



THE OTS-REGULATED THRIFT INDUSTRY FIRST QUARTER 1999 HIGHLIGHTS

Office of Thrift Supervision/June 2, 1999

The OTS-regulated thrift industry's financial performance showed continued strength in the first quarter. First quarter earnings were the highest in any first quarter for the thrift industry. More importantly, earnings fundamentals such as net interest margin, asset quality, and efficiency, all strengthened. Thrift industry capital remained substantially above well-capitalized levels despite a modest decline in the aggregate equity capital-to-assets ratio from the prior quarter. The industry's troubled assets fell to a new record low. Thrifts' first quarter mortgage originations, augmented by refinancings, were a first quarter record though below the 1998 fourth quarter historical peak. In addition, mortgage sales were brisk in the first quarter as thrifts remained in a mortgage banking mode.

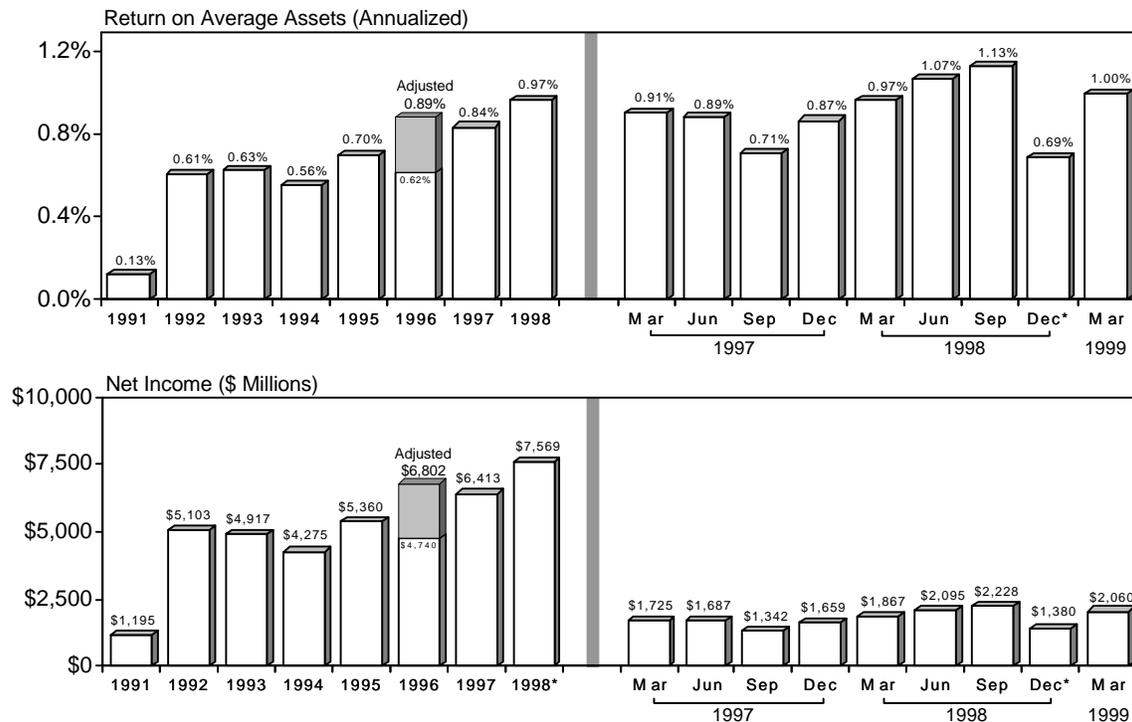
Strong Earnings Continued in the First Quarter

The thrift industry's earnings increased to \$2.1 billion in the first quarter from \$1.4 billion in the prior quarter and \$1.9 billion one year ago. First quarter earnings were the highest first quarter earnings for the thrift industry and the third best of any recorded quarter.¹

The sharp rise in first quarter earnings from the prior quarter was primarily due to the return of overhead expense to more typical levels. Several large thrifts' one-time restructuring charges in the fourth quarter of 1998 inflated overhead expense by approximately \$500 million. Excluding one-time charges, fourth quarter 1998 earnings were approximately \$1.9 billion. First quarter 1999 earnings were unencumbered by significant one-time events and exceeded fourth quarter 1998 adjusted earnings by ten percent.

As shown in the chart on page two, return on average assets ("ROA") for the first quarter was 100 basis points, up from 69 basis points in the prior quarter and 97 basis points one year ago. Fourth quarter 1998 ROA, adjusted for large one-time events, was approximately 94 basis points.

¹ Thrift financial data have been collected on a quarterly basis since 1984. Prior to 1984, semi-annual and monthly data were collected.



* Revised from 0.70%, \$7,581, and \$1,391 respectively.

Adjusted data exclude the net SAIF special assessment of \$2.1 billion incurred in the third quarter of 1996.

Net Interest Margin Rose Slightly Despite Flat Yield Curve

The Treasury yield curve has generally fallen and flattened since the early 1990s. At the end of 1998, the Treasury yield spread between one year and ten year interest rates narrowed to 11 basis points. In stark contrast, the yield spread averaged 233 basis points for the quarters March 1991 through December 1994. First quarter Treasury yield spreads widened to an average of 48 basis points.

Despite this challenging interest rate environment, thrifts' ratio of net interest income to average assets, or net interest margin ("NIM"), has remained relatively stable. Thrifts' first quarter NIM was 274 basis points – down slightly (1.4 percent) from the 278 basis point average NIM for the period 1991 through 1994. First quarter NIM was up from 271 basis points in the prior quarter but down from 277 basis points one year ago.

The relative stability of thrifts' NIM during this time was primarily due to increases in thrifts' earnings efficiency, movement to higher yielding consumer and commercial lending, rollover of higher rate deposits and borrowings into similar liabilities with lower interest rates, and increases in lower interest-costing transaction accounts. In addition, the yield curve faced by thrifts has not been as flat as that implied by the Treasury yield curve. During 1998, the interest

spread between ten-year Treasury notes and 30-year mortgages widened as international financial crises increased the demand for Treasury securities while the emerging Federal budget surplus decreased the supply of such securities.

A sustained low, flat, and sometimes inverted yield curve will continue to pressure thrifts' NIM. Any increased mortgage refinancing activity spurred by a low and flat yield curve may tend to both reduce yields on thrifts' existing assets and compress spreads on new business. With a low and flat yield curve, homebuyers and refinancers have favored long-term fixed-rate mortgages. Thrifts generally sell most long-term fixed-rate mortgages in the secondary market. As long as the yield curve stays low and flat, future thrift mortgage portfolio growth may be concentrated in lower-yielding mortgage-backed securities and collateralized mortgage obligations ("CMOs"), further dampening thrifts' asset yields.

Reduced Overhead Expenses and Improved Asset Quality Strengthened Earnings

Reduced overhead expenses and lower provisions for losses accounted for virtually all of the strengthened first quarter earnings. Provisions for losses as a percent of average assets declined to 16 basis points in the first quarter from 19 basis points in the prior quarter and 18 basis points one year ago. The decline in provisions for losses was attributable to continued reduction in troubled assets. As discussed later, first quarter troubled assets fell to a record low. The table on page four compares the industry's relative quarterly income statements for the first quarters 1999 and 1998, and the fourth quarter 1998.

