FDIC Quarterly

Quarterly Banking Profile:

First Quarter 2007

Feature Article:

Individual Development Accounts and Banks: A Solid "Match"

2007, Volume 1, Number 1

Letter from the Executive Editor

To the Reader:

Welcome to the first issue of the ***FDIC Quarterly***. This new publication brings together data and analyses that were previously available through three publications — the ***FDIC Outlook***, ***FDIC Banking Review***, and the ***FDIC Quarterly Banking Profile***. Each issue of the ***FDIC Quarterly*** will provide a comprehensive summary of the most current financial results for the banking industry. Feature articles appearing in the ***FDIC Quarterly*** will range from timely analysis of economic and banking trends at the national and regional level that may affect the risk exposure of FDIC-insured institutions to research on issues affecting the banking system and the development of regulatory policy.

The ***FDIC Quarterly*** is also available online at www.fdic.gov. To receive e-mail notification of the electronic release of the ***FDIC Quarterly*** and the individual feature articles, please subscribe at www.fdic.gov/about/subscriptions/index.html. Previous issues of the ***FDIC Outlook***, ***FDIC Banking Review*** and ***Quarterly Banking Profile*** will continue to be available on our Web site under the original publication name.

We welcome feedback from our readers as we continue to evaluate the effectiveness of the content of our publications and our distribution channels. Please call or e-mail suggestions to Kim Lowry at (202) 898-6635 or klowry@fdic.gov.

Sincerely,

Maureen E. Sweeney
Executive Editor

FDIC Quarterly

2007, Volume 1, Number 1

Quarterly Banking Profile:

First Quarter 2007

Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation reported net income of $36.0 billion in first quarter 2007. This is slightly below the $36.9 billion earned a year ago, but still the fourth-highest amount ever reported by the industry. Higher expenses for credit losses at large banks and narrower net interest margins at smaller institutions posed challenges to earnings during the quarter. See page 1.

Insurance Fund Indicators

Insured deposits grew by 2.0 percent during the first quarter of 2007, while the Deposit Insurance Fund reserve ratio declined one basis point to 1.20 percent. One institution failed during the first quarter, ending ten consecutive quarters without a failure. See page 14.

Feature Article:

Individual Development Accounts and Banks: A Solid "Match"

Even with the greater access to banking products and services provided through the development of alternative delivery channels, including the Internet, about 10 million American households, typically low- and moderate-income families, do not use the banking system. Many more only use a limited number of banking services. A particular type of savings account, the Individual Development Account (IDA), is a relatively low risk way for banks to introduce these households to the banking system. This article explains how IDAs operate, describes banks' experience with IDAs, and points bankers to sources of information about these programs. See page 22.

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Quarterly Banking Profile First Quarter 2007

- ***Industry Reports Year-Over-Year Earnings Decline***
- ***Rising Loan Loss Provisions Reduce Profits at Larger Institutions***
- ***Net Interest Margins Decline at Small Institutions, Rise at Large Banks***
- ***Loan Growth Slows for Fourth Consecutive Quarter***
- ***Mortgage Assets Decline for Second Quarter in a Row***

Profits Are Lower at Many Institutions

Higher credit expenses at large institutions and narrower net interest margins at smaller institutions exerted downward pressure on earnings of FDIC-insured institutions in the first quarter of 2007. The industry reported total net income of $36.0 billion in the quarter, the fourth-highest quarterly amount ever, but it was $912 million (2.5 percent) less than the earnings posted in the first quarter of 2006. This is the largest year-over-year decline in quarterly earnings since the first quarter of 2001. A significant part of the decrease was attributable to a change in the way that earnings were reported in the aftermath of a large corporate restructuring, but lower operating results at a number of institutions also contributed to the earnings drop. Evidence of pressure on earnings was widespread, as a majority of institutions (50.3 percent) reported lower quarterly net income. Narrower net interest margins had a negative effect on earnings of smaller banks and thrifts, while higher expenses for bad loans were more significant for large banks. More than two out of every three institutions — 67.9 percent — reported lower net interest margins than a year ago, but only 36.6 percent of all institutions reported higher provisions for loan losses. Among institutions with more than $10 billion in assets, 73 percent raised their loss provisions. The average ROA for the quarter was 1.21 percent, down from 1.34 percent in the first quarter of 2006, as 59 percent of all institutions saw their quarterly ROAs decline. This is the lowest first-quarter ROA for the industry since 2001.

Increased Costs Contribute to Earnings Decline

Reflecting an erosion in asset quality, provisions for loan losses totaled $9.2 billion in the first quarter, an increase of $3.2 billion (54.6 percent) from a year earlier. Noninterest expenses were up by $3.0 billion (3.6 percent), as several large banks reported higher payroll expenses. These higher costs were partially offset by increased net interest income (up $3.3 billion, or 4.0 percent), higher noninterest income (up $1.2 billion, or 1.9 percent), and gains on sales of securities and other assets (up $852 million, or 127.0 percent). Lower revenues from securitization and servicing activities limited the year-over-year improvement in noninterest income.

Chart 1

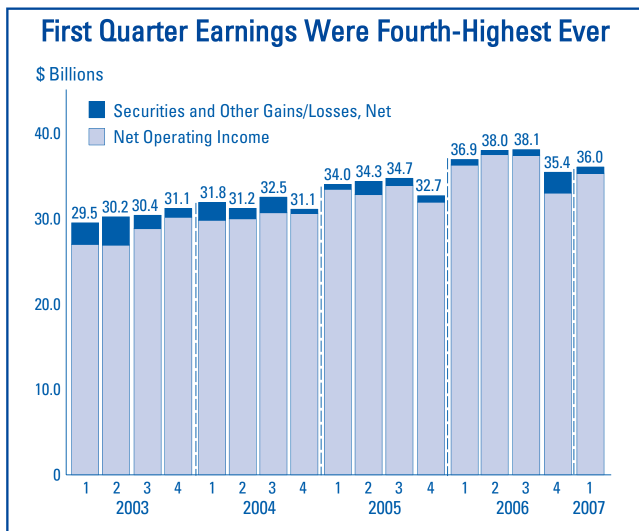
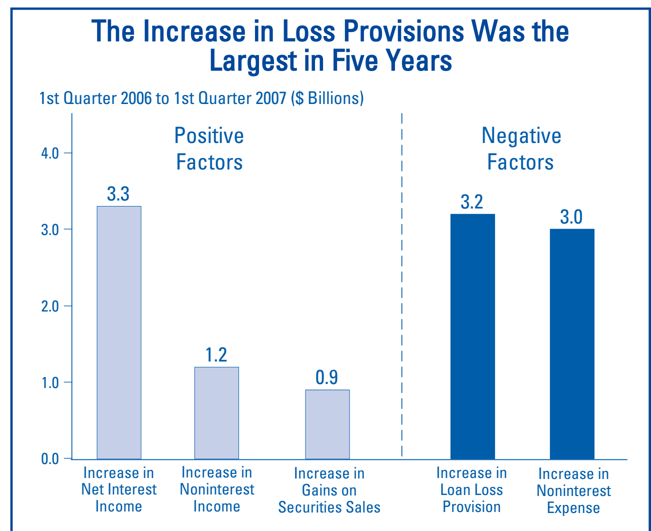


Chart 2



Margins Fall to Sixteen-Year Low at Smaller Institutions

A combination of stable interest rates and a flat yield curve had different effects on margins at small and large institutions in the first quarter. The industry's net interest margin (NIM) was 3.32 percent in the first quarter, above the 3.20 percent average in the fourth quarter of 2006, but below the 3.46 percent average in the first quarter of 2006. The first consecutive-quarter margin improvement in the last seven quarters was concentrated among larger institutions. At institutions with more than $10 billion in assets, average asset yields increased and average funding costs declined from fourth-quarter levels, lifting net interest margins. At institutions with assets between $1 billion and $10 billion, average asset yields increased, but so did average funding costs. Nevertheless, the improvement in yields outweighed the rise in funding costs, and this group saw its average margin increase as well. At institutions with less than $1 billion in assets, however, average asset yields were lower than in the fourth quarter, while average funding costs were higher, so average margins were down. The 3.91 percent average margin for institutions with less than $1 billion in assets was the lowest level for this group in 16 years. Compared to a year ago, average margins were lower for all size groups. Because of the narrower margins, net interest income in the first quarter was up by only 4.0 percent from a year earlier, even though interest-earning assets grew by 7.3 percent. At many institutions, narrower margins contributed to lower profitability. Among institutions that reported year-over-year declines in quarterly ROA, 84 percent also reported declines in net interest margins. At institutions reporting year-over-year declines in quarterly NIMs, 72 percent also had lower ROAs.

Rising Loss Provisions Stay Ahead of Increase in Loan Losses

The $9.2 billion that the industry set aside in provisions for loan losses during the first quarter was slightly below the $9.8 billion set aside in the fourth quarter of 2006, but the $3.2-billion year-over-year increase was the largest since the first quarter of 2002. Loss provisions exceeded net charge-offs by $1.1 billion (13.1 percent), the fifth quarter in a row that provisions have exceeded loan losses. Net charge-offs totaled $8.1 billion, an increase of $2.7 billion (48.4 percent) from the first quarter of 2006. Charge-offs were higher in most loan categories. Net charge-offs of credit card loans rebounded from an unusually low level a year ago, increasing by $850 million (29.2 percent). Similarly, net charge-offs of other loans to individuals were $754 million (60.0 percent) higher than a year earlier. Net charge-offs of loans to commercial and industrial (C&I) borrowers increased by $470 million (78.6 percent), and net charge-offs of 1-4 family residential mortgage loans were up by $268 million (93.2 percent).

Noncurrent Rate Climbs for Third Consecutive Quarter

Since reaching a cyclical low of 0.70 percent at the middle of last year, the percent of insured institutions' loans that are noncurrent (90 days or more past due or in nonaccrual status) has risen in each succeeding quarter. At the end of March, the noncurrent rate stood at 0.83 percent, its highest level in two and a half years. During the quarter, noncurrent loans increased by $4.0 billion (7.0 percent). Noncurrent levels increased in most loan categories during the first quarter, with

Chart 3

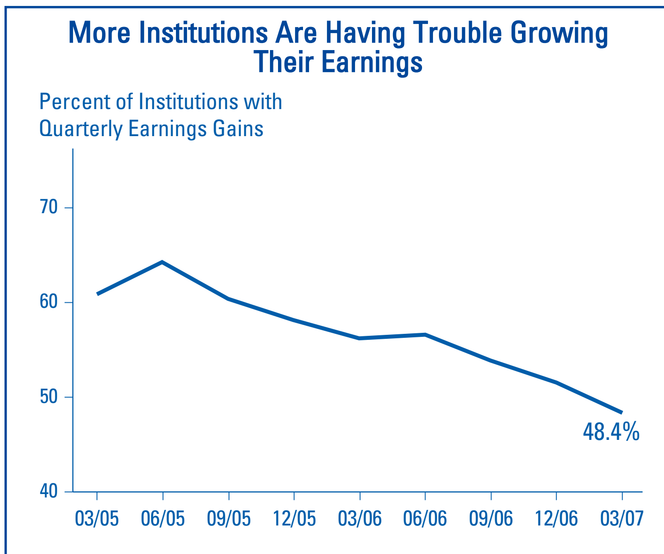
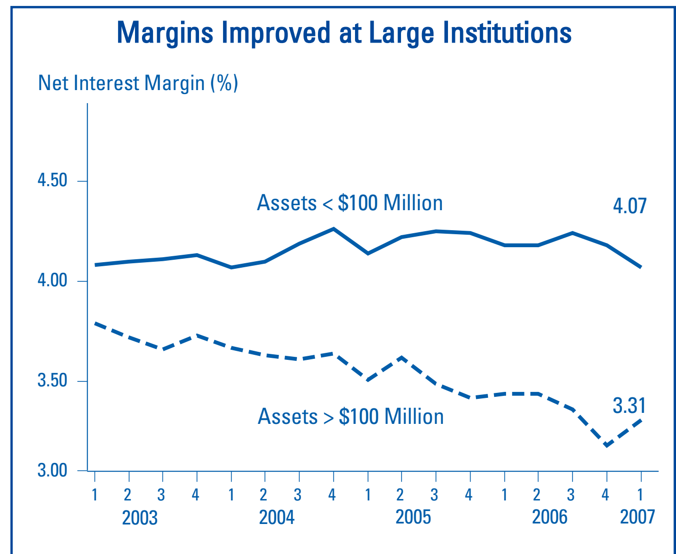


Chart 4



the largest increases occurring in real estate loans. Noncurrent residential mortgage loans increased by $1.7 billion (7.3 percent), while noncurrent construction and development loans rose by $1.5 billion (36.1 percent). The rising trend in noncurrent loans was fairly widespread; almost half of all institutions (45.7 percent) saw their noncurrent loans increase in the first quarter. The percentage of 1-4 family residential mortgage loans that were noncurrent rose from 1.05 percent to 1.13 percent during the quarter. This is the highest noncurrent rate for residential mortgage loans since midyear 1994.

Reserve Ratio Registers First Increase in Five Years

Insured institutions set aside $1.1 billion more in loss provisions than they charged off during the quarter, contributing to a $993-million (1.3-percent) increase in loan-loss reserves. This is the largest increase in loss reserves since the fourth quarter of 2002. The increase in reserves caused the industry's ratio of reserves to total loans to move up slightly from 1.07 percent to 1.08 percent during the quarter. This is the first increase in the industry's reserve ratio since the first quarter of 2002; the current level is the second-lowest the ratio has been since 1985. The increase in reserves failed to keep pace with growth in noncurrent loans, and the industry's "coverage ratio" of loss reserves to noncurrent loans fell from $1.37 in reserves for every $1.00 in noncurrent loans to $1.30 during the quarter. This is the fourth consecutive quarter that the coverage ratio has fallen. It is now at its lowest level since March 2003.

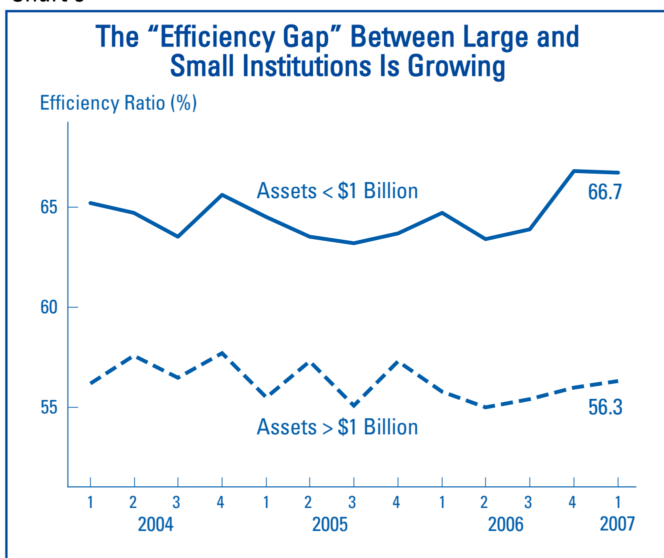
Dividend Surge Limits Growth in Equity

Insured institutions paid $26.2 billion in dividends in the quarter, an increase of $7.3 billion (38.7 percent) from the first quarter of 2006, as a few large institutions reported sizable dividend increases. Retained earnings totaled only $9.8 billion for the quarter, $8.2 billion (45.5 percent) less than a year earlier. Partly as a result of the lower retained earnings, total equity capital increased by only $19.7 billion, less than half the $44.5-billion increase in equity capital that the industry registered a year ago. This increase (the smallest in the last six quarters) was enough to raise the industry's equity-to-assets ratio from 10.52 percent to 10.58 percent. Average equity ratios increased for all size groups of insured institutions during the quarter. The industry's regulatory capital ratios remained largely unchanged, as levels rose slightly at smaller institutions and declined slightly at larger institutions. The divergence between the improvement in the equity capital ratio and the lack of improvement in regulatory capital ratios is due to an increase in the riskiness of industry assets that is reflected in some regulatory capital ratios, as well as the fact that one-fourth of the increase in equity consisted of goodwill, which is not included in regulatory capital.

Slower Asset Growth Is Centered in Real Estate

A slower growth environment prevailed in the first quarter, as total assets increased by $120.8 billion (1.0 percent), higher than the $106.7-billion increase in the fourth quarter of 2006, but still the second-smallest increase in industry assets in the last fourteen quarters. During the twelve months ended March 31, assets of insured institutions grew by 6.9-

Chart 5



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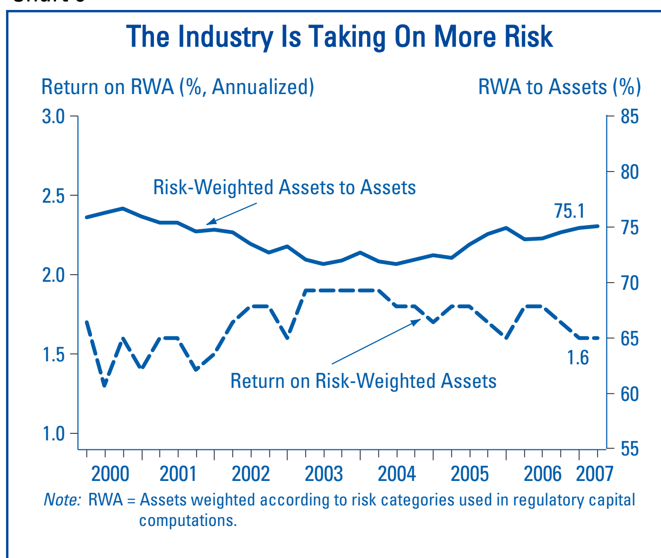

percent, the slowest 12-month growth rate in four and a half years. The slowdown in asset growth has been led by slower loan growth. Total loans and leases increased by $43.8 billion (0.6 percent) during the quarter, the smallest quarterly increase since the first quarter of 2002. Some categories of real estate loans experienced shrinkage during the quarter, while growth in other categories slowed. Institutions' residential mortgage loans declined for the first time in thirteen quarters, falling by $6.5 billion (0.3 percent), home equity lines dropped by $2.6 billion (0.5 percent), and real estate loans secured by multifamily residential properties declined by $1.1 billion (0.6 percent). Real estate construction and development loans grew by $16.8 billion, but this was the smallest quarterly increase for these loans since the second quarter of 2004. Mortgage-backed securities declined for the third quarter in a row, falling by $40 million. For the second quarter in a row, total mortgage assets of insured institutions (mortgage loans plus mortgage-backed securities) declined. Loans to commercial and industrial (C&I) borrowers were one of the few loan categories that had strong growth during the quarter, increasing by $35.1 billion (2.9 percent). Loans to individuals other than credit cards also grew strongly, rising by $20.9 billion (3.7 percent), with most of the growth occurring at a few large lenders. Fed funds sold and securities purchased under agreements to resell increased by $57.4 billion (10.2 percent).

Interest-Bearing Deposit Growth Is Strong

Total deposits grew by $70.0 billion (0.9 percent), the smallest quarterly increase since the third quarter of 2003. Domestic deposit growth was slightly stronger; deposits in domestic offices increased by $63.3 billion (1.0 percent), as strong growth in interest-bearing accounts outweighed a $43.8-billion (3.6-percent) decline in noninterest-bearing deposits. Among the interest-bearing deposits, time deposits increased by only $16.4 billion (0.7 percent), while other interest-bearing deposits were up by $90.8 billion (3.1 percent). Nondeposit liabilities increased by $31.1 billion (1.1 percent) during the quarter, with most of the growth occurring in short-term borrowings. Borrowings from Federal Home Loan Banks declined by $14.4 billion (2.3 percent), after falling by $11.7 billion (1.8 percent) in the fourth quarter of 2006.

