

LARGE U.S. HOLDING COMPANIES

1st QUARTER 2009 EARNINGS AND CREDIT RATINGS

Bank of America Corporation (Charlotte, NC), a \$2.32 trillion-in-assets bank holding company reported first quarter 2009 net income of \$4.2 billion compared to net income of \$1.2 billion in the year-ago period, resulting in a return on assets of 0.68%. Results for the quarter include a contribution of \$3.7 billion to net income from Merrill Lynch & Company, which Bank of America purchased on January 1, 2009 as well as an increase in revenue from refinancing operations, which accounted for approximately 75% of the company's mortgage income. Additionally, first quarter results include the addition of Countrywide, which was acquired in July of 2008 and therefore, was not included in the year-ago results. The holding company's Tier 1 capital ratio stood at 10.09% and the equity-to-assets ratio was 10.32%. Asset quality deteriorated as nonperforming assets (NPAs) increased to \$25.7 billion at the end of the first quarter of 2009, compared to \$18.2 billion at the end of the fourth quarter 2008 due primarily to increases in residential mortgages and home equity loans. NPAs represented 1.11% of total assets and 9.58% of total equity plus reserves at the end of the first quarter of 2009. Additionally, NPAs were covered with a reserve-to-NPA ratio of 113%, well above the LACE recommended minimum of 80%. *Based upon prior quarter regulatory data and current quarter earning releases, Bank of America Corporation's LACE rating is affirmed at "B-."*

Bank of New York Mellon Corporation, The (New York, NY), an institution with \$203.5 billion-in-assets, reported first quarter 2009 net income of \$370 million, compared to \$755 million in the year-ago period. First quarter results were attributed to a decline in fee revenue and a substantial increase in loan loss provisions. Asset quality deteriorated as nonperforming assets increased from \$292 million at the end of the fourth quarter 2008 to total \$421 million for the reporting period, comprising 0.21% of total assets and 1.47% of total equity plus reserves. At the end of the first quarter, the institution's Tier 1 capital ratio amounted to 13.8% and its total capital ratio stood at 17.4%, defining Bank of New York Mellon Corporation as well capitalized. Bank of New York Mellon Corporation announced that it had cut its dividend from 24 cents to 9 cents per share to build capital and to repay its TARP funds. *Based upon prior quarter regulatory data and current quarter earning releases, The Bank of New York Mellon Corporation's LACE rating is affirmed at "A."*

BB&T Corporation (Winston-Salem, NC), with \$ 143.4 billion-in-assets, reported first quarter 2008 net income of \$318 million, a 25.9% decline from the \$429 million reported in the year-ago period, resulting in a return on average assets of 0.86% and a return on common shareholder's equity of 8.29%. First quarter results include \$150 million in securities gains and a \$676 million provision for credit losses. Asset quality deteriorated further at the end of the first quarter with nonperforming assets increasing to \$2.75 billion compared to \$2.03 billion at the end of the fourth quarter 2008. NPAs comprised 1.92% of total assts and 15.23% of total equity plus reserves. Nonperforming assets were covered with a reserve-to-NPA ratio of 67.96%, below the LACE recommended minimum of 80%. BB&T was well capitalized with Tier 1 and total capital ratios of

12.1% and 17.1%, respectively. *Based upon prior quarter regulatory data and current quarter earning releases, BB&T Corporation's LACE rating is affirmed at "B."*

Capital One Financial Corporation (McLean, VA), a \$177.4 billion-in-assets institution, announced a \$111.9 million net loss for the first quarter of 2009, compared to net income of \$548.5 million in the year-ago period. Results for the quarter were impacted by a \$124.1 million increase to the allowance for loan losses in anticipation of higher expected net charge offs for 2009. Capital One reported an increase in the local banking unit's nonperforming assets in the first quarter of 2009 to total \$848.5 million, up from \$629.7 million in the fourth quarter of 2008. Total stockholders' equity was \$26.7 billion at March 31, 2009 with a tangible common equity-to-tangible assets ratio of 4.8% and a Tier 1 risk-based capital ratio of 11.4%. Due to current economic conditions, Capital One has increased its investment portfolio relative to its loan portfolio, as investments grew by \$14.1 billion and loans increased by \$5.8 billion. In addition, the holding company's deposit base grew as the result of the Chevy Chase Bank acquisition, to represent 65% of funding, compared to 52% one year-ago. In addition, Capital One now predicts that the amount of charge-offs in 2009 will be larger than the \$8.6 billion estimated in December 2008 due to the "significant uncertainty in the economy" with no further estimates given. *Based upon prior quarter regulatory data and current quarter earning releases, Capital One Financial Corporation's LACE rating is "B."*