Non-interest, or overhead, expense declined to 2.13 percent of average assets in the first quarter from 2.53 percent in the prior quarter and 2.20 percent one year ago. As previously discussed, one-time charges inflated the prior quarter overhead expense by approximately \$500 million. Excluding these one-time charges, the prior quarter overhead expense ratio was 2.27 percent. Hence, thrifts achieved real improvement in first quarter 1999 overhead expense. Thrifts' overhead expense ratio will be closely monitored as refinancing activity slows and the industry "changes gears" from the current mortgage banking mode to increased retail portfolio lending. The first quarter results suggest thrifts have made a good start in managing these adjustments.

| Components of ROA | Mar '98 | Dec '98 | Mar '99 | Change Mar '98 Mar '99 | Change Dec '98 Mar '99 |
|--|--------------|--------------|--------------|------------------------------|------------------------------|
| ROA | 0.97% | 0.69% | 1.00% | 0.03% | 0.31% |
| Net Interest Margin | 2.77% | 2.71% | 2.74% | -0.03% | 0.03% |
| Interest Income | 7.10% | 6.87% | 6.72% | -0.38% | -0.15% |
| Interest Expense | 4.33% | 4.16% | 3.98% | -0.35% | -0.18% |
| Provisions for Losses | 0.18% | 0.19% | 0.16% | -0.02% | -0.03% |
| Fee Income | 0.57% | 0.62% | 0.62% | 0.05% | 0.00% |
| Mortgage Loan Servicing Fees | 0.10% | 0.09% | 0.10% | 0.00% | 0.01% |
| Other Fees and Charges | 0.47% | 0.53% | 0.52% | 0.05% | -0.01% |
| Other Non-Interest Income ¹ | 0.53% | 0.49% | 0.52% | -0.01% | 0.03% |
| Sale of Assets Held for Sale | 0.29% | 0.25% | 0.26% | -0.03% | 0.01% |
| Non-Interest Expense | 2.20% | 2.53% | 2.13% | -0.07% | -0.40% |

Data are annualized and numbers may not sum due to rounding.

¹ Other Non-Interest Income primarily includes sale of assets held for sale and held for investment, dividends on FHLB stock, and income from leasing office space.

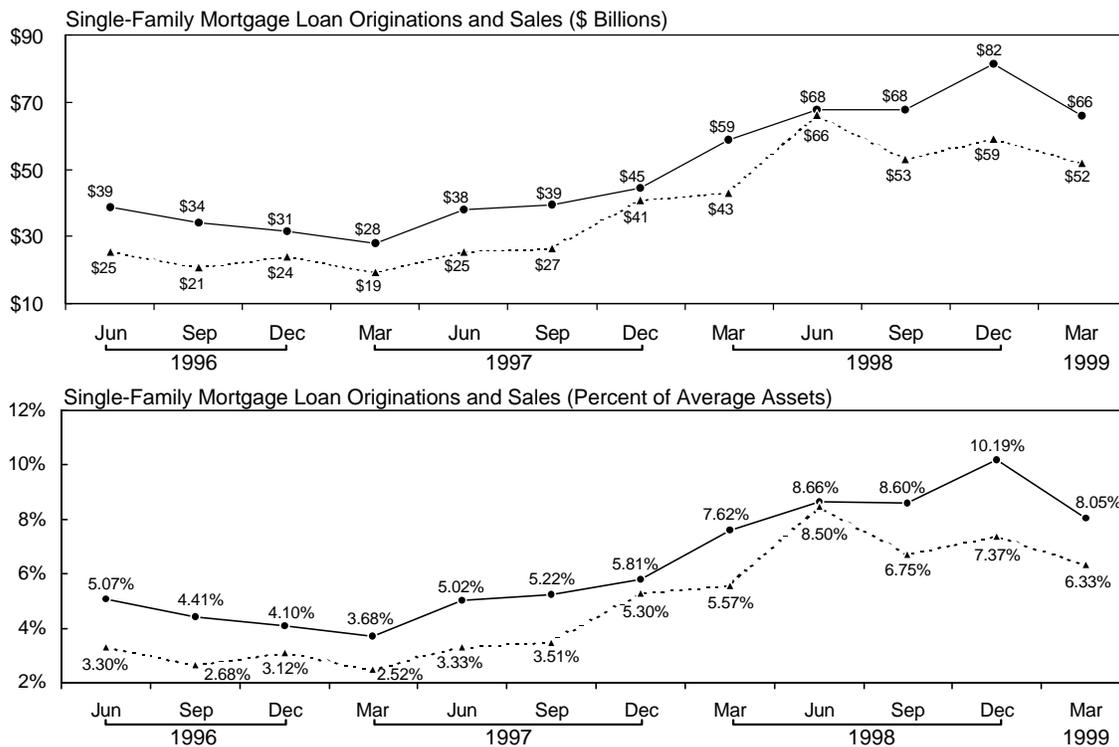
“Other” non-interest income remained relatively stable in the first quarter measuring 52 basis points compared to 49 basis points in the prior quarter and 53 basis points one year ago. Reflecting strong mortgage banking activity, gains on the sale of assets held for sale continued to represent a large portion of other non-interest income in the first quarter. Such gains remained relatively level in the first quarter from the prior quarter and one year ago, measuring 26 basis points, 25 basis points, and 29 basis points, respectively.

The industry’s non-servicing fee income was 52 basis points in the first quarter, down from 53 basis points in the prior quarter, but up from 47 basis points one year ago. An increase in fee-generating activities, primarily demand deposits, helped generate higher fee income. Demand deposits rose 18 percent to \$140 billion at the end of the first quarter from \$119 billion one year ago.

Servicing fees as a percent of average assets remained relatively level in the first quarter, measuring 10 basis points compared to 9 basis points in the prior quarter and 10 basis points one year ago. Thrifts’ aggregate loan servicing portfolio declined to \$495 billion in the first quarter from \$528 billion in the prior quarter and \$497 billion one year ago. Level servicing fee income in the face of a declining loan servicing portfolio reflects the first quarter rise in interest rates and slowing loan prepayments.

Mortgage Originations Declined, But Remained High

Relatively low mortgage interest rates, combined with a healthy economy, low unemployment, and strong housing sales, continued to boost first quarter mortgage originations. First quarter single-family mortgage originations were \$66.1 billion, down 19 percent from the record originations of \$81.5 billion in the prior quarter but up from \$58.9 billion one year ago.² The decline in thrifts' first quarter single-family mortgage originations parallels the estimated 17 percent decline in aggregate U.S. originations.³ The chart below presents thrifts' single-family quarterly mortgage originations and sales from June 1996 through March 1999 in dollars (top panel) and as a percent of average assets (bottom panel).



Similar to single-family mortgage originations, first quarter total mortgage originations, including multi-family and non-residential mortgages, were down from the prior quarter record levels but up from one year ago. Total mortgage

² Prior to June 1996, detailed single-family mortgage origination data were on an unconsolidated (thrift only) basis.

³ Aggregate U.S. origination data from the Mortgage Bankers Association of America ("MBA").

originations were \$77.4 billion in the first quarter, compared to \$93.7 billion in the prior quarter and \$67.5 billion one year ago.

Despite the general rise in first quarter interest rates, long-term mortgage rates remained at relatively low levels. This helped extend the 1998 refinancing boom into the first quarter of 1999. The thrift industry fully participated in this increased activity. First quarter refinancings were 20 percent of originations, about even with the 1998 level (19 percent) but up significantly from 11 percent in 1997.⁴

The modest increase in long-term mortgage rates in the first quarter from record lows in the prior quarter helped improve the market for adjustable-rate mortgages ("ARMs"). For example, the Freddie Mac 30-year mortgage commitment rate rose from 6.74 percent at the end of 1998 to 7.08 percent at the end of March 1999. The Federal Housing Finance Board ("FHFB") estimated that ARMs represented 38 percent of thrifts' single-family originations in the first quarter, up from 27 percent in the prior quarter.⁵ For all lenders, FHFB estimated ARMs increased to 12 percent of all originations in the first quarter from 10 percent in the prior quarter. (For 1998, ARMs represented 12 percent of all originations, down from 22 percent in 1997 and 27 percent in 1996.)

