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## **THE OTS-REGULATED THRIFT INDUSTRY FIRST QUARTER 1998 HIGHLIGHTS**

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*Office of Thrift Supervision / June 3, 1998*

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The thrift industry had another very strong financial performance in the first quarter of 1998. Thrift earnings and profitability increased during the first quarter, and the industry continued the trend of adding to its equity capital and reducing its level of troubled assets. The first quarter also included a substantial expansion in thrifts' single-family mortgage originations. Thrifts' mortgage sales also grew significantly in the first quarter. This surge in thrift mortgage market activity, especially the expansion in thrift "mortgage-banking" activities, significantly contributed to the strong first quarter financial performance.

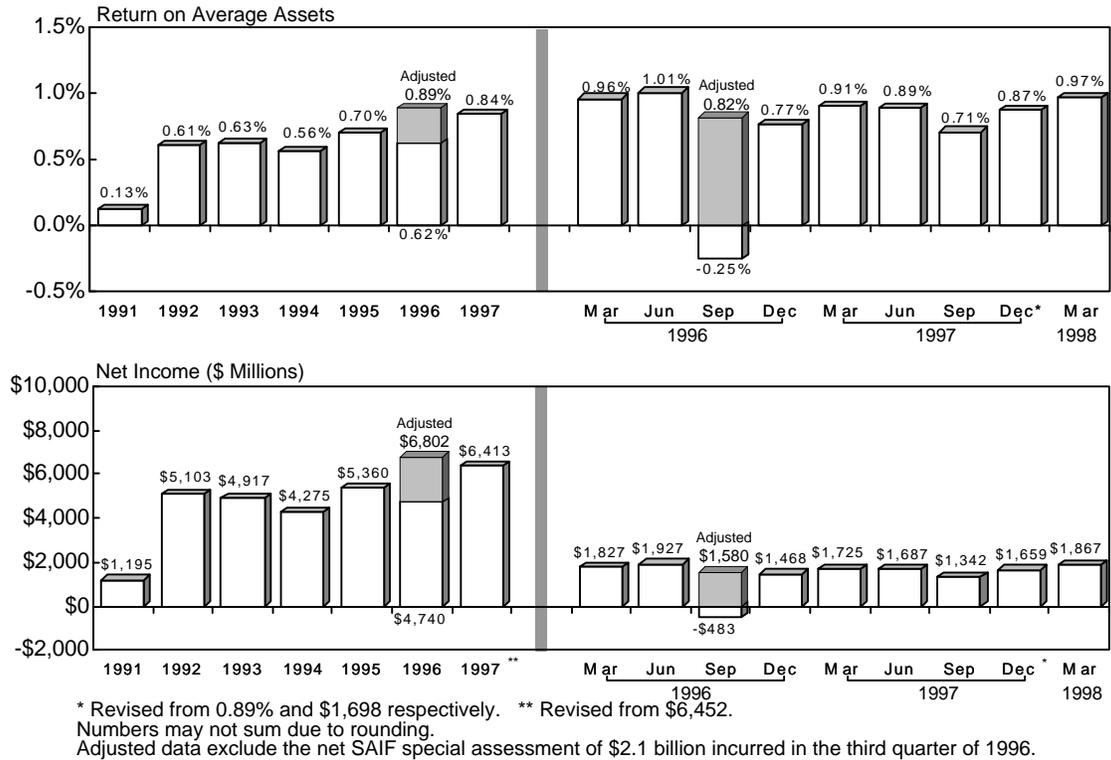
### **Thrift Earnings Increased in the First Quarter**

The OTS-regulated thrift industry earnings increased to \$1.87 billion in the first quarter of 1998, from \$1.66 billion last quarter and \$1.73 billion in the first quarter of 1997. First quarter earnings were slightly below the industry's record quarterly earnings of \$1.93 billion achieved in the second quarter of 1996. However, the 1998 first quarter earnings were the highest first quarter earnings for the thrift industry.

ROA in the first quarter was 97 basis points. As shown in the chart at the top of page 2, this was a substantial increase from 87 basis points in the prior quarter and from the 91 basis points in the first quarter one year ago. Aside from the second quarter 1996 ROA of 101, the 97 basis points ROA for this quarter is the highest quarterly ROA earned since 1984 when quarterly data, rather than semi-annual and monthly data, were collected.

Lower provisions for losses and higher non-interest income were the primary sources of the first quarter earnings increase. These two sources more than offset the decline in net interest margin. The first quarter decline in thrift net interest margin is discussed in more detail in a later section.

Provisions for losses as a percent of average assets were 18 basis points in the first quarter, down from 28 basis points in the prior quarter and from 25 basis points one year ago. Despite the reduction in provisions, the ratio of total loss reserves to assets has remained level at approximately 77 basis points for the past two years. This stability in the reserve to assets ratio in face of lower provisions was attributable to lower charge-off rates. The reduction in provisions for losses, as well as lower charge-off rates, reflect continued improvements in asset quality. (Asset quality trends are reviewed on page 10 of this report.)



“Other” non-interest income increased to 53 basis points in the first quarter from 49 basis points in the prior quarter and from 34 basis points one year ago. Higher gains from the sale of assets held for sale, reflecting the surge in mortgage originations and sales in the first quarter, accounted for most of the rise in other non-interest income. Such gains measured 29 basis points in the first quarter, an increase from 24 basis points in the prior quarter and from 10 basis points one year ago.

The industry’s fee income (mortgage loan servicing fees and other fees and charges) has generally increased over the past four years. Fee income as a percent of average assets was 57 basis points in the first quarter, down from 63 basis points last quarter, but up from 54 basis points one year ago. (Two years ago fee income was 42 basis points.) The decline in first quarter fee income from the prior quarter was attributable to the write-off of unamortized costs of loan originations and unrealized servicing fee income from refinanced mortgages.

An increase in fee-generating activities and products, such as loan servicing, mutual fund and annuity sales, and demand deposits, has helped generate this higher fee income. Reflecting the strong mortgage banking activity and purchases of servicing, loans serviced for others increased \$44.2 billion to

\$492.6 billion at the end of the first quarter from \$448.4 billion in the prior quarter. One year ago, the portfolio of loans serviced for others was \$386.6 billion.

General and administrative, or overhead, expense for the industry has, as a percent of average assets, remained stable at approximately 2.1 percent over the past four years despite internal growth, expansion of products, and expenses related to merger and acquisition activity. For the quarter ended March 31, 1998, the industry's overhead expense-to-average assets ratio was 2.11 percent, equal to the 1997 average ratio. The first quarter overhead expense ratio was slightly higher than the ratio one year ago (2.05 percent), but was below the fourth quarter 1997 overhead expense ratio of 2.21 percent. That fourth quarter 1997 overhead expense ratio, however, was somewhat inflated due to one-time merger related expenses incurred by several large thrifts.

### **Thrift Single-Family Originations Surged in the First Quarter of 1998**

The robust housing market and relatively low mortgage interest rates helped the thrift industry achieve near record levels of single-family mortgage originations in the first quarter of 1998. The \$59.1 billion of single-family originations during the quarter was 33 percent above the \$44.6 billion in the prior quarter and more than double the \$28.0 billion achieved one year ago. Quarterly single-family mortgage origination volume was last this high in the fourth quarter of 1993 (\$57.2 billion).<sup>1</sup> The chart on page four presents thrifts' single-family mortgage originations from 1990 through 1997 and the first quarter of 1998 in dollars (top panel) and as a percent of average assets (bottom panel). The highest quarterly origination volume is also presented as a bar in each panel.

Total mortgage originations, including multi-family and non-residential mortgages, were \$67.7 billion in the first quarter, an increase from \$53.7 billion in the prior quarter and from \$35.9 billion one year ago. The quarterly record for total mortgage originations was \$69.1 billion in the fourth quarter of 1993.<sup>2</sup>

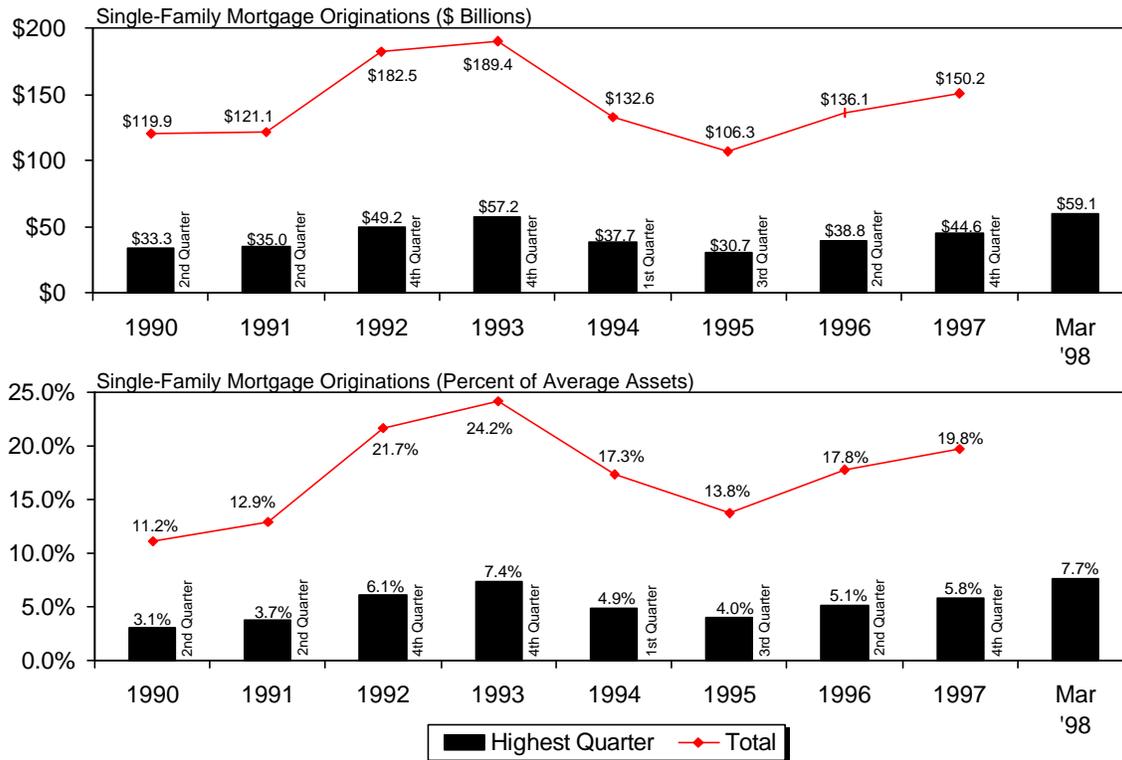
Total mortgage originations include refinanced mortgages.<sup>3</sup> The continued

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<sup>1</sup> Prior to June 1996, detailed single-family mortgage origination data were on an unconsolidated (thrift only) basis.

<sup>2</sup> Total mortgage origination data are on a consolidated basis.

<sup>3</sup> Reported thrift refinancing data are for loans refinanced by the original loan holder. The Mortgage Bankers Association of America ("MBAA") estimates the refinancing share of single-family mortgage originations was 53 percent in the first quarter, up from 38 percent in the previous quarter and 31 percent a year ago. Mirroring the reported thrift data, the MBAA estimates the first quarter 1998 refinancing rate was last matched in the first quarter of 1994 (51 percent).



Beginning in June 1996, data are consolidated.

decline in long-term mortgage rates, which appeared to bottom out during January 1998, sparked another refinancing boom during the first quarter. The thrift industry fully participated in this increased activity. Refinancings rose to 16.4 percent of total originations from 12.8 percent in the prior quarter and from 10.6 percent one year ago. The percentage of refinanced mortgages to total mortgages in the first quarter was the highest since the first quarter of 1994 (21.9 percent). Refinancing activity by thrifts for the first quarter, however, remained below the peak rates achieved during the 1992-1993 refinancing boom. During that previous period, the ratio of refinanced mortgages-to-total mortgages peaked in the first quarter of 1992 (35.9 percent) and remained above 20 percent through the first quarter of 1994.