Citigroup (New York, NY), with approximately \$1.9 trillion-in-assets reported net income of \$1.6 billion for the first quarter of 2009, compared to a net loss of \$5.1 billion in the year-ago period. However, common shareholders posted a quarterly loss of \$966 million as the result of preferred dividends related to a January 2008 private offering. First quarter results include \$7.3 billion in net credit losses and a \$2.7 billion increase in net loan loss reserves. In addition, Citigroup's revenue increased by 99% from the year-ago period to total \$24.79 billion. A main driver of revenue was the Institutional Clients Group with revenue of \$9.51 billion, compared to a loss of \$4.96 billion in 1Q08, largely due to "strong trading results" in Securities and Banking. For the reporting period, total operating expenses declined from \$15.8 billion in the first quarter of 2008 to \$12.1 billion. The allowance for loan losses increased from \$18.3 billion in 1Q08 to total \$31.7 billion at the end of the first quarter of 2009. The resulting reserve-to-NPA ratio stood at 115.7% at the end of the first quarter 2009, compensating for an increase in nonperforming assets from \$23.8 billion at the end of the fourth quarter 2008 to \$27.4 billion for the reporting period. Based on the above information, LACE Financial estimates that Citigroup's NPAs represented 1.50% of total assets and 15.60% of total equity plus reserves at March 31, 2009. Citigroup's first quarter results are also attributed to market valuation increases, the reduction of 13,000 more jobs, and a wider net interest margin of 3.30%. *Based upon prior quarter regulatory data and current quarter earning releases, Citigroup's LACE rating is an "C-."*

Fifth Third Bancorp (Cincinnati, OH), an institution with approximately \$119.3 billion-in-assets, announced first quarter 2009 net income of \$50 million compared to net income of \$286 million in the first quarter of 2008, resulting in a return on assets of 0.17%. However, after paying dividends on preferred stock of \$76 million, largely related to

TARP funds, the bank reported a loss of \$26 million. Results were aided by special items related to taxes of \$101 million, primarily due to a settlement with the IRS over leveraged leases and the surrendering of bank-owned life insurance policies. For the reporting period, Tier 1 and total capital ratios stood at 10.93% and 15.13%, respectively. In addition, the tangible common equity ratio increased from 4.31% in 4Q08 to 4.35% in 1Q09. The holding company continues to prepare for losses with a provision for loan and lease losses of \$773 million, an increase of 42% from the year-ago period. For the first quarter of 2009, nonperforming assets totaled \$3.1 billion, up from \$2.5 billion at the end of the fourth quarter 2008, to comprise 2.56% of total assets and 20.11% of total equity plus reserves. NPAs were covered with a reserve-to-NPA ratio of 101%, above the LACE recommended minimum of 80%. In addition, Fifth Third signed an agreement to sell 51% of its business-processing unit to Advent International, which will help boost future capital levels. *Based upon prior quarter regulatory data and current quarter earning release, Fifth Third Bancorp's LACE rating is affirmed as "C."*

