,763</b>	<b>8,617</b>
<b>Loans secured by real estate</b>	<b>693</b>	<b>5</b>	<b>42</b>	<b>46</b>	<b>600</b>	<b>1,126</b>
1- to 4-family residential mortgages	311	2	14	17	278	443
Home equity loans	207	0	3	4	200	283
Multifamily residential mortgages	11	0	0	3	7	18
Commercial RE loans	77	2	16	15	44	196
Construction RE loans	50	0	8	7	36	140
Farmland loans	7	0	1	0	5	15
RE loans from foreign offices	30	0	0	0	30	32
<b>Commercial and industrial loans</b>	<b>1,111</b>	<b>8</b>	<b>53</b>	<b>91</b>	<b>959</b>	<b>1,668</b>
<b>Loans to individuals</b>	<b>4,051</b>	<b>5</b>	<b>65</b>	<b>70</b>	<b>3,910</b>	<b>5,349</b>
Credit cards	2,198	0	38	25	2,135	3,037
Installment loans and other plans	1,853	5	27	45	1,775	2,312
<b>All other loans and leases</b>	<b>335</b>	<b>2</b>	<b>11</b>	<b>28</b>	<b>294</b>	<b>474</b>
<b>Recoveries credited to loan and lease reserve</b>	<b>1,246</b>	<b>4</b>	<b>33</b>	<b>66</b>	<b>1,144</b>	<b>1,775</b>
<b>Loans secured by real estate</b>	<b>117</b>	<b>1</b>	<b>5</b>	<b>9</b>	<b>102</b>	<b>182</b>
1- to 4-family residential mortgages	48	0	2	2	43	70
Home equity loans	27	0	0	1	26	35
Multifamily residential mortgages	5	0	0	0	4	7
Commercial RE loans	23	0	2	5	15	47
Construction RE loans	7	0	0	0	6	12
Farmland loans	2	0	0	1	1	3
RE loans from foreign offices	6	0	0	0	6	6
<b>Commercial and industrial loans</b>	<b>312</b>	<b>1</b>	<b>10</b>	<b>15</b>	<b>286</b>	<b>427</b>
<b>Loans to individuals</b>	<b>713</b>	<b>2</b>	<b>14</b>	<b>37</b>	<b>660</b>	<b>1,016</b>
Credit cards	275	0	5	7	263	443
Installment loans and other plans	438	2	9	30	397	572
<b>All other loans and leases</b>	<b>105</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>96</b>	<b>151</b>

FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>Number of institutions reporting</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
<b>Net charge-offs to loan and lease reserve</b>	<b>17,786</b>	<b>37</b>	<b>335</b>	<b>493</b>	<b>16,921</b>	<b>23,207</b>
<b>Loans secured by real estate</b>	<b>1,581</b>	<b>8</b>	<b>67</b>	<b>90</b>	<b>1,415</b>	<b>2,493</b>
1- to 4-family residential mortgages	785	4	26	32	722	1,096
Home equity loans	525	1	4	10	510	711
Multifamily residential mortgages	7	0	1	6	0	32
Commercial RE loans	104	3	24	29	48	335
Construction RE loans	83	1	11	12	60	231
Farmland loans	13	(0)	1	1	12	20
RE loans from foreign offices	63	0	0	0	63	68
<b>Commercial and industrial loans</b>	<b>2,022</b>	<b>16</b>	<b>89</b>	<b>165</b>	<b>1,752</b>	<b>3,102</b>
<b>Loans to individuals</b>	<b>13,683</b>	<b>11</b>	<b>162</b>	<b>189</b>	<b>13,321</b>	<b>16,834</b>
Credit cards	9,209	1	108	55	9,045	11,388
Installment loans and other plans	4,474	10	54	134	4,276	5,446
<b>All other loans and leases</b>	<b>500</b>	<b>2</b>	<b>17</b>	<b>49</b>	<b>432</b>	<b>778</b>
<b>Charge-offs to loan and lease reserve</b>	<b>23,975</b>	<b>57</b>	<b>465</b>	<b>732</b>	<b>22,721</b>	<b>31,571</b>
<b>Loans secured by real estate</b>	<b>2,086</b>	<b>12</b>	<b>89</b>	<b>121</b>	<b>1,864</b>	<b>3,243</b>
1- to 4-family residential mortgages	1,015	5	35	42	933	1,409
Home equity loans	628	1	5	13	609	847
Multifamily residential mortgages	23	0	1	7	15	53
Commercial RE loans	201	5	33	43	120	523
Construction RE loans	109	1	12	15	80	279
Farmland loans	18	0	2	2	14	33
RE loans from foreign offices	93	0	0	0	93	101
<b>Commercial and industrial loans</b>	<b>3,398</b>	<b>21</b>	<b>123</b>	<b>219</b>	<b>3,034</b>	<b>4,988</b>
<b>Loans to individuals</b>	<b>17,472</b>	<b>19</b>	<b>220</b>	<b>322</b>	<b>16,912</b>	<b>21,865</b>
Credit cards	11,095	1	128	86	10,880	13,941
Installment loans and other plans	6,377	17	92	236	6,032	7,924
<b>All other loans and leases</b>	<b>1,019</b>	<b>5</b>	<b>33</b>	<b>70</b>	<b>910</b>	<b>1,475</b>
<b>Recoveries credited to loan and lease reserve</b>	<b>6,189</b>	<b>20</b>	<b>130</b>	<b>239</b>	<b>5,800</b>	<b>8,364</b>
<b>Loans secured by real estate</b>	<b>505</b>	<b>4</b>	<b>21</b>	<b>32</b>	<b>449</b>	<b>750</b>
1- to 4-family residential mortgages	230	1	9	9	211	313
Home equity loans	103	0	1	3	99	136
Multifamily residential mortgages	16	0	0	1	14	21
Commercial RE loans	96	2	9	14	72	188
Construction RE loans	25	0	1	3	20	47
Farmland loans	5	0	1	1	2	13
RE loans from foreign offices	30	0	0	0	30	32
<b>Commercial and industrial loans</b>	<b>1,375</b>	<b>5</b>	<b>34</b>	<b>54</b>	<b>1,282</b>	<b>1,886</b>
<b>Loans to individuals</b>	<b>3,790</b>	<b>8</b>	<b>58</b>	<b>133</b>	<b>3,590</b>	<b>5,031</b>
Credit cards	1,886	1	20	31	1,835	2,553
Installment loans and other plans	1,903	7	38	102	1,756	2,478
<b>All other loans and leases</b>	<b>519</b>	<b>3</b>	<b>16</b>	<b>20</b>	<b>479</b>	<b>697</b>

FINANCIAL PERFORMANCE OF NATIONAL BANKS

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

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>All institutions</b>	<b>1,715</b>	<b>620</b>	<b>924</b>	<b>126</b>	<b>45</b>	<b>7,402</b>
Alabama	22	10	11	0	1	148
Alaska	2	1	0	1	0	5
Arizona	18	8	7	3	0	52
Arkansas	33	5	25	3	0	149
California	67	14	39	12	2	279
Colorado	39	18	16	5	0	153
Connecticut	9	1	7	0	1	24
Delaware	8	1	3	1	3	26
District of Columbia	3	0	3	0	0	5
Florida	59	8	45	6	0	269
Georgia	44	9	35	0	0	333
Hawaii	1	0	1	0	0	7
Idaho	2	1	1	0	0	16
Illinois	146	54	83	7	2	592
Indiana	25	4	13	8	0	122
Iowa	42	16	25	1	0	383
Kansas	91	54	33	4	0	346
Kentucky	36	12	24	0	0	198
Louisiana	14	2	10	0	2	139
Maine	3	0	0	2	1	15
Maryland	11	1	9	1	0	65
Massachusetts	11	2	8	0	1	38
Michigan	21	8	12	0	1	154
Minnesota	95	50	41	3	1	426
Mississippi	17	3	11	3	0	92
Missouri	42	19	18	4	1	337
Montana	15	10	5	0	0	80
Nebraska	57	32	23	2	0	244
Nevada	8	2	1	3	2	35
New Hampshire	2	1	0	1	0	10
New Jersey	19	1	12	5	1	69
New Mexico	14	2	9	3	0	47
New York	51	10	29	9	3	130
North Carolina	4	0	1	1	2	77
North Dakota	13	6	5	2	0	93
Ohio	75	29	36	3	7	176
Oklahoma	78	34	42	1	1	258
Oregon	2	0	1	0	1	38
Pennsylvania	58	10	38	7	3	159
Rhode Island	3	2	0	1	0	7
South Carolina	21	3	16	2	0	72
South Dakota	17	6	9	0	2	85
Tennessee	24	2	18	3	1	183
Texas	286	137	132	15	2	608
Utah	5	1	2	0	2	63
Vermont	8	1	7	0	0	14
Virginia	25	6	16	2	1	111
Washington	10	5	5	0	0	82
West Virginia	11	6	4	1	0	64
Wisconsin	36	9	25	1	1	265
Wyoming	12	4	8	0	0	42
U.S. territories	0	0	0	0	0	17