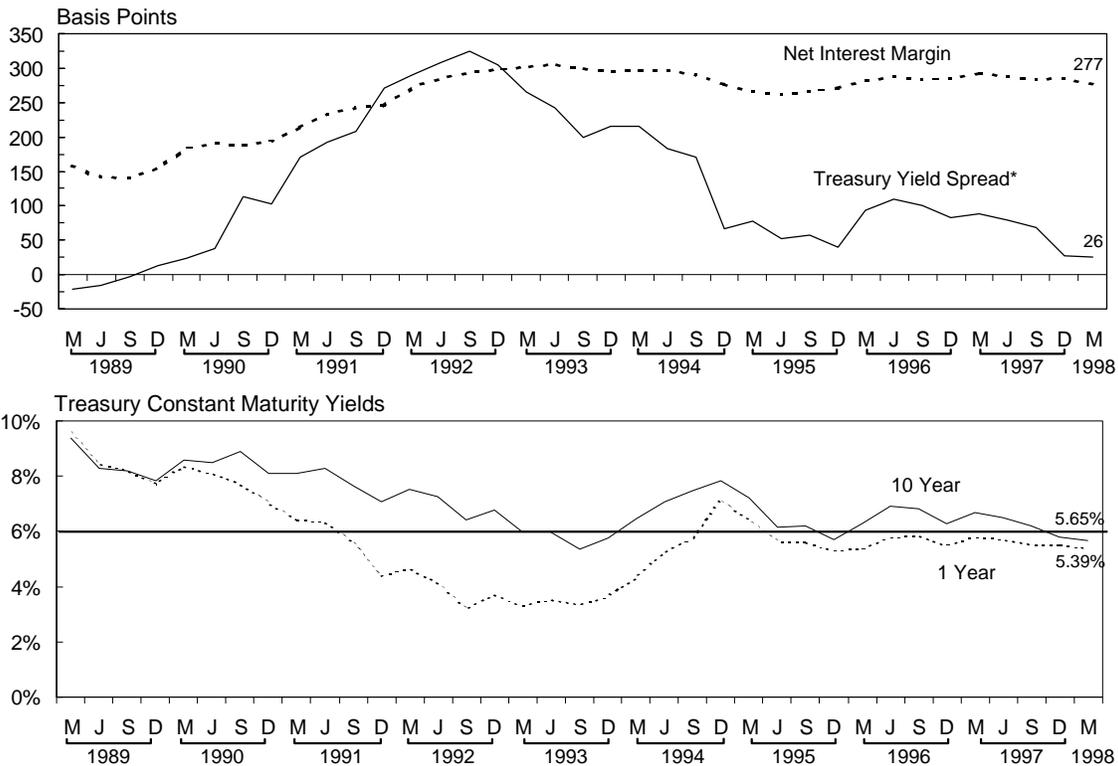
Sales of single-family mortgages were also strong in the first quarter. Sales of single-family mortgages as a percent of average assets increased to 5.6 percent from 5.3 percent in the prior quarter and 2.5 percent one year ago. The sales-to-average assets ratio was higher during the last two quarters of 1993, averaging approximately 5.8 percent per quarter.

Assets held for sale increased 54 percent in the first quarter to \$26.8 billion (3.4 percent of assets) from \$17.4 billion (2.3 percent) in the prior quarter. The sharp rise in assets held for sale may indicate that settlements of originated loans occurred near the end of the first quarter.

## Flat Yield Curve Differentiated 1998 Refinancing Boom from 1992-1993 Period

Although low long-term interest rates have sparked the refinancing boom experienced during the first quarter of 1998, the relatively flat yield curve that existed during the first quarter differs sharply from the very steep yield curve that prevailed during the refinancing boom of 1992-1993. Not surprisingly, the type of refinancing activity differs between the two periods. For thrifts, the most significant change is the shift to increased consumer preference for long-term fixed-rate mortgages from ARMs.

The spread between yields of 10-year Treasury bonds and 1-year Treasury notes ("Treasury yield spread") was 26 basis points at the end of the first quarter -- a very narrow spread by historical standards. As the chart below indicates, the Treasury yield spread has fallen significantly from its peak of over 300 basis points in the third quarter of 1992 and since the end of 1994 has been less than 100 basis points for all but one quarter. For the last two quarters, the Treasury yield spread has been less than 30 basis points.



\* 10 Year Treasury Constant Maturity yields less 1 Year Treasury Constant Maturity yields at quarter end.

Because of this relatively flat yield curve, the proportion of mortgages originated as ARMs has fallen dramatically. During the first quarter of 1998, ARMs accounted for only about 13 percent of total mortgage originations, down from about a 25 percent share during the first quarter of 1997.<sup>4</sup> In the 1992-1993 refinancing boom, ARMs comprised approximately 20 percent of total single-family mortgage originations. Even for thrifts, the share of ARM originations fell from about 49 percent in the fourth quarter of 1997 to about 33 percent in the first quarter of 1998.

This change in the distribution of originations also altered the composition of thrift mortgage portfolios during the first quarter of 1998. The percentage of assets held in 30-year single-family fixed-rate mortgages and securities increased in the first quarter to 12.2 percent of assets from 11.1 percent in the prior quarter. The increase was attributable to both the large increase in mortgage originations during the first quarter and the increase in the proportion of those originations as 30-year fixed-rate loans. Some portion of this shift may be temporary, since many of the new fixed-rate originations in the first quarter are being held for sale.

Fifteen-year fixed-rate single-family mortgages and securities also increased slightly in the first quarter to 7.6 percent of assets from 7.2 percent in the prior quarter. ARMs remained, by far, the most significant mortgage product held by thrifts, but declined slightly in the first quarter due to the popularity of fixed-rate mortgages in this interest rate environment. As a percent of assets, ARMs declined to 38.4 percent in the first quarter from 39.8 percent in the prior quarter. The implications of these changes for thrifts' sensitivity to interest rate risk will be examined later in this report.

### **Reduction in Net Interest Margin Due Primarily to One-time Events**

A flat yield curve can also adversely affect net income margins since margins typically depend on the slope of the yield curve. However, despite the dramatic decline in Treasury yield spreads and the recent, sustained narrow spreads, ratio of net interest income to average assets ("net interest margin") remained relatively stable at approximately 285-290 basis points during the three year period from December 1994 through December 1997. However, net interest margin fell in the first quarter of 1998 to 277 basis points, from 285 basis points and 293 basis points in the prior quarter and in the first quarter one year ago, respectively.

The decline in net interest margin was heavily influenced by one-time events at two large thrifts during the quarter. A merger between two large thrifts that was recorded under purchase accounting methods artificially lowered net interest

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<sup>4</sup> Data from the Federal Housing Finance Board's Mortgage Interest Rate Survey.

income because the transaction was not closed until mid-February. Hence, only a partial quarter of net interest income from the acquired thrift was included in the first quarter results.

In the second instance, a change in business strategy led to about a \$65 million increase in interest expense as previous liability hedge positions, primarily interest rate caps, were closed out during the first quarter. These two major transactions accounted for 6 of the 8 basis point decline in total thrift net interest margin.

The remaining small decline in net interest margin arose because net interest income fell more rapidly than the reduction in interest expense from maturing liabilities during the quarter. Interest income as a percent of average assets was 7.10 percent in the first quarter -- a decline of 24 basis points from the prior quarter and 12 basis points from one year ago. Interest expense as a percent of average dropped to 4.33 percent from 4.49 percent in the previous quarter but was up slightly from 4.29 percent one year ago.

The chart on the next page presents thrifts' weighted average yield on interest earning assets, the weighted average cost of interest bearing liabilities, and the difference between these data, or the "thrift yield spread" from March 1995 to March 1998. These data are based on end of period yields and costs reported by most thrifts.<sup>5</sup> One advantage to reviewing the thrift yield spread is that, unlike the net interest margin, it is not influenced by the timing of the growth or shrinkage in assets.

The quarterly changes in thrifts' yield spread and net interest margin typically moved in tandem since the last quarter of 1994. These two indicators moved in opposite directions in only three of the fourteen quarters during that period, and the widest movement occurred in the first quarter of 1998. The divergent movement of thrifts' yield spread and net interest margin in the first quarter was partially due to the one-time events at two thrifts as previously discussed. In addition, some of the divergence may be due to the high level of mortgage banking and refinancing activity. Cash flows from refinancing and sales may have been temporarily invested in lower-yielding investment securities, thereby depressing interest income.

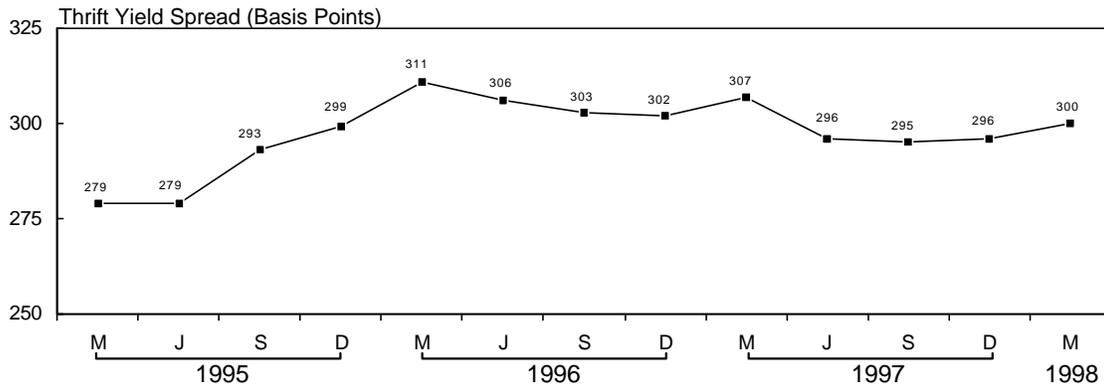
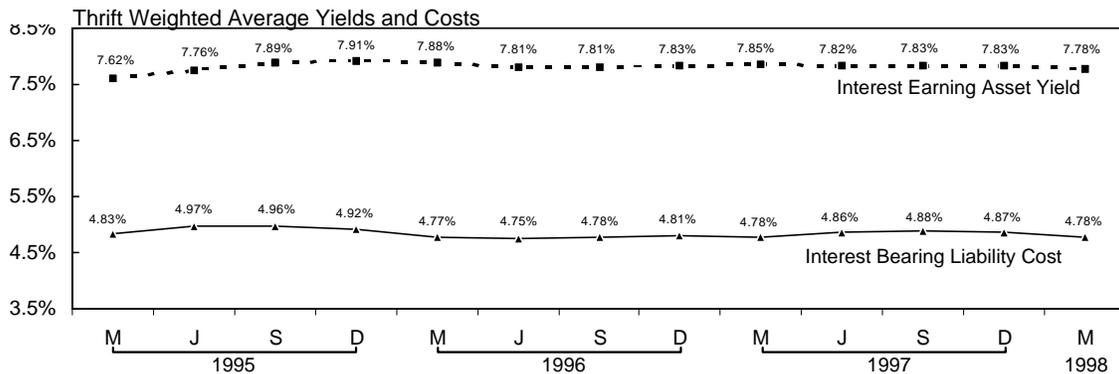
In contrast to the decline in net interest margin, thrifts' yield spread increased in the first quarter to 300 basis points from 296 basis points in the prior quarter, but declined slightly from 307 basis points one year ago. The increase in the thrifts' first quarter yield spread from the prior quarter was primarily due to a decline in the weighted average cost of thrifts' fixed-maturity borrowings which

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<sup>5</sup> Data are for thrifts filing Schedule CMR. On average, more than 90 percent of thrifts file CMR each quarter.

fell 15 basis points to 5.80 percent in the first quarter from 5.95 percent in the prior quarter.

The decline in the cost of borrowings was attributable to the rollover of maturing, higher costing borrowings into lower costing borrowings. Reflecting both the lower long-term interest rates and the flat yield curve, the weighted average remaining maturity of fixed-rate borrowings was extended to 17.7 months at the end of the first quarter from 14.3 months the prior quarter.