JP Morgan Chase & Company (New York, NY), is a \$2.18 trillion-in-assets bank holding company that reported first quarter 2009 net income of \$2.1 billion and a return on assets of 0.42% compared to net income of \$2.4 billion and a 0.61% return on assets in the first quarter of 2008. JP Morgan continued to plan for future losses in the first quarter by adding \$4.2 billion to its credit reserves bringing the total to \$28.0 billion. The company reported that its integration of Washington Mutual was moving forward resulting in growth in deposits in Retail Banking by 62% and in checking accounts by 126%. The slight earnings deterioration was due in part to increased loan losses related to home equity and home-prime mortgages. Nonperforming assets stood at \$14.7 billion at the end of the first quarter 2009, up from \$12.7 billion at the end of the fourth quarter 2008, and represented 0.70% of total assets and 7.42% of total equity plus reserves. Nonperforming assets were covered with a reserve-to-NPA ratio of 186%, well above the LACE recommended minimum of 80%. Capitalization remained stable over the quarter as JP Morgan's Tier 1 and total capital ratios were reported as 11.3% and 15.1%, respectively. *Based upon prior quarter regulatory data and current quarter earning releases, JP Morgan's LACE rating is affirmed at "B-."*

KeyCorp (Cleveland, OH), is an institution with approximately \$97.8 billion-in-assets that reported its fourth consecutive quarterly loss of \$488 million for the first quarter of 2009 compared to net income of \$218 million for the same period in 2008 resulting in a negative return on assets of 1.91%. First quarter results were impacted by an increase in the provision for loan losses as well as a non-cash accounting charge for intangible assets impairment. The 1Q09 loss can be attributed primarily to declines in both interest and non-interest income. KeyCorp's capital position remained strong with Tier 1 and total risk-based capital ratios of 11.16% and 15.11%, respectively. Asset quality deteriorated as nonperforming assets increased from \$1.46 billion at the end of the fourth quarter 2008 to total \$1.99 billion for the reporting period, comprising 2.04% of total assets and 16.16% of total equity plus reserves. NPAs were well covered with a reserve-to-NPA ratio of 110%, above the LACE recommended minimum of 80%. *Based upon prior quarter regulatory data and current quarter earning releases, KeyCorp's LACE rating is*

affirmed at "C+." However, if the deterioration in KeyCorp's financials continues, the company's credit rating will likely be downgraded.

PNC Financial Services Group, Inc. (Pittsburgh, PA), with assets totaling \$286.4 billion at March 31, 2009, reported first quarter 2009 net income of \$530 million compared to net income of \$384 million in the year-ago period. Quarterly results can be attributed to increases in both interest and non-interest income as well as the inclusion of the operating results of National City, which PNC acquired on December 31, 2008. Asset quality continued to deteriorate, especially in the company's commercial real estate loan portfolio, as nonperforming assets increased from \$2.17 billion at the end of the fourth quarter 2008 to total \$3.47 billion for the reporting period, representing 1.21% of total assets and 11.37% of total equity plus reserves. NPAs were well covered with a reserve-to-NPA ratio of 124%. PNC's capital position remained sound with a Tier 1 ratio of 10.2% and total risk-based capital ratio of 13.8%. *Based upon prior quarter regulatory data and current quarter earning releases, PNC Financial Services Group, Inc.'s LACE rating is affirmed at "B-."*

Regions Financial Corporation (Birmingham, AL), with \$141.9 billion-in-assets reported net income of \$77 million for the first quarter of 2009 compared to net income of \$337 million in the year-ago period. This represents a 77% decrease in income as compared to the year-ago period, yet is a significant improvement from the \$6 billion loss reported in the fourth quarter of 2008. Quarterly results can be attributed, in part, to an increase in non-interest income and a decline in non-interest expense. Asset quality deteriorated as nonperforming assets increased from \$1.7 billion at the end of the fourth quarter 2008 to total \$2.3 billion for the reporting period, comprising 1.64% of total assets and 12.46% of total equity plus reserves. NPAs were covered with a reserve-to-NPA ratio of 79.94%. Regions remained well capitalized by regulatory standards as Tier 1 and total risk-based capital ratios stood at 10.37% and 14.53%, respectively at the end of the first quarter. *Based upon prior quarter regulatory data and current quarter earning releases, Region's LACE rating is affirmed at "C+."*

State Street Corporation (Boston, MA), with total assets of \$142.1 billion, announced first quarter 2009 net income of \$476 million compared to net income of \$530 million in the first quarter of 2008. First quarter results can be attributed, in part, to declines in expenses from operations and a reduction in merger and integration costs. State Street Corporation remained well capitalized with a Tier 1 ratio and leverage capital ratio of 19.1% and 20.5%, respectively. Once again, State Street did not post any nonperforming assets; however, the company set aside \$84 million in loan loss provisions for expected future losses on commercial mortgages. *Based upon prior quarter regulatory data and current quarter earning releases, State Street's LACE rating is affirmed at "A."*