First quarter sales of single-family mortgages continued very strong, reflecting the emphasis on mortgage banking activities during this current refinancing boom. The percent of single-family mortgage originations sold in the first quarter rose to 79 percent from 72 percent in the prior quarter and 73 percent one year ago.

Assets-held-for-sale fell in the first quarter, but remained high, measuring \$26.8 billion (3.2 percent of assets) compared to \$31.2 billion (3.8 percent) in the prior quarter and \$26.9 billion one year ago (3.4 percent). In contrast, assets held for sale were \$11.0 billion (1.4 percent) two years ago. The relatively high levels of assets held for sale during 1998 and the first quarter reflect the strong origination volume and the build-up of closed loans prior to their eventual sale in the secondary market.

Long-Term Fixed-Rate Mortgages Held in Portfolio Increased

Interest rates remained relatively low and the yield curve flat despite rising slightly during the first quarter. Hence, consumers continued to favor long-term, fixed-rate mortgages. The percentage of assets held in 30-year single-family fixed-rate mortgages and securities increased slightly (0.7 percent,

⁴ Reported thrift refinancing data are for loans refinanced by the original loan holder. The MBAA estimates refinancings from all sources. Under the MBAA definition, the refinancing share of total single-family mortgage originations was 54 percent (estimated) in the first quarter, down from 59 percent (actual) in the previous quarter, but up slightly from 53 percent one year ago. Refinancings averaged 50 percent of originations in 1998, up from 31 percent in 1997.

⁵ Data from the Federal Housing Finance Board's Mortgage Interest Rate Survey. (Interest rates increased from 14.4 percent or 2.8 percent annualized) in the first quarter to 14.5 percent from 14.4 percent in

or 2.8 percent annualized) in the first quarter to 14.5 percent from 14.4 percent in the prior quarter. The first quarter increase was much lower than increases during 1998. Thirty-year single-family fixed-rate mortgages and securities increased 30.9 percent from year end 1997 to the end of 1998.⁶ The rise in thrifts' holdings of such mortgages during 1998 reflected the temporary holding of such loans until their eventual sale in the secondary market. The decline in assets held for sale and the rise in interest rates slowed the increase in thrifts' portfolio of long-term mortgages.

ARMs remained the most significant mortgage product held by thrifts, but declined in 1998 due to the popularity of fixed-rate mortgages in the low interest rate environment. ARMs continued to decline in the first quarter, but at a much slower rate than in 1998. ARMs comprised 31.2 percent of assets in the first quarter, down 1.3 percent (5.2 percent annualized) from 31.6 percent in the prior quarter. In contrast, ARMs as a percent of thrift assets fell 25.9 percent from the end of 1997 to year end 1998.

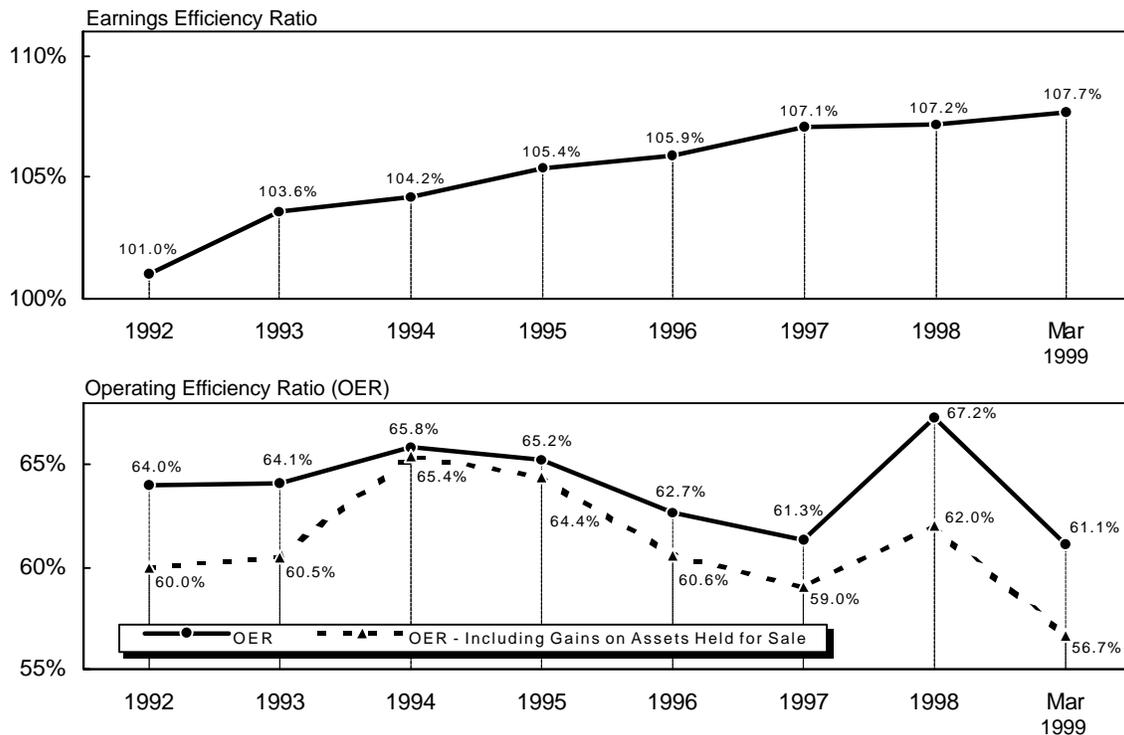
ARMs that adjust with "lagging market indexes" ("LMI ARMs") increased in the first quarter to 16.6 percent of assets from 16.4 percent in the prior quarter, but were down from 19.9 percent one year ago. ARMs adjusting with "current market indexes" ("CMI ARMs") continued to fall in the first quarter, but at a slower rate. CMI ARMs fell to 14.5 percent of assets in the first quarter from 15.2 percent in the prior quarter and from 18.4 percent one year ago.

Fifteen-year fixed-rate mortgages held by thrifts declined slightly in the first quarter to 7.9 percent of assets from 8.0 percent the prior quarter, but increased from 7.7 percent one year ago. Balloon mortgages increased to 3.9 percent in the first quarter from 3.7 percent in the prior quarter and 3.2 percent one year ago. The general rise in these short-term, fixed-rate mortgages loan products reflects solid consumer confidence levels, low unemployment, relatively low interest rates and some consumer preference for more rapid mortgage payoffs.

Efficiency Measures Improved

The chart on the top of the following page presents thrifts' earnings efficiency and operating efficiency ratios 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.

⁶ Data are for thrifts filing Schedule CMR.



1996 General and Administrative Expense excludes net SAIF special assessment.

The earnings efficiency ratio improved to 107.7 percent in the first quarter from 107.2 percent in the prior quarter, but down from 108.0 percent one year ago. Temporary investments in cash and non-interest bearing accounts caused by rapid mortgage refinancings account for these minor fluctuations in the earnings efficiency ratio during the past year. Despite these periodic fluctuations, the earnings efficiency ratio has generally improved for the past six years due to higher capital, fewer problem assets, and lower levels of cash and non-interest earning assets.

The operating efficiency ratio also improved in the first quarter to 61.1 percent from 67.2 percent in 1998 and 63.1 percent in the first quarter of 1998. Operating efficiency has generally improved since 1994 as shown in the chart below. The deterioration in 1998 operating efficiency was primarily attributable to significant restructuring charges and record mortgage origination activity.

Capital Levels Declined, But Remain Strong

The industry's ratio of equity capital-to-assets fell to 8.14 percent in the first quarter from 8.23 percent in the prior quarter and 8.40 percent one year ago. The industry's capital remains strong nonetheless.

The decline in the first quarter capital ratio was primarily due to lower unrealized gains on available-for-sale securities and strong asset growth.

Unrealized gains on available-for-sale securities declined 36 percent in the first quarter to \$0.7 billion from \$1.1 billion in the prior quarter due to rising interest rates. This decline represented approximately 56 percent, or 5 basis points, of the 9 basis point drop in the first quarter capital ratio.

