

TABLE 6: CHANGES IN NET INTEREST INCOME ATTRIBUTED TO VOLUME AND YIELD/RATE (a)

For the years ended December 31	2010 Compared to 2009			2009 Compared to 2008		
(\$ in millions)	Volume	Yield/Rate	Total	Volume	Yield/Rate	Total
Assets						
Increase (decrease) in interest income:						
Loans and leases:						
Commercial and industrial loans	(\$53)	129	76	(\$45)	(313)	(358)
Commercial mortgage	(39)	(30)	(69)	(17)	(304)	(321)
Commercial construction	(46)	5	(41)	(60)	(148)	(208)
Commercial leases	(8)	5	(3)	(1)	133	132
Subtotal - commercial	(146)	109	(37)	(123)	(632)	(755)
Residential mortgage	(53)	(71)	(124)	(7)	(96)	(103)
Home equity	(22)	(19)	(41)	15	(196)	(181)
Automobile loans	97	(45)	52	(7)	(3)	(10)
Credit card	(4)	12	8	20	6	26
Other consumer loans and leases	(27)	57	30	(12)	34	22
Subtotal - consumer	(9)	(66)	(75)	9	(255)	(246)
Total loans and leases	(155)	43	(112)	(114)	(887)	(1,001)
Securities:						
Taxable	(34)	(37)	(71)	169	(91)	78
Exempt from income taxes	6	(10)	(4)	(7)	(1)	(8)
Other short-term investments	5	2	7	5	(17)	(12)
Total interest-earning assets	(178)	(2)	(180)	53	(996)	(943)
Cash and due from banks						
Other assets						
Allowance for loan and lease losses						
Total change in interest income	(\$178)	(2)	(180)	\$53	(996)	(943)
Liabilities and Equity						
Increase (decrease) in interest expense:						
Interest-bearing core deposits:						
Interest checking	\$8	4	12	\$8	(96)	(88)
Savings	18	(38)	(20)	9	(106)	(97)
Money market	2	(9)	(7)	(28)	(64)	(92)
Foreign office deposits	4	(2)	2	(1)	(23)	(24)
Other time deposits	(105)	(89)	(194)	102	(43)	59
Total interest-bearing core deposits	(73)	(134)	(207)	90	(332)	(242)
Certificates - \$100,000 and over	(98)	(57)	(155)	27	(71)	(44)
Other foreign office deposits	-	-	-	(25)	(25)	(50)
Federal funds purchased	-	-	-	(33)	(36)	(69)
Other short-term borrowings	(21)	(18)	(39)	(26)	(110)	(136)
Long-term debt	(3)	(25)	(28)	(101)	(138)	(239)
Total interest-bearing liabilities	(195)	(234)	(429)	(68)	(712)	(780)
Demand deposits						
Other liabilities						
Total change in interest expense	(195)	(234)	(429)	(68)	(712)	(780)
Equity						
Total liabilities and equity						
Total change in net interest income	\$17	232	249	\$121	(284)	(163)

(a) Changes in interest not solely due to volume or yield/rate are allocated in proportion to the absolute amount of change in volume or yield/rate.

Provision for Loan and Lease Losses

The Bancorp provides as an expense an amount for probable loan and lease losses within the loan and lease portfolio that is based on factors previously discussed in the Critical Accounting Policies section. The provision is recorded to bring the ALLL to a level deemed appropriate by the Bancorp to cover losses inherent in the portfolio. Actual credit losses on loans and leases are charged against the ALLL. The amount of loans actually removed from the Consolidated Balance Sheets is referred to as charge-offs. Net charge-offs include current period charge-offs less recoveries on previously charged-off loans and leases.

The provision for loan and lease losses decreased to \$1.5 billion in 2010 compared to \$3.5 billion in 2009. The decrease in

provision expense from the prior year was due to decreases in nonperforming assets and delinquencies in commercial and consumer loans. In addition to these trends, signs of moderation in general economic conditions during 2010 further contributed to a decrease in expected loss rates. As of December 31, 2010, the ALLL as a percent of loans and leases decreased to 3.88%, from 4.88% at December 31, 2009.

Refer to the Credit Risk Management section for more detailed information on the provision for loan and lease losses including an analysis of the loan portfolio composition, nonperforming assets, net charge-offs, and other factors considered by the Bancorp in assessing the credit quality of the loan portfolio and the ALLL.