Insured Bank Failure Is First Since Mid-Year 2004

At the end of March, there were 8,650 FDIC-insured commercial banks and savings institutions reporting financial results, a net decline of 31 institutions compared with the number reporting at the end of 2006. There were 41 new reporters added during the first quarter, while 72 institutions were absorbed by mergers. One FDIC-insured commercial bank, with $15.3 million in assets, failed during the quarter. It was the first failure of an FDIC-insured institution since June 25, 2004, the longest period without a failure in the history of the FDIC. The number of institutions on the FDIC's "Problem List" increased from 50 to 53 during the first quarter, and assets of "problem" institutions rose from $8.3 billion to $21.4 billion. During the quarter, two insured savings institutions, with combined assets of $1.6 billion, converted from mutual to stock ownership.

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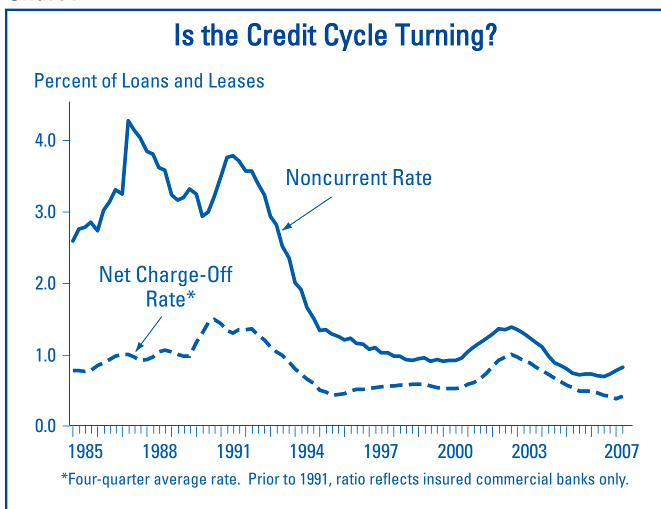
Chart 7



*Four-quarter average rate. Prior to 1991, ratio reflects insured commercial banks only.

Chart 8

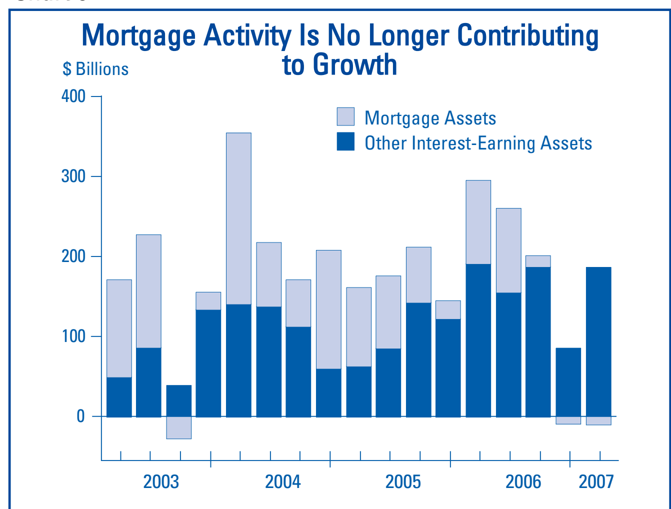


TABLE I-A. Selected Indicators, All FDIC-Insured Institutions*

	2007**	2006**	2006	2005	2004	2003	2002
Return on assets (%)	1.21	1.34	1.28	1.30	1.28	1.38	1.30
Return on equity (%)	11.44	12.95	12.31	12.73	13.20	15.05	14.08
Core capital (leverage) ratio (%)	8.23	8.27	8.23	8.25	8.11	7.88	7.86
Noncurrent assets plus other real estate owned to assets (%)	0.56	0.48	0.53	0.50	0.53	0.75	0.90
Net charge-offs to loans (%)	0.45	0.32	0.39	0.50	0.56	0.78	0.97
Asset growth rate (%)	6.88	8.98	9.03	7.65	11.35	7.58	7.20
Net interest margin (%)	3.32	3.46	3.31	3.50	3.54	3.73	3.96
Net operating income growth (%)	-2.70	8.47	8.56	11.43	4.02	16.39	17.58
Number of institutions reporting	8,650	8,790	8,681	8,833	8,976	9,181	9,354
Commercial banks	7,380	7,491	7,402	7,526	7,631	7,770	7,888
Savings institutions	1,270	1,299	1,279	1,307	1,345	1,411	1,466
Percentage of unprofitable institutions (%)	8.87	6.61	7.83	6.22	5.96	5.99	6.67
Number of problem institutions	53	48	50	52	80	116	136
Assets of problem institutions (in billions)	$21	$5	$8	$7	$28	$30	$39
Number of failed/assisted institutions	1	0	0	0	4	3	11

* Excludes insured branches of foreign banks (IBAs)

** Through March 31, ratios annualized where appropriate. Asset growth rates are for 12 months ending March 31.

TABLE II-A. Aggregate Condition and Income Data, All FDIC-Insured Institutions

(dollar figures in millions)	1st Quarter 2007	4th Quarter 2006	1st Quarter 2006	%Change 06:1-07:1
Number of institutions reporting	8,650	8,681	8,790	-1.6
Total employees (full-time equivalent)	2,223,402	2,206,645	2,172,999	2.3
CONDITION DATA				
Total assets	$11,981,168	$11,860,318	$11,209,794	6.9
Loans secured by real estate	4,535,981	4,507,842	4,255,516	6.6
1-4 Family residential mortgages	2,169,287	2,175,795	2,101,766	3.2
Nonfarm nonresidential	921,233	904,408	842,433	9.4
Construction and development	582,067	565,289	486,842	19.6
Home equity lines	556,741	559,301	530,738	4.9
Commercial & industrial loans	1,250,160	1,215,100	1,125,652	11.1
Loans to individuals	945,365	955,256	923,569	2.4
Credit cards	354,169	384,980	358,627	-1.2
Farm loans	52,813	54,258	49,243	7.3
Other loans & leases	494,960	503,031	513,196	-3.6
Less: Unearned income	2,286	2,397	3,344	-31.7
Total loans & leases	7,276,995	7,233,090	6,863,831	6.0
Less: Reserve for losses	78,636	77,643	77,661	1.3
Net loans and leases	7,198,359	7,155,447	6,786,169	6.1
Securities	1,969,447	1,980,445	1,956,166	0.7
Other real estate owned	6,961	6,060	5,117	36.0
Goodwill and other intangibles	423,495	413,443	380,790	11.2
All other assets	2,382,905	2,304,923	2,081,551	14.5
Total liabilities and capital	11,981,168	11,860,318	11,209,794	6.9
Deposits	7,895,117	7,825,158	7,318,770	7.9
Domestic office deposits	6,694,491	6,631,123	6,330,959	5.7
Foreign office deposits	1,200,626	1,194,036	987,811	21.5
Other borrowed funds	2,174,410	2,121,122	2,118,169	2.7
Subordinated debt	165,323	160,547	135,458	22.0
All other liabilities	478,431	505,347	474,159	0.9
Equity capital	1,267,887	1,248,144	1,163,238	9.0
Loans and leases 30-89 days past due	70,479	71,751	56,325	25.1
Noncurrent loans and leases	60,541	56,575	48,604	24.6
Restructured loans and leases	3,241	2,713	3,301	-1.8
Direct and indirect investments in real estate	1,036	1,091	1,102	-5.9
Mortgage-backed securities	1,195,617	1,195,657	1,188,249	0.6
Earning assets	10,513,998	10,336,160	9,795,063	7.3
FHLB Advances	606,501	620,909	598,302	1.4
Unused loan commitments	7,821,527	7,572,885	7,297,380	7.2
Trust assets	19,937,320	19,285,909	17,431,010	14.4
Assets securitized and sold***	1,661,338	1,310,787	964,366	72.3
Notional amount of derivatives***	146,084,457	132,181,371	111,086,862	31.5

INCOME DATA	Full Year 2006	Full Year 2005	%Change	1st Quarter 2007	1st Quarter 2006	%Change 06:1-07:1
Total interest income	$643,500	$522,044	23.3	$176,349	$151,732	16.2
Total interest expense	313,360	205,035	52.8	89,766	68,480	31.1
Net interest income	330,140	317,009	4.1	86,583	83,252	4.0
Provision for loan and lease losses	29,465	29,748	-1.0	9,193	5,946	54.6
Total noninterest income	240,481	223,389	7.7	62,233	61,051	1.9
Total noninterest expense	332,305	317,304	4.7	87,661	84,619	3.6
Securities gains (losses)	2,010	4,929	-59.2	1,523	671	127.0
Applicable income taxes	68,133	64,616	5.4	17,141	17,710	-3.2
Extraordinary gains, net	2,663	252	NM	-353	203	NM
Net income	145,391	133,910	8.6	35,990	36,903	-2.5
Net charge-offs	26,825	31,591	-15.1	8,130	5,477	48.4
Cash dividends	93,436	73,172	27.7	26,163	18,869	38.7
Retained earnings	51,955	60,738	-14.5	9,827	18,033	-45.5
Net operating income	141,504	130,352	8.6	35,290	36,268	-2.7

*** Call Report filers only.

NM - Not Meaningful

TABLE III-A. First Quarter 2007, All FDIC-Insured Institutions

FIRST QUARTER (The way it is...)	All Insured Institutions	Asset Concentration Groups*								
		Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Number of institutions reporting	8,650	27	4	1,617	4,720	796	116	404	905	61
Commercial banks	7,380	24	4	1,612	4,260	161	87	363	822	47
Savings institutions	1,270	3	0	5	460	635	29	41	83	14
Total assets (in billions)	$11,981.2	$407.8	$2,435.7	$149.0	$4,758.0	$1,506.9	$99.5	$45.7	$119.1	$2,459.5
Commercial banks	10,133.8	392.5	2,435.7	148.5	4,276.7	288.7	47.4	37.6	101.2	2,405.6
Savings institutions	1,847.3	15.3	0.0	0.5	481.3	1,218.2	52.1	8.2	17.9	53.9
Total deposits (in billions)	7,895.1	110.1	1,435.9	122.4	3,417.6	956.4	77.2	33.1	98.2	1,644.3
Commercial banks	6,722.5	107.3	1,435.9	122.0	3,123.5	173.8	35.3	27.1	84.0	1,613.7
Savings institutions	1,172.6	2.8	0.0	0.4	294.0	782.5	41.9	6.1	14.2	30.7
Net income (in millions)	35,990	3,844	5,564	443	13,959	3,438	437	230	284	7,791
Commercial banks	31,514	3,698	5,564	442	12,714	685	284	149	265	7,713
Savings institutions	4,476	146	0	1	1,245	2,753	153	82	19	78
Performance Ratios (%)										
Yield on earning assets	6.77	12.51	6.04	7.01	7.04	6.56	8.27	5.54	6.42	6.18
Cost of funding earning assets	3.45	4.34	3.57	3.10	3.31	3.85	3.24	2.38	2.79	3.29
Net interest margin	3.32	8.17	2.46	3.91	3.73	2.71	5.03	3.15	3.63	2.89
Noninterest income to assets	2.09	9.61	2.55	0.65	1.45	0.92	2.47	8.46	0.80	2.34
Noninterest expense to assets	2.94	7.95	2.97	2.66	2.79	2.04	3.46	8.21	2.86	2.82
Loan and lease loss provision to assets	0.31	2.61	0.38	0.15	0.20	0.16	1.06	0.06	0.09	0.14
Net operating income to assets	1.18	3.47	0.89	1.20	1.21	0.77	1.70	1.99	0.94	1.26
Pretax return on assets	1.78	5.71	1.36	1.43	1.72	1.40	2.74	3.08	1.20	1.88
Return on assets	1.21	3.70	0.93	1.19	1.18	0.91	1.79	2.05	0.96	1.27
Return on equity	11.44	15.38	12.10	11.05	10.46	9.07	17.38	10.02	8.61	12.97
Net charge-offs to loans and leases	0.45	3.86	0.57	0.14	0.22	0.21	1.43	0.18	0.15	0.31
Loan and lease loss provision to net charge-offs	113.08	92.66	153.20	164.43	131.43	108.01	95.49	160.04	104.93	85.56
Efficiency ratio	57.56	46.22	62.88	62.08	57.55	59.01	48.35	72.16	68.81	57.51
% of unprofitable institutions	8.87	11.11	0.00	3.90	9.32	13.57	7.76	22.52	5.75	1.64
% of institutions with earnings gains	48.38	37.04	50.00	52.26	51.55	26.26	40.52	43.81	47.40	54.10
Condition Ratios(%)										
Earning assets to total assets	87.75	77.92	85.98	92.31	88.92	91.52	92.68	89.06	92.07	85.88
Loss allowance to:										
Loans and leases	1.08	3.86	1.09	1.36	1.13	0.50	1.43	1.32	1.21	0.73
Noncurrent loans and leases	129.89	212.73	126.57	130.62	149.58	59.67	209.78	201.00	142.43	94.97
Noncurrent assets plus other real estate owned to assets	0.56	1.32	0.40	0.79	0.61	0.67	0.55	0.18	0.59	0.45
Equity capital ratio	10.58	24.48	7.67	10.87	11.33	10.15	10.25	20.27	11.14	9.76
Core capital (leverage) ratio	8.23	15.94	6.04	10.38	9.03	8.12	9.73	18.56	10.86	7.20
Tier 1 risk-based capital ratio	10.52	15.02	8.11	14.04	10.56	13.08	11.68	43.55	17.91	9.62
Total risk-based capital ratio	12.99	18.14	11.58	15.13	12.77	14.77	12.62	44.56	19.06	12.18
Net loans and leases to deposits	91.17	259.80	72.70	79.58	95.91	108.17	98.87	30.50	67.30	79.44
Net loans to total assets	60.08	70.17	42.86	65.38	68.89	68.65	76.72	22.08	55.48	53.11
Domestic deposits to total assets	55.88	24.95	28.03	82.15	69.26	63.41	76.33	70.20	82.43	54.10
Structural Changes										
New Charters	41	1	0	1	12	0	0	27	0	0
Institutions absorbed by mergers	72	1	0	8	53	4	1	1	1	3
Failed Institutions	1	0	0	0	0	1	0	0	0	0
PRIOR FIRST QUARTERS (The way it was...)										
Number of institutions 2006	8,790	30	4	1,647	4,629	864	120	436	1,001	59
2004	9,116	34	6	1,730	4,278	1,026	140	519	1,296	87
2002	9,521	48	6	1,852	4,031	1,201	214	463	1,611	95
Total assets (in billions) 2006	$11,209.8	$370.2	$1,972.3	$140.3	$3,844.9	$1,745.6	$98.6	$50.0	$128.6	$2,859.2
2004	9,377.2	332.3	1,492.8	127.7	2,898.5	1,396.0	506.3	58.8	168.0	2,396.7
2002	7,823.5	299.3	1,210.8	118.5	3,579.5	1,191.1	151.4	49.5	198.3	1,025.1
Return on assets (%) 2006	1.34	4.57	1.16	1.26	1.35	1.05	2.19	-1.31	1.06	1.23
2004	1.38	3.93	1.12	1.27	1.33	1.17	1.52	1.38	1.10	1.36
2002	1.29	3.22	0.82	1.25	1.34	1.31	1.44	-2.16	1.15	1.26
Net charge-offs to loans & leases (%) 2006	0.32	2.95	0.53	0.09	0.17	0.11	0.95	0.16	0.12	0.18
2004	0.64	5.17	1.30	0.12	0.31	0.12	0.71	0.70	0.24	0.34
2002	0.98	7.09	1.49	0.20	0.62	0.16	1.10	0.67	0.24	0.84
Noncurrent assets plus OREO to assets (%) 2006	0.48	1.17	0.42	0.67	0.49	0.55	0.51	0.23	0.53	0.37
2004	0.67	1.45	0.85	0.85	0.65	0.57	0.91	0.36	0.68	0.46
2002	0.92	1.73	1.14	0.91	0.92	0.68	1.24	0.34	0.67	0.70
Equity capital ratio (%) 2006	10.38	27.22	7.95	10.81	10.29	10.81	9.63	19.39	11.04	9.55
2004	9.45	17.58	7.41	10.81	9.51	9.07	8.90	16.60	10.77	9.50
2002	9.22	14.83	7.57	10.56	9.62	8.83	8.41	16.30	10.25	8.02

* See Table IV-A (page 8) for explanations.