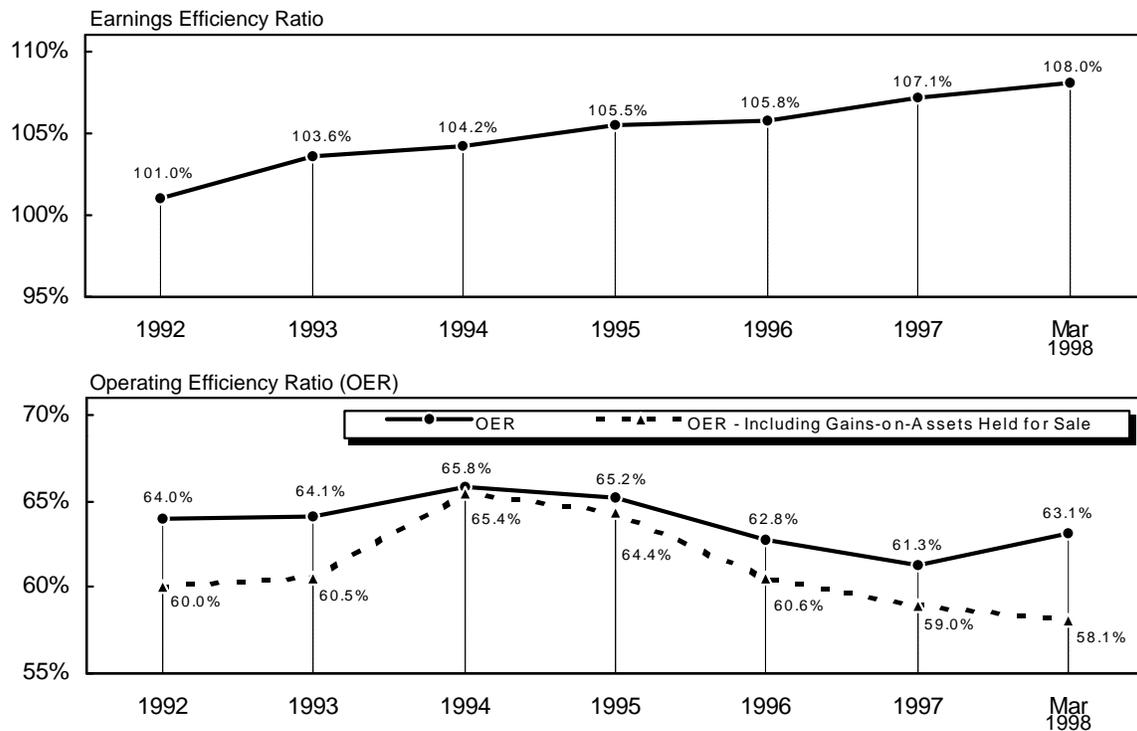
Thrift Yield Spread is the Weighted Average Yield minus the Weighted Average Cost.

The weighted average cost of fixed-rate, fixed-maturity deposits fell only slightly to 5.67 percent in the first quarter from 5.70 percent in the prior quarter. The weighted average remaining maturity of these deposits declined slightly in the first quarter to 9.9 months from 10.2 months in the prior quarter.

The weighted average yield on 30-year fixed-rate single-family mortgages held by thrifts declined to 7.88 percent in the first quarter from 8.05 percent. The decline was primarily due to the refinancing of existing loans into lower rate loans. The weighted average yield of thrifts' ARMs declined only 1 basis point to 7.39 percent in the first quarter from 7.40 percent in the prior quarter. The decline in the weighted average yield on ARMs was also likely driven down by the refinancing of higher rate ARMs.

## Operating Efficiency Impacted by Strong Origination Volume

The chart below presents thrifts' earnings efficiency ratio and operating efficiency ratio in the top and bottom panels, respectively. Earnings efficiency is the ratio of interest earning assets to interest bearing liabilities. Higher earnings efficiency ratios tend to improve and stabilize net interest income. The operating efficiency ratio measures the amount of core income consumed by overhead expense and is defined as general and administrative expense divided by net interest income plus fee income. Lower operating efficiency ratios indicate more efficient operations.



Earnings Efficiency Ratio = Interest Earning Assets / Interest Bearing Liabilities.

Operating Efficiency Ratio = General and Administrative Expense / Net Interest Income plus Fee Income.

1996 General and Administrative Expense excludes net SAIF special assessment.

Continuing a five year trend, the earnings efficiency ratio improved in the first quarter to 108.0 percent from 107.1 percent in the prior quarter. The improvement in the earnings efficiency ratio was primarily attributable to an increase in capital, a rise in non-interest bearing demand deposits, and a reduction in repossessed assets.

The operating ratio deteriorated in the first quarter to 63.1 percent from 61.3 percent for 1997. The deterioration in the operating efficiency ratio was due to the changed composition in first quarter earnings. Our definition of the operating efficiency ratio does not include gains on assets held for sale. As previously discussed, this income item can be high in periods of significant mortgage banking activity, such as in the first quarter. The first quarter operating efficiency ratio improved to 58.1 percent from 59.0 percent in the prior quarter when gains on assets held for sale were included in the calculation.

### **Capital Levels Climbed Again to New Record Levels**

Equity capital for the industry (capital calculated using Generally Accepted Accounting Principles) increased slightly to 8.40 percent of assets in the first quarter, a new record high, from the previous record (8.32 percent) in the fourth quarter.

The industry's tier 1 leverage capital ratio also increased in the first quarter to 7.61 percent of adjusted tangible assets from 7.58 percent in the fourth quarter. The risk-based capital ratio rose slightly to 14.58 percent from 14.50 percent in the prior quarter. The industry's risk-based capital ratio remains considerably higher than the 10 percent level needed for "well-capitalized" status.

The percentage of thrifts that met or exceeded well-capitalized standards in the first quarter remained at 98 percent, the same as in the fourth quarter. At the end of the first quarter, only one thrift was undercapitalized.

### **The Number and Assets of Problem Thrifts Remained at Low Levels**

Problem thrifts, those with CAMELS ratings of "4" or "5" on their most recent safety and soundness examination, fell to 14 (1.2 percent of all thrifts) for the first quarter – a new post-FIRREA low. The prior post-FIRREA low was 18 (1.5 percent) at the end of 1997. Aggregate assets of problem thrifts rose slightly to \$2.2 billion, or 0.3 percent of industry assets, from \$1.6 billion, (0.2 percent) last quarter. One year ago there were 30 problem thrifts (2.3 percent of thrifts) with combined assets of \$4.6 billion (0.6 percent of industry assets).

### **Troubled Assets Declined Slightly in the First Quarter**

Troubled assets<sup>6</sup> fell in the first quarter to \$7.3 billion or 0.94 percent of total assets, from \$7.7 billion (0.99 percent) in the prior quarter. Troubled assets in the first quarter reached the lowest level since 1990, when this measure of asset quality was first used in the thrift industry. The prior troubled asset low was

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<sup>6</sup> Troubled assets include noncurrent loans and repossessed assets.

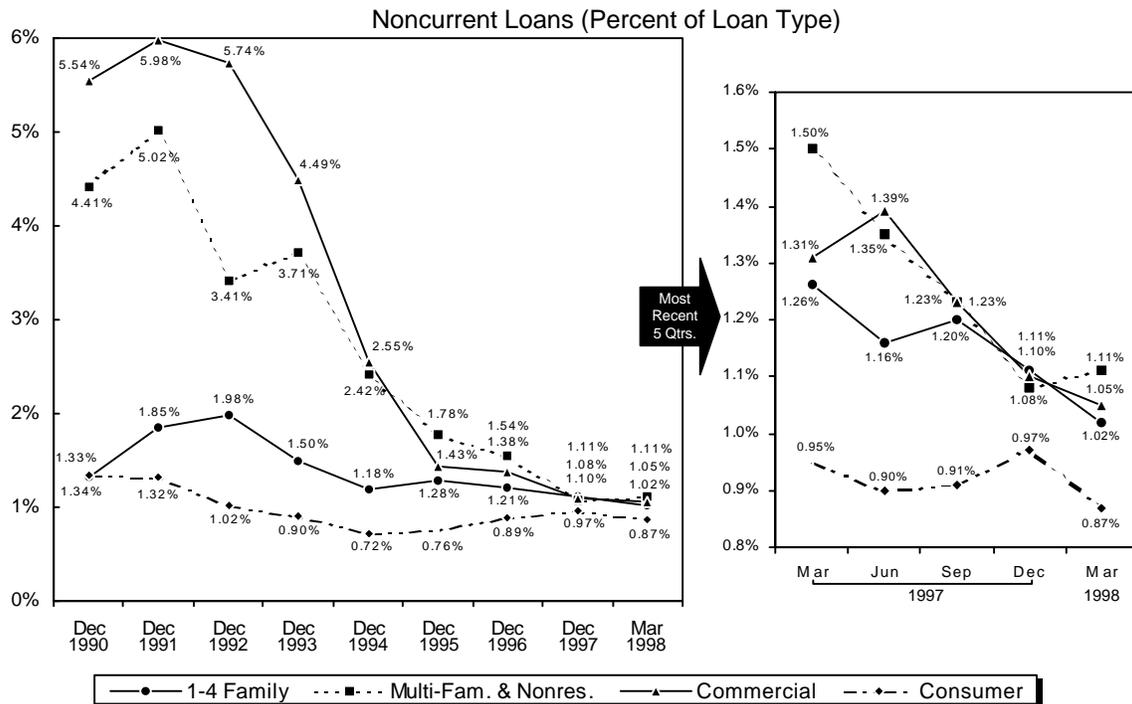
reached in the fourth quarter of 1997. One year ago the industry's troubled assets measured \$8.8 billion or 1.15 percent of total assets.

The decrease in first quarter troubled assets was due to a decline in noncurrent loans, which fell to \$5.56 billion (0.71 percent of total assets) from \$5.92 billion (0.76 percent) in the prior quarter. The industry's ratio of noncurrent loans to total assets was 19 percent below the ratio one year ago (0.88 percent).

Thrifts' repossessed assets, net of specific valuation allowances, fell slightly in the first quarter to \$1.76 billion, or 0.23 percent of total assets, from \$1.80 billion (0.23 percent) last quarter, and from \$2.0 billion (0.27 percent) one year ago.

### Delinquencies Declined for Most Loan Types

The chart below presents thrifts' noncurrent loan rates from March 1993 through March 1998 for four major industry loan types: single-family mortgages, consumer loans, commercial loans, and non-residential mortgage loans.



As shown in the chart, most noncurrent loan rates declined slightly during the first quarter. Noncurrent loan rates for consumer loans, single-family mortgages,

and commercial loans all declined during the first quarter from the prior quarter. The exception was noncurrent multi-family and nonresidential mortgages which increased slightly to 1.11 percent of all multi-family and nonresidential mortgages from 1.08 percent last quarter.

The noncurrent consumer loan ratio declined 10 percent to 87 basis points in the first quarter from 97 basis points in the fourth quarter. One year ago, the noncurrent consumer loan rate was 95 basis points. The decline is a change from the slow but fairly steady increase in this ratio since 1994. Although encouraging, the drop in the noncurrent consumer loan ratio may reflect sales of credit card portfolios, rollover of consumer debt into refinanced single-family mortgages, and increases in new, "un-aged" consumer loans that have not experienced delinquency problems.

### **Recent Survey of OTS Examiners Indicated Few Thrifts "Loosening" Underwriting Standards**

OTS has instituted a "Lending Standards Survey" of examiners to help monitor loan underwriting standards and assess potential credit quality problems. Examiners supply survey responses regarding individual thrifts' underwriting standards at the completion of on-site safety and soundness examinations. The first phase of the survey included results from 412 examinations completed between July 1, 1997 and December 31, 1997. These thrifts had combined assets of approximately \$190 billion (24 percent of total industry assets).