FINANCIAL PERFORMANCE OF NATIONAL BANKS

**Total assets of national banks by state and asset size**  
**December 31, 2006**  
(Dollar figures in millions)

	All national banks	National banks				Memoranda: All commercial banks
		Less than \$100 million	\$100 million to \$1 billion	\$1 billion to \$10 billion	Greater than \$10 billion	
<b>All institutions</b>	<b>\$6,829,269</b>	<b>\$35,139</b>	<b>\$265,391</b>	<b>\$362,436</b>	<b>\$6,166,303</b>	<b>\$10,090,626</b>
Alabama	26,226	758	2,737	0	22,731	228,244
Alaska	2,331	57	0	2,273	0	3,836
Arizona	11,781	260	1,961	9,560	0	17,961
Arkansas	11,655	208	6,816	4,630	0	46,379
California	124,085	812	9,197	47,442	66,634	350,444
Colorado	12,909	930	4,395	7,583	0	43,935
Connecticut	20,207	96	3,264	0	16,848	22,035
Delaware	402,100	51	803	3,760	397,486	452,695
District of Columbia	679	0	679	0	0	998
Florida	40,907	531	13,961	26,415	0	113,045
Georgia	9,875	481	9,394	0	0	276,308
Hawaii	478	0	478	0	0	29,366
Idaho	403	45	358	0	0	5,355
Illinois	170,874	2,869	23,050	30,158	114,797	338,860
Indiana	23,994	198	4,285	19,511	0	60,135
Iowa	9,634	929	6,739	1,965	0	50,578
Kansas	20,979	2,909	10,944	7,125	0	47,038
Kentucky	5,982	779	5,203	0	0	42,966
Louisiana	43,945	78	2,894	0	40,973	71,174
Maine	42,410	0	0	2,828	39,582	46,424
Maryland	3,646	90	2,104	1,453	0	44,149
Massachusetts	12,437	110	2,093	0	10,235	172,426
Michigan	53,269	383	3,134	0	49,752	209,939
Minnesota	40,215	2,737	9,662	13,067	14,749	76,050
Mississippi	14,364	211	2,569	11,584	0	49,824
Missouri	34,272	1,195	5,671	13,515	13,891	99,413
Montana	1,791	580	1,211	0	0	16,748
Nebraska	15,934	1,631	5,068	9,235	0	34,985
Nevada	1,036,335	127	146	5,559	1,030,504	1,069,105
New Hampshire	1,630	56	0	1,573	0	3,943
New Jersey	33,496	69	4,014	17,048	12,364	60,113
New Mexico	7,194	61	2,126	5,007	0	14,732
New York	77,426	730	10,243	22,783	43,670	392,675
North Carolina	1,716,953	0	914	1,792	1,714,247	1,905,773
North Dakota	8,014	345	2,009	5,660	0	17,252
Ohio	1,732,012	1,731	12,418	7,095	1,710,769	1,821,270
Oklahoma	29,150	1,989	10,709	2,086	14,366	55,702
Oregon	14,394	0	238	0	14,156	34,844
Pennsylvania	192,666	631	13,150	21,348	157,538	247,375
Rhode Island	9,125	76	0	9,048	0	26,924
South Carolina	11,837	205	5,485	6,147	0	37,382
South Dakota	482,946	241	4,274	0	478,432	497,503
Tennessee	48,640	176	5,780	5,076	37,608	83,472
Texas	97,923	7,816	33,419	33,022	23,666	181,833
Utah	28,488	96	455	0	27,937	220,895
Vermont	1,724	29	1,694	0	0	7,032
Virginia	103,719	394	6,953	3,535	92,837	168,892
Washington	2,065	299	1,766	0	0	44,796
West Virginia	4,077	425	1,149	2,503	0	20,334
Wisconsin	29,996	537	7,879	1,048	20,532	120,761
Wyoming	2,078	177	1,900	0	0	6,614
U.S. territories	0	0	0	0	0	100,091

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