TABLE III-A. First Quarter 2007, All FDIC-Insured Institutions

FIRST QUARTER (The way it is...)	All Insured Institutions	Asset Size Distribution				Geographic Regions*					
		Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	8,650	3,598	4,397	536	119	1,089	1,221	1,818	2,007	1,742	773
Commercial banks	7,380	3,212	3,672	408	88	575	1,076	1,500	1,902	1,622	705
Savings institutions	1,270	386	725	128	31	514	145	318	105	120	68
Total assets (in billions)	$11,981.2	$189.6	$1,298.2	$1,420.9	$9,072.4	$2,202.7	$2,948.7	$2,778.8	$863.5	$662.8	$2,524.8
Commercial banks	10,133.8	169.8	1,052.3	1,083.2	7,828.5	1,563.4	2,680.3	2,625.2	825.7	556.8	1,882.5
Savings institutions	1,847.3	19.8	245.9	337.6	1,244.0	639.2	268.5	153.6	37.7	106.0	642.3
Total deposits (in billions)	7,895.1	155.7	1,046.9	1,027.4	5,665.0	1,405.6	1,979.6	1,738.2	636.8	507.2	1,627.8
Commercial banks	6,722.5	140.6	860.3	790.3	4,931.3	972.6	1,804.6	1,627.3	610.8	441.4	1,265.9
Savings institutions	1,172.6	15.1	186.6	237.2	733.7	433.0	175.0	110.9	26.0	65.8	361.9
Net income (in millions)	35,990	402	3,506	4,052	28,030	6,077	9,065	7,429	3,776	1,825	7,818
Commercial banks	31,514	373	3,104	3,461	24,576	5,065	8,501	7,191	3,704	1,577	5,475
Savings institutions	4,476	29	402	591	3,454	1,012	564	238	71	248	2,343
Performance Ratios (annualized, %)											
Yield on earning assets	6.77	6.96	7.10	7.02	6.68	6.83	6.58	6.23	7.56	7.09	7.19
Cost of funding earning assets	3.45	2.89	3.21	3.35	3.51	3.45	3.44	3.41	3.17	3.26	3.63
Net interest margin	3.32	4.07	3.89	3.67	3.17	3.37	3.14	2.82	4.39	3.84	3.55
Noninterest income to assets	2.09	1.21	1.16	1.47	2.34	2.24	1.82	2.15	3.43	1.35	1.94
Noninterest expense to assets	2.94	3.69	3.13	2.86	2.91	3.11	2.63	2.81	4.24	3.14	2.82
Loan and lease loss provision to assets	0.31	0.16	0.16	0.25	0.34	0.44	0.11	0.21	0.51	0.17	0.49
Net operating income to assets	1.18	0.85	1.08	1.14	1.21	1.08	1.22	1.06	1.74	1.11	1.19
Pretax return on assets	1.78	1.10	1.47	1.71	1.85	1.64	1.84	1.60	2.50	1.48	1.88
Return on assets	1.21	0.86	1.09	1.15	1.24	1.10	1.24	1.08	1.75	1.11	1.25
Return on equity	11.44	6.47	10.43	10.31	11.91	8.73	12.31	11.80	16.53	10.59	11.44
Net charge-offs to loans and leases	0.45	0.14	0.13	0.25	0.55	0.81	0.22	0.31	0.62	0.19	0.55
Loan and lease loss provision to net charge-offs	113.08	186.87	170.95	149.69	107.27	96.19	85.15	122.44	113.39	140.67	136.90
Efficiency ratio	57.56	74.40	65.58	58.35	56.03	57.65	56.84	59.77	57.25	64.63	54.44
% of unprofitable institutions	8.87	15.20	4.55	3.17	2.52	13.31	12.20	8.75	6.03	5.40	12.81
% of institutions with earnings gains	48.38	46.66	49.83	48.51	46.22	34.80	47.91	43.34	49.38	58.96	53.69
Condition Ratios(%)											
Earning assets to total assets	87.75	92.26	92.14	91.11	86.51	87.05	87.26	87.67	87.13	89.70	88.75
Loss Allowance to:											
Loans and leases	1.08	1.31	1.18	1.17	1.04	1.40	0.88	1.17	1.16	1.12	0.95
Noncurrent loans and leases	129.89	131.07	146.86	155.84	122.91	153.69	172.26	120.87	88.51	133.30	114.26
Noncurrent assets plus other real estate owned to assets	0.56	0.77	0.67	0.57	0.54	0.55	0.36	0.60	1.07	0.63	0.58
Equity capital ratio	10.58	13.24	10.50	11.24	10.44	12.73	10.04	9.13	10.57	10.59	10.94
Core capital (leverage) ratio	8.23	13.17	10.05	9.46	7.66	9.09	7.38	7.36	8.58	8.76	9.16
Tier 1 risk-based capital ratio	10.52	19.42	13.52	12.36	9.66	12.50	9.31	9.02	10.10	12.01	11.91
Total risk-based capital ratio	12.99	20.49	14.64	13.64	12.53	14.61	11.72	11.78	12.78	13.33	14.65
Net loans and leases to deposits	91.17	75.05	84.90	93.62	92.34	88.95	91.60	85.70	96.77	79.95	99.73
Net loans to total assets	60.08	61.63	68.46	67.70	57.66	56.76	61.50	53.61	71.37	61.18	64.30
Domestic deposits to total assets	55.88	82.11	80.52	71.68	49.32	56.64	59.92	52.31	68.70	75.66	44.84
Structural Changes											
New Charters	41	37	3	1	0	7	12	4	2	7	9
Institutions absorbed by mergers	72	30	35	7	0	11	8	13	13	17	10
Failed Institutions	1	1	0	0	0	1	0	0	0	0	0
PRIOR FIRST QUARTERS (The way it was...)											
Number of institutions 2006	8,790	3,826	4,334	511	119	1,106	1,225	1,863	2,055	1,783	758
2004	9,116	4,300	4,238	465	113	1,162	1,231	1,996	2,122	1,853	752
2002	9,521	5,000	3,982	437	102	1,238	1,255	2,097	2,202	1,940	789
Total assets (in billions) 2006	$11,209.8	$199.0	$1,259.4	$1,395.6	$8,355.8	$2,866.2	$2,759.4	$2,604.0	$819.6	$620.7	$1,539.9
2004	9,377.2	221.9	1,169.4	1,282.1	6,703.9	3,186.8	1,995.6	1,700.3	738.8	571.0	1,184.9
2002	7,823.5	250.0	1,068.7	1,261.3	5,243.6	2,651.7	1,571.3	1,468.8	415.6	545.6	1,170.6
Return on assets (%) 2006	1.34	0.95	1.11	1.30	1.39	1.29	1.33	1.10	1.59	1.31	1.71
2004	1.38	1.00	1.17	1.48	1.41	1.32	1.32	1.38	1.52	1.35	1.57
2002	1.29	0.98	0.99	1.42	1.34	1.16	1.35	1.23	1.54	1.36	1.48
Net charge-offs to loans & leases (%) 2006	0.32	0.12	0.12	0.18	0.39	0.47	0.16	0.23	0.35	0.16	0.52
2004	0.64	0.19	0.22	0.44	0.78	0.96	0.36	0.43	0.90	0.34	0.66
2002	0.98	0.22	0.29	0.68	1.24	1.54	0.64	0.78	1.21	0.39	0.78
Noncurrent assets plus OREO to assets (%) 2006	0.48	0.69	0.52	0.44	0.48	0.39	0.31	0.53	0.84	0.68	0.60
2004	0.67	0.84	0.66	0.59	0.68	0.69	0.46	0.79	0.88	0.75	0.59
2002	0.92	0.85	0.73	0.75	1.00	0.98	0.83	1.04	0.83	0.84	0.80
Equity capital ratio (%) 2006	10.38	12.29	10.28	10.78	10.28	11.15	9.77	9.02	10.48	10.19	12.36
2004	9.45	11.73	10.18	10.71	9.00	9.13	8.58	8.74	10.44	9.64	12.07
2002	9.22	11.03	9.85	9.75	8.88	8.96	9.35	8.80	9.95	9.56	9.75

* See Table IV-A (page 9) for explanations.

TABLE IV-A. Full-Year 2006, All FDIC-Insured Institutions

		Asset Concentration Groups*								
	All Insured Institutions	Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Number of institutions reporting	8,681	26	4	1,634	4,712	817	124	412	895	57
Commercial banks	7,402	24	4	1,628	4,246	177	95	370	815	43
Savings institutions	1,279	2	0	6	466	640	29	42	80	14
Total assets (in billions)	$11,860.3	$408.4	$2,337.2	$149.2	$4,904.9	$1,445.0	$109.9	$42.2	$119.5	$2,344.0
Commercial banks	10,090.4	406.6	2,337.2	148.7	4,415.5	312.7	41.4	34.7	103.1	2,290.5
Savings institutions	1,769.9	1.8	0.0	0.5	489.4	1,132.2	68.6	7.5	16.5	53.5
Total deposits (in billions)	7,825.2	107.8	1,417.0	122.2	3,517.8	915.3	76.3	29.9	97.6	1,541.2
Commercial banks	6,731.4	107.1	1,417.0	121.7	3,226.0	207.4	31.1	24.5	84.6	1,512.1
Savings institutions	1,093.8	0.8	0.0	0.4	291.9	707.9	45.3	5.4	13.1	29.1
Net income (in millions)	145,391	15,616	22,388	1,765	60,211	13,000	1,967	673	1,218	28,553
Commercial banks	128,365	15,529	22,388	1,759	55,087	3,147	997	283	1,134	28,041
Savings institutions	17,026	87	0	6	5,124	9,853	970	390	84	512
Performance Ratios (%)										
Yield on earning assets	6.45	12.84	5.60	6.83	6.73	5.82	8.84	5.39	6.21	6.06
Cost of funding earning assets	3.14	4.01	3.34	2.79	3.00	3.31	3.31	2.28	2.49	3.08
Net interest margin	3.31	8.82	2.26	4.04	3.74	2.51	5.52	3.11	3.72	2.99
Noninterest income to assets	2.12	11.19	2.31	0.68	1.52	1.24	2.49	8.62	1.06	2.20
Noninterest expense to assets	2.93	8.72	2.77	2.73	2.78	2.14	4.67	8.76	3.05	2.72
Loan and lease loss provision to assets	0.26	2.65	0.23	0.16	0.18	0.12	1.43	0.17	0.12	0.09
Net operating income to assets	1.25	4.19	0.90	1.24	1.30	0.84	0.94	1.42	1.04	1.26
Pretax return on assets	1.88	6.52	1.39	1.49	1.85	1.45	2.71	2.50	1.30	1.92
Return on assets	1.28	4.19	1.01	1.23	1.28	0.94	1.75	1.50	1.04	1.26
Return on equity	12.31	16.81	12.45	11.48	11.77	10.40	14.23	6.92	9.61	12.98
Net charge-offs to loans and leases	0.39	3.48	0.48	0.17	0.22	0.15	1.40	0.40	0.20	0.22
Loan and lease loss provision to net charge-offs	109.84	107.62	104.20	134.88	124.31	111.42	126.51	158.15	108.32	78.88
Efficiency ratio	56.82	44.97	63.77	61.75	56.32	59.24	60.75	68.91	67.87	56.27
% of unprofitable institutions	7.83	3.85	0.00	2.63	8.93	9.91	6.45	22.33	3.69	1.75
% of institutions with earnings gains	55.52	76.92	75.00	53.06	63.65	27.29	50.81	45.87	46.82	64.91
Condition Ratios (%)										
Earning assets to total assets	87.15	75.96	85.33	91.55	88.55	91.14	91.26	88.19	91.67	84.81
Loss Allowance to:										
Loans and leases	1.07	3.82	1.03	1.34	1.11	0.49	1.82	1.42	1.22	0.74
Noncurrent loans and leases	137.24	201.53	121.83	154.84	164.45	70.71	176.03	193.48	150.09	92.46
Noncurrent assets plus other real estate owned to assets	0.53	1.37	0.40	0.67	0.54	0.56	0.85	0.20	0.56	0.45
Equity capital ratio	10.52	22.88	7.75	10.73	11.16	9.91	14.16	21.10	10.98	9.78
Core capital (leverage) ratio	8.23	15.33	6.04	10.35	9.02	7.94	12.94	18.87	10.83	7.20
Tier 1 risk-based capital ratio	10.52	12.62	8.27	13.95	10.49	12.78	16.01	44.64	17.81	9.95
Total risk-based capital ratio	12.98	15.74	11.85	15.04	12.68	14.43	17.00	45.75	18.98	12.46
Net loans and leases to deposits	91.44	262.66	72.36	79.81	95.41	110.39	112.67	30.80	68.05	79.23
Net loans to total assets	60.33	69.35	43.87	65.33	68.43	69.93	78.22	21.81	55.58	52.09
Domestic deposits to total assets	55.91	22.85	29.54	81.86	68.75	63.26	68.22	69.11	81.64	52.80
Structural Changes										
New Charters	191	0	0	3	50	2	2	128	5	1
Institutions absorbed by mergers	342	3	5	32	266	11	1	4	9	11
Failed Institutions	0	0	0	0	0	0	0	0	0	0
PRIOR FULL YEARS (The way it was...)										
Number of institutions 2005	8,833	33	4	1,685	4,617	887	125	425	995	62
2003	9,181	36	6	1,767	4,254	1,033	157	529	1,308	91
2001	9,614	56	5	1,875	3,967	1,242	228	477	1,663	101
Total assets (in billions) 2005	$10,878.2	$359.1	$1,851.2	$142.3	$4,257.3	$1,655.1	$117.3	$47.7	$128.7	$2,319.6
2003	9,075.3	348.4	1,448.0	129.5	2,923.8	1,657.6	146.6	61.1	171.1	2,189.3
2001	7,869.1	334.7	1,176.3	120.1	3,539.1	1,178.8	140.8	49.7	202.9	1,126.7
Return on assets (%) 2005	1.30	2.90	0.86	1.27	1.37	1.07	1.55	2.19	1.09	1.41
2003	1.38	4.08	1.10	1.20	1.28	1.38	1.31	1.85	1.06	1.34
2001	1.14	2.89	0.84	1.12	1.12	1.05	1.29	1.84	1.04	1.09
Net charge-offs to loans & leases (%) 2005	0.50	4.64	0.87	0.18	0.23	0.12	1.44	0.26	0.23	0.25
2003	0.78	5.22	1.40	0.28	0.46	0.18	2.09	1.22	0.38	0.62
2001	0.83	4.52	0.88	0.36	0.68	0.19	1.39	0.50	0.33	0.75
Noncurrent assets plus OREO to assets (%) 2005	0.50	1.32	0.46	0.61	0.48	0.56	0.51	0.24	0.54	0.39
2003	0.75	1.63	0.93	0.81	0.68	0.73	0.99	0.33	0.71	0.59
2001	0.87	1.54	1.00	0.81	0.92	0.65	1.30	0.31	0.66	0.64
Equity capital ratio (%) 2005	10.28	21.51	8.30	10.54	10.83	9.39	10.11	19.47	10.83	9.53
2003	9.15	16.04	7.39	10.64	9.24	9.10	7.30	16.74	10.45	8.87
2001	8.98	13.12	7.51	10.47	9.46	8.25	7.60	17.56	10.37	7.95

***Asset Concentration Group Definitions (Groups are hierarchical and mutually exclusive):**

Credit-card Lenders - Institutions whose credit-card loans plus securitized receivables exceed 50 percent of total assets plus securitized receivables.

International Banks - Banks with assets greater than $10 billion and more than 25 percent of total assets in foreign offices.

Agricultural Banks - Banks whose agricultural production loans plus real estate loans secured by farmland exceed 25 percent of the total loans and leases.

Commercial Lenders - Institutions whose commercial and industrial loans, plus real estate construction and development loans, plus loans secured by commercial real estate properties exceed 25 percent of total assets.

Mortgage Lenders - Institutions whose residential mortgage loans, plus mortgage-backed securities, exceed 50 percent of total assets.

Consumer Lenders - Institutions whose residential mortgage loans, plus credit-card loans, plus other loans to individuals, exceed 50 percent of total assets.

Other Specialized < $1 Billion - Institutions with assets less than $1 billion, whose loans and leases are less than 40 percent of total assets.

All Other < $1 billion - Institutions with assets less than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.

All Other > $1 billion - Institutions with assets greater than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.

TABLE IV-A. Full-Year 2006, All FDIC-Insured Institutions

	All Insured Institutions	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	8,681	3,633	4,399	530	119	1,093	1,218	1,826	2,018	1,753	773
Commercial banks	7,402	3,246	3,662	406	88	575	1,074	1,507	1,914	1,629	703
Savings institutions	1,279	387	737	124	31	518	144	319	104	124	70
Total assets (in billions)	$11,860.3	$189.9	$1,290.0	$1,397.7	$8,982.7	$2,214.5	$2,911.4	$2,746.2	$859.8	$652.3	$2,476.1
Commercial banks	10,090.4	170.4	1,039.6	1,076.4	7,804.1	1,575.7	2,749.9	2,593.9	822.8	547.1	1,800.9
Savings institutions	1,769.9	19.6	250.4	321.3	1,178.6	638.8	161.4	152.3	37.0	105.1	675.2
Total deposits (in billions)	7,825.2	155.9	1,035.6	992.4	5,641.3	1,395.9	1,966.9	1,746.9	627.5	494.3	1,593.7
Commercial banks	6,731.4	141.0	847.5	767.6	4,975.3	972.8	1,859.9	1,639.0	602.8	429.9	1,226.9
Savings institutions	1,093.8	14.9	188.1	224.8	666.0	423.0	107.0	107.8	24.7	64.5	366.8
Net income (in millions)	145,391	1,694	14,492	16,287	112,919	27,447	36,194	29,212	14,741	7,669	30,129
Commercial banks	128,365	1,546	12,277	13,726	100,816	21,975	34,881	28,029	14,444	6,530	22,506
Savings institutions	17,026	148	2,214	2,561	12,103	5,471	1,313	1,182	297	1,139	7,623
Performance Ratios (%)											
Yield on earning assets	6.45	6.62	6.91	6.73	6.33	6.50	6.46	5.97	7.50	6.75	6.51
Cost of funding earning assets	3.14	2.51	2.88	3.05	3.21	3.14	3.19	3.20	2.92	2.82	3.18
Net interest margin	3.31	4.11	4.02	3.69	3.12	3.35	3.26	2.76	4.58	3.93	3.33
Noninterest income to assets	2.12	1.18	1.24	1.40	2.38	2.41	1.90	2.11	3.26	1.42	1.88
Noninterest expense to assets	2.93	3.62	3.20	2.78	2.89	3.06	2.63	2.77	4.23	3.19	2.79
Loan and lease loss provision to assets	0.26	0.18	0.18	0.18	0.28	0.46	0.13	0.17	0.37	0.15	0.33
Net operating income to assets	1.25	0.91	1.15	1.22	1.27	1.21	1.32	1.09	1.76	1.20	1.20
Pretax return on assets	1.88	1.18	1.58	1.80	1.95	1.88	1.96	1.59	2.62	1.63	1.92
Return on assets	1.28	0.92	1.16	1.22	1.31	1.27	1.31	1.10	1.77	1.23	1.30
Return on equity	12.31	7.04	11.27	11.44	12.75	10.45	13.27	12.16	16.29	12.05	12.00
Net charge-offs to loans and leases	0.39	0.18	0.16	0.20	0.46	0.72	0.19	0.28	0.55	0.21	0.42
Loan and lease loss provision to net charge-offs	109.84	163.60	166.21	135.23	104.15	111.71	108.89	110.55	95.93	110.96	114.01
Efficiency ratio	56.82	72.66	63.62	57.16	55.48	54.65	54.55	60.00	57.23	63.70	56.18
% of unprofitable institutions	7.83	13.60	3.96	2.08	0.84	11.07	11.82	6.68	4.61	5.31	13.84
% of institutions with earnings gains	55.52	50.59	58.60	62.45	61.34	40.53	66.34	43.87	52.97	65.89	70.38
Condition Ratios (%)											
Earning assets to total assets	87.15	91.82	91.85	90.66	85.83	86.53	86.72	86.52	85.96	89.37	88.74
Loss Allowance to:											
Loans and leases	1.07	1.31	1.16	1.16	1.04	1.41	0.89	1.15	1.16	1.11	0.90
Noncurrent loans and leases	137.24	137.82	163.44	170.67	128.28	163.72	190.09	125.88	88.95	134.99	121.70
Noncurrent assets plus other real estate owned to assets	0.53	0.73	0.59	0.52	0.52	0.51	0.33	0.57	1.05	0.62	0.53
Equity capital ratio	10.52	13.01	10.39	10.98	10.42	12.49	10.05	9.07	10.64	10.42	10.92
Core capital (leverage) ratio	8.23	12.99	9.99	9.37	7.69	8.99	7.49	7.24	8.76	8.69	9.23
Tier 1 risk-based capital ratio	10.52	19.20	13.49	12.27	9.68	12.31	9.36	8.99	10.09	11.99	12.05
Total risk-based capital ratio	12.98	20.27	14.62	13.56	12.53	14.38	11.67	11.79	12.81	13.29	14.82
Net loans and leases to deposits	91.44	75.29	85.42	94.39	92.48	89.41	91.41	85.25	96.75	80.88	101.24
Net loans to total assets	60.33	61.80	68.57	67.02	58.08	56.36	61.75	54.23	70.61	61.30	65.16
Domestic deposits to total assets	55.91	82.07	80.18	70.39	49.62	55.71	59.88	52.99	68.42	74.99	45.29
Structural Changes											
New Charters	191	183	4	4	0	22	70	17	12	19	51
Institutions absorbed by mergers	342	135	165	31	11	37	78	70	71	48	38
Failed Institutions	0	0	0	0	0	0	0	0	0	0	0
PRIOR FULL YEARS (The way it was...)											
Number of institutions 2005	8,833	3,864	4,339	512	118	1,110	1,227	1,874	2,070	1,791	761
2003	9,181	4,390	4,210	471	110	1,173	1,227	2,011	2,133	1,866	771
2001	9,614	5,063	4,006	444	101	1,263	1,273	2,108	2,216	1,955	799
Total assets (in billions) 2005	$10,878.2	$200.8	$1,247.5	$1,393.2	$8,036.7	$2,768.2	$2,683.9	$2,505.8	$803.6	$607.7	$1,508.9
2003	9,075.3	225.7	1,160.5	1,312.6	6,376.5	3,084.8	1,882.6	1,693.8	456.3	563.3	1,394.3
2001	7,869.1	251.2	1,070.7	1,272.5	5,274.7	2,703.4	1,586.7	1,492.9	406.4	543.3	1,136.4
Return on assets (%) 2005	1.30	1.00	1.24	1.29	1.31	1.22	1.42	1.00	1.62	1.19	1.60
2003	1.38	0.95	1.18	1.41	1.43	1.28	1.38	1.31	1.63	1.37	1.62
2001	1.14	0.85	1.08	1.26	1.14	1.01	1.11	1.07	1.42	1.25	1.46
Net charge-offs to loans & leases (%) 2005	0.50	0.20	0.19	0.24	0.61	0.81	0.24	0.33	0.56	0.24	0.70
2003	0.78	0.31	0.36	0.54	0.94	1.16	0.54	0.72	1.09	0.40	0.58
2001	0.83	0.33	0.35	0.83	0.96	1.02	0.75	0.79	0.80	0.43	0.80
Noncurrent assets plus OREO to assets (%) 2005	0.50	0.68	0.52	0.44	0.50	0.44	0.30	0.54	0.86	0.73	0.59
2003	0.75	0.83	0.69	0.62	0.78	0.78	0.56	0.86	0.84	0.76	0.76
2001	0.87	0.81	0.70	0.72	0.95	0.89	0.86	0.99	0.77	0.79	0.76
Equity capital ratio (%) 2005	10.28	12.16	10.21	10.68	10.18	10.54	9.80	9.23	10.45	10.17	12.40
2003	9.15	11.49	10.05	10.35	8.66	9.05	8.78	8.49	10.59	9.60	10.05
2001	8.98	11.08	9.85	9.49	8.58	8.77	9.62	8.47	8.93	9.38	9.12