In general, the results of the survey indicate there is no widespread movement by thrifts towards higher risk lending activities, relaxed underwriting standards, or expansion into nontraditional lending. The survey found that very few thrifts are engaged in higher risk lending. Of the 412 thrifts, the survey identified the following numbers of thrifts engaged in the following higher risk lending activities:

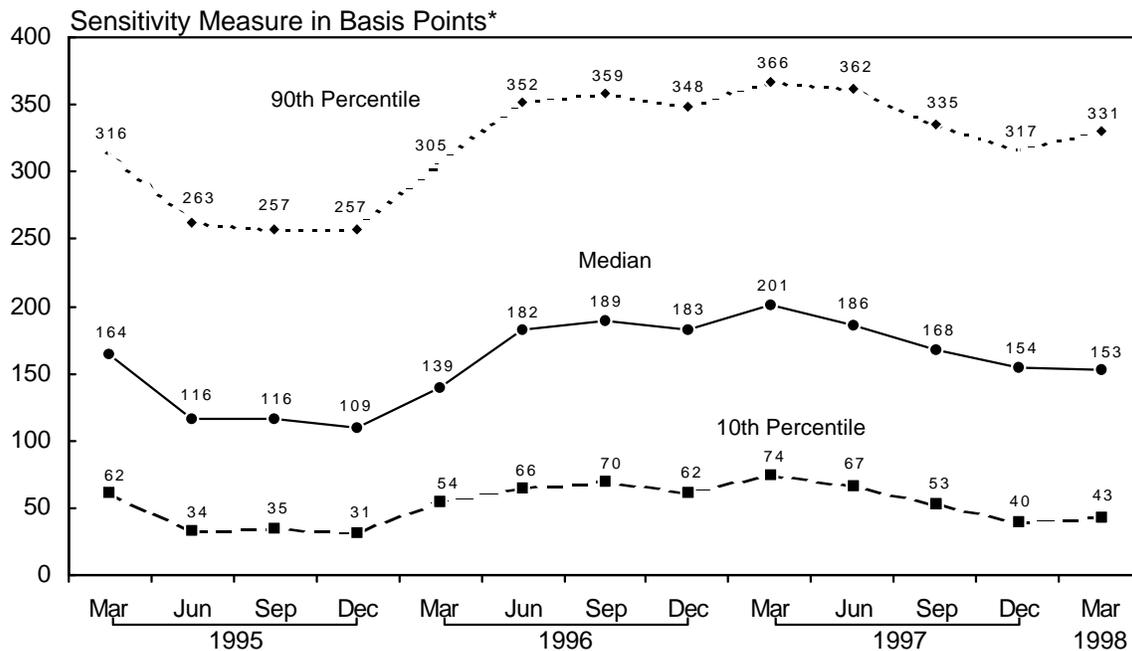
- ◆ 24 (5.8 percent) -- Sub-prime real estate
- ◆ 12 (2.9 percent) -- High loan-to-value home equity
- ◆ 9 (2.2 percent) -- Sub-prime auto
- ◆ 3 (0.7 percent) -- Sub-prime credit card

The few thrifts (25, or 6.1 percent) that relaxed underwriting standards are reviewed on a case-by-case basis. The managerial expertise, loan monitoring, underwriting procedures, reserve and capital levels, and charge-off policies of these thrifts are a few of the key elements that receive focused regulatory attention. In addition, the economic environment for the past five years has been very favorable for thrifts and loans added to thrifts' portfolios have not been stressed by an economic downturn. Hence, planning for potential downturns in

the economy is a very important activity for thrift managers, especially for those few that have relaxed their underwriting standards or are making higher risk loans.

### Thrifts' Median Sensitivity to Interest Rate Risk Declined Slightly in First Quarter, But the 10<sup>th</sup> and 90<sup>th</sup> Percentiles Increased

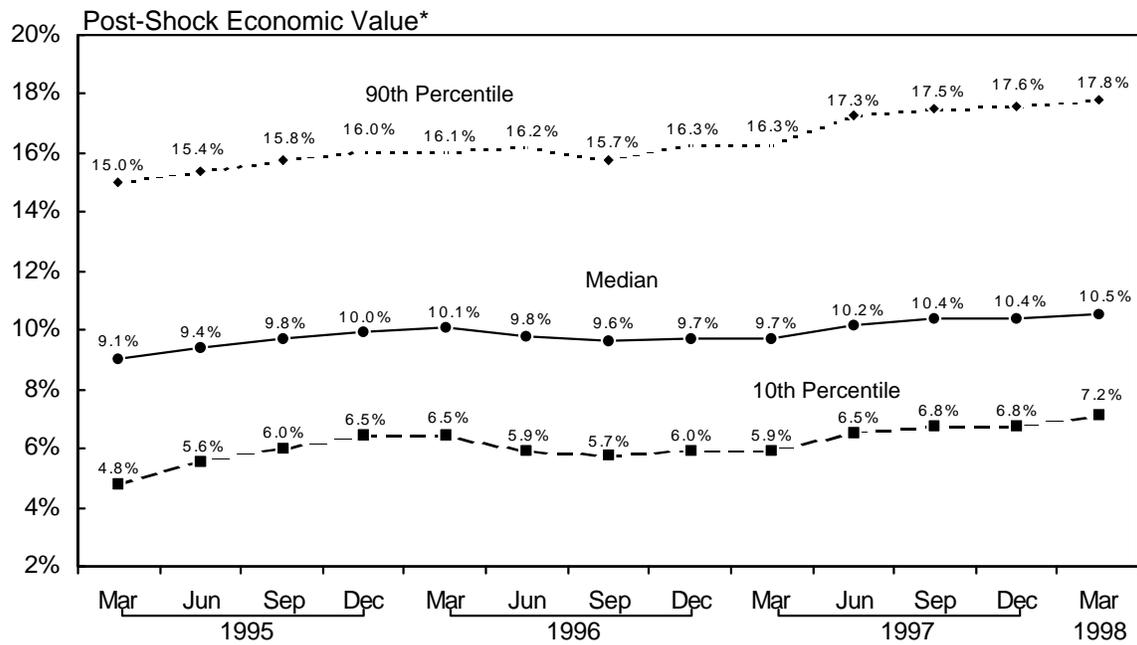
The chart below presents the industry's sensitivity measures from March 1995 to March 1998. Based on preliminary data, the industry's median sensitivity to interest rate risk declined slightly during the first quarter. This decline most likely reflects the continued focus on adding primarily shorter-term loans to portfolio and a lengthening of fixed-maturity borrowings. Although long-term fixed-rate mortgages are being originated, the majority are sold in the secondary market.



The OTS uses its Interest Rate Risk Model to monitor thrifts' interest rate risk. The model measures the change in a thrift's economic value (the net present value ("NPV") of its current net worth) due to changes in interest rates. The decline in a thrift's NPV due to a 200 basis point movement in interest rates is used by OTS to reflect the sensitivity of the thrift to interest rate changes. The resulting change in NPV – the "post-shock NPV" – reflects the ability of the thrift to absorb or withstand future interest rate changes.

The industry's median sensitivity measure declined slightly in the first quarter to 153 basis points from 154 basis points in the fourth quarter of 1997. However, there was an increase in sensitivity for those institutions most sensitive to interest rate risk – those in the 90<sup>th</sup> percentile. For those institutions, the increase in interest rate sensitivity was a minimum of 14 basis points, more than a 4 percent increase. In addition, sensitivity rose 3 basis points (8 percent) for thrifts that are least sensitive to interest rate – those in the 10<sup>th</sup> percentile. The rise in first quarter sensitivity may be temporary to the extent the shift in the composition of thrifts' mortgage portfolios has been temporarily altered by the refinancing boom.

The increase in thrift capital levels has allowed the industry to absorb any greater sensitivity. The median post-shock economic value for the industry increased slightly to 10.5 percent from 10.4 percent last quarter as shown in the chart below. Post-shock economic value also increased slightly to 17.8 percent in the first quarter from 17.6 percent in the prior quarter for those thrifts with the highest values. The rise in post-shock economic value was stronger – 7.2 percent from 6.8 percent in the prior quarter – for thrifts with the lowest (the 10<sup>th</sup> percentile) values.



### **Consolidation Continued to Reduce the Number of Thrifts**

The number of thrift institutions regulated by OTS declined to 1,195 at the end of the first quarter from 1,215 last quarter. A total of 26 thrifts exited the OTS-regulated thrift industry while 6 new thrifts were chartered. The net decline of 20 thrifts in the most recent quarter represented an annualized rate of decline of 6.6 percent. This rate is somewhat less than the rates of decline for the past six years. In contrast to 1997, when more than half of thrift exits were due to inter-industry mergers and acquisitions by commercial banks, the majority of first quarter thrift exits resulted from intra-industry mergers, with mergers among OTS-regulated thrifts accounting for the majority of the mergers.

Aggregate assets of OTS-regulated thrifts increased slightly (\$3.6 billion or 1.9 percent on an annualized basis) in the first quarter from the fourth quarter. Asset growth in the face of this continued shrinkage in the numbers of thrifts is attributable to: 1) a large portion (42 percent) of the exits due to thrift-to-thrift mergers among OTS-regulated thrifts; 2) de novo activity resulting in 6 new federal thrift charters in the first quarter of 1998; and 3) strong asset growth in thrifts remaining under OTS regulation.

### **Asset Growth Strong for Remaining Thrifts, But Some Portion May be Temporary**

Asset growth of remaining thrifts largely offset the asset losses from exiting thrifts. A portion of the first quarter growth in assets reflects assets added to portfolio with the ultimate intent of selling the assets. As previously mentioned, assets-held-for-sale rose sharply in the first quarter to \$26.8 billion, from \$17.4 billion in the prior quarter. Hence, some of the first quarter asset growth may be temporary in nature if assets-held-for-sale are not replaced after their eventual sale.

### **Holdings of Single-Family Mortgages and Commercial Loans Continued to Climb – Deposits Again Shrank as a Funding Source**

The industry's small business loans and single-family mortgages increased in the first quarter, continuing an upward trend that began in 1993. Single-family mortgages remain, by far, the most significant asset held by thrifts. Single-family mortgages as a percent of assets rose to 50.6 percent in the first quarter from 50.3 percent in the prior quarter and 50.1 percent one year ago. Commercial loans also increased in the first quarter to 1.6 percent of assets from 1.5 percent in the prior quarter and from 1.3 percent one year ago.

Consumer loans have generally increased as a percent of assets between 1993 and the first quarter of 1998. However, small quarterly declines have occurred periodically during that span due primarily to the sale and paydown of

consumer loans, typically credit card loans. The ratio of consumer loans-to-assets declined slightly to 5.7 percent of assets in the first quarter, from 5.8 percent in the prior quarter. The decline was due to an 8 basis point drop in the ratio of credit card loans-to-assets which fell to 1.15 percent in the first quarter from 1.23 percent in the prior quarter. One year ago consumer loans were 5.4 percent of assets and credit card loans were 1.15 percent.

Reflecting strong housing markets, construction lending increased 7.4 percent in the first quarter from one year ago. The decline in construction lending between December 1993 and March 1998 was primarily due to a reporting change in 1997.

For the past four years, thrifts have increased direct lending to consumers and small businesses while investment in securities has generally declined. However, investment securities as a percent of assets increased in the first quarter to 11.2 percent of assets from 11.0 percent in the previous quarter and 11.1 percent one year ago. The increase in investment securities was attributable to temporary investment of cash flows from mortgage refinancing and sales activity.

Deposits continued to decline as a funding source in the first quarter. The deposits-to-assets ratio fell to 64.8 percent from 65.4 percent in the prior quarter and 68.0 percent one year ago. At December 1993 the deposits-to-asset ratio was 75.0 percent.

The decline in deposits has been concentrated in deposits under \$100,000. Such deposits have fallen to 54.0 percent of assets from 54.9 percent in the previous quarter and 58.4 percent one year ago. Deposits over \$100,000 have increased slightly to 10.8 percent from 10.5 percent at the end of 1997 and 9.5 percent at March 1997. The continued decline in deposits was attributable to strong stock market returns.

Despite the overall decline in deposits, non-interest paying demand deposits held by the industry have steadily increased as a percent of deposits. Thrifts' non-interest demand deposits increased 13.9 percent during the first quarter from the prior quarter and 32.8 percent from one year ago. Although they still represent a relatively small proportion of assets (3.8 percent), increases in these low cost funds also contributed to the decline in the industry's interest expense.

Borrowings have generally replaced deposits as a funding source for assets. In the first quarter, a rise in escrow accounts also helped offset the decline in deposits. Borrowings as a percent of assets remained substantially the same between the first quarter (23.76 percent) and the prior quarter (23.81 percent). One year ago, borrowings represented 21.9 percent of assets. At December 1993, the borrowings-to-assets ratio was 15.5 percent.

Escrows grew to 1.4 percent of assets in the first quarter from 1.1 percent in the prior quarter and 1.0 percent one year ago. The increase in escrows was attributable to the expansion of the servicing portfolio, as previously discussed.