The increase in assets (the denominator of the capital-to-assets ratio) also depressed the capital ratio. Although equity capital rose in the first quarter, the percentage increase in assets (2.1 percent) exceeded that of capital (1.0 percent).

The risk-based capital ratio fell in the first quarter to 14.34 percent from 14.38 percent in the prior quarter and 14.57 percent one year ago. The decline in risk-based capital reflected the decrease in equity capital. The industry's risk-based capital ratio remains considerably higher than the 10 percent level needed for well-capitalized status.

The industry's first quarter tier 1 leverage capital ratio of 7.43 percent of adjusted tangible assets was unchanged from the prior quarter, but down from 7.61 percent one year ago.

The percentage of thrifts that met or exceeded well-capitalized standards in the first quarter was 97.5 percent, up slightly from 97.4 percent in the prior quarter but down from 97.6 percent one year ago. At the end of the first quarter, two thrifts were undercapitalized – including one critically undercapitalized thrift.

The Number and Assets of Problem Thrifts Remain at Low Levels

Problem thrifts, those with CAMELS ratings of "4" or "5" on their most recent safety and soundness examination, declined in the first quarter to 14 (1.2 percent of all thrifts) from 15 (1.3 percent) in the prior quarter. The number of problem thrifts matched the post-FIRREA low initially set one year ago.

Aggregate assets of problem thrifts declined to \$5.0 billion (0.6 percent of industry assets) in the first quarter from \$5.9 billion (0.7 percent) in the prior quarter. One year ago, problem thrifts' combined assets were \$2.2 billion (0.3 percent). The rise in problem thrifts' assets reflects a change in composition of thrifts rated "4" or "5", not asset growth.

Troubled Assets Declined Slightly

Troubled assets fell in the first quarter to \$6.1 billion, or 0.73 percent of assets, from to \$6.3 billion (0.77 percent) in the prior quarter.⁷ This was the

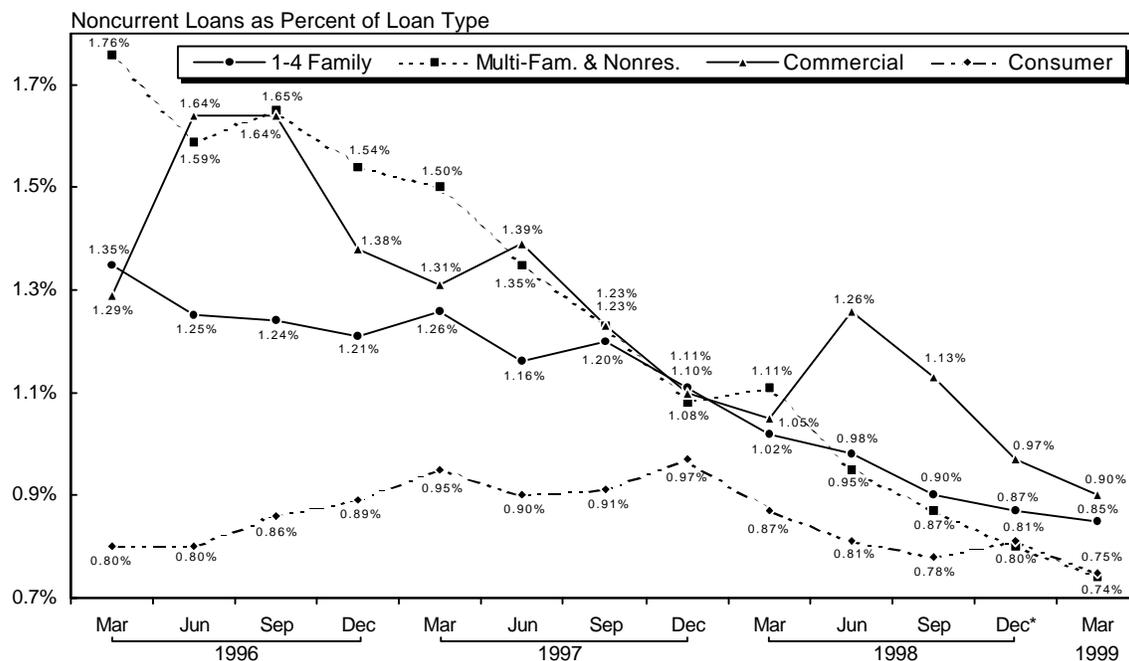
⁷ Troubled assets include noncurrent loans and repossessed assets.

lowest level since 1990, when this measure of asset quality was first used in the thrift industry. The previous low was reached in the prior quarter. One year ago the industry's troubled assets measured \$7.3 billion, or 0.94 percent of total assets.

The first quarter decline in troubled assets was primarily due to a reduction in noncurrent loans. Noncurrent loans fell 3.8 percent to \$4.6 billion (0.55 percent of assets) from \$4.8 billion (0.59 percent) in the prior quarter. Thrifts' repossessed assets, net of specific valuation allowances, fell more modestly (2 percent) to \$1.44 billion (0.17 percent of assets), from \$1.47 billion (0.18 percent) over the same period.

Noncurrent Loan Rates Declined Broadly

The chart below presents thrifts' noncurrent loan rates from March 1996 through March 1999 for four major industry loan types: single-family mortgages, consumer loans, commercial loans, and multi-family and non-residential mortgage loans. Noncurrent loan rates fell in the first quarter for all these major loan types.



* Revised from 0.94% for Commercial, and 0.82% for Consumer.

The noncurrent rate on thrifts' primary assets – single-family mortgages – fell to 0.85 percent of all single-family loans at the end of the first quarter from 0.87 percent in the prior quarter and 1.02 percent one year ago. The single-family mortgage noncurrent rate has generally fallen for the past three years. Likewise,

there has been a long-term, general decline in the noncurrent rate of multi-family and non-residential mortgages -- the rate dropped to 0.74 percent in the first quarter from 0.80 percent in the prior quarter and 1.11 percent one year ago. The first quarter noncurrent rates for mortgage loans (single-family, multi-family and non-residential) were at the lowest levels since the use of this asset quality indicator began in 1990.

Notwithstanding some fluctuation, commercial loan noncurrent rates have also generally trended downward since 1996. Noncurrent commercial loans fell to 0.90 percent of all commercial loans in the first quarter from 0.97 percent in the prior quarter and from 1.05 percent one year ago.

In contrast to the general decline in noncurrent mortgage and commercial loan rates, noncurrent consumer loans generally rose in 1996 and 1997 before easing in 1998. Noncurrent consumer loans declined in the first quarter to 0.75 percent of all consumer loans from 0.81 percent in the prior quarter and 0.87 percent one year ago.

Continued improvements in thrifts' noncurrent loan rates have been significant and encouraging. However, some of the drop in noncurrent loan ratios may be partially attributable to sales of loan portfolios, rollover of consumer debt into refinanced single-family mortgages, and increases in new, "un-aged" loans that have not yet experienced delinquency problems. Further, refinanced loans may mask some borrowers' debt management problems. Loan performance monitoring will be key in maintaining good asset quality.

Reduced Charge-Offs Reflect Improved Asset Quality; Allowances Declined Slightly

Thrifts' net charge-offs have generally declined since 1993 reflecting continued improvements in asset quality. This trend continued in the first quarter as annualized charge-offs as a percent of assets fell to 0.12 percent from 0.20 percent in the prior quarter and one year ago. The fall in net charge-offs was attributable to lower levels of delinquent loans and fewer troubled assets.

Valuation allowances fell slightly in the first quarter to 0.70 percent of assets from 0.73 in the prior quarter and 0.77 one year ago. The decline in first quarter allowances was attributable to increases in mortgage pool and derivative securities. Appropriate levels of allowances must be determined on a case-by-case basis and will vary with types of loans held, underwriting standards, and current economic conditions.