*** Regions:**
New York - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico Rhode Island, Vermont, U.S. Virgin Islands
Atlanta - Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia
Chicago - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
Kansas City - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
Dallas - Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas
San Francisco - Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

TABLE V-A. Loan Performance, All FDIC-Insured Institutions

March 31, 2007	All Insured Institutions	Asset Concentration Groups*								
		Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Percent of Loans 30-89 Days Past Due										
All loans secured by real estate	0.96	2.43	1.39	1.36	0.89	1.02	0.63	1.21	1.45	0.80
Construction and development	1.08	0.00	2.50	2.08	1.05	1.49	0.82	1.16	1.30	0.85
Nonfarm nonresidential	0.58	0.00	0.99	1.14	0.60	0.42	0.72	1.17	1.19	0.33
Multifamily residential real estate	0.49	0.00	0.31	0.78	0.66	0.16	0.00	1.23	0.65	0.28
Home equity loans	0.69	2.48	0.73	0.66	0.59	0.83	0.36	0.57	0.64	0.73
Other 1-4 family residential	1.21	2.39	1.69	1.74	1.20	1.12	0.79	1.29	1.67	1.00
Commercial and industrial loans	0.63	2.57	0.42	1.70	0.67	0.72	1.26	2.01	1.58	0.44
Loans to individuals	1.62	1.96	1.78	1.97	1.35	1.03	1.43	1.87	2.07	1.52
Credit card loans	1.91	1.99	1.88	1.13	1.87	1.49	1.42	2.75	1.17	1.83
Other loans to individuals	1.44	1.74	1.74	2.02	1.27	0.80	1.43	1.75	2.10	1.46
All other loans and leases (including farm)	0.64	0.07	0.80	1.31	0.75	0.63	0.12	0.73	0.80	0.31
Total loans and leases	0.97	1.84	1.13	1.44	0.87	1.01	1.14	1.38	1.50	0.77
Percent of Loans Noncurrent**										
All real estate loans	0.89	2.08	1.10	1.04	0.83	0.85	0.35	0.63	0.87	1.00
Construction and development	0.95	0.00	1.03	1.93	0.91	1.38	0.91	0.76	1.40	1.01
Nonfarm nonresidential	0.62	0.00	0.63	1.31	0.61	0.70	0.54	0.68	1.17	0.48
Multifamily residential real estate	0.60	0.00	0.36	0.61	0.79	0.25	0.11	1.54	1.45	0.37
Home equity loans	0.44	2.00	0.36	0.37	0.39	0.62	0.05	0.09	0.35	0.45
Other 1-4 family residential	1.13	2.21	1.35	0.87	1.14	0.91	0.50	0.57	0.72	1.41
Commercial and industrial loans	0.62	1.97	0.41	1.60	0.64	0.73	1.06	1.19	1.20	0.54
Loans to individuals	1.17	1.99	1.56	0.70	0.65	0.56	0.81	0.49	0.60	0.60
Credit card loans	1.93	2.07	1.99	1.06	1.65	1.27	1.30	1.03	1.04	1.70
Other loans to individuals	0.71	1.41	1.38	0.68	0.51	0.21	0.65	0.42	0.59	0.38
All other loans and leases (including farm)	0.23	0.02	0.15	0.77	0.33	0.28	0.05	0.40	0.58	0.14
Total loans and leases	0.83	1.82	0.86	1.04	0.75	0.84	0.68	0.66	0.85	0.77
Percent of Loans Charged-off (net, YTD)										
All real estate loans	0.10	1.57	0.21	0.04	0.09	0.09	0.14	0.03	0.05	0.08
Construction and development	0.07	0.00	0.00	0.12	0.08	0.10	0.27	-0.01	0.08	0.03
Nonfarm nonresidential	0.04	0.00	0.05	0.07	0.04	0.01	0.01	0.03	0.05	0.01
Multifamily residential real estate	0.02	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.05	0.06
Home equity loans	0.24	1.95	0.26	0.10	0.22	0.28	0.13	0.63	0.08	0.22
Other 1-4 family residential	0.10	0.86	0.22	0.07	0.13	0.07	0.16	0.02	0.05	0.05
Commercial and industrial loans	0.35	3.96	0.07	0.48	0.29	0.28	3.11	0.27	0.30	0.33
Loans to individuals	2.43	4.17	2.66	0.59	1.18	2.72	1.87	0.51	0.53	1.53
Credit card loans	4.07	4.23	3.14	3.15	3.56	6.54	3.62	2.35	3.94	3.75
Other loans to individuals	1.38	3.68	2.45	0.43	0.83	0.54	1.27	0.26	0.43	1.07
All other loans and leases (including farm)	0.12	0.00	-0.02	0.00	0.25	0.30	0.32	0.43	0.00	0.15
Total loans and leases	0.45	3.86	0.57	0.14	0.22	0.21	1.42	0.18	0.15	0.31
Loans Outstanding (in billions)										
All real estate loans	$4,536.0	$2.3	$446.4	$55.1	$2,227.2	$958.8	$24.4	$6.3	$47.6	$767.9
Construction and development	582.1	0.0	8.3	5.1	485.5	26.0	0.6	0.5	3.2	52.8
Nonfarm nonresidential	921.2	0.0	24.0	14.7	702.1	44.0	2.1	1.8	11.4	121.2
Multifamily residential real estate	192.0	0.0	11.2	1.0	115.7	47.4	0.2	0.1	0.8	15.5
Home equity loans	556.7	1.3	88.0	0.9	201.3	94.1	8.6	0.2	1.7	160.6
Other 1-4 family residential	2,169.3	1.0	269.0	14.7	687.0	746.8	12.8	3.5	27.3	407.3
Commercial and industrial loans	1,250.2	24.5	249.3	14.1	673.9	26.3	7.2	1.3	6.9	246.7
Loans to individuals	945.4	243.9	184.9	6.4	243.6	49.6	45.0	1.7	8.1	162.1
Credit card loans	354.2	215.5	53.3	0.4	30.5	16.5	10.9	0.2	0.2	26.6
Other loans to individuals	591.2	28.5	131.5	6.0	213.1	33.1	34.0	1.5	7.9	135.5
All other loans and leases (including farm)	547.8	26.8	175.4	23.2	171.9	5.1	1.0	0.9	4.3	139.2
Total loans and leases	7,279.3	297.6	1,056.0	98.7	3,316.5	1,039.8	77.5	10.2	66.9	1,315.9
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	6,961.1	-6.4	698.1	145.0	3,710.2	1,345.8	21.5	13.7	132.0	901.1
Construction and development	688.1	0.0	1.0	15.9	574.6	61.7	0.4	0.5	16.3	17.8
Nonfarm nonresidential	1,188.3	0.1	6.0	53.5	953.3	59.9	6.6	8.4	54.3	46.3
Multifamily residential real estate	367.6	0.0	2.0	5.2	330.9	8.8	0.2	0.0	5.8	14.7
1-4 family residential	3,590.8	1.0	256.1	42.5	1,595.1	1,186.5	14.3	4.2	53.0	438.1
Farmland	66.8	0.0	0.0	27.6	33.0	0.0	0.2	0.6	2.6	2.6

* See Table IV-A (page 8) for explanations.

** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

TABLE V-A. Loan Performance, All FDIC-Insured Institutions

March 31, 2007	All Insured Institutions	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate	0.96	1.43	1.02	0.76	0.99	0.75	0.84	1.17	0.94	1.08	1.07
Construction and development	1.08	1.08	1.20	1.03	1.05	0.95	0.76	1.74	1.17	0.93	1.05
Nonfarm nonresidential	0.58	1.13	0.81	0.52	0.47	0.67	0.40	0.81	0.65	0.73	0.35
Multifamily residential real estate	0.49	0.97	0.74	0.87	0.29	0.27	0.59	1.48	0.46	0.64	0.18
Home equity loans	0.69	0.90	0.70	0.61	0.70	0.59	0.72	0.68	0.77	0.52	0.69
Other 1-4 family residential	1.21	1.87	1.20	0.82	1.25	0.82	1.09	1.38	1.18	1.73	1.42
Commercial and industrial loans	0.63	1.63	1.12	0.86	0.52	0.88	0.43	0.71	0.94	0.85	0.43
Loans to individuals	1.62	2.31	1.58	1.56	1.62	1.84	1.29	1.44	2.06	1.38	1.61
Credit card loans	1.91	1.68	2.43	1.71	1.92	2.02	1.94	1.81	1.85	1.14	1.84
Other loans to individuals	1.44	2.32	1.49	1.49	1.42	1.55	1.19	1.32	2.23	1.43	1.48
All other loans and leases (including farm)	0.64	1.28	0.91	0.68	0.60	0.67	0.50	0.67	0.52	0.91	0.80
Total loans and leases	0.97	1.51	1.06	0.83	0.97	0.98	0.79	1.06	1.06	1.06	1.02
Percent of Loans Noncurrent**											
All real estate loans	0.89	0.99	0.79	0.76	0.94	0.73	0.56	1.24	1.69	0.91	0.84
Construction and development	0.95	1.19	1.12	0.96	0.86	1.48	0.68	1.31	1.13	0.68	0.82
Nonfarm nonresidential	0.62	1.07	0.74	0.62	0.53	0.72	0.39	0.95	0.69	0.61	0.40
Multifamily residential real estate	0.60	1.08	0.63	0.88	0.49	0.24	0.43	1.73	0.39	1.23	0.40
Home equity loans	0.44	0.39	0.39	0.46	0.44	0.36	0.41	0.48	0.52	0.23	0.47
Other 1-4 family residential	1.13	0.96	0.73	0.81	1.23	0.71	0.63	1.68	3.41	1.54	1.01
Commercial and industrial loans	0.62	1.32	1.00	0.80	0.53	0.97	0.40	0.64	0.81	0.77	0.49
Loans to individuals	1.17	0.87	0.62	0.65	1.25	1.66	0.63	0.76	1.16	0.48	1.46
Credit card loans	1.93	0.91	2.13	1.36	1.97	2.26	1.69	1.65	1.52	0.93	1.79
Other loans to individuals	0.71	0.87	0.47	0.37	0.77	0.63	0.48	0.48	0.85	0.39	1.26
All other loans and leases (including farm)	0.23	0.76	0.55	0.39	0.18	0.12	0.14	0.26	0.28	0.70	0.27
Total loans and leases	0.83	1.00	0.80	0.75	0.85	0.91	0.51	0.97	1.31	0.84	0.83
Percent of Loans Charged-off (net, YTD)											
All real estate loans	0.10	0.06	0.04	0.05	0.12	0.05	0.06	0.19	0.12	0.07	0.10
Construction and development	0.07	0.11	0.06	0.08	0.08	0.09	0.07	0.11	0.08	0.08	0.01
Nonfarm nonresidential	0.04	0.05	0.03	0.00	0.06	0.03	0.03	0.10	-0.01	0.04	0.00
Multifamily residential real estate	0.02	0.03	0.05	0.06	0.01	0.00	-0.05	0.16	0.00	0.01	0.01
Home equity loans	0.24	0.06	0.07	0.19	0.26	0.13	0.17	0.29	0.36	0.21	0.27
Other 1-4 family residential	0.10	0.08	0.05	0.06	0.12	0.05	0.05	0.24	0.12	0.06	0.12
Commercial and industrial loans	0.35	0.43	0.29	0.38	0.35	0.65	0.23	0.21	0.75	0.21	0.32
Loans to individuals	2.43	0.44	0.94	1.82	2.60	3.30	1.31	1.30	2.77	1.01	3.21
Credit card loans	4.07	3.93	5.56	3.02	4.11	4.28	4.15	3.27	4.09	2.65	4.12
Other loans to individuals	1.38	0.37	0.46	1.35	1.50	1.53	0.83	0.65	1.52	0.68	2.65
All other loans and leases (including farm)	0.12	0.03	0.18	0.27	0.11	0.12	0.21	0.13	0.04	0.29	0.03
Total loans and leases	0.45	0.14	0.13	0.25	0.55	0.81	0.22	0.31	0.62	0.19	0.55
Loans Outstanding (in billions)											
All real estate loans	$4,536.0	$79.3	$696.5	$720.6	$3,039.7	$756.1	$1,237.4	$870.5	$356.1	$280.5	$1,035.4
Construction and development	582.1	10.7	140.5	154.0	276.9	61.1	190.6	119.8	47.1	74.0	89.6
Nonfarm nonresidential	921.2	22.1	237.1	221.3	440.7	174.6	243.2	195.4	82.8	85.6	139.7
Multifamily residential real estate	192.0	1.8	27.1	40.9	122.2	50.0	22.8	30.6	8.7	6.3	73.5
Home equity loans	556.7	2.6	33.1	44.3	476.7	53.1	175.6	152.1	71.5	19.0	85.5
Other 1-4 family residential	2,169.3	32.6	233.4	247.9	1,655.4	413.5	587.5	356.4	128.8	86.4	596.7
Commercial and industrial loans	1,250.2	17.3	119.2	145.0	968.7	178.3	293.2	329.3	105.5	73.0	270.9
Loans to individuals	945.4	9.5	50.8	75.2	809.9	253.7	168.2	168.2	92.4	40.2	222.7
Credit card loans	354.2	0.2	4.7	21.4	328.0	159.6	21.2	40.7	43.1	6.6	83.0
Other loans to individuals	591.2	9.3	46.1	53.8	482.0	94.1	147.1	127.5	49.3	33.6	139.7
All other loans and leases (including farm)	547.8	12.4	33.5	33.2	468.7	80.3	131.0	139.4	69.6	16.6	110.9
Total loans and leases	7,279.3	118.5	899.9	973.9	5,287.0	1,268.3	1,829.9	1,507.3	623.5	410.3	1,640.0
Memo: Other Real Estate Owned (in millions)											
All other real estate owned	6,961.1	267.5	1,472.4	834.6	4,386.6	506.3	1,390.5	2,003.9	1,129.7	760.8	1,169.7
Construction and development	688.1	34.9	337.6	192.9	122.8	41.9	224.6	114.6	108.9	170.6	27.5
Nonfarm nonresidential	1,188.3	100.9	548.9	227.3	311.2	108.5	278.4	293.6	177.0	270.0	60.8
Multifamily residential real estate	367.6	8.8	46.6	37.2	275.0	4.5	251.0	61.3	16.0	25.5	9.4
1-4 family residential	3,590.8	111.2	497.3	358.7	2,623.6	334.3	607.7	1,035.4	429.7	236.7	946.9
Farmland	66.8	11.8	36.0	15.8	3.2	5.2	3.0	5.7	15.6	35.0	2.2

* See Table IV-A (page 9) for explanations.
** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

TABLE VI-A. Derivatives, All FDIC-Insured Commercial Banks and State-Chartered Savings Banks