THE OTS-REGULATED THRIFT INDUSTRY  
SELECTED INDICATORS  
(Dollars in Billions)

		1993	1994	1995	1996	ADJ. 1996 (1)	3-MONTHS ENDED		
							1997	DEC. 1997	MAR. 1998
<b>SUMMARY DATA:</b>									
Number of Thrifts	(#)	1,669	1,543	1,437	1,334		1,215	1,215	1,195
Total Assets	(\$)	774.77	774.07	770.98	769.37		776.58	776.58	780.17
Net Income	(\$)	4.92	4.28	5.36	4.74	6.80	6.41	1.66	1.87
Profits	(\$)	6.95	5.96	6.04	5.91		6.99	1.80	1.93
Losses	(\$)	-2.03	-1.68	-0.68	-1.18		-0.57	-0.14	-0.07
<b>PROFITABILITY MEASURES:</b>									
Return on Average Assets	(%)	0.63	0.56	0.70	0.62	0.89	0.84	0.87	0.97
Median Ratio	(%)	0.97	0.82	0.72	0.44	0.75	0.80	0.79	0.87
Return on Average Equity	(%)	8.66	7.36	9.00	7.77	11.15	10.44	10.50	11.58
Median Ratio	(%)	11.79	9.06	7.53	4.33	7.56	8.02	7.69	8.20
Net Interest Income	(\$)	23.52	22.21	20.53	21.79		21.82	5.46	5.34
% of Average Assets	(%)	3.01	2.90	2.66	2.85		2.87	2.85	2.77
Total Fee Income	(\$)	2.51	2.68	2.87	3.65		4.38	1.20	1.10
% of Average Assets	(%)	0.35	0.36	0.39	0.51		0.62	0.62	0.57
G&A Expense	(\$)	16.68	16.37	15.26	19.14	15.97	16.06	4.23	4.06
% of Average Assets	(%)	2.13	2.14	1.98	2.50	2.09	2.11	2.21	2.11
<b>CAPITAL MEASURES:</b>									
Equity Capital Ratio	(%)	7.50	7.48	8.01	7.92		8.32	8.32	8.40
Tier 1 Leverage Ratio	(%)	7.08	7.12	7.47	7.38		7.58	7.58	7.61
Risk-based Capital Ratio	(%)	14.64	14.79	15.15	14.53		14.50	14.50	14.58
<b>Thrifts by FDICIA Capital Categories:</b>									
Well-Capitalized	(#)	1,550	1,439	1,392	1,290		1,183	1,183	1,166
Adequately Capitalized	(#)	109	95	38	43		31	31	28
Undercapitalized	(#)	8	5	4	0		1	1	1
Significantly Undercapitalized	(#)	1	3	1	1		0	0	0
Critically Undercapitalized	(#)	1	1	0	0		0	0	0
<b>FAILED/PROBLEM THRIFTS:</b>									
Failed Thrifts	(#)	8	2	2	1		0	0	0
Problem Thrifts	(#)	101	53	41	29		18	18	14
Problem Thrift Assets	(\$)	77.24	30.32	10.76	5.43		1.58	1.58	2.22
Problem Thrift Assets as a % of Total Assets	(%)	9.97	3.92	1.40	0.71		0.20	0.20	0.28
<b>ASSET QUALITY MEASURES:</b>									
Troubled Assets (2)	(\$)	16.75	10.86	9.54	8.71		7.72	7.72	7.32
% of Total Assets	(%)	2.16	1.40	1.24	1.13		0.99	0.99	0.94
Noncurrent Loans	(\$)	9.90	7.05	6.76	6.57		5.92	5.92	5.56
% of Total Assets	(%)	1.28	0.91	0.88	0.85		0.76	0.76	0.71
<b>Noncurrent Loans as a % of Loan Type:</b>									
1-4 Family Mortgages	(%)	1.50	1.18	1.28	1.21		1.11	1.11	1.02
Multifamily Loans	(%)	3.43	2.17	1.62	1.45		0.74	0.74	0.77
Commercial Loans	(%)	4.49	2.55	1.43	1.38		1.10	1.10	1.05
Consumer Loans	(%)	0.90	0.72	0.76	0.89		0.97	0.97	0.87
<b>1-4 FAMILY MORTGAGE LOAN ACTIVITY:</b>									
Originations	(\$)	189.45	132.63	106.32	136.08		150.16	44.57	59.10
Purchases	(\$)	61.35	45.02	40.51	57.37		62.43	19.31	18.88
Sales	(\$)	149.45	96.31	76.40	93.76		111.83	40.70	43.01
Loans Outstanding (3)	(\$)	354.75	364.02	365.29	383.86		390.77	390.77	394.67
Loans Outstanding / Total Assets	(%)	45.79	47.03	47.38	49.89		50.32	50.32	50.59

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
AGGREGATE FINANCIAL CONDITION AND INCOME DATA  
(Dollars in Billions)

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	764.60	100.00	776.58	100.00	780.17	100.00
1-4 Family Mortgages	383.05	50.10	390.77	50.32	394.67	50.59
Mortgage Pool Securities	108.84	14.23	103.82	13.37	101.18	12.97
Multifamily Mortgages	47.89	6.26	47.46	6.11	46.88	6.01
Nonresidential Mortgages	31.87	4.17	30.24	3.89	29.04	3.72
Construction Loans	10.76	1.41	11.33	1.46	11.64	1.49
Land Loans	3.35	0.44	3.50	0.45	3.59	0.46
Commercial Loans	9.64	1.26	11.50	1.48	12.47	1.60
Consumer Loans	40.95	5.36	44.85	5.78	44.69	5.73
Cash and Noninterest-Earning Deposits	9.28	1.21	10.85	1.40	10.53	1.35
Investment Securities	85.16	11.14	85.05	10.95	87.38	11.20
Mortgage Derivatives	38.29	5.01	36.29	4.67	38.12	4.89
Reposessed Assets, Net	2.03	0.27	1.80	0.23	1.76	0.23
Real Estate Held for Investment	0.47	0.06	0.48	0.06	0.52	0.07
Office Premises & Equipment	8.08	1.06	7.88	1.02	7.78	1.00
Other Assets	28.41	3.72	32.44	4.18	33.39	4.28
Less: Contra Assets & Valuation Allowances	5.16	0.67	5.38	0.69	5.34	0.68
TOTAL LIABILITIES AND CAPITAL	764.60	100.00	776.58	100.00	780.17	100.00
Total Deposits	519.63	67.96	507.77	65.39	505.31	64.77
Deposits < or = to \$100,000	446.82	58.44	426.28	54.89	421.21	53.99
Deposits > \$100,000	72.81	9.52	81.49	10.49	84.10	10.78
Escrows	7.25	0.95	8.37	1.08	11.20	1.44
Total Borrowings	167.47	21.90	184.90	23.81	185.37	23.76
Advances from FHLB	97.05	12.69	118.51	15.26	116.60	14.95
Reverse Repurchase Agreements	41.24	5.39	38.49	4.96	42.22	5.41
Other Borrowings	29.18	3.82	27.90	3.59	26.55	3.40
Other Liabilities	9.54	1.25	10.93	1.41	12.74	1.63
EQUITY CAPITAL	60.71	7.94	64.60	8.32	65.54	8.40

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	13.72	7.22	14.07	7.34	13.69	7.10
Interest Expense	8.16	4.29	8.61	4.49	8.35	4.33
Net Interest Income	5.56	2.93	5.46	2.85	5.34	2.77
Loss Provisions-Interest Bearing Assets	0.48	0.25	0.53	0.28	0.35	0.18
Noninterest Income	1.67	0.88	2.13	1.11	2.12	1.10
Mortgage Loan Servicing Fees	0.22	0.12	0.22	0.12	0.19	0.10
Other Fees and Charges	0.80	0.42	0.97	0.51	0.91	0.47
Other Noninterest Income	0.65	0.34	0.94	0.49	1.02	0.53
Noninterest Expense	4.05	2.13	4.43	2.31	4.24	2.20
G&A Expense	3.89	2.05	4.23	2.21	4.06	2.11
Goodwill Expense	0.12	0.07	0.15	0.08	0.14	0.07
Loss Provis.-Nonint. Bearing Assets	0.04	0.02	0.05	0.03	0.03	0.02
Income Before Taxes & Extraord. Items	2.70	1.42	2.63	1.37	2.87	1.49
Income Taxes	0.97	0.51	0.97	0.51	1.00	0.52
Extraordinary Items	0.00	0.00	0.00	0.00	-0.01	0.00
Net Income	1.73	0.91	1.66	0.87	1.87	0.97

\* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments. Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
SELECTED INDICATORS  
(Dollars in Billions)

NORTHEAST REGION

		1993	1994	1995	1996	ADJ. 1996 (1)	3-MONTHS ENDED		
							1997	DEC. 1997	MAR. 1998
		----	----	----	----	----	----	----	
<b>SUMMARY DATA:</b>									
Number of Thrifts	(#)	315	293	283	269		257	257	254
Total Assets	(\$)	125.52	126.19	140.09	139.82		153.60	153.60	151.39
Net Income	(\$)	0.43	0.99	1.00	0.95	1.25	1.28	0.37	0.32
Profits	(\$)	1.11	1.12	1.04	1.05		1.32	0.38	0.34
Losses	(\$)	-0.68	-0.13	-0.04	-0.10		-0.04	-0.01	-0.02
<b>PROFITABILITY MEASURES:</b>									
Return on Average Assets	(%)	0.35	0.79	0.77	0.68	0.89	0.91	0.98	0.87
Median Ratio	(%)	0.92	0.86	0.70	0.44	0.75	0.76	0.72	0.76
Return on Average Equity	(%)	5.00	10.50	9.59	8.30	10.87	10.87	11.45	9.98
Median Ratio	(%)	11.56	9.61	7.47	4.47	7.83	7.97	7.35	7.67
Net Interest Income	(\$)	3.92	3.92	3.83	4.18		4.33	1.15	1.08
% of Average Assets	(%)	3.19	3.10	2.96	2.99		3.07	3.08	2.89
Total Fee Income	(\$)	0.26	0.29	0.32	0.41		0.62	0.24	0.19
% of Average Assets	(%)	0.23	0.24	0.26	0.33		0.63	0.63	0.50
G&A Expense	(\$)	2.63	2.61	2.58	3.17	2.71	2.91	0.83	0.83
% of Average Assets	(%)	2.14	2.07	2.00	2.27	1.94	2.06	2.22	2.22
<b>CAPITAL MEASURES:</b>									
Equity Capital Ratio	(%)	7.33	7.74	8.41	8.24		8.74	8.74	8.65
Tier 1 Leverage Ratio	(%)	7.10	7.49	7.89	7.60		7.90	7.90	7.83
Risk-based Capital Ratio	(%)	15.48	16.72	17.35	16.35		16.37	16.37	16.23
<b>Thrifts by FDICIA Capital Categories:</b>									
Well-Capitalized	(#)	294	278	278	264		257	257	250
Adequately Capitalized	(#)	17	13	3	5		0	0	3
Undercapitalized	(#)	3	2	1	0		0	0	1
Significantly Undercapitalized	(#)	0	0	0	0		0	0	0
Critically Undercapitalized	(#)	1	0	0	0		0	0	0
<b>FAILED/PROBLEM THRIFTS:</b>									
Failed Thrifts	(#)	1	0	1	0		0	0	0
Problem Thrifts	(#)	21	6	2	0		1	1	0
Problem Thrift Assets	(\$)	15.37	0.77	0.31	0.00		0.22	0.22	0.00
Problem Thrift Assets as a % of Total Assets	(%)	12.25	0.61	0.22	0.00		0.15	0.15	0.00
<b>ASSET QUALITY MEASURES:</b>									
Troubled Assets (2)	(\$)	3.59	2.22	1.76	2.02		2.17	2.17	1.86
% of Total Assets	(%)	2.86	1.76	1.26	1.44		1.41	1.41	1.23
Noncurrent Loans	(\$)	2.32	1.54	1.27	1.64		1.83	1.83	1.51
% of Total Assets	(%)	1.85	1.22	0.91	1.17		1.19	1.19	1.00
<b>Noncurrent Loans as a % of Loan Type:</b>									
1-4 Family Mortgages	(%)	2.35	1.60	1.43	1.69		1.92	1.92	1.55
Multifamily Loans	(%)	8.97	5.90	1.92	3.69		2.52	2.52	2.27
Commercial Loans	(%)	7.27	5.12	2.52	2.66		1.86	1.86	1.68
Consumer Loans	(%)	1.20	1.20	1.19	1.11		0.86	0.86	0.89
<b>1-4 FAMILY MORTGAGE LOAN ACTIVITY:</b>									
Originations	(\$)	16.99	12.96	12.38	18.76		21.77	8.26	10.81
Purchases	(\$)	6.13	3.95	8.38	12.38		6.47	2.20	1.57
Sales	(\$)	12.34	7.14	5.64	8.64		11.75	5.93	6.39
Loans Outstanding (3)	(\$)	49.91	50.03	59.58	63.39		68.50	68.50	67.37
Loans Outstanding / Total Assets	(%)	39.77	39.64	42.53	45.33		44.60	44.60	44.50

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
 AGGREGATE FINANCIAL CONDITION AND INCOME DATA  
 (Dollars in Billions)