SunTrust Bank, Inc. (Atlanta, GA), with approximately \$179.1 billion-in-assets, announced a net loss of \$815.2 million for the first quarter of 2009 compared to net income of \$290.6 million for the same period in 2008. Results for the quarter can be attributed in part to a non-cash, after-tax charge of \$714.8 million related to the impairment of goodwill. The bank holding company's total average shareholders'

equity-to-total average assets ratio amounted to 12.51%. SunTrust is considered well capitalized by regulatory standards with Tier 1 and total capital ratios of 11.00% and 14.15%, respectively. SunTrust's asset quality deteriorated further during the reporting period, including a \$1.0 billion increase in residential mortgages as compared with the year-ago period contributing to the NPA increase from \$2.3 billion in the fourth quarter of 2008 to \$5.2 billion at the end of the first quarter of 2009. NPAs comprised 2.93% of total assets and 21.5% of equity plus reserves. SunTrust's coverage ratio remained below the LACE recommended minimum of 80%, with a reserve-to-NPA ratio of 52.13%. *Based upon prior quarter regulatory data and current quarter earning releases, SunTrust Banks Inc.'s LACE rating is a "C+."*

U.S. Bancorp (Minneapolis, MN), with assets totaling \$263.6 billion, announced first quarter 2009 net income of \$529 million, down from \$1.1 billion in the year-ago quarter and up from \$330 million in the prior quarter, resulting in a return on average assets of 0.81%. First quarter results were negatively impacted by net securities losses totaling \$198 million and a provision for credit losses in excess of net charge-offs of \$530 million, yet benefited from increased mortgage related activity that boosted revenue by \$210 million from the fourth quarter 2008. Total nonperforming assets stood at \$3.4 billion at the end of the first quarter of 2009, up from \$2.6 billion at the end of the fourth quarter of 2008. Asset quality remained strong as nonperforming assets comprised 1.29% of total assets and 10.69% of total equity plus reserves. These NPAs were well covered with a reserve-to-NPA ratio of 116%, well above the LACE recommended minimum of 80%. Total stockholders' equity amounted to \$27.9 billion with a tangible common equity-to-risk-weighted assets ratio of 4.0%. The Tier 1 capital ratio was reported as 10.9% and the total risk-based capital ratio was 14.4%. U.S. Bancorp's equity and capital positions have benefited from \$6.6 billion in TARP funds received in 3Q08 and a reduction in the common dividend payment to \$.05 per share in the first quarter of 2009. *Based upon prior quarter regulatory data and current quarter earning releases, US Bancorp's LACE rating is affirmed at "B-".*

Wells Fargo & Company (San Francisco, CA), with approximately \$1.29 trillion-in-assets, reported first quarter 2009 net income of \$3.05 billion compared to net income of \$1.99 billion in the year-ago period. Results for the quarter can be attributed, in part, to increases in both interest and non-interest income. Retail banking operations, in particular, were boosted by increased refinancing activity and produced quarterly revenue of \$2.5 billion, four times higher than reported in the first quarter of 2008. At the end of the first quarter, asset quality deteriorated as nonperforming assets increased to \$12.6 billion, up from \$9.0 billion at the end of the fourth quarter 2008, representing 0.98% of total assets and 9.75% of total equity plus reserves. The bank's reserve-to-NPA ratio stood at 177%, above the LACE recommended minimum of 80%. For the reporting period, Tier 1 and total capital ratios remained sound at 8.28% and 12.27%, respectively. Wells took advantage of a FASB accounting change that allowed the bank to revalue its investments and thereby increase capital by approximately \$4 billion as of the end of the first quarter 2009. Stockholders' equity stood at \$107.1 billion, resulting in a common stockholders' equity-to-assts ratio of 5.40%. *Based upon prior quarter regulatory data*

and current earning releases, Wells Fargo & Company's LACE rating is affirmed at "C+".