(dollar figures in millions; notional amounts unless otherwise indicated)	1st Quarter 2007	4th Quarter 2006	3rd Quarter 2006	2nd Quarter 2006	1st Quarter 2006	%Change 06:1-07:1	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion
ALL DERIVATIVE HOLDERS										
Number of institutions reporting derivatives	1,050	1,014	1,013	992	981	7.0	74	639	252	85
Total assets of institutions reporting derivatives	$8,861,789	$8,832,645	$8,409,669	$8,276,558	$8,025,662	10.4	$5,142	$273,101	$784,998	$7,798,548
Total deposits of institutions reporting derivatives	5,742,345	5,749,612	5,429,994	5,403,746	5,251,640	9.3	4,130	218,248	575,849	4,944,117
Total derivatives	146,084,457	132,181,371	127,106,508	120,205,407	111,086,862	31.5	135	16,649	94,115	145,973,557
Derivative Contracts by Underlying Risk Exposure										
Interest rate	118,592,547	107,433,612	103,198,718	98,738,848	92,291,252	28.5	119	16,248	88,600	118,487,580
Foreign exchange*	14,167,866	12,564,207	12,226,835	12,256,709	11,248,488	26.0	0	133	3,850	14,163,883
Equity	2,317,685	2,270,942	2,218,658	1,902,399	1,420,814	63.1	15	236	1,006	2,316,427
Commodity & other (excluding credit derivatives)	840,594	893,310	1,558,264	738,026	653,859	28.6	0	3	336	840,254
Credit	10,165,765	9,019,299	7,904,034	6,569,425	5,472,449	85.8	0	29	323	10,165,413
Total	146,084,457	132,181,371	127,106,508	120,205,407	111,086,862	31.5	135	16,649	94,115	145,973,557
Derivative Contracts by Transaction Type										
Swaps	88,006,829	81,339,522	77,555,615	74,448,925	68,849,645	27.8	21	6,669	65,910	87,934,230
Futures & forwards	15,307,229	14,881,672	14,482,742	13,788,776	13,044,998	17.3	45	2,311	13,883	15,290,991
Purchased options	15,737,388	12,944,822	13,301,414	12,367,870	11,579,154	35.9	16	5,278	7,620	15,724,473
Written options	15,587,925	13,332,188	12,945,812	12,081,029	11,202,378	39.1	53	2,266	5,786	15,579,821
Total	134,639,371	122,498,203	118,285,583	112,686,600	104,676,175	28.6	135	16,524	93,198	134,529,514
Fair Value of Derivative Contracts										
Interest rate contracts	24,440	23,299	22,719	21,194	20,308	20.3	0	-1	7	24,434
Foreign exchange contracts	74,087	5,324	4,144	4,641	4,012	NM	0	0	-25	74,113
Equity contracts	-18,823	-17,845	-13,526	-9,364	-10,632	77.0	1	9	53	-18,885
Commodity & other (excluding credit derivatives)	22,532	2,658	2,562	2,806	2,769	713.7	0	0	2	22,530
Credit derivatives as guarantor	9,033	31,583	14,671	7,311	10,228	-11.7	0	0	0	9,033
Credit derivatives as beneficiary	-9,677	-32,745	-14,819	-8,992	-9,223	4.9	0	0	0	-9,677
Derivative Contracts by Maturity**										
Interest rate contracts < 1 year	33,255,881	29,551,704	26,615,326	22,679,708	20,701,316	60.6	41	3,054	23,763	33,229,023
1-5 years	33,802,007	31,385,572	30,872,307	31,161,579	29,322,655	15.3	3	7,807	26,548	33,767,649
> 5 years	24,684,519	23,273,615	22,518,236	22,835,007	21,145,459	16.7	17	2,791	30,628	24,651,083
Foreign exchange contracts < 1 year	8,372,499	7,690,210	6,687,566	7,473,995	6,279,115	33.3	0	20	2,652	8,369,828
1-5 years	1,571,245	1,415,846	1,573,062	1,240,609	1,455,181	8.0	0	9	27	1,571,210
> 5 years	624,415	592,897	767,427	518,618	721,164	-13.4	0	7	10	624,398
Equity contracts < 1 year	397,234	341,346	333,262	334,732	288,762	37.6	1	17	189	397,026
1-5 years	236,576	220,856	296,151	219,638	200,405	18.0	7	89	422	236,058
> 5 years	74,332	44,858	53,988	44,457	34,279	116.8	0	0	43	74,290
Commodity & other contracts < 1 year	271,647	235,107	496,634	230,213	214,997	26.3	0	0	192	271,454
1-5 years	200,533	272,314	274,378	177,869	149,315	34.3	0	3	120	200,410
> 5 years	23,955	21,581	14,486	10,426	7,324	227.1	0	0	24	23,931
Risk-Based Capital: Credit Equivalent Amount										
Total current exposure to tier 1 capital (%)	22.2	29.2	28.6	33.6	32.8		0.3	0.3	1.5	25.8
Total potential future exposure to tier 1 capital (%)	113.1	97.7	99.0	90.2	87.7		0.2	0.3	1.0	132.4
Total exposure (credit equivalent amount) to tier 1 capital (%)	135.3	126.9	127.6	123.8	120.5		0.5	0.6	2.4	158.2
Credit losses on derivatives***	-2.9	-25.1	-19.3	-3.3	3.6	NM	0.0	0.6	0.2	-3.7
HELD FOR TRADING										
Number of institutions reporting derivatives	151	147	147	149	148	2.0	5	40	50	56
Total assets of institutions reporting derivatives	7,381,546	7,223,466	6,927,469	6,808,697	6,585,433	12.1	354	17,015	228,498	7,135,678
Total deposits of institutions reporting derivatives	4,765,635	4,712,044	4,435,577	4,399,031	4,260,458	11.9	280	13,846	157,985	4,593,523
Derivative Contracts by Underlying Risk Exposure										
Interest rate	115,845,677	104,691,811	100,299,894	96,221,190	89,810,085	29.0	7	200	36,174	115,809,296
Foreign exchange	12,769,140	11,788,411	11,207,259	11,206,773	10,214,072	25.0	0	15	2,998	12,766,127
Equity	2,313,326	2,266,778	2,214,881	1,898,493	1,416,918	63.3	0	5	427	2,312,894
Commodity & other	840,345	893,087	1,558,095	737,910	649,704	29.3	0	0	301	840,045
Total	131,768,488	119,640,087	115,280,129	110,064,365	102,090,779	29.1	7	220	39,899	131,728,362
Trading Revenues: Cash & Derivative Instruments										
Interest rate	2,404	1,146	546	1,665	1,242	93.6	0	0	13	2,391
Foreign exchange	1,831	1,613	1,355	2,672	2,311	-20.8	0	0	7	1,824
Equity	1,732	1,214	1,827	100	1,801	-3.8	0	0	0	1,732
Commodity & other (including credit derivatives)	175	-111	789	272	313	-44.1	0	0	0	175
Total trading revenues	6,142	3,861	4,517	4,710	5,666	8.4	0	0	21	6,122
Share of Revenue										
Trading revenues to gross revenues (%)	4.3	2.9	3.4	3.6	4.6		0.0	-0.1	0.4	4.4
Trading revenues to net operating revenues (%)	28.9	19.6	20.7	21.6	26.8		0.0	-0.4	3.3	29.7
HELD FOR PURPOSES OTHER THAN TRADING										
Number of institutions reporting derivatives	967	935	933	920	905	6.9	67	595	224	81
Total assets of institutions reporting derivatives	8,632,061	8,603,028	8,224,981	8,123,920	7,863,162	9.8	4,631	253,250	694,953	7,679,227
Total deposits of institutions reporting derivatives	5,578,243	5,588,316	5,304,128	5,299,416	5,138,716	8.6	3,735	201,980	512,881	4,859,646
Derivative Contracts by Underlying Risk Exposure										
Interest rate	2,746,870	2,741,801	2,898,823	2,517,658	2,481,166	10.7	112	16,048	52,426	2,678,284
Foreign exchange	119,405	111,928	102,685	100,555	96,178	24.2	0	21	259	119,126
Equity	4,359	4,164	3,777	3,906	3,896	11.9	15	231	579	3,533
Commodity & other	249	223	169	116	4,155	-94.0	0	3	36	210
Total notional amount	2,870,882	2,858,117	3,005,455	2,622,234	2,585,396	11.0	128	16,303	53,299	2,801,152

All line items are reported on a quarterly basis. NM - Not Meaningful

*Include spot foreign exchange contracts. All other references to foreign exchange contracts in which notional values or fair values are reported exclude spot foreign exchange contracts.

** Derivative contracts subject to the risk-based capital requirements for derivatives.

*** The reporting of credit losses on derivatives is applicable to all banks filing the FFIEC 031 report form and to those banks filing the FFIEC 041 report form that have $300 million or in more total assets.

TABLE VII-A. Servicing, Securitization, and Asset Sales Activities (All FDIC-Insured Commercial Banks and State-Chartered Savings Banks)

(dollar figures in millions)	1st Quarter 2007	4th Quarter 2006	3rd Quarter 2006	2nd Quarter 2006	1st Quarter 2006	%Change 06:1-07:1	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion
Assets Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements										
Number of institutions reporting securitization activities	127	121	119	120	116	9.5	17	46	21	43
Outstanding Principal Balance by Asset Type										
1-4 family residential loans	$1,079,891	$738,996	$453,900	$417,800	$392,412	175.2	$91	$148	$1,544	$1,078,108
Home equity loans	9,339	8,905	9,257	9,632	10,768	-13.3	0	0	479	8,860
Credit card receivables	367,796	362,467	422,983	403,434	402,214	-8.6	0	6,279	6,675	354,842
Auto loans	14,132	16,263	16,781	16,665	16,304	-13.3	0	0	399	13,733
Other consumer loans	27,737	28,673	25,753	24,414	22,165	25.1	0	8	0	27,730
Commercial and industrial loans	12,039	10,543	8,404	10,582	10,703	12.5	0	31	4,465	7,542
All other loans, leases, and other assets*	150,404	144,939	136,330	121,506	109,800	37.0	2	93	1,232	149,077
Total securitized and sold	1,661,338	1,310,787	1,073,407	1,004,034	964,366	72.3	93	6,559	14,794	1,639,893
Maximum Credit Exposure by Asset Type										
1-4 family residential loans	6,037	6,627	4,619	4,336	4,160	45.1	1	2	17	6,017
Home equity loans	2,368	2,332	2,358	2,358	2,387	-0.8	0	0	21	2,347
Credit card receivables	17,685	19,182	25,084	24,495	23,214	-23.8	0	440	168	17,077
Auto loans	628	724	813	806	798	-21.3	0	0	16	612
Other consumer loans	1,861	1,882	1,653	1,619	1,612	15.4	0	0	0	1,861
Commercial and industrial loans	311	348	407	455	464	-33.0	0	0	82	229
All other loans, leases, and other assets	1,052	997	761	727	777	35.4	1	25	51	974
Total credit exposure	29,942	32,093	35,695	34,796	33,411	-10.4	2	468	356	29,116
Total unused liquidity commitments provided to institution's own securitizations	6,119	6,872	7,323	9,359	10,867	-43.7	4	0	0	6,116
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)										
1-4 family residential loans	2.11	3.03	2.45	2.07	1.75		0.00	0.06	0.80	2.11
Home equity loans	0.70	0.74	0.72	0.58	0.49		0.00	0.00	1.63	0.65
Credit card receivables	1.91	1.98	2.04	1.92	2.01		0.00	2.36	0.71	1.93
Auto loans	1.45	1.69	1.31	1.14	1.06		0.00	0.00	0.72	1.47
Other consumer loans	2.42	3.02	3.03	2.62	2.54		0.00	0.00	0.00	2.42
Commercial and industrial loans	0.66	0.71	1.17	1.23	1.22		0.00	0.00	1.52	0.16
All other loans, leases, and other assets	0.15	0.21	0.23	0.13	0.11		0.00	0.00	0.15	0.15
Total loans, leases, and other assets	1.87	2.38	1.98	1.75	1.66		0.00	2.26	0.95	1.88
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)										
1-4 family residential loans	1.08	1.17	0.90	1.13	1.07		0.00	0.00	0.33	1.08
Home equity loans	0.35	0.50	0.31	0.31	0.30		0.00	0.00	1.01	0.32
Credit card receivables	1.78	1.72	1.60	1.61	1.61		0.00	1.69	0.59	1.80
Auto loans	0.16	0.26	0.18	0.16	0.17		0.00	0.00	0.10	0.16
Other consumer loans	2.03	2.11	2.13	2.14	2.13		0.00	0.00	0.00	2.03
Commercial and industrial loans	0.55	0.66	0.76	0.88	0.94		0.00	0.00	1.22	0.16
All other loans, leases, and other assets	0.14	0.18	0.20	0.15	0.14		0.00	0.00	0.08	0.14
Total loans, leases, and other assets	1.15	1.21	1.10	1.20	1.19		0.00	1.62	0.71	1.15
Securitized Loans, Leases, and Other Assets Charged-Off (net, YTD, annualized, %)										
1-4 family residential loans	0.01	0.04	0.05	0.03	0.02		0.00	0.00	0.01	0.01
Home equity loans	0.21	0.25	0.19	0.12	0.06		0.00	0.00	3.24	0.05
Credit card receivables	1.12	3.80	2.86	1.90	0.89		0.00	1.19	0.53	1.13
Auto loans	0.26	0.68	0.45	0.27	0.23		0.00	0.00	0.10	0.26
Other consumer loans	0.38	1.49	1.20	0.71	0.45		0.00	0.00	0.00	0.38
Commercial and industrial loans	0.36	1.33	1.17	0.82	0.44		0.00	0.00	0.99	-0.01
All other loans, leases, and other assets	0.01	-0.01	-0.01	0.00	0.00		0.00	0.00	0.02	0.01
Total loans, leases, and other assets	0.27	1.13	1.19	0.81	0.40		0.00	1.14	0.65	0.26
Seller's Interests in Institution's Own Securitizations - Carried as Loans										
Home equity loans	671	869	728	650	586	14.5	0	0	8	663
Credit card receivables	61,569	75,225	68,885	82,533	72,954	-15.6	0	335	4,405	56,829
Commercial and industrial loans	2,863	2,596	2,891	3,284	2,523	13.5	0	0	961	1,902
Seller's Interests in Institution's Own Securitizations - Carried as Securities										
Home equity loans	10	10	11	12	12	-16.7	0	0	0	10
Credit card receivables	281	322	184	137	72	290.3	0	35	246	0
Commercial and industrial loans	1	5	0	0	0	0.0	0	0	0	1
Assets Sold with Recourse and Not Securitized										
Number of institutions reporting asset sales	726	715	708	698	691	5.1	168	421	94	43
Outstanding Principal Balance by Asset Type										
1-4 family residential loans	56,074	56,102	56,002	54,319	53,866	4.1	940	6,552	2,294	46,289
Home equity, credit card receivables, auto, and other consumer loans	1,904	708	115	124	902	111.1	2	28	12	1,862
Commercial and industrial loans	8,198	6,668	6,781	6,184	6,112	34.1	16	87	324	7,770
All other loans, leases, and other assets	8,103	6,981	7,403	12,998	16,607	-51.2	2	47	195	7,859
Total sold and not securitized	74,278	70,458	70,302	73,625	77,487	-4.1	960	6,714	2,825	63,779
Maximum Credit Exposure by Asset Type										
1-4 family residential loans	14,185	13,537	13,698	12,167	11,987	18.3	60	1,373	1,490	11,262
Home equity, credit card receivables, auto, and other consumer loans	1,868	663	47	64	485	285.2	2	7	6	1,852
Commercial and industrial loans	4,543	4,499	4,479	4,272	4,132	9.9	16	56	324	4,146
All other loans, leases, and other assets	2,428	2,530	2,502	2,161	2,678	-9.3	2	16	92	2,317
Total credit exposure	23,024	21,229	20,726	18,663	19,281	19.4	81	1,453	1,913	19,577
Support for Securitization Facilities Sponsored by Other Institutions										
Number of institutions reporting securitization facilities sponsored by others	47	47	48	46	45	4.4	22	14	3	8
Total credit exposure	1,348	1,135	958	853	897	50.3	6	122	69	1,150
Total unused liquidity commitments	5,827	6,257	5,066	4,251	4,651	25.3	0	0	0	5,827
Other										
Assets serviced for others**	3,494,590	3,392,152	3,072,169	2,836,997	2,647,319	32.0	7,388	69,259	91,471	3,326,473
Asset-backed commercial paper conduits										
Credit exposure to conduits sponsored by institutions and others	21,404	20,714	19,244	19,293	17,503	22.3	2	83	1	21,318
Unused liquidity commitments to conduits sponsored by institutions and others	327,395	306,435	294,329	286,363	288,086	13.6	0	0	0	327,395
Net servicing income (for the quarter)	3,600	2,161	3,381	4,262	4,693	-23.3	46	172	134	3,249
Net securitization income (for the quarter)	5,051	2,407	6,832	6,225	6,705	-24.7	0	211	156	4,684
Total credit exposure to Tier 1 capital (%)***	5.7	5.8	6.1	5.9	6.0		0.4	1.6	1.8	7.5

*Line item titled "All other loans and all leases" for quarters prior to March 31, 2006.
**The amount of financial assets serviced for others, other than closed-end 1-4 family residential mortgages, is reported when these assets are greater than $10 million
***Total credit exposure includes the sum of the three line items titled "Total credit exposure" reported above.

Insurance Fund Indicators

- ***Insured Deposits Grow by 2.0 Percent, Up from the Prior Quarter's 1.3 Percent Growth Rate***
- ***DIF Reserve Ratio Declines 1 Basis Point to 1.20 Percent***
- ***Risk-based Assessment Changes Became Effective January 1, 2007***
- ***One Institution Fails During First Quarter***

Total assets of the nation's 8,650 FDIC-insured commercial banks and savings institutions increased by $120.8 billion (1.0 percent) during the first quarter of 2007. Fifty-eight percent of the quarter's asset growth was funded by deposits, as interest-bearing deposits increased by 1.8 percent ($115.5 billion), while noninterest-bearing deposits decreased by 3.6 percent ($45.5 billion). Domestic office deposits increased by 1.0 percent ($63.4 billion), and foreign office deposits increased by 0.6 percent ($6.6 billion).

Estimated insured deposits rose by 2.0 percent ($84 billion) during the first three months of 2007, after a 6.7 percent rise for all of 2006. The first-quarter increase was up from the previous quarter's 1.3 percent growth rate. For institutions existing as of December 31, 2006 and March 31, 2007, insured deposits increased during the first quarter at 6,151 institutions (71 percent), decreased at 2,409 institutions (28 percent), and remained unchanged at 49 institutions.

The Deposit Insurance Fund (DIF) increased by 1.2 percent ($580 million) during the first quarter to $50,745 million (unaudited). Accrued assessment income added $94 million to the DIF during the quarter. This amount was determined by subtracting $820 million in estimated credits used from $914 million in gross assessment revenue. Approximately 83 percent of all FDIC-insured institutions have credits to offset either some or all of their first quarter assessments. The DIF increased $81 million from unrealized gains on available-for-sale securities, $73 million from a decrease in provisions for insurance losses, and $332 million (net of expenses) from interest on securities and other revenue.

The DIF's growth was not enough to offset the increase in insured deposits, and the reserve ratio decreased from 1.21 percent on December 31, 2006 to 1.20 percent on March 31, 2007. Since the beginning of 2006, the DIF reserve ratio has dropped five basis points, from 1.25 percent to 1.20 percent.

On February 2, 2007, the FDIC had its first institution failure since June of 2004, ending ten consecutive quarters without a failure, the longest time span on record.

Changes to Risk-Based Assessments from the Reform Legislation

On February 8, 2006, the President signed the Federal Deposit Insurance Reform Act of 2005 (the Reform Act) into law. The Federal Deposit Insurance Reform Conforming Amendments Act of 2005 was signed into law on February 15, 2006 and contains necessary technical and conforming changes to implement deposit insurance requirements. All final rules implementing changes to risk-based assessments were adopted by the FDIC Board by early November of 2006, and generally became effective January 1, 2007.

New Risk Categories and Assessment Rate Schedule

The previous nine risk categories (the risk-based assessment matrix) are consolidated into four categories to better align them with their respective historical failure and loss experience. Capital ratios and supervisory ratings will continue to distinguish one risk category from another. The following table shows the translation of the old nine-cell matrix to the new risk categories as well as the initial assessment rates (in basis points) for each new risk category. In this table, Supervisory Group A generally includes institutions with CAMELS composite ratings of 1 or 2; Supervisory Group B generally includes institutions with a CAMELS composite rating of 3; and Supervisory Group C generally includes institutions with CAMELS composite ratings of 4 or 5.

These initial assessment rates are effective beginning January 1, 2007 and are 3 basis points above the base rate schedule adopted in the final rule. The FDIC may adjust rates up or down by 3 basis points from the base rate schedule without notice and comment, provided

Risk Categories and Assessment Rate Schedule
Effective January 1, 2007

<table>
<tr><th rowspan="2">Capital Category</th><th colspan="3">Supervisory Group</th></tr>
<tr><th>A</th><th>B</th><th>C</th></tr>
<tr><td>1. Well Capitalized</td><td>I
5-7 bps</td><td rowspan="2">II
10 bps</td><td rowspan="2">III
28 bps</td></tr>
<tr><td>2. Adequately Capitalized</td><td></td></tr>
<tr><td>3. Undercapitalized</td><td colspan="2">III
28 bps</td><td>IV
43 bps</td></tr>
</table>

that any single adjustment from one quarter to the next cannot move rates more than 3 basis points.

Determining Risk-Based Assessment Rates for Institutions in Risk Category I

The spread between the lowest and highest risk-based assessment rates in Risk Category I is 2 basis points. For most institutions in Risk Category I – all but insured branches of foreign banks and institutions that have at least $10 billion in assets and a long-term debt issuer rating – the assessment rate assigned will be based on a combination of financial ratios and CAMELS component ratings. Rates determined from these risk measures were derived from a model that relates them to the historical frequency of CAMELS downgrades to '3' or worse in the succeeding year.

For large institutions (generally those with at least $10 billion in assets) that have long-term debt issuer ratings, assessment rates will be determined by weighting CAMELS component ratings 50 percent and long-term debt issuer ratings 50 percent. For all large Risk Category I institutions, additional risk factors will be considered to determine whether assessment rates should be adjusted. This additional information includes market data, financial performance measures, considerations of the ability of an institution to withstand financial stress, and loss severity indicators. Any adjustment will be limited to no more than ½ basis point.