NORTHEAST REGION

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	136.11	100.00	153.60	100.00	151.39	100.00
1-4 Family Mortgages	59.78	43.92	68.50	44.60	67.37	44.50
Mortgage Pool Securities	23.00	16.90	23.56	15.34	22.61	14.94
Multifamily Mortgages	5.70	4.19	6.15	4.00	5.91	3.90
Nonresidential Mortgages	6.46	4.75	7.25	4.72	6.59	4.35
Construction Loans	1.03	0.75	1.29	0.84	1.28	0.84
Land Loans	0.29	0.21	0.28	0.18	0.28	0.19
Commercial Loans	1.94	1.43	2.65	1.72	2.69	1.78
Consumer Loans	5.74	4.21	8.48	5.52	8.40	5.55
Cash and Noninterest-Earning Deposits	1.47	1.08	2.15	1.40	1.88	1.24
Investment Securities	25.22	18.53	26.23	17.08	26.92	17.78
Mortgage Derivatives	13.27	9.75	12.56	8.18	13.35	8.81
Reposessed Assets, Net	0.34	0.25	0.35	0.23	0.35	0.23
Real Estate Held for Investment	0.07	0.05	0.09	0.06	0.10	0.06
Office Premises & Equipment	1.33	0.98	1.49	0.97	1.46	0.96
Other Assets	4.53	3.33	6.04	3.93	6.48	4.28
Less: Contra Assets & Valuation Allowances	0.78	0.57	0.90	0.59	0.90	0.59
TOTAL LIABILITIES AND CAPITAL	136.11	100.00	153.60	100.00	151.39	100.00
Total Deposits	96.05	70.57	104.26	67.88	99.36	65.63
Deposits < or = to \$100,000	86.26	63.37	90.60	58.98	86.05	56.84
Deposits > \$100,000	9.80	7.20	13.66	8.89	13.31	8.79
Escrows	1.24	0.91	1.45	0.95	2.25	1.49
Total Borrowings	26.28	19.31	32.59	21.22	34.28	22.64
Advances from FHLB	15.35	11.28	20.91	13.62	21.64	14.29
Reverse Repurchase Agreements	9.01	6.62	8.95	5.83	9.81	6.48
Other Borrowings	1.93	1.41	2.73	1.78	2.82	1.87
Other Liabilities	1.27	0.93	1.87	1.22	2.41	1.59
EQUITY CAPITAL	11.26	8.28	13.42	8.74	13.10	8.65

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	2.40	7.16	2.77	7.40	2.60	6.99
Interest Expense	1.37	4.09	1.62	4.32	1.52	4.09
Net Interest Income	1.03	3.07	1.15	3.08	1.08	2.89
Loss Provisions-Interest Bearing Assets	0.07	0.21	0.08	0.21	0.06	0.16
Noninterest Income	0.21	0.62	0.36	0.97	0.36	0.97
Mortgage Loan Servicing Fees	0.03	0.09	0.06	0.15	0.03	0.09
Other Fees and Charges	0.08	0.24	0.18	0.47	0.15	0.41
Other Noninterest Income	0.09	0.28	0.13	0.34	0.18	0.47
Noninterest Expense	0.70	2.09	0.87	2.32	0.86	2.30
G&A Expense	0.68	2.02	0.83	2.22	0.83	2.22
Goodwill Expense	0.02	0.06	0.03	0.08	0.02	0.07
Loss Provis.-Nonint. Bearing Assets	0.00	0.01	0.01	0.02	0.01	0.02
Income Before Taxes & Extraord. Items	0.46	1.39	0.57	1.52	0.52	1.41
Income Taxes	0.17	0.52	0.20	0.54	0.20	0.54
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.29	0.87	0.37	0.98	0.32	0.87

\* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments. Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
SELECTED INDICATORS  
(Dollars in Billions)

SOUTHEAST REGION

								3-MONTHS ENDED	
		1993	1994	1995	1996	ADJ.	1997	DEC.	MAR.
		----	----	----	----	1996 (1)	----	1997	1998
		----	----	----	----	----	----	----	----
<b>SUMMARY DATA:</b>									
Number of Thrifts	(#)	343	319	291	264		237	237	235
Total Assets	(\$)	94.50	82.29	73.01	61.71		62.78	62.78	64.74
Net Income	(\$)	0.66	0.67	0.58	0.34	0.53	0.52	0.10	0.14
Profits	(\$)	0.95	0.74	0.64	0.46		0.59	0.14	0.15
Losses	(\$)	-0.29	-0.07	-0.06	-0.12		-0.08	-0.04	-0.01
<b>PROFITABILITY MEASURES:</b>									
Return on Average Assets	(%)	0.68	0.78	0.74	0.53	0.83	0.83	0.65	0.87
Median Ratio	(%)	0.99	0.79	0.74	0.44	0.76	0.75	0.77	0.91
Return on Average Equity	(%)	9.15	9.73	8.76	5.82	9.04	8.86	6.68	8.94
Median Ratio	(%)	11.85	9.19	8.03	4.30	7.41	7.75	7.34	8.44
Net Interest Income	(\$)	3.11	2.73	2.32	2.11		2.04	0.49	0.50
% of Average Assets	(%)	3.21	3.19	2.99	3.28		3.28	3.18	3.17
Total Fee Income	(\$)	0.36	0.42	0.51	0.66		0.72	0.19	0.16
% of Average Assets	(%)	0.38	0.55	0.73	1.12		1.21	1.21	1.04
G&A Expense	(\$)	2.35	2.13	1.97	2.16	1.86	1.95	0.51	0.49
% of Average Assets	(%)	2.42	2.48	2.54	3.35	2.90	3.13	3.35	3.10
<b>CAPITAL MEASURES:</b>									
Equity Capital Ratio	(%)	7.58	8.22	8.98	9.10		9.82	9.82	9.77
Tier 1 Leverage Ratio	(%)	7.32	8.03	8.51	8.62		9.03	9.03	9.04
Risk-based Capital Ratio	(%)	15.01	16.30	16.62	16.01		16.35	16.35	16.65
<b>Thrifts by FDICIA Capital Categories:</b>									
Well-Capitalized	(#)	307	292	281	251		223	223	224
Adequately Capitalized	(#)	34	26	9	12		14	14	11
Undercapitalized	(#)	2	1	0	0		0	0	0
Significantly Undercapitalized	(#)	0	0	0	1		0	0	0
Critically Undercapitalized	(#)	0	0	0	0		0	0	0
<b>FAILED/PROBLEM THRIFTS:</b>									
Failed Thrifts	(#)	0	0	0	0		0	0	0
Problem Thrifts	(#)	35	19	15	13		9	9	7
Problem Thrift Assets	(\$)	12.79	3.32	1.33	0.85		0.56	0.56	0.36
Problem Thrift Assets as a % of Total Assets	(%)	13.53	4.03	1.82	1.38		0.89	0.89	0.55
<b>ASSET QUALITY MEASURES:</b>									
Troubled Assets (2)	(\$)	2.13	1.34	0.97	0.79		0.72	0.72	0.71
% of Total Assets	(%)	2.25	1.62	1.33	1.28		1.15	1.15	1.09
Noncurrent Loans	(\$)	1.02	0.64	0.51	0.49		0.46	0.46	0.46
% of Total Assets	(%)	1.08	0.78	0.70	0.80		0.74	0.74	0.71
<b>Noncurrent Loans as a % of Loan Type:</b>									
1-4 Family Mortgages	(%)	1.10	0.82	0.83	0.94		0.94	0.94	0.89
Multifamily Loans	(%)	2.12	2.39	1.98	1.39		0.91	0.91	1.18
Commercial Loans	(%)	5.14	2.75	1.71	1.97		1.07	1.07	0.90
Consumer Loans	(%)	1.38	0.82	1.04	1.54		1.82	1.82	1.47
<b>1-4 FAMILY MORTGAGE LOAN ACTIVITY:</b>									
Originations	(\$)	27.38	14.96	9.94	11.58		12.07	3.23	4.73
Purchases	(\$)	7.68	6.23	3.22	3.03		5.87	2.16	2.42
Sales	(\$)	19.90	11.01	6.01	6.35		8.94	2.40	3.70
Loans Outstanding (3)	(\$)	42.31	39.20	34.36	29.67		29.68	29.68	30.32
Loans Outstanding / Total Assets	(%)	44.77	47.63	47.06	48.08		47.27	47.27	46.84

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
 AGGREGATE FINANCIAL CONDITION AND INCOME DATA  
 (Dollars in Billions)

SOUTHEAST REGION

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	62.92	100.00	62.78	100.00	64.74	100.00
1-4 Family Mortgages	30.07	47.79	29.68	47.27	30.32	46.84
Mortgage Pool Securities	6.07	9.65	6.40	10.19	7.07	10.93
Multifamily Mortgages	0.99	1.57	0.86	1.37	0.83	1.28
Nonresidential Mortgages	3.84	6.11	3.62	5.76	3.60	5.56
Construction Loans	2.25	3.57	2.37	3.77	2.44	3.76
Land Loans	1.13	1.80	1.17	1.86	1.20	1.85
Commercial Loans	1.09	1.74	1.11	1.76	1.17	1.81
Consumer Loans	5.05	8.02	4.73	7.53	4.66	7.20
Cash and Noninterest-Earning Deposits	1.12	1.79	1.24	1.98	1.17	1.81
Investment Securities	8.30	13.19	8.45	13.46	8.87	13.71
Mortgage Derivatives	2.08	3.31	2.08	3.31	1.98	3.06
Reposessed Assets, Net	0.29	0.46	0.26	0.41	0.25	0.39
Real Estate Held for Investment	0.05	0.09	0.05	0.09	0.05	0.08
Office Premises & Equipment	1.00	1.58	0.99	1.57	1.00	1.54
Other Assets	2.13	3.38	2.35	3.75	2.58	3.98
Less: Contra Assets & Valuation Allowances	0.47	0.74	0.48	0.77	0.47	0.73
TOTAL LIABILITIES AND CAPITAL	62.92	100.00	62.78	100.00	64.74	100.00
Total Deposits	47.67	75.77	46.24	73.66	47.13	72.80
Deposits < or = to \$100,000	40.77	64.80	38.97	62.08	39.07	60.36
Deposits > \$100,000	6.90	10.97	7.27	11.58	8.05	12.44
Escrows	0.32	0.51	0.23	0.37	0.46	0.70
Total Borrowings	8.30	13.19	9.14	14.56	9.68	14.95
Advances from FHLB	5.63	8.94	7.23	11.52	7.29	11.26
Reverse Repurchase Agreements	1.62	2.57	1.11	1.77	1.62	2.51
Other Borrowings	1.06	1.68	0.80	1.27	0.77	1.18
Other Liabilities	0.86	1.37	1.00	1.60	1.15	1.78
EQUITY CAPITAL	5.76	9.16	6.17	9.82	6.32	9.77

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	1.18	7.60	1.15	7.46	1.17	7.38
Interest Expense	0.65	4.17	0.66	4.28	0.66	4.20
Net Interest Income	0.53	3.42	0.49	3.18	0.50	3.17
Loss Provisions-Interest Bearing Assets	0.05	0.32	0.08	0.52	0.04	0.26
Noninterest Income	0.23	1.49	0.29	1.91	0.26	1.64
Mortgage Loan Servicing Fees	0.01	0.08	0.01	0.08	0.01	0.08
Other Fees and Charges	0.15	0.93	0.17	1.13	0.15	0.96
Other Noninterest Income	0.07	0.47	0.11	0.70	0.09	0.60
Noninterest Expense	0.50	3.19	0.54	3.52	0.50	3.19
G&A Expense	0.48	3.07	0.51	3.35	0.49	3.10
Goodwill Expense	0.01	0.06	0.02	0.10	0.01	0.09
Loss Provis.-Nonint. Bearing Assets	0.01	0.06	0.01	0.07	0.00	0.01
Income Before Taxes & Extraord. Items	0.22	1.40	0.16	1.05	0.21	1.35
Income Taxes	0.08	0.54	0.06	0.40	0.08	0.48
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.13	0.86	0.10	0.65	0.14	0.87

\* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments. Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
SELECTED INDICATORS  
(Dollars in Billions)