Increased Supervisory Attention on Underwriting Quality and Higher-Risk Lending

Asset quality measures such as troubled assets and delinquencies are considered lagging indicators since these measures capture loans and investments that have already reached “troubled”, or non-current status. OTS conducts a quarterly “Lending Standards Survey” of examiners and holds regular meetings with senior regional supervisory staff to help gauge leading indicators of asset quality. Examiners complete the survey upon completion of on-site safety and soundness examinations, and supervisory staff monitor regional economic trends and specific thrift underwriting patterns. Together, these methods provide OTS with a better gauge of potential asset quality problem areas.

The most recent survey included results from 137 exams completed in the first quarter of 1999. The results from the most recent survey parallel the 1998 results and confirm the finding that the gain in net income from lower loss provisions does, in fact, reflect continued improvement in overall asset quality. Of the 137 thrifts examined during the first quarter, 73 percent (100 thrifts) appear to be almost entirely low risk lenders, with a heavy focus on single-family mortgage lending. The remaining 27 percent (37 thrifts) were engaging in non-traditional higher-risk lending. Only one of these thrifts was found to be inadequately managing its higher-risk lending.

While the first quarter survey results were encouraging and continued to indicate no widespread deterioration in underwriting, examiners did find some evidence of weak underwriting practices in particular thrifts, including:

- Insufficient pricing of higher-risk products;
- Purchased loans not independently underwritten;
- Business loan collateral not monitored;
- Failure to use realistic market value appraisals;
- Funding or deferring interest payments on construction loans; and
- Making “mini-perm” balloon payment non-residential loans.

Thrifts should take extra care to properly underwrite and monitor loans. This is especially important since the strength of the current economic expansion can mask underlying lending weaknesses. Poorly underwritten loans can quickly become “troubled” during an economic slowdown.

In addition to the specific underwriting weaknesses identified by examiners, recent discussions with OTS regional supervisory staff focused upon four areas of emerging concern:

- Increases in subprime lending;

- Deterioration in underwriting standards;
- Construction lending done on a speculative basis; and
- Deterioration in internal controls and books and records.

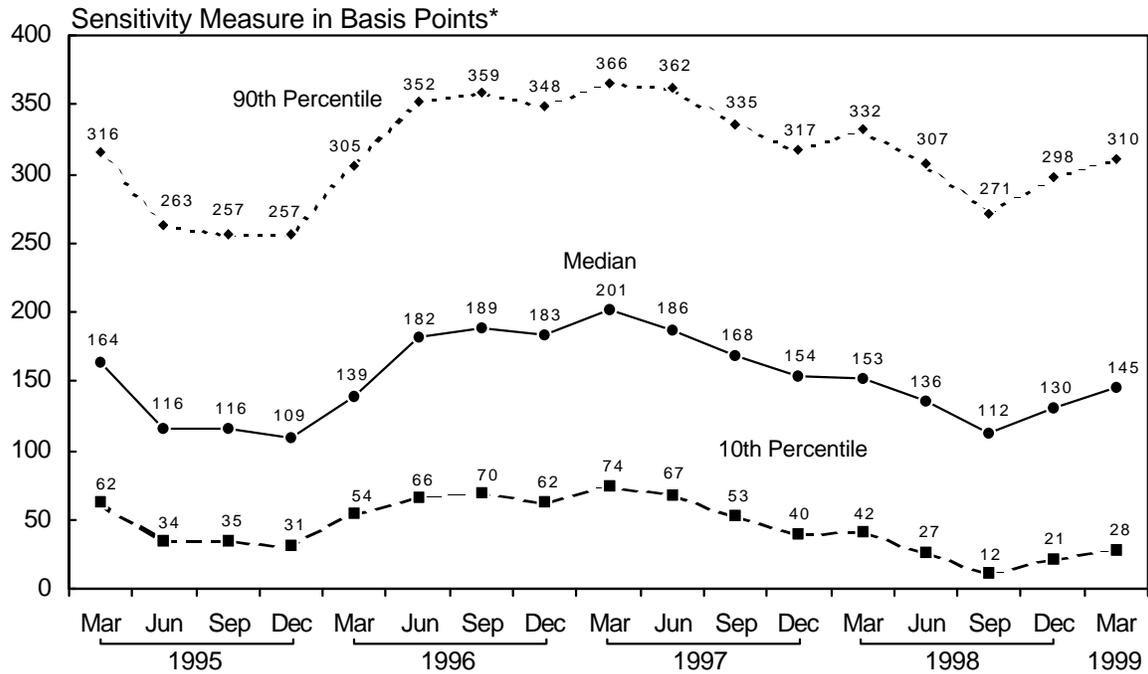
Given the length of the current economic expansion, these types of higher-risk weaknesses raise supervisory concerns. OTS published Thrift Bulletin 72 on high loan-to-value lending on August 27, 1998 and worked with the other federal bank regulators to issue guidance on subprime lending on March 1, 1999. Thrifts engaging in higher-risk lending must have adequate managerial expertise, underwriting procedures, loan pricing and monitoring, charge-off policies, and reserve and capital levels. The risk assessment process for higher-risk lending should incorporate operating, compliance, and legal risks. In addition, planning for potential downturns in the economy is especially crucial for higher-risk loan analyses. All policies, procedures and internal controls for higher-risk lending must be approved by thrifts' boards of directors. Thrifts engaging in higher-risk lending will continue to receive heightened supervisory attention and those found to be inadequately managing such lending will be considered engaging in unsafe and unsound practices.

Thrifts' IRR Sensitivity Increased; Post-Shock NPV Remained Strong

The chart on the top of page fourteen tracks the industry's interest rate risk sensitivity measures from March 1995 through March 1999. The OTS uses its Interest Rate Risk Model ("IRR Model") to monitor thrifts' interest rate risk. The model measures the change in a thrift's economic value, or 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 test the sensitivity of the thrift to interest rate changes. The resulting change in NPV – the "post-shock NPV" – indicates thrifts' ability to absorb or withstand future interest rate changes.

Based on preliminary data, the industry's median first quarter sensitivity to interest rate risk increased to 145 basis points from 130 basis points in the prior quarter but down from 153 basis points one year ago. It was the second consecutive quarterly increase after generally improving between March 1997 and September 1998. The rise in interest rates and the continued increase in 30-year fixed-rate mortgages held by thrifts coupled with the decline in ARMs account for the increase in first quarter sensitivity. Although the median sensitivity measure remained at a low level despite the increase, continued increases will subject thrifts' net interest margin to greater risk from rising rates.