Operational Changes to the Assessment System

Insured depository institutions will no longer be assigned a risk-based assessment for a semiannual period before the start of the semiannual period. Instead, beginning in 2007, each institution will be assigned a risk-based rate for a quarterly assessment period near the end of the quarter following the assessment period. Payment will generally be due on the 30th day of the last month of the quarter following the assessment period.

Supervisory rating changes will be effective for assessment purposes as of the examination transmittal date. For institutions with long-term debt issuer ratings, changes in ratings will be effective for assessment purposes as of the date the change was announced.

The assessment base will be based on the average daily deposits for banks with $1 billion or more in assets, effective no later than March 31, 2008. Until then, any existing institution may choose whether to have its assessment base determined from quarter-end or average daily deposits. Thereafter, an institution with less than $1 billion in assets may continue to choose to have its assessment base determined from quarter-end or average daily deposits. However, once an institution elects to report average daily deposits, it must continue to do so thereafter. The standard float deduction that had been used to determine the assessment base has been eliminated effective the first quarter of 2007.

Assessment Credits

Congress awarded an aggregate assessment credit of $4.7 billion that has been distributed among all eligible insured depository institutions. An eligible insured depository institution is one that was in existence on December 31, 1996 and that paid assessments before that date (or is the successor to such an institution). Each institution's credit amount was based on the ratio of the institution's assessment base (plus its predecessors' assessment bases, if any) on December 31, 1996 to the combined total of all eligible insured depository institution assessment bases. The FDIC will apply whatever credits an institution has available to its quarterly assessment, subject to certain statutory limitations. Credits do not expire.

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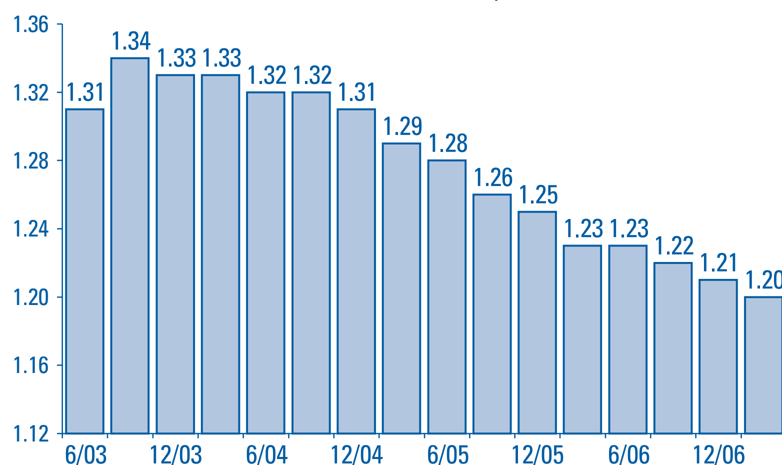
TABLE I-B. Insurance Fund Balances and Selected Indicators

(dollar figures in millions)	Deposit Insurance Fund							
	1st Quarter 2007	4th Quarter 2006	3rd Quarter 2006	2nd Quarter 2006	1st Quarter 2006	4th Quarter 2005	3rd Quarter 2005	2nd Quarter 2005
Beginning Fund Balance*	$50,165	$49,992	$49,564	$49,193	$48,597	$48,373	$48,023	$47,617
Changes in Fund Balance:								
Assessments earned	94	10	10	7	5	13	20	14
Interest earned on investment securities	567	476	622	665	478	675	536	657
Operating expenses	239	248	237	242	224	252	227	254
Provision for insurance losses	-73	49	-50	-6	-45	-19	-65	-57
All other income, net of expenses**	4	5	1	12	349	4	3	4
Unrealized gain/(loss) on available-for-sale securities	81	-21	-18	-77	-57	-235	-47	-72
Total fund balance change	580	173	428	371	596	224	350	406
Ending Fund Balance*	50,745	50,165	49,992	49,564	49,193	48,597	48,373	48,023
Percent change from four quarters earlier	3.15	3.23	3.35	3.21	3.31	2.29	2.94	3.23
Reserve Ratio (%)	1.20	1.21	1.22	1.23	1.23	1.25	1.26	1.28
Estimated Insured Deposits	4,237,269	4,152,909	4,099,424	4,040,211	4,001,921	3,890,874	3,830,898	3,757,728
Percent change from four quarters earlier	5.88	6.73	7.01	7.52	8.50	7.42	7.62	6.40
Assessment Base	6,803,266	6,595,293	6,439,293	6,386,880	6,272,524	6,177,373	6,038,813	5,878,968
Percent change from four quarters earlier	8.46	6.77	6.63	8.64	8.15	8.87	9.47	8.36
Number of institutions reporting	8,662	8,693	8,755	8,790	8,803	8,845	8,870	8,881

DIF Reserve Ratio*
Percent of Insured Deposits



Deposit Insurance Fund Balance and Insured Deposits*
($Millions)

	DIF Balance	DIF-Insured Deposits
6/03	44,883	3,438,360
9/03	45,648	3,414,317
12/03	46,022	3,452,503
3/04	46,558	3,499,469
6/04	46,521	3,531,806
9/04	46,990	3,559,489
12/04	47,507	3,622,068
3/05	47,617	3,688,562
6/05	48,023	3,757,728
9/05	48,373	3,830,898
12/05	48,597	3,890,874
3/06	49,193	4,001,921
6/06	49,564	4,040,211
9/06	49,992	4,099,424
12/06	50,165	4,152,909
3/07	50,745	4,237,269

TABLE II-B. Problem Institutions and Failed/Assisted Institutions

(dollar figures in millions)	2007***	2006***	2006	2005	2004	2003	2002
Problem Institutions							
Number of institutions	53	48	50	52	80	116	136
Total assets	$21,445	$5,416	$8,265	$6,607	$28,250	$29,917	$38,927
Failed/Assisted Institutions							
Number of institutions	1	0	0	0			1
Total assets	$15	$0	$0	$0	$166	$1,097	$2,558

* Prior to 2006, amounts represent sum of separate BIF and SAIF amounts.

** First Quarter 2006 includes previously escrowed revenue from SAIF-member exit fees.

*** Through March 31.

TABLE III-B. Estimated FDIC-Insured Deposits by Type of Institution

(dollar figures in millions) March 31, 2007	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
Commercial Banks and Savings Institutions				
FDIC-Insured Commercial Banks	7,380	10,133,829	5,522,318	3,325,503
FDIC-Supervised	4,783	1,882,524	1,411,780	946,052
OCC-Supervised	1,705	6,848,249	3,281,580	1,871,203
Federal Reserve-Supervised	892	1,403,056	828,958	508,249
FDIC-Insured Savings Institutions	1,270	1,847,339	1,172,174	906,291
OTS-Supervised Savings Institutions	837	1,543,349	955,830	738,426
FDIC-Supervised State Savings Banks	433	303,991	216,344	167,864
Total Commercial Banks and Savings Institutions	8,650	11,981,168	6,694,491	4,231,794
Other FDIC-Insured Institutions				
U.S. Branches of Foreign Banks	12	17,076	7,506	5,474
Total FDIC-Insured Institutions	8,662	11,998,244	6,701,998	4,237,269

*Excludes $1,201 billion in foreign office deposits, which are uninsured.

TABLE IV-B. Assessment Base Distribution and Rate Schedules

Table IV-B, which shows the distribution of institutions and assessment bases among risk categories, is not included in this edition of the Quarterly Banking Profile. As a result of final regulations implementing the Federal Deposit Insurance Reform Act of 2005, insured depository institutions will no longer be assigned a risk-based assessment rate for a semiannual period before the start of the semiannual period. Instead, beginning in 2007, each institution will be assigned a risk-based rate for a quarterly assessment period near the end of the following quarter. The next edition will present a revised Table IV-B, which will show the distribution of institutions and assessment bases among the new risk categories adopted in the regulations for the quarter ending March 31, 2007.

Notes To Users

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time.

Tables I-A through VIII-A.

The information presented in Tables I-A through V-A of the *FDIC Quarterly Banking Profile* is aggregated for all FDIC-insured Institutions, both commercial banks and savings institutions. Tables VI-A (Derivatives) and VII-A (Servicing, Securitization, and Asset Sales Activities) aggregate information only for insured commercial banks and state-chartered savings banks that file quarterly Call Reports. Table VIII-A Trust Services aggregates Trust asset and income information collected annually from all FDIC-insured institutions. Some tables are arrayed by groups of FDIC-insured institutions based on predominant types of asset concentration, while other tables aggregate institutions by asset size and geographic region. Quarterly and full-year data are provided for selected indicators, including aggregate condition and income data, performance ratios, condition ratios and structural changes, as well as past due, noncurrent and charge-off information for loans outstanding and other assets.

Tables I-B through IV-B.

A separate set of tables (Tables I-B through IV-B) provides comparative quarterly data related to the Deposit Insurance Fund (DIF), problem institutions, failed/assisted institutions, estimated FDIC-insured deposits, as well as assessment rate information. Depository institutions that are not insured by the FDIC through the DIF are not included in the *FDIC Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charters.

DATA SOURCES

The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Call Reports* and the OTS *Thrift Financial Reports* submitted by all FDIC-insured depository institutions. This information is stored on and retrieved from the FDIC's Research Information System (RIS) data base.

COMPUTATION METHODOLOGY

Certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*. Parent institutions are required to file consolidated reports, while their subsidiary financial institutions are still required to file separate reports. Data from subsidiary institution reports are included in the *Quarterly Banking Profile* tables, which can lead to double-counting. No adjustments are made for any double-counting of subsidiary data.

All asset and liability figures used in calculating performance ratios represent average amounts 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, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers.

Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period.

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. In addition, institutions may relocate across state lines or change their charters, resulting in an inter-regional or inter-industry migration, e.g., institutions can move their home offices between regions, and savings institutions can convert to commercial banks or commercial banks may convert to savings institutions.

ACCOUNTING CHANGES

FASB Statement No. 157 *Fair Value Measurements* issued in September 2006 and FASB Statement No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities* issued in February 2007 – both are effective in 2008 with early adoption permitted in 2007. FAS 157 defines a fair value measurement framework, while FAS 159 allows banks to elect a fair value option when assets are recognized on the balance sheet and to report certain financial assets and liabilities at fair value with subsequent changes in fair value included in earnings. Existing eligible items can be fair-valued as early as January 2007 under FAS 159, if a bank adopts FAS 157.

FASB Statement 158 *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* – issued in September 2006 requires a bank to recognize in 2007 the funded status of its postretirement plans on its balance sheet. An overfunded plan is recognized as an asset and an underfunded plan is recognized as a liability. An adjustment is made to equity as accumulated other comprehensive income (AOCI) upon application of FAS 158 and AOCI is adjusted in subsequent periods as net periodic benefit costs are recognized in earnings.

FASB Statement No. 156 Accounting for Servicing of Financial Assets – issued in March 2006 and effective in 2007, requires all separately recognized servicing assets and liabilities to be initially measured at fair value and allows a bank the option to subsequently adjust that value by periodic revaluation and recognition of earnings or by periodic amortization to earnings.

Purchased Impaired Loans and Debt Securities – Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. The SOP applies to loans and debt securities acquired in fiscal years beginning after December 15, 2004. In general, this Statement of Position applies to "purchased impaired loans and debt securities," i.e., loans and debt securities that a bank has purchased, including those acquired in a purchase business combination, when it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Banks must follow Statement of Position 03-3 for Call Report purposes. The SOP does not apply to the loans that a bank has originated, prohibits "carrying over" or creation of valuation allowances in the initial accounting and any subsequent valuation allowances reflect only those losses incurred by the investor after acquisition.

GNMA Buy-back Option – If an issuer of GNMA securities has the option to buy back the loans that collateralize the GNMA securities, when certain delinquency criteria are met, FASB Statement No. 140 requires that loans with this buy-back option must be brought back on the issuer's books as assets. The rebooking of GNMA loans is required regardless of whether the issuer intends to exercise the buy-back option. The banking agencies clarified in May 2005 that all GNMA loans that are rebooked because of delinquency should be reported as past due according to their contractual terms.

FASB Interpretation No. 45 – In November 2002, the FASB issued Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. This interpretation clarifies that a guarantor is required to recognize, at the inception of a guarantee (financial standby letters of credit, performance standby letters of credit), a liability for the fair value of the obligation undertaken in issuing the guarantee. Banks apply the initial recognition and measurement provisions of Interpretation No. 45 on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the bank's fiscal year end. A bank's previous accounting for guarantees issued prior to January 1, 2003, is not revised.

FASB Interpretation No. 46 – The FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities*, in January 2003 and revised it in December 2003. Generally, banks with variable interests in variable interest entities created after December 31, 2003, must consolidate them. The timing of consolidation varies with certain situations with application as late as 2005. The assets and liabilities of a consolidated variable interest entity are reported on a line-by-line basis according to the asset and liability categories shown on the bank's balance sheet, as well as related income items. Most small banks are unlikely to have any "variable interests" in variable interest entities.

FASB Statement No. 123 (Revised 2004) and Share-Based Payments – requires all entities to recognize compensation expense in an amount equal to the fair value of share-based payments, e.g., stock options and restricted stock, granted to employees. As of January 2006 all banks must adopt FAS 123(R). The compensation cost is typically recognized over the vesting period with a corresponding credit to equity. The recording of the compensation cost also gives rise to a deferred tax asset.

Goodwill and intangible assets – FAS 141 terminates the use of pooling-of-interest accounting for business combinations after 2001 and requires purchase accounting. Under FAS 142 amortization of goodwill is eliminated. Only intangible assets other than goodwill are amortized each quarter. In addition companies are required to test for impairment of both goodwill and other intangibles once each fiscal year. The year 2002, the first fiscal year affected by this accounting change, has been designated a transitional year and the amount of initial impairments are to be recorded as extraordinary losses on a "net of tax" basis (and not as noninterest expense). Subsequent annual review of intangibles and goodwill impairment may require additional noninterest expense recognition. FASB Statement No. 147 clarifies that acquisitions of financial institutions (except transactions between two or more mutual enterprises), including branch acquisitions that meet the definition of a business combination, should be accounted for by the purchase method under FASB Statement No. 141. This accounting standard includes transition provisions that apply to unidentifiable intangible assets previously accounted for in accordance with FASB Statement No. 72. If the transaction (such as a branch acquisition) in which an unidentifiable intangible asset arose does not meet the definition of a business combination, this intangible asset is not be reported as "Goodwill" on the Call Report balance sheet. Rather, this unidentifiable intangible asset is reported as "Other intangible assets," and must continue to be amortized and the amortization expense should be reported in the Call Report income statement.

FASB Statement No. 133 *Accounting for Derivative Instruments and Hedging Activities* – All banks must recognize derivatives as either assets or liabilities on the balance sheet, measured at fair value. A derivative may be specifically designated as a "fair value hedge," a "cash flow hedge," or a hedge of a foreign currency exposure. The accounting for changes in the value of a derivative (gains and losses) depends on the intended use of the derivative, its resulting designation, and the effectiveness of the hedge. Derivatives held for purposes other than trading are reported as "other assets" (positive fair values) or "other liabilities" (negative fair values). For a fair value hedge, the gain or loss is recognized in earnings and "effectively" offsets loss or gain on the hedged item attributable to the risk being hedged. Any ineffectiveness of the hedge could result in a net gain or loss on the income statement. Accumulated net gains (losses) on cash flow hedges are recorded on the balance sheet as "accumulated other comprehensive income" and the periodic change in the accumulated net gains (losses) for cash flow hedges is reflected directly in equity as the value of the derivative changes. FASB Statement No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities provides guidance on the circumstances in which a loan commitment must be accounted for as derivative. Under Statement No. 149, loan commitments that relate to the origination of mortgage loans that will be held for sale, commonly referred to as interest rate lock commitments, must be accounted for as derivatives on the balance sheet by the issuer of the commitment.

DEFINITIONS (in alphabetical order)

All other assets – total cash, balances due from depository institutions, premises, fixed assets, direct investments in real estate, investment in unconsolidated subsidiaries, customers' liability on acceptances outstanding, assets held in trading accounts, federal funds sold, securities purchased with agreements to resell, fair market value of derivatives, and other assets.

All other liabilities – bank's liability on acceptances, limited-life preferred stock, allowance for estimated off-balance-sheet credit losses, fair market value of derivatives, and other liabilities.

Assets securitized and sold – total outstanding principal balance of assets securitized and sold with servicing retained or other seller-provided credit enhancements.

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

Core capital – common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries, less goodwill and other ineligible intangible assets. The amount of eligible intangibles (including servicing rights) included in core capital is limited in accordance with supervisory capital regulations.

Cost of funding earning assets – total interest expense paid on deposits and other borrowed money as a percentage of average earning assets.

Credit enhancements – techniques whereby a company attempts to reduce the credit risk of its obligations. Credit enhancement may be provided by a third party (external credit enhancement) or by the originator (internal credit enhancement), and more than one type of enhancement may be associated with a given issuance.

Deposit Insurance Fund (DIF) – The Bank (BIF) and Savings Association (SAIF) Insurance Funds were merged in 2006 by the Federal Deposit Insurance Reform Act to form the DIF.

Derivatives notional amount – The notional or contractual amounts of derivatives represent the level of involvement in the types of derivatives transactions and are not a quantification of market risk or credit risk. Notional amounts represent the amounts used to calculate contractual cash flows to be exchanged.

Derivatives credit equivalent amount – the fair value of the derivative plus an additional amount for potential future credit exposure based

on the notional amount, the remaining maturity and type of the contract.

Derivatives transaction types:

Futures and forward contracts – contracts in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of an underlying variable or index at a specified price or yield. These contracts exist for a variety of variables or indices, (traditional agricultural or physical commodities, as well as currencies and interest rates). Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms and are traded over the counter.

Option contracts – contracts in which the buyer acquires the right to buy from or sell to another party some specified amount of an underlying variable or index at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the variable or index at the discretion of the buyer of the contract.

Swaps – obligations between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity (notional principal) of the underlying variable or index by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

Derivatives underlying risk exposure – the potential exposure characterized by the level of banks' concentration in particular underlying instruments, in general. Exposure can result from market risk, credit risk and operational risk, as well as, interest rate risk.

Domestic deposits to total assets – total domestic office deposits as a percent of total assets on a consolidated basis.

Earning assets – all loans and other investments that earn interest or dividend income.

Efficiency ratio – Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income. This ratio measures the proportion of net operating revenues that are absorbed by overhead expenses, so that a lower value indicates greater efficiency.

Estimated insured deposits – in general, insured deposits are total domestic deposits minus estimated uninsured deposits. Prior to June 30, 2000 the uninsured estimate is calculated as the sum of the excess amounts in accounts over $100,000. Beginning June 30, 2000 the amount of estimated uninsured deposits is adjusted to consider a financial institution's own estimate of uninsured deposits when such an estimate is reported. Beginning in 2006 the uninsured deposits estimate also considers IRA accounts over $250,000.

Failed/assisted institutions – an institution fails when regulators take control of the institution, placing the assets and liabilities into a bridge bank, conservatorship, receivership, or another healthy institution. This action may require the FDIC to provide funds to cover losses. An institution is defined as "assisted" when the institution remains open and receives some insurance funds in order to continue operating.