CENTRAL REGION

							3-MONTHS ENDED		
		1993	1994	1995	1996	ADJ.	1997	DEC.	MAR.
		----	----	----	----	1996 (1)	----	1997	1998
		----	----	----	----	----	----	----	----
<b>SUMMARY DATA:</b>									
Number of Thrifts	(#)	517	470	433	405		363	363	362
Total Assets	(\$)	145.11	147.36	157.25	158.17		156.91	156.91	156.85
Net Income	(\$)	1.42	1.13	1.32	1.11	1.58	1.45	0.24	0.39
Profits	(\$)	1.59	1.33	1.47	1.33		1.54	0.31	0.39
Losses	(\$)	-0.17	-0.20	-0.15	-0.21		-0.09	-0.07	0.00
<b>PROFITABILITY MEASURES:</b>									
Return on Average Assets	(%)	0.97	0.79	0.85	0.70	1.00	0.94	0.63	1.00
Median Ratio	(%)	0.98	0.83	0.77	0.44	0.75	0.86	0.85	0.91
Return on Average Equity	(%)	12.02	9.32	9.89	8.10	11.51	10.59	6.94	10.95
Median Ratio	(%)	10.91	8.79	7.29	3.98	7.04	7.90	7.63	8.08
Net Interest Income	(\$)	4.58	4.36	4.25	4.55		4.52	1.12	1.11
% of Average Assets	(%)	3.12	3.02	2.75	2.88		2.94	2.90	2.87
Total Fee Income	(\$)	0.43	0.48	0.57	0.68		0.74	0.18	0.19
% of Average Assets	(%)	0.33	0.34	0.38	0.43		0.48	0.48	0.50
G&A Expense	(\$)	3.03	2.95	3.10	3.92	3.20	3.34	0.95	0.85
% of Average Assets	(%)	2.06	2.05	2.00	2.47	2.02	2.17	2.46	2.18
<b>CAPITAL MEASURES:</b>									
Equity Capital Ratio	(%)	8.31	8.52	8.77	8.46		9.13	9.13	9.18
Tier 1 Leverage Ratio	(%)	8.08	8.18	8.30	8.00		8.09	8.09	8.20
Risk-based Capital Ratio	(%)	17.35	17.21	17.22	15.98		15.39	15.39	15.41
<b>Thrifts by FDICIA Capital Categories:</b>									
Well-Capitalized	(#)	507	456	424	396		355	355	357
Adequately Capitalized	(#)	10	14	9	9		7	7	5
Undercapitalized	(#)	0	0	0	0		1	1	0
Significantly Undercapitalized	(#)	0	0	0	0		0	0	0
Critically Undercapitalized	(#)	0	0	0	0		0	0	0
<b>FAILED/PROBLEM THRIFTS:</b>									
Failed Thrifts	(#)	0	0	0	0		0	0	0
Problem Thrifts	(#)	6	2	4	3		2	2	1
Problem Thrift Assets	(\$)	3.83	0.05	0.86	0.73		0.03	0.03	0.02
Problem Thrift Assets as a % of Total Assets	(%)	2.64	0.03	0.55	0.46		0.02	0.02	0.02
<b>ASSET QUALITY MEASURES:</b>									
Troubled Assets (2)	(\$)	1.12	0.86	1.17	1.06		1.06	1.06	1.05
% of Total Assets	(%)	0.78	0.59	0.74	0.67		0.68	0.68	0.67
Noncurrent Loans	(\$)	0.71	0.64	1.01	0.89		0.86	0.86	0.83
% of Total Assets	(%)	0.49	0.43	0.64	0.56		0.55	0.55	0.53
<b>Noncurrent Loans as a % of Loan Type:</b>									
1-4 Family Mortgages	(%)	0.59	0.59	0.87	0.68		0.68	0.68	0.65
Multifamily Loans	(%)	1.21	0.92	1.35	1.46		0.78	0.78	1.04
Commercial Loans	(%)	3.52	1.46	1.16	1.24		0.67	0.67	0.71
Consumer Loans	(%)	0.59	0.44	0.84	0.93		1.10	1.10	0.83
<b>1-4 FAMILY MORTGAGE LOAN ACTIVITY:</b>									
Originations	(\$)	43.09	26.49	28.14	38.41		39.81	12.04	15.82
Purchases	(\$)	14.04	9.98	10.25	12.24		15.49	6.16	6.24
Sales	(\$)	31.74	18.58	20.55	29.96		34.10	13.75	14.49
Loans Outstanding (3)	(\$)	68.50	72.24	77.74	80.77		80.95	80.95	81.53
Loans Outstanding / Total Assets	(%)	47.21	49.02	49.43	51.07		51.59	51.59	51.98

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
AGGREGATE FINANCIAL CONDITION AND INCOME DATA  
(Dollars in Billions)

CENTRAL REGION

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	158.17	100.00	156.91	100.00	156.85	100.00
1-4 Family Mortgages	81.27	51.38	80.95	51.59	81.53	51.98
Mortgage Pool Securities	18.47	11.68	14.74	9.39	14.35	9.15
Multifamily Mortgages	6.18	3.90	5.71	3.64	5.65	3.60
Nonresidential Mortgages	5.58	3.53	5.22	3.33	4.98	3.17
Construction Loans	3.00	1.90	2.83	1.80	2.70	1.72
Land Loans	0.87	0.55	0.94	0.60	0.96	0.61
Commercial Loans	2.54	1.60	2.85	1.81	3.30	2.10
Consumer Loans	11.73	7.41	12.90	8.22	12.89	8.22
Cash and Noninterest-Earning Deposits	2.18	1.38	2.19	1.40	2.20	1.40
Investment Securities	19.71	12.46	20.73	13.21	20.67	13.18
Mortgage Derivatives	8.69	5.50	8.85	5.64	8.58	5.47
Reposessed Assets, Net	0.19	0.12	0.20	0.13	0.23	0.15
Real Estate Held for Investment	0.13	0.08	0.13	0.09	0.14	0.09
Office Premises & Equipment	1.80	1.14	1.73	1.10	1.73	1.10
Other Assets	5.41	3.42	6.70	4.27	6.45	4.11
Less: Contra Assets & Valuation Allowances	0.89	0.56	0.90	0.58	0.92	0.59
TOTAL LIABILITIES AND CAPITAL	158.17	100.00	156.91	100.00	156.85	100.00
Total Deposits	113.70	71.89	109.55	69.82	109.58	69.86
Deposits < or = to \$100,000	98.16	62.06	93.28	59.45	92.39	58.90
Deposits > \$100,000	15.54	9.82	16.26	10.37	17.19	10.96
Escrows	1.63	1.03	1.93	1.23	2.23	1.42
Total Borrowings	27.58	17.44	29.09	18.54	28.55	18.20
Advances from FHLB	19.21	12.14	21.15	13.48	20.94	13.35
Reverse Repurchase Agreements	5.20	3.29	5.70	3.63	5.35	3.41
Other Borrowings	3.17	2.00	2.25	1.43	2.27	1.44
Other Liabilities	1.89	1.19	2.00	1.28	2.09	1.33
EQUITY CAPITAL	13.37	8.45	14.33	9.13	14.40	9.18

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	2.90	7.37	2.87	7.46	2.80	7.22
Interest Expense	1.71	4.36	1.75	4.55	1.69	4.36
Net Interest Income	1.18	3.01	1.12	2.90	1.11	2.87
Loss Provisions-Interest Bearing Assets	0.09	0.22	0.15	0.40	0.09	0.22
Noninterest Income	0.39	0.99	0.46	1.20	0.47	1.22
Mortgage Loan Servicing Fees	0.04	0.10	0.02	0.06	0.03	0.07
Other Fees and Charges	0.15	0.38	0.16	0.42	0.17	0.44
Other Noninterest Income	0.20	0.50	0.28	0.72	0.28	0.72
Noninterest Expense	0.86	2.20	1.00	2.60	0.89	2.30
G&A Expense	0.83	2.10	0.95	2.46	0.85	2.18
Goodwill Expense	0.04	0.09	0.05	0.14	0.05	0.12
Loss Provis.-Nonint. Bearing Assets	0.00	0.00	0.00	0.00	0.00	0.00
Income Before Taxes & Extraord. Items	0.62	1.58	0.42	1.10	0.61	1.56
Income Taxes	0.22	0.56	0.18	0.47	0.22	0.56
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.40	1.02	0.24	0.63	0.39	1.00

\* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments. Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
SELECTED INDICATORS  
(Dollars in Billions)

MIDWEST REGION

		1993	1994	1995	1996	ADJ. 1996 (1)	3-MONTHS ENDED		
							1997	DEC. 1997	MAR. 1998
		----	----	----	----	----	----	----	
<b>SUMMARY DATA:</b>									
Number of Thrifts	(#)	341	320	302	282		256	256	247
Total Assets	(\$)	111.45	121.52	124.03	124.57		91.93	91.93	90.47
Net Income	(\$)	1.49	0.80	1.24	1.45	1.80	0.94	0.26	0.26
Profits	(\$)	1.55	1.07	1.27	1.62		1.09	0.27	0.28
Losses	(\$)	-0.06	-0.27	-0.03	-0.16		-0.15	-0.01	-0.02
<b>PROFITABILITY MEASURES:</b>									
Return on Average Assets	(%)	1.33	0.71	1.00	1.14	1.42	0.96	1.13	1.15
Median Ratio	(%)	1.09	0.85	0.77	0.46	0.80	0.81	0.78	0.88
Return on Average Equity	(%)	18.58	9.20	12.98	14.00	17.32	11.23	13.01	12.96
Median Ratio	(%)	13.87	9.32	7.84	4.66	7.99	8.10	7.77	8.60
Net Interest Income	(\$)	3.11	3.05	3.19	3.47		2.79	0.64	0.56
% of Average Assets	(%)	2.78	2.70	2.58	2.73		2.85	2.79	2.49
Total Fee Income	(\$)	0.42	0.53	0.64	0.83		0.70	0.18	0.16
% of Average Assets	(%)	0.43	0.50	0.54	0.73		0.77	0.77	0.72
G&A Expense	(\$)	2.37	2.40	2.46	3.22	2.69	2.10	0.51	0.51
% of Average Assets	(%)	2.12	2.12	1.99	2.54	2.12	2.15	2.22	2.28
<b>CAPITAL MEASURES:</b>									
Equity Capital Ratio	(%)	7.52	7.44	8.05	8.42		8.74	8.74	9.02
Tier 1 Leverage Ratio	(%)	7.12	7.07	7.46	7.71		8.34	8.34	8.59
Risk-based Capital Ratio	(%)	16.34	15.29	15.47	15.30		15.64	15.64	15.66
<b>Thrifts by FDICIA Capital Categories:</b>									
Well-Capitalized	(#)	319	300	297	275		248	248	240
Adequately Capitalized	(#)	20	20	4	7		8	8	7
Undercapitalized	(#)	2	0	1	0		0	0	0
Significantly Undercapitalized	(#)	0	0	0	0		0	0	0
Critically Undercapitalized	(#)	0	0	0	0		0	0	0
<b>FAILED/PROBLEM THRIFTS:</b>									
Failed Thrifts	(#)	2	0	0	0		0	0	0
Problem Thrifts	(#)	18	7	6	3		1	1	2
Problem Thrift Assets	(\$)	3.85	0.49	0.33	0.13		0.01	0.01	1.17
Problem Thrift Assets as a % of Total Assets	(%)	3.45	0.41	0.27	0.11		0.02	0.02	1.29
<b>ASSET QUALITY MEASURES:</b>									
Troubled Assets (2)	(\$)	1.89	1.32	1.09	1.03		0.64	0.64	0.64
% of Total Assets	(%)	1.69	1.09	0.88	0.83		0.70	0.70	0.70
Noncurrent Loans	(\$)	0.55	0.69	0.73	0.74		0.46	0.46	0.45
% of Total Assets	(%)	0.49	0.57	0.59	0.59		0.50	0.50	0.50
<b>Noncurrent Loans as a % of Loan Type:</b>									
1-4 Family Mortgages	(%)	0.73	0.92	0.95	0.97		0.69	0.69	0.64
Multifamily Loans	(%)	1.98	1.14	0.99	0.83		0.44	0.44	0.61
Commercial Loans	(%)	2.24	1.34	1.71	0.95		1.28	1.28	1.22
Consumer Loans	(%)	0.41	0.40	0.41	0.65		0.84	0.84	0.90
<b>1-4 FAMILY MORTGAGE LOAN ACTIVITY:</b>									
Originations	(\$)	26.88	17.42	16.22	21.84		19.23	5.00	6.67
Purchases	(\$)	17.45	14.17	11.12	14.77		11.98	2.74	3.59
Sales	(\$)	29.24	18.74	12.65	21.41		16.98	4.29	6.01
Loans Outstanding (3)	(\$)	42.27	49.95	54.47	54.11		40.59	40.59	40.99
Loans Outstanding / Total Assets	(%)	37.93	41.11	43.92	43.44		44.15	44.15	45.32