The increase in the first quarter extended to thrifts most sensitive to interest rate risk (those in the 90th percentile) and thrifts with the least sensitivity (those in the 10th percentile). The first quarter sensitivity measure for thrifts in the 90th percentile was 310 basis points, a rise from 298 basis points in the prior quarter. The first quarter sensitivity measure for thrifts in the 10th percentile was 28 basis



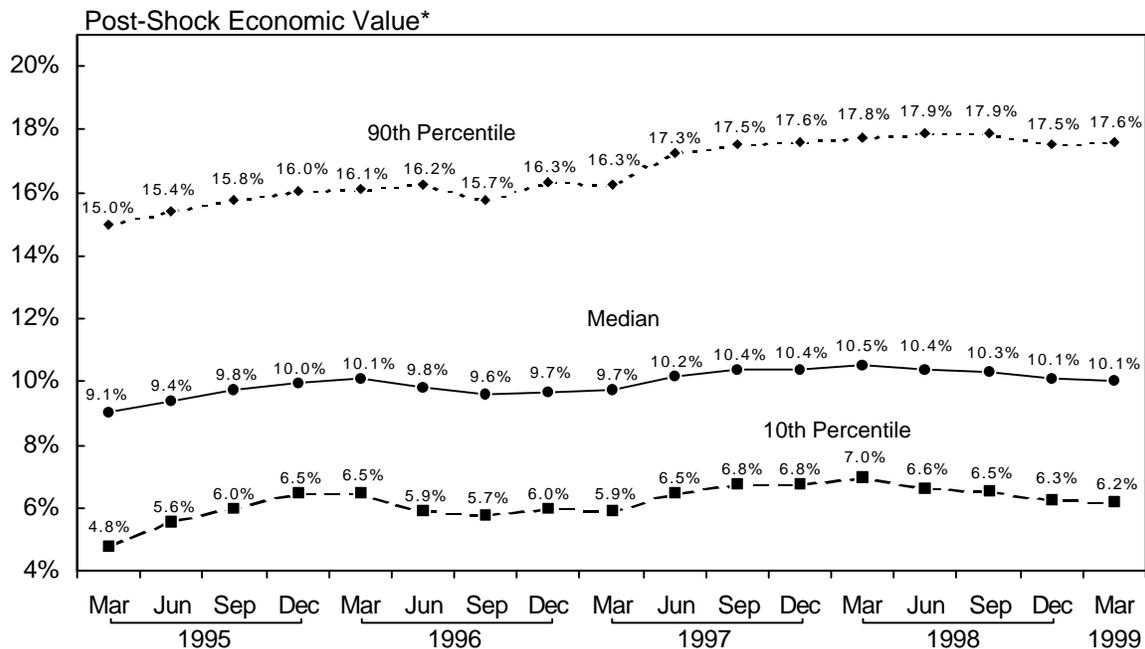
* Preliminary first quarter data.

points, an increase from 21 basis points in the prior quarter. As with the median measure, the first quarter sensitivity measures for thrifts in the 90th and the 10th percentiles were lower than those one year ago.

The median first quarter post-shock economic value for the industry remained strong at 10.1 percent in the first quarter, although it fell slightly from 10.5 percent one year ago as shown in the chart on page fifteen. The decline in capital and the rise in sensitivity measures account for this decrease. First quarter post-shock economic value dropped to 6.2 percent for those thrifts with the lowest (10th percentile) values from 6.3 percent in the prior quarter and 7.0 percent one year ago. The first quarter post-shock economic value for thrifts with the highest values (90th percentile) rose slightly to 17.6 percent from 17.5 percent in the prior quarter but declined from 17.8 percent from one year ago.

Consolidation Continued to Reduce the Number of Thrifts

The number of thrift institutions regulated by OTS declined to 1,129 in the first quarter from 1,145 in the prior quarter and 1,195 one year ago. A total of 25 thrifts left OTS supervision in the first quarter, mainly through mergers and acquisitions. This has been the pattern over the past five years. Sixteen thrifts, or 64 percent of the departures, were merged with or acquired by another thrift or bank.



* Preliminary first quarter data.

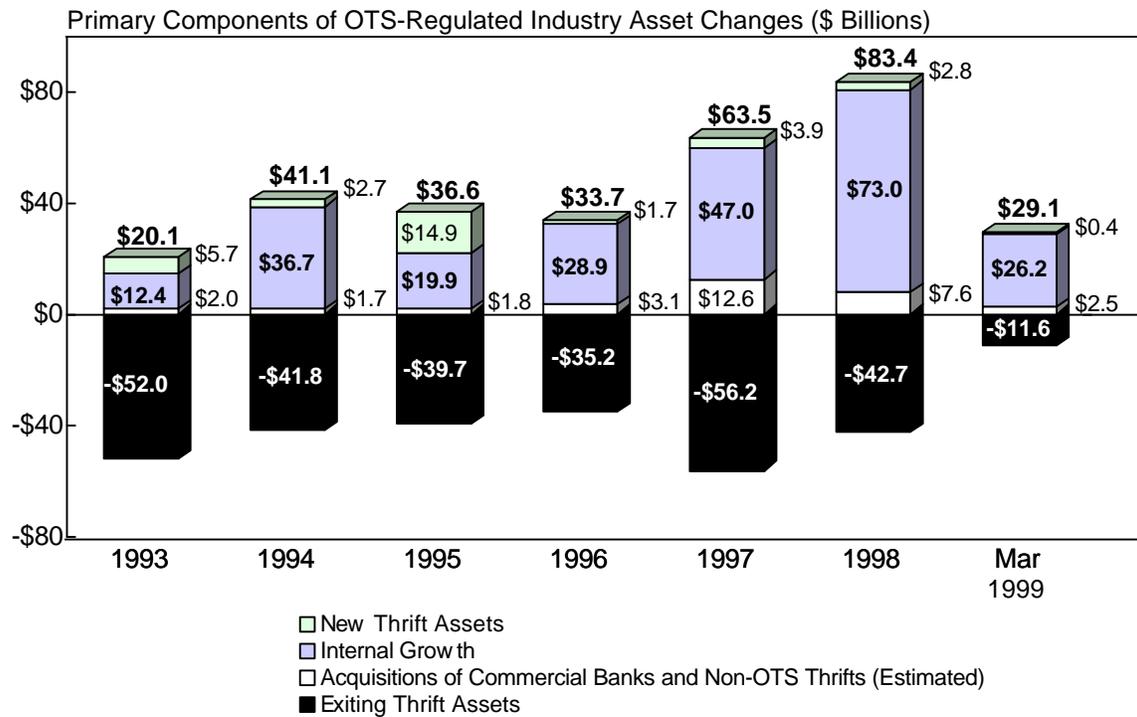
Conversions of OTS thrifts to non-OTS charters, especially banks, rose in the first quarter to 9 – 6 of those to banks. This compares to 18 in all of 1998 – 5 of which were to bank charters.

Offsetting thrift exits was the rise in new thrifts chartered. Nine new thrifts were chartered in the first quarter with 6 of these de novo thrifts. Three existing banks or non-OTS-supervised thrifts converted to a federal thrift charter.

OTS-supervised thrift industry assets increased sharply to \$835 billion in the first quarter from \$818 billion in the prior quarter and \$780 billion one year ago. Assets were the highest since 1991 when they totaled \$895 billion. Although the number of thrifts continued to decline in the first quarter, strong asset growth of remaining thrifts increased aggregate thrift industry assets.

First Quarter Asset Growth Strong

Asset growth of remaining thrifts substantially exceeded the asset losses from exiting thrifts in the first quarter. The chart on the following page presents the primary components of changes in industry assets from 1993 through March 1999. As shown, internal asset growth was quite strong in the first quarter measuring \$26.2 billion compared to a quarterly average of \$18.3 billion in 1998 and \$11.8 billion in 1997. First quarter asset growth exceeded that of the years 1993 and 1995 and was close to growth in 1994 and 1996.



Assets-held-for-sale remained high in the first quarter measuring \$26.8 billion, down from \$31.2 billion in the prior quarter. Despite the decline, first quarter assets-held-for-sale were still significantly above the 1997 average of \$14.7 billion (1.9 percent). Assets-held-for-sale have been higher than normal since the first quarter of 1998, reflecting strong mortgage origination and mortgage banking activity. Aggregate thrift industry asset growth may slow or decline in upcoming quarters if assets-held-for-sale are not replaced after their eventual sale.

Mortgage Securities Led First Quarter Asset Growth

Industry holdings of direct single-family mortgage loans as a percent of total industry assets declined in each quarter since March 1998 after generally rising since 1987. Single-family mortgages declined to 47.9 percent of assets in the first quarter from 49.0 percent in the prior quarter, and 50.6 percent one year earlier. As previously discussed, the decline in mortgage loans was concentrated in ARMs. Despite the decline, direct single-family mortgages remain by far the most significant asset held by thrifts.