FHLB advances – all borrowings by FDIC insured institutions from the Federal Home Loan Bank System (FHLB), as reported by Call Report filers and by TFR filers.

Goodwill and other intangibles – intangible assets include servicing rights, purchased credit card relationships and other identifiable intangible assets. Goodwill is the excess of the purchase price over the fair market value of the net assets acquired.

Loans secured by real estate – includes home equity loans, junior liens secured by 1-4 family residential properties and all other loans secured by real estate.

Loans to individuals – includes outstanding credit card balances and other secured and unsecured consumer loans.

Long-term assets (5+ years) – loans and debt securities with remaining maturities or repricing intervals of over five years.

Maximum credit exposure – the maximum contractual credit exposure remaining under recourse arrangements and other seller-provided credit enhancements provided by the reporting bank to securitizations.

Mortgage-backed securities – certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Also, see "Securities", below.

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

Net interest margin – the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

Net loans to total assets – loans and lease financing receivables, net of unearned income, allowance and reserves, as a percent of total assets on a consolidated basis.

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).

Noncurrent assets – the sum of loans, leases, debt securities and other assets that are 90 days or more past due, or in nonaccrual status.

Noncurrent loans & leases – the sum of loans and leases 90 days or more past due, and loans and leases in nonaccrual status.

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

Other borrowed funds – federal funds purchased, securities sold with agreements to repurchase, demand notes issued to the U.S. Treasury, FHLB advances, other borrowed money, mortgage indebtedness, obligations under capitalized leases and trading liabilities, less revaluation losses on assets held in trading accounts.

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. For institutions that file a Thrift Financial Report (TFR), the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for TFR filers the components of other real estate owned are reported gross of valuation allowances.

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.

"Problem" institutions – federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. "Problem" institutions are those institutions with financial, operational, or managerial weaknesses that

threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a "4" or "5". For all insured commercial banks and for insured savings banks for which the FDIC is the primary federal regulator, FDIC composite ratings are used. For all institutions whose primary federal regulator is the OTS, the OTS composite rating is used.

Recourse – an arrangement in which a bank retains, in form or in substance, any credit risk directly or indirectly associated with an asset it has sold (in accordance with generally accepted accounting principles) that exceeds a pro rata share of the bank's claim on the asset. If a bank has no claim on an asset it has sold, then the retention of any credit risk is recourse.

Reserves for losses – the allowance for loan and lease losses on a consolidated basis.

Restructured loans and leases – loan and lease financing receivables with terms restructured from the original contract. Excludes restructured loans and leases that are not in compliance with the modified terms.

Retained earnings – net income less cash dividends on common and preferred stock for the reporting period.

Return on assets – net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets. The basic yardstick of bank profitability.

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

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. A conversion factor is used to assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

Securities – excludes securities held in trading accounts. Banks' securities portfolios consist of securities designated as "held-to-maturity", which are reported at amortized cost (book value), and securities designated as "available-for-sale", reported at fair (market) value.

Securities gains (losses) – realized gains (losses) on held-to-maturity and available-for-sale securities, before adjustments for income taxes. Thrift Financial Report (TFR) filers also include gains (losses) on the sales of assets held for sale.

Seller's interest in institution's own securitizations – the reporting bank's ownership interest in loans and other assets that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller's interests differ from the securities issued to investors by the securitization structure. The principal amount of a seller's interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

Subchapter S Corporation – A Subchapter S corporation is treated as a pass-through entity, similar to a partnership, for federal income tax purposes. It is generally not subject to any federal income taxes at the corporate level. This can have the effect of reducing institutions' reported taxes and increasing their after-tax earnings.

Trust assets – market value, or other reasonably available value of fiduciary and related assets, to include marketable securities, and other financial and physical assets. Common physical assets held in fiduciary accounts include real estate, equipment, collectibles, and household goods. Such fiduciary assets are not included in the assets of the financial institution.

Unearned income & contra accounts – unearned income for Call Report filers only.

Unused loan commitments – includes credit card lines, home equity lines, commitments to make loans for construction, loans secured by commercial real estate, and unused commitments to originate or purchase loans. (Excluded are commitments after June 2003 for originated mortgage loans held for sale, which are accounted for as derivatives on the balance sheet.)

Volatile liabilities – the sum of large-denomination time deposits, foreign-office deposits, federal funds purchased, securities sold under agreements to repurchase, and other borrowings.

Yield on earning assets – total interest, dividend and fee income earned on loans and investments as a percentage of average earning assets.

Individual Development Accounts and Banks: A Solid "Match"

The more than 8,600 FDIC-insured banks and thrifts in the United States offer a wide variety of financial products and services through more than 94,000 banking offices. During the past decade, the development of alternative delivery channels, such as the Internet, has enhanced accessibility to banking products and services. Yet even with this greater access, about 10 million American households do not use any aspect of the banking system.[1] An even larger number, perhaps tens of millions more American households, use only a limited number of banking services.

Households, regardless of income level, underuse banking services for a variety of reasons. However, a large body of research provides evidence that limited involvement in the mainstream financial sector is most common among low- and moderate-income households.[2] Although their income may be relatively low, these individuals hold assets and regularly conduct financial transactions, frequently with nonbank financial companies. Estimates of nonbank financial company transaction volume vary, but are as high as $250 billion annually.[3] Not all of these revenues can be tied directly to low- and moderate-income individuals. However, these estimates are large enough to suggest a reasonable business case for insured institutions trying to attract the banking business of low- and moderate-income consumers.

For most people, opening a checking or savings account is the first step toward involvement in the financial mainstream, followed by the use of credit products, investments, and insurance. A relatively low-risk way for banks to introduce low- and moderate-income households to the banking system is through a particular type of savings account—the Individual Development Account (IDA). This article explains how IDAs operate, discusses banks' experience with IDAs, and provides resources for bankers who want to know more about these programs.

[1] Federal Reserve Board, *2004 Survey of Consumer Finances.*

[2] Low- and moderate-income households earn less than 80 percent of the median household income for their particular geographic area, according to U.S. Census Bureau data.

[3] Brian Grow and Keith Epstein, "The Poverty Business: Inside U.S. Companies' Audacious Drive to Extract More Profits from the Nation's Working Poor," *Business Week,* May 21, 2007. This article cited data from investment bank Stephens, Inc.

History of IDAs

Individual development accounts are matched savings accounts that enable low-income families to save money for a particular financial goal, such as buying a home, paying for post-secondary education, or starting or expanding a small business. The framework for IDAs is widely believed to have emerged in the early 1990s through "asset-based" policy research that advocates asset-building programs to alleviate poverty.[4]

Asset-based policy contends that traditional poverty programs that focus on income transfers, such as Temporary Assistance for Needy Families (TANF) payments or food stamp benefits, are necessary, but meet only short-term consumption needs. Asset-based policy proponents note that accumulating assets, such as contributing to a savings account or buying a home, over a longer time horizon creates a financial cushion for emergencies, which in turn generates social, behavioral, and psychological benefits. Armed with assets, an individual's options for emerging from poverty and entering the financial mainstream are greatly enhanced.

In 1993, Iowa was the first state to enact a law establishing IDAs. Today, 33 states (as well as Puerto Rico and the District of Columbia) have either laws or policies that govern the operations of IDAs (see Table 1 on next page). Of these states, 19 are currently operating programs that are supported by state funding. Approximately 540 community-based and -funded IDA programs operate across the United States including in the 17 states without IDA laws or policies.[5]

[4] Michael Sherraden, *Assets and the Poor: A New American Welfare Policy* (Armonk, NY: M.E. Sharpe, Inc., 1991).

[5] CFED, "Individual Development Accounts: Providing Opportunities to Build Assets," January 2007.

Table 1

33 States Plus the District of Columbia and Puerto Rico Have Laws or Policies Governing IDAs	
States with Operational State-Supported IDA programs[a]	**Other States That Have Established IDA Policy[b]**
Arkansas	Arizona
Connecticut	California
District of Columbia	Colorado
Indiana	Florida
Kansas	Hawaii
Louisiana	Idaho
Maine	Illinois
Michigan	Iowa
Minnesota	Maryland
Missouri	Montana
New Hampshire	New Mexico
New Jersey	Oklahoma
North Carolina	Puerto Rico
Oregon	Tennessee
Pennsylvania	Texas
South Carolina	Utah
Vermont	
Virginia	
Washington	

Source: State IDA Policy Summary Tables, Center for Social Development, February 28, 2007.

Notes:

[a] These states are supporting IDA programs developed from policy or administrative rulemaking.

[b] These states have passed IDA policy but are not currently developing or supporting IDA programs.

How Are Banks Involved in IDA programs?

IDA programs are generally created by nonprofit organizations or divisions of state or local government. However, for-profit entities, including FDIC-insured banks and thrifts, have also created IDA programs. The organization creating the IDA program, called the program sponsor, establishes the parameters of program participation (within state law or policy where appropriate). The program sponsor applies for matching funds and deposits those funds in a reserve account at a financial institution. Because the sponsor typically administers the IDA paperwork, it is sometimes called the administrator.

The financial institution establishes and services individual savings accounts for program participants. Some services, such as providing periodic account statements, are similar to the institution's typical savings accounts. However, other services, such as waiving minimum account balances or heightened monitoring to prevent premature withdrawals, may be specialized. The program sponsor usually assumes responsibility for allocating matching funds to individual accounts.

The relationship between the program sponsor and the financial institution is commonly governed by a written agreement. In practice, many IDA programs involve partnerships of multiple nonprofit or government organizations and financial institutions. Financial institutions may provide some or all of the matching funds to the sponsoring organization, and also may provide general operational support and funding, such as absorbing the costs of marketing or providing financial education to participants.

According to data from CFED, a nonprofit organization that provides a clearinghouse of information on IDAs, 244 FDIC-insured banks and thrifts and 53 credit unions participated in IDA programs in 2005 (the most recent data available).[6]

How Do IDAs Operate?

In general, IDAs operate similarly to other types of "matched" savings plans, such as 401(k) retirement accounts.[7] With an IDA, the account holder deposits money in a savings account, and the funds are matched anywhere from dollar for dollar up to eight dollars to one dollar, depending on the rules of the particular program and state law. Two or three dollars to one dollar is the common match range. A "ceiling" of dollars and time frames typically is established for the match amount.

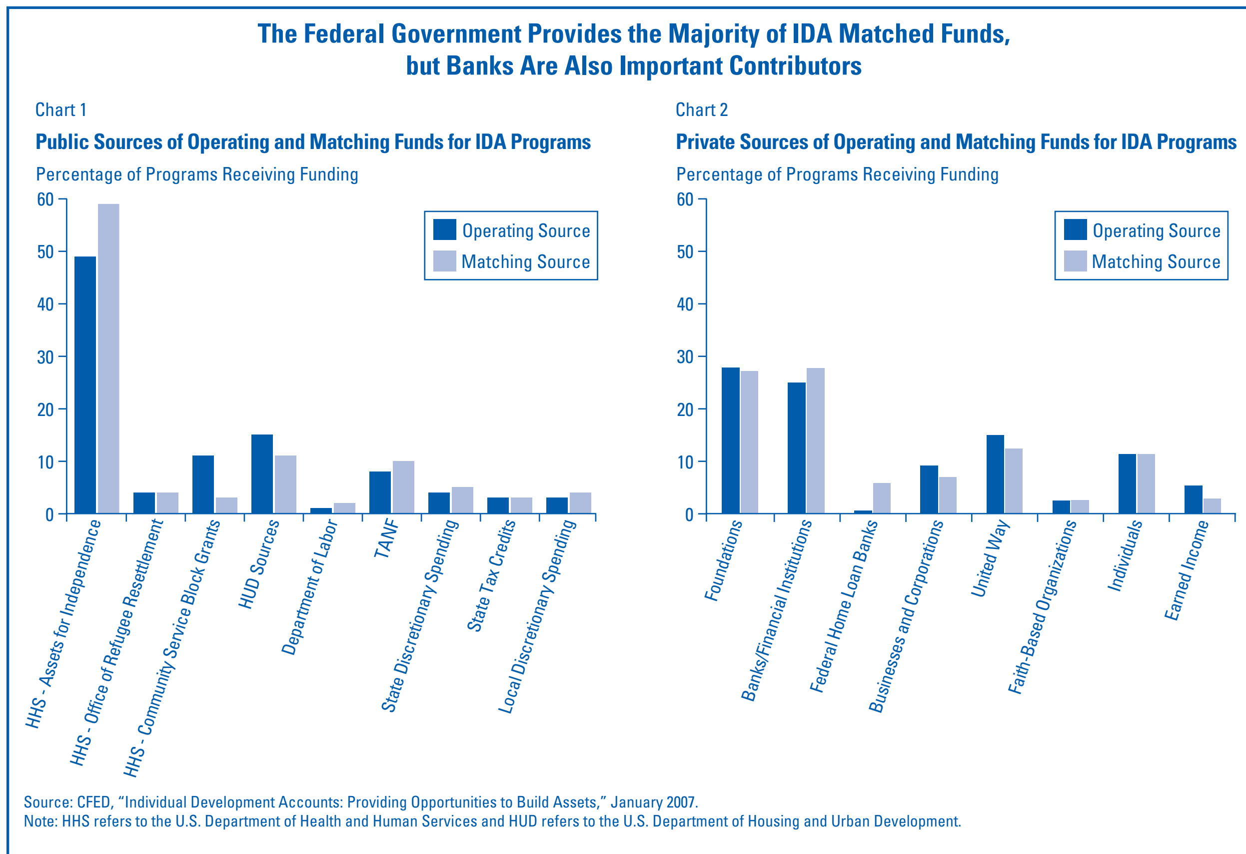
Money for the match is provided through a variety of public and private sources (see Charts 1 and 2 on next page). The U.S. Treasury, under the Assets for Independence Act of 1998 (AFI), provides most of the matching funds. The AFI has provided an average of $25 million in annual appropriations to fund IDA matches. As shown in Chart 1, almost 60 percent of IDA programs that receive funding obtain matching funds through the AFI.

State programs, faith-based organizations, philanthropic groups, and corporations also provide matching funds. Banks are important contributors as well; as shown in

[6] CFED, "2005 IDA Program Survey," 2005.

[7] At this time, unlike 401(k) plan contributions, IDA program participants are not permitted to use pretax income to fund contributions.

Charts 1 and 2



Source: CFED, "Individual Development Accounts: Providing Opportunities to Build Assets," January 2007.
Note: HHS refers to the U.S. Department of Health and Human Services and HUD refers to the U.S. Department of Housing and Urban Development.

Chart 2, they provide matching funds to about 25 percent of IDA programs that receive funding. Banks also provide about 30 percent of the general operational funding to these programs.

IDA participation requirements, which are based on state laws and policies as well as rules and requirements of the sponsoring organization, commonly include some combination of the following:

- Maximum income levels – These levels are generally expressed as a percentage of the federal poverty guidelines or the area median income figure.[8]

- Net worth – Some programs limit the level of household assets (such as a car, equity in a home, or other savings) that a qualified applicant owns. For example, applicants cannot participate in some programs if they own assets in excess of $5,000.

- Earnings – Many programs require that all or a part of an applicant's savings come from earned income, most commonly a paycheck. However, public assistance payments, such as unemployment checks, TANF funds, disability payments, and Social Security, also usually are considered earnings.

- Credit history – Poor credit or heavy debt levels may disqualify applicants under some programs.

- Limitations on withdrawal – Withdrawals typically can only be made to buy a home, pay for education, or start or expand a small business. Some states restrict the purpose of the accounts even further, while others permit withdrawals for home repairs or automobile purchases. A prohibition period, usually one to three years, is common for withdrawals of matched funds. This period, which usually coincides with the length of time during which the funds are matched, allows time for the savings to accumulate.

- Financial education requirements – In most cases, participants are required to attend financial education classes, such as the FDIC's *Money Smart*

[8] The U.S. Department of Health and Human Services is responsible for determining poverty guidelines, and the U.S. Department of Housing and Urban Development is responsible for determining and reporting annual area median income figures.

curriculum.[9] Participants also may receive other types of financial counseling or training.[10]

Potential Benefits to Banks of Participating in an IDA

Banks can use IDAs to tap into new markets by establishing relationships with individuals who may have no banking relationships (unbanked) or only minimal relationships with mainstream financial companies (underbanked). Estimates of the size of this market vary, but research indicates that a substantial portion of the population does not fully use the banking system.

For example, the results of the Federal Reserve's 2004 Survey of Consumer Finances showed that nearly 9 percent of American households are unbanked; they do not have a checking or savings account. A study by the Center for Financial Services Innovation (CFSI) indicates that the unbanked rate is 30 percent for low- and moderate-income households.[11] This study also shows that of the 70 percent of low- and moderate-income households that have bank accounts, almost two-thirds may be considered "underbanked," as they continue to use nonbank financial services.[12]

These customers are considered low- and moderate-income, but they do conduct a large volume of financial transactions. For instance, the nearly 1 million households surveyed by the CFSI during 2003 and 2004 bought 1.2 million money orders and cashed 1.9 million checks per month.[13] Extrapolating this activity across the country suggests that low- and moderate-income households conduct a significant level of transactions outside mainstream banking.

[9] Findings from a recent survey of consumers who took the FDIC's *Money Smart* program showed a strong correlation between financial education and opening a bank account. Within 6 to 12 months of taking *Money Smart,* 43 percent of those without a checking account and 37 percent of those without a savings account opened accounts. See FDIC, "A Longitudinal Evaluation of the Intermediate-term Impact of the *Money Smart* Financial Education Curriculum upon Consumers' Behavior and Confidence," April 2007.

[10] The description of IDA participation requirements is adapted from the CFED Web site "Frequently Asked Questions" at http://www.cfed.org.

[11] Ellen Seidman, Moez Hababou, and Jennifer Kramer, "Getting to Know Underbanked Consumers: A Financial Services Analysis," The Center for Financial Services Innovation, September 2005. This survey represented almost 1 million households in 63 low- and moderate-income tracts in three cities: Washington, D.C., Chicago, and Los Angeles.

[12] Ibid.

[13] Ibid.

Banks can offer IDAs as a way of introducing customers to the mainstream financial system with a very simple, low-risk product—a savings account. The initial product may be small and perhaps not yet profitable. However, over time, at least some of these customers likely will continue the relationship and expand into other products, becoming profitable in the long run. As the goal of the IDA is often home purchase, further education, or small business needs, account holders may also choose credit products from the IDA-administering banks.

In addition to establishing an initial relationship with new customers, banks can benefit as administrators of the master reserve account and the individual accounts. Banks can use the funds for general purposes while the customer is restricted from withdrawing the matched money, usually for a year or more. Establishing IDAs with direct deposit might be particularly beneficial, as both the saver and the financial institution are virtually assured that regular contributions will be made. Participants who use direct deposit are much more likely to be savers and remain active in the IDA program.[14]

Intangible benefits also accrue to banks that provide IDAs. These programs generate goodwill throughout communities as well as with existing customers by working with local organizations to assist the needy and disadvantaged. Local nonprofit organizations that sponsor IDAs routinely recognize the efforts of their financial institution partners, and these initiatives often receive positive local press coverage.

More tangibly, banks could receive positive consideration from financial institution regulators as their investment, lending, and service performance is evaluated under the Community Reinvestment Act (CRA). Although each bank, situation, and IDA program is different and would be evaluated on its own merits, the following are examples of how bank participation in IDA programs could receive positive CRA consideration:

- Investment performance – A bank provides direct funding to IDA match programs or directly expends operational funds in support of an IDA program.