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
AGGREGATE FINANCIAL CONDITION AND INCOME DATA  
(Dollars in Billions)

MIDWEST REGION

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	106.97	100.00	91.93	100.00	90.47	100.00
1-4 Family Mortgages	47.35	44.27	40.59	44.15	40.99	45.32
Mortgage Pool Securities	18.42	17.22	12.70	13.81	10.35	11.44
Multifamily Mortgages	2.51	2.35	2.29	2.49	2.25	2.48
Nonresidential Mortgages	4.05	3.78	3.61	3.92	3.69	4.08
Construction Loans	2.93	2.74	3.30	3.59	3.61	3.99
Land Loans	0.50	0.47	0.59	0.64	0.59	0.66
Commercial Loans	1.61	1.51	1.80	1.96	2.12	2.34
Consumer Loans	11.49	10.75	10.07	10.95	10.08	11.14
Cash and Noninterest-Earning Deposits	1.33	1.24	1.08	1.18	1.23	1.36
Investment Securities	11.69	10.93	10.77	11.72	10.86	12.00
Mortgage Derivatives	4.79	4.48	3.46	3.77	3.24	3.58
Reposessed Assets, Net	0.23	0.21	0.18	0.19	0.19	0.21
Real Estate Held for Investment	0.05	0.04	0.04	0.04	0.04	0.04
Office Premises & Equipment	1.17	1.09	1.00	1.08	1.01	1.11
Other Assets	4.25	3.97	4.46	4.85	4.02	4.44
Less: Contra Assets & Valuation Allowances	0.60	0.56	0.54	0.59	0.56	0.62
TOTAL LIABILITIES AND CAPITAL	106.97	100.00	91.93	100.00	90.47	100.00
Total Deposits	69.79	65.25	58.47	63.61	59.28	65.53
Deposits < or = to \$100,000	61.79	57.76	50.07	54.46	50.03	55.31
Deposits > \$100,000	8.01	7.48	8.41	9.14	9.25	10.22
Escrows	1.54	1.44	1.69	1.84	2.01	2.22
Total Borrowings	25.66	23.99	22.68	24.67	19.82	21.90
Advances from FHLB	15.55	14.53	15.00	16.31	14.24	15.75
Reverse Repurchase Agreements	6.21	5.81	4.74	5.16	2.95	3.26
Other Borrowings	3.90	3.65	2.94	3.20	2.63	2.90
Other Liabilities	1.00	0.94	1.04	1.14	1.20	1.33
EQUITY CAPITAL	8.97	8.39	8.04	8.74	8.16	9.02

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	1.98	7.44	1.70	7.43	1.63	7.20
Interest Expense	1.19	4.49	1.06	4.64	1.06	4.70
Net Interest Income	0.79	2.96	0.64	2.79	0.56	2.49
Loss Provisions-Interest Bearing Assets	0.06	0.23	0.06	0.25	0.07	0.33
Noninterest Income	0.32	1.19	0.31	1.37	0.37	1.64
Mortgage Loan Servicing Fees	0.05	0.20	0.05	0.20	0.03	0.15
Other Fees and Charges	0.13	0.48	0.13	0.57	0.13	0.57
Other Noninterest Income	0.13	0.51	0.14	0.59	0.21	0.92
Noninterest Expense	0.58	2.19	0.52	2.29	0.53	2.36
G&A Expense	0.56	2.11	0.51	2.22	0.51	2.28
Goodwill Expense	0.01	0.05	0.01	0.04	0.01	0.04
Loss Provis.-Nonint. Bearing Assets	0.01	0.03	0.01	0.04	0.01	0.04
Income Before Taxes & Extraord. Items	0.46	1.72	0.37	1.60	0.33	1.45
Income Taxes	0.16	0.60	0.11	0.47	0.07	0.30
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.30	1.13	0.26	1.13	0.26	1.15

\* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments. Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
SELECTED INDICATORS  
(Dollars in Billions)

WEST REGION

							3-MONTHS ENDED		
		1993	1994	1995	1996	ADJ.	1997	DEC.	MAR.
		----	----	----	----	1996 (1)	----	1997	1998
		----	----	----	----	----	----	----	----
<b>SUMMARY DATA:</b>									
Number of Thrifts	(#)	153	141	128	114		102	102	97
Total Assets	(\$)	298.19	296.70	276.60	285.09		311.37	311.37	316.72
Net Income	(\$)	0.92	0.68	1.23	0.88	1.64	2.23	0.69	0.76
Profits	(\$)	1.75	1.70	1.62	1.46		2.45	0.69	0.77
Losses	(\$)	-0.84	-1.02	-0.39	-0.58		-0.22	0.00	-0.01
<b>PROFITABILITY MEASURES:</b>									
Return on Average Assets	(%)	0.30	0.23	0.43	0.32	0.59	0.73	0.89	0.96
Median Ratio	(%)	0.69	0.46	0.45	0.32	0.58	0.73	0.81	0.80
Return on Average Equity	(%)	4.34	3.26	6.24	4.49	8.40	10.23	12.32	13.10
Median Ratio	(%)	9.49	5.90	5.61	3.79	7.78	9.11	8.82	9.91
Net Interest Income	(\$)	8.79	8.15	6.95	7.47		8.15	2.06	2.09
% of Average Assets	(%)	2.90	2.74	2.43	2.71		2.67	2.66	2.66
Total Fee Income	(\$)	1.04	0.96	0.83	1.06		1.60	0.41	0.39
% of Average Assets	(%)	0.36	0.30	0.29	0.42		0.53	0.53	0.50
G&A Expense	(\$)	6.31	6.28	5.16	6.68	5.50	5.78	1.43	1.39
% of Average Assets	(%)	2.08	2.11	1.80	2.42	1.99	1.89	1.84	1.77
<b>CAPITAL MEASURES:</b>									
Equity Capital Ratio	(%)	7.15	6.66	7.09	6.99		7.27	7.27	7.44
Tier 1 Leverage Ratio	(%)	6.50	6.21	6.51	6.52		6.66	6.66	6.64
Risk-based Capital Ratio	(%)	12.72	12.55	12.73	12.45		12.62	12.62	12.78
<b>Thrifts by FDICIA Capital Categories:</b>									
Well-Capitalized	(#)	123	113	112	104		100	100	95
Adequately Capitalized	(#)	28	22	13	10		2	2	2
Undercapitalized	(#)	1	2	2	0		0	0	0
Significantly Undercapitalized	(#)	1	3	1	0		0	0	0
Critically Undercapitalized	(#)	0	1	0	0		0	0	0
<b>FAILED/PROBLEM THRIFTS:</b>									
Failed Thrifts	(#)	5	2	1	1		0	0	0
Problem Thrifts	(#)	21	19	14	10		5	5	4
Problem Thrift Assets	(\$)	41.40	25.69	7.92	3.72		0.75	0.75	0.67
Problem Thrift Assets as a % of Total Assets	(%)	13.89	8.66	2.87	1.30		0.24	0.24	0.21
<b>ASSET QUALITY MEASURES:</b>									
Troubled Assets (2)	(\$)	8.02	5.12	4.55	3.81		3.13	3.13	3.06
% of Total Assets	(%)	2.69	1.72	1.65	1.34		1.01	1.01	0.97
Noncurrent Loans	(\$)	5.31	3.54	3.23	2.81		2.31	2.31	2.31
% of Total Assets	(%)	1.78	1.19	1.17	0.99		0.74	0.74	0.73
<b>Noncurrent Loans as a % of Loan Type:</b>									
1-4 Family Mortgages	(%)	1.96	1.49	1.68	1.42		1.12	1.12	1.10
Multifamily Loans	(%)	3.16	1.92	1.69	1.10		0.41	0.41	0.45
Commercial Loans	(%)	2.94	1.52	0.43	0.57		0.73	0.73	0.79
Consumer Loans	(%)	1.10	0.99	0.64	0.57		0.59	0.59	0.57
<b>1-4 FAMILY MORTGAGE LOAN ACTIVITY:</b>									
Originations	(\$)	75.11	60.80	39.64	45.50		57.35	16.04	21.06
Purchases	(\$)	16.05	10.68	7.54	14.94		22.62	6.06	5.06
Sales	(\$)	56.22	40.84	31.55	27.39		40.05	14.33	12.42
Loans Outstanding (3)	(\$)	151.76	152.60	139.15	155.92		171.06	171.06	174.45
Loans Outstanding / Total Assets	(%)	50.89	51.43	50.31	54.69		54.94	54.94	55.08

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / June 1998

THE OTS-REGULATED THRIFT INDUSTRY  
AGGREGATE FINANCIAL CONDITION AND INCOME DATA  
(Dollars in Billions)

WEST REGION

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	301.95	100.00	311.37	100.00	316.72	100.00
1-4 Family Mortgages	165.27	54.73	171.06	54.94	174.45	55.08
Mortgage Pool Securities	43.28	14.33	46.42	14.91	46.79	14.77
Multifamily Mortgages	32.57	10.79	32.46	10.42	32.25	10.18
Nonresidential Mortgages	11.98	3.97	10.54	3.38	10.18	3.21
Construction Loans	1.56	0.52	1.54	0.50	1.60	0.51
Land Loans	0.55	0.18	0.53	0.17	0.56	0.18
Commercial Loans	2.51	0.83	3.10	0.99	3.19	1.01
Consumer Loans	7.07	2.34	8.67	2.79	8.66	2.73
Cash and Noninterest-Earning Deposits	3.23	1.07	4.18	1.34	4.06	1.28
Investment Securities	20.24	6.70	18.87	6.06	20.06	6.33
Mortgage Derivatives	9.45	3.13	9.34	3.00	10.98	3.47
Reposessed Assets, Net	0.99	0.33	0.82	0.26	0.75	0.24
Real Estate Held for Investment	0.17	0.06	0.16	0.05	0.20	0.06
Office Premises & Equipment	2.83	0.94	2.68	0.86	2.58	0.82
Other Assets	12.15	4.02	12.89	4.14	13.87	4.38
Less: Contra Assets & Valuation Allowances	2.44	0.81	2.55	0.82	2.48	0.78
TOTAL LIABILITIES AND CAPITAL	301.95	100.00	311.37	100.00	316.72	100.00
Total Deposits	193.61	64.12	189.25	60.78	189.96	59.98
Deposits < or = to \$100,000	160.96	53.31	153.36	49.25	153.66	48.52
Deposits > \$100,000	32.64	10.81	35.90	11.53	36.30	11.46
Escrows	2.52	0.84	3.06	0.98	4.25	1.34
Total Borrowings	79.81	26.43	91.39	29.35	93.05	29.38
Advances from FHLB	41.34	13.69	54.22	17.41	52.49	16.57
Reverse Repurchase Agreements	19.33	6.40	17.99	5.78	22.49	7.10
Other Borrowings	19.13	6.34	19.19	6.16	18.07	5.70
Other Liabilities	4.53	1.50	5.01	1.61	5.89	1.86
EQUITY CAPITAL	21.48	7.11	22.65	7.27	23.57	7.44

	MARCH 1997		DECEMBER 1997		MARCH 1998	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	5.29	7.02	5.58	7.20	5.49	7.00
Interest Expense	3.24	4.30	3.51	4.54	3.40	4.34
Net Interest Income	2.04	2.71	2.06	2.66	2.09	2.66
Loss Provisions-Interest Bearing Assets	0.21	0.28	0.16	0.21	0.09	0.11
Noninterest Income	0.54	0.72	0.70	0.91	0.65	0.83
Mortgage Loan Servicing Fees	0.09	0.12	0.08	0.11	0.08	0.11
Other Fees and Charges	0.30	0.40	0.33	0.42	0.31	0.39
Other Noninterest Income	0.15	0.20	0.29	0.38	0.26	0.33
Noninterest Expense	1.43	1.90	1.49	1.93	1.45	1.85
G&A Expense	1.36	1.81	1.43	1.84	1.39	1.77
Goodwill Expense	0.05	0.06	0.04	0.06	0.05	0.06
Loss Provis.-Nonint. Bearing Assets	0.02	0.03	0.02	0.03	0.01	0.02
Income Before Taxes & Extraord. Items	0.95	1.25	1.11	1.43	1.20	1.53
Income Taxes	0.34	0.45	0.42	0.54	0.44	0.56
Extraordinary Items	0.00	0.00	0.00	0.00	-0.01	-0.01
Net Income	0.61	0.80	0.69	0.89	0.76	0.96

\* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments. Numbers may not sum due to rounding.

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Office of Thrift Supervision / June 1998