memberships and $39 million of expenses related to the TSA. Excluding these items, noninterest expense increased $16 million sequentially and $25 million from the fourth quarter of 2009 driven by higher compensation expense due to sales force expansion, partially offset by lower credit-related expenses. Expenses incurred related to problem assets totaled $53 million in the fourth quarter of 2010, compared to $67 million in the third quarter of 2010 and $73 million in the fourth quarter of 2009.

Net charge-offs totaled $356 million in the fourth quarter of 2010, compared to $956 million in the third quarter of 2010 and $708 million in the fourth quarter of 2009. Third quarter 2010 net charge-offs included $510 million related to the sale or transfer of loans to held-for-sale. Excluding these losses, net charge-offs declined $90 million from the third quarter of 2010. The decreases in net charge-offs from both periods reflects continued improvement in the credit quality of portfolio loans. Commercial net charge-offs were $173 million in the fourth quarter of 2010, compared to $627 million in the third quarter of 2010 and $468 million in the fourth quarter of 2009. Third quarter 2010 net charge-offs include $387 million from the transfer of commercial loans to held-for-sale. Excluding these losses, commercial net charge-offs declined $67 million from the third quarter of 2010. Consumer net charge-offs were $183 million in the fourth quarter of 2010, compared to $329 million in the third quarter of 2010 and $240 million in the fourth quarter of 2009. Third quarter 2010 net charge-offs include $123 million in net charge-offs on the sale of portfolio residential mortgage loans during the quarter. Excluding these losses, consumer net charge-offs decreased $23 million from the third quarter of 2010. The provision for loan and lease losses totaled $166 million in the fourth quarter of 2010 compared to $457 million in the third quarter of 2010 and $776 million in the fourth quarter of 2009. The decrease from each quarter was primarily due to a decline in delinquent loans and net charge-offs.

COMPARISON OF THE YEAR ENDED 2009 WITH 2008

Net income available to common shareholders for the year ended 2009 was $511 million, or $0.67 per diluted share, compared to a net loss available to common shareholders of $2.2 billion, or $3.91 per diluted share, in 2008. Overall, a $1.8 billion pre-tax gain on the Processing Business Sale and $244 million of noninterest income on the sale of the Bancorp's Visa, Inc. Class B shares as well as an increase in mortgage banking net revenue and a decrease in the provision for loan and lease losses of $1.0 billion compared to 2008, were partially offset by decreases in net interest income and card and processing revenue. In addition, the Bancorp recorded a $965 million goodwill impairment charge in 2008. While the Bancorp continued to be affected by rising unemployment rates, weakened housing markets, particularly in the upper Midwest and Florida, and a challenging credit environment, credit trends began to show signs of stabilization in late 2009, which led to the decrease in provision expense. The 2008 goodwill impairment charge reflected a decline in estimated fair values of two of the Bancorp's business reporting units below their carrying values and the determination that the implied fair values of the reporting units were less than their carrying values.

Net interest income decreased five percent compared to 2008. This was primarily due to a 21 bp decline in the net interest rate spread, as well as a decrease in the benefit from the accretion of purchase accounting adjustments related to the 2008 acquisition of First Charter, which added $136 million to net interest income in 2009 compared to $358 million in 2008. Net interest margin decreased to 3.32% in 2009 from 3.54% in 2008.

Noninterest income increased 62% compared to 2008. This was driven primarily by the Processing Business Sale in the second quarter of 2009, which resulted in a pre-tax gain of $1.8 billion, as well as a $244 million gain related to the sale of the Bancorp's Visa, Inc. Class B shares. Mortgage banking net revenue increased $354 million as a result of strong growth in originations, which were up 89% to $21.7 billion in 2009. Card and processing revenue decreased 33% compared to 2008 due to the Processing Business Sale in the second quarter of 2009. Corporate banking revenue decreased 10% largely due to a lower volume of interest rate derivatives sales and foreign exchange revenue, partially offset by growth in institutional sales and business lending fees.

Noninterest expense decreased $738 million, or 16% compared to 2008. Noninterest expense in 2008 included the previously mentioned goodwill impairment charge of $965 million. Excluding this charge, noninterest expense increased $227 million due primarily to an increase of $196 million of FDIC insurance and other taxes as the result of an increase in deposit insurance and participation in the TLGP, as well as increased loan related expenses from higher mortgage origination volume and expenses incurred from the management of problem assets.

In 2009, net charge-offs as a percent of average loans and leases remained relatively steady at 320 bp, compared to 323 bp in 2008. This was impacted by a decrease of $446 million in commercial loan net charge-offs due primarily to net charge-offs of $800 million on $1.3 billion on loans moved to held-for-sale or sold in the fourth quarter of 2008. These actions were taken to address areas of the loan portfolio exhibiting the most significant credit deterioration. In addition, residential mortgage net charge-offs increased to $357 million in 2009, compared to $243 million in 2008, reflecting increased foreclosure rates in the Bancorp's key lending markets. At December 31, 2009, nonperforming assets as a percent of loans and leases increased to 4.22% from 2.38% at December 31, 2008. The Bancorp increased its allowance for loan and lease losses as percent of loans and leases from 3.31% as of December 31, 2008 to 4.88% as of December 31, 2009.

The Bancorp took a number of actions to strengthen its capital position in 2009. On June 4, 2009, the Bancorp completed an at-the-market offering resulting in the sale of $1 billion of its common shares at an average share price of $6.33. In addition, on June 17, 2009, the Bancorp completed its offer to exchange shares of its common stock and cash for shares of its Series G convertible preferred stock. As a result, the Bancorp recognized an increase in net income available to common shareholders of $35 million based upon the difference in carrying value of the Series G preferred shares and the fair value of the common shares and cash issued. See the Capital Management section of MD&A for further information on the Bancorp's capital transactions.