[14] Mark Schreiner, Margaret Clancy, and Michael Sherraden, "Saving Performance in the American Dream Demonstration, a National Demonstration of Individual Development Accounts," Center for Social Development, October 2002.

- Lending performance – A bank lends to an IDA program sponsor or to low- and moderate-income program participants.

- Service performance – A bank provides low-cost deposit accounts to low- and moderate-income program participants.[15]

Do IDAs Really Work?

A review of the effectiveness of IDAs was conducted by the American Dream Demonstration (ADD) from 1997 to 2001; this survey encompassed 14 IDA programs across the country.[16] The ADD survey was organized by CFED, conducted by the Center for Social Development, and funded by various philanthropic foundations. The following statistics demonstrate that IDAs can help low-income Americans enter the financial mainstream and build assets:

- One in five IDA participants was unbanked when joining the program.

- About 50 percent of participants were "savers"; that is, they not only opened accounts but made periodic deposits of at least $100.

- The average time of participation in IDAs was 24.5 months.

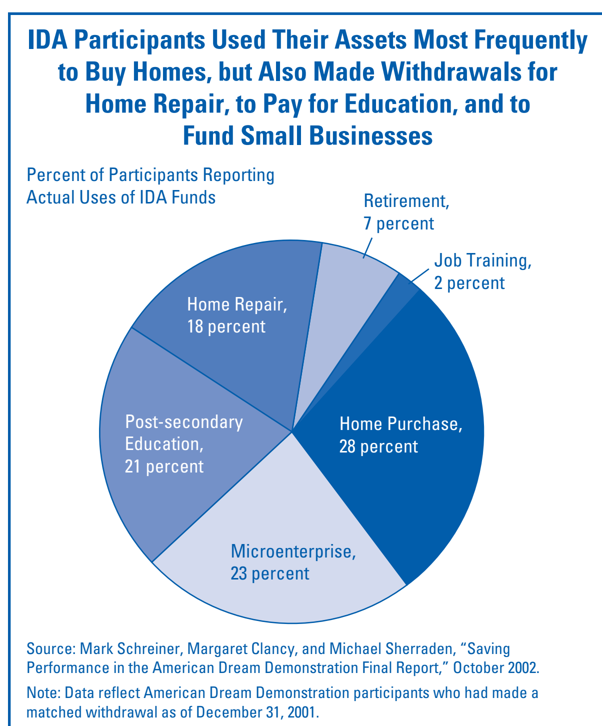
- The average amount that participants placed in the accounts was $528.

- With matched funds, the average participant had accumulated a total of $2,755.

- Approximately one-third of the participants had made a matched withdrawal with the uses shown in Chart 3.[17]

Chart 3

IDA Participants Used Their Assets Most Frequently to Buy Homes, but Also Made Withdrawals for Home Repair, to Pay for Education, and to Fund Small Businesses



Source: Mark Schreiner, Margaret Clancy, and Michael Sherraden, "Saving Performance in the American Dream Demonstration Final Report," October 2002.

Note: Data reflect American Dream Demonstration participants who had made a matched withdrawal as of December 31, 2001.

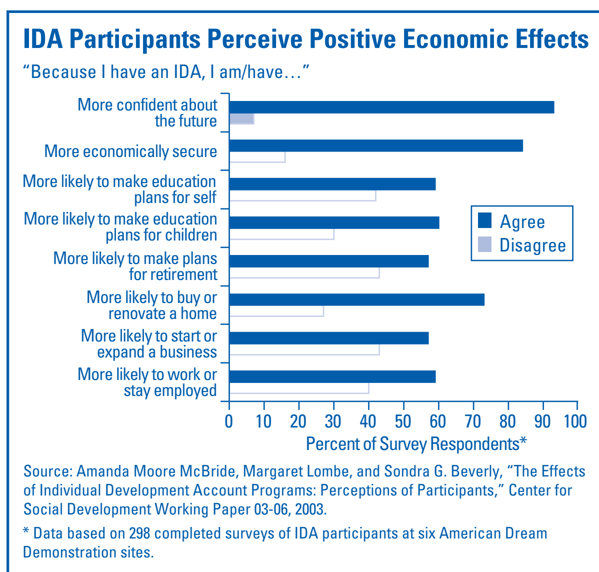
The ADD survey did not capture data about whether participants who eventually migrated to credit products used their IDA bank for credit. However, it can reasonably be assumed that some did. The psychological effects of being able to save are perhaps harder to quantify than deepening involvement with mainstream financial companies, but are no less important. As Chart 4 (on next page) shows, the vast majority of IDA participants feel more confident about the future and more economically secure. This may indicate that they are on a path to financial independence and, accordingly, to establishing a long-term relationship with a bank.

In addition to the national ADD study, the FDIC tracks the success of local IDA programs. FDIC Community Affairs staff routinely serves as communication facilitators between banks and nonprofit IDA sponsors and advises about the financial education component of IDA programs. More specifically, the FDIC provides access to instructor education on the FDIC's *Money Smart* financial education curriculum. *Money Smart* was developed by the FDIC in 2001 to help low- and moderate-income adults enhance their money management skills, understand basic mainstream financial services, avoid pitfalls, and build financial confidence to use banking services effectively.[18]

[15] Depending on the context, offering IDAs may warrant consideration as either a retail banking service or a community development service. See Interagency Questions and Answers (Q&As) for CRA, 66 Fed. Reg. 36619, 36631, §.22(a)-1 (July 12, 2001), http://www.ffiec.gov/cra/pdf/qa01.pdf.
[16] Schreiner et al.
[17] Ibid.

[18] An electronic version of *Money Smart* is available at http://www.fdic.gov.

Chart 4



Source: Amanda Moore McBride, Margaret Lombe, and Sondra G. Beverly, "The Effects of Individual Development Account Programs: Perceptions of Participants," Center for Social Development Working Paper 03-06, 2003.

* Data based on 298 completed surveys of IDA participants at six American Dream Demonstration sites.

The textbox on page 32 describes the outcomes of an IDA program facilitated by the FDIC in the Kansas City metro area. This program is sponsored by a local nonprofit, The Family Conservancy in Kansas City, and involves three banks, UMB Bank, N.A., U.S. Bank, N.A., and Emporia State Bank.[19] The program has been successful in creating savers; as of year-end 2006, more than 371 individuals have successfully exited the program with their matched funds. Additionally, this program provides tangible evidence that IDA customers do migrate to other bank products; about half the 170 participants who purchased a home received a mortgage from their IDA bank.

Are IDAs Profitable for Banks?

Very little empirical data exist about the profitability of IDAs for banks. A study conducted in 2003 by the *Center for Community Capitalism* concluded that IDA programs have not been subjected to robust cost-benefit analysis at banks.[20] Further, it is likely that these institutions' community development goals probably result in relaxed profitability targets in the short term.[21] The same study noted that short-term costs, particularly for labor, can be high. As described below, federal legislation has been introduced that would provide tax credits to insured institutions to offset some of these costs, potentially accelerating the time-frame for profitability. However, taking a longer-term view—potentially developing long-term customers and "graduating" IDA participants into credit and other products—may be more appropriate than the traditional break-even analysis.[22]

What Lies Ahead for IDAs?

While IDAs have helped low- and moderate-income Americans transition to the financial mainstream and a potentially more secure future, a number of barriers appear to constrain IDA use on a large scale. For instance, as with any program that relies on donations, there is a persistent shortage of matched and operational funds. However, other, perhaps less obvious barriers also exist. These barriers are described below, along with potential solutions.

Lack of Knowledge about IDAs – A National IDA Framework

Individuals who may qualify for an IDA and banks that may want to participate in IDA programs may find it difficult to obtain critical information because IDAs are dispersed among many organizations. Federal IDA laws have been debated that would standardize what is currently a patchwork of several hundred programs operated under various state laws and community program parameters. Most recently, the Saving for Working Families Act was reintroduced in March 2007. This act, first introduced in 2003, would establish a national framework for IDAs and would provide $1.2 billion in tax credits to allow banks to offset part of the cost of opening and maintaining the accounts.

No Ability to Save – Linking Taxes and Savings

Potential IDA participants may be discouraged from participating because they do not believe they will be able or are not disciplined enough to contribute funds to the account. Some policymakers believe this obstacle could be overcome, at least in part, by linking tax refunds and savings. Generally, the same individuals who qualify for IDAs qualify for the Earned Income Tax Credit and tend to receive sizable tax refunds. Every year, the Internal Revenue Service processes

[19] The FDIC does not expressly endorse this or any other IDA program or bank. This program is used only as an example.
[20] Center for Community Capitalism, "Financial Institutions and Individual Development Accounts: Results of a National Survey," The Frank Hawkins Keenan Institute of Private Enterprise, The University of North Carolina at Chapel Hill, October 2003.
[21] Ibid.
[22] Ibid.

refunds averaging $2,100 for more than 100 million taxpayers, many of whom are poor and perhaps underbanked.[23]

In the past, banks and community and charitable organizations have been successful in recruiting IDA participants through the Voluntary Income Tax Assistance (VITA) program. Under the VITA program, volunteers prepare tax returns for low- and moderate-income Americans at nonprofit locations. Program sponsors and banks often use this opportunity to market IDAs to consumers, suggesting that they place all or a portion of their refunds in IDAs. In 2007, in compliance with the Pension Protection Act of 2006, the Internal Revenue Service began giving taxpayers the option of electronically splitting their tax refund among two or three financial institution accounts. Consumers now can choose to divide their refunds between their IDA and a checking account, for example, which would give them immediate access to some of the funds while allowing them to save the remainder for longer-term goals.

The ability to split refunds will streamline the process of opening IDAs and may help expand the use of this program. A small-scale demonstration of refund splitting was conducted in the 2004 tax season by the Doorways to Dreams (D2D) Fund in Boston, Massachusetts. D2D is a nonprofit research firm that explores ways to use technology to address poverty-related issues. D2D used its methodology to split the refunds, with the following results:

- Of the 516 tax filers given the opportunity to open an account to split their refunds, 27 percent accepted the offer, and 15 percent were able to participate after meeting account-opening criteria.

- Participants chose to save 47 percent of their refunds, or an average of $606. This represented at least a 90 percent increase over their existing savings.

- Four months later, two-thirds of participants continued to save a portion of their refunds.[24]

[23] Anne Stuhldreher (New America Foundation) and Jennifer Tescher (Center for Financial Services Innovation), "Breaking the Savings Barrier: How the Federal Government Can Build an Inclusive Financial System," New America Foundation, Asset Building Program, February 2005.

[24] Amy Brown, "Expanding Financial Services to Unbanked Consumers: How Tax Preparation Partnerships Can Help Bridge the Gap," The Center for Financial Services Innovation, September 2005.

Too Much Debt to Save – Linking Small-Dollar Credit with Savings

Some individuals may feel that debt service payments on high-cost credit are too large, leaving them no funds to set aside in savings. On December 4, 2006, the FDIC released for comment the "Affordable Small Loan Guidelines," which encourage banks to offer small-dollar credit that is affordable, yet safe and sound, as an alternative to short-term, high-cost credit, such as payday loans.[25] The final Guidelines are expected to be issued very soon.

As part of small-dollar loan programs, banks are encouraged to include a savings component, whereby borrowers can either set aside a percentage of the amount borrowed or of the periodic payment in a savings account. Over the long term, this approach can help banks develop a relationship with borrowers and can help borrowers build assets to lessen their reliance on short-term loans. Depending on the rules of a particular IDA program, banks may be able to offer customers the option to use an IDA account for the savings component of small-dollar loan programs as a means of leveraging the use of the match feature.

IDA Resources for Banks

Banks often become involved in IDA programs through contacts and relationships with charitable and other nonprofit organizations. The FDIC's Community Affairs staff has developed relationships with local organizations and can facilitate communications between IDA sponsors and banks. The FDIC has also established the Alliance for Economic Inclusion (AEI), a new national initiative of broad-based coalitions of financial institutions, community-based organizations, and other partners in nine markets across the country to bring unbanked and underbanked individuals into the financial mainstream.[26] For more information on these initiatives, contact the FDIC's Community Affairs Office in your state (see Table 2 on next page).

[25] The "Affordable Small Loan Guidelines" are available at http://www.fdic.gov.

[26] The nine markets are Chicago, Illinois; Austin/South Texas; Louisiana and Mississippi Gulf Coast areas; the semi-rural area of Alabama; Greater Boston, Massachusetts; Wilmington, Delaware; Los Angeles, California; Kansas City, Missouri; and Baltimore, Maryland.

Table 2

FDIC Community Affairs Officers		
Community Affairs Officer	**Division of Supervision**	**Area of Responsibility and Consumer Protection**
Thomas E. Stokes	**Atlanta Regional Office** 10 Tenth Street, N.E. Suite 800 Atlanta, GA 30309 Phone: (678) 916-2249 (direct) Phone: (800) 765-3342 (toll-free)	Alabama Florida Georgia North Carolina South Carolina Virginia West Virginia
Timothy W. DeLessio	**Boston Area Office** 15 Braintree Hill Office Park Braintree, MA 02184 Phone: (781) 794-5632 (direct) Phone: (866) 728-9953 (toll-free)	Connecticut Maine Massachusetts New Hampshire Rhode Island Vermont
Michael Frias	**Chicago Regional Office** 500 West Monroe Street Suite 3300 Chicago, IL 60661 Phone: (312) 382-6903 (direct) Phone: (800) 944-5343 (toll-free)	Illinois Indiana Kentucky Michigan Ohio Wisconsin
Eloy A. Villafranca	**Dallas Regional Office** 1910 Pacific Avenue 20th Floor Dallas, TX 75201 Phone: (972) 761-8010 (direct) Phone: (800) 568-9161 (toll-free)	Colorado New Mexico Oklahoma Texas
Elizabeth Kelderhouse	**Kansas City Regional Office** 2345 Grand Boulevard Suite 1200 Kansas City, MO 64108 Phone: (816) 234-8151 (direct) Phone: (800) 209-7459 (toll-free)	Iowa Kansas Minnesota Missouri Nebraska North Dakota South Dakota
Clinton Vaughn	**Memphis Area Office** 5100 Poplar Avenue Suite 1900 Memphis, TN 38137 Phone: (901) 818-5706 (direct) Phone: (800) 210-6354 (toll-free)	Arkansas Louisiana Mississippi Tennessee
Valerie J. Williams	**New York Regional Office** 20 Exchange Place 4th Floor New York, NY 10005 Phone: (917) 320-2621 (direct) Phone: (800) 334-9593 (toll-free)	Delaware District of Columbia Maryland New Jersey New York Pennsylvania Puerto Rico Virgin Islands
Linda D. Ortega	**San Francisco Regional Office** 25 Jesse Street at Ecker Square Suite 902 San Francisco, CA 94105 Phone: (415) 808-8115 (direct) Phone: (800) 756-3558 (toll-free)	Alaska Arizona California Guam Hawaii Idaho Montana Nevada Oregon Utah Washington Wyoming

The following organizations are additional sources of information for banks that may want to participate in an IDA program.[27]

- CFED is a nonprofit organization established in 1979 as the Corporation for Enterprise Development (http://www.cfed.org). CFED strives to ensure that every person can participate in, contribute to, and benefit from the economy by bringing together community practice, public policy, and private markets. The CFED Web site includes IDA program statistics, model legal and operational documents, the results of scholarly research, and minutes of meetings and conferences in the IDA arena.

- The Center for Social Development (CSD) is affiliated with the George Warren Brown School of Social Work at the Washington University in St. Louis, Missouri (http://gwbweb.wustl.edu/csd). CSD is a leading academic center of theory and research on asset-building strategies for low-income, low-asset populations. The CSD Web site includes the complete ADD report.

- The Doorways to Dreams (D2D) Fund works to expand access to financial services, especially asset-building opportunities, for low-income families by creating, testing, and implementing innovative financial products and services (http://www.d2dfund.org). An online IDA software package, along with extensive information and product templates for refund splitting, are available on the D2D Web site.

IDAs: Indeed a "Good" Match

A sound business case exists for banks to develop strategies to attract low- and moderate-income customers, as these individuals are generating significant revenues for nonbank financial companies. IDAs are a straightforward, low-risk way to appeal to such customers. Although IDAs are unlikely to be profitable in the short term, expanding relationships with these customers may generate profitability over the longer term. In addition, other benefits accrue to banks participating in IDA programs, such as positive consideration during CRA examinations and goodwill in the community. If some of the barriers can be overcome, then IDA programs may become more widespread, providing additional opportunities for low-income individuals to join the financial mainstream and for banks to reach out to new customers.

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[27] The FDIC does not endorse any specific Web site or program related to IDAs.

Local Success Story – The Family Conservancy IDA Program

Many successful IDA programs operate across the country. The FDIC has participated in a number of programs, often facilitating communications between sponsoring organizations and financial institutions and providing financial literacy and other technical assistance. One example is The Family Conservancy (TFC) in Kansas City, Missouri. TFC is the oldest and largest nonprofit social service agency in the Greater Kansas City area. More than 120,000 people are served annually by TFC programs that focus on asset building, counseling, early childhood education, and family support. TFC is the largest administrator of IDAs in the Kansas City metro area, offering more than 900 accounts with $1 million in committed funding.

TFC recruits IDA participants from community organizations such as El Centro, an organization offering financial counseling and other services to Latino immigrants; Rose Brooks Center, a shelter for homeless women; and the Kansas Department of Social and Rehabilitation Services. The maximum income for participation is 200 percent of the federal poverty level, or about $40,000 for a family of four.

Participants may use account proceeds only for home purchase, entrepreneurship, or post-secondary education. Participants' deposits are matched two for one, and there is a one-year prohibition on withdrawing matched funds. TFC applies for grants and receives funding for the match from a variety of sources, including the U.S. Department of Health and Human Services, state agencies, philanthropic foundations such as the Ewing Marion Kauffman Foundation, and public corporations, including banks.

The FDIC's *Money Smart* curriculum is used for TFC's financial literacy training requirement. The *Money Smart* curriculum consists of ten modules and is available in English, Spanish, Chinese, Korean, Vietnamese, and Russian. TFC IDA participants must complete all ten modules to keep their matched funds. Money Smart classes are taught at TFC headquarters, as well as at the Rose Brooks Center and El Centro.

U.S. Bank, N.A., and UMB Bank, N.A., administer the reserve and participant accounts. These banks have provided some direct funding to the IDA program as well as operational support. These banks also relaxed policies governing the number of years during which potential IDA account holders must show a clean check-writing record.

The FDIC also worked with TFC to spin off ten IDA slots to the rural community of Emporia, Kansas, in an attempt to bring financial education and asset-building assistance to immigrants and other local individuals, particularly in the meatpacking industry. Emporia Community Housing Organization (ECHO), a community-based organization that provides low-income housing to Emporia residents, sponsors the accounts, and Emporia State Bank hosts the accounts.

The TFC IDA program has produced very favorable results for individual participants and the banks. As of December 31, 2006,

- 1,183 individuals had opened IDAs;
- $2,722,250 in total potential participant savings, including matched funds, were deposited;
- 371 individuals had successfully exited the IDA program;
- 170 IDA participants purchased a home, and about 50 percent of these participants received mortgages from partner banks;
- 175 IDA participants used funds for post-secondary education;
- 73 IDA participants started or expanded a small business;
- 38 IDA participants used funds for home repairs;
- 27 IDA participants transferred savings to an individual retirement account;
- 7,400 hours of FDIC *Money Smart* financial education were completed; and
- 895 individuals graduated from the *Money Smart* curriculum.