Mortgage pool securities ("MPS"), thrifts' second most significant asset, rose to 12.0 percent of assets in the first quarter from 11.4 percent of assets at the end of 1998. The first quarter increase in MPS was attributable to one thrift's reclassification of mortgage derivatives to MPS. Absent this transaction, first

quarter MPS would have remained unchanged from the prior quarter. MPS measured 13.0 percent of total assets one year ago.

Mortgage derivative securities steadily increased in 1998 to represent thrifts' third most significant asset. Mortgage derivative securities rose again in the first quarter to 8.8 percent of assets from 8.2 percent in the prior quarter and 4.9 percent one year ago. (Derivatives would have measured 9.2 percent of assets excluding the one thrift's reclassification of derivatives to MPS.) Increases in mortgage derivatives offset the declines in single-family mortgages during the most recent four quarters. The rise in mortgage derivatives was primarily concentrated in several large thrifts. These thrifts added short-term, low-risk CMOs to their portfolios to compensate for the sharp decline in ARM originations. Additionally, the rise in mortgage derivatives mirrors refinancing activity. The industry's mortgage derivatives also increased in the 1992-93 refinancing boom, rising to \$43.8 billion at the end of 1993, then fell as derivatives were replaced by direct loans.

Most of the CMOs recently acquired by thrifts appear to be ARM substitutes. Floating-rate CMOs represented 18 percent of all CMOs held by thrifts at March 31, 1999; fixed-rate CMOs maturing in less than five years represented another 57 percent.

Construction loans were the second fastest growing thrift loan type in the first quarter, increasing at an annual rate of 24.1 percent. The growth was attributable to the strong housing markets. Although the growth rate was high, construction loans were still a relatively small percentage of thrift assets, measuring 1.8 percent at the end of the first quarter, up from 1.7 percent in the prior quarter and 1.5 percent one year ago.

Commercial/small business loans and consumer loans have generally increased as a percent of assets since 1993. Commercial/small business loans rose to 2.0 percent of assets in the first quarter from 1.9 percent in the prior quarter and 1.6 percent one year ago. Although still a small percentage of thrift assets, commercial loans have been the fastest growing thrift loan type since December 1993. (The average annual growth in commercial loans measured 42.5 percent from December 1993 to March 1999.)

Consumer loans rose to 5.9 percent of assets in the first quarter from 5.8 percent in the prior quarter. Periodic fluctuations occur in thrifts' consumer loan portfolios due to loan sales and paydowns. However, the general trend has been upward for these loans. One year ago, consumer loans were 5.7 percent of assets; two years ago 5.4 percent.

Deposit Decline Continued; Borrowing Maturities Lengthened

Deposits continued to decline as a funding source in the first quarter. The first quarter deposits-to-assets ratio fell to 59.2 percent from 61.0 percent in the prior quarter and 64.8 percent one year ago. The decline in deposits has been concentrated in deposits under \$100,000. Such deposits dropped to 47.8 percent of assets in the first quarter from 49.4 percent in the previous quarter and 54.0 percent one year ago. Deposits over \$100,000 dropped in the first quarter to 11.4 percent from 11.7 percent in the prior quarter. However, the general trend has been upward for these deposits. One year ago, deposits over \$100,000 were 10.8 percent of assets; two years ago 9.5 percent. The continued decline in deposits under \$100,000 was attributable to higher rates of return available to consumers on alternative investments, strong consumer spending, and increased homeownership rates.

Despite the overall decline in deposits, transaction and demand deposits (non-interest and interest paying) held by the industry have generally increased during the past several years. Thrifts' transaction and demand deposits increased 9.7 percent in the first quarter to 17.0 percent of assets from 15.5 percent from one year ago. Increases in these low cost funds also contributed to the decline in the industry's interest expense. The rise in transaction and demand accounts partially offset a decline in thrifts' certificates of deposits ("CDs") which fell 12.4 percent to 33.8 percent of assets in the first quarter from 38.6 percent one year ago.

Borrowings, primarily advances from the Federal Home Loan Banks, have generally replaced deposits as a funding source for assets. Their use allowed thrifts to manage liabilities and take advantage of low long-term interest rates. Borrowings as a percent of assets rose to 29.4 percent in the first quarter from 27.5 percent in the prior quarter and 23.8 percent one year ago. More importantly, thrifts extended the weighted average remaining maturity of total fixed-rate borrowings to 23.6 months in the first quarter from 22.9 months in the prior quarter and 17.6 months one year ago. The extension of borrowing maturities helps reduce interest rate risk provided the lengthened maturity is not totally offset by increased callable instruments.

Despite extending maturities, the overall weighted average cost of thrifts' fixed-rate borrowings fell to 5.20 percent at the end of the first quarter from 5.37 percent in the prior quarter and 5.80 percent one year ago. This decline reflects the prevailing low long-term rates of interest that extended into the first quarter.

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

| | | 3-MONTHS ENDED | | | | | | | |
|--|------|----------------|--------|--------|------------------|--------|--------|--------------|--------------|
| | | 1994 | 1995 | 1996 | ADJ. 1996 (1) | 1997 | 1998 | DEC. 1998 | MAR. 1999 |
| | | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| SUMMARY DATA: | | | | | | | | | |
| Number of Thrifts | (#) | 1,543 | 1,437 | 1,334 | | 1,215 | 1,145 | 1,145 | 1,129 |
| Total Assets | (\$) | 774.07 | 770.98 | 769.37 | | 776.58 | 817.61 | 817.61 | 835.04 |
| Net Income | (\$) | 4.28 | 5.36 | 4.74 | 6.80 | 6.41 | 7.57 | 1.38 | 2.06 |
| Profits | (\$) | 5.96 | 6.04 | 5.91 | | 6.99 | 8.06 | 1.53 | 2.11 |
| Losses | (\$) | -1.68 | -0.68 | -1.18 | | -0.57 | -0.49 | -0.15 | -0.05 |
| PROFITABILITY MEASURES: | | | | | | | | | |
| Return on Average Assets | (%) | 0.56 | 0.70 | 0.62 | 0.89 | 0.84 | 0.97 | 0.69 | 1.00 |
| Median Ratio | (%) | 0.84 | 0.74 | 0.47 | 0.77 | 0.83 | 0.77 | 0.70 | 0.74 |
| Return on Average Equity | (%) | 7.36 | 9.00 | 7.77 | 11.15 | 10.44 | 11.42 | 8.21 | 12.28 |
| Median Ratio | (%) | 9.30 | 7.75 | 4.51 | 7.73 | 8.33 | 7.32 | 6.46 | 6.98 |
| Net Interest Income | (\$) | 22.21 | 20.53 | 21.79 | | 21.82 | 21.50 | 5.42 | 5.61 |
| % of Average Assets | (%) | 2.90 | 2.66 | 2.85 | | 2.87 | 2.74 | 2.71 | 2.74 |
| Total Fee Income | (\$) | 2.68 | 2.87 | 3.65 | | 4.38 | 4.54 | 1.24 | 1.28 |
| % of Average Assets | (%) | 0.36 | 0.39 | 0.51 | | 0.62 | 0.62 | 0.62 | 0.62 |
| G&A Expense | (\$) | 16.37 | 15.26 | 19.14 | 15.97 | 16.06 | 17.50 | 4.89 | 4.21 |
| % of Average Assets | (%) | 2.14 | 1.98 | 2.50 | 2.09 | 2.11 | 2.23 | 2.45 | 2.05 |
| CAPITAL MEASURES: | | | | | | | | | |
| Equity Capital Ratio | (%) | 7.48 | 8.01 | 7.92 | | 8.32 | 8.23 | 8.23 | 8.14 |
| Tier 1 Leverage Ratio | (%) | 7.12 | 7.47 | 7.38 | | 7.58 | 7.43 | 7.43 | 7.43 |
| Risk-based Capital Ratio | (%) | 14.79 | 15.15 | 14.53 | | 14.50 | 14.38 | 14.38 | 14.34 |
| Thrifts by FDICIA Capital Categories: | | | | | | | | | |
| Well-Capitalized | (#) | 1,439 | 1,392 | 1,290 | | 1,183 | 1,115 | 1,115 | 1,101 |
| Adequately Capitalized | (#) | 95 | 38 | 43 | | 31 | 26 | 26 | 26 |
| Undercapitalized | (#) | 5 | 4 | 0 | | 1 | 1 | 1 | 0 |
| Significantly Undercapitalized | (#) | 3 | 1 | 1 | | 0 | 1 | 1 | 1 |
| Critically Undercapitalized | (#) | 1 | 0 | 0 | | 0 | 0 | 0 | 1 |
| FAILED/PROBLEM THRIFTS: | | | | | | | | | |
| Failed Thrifts | (#) | 2 | 2 | 1 | | 0 | 0 | 0 | 0 |
| Problem Thrifts | (#) | 53 | 41 | 29 | | 18 | 15 | 15 | 14 |
| Problem Thrift Assets | (\$) | 30.32 | 10.76 | 5.43 | | 1.58 | 5.91 | 5.91 | 4.97 |
| Problem Thrift Assets as a % of Total Assets | (%) | 3.92 | 1.40 | 0.71 | | 0.20 | 0.72 | 0.72 | 0.59 |
| ASSET QUALITY MEASURES: | | | | | | | | | |
| Troubled Assets (2) | (\$) | 10.86 | 9.54 | 8.71 | | 7.72 | 6.27 | 6.27 | 6.06 |
| % of Total Assets | (%) | 1.40 | 1.24 | 1.13 | | 0.99 | 0.77 | 0.77 | 0.73 |
| Noncurrent Loans | (\$) | 7.05 | 6.76 | 6.57 | | 5.92 | 4.80 | 4.80 | 4.62 |
| % of Total Assets | (%) | 0.91 | 0.88 | 0.85 | | 0.76 | 0.59 | 0.59 | 0.55 |
| Noncurrent Loans as a % of Loan Type: | | | | | | | | | |
| 1-4 Family Mortgages | (%) | 1.18 | 1.28 | 1.21 | | 1.11 | 0.87 | 0.87 | 0.85 |
| Multifamily Loans | (%) | 2.17 | 1.62 | 1.45 | | 0.74 | 0.49 | 0.49 | 0.43 |
| Commercial Loans | (%) | 2.55 | 1.43 | 1.38 | | 1.10 | 0.97 | 0.97 | 0.90 |
| Consumer Loans | (%) | 0.72 | 0.76 | 0.89 | | 0.97 | 0.81 | 0.81 | 0.75 |
| 1-4 FAMILY MORTGAGE LOAN ACTIVITY: | | | | | | | | | |
| Originations | (\$) | 132.63 | 106.32 | 136.08 | | 150.16 | 275.63 | 81.53 | 66.08 |
| Purchases | (\$) | 45.02 | 40.51 | 57.37 | | 62.43 | 95.44 | 26.63 | 20.69 |
| Sales | (\$) | 96.31 | 76.40 | 93.76 | | 111.83 | 221.42 | 58.95 | 51.94 |
| Loans Outstanding (3) | (\$) | 364.02 | 365.29 | 383.86 | | 390.77 | 400.91 | 400.91 | 399.97 |
| Loans Outstanding / Total Assets | (%) | 47.03 | 47.38 | 49.89 | | 50.32 | 49.03 | 49.03 | 47.90 |

(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 1999

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

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|--|------------|-------------------|---------------|-------------------|------------|-------------------|
| | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS |
| TOTAL ASSETS | 780.15 | 100.00 | 817.61 | 100.00 | 835.04 | 100.00 |
| 1-4 Family Mortgages | 394.66 | 50.59 | 400.91 | 49.03 | 399.97 | 47.90 |
| Mortgage Pool Securities | 101.18 | 12.97 | 93.31 | 11.41 | 100.58 | 12.04 |
| Multifamily Mortgages | 46.88 | 6.01 | 44.04 | 5.39 | 43.47 | 5.21 |
| Nonresidential Mortgages | 29.03 | 3.72 | 29.50 | 3.61 | 30.19 | 3.62 |
| Construction Loans | 11.65 | 1.49 | 13.76 | 1.68 | 14.59 | 1.75 |
| Land Loans | 3.59 | 0.46 | 3.91 | 0.48 | 4.18 | 0.50 |
| Commercial Loans | 12.47 | 1.60 | 15.57 | 1.90 | 16.65 | 1.99 |
| Consumer Loans | 44.67 | 5.73 | 47.40 | 5.80 | 49.08 | 5.88 |
| Cash and Noninterest-Earning Deposits | 10.54 | 1.35 | 13.03 | 1.59 | 10.59 | 1.27 |
| Investment Securities | 87.37 | 11.20 | 113.81 | 13.92 | 121.92 | 14.60 |
| Mortgage Derivatives | 38.12 | 4.89 | 67.06 | 8.20 | 73.15 | 8.76 |
| Repossessed Assets, Net | 1.76 | 0.23 | 1.47 | 0.18 | 1.44 | 0.17 |
| Real Estate Held for Investment | 0.52 | 0.07 | 0.43 | 0.05 | 0.42 | 0.05 |
| Office Premises & Equipment | 7.78 | 1.00 | 7.96 | 0.97 | 8.06 | 0.97 |
| Other Assets | 33.39 | 4.28 | 37.83 | 4.63 | 39.28 | 4.70 |
| Less: Contra Assets & Valuation Allowances | 5.34 | 0.68 | 5.33 | 0.65 | 5.37 | 0.64 |
| TOTAL LIABILITIES AND CAPITAL | 780.15 | 100.00 | 817.61 | 100.00 | 835.04 | 100.00 |
| Total Deposits | 505.16 | 64.75 | 498.78 | 61.00 | 494.29 | 59.19 |
| Deposits < or = to \$100,000 | 421.07 | 53.97 | 403.51 | 49.35 | 399.51 | 47.84 |
| Deposits > \$100,000 | 84.09 | 10.78 | 95.27 | 11.65 | 94.78 | 11.35 |
| Escrows | 11.20 | 1.44 | 11.73 | 1.44 | 10.46 | 1.25 |
| Total Borrowings | 185.39 | 23.76 | 224.99 | 27.52 | 245.78 | 29.43 |
| Advances from FHLB | 116.58 | 14.94 | 143.10 | 17.50 | 152.22 | 18.23 |
| Reverse Repurchase Agreements | 42.24 | 5.41 | 49.44 | 6.05 | 59.25 | 7.10 |
| Other Borrowings | 26.57 | 3.41 | 32.46 | 3.97 | 34.31 | 4.11 |
| Other Liabilities | 12.88 | 1.65 | 14.79 | 1.81 | 16.55 | 1.98 |
| EQUITY CAPITAL | 65.52 | 8.40 | 67.32 | 8.23 | 67.97 | 8.14 |

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|---|------------|------------------------|---------------|------------------------|------------|------------------------|
| | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) |
| INCOME AND EXPENSE DATA | | | | | | |
| Interest Income | 13.69 | 7.10 | 13.75 | 6.87 | 13.78 | 6.72 |
| Interest Expense | 8.35 | 4.33 | 8.32 | 4.16 | 8.17 | 3.98 |
| Net Interest Income | 5.34 | 2.77 | 5.42 | 2.71 | 5.61 | 2.74 |
| Loss Provisions-Interest Bearing Assets | 0.35 | 0.18 | 0.38 | 0.19 | 0.33 | 0.16 |
| Noninterest Income | 2.12 | 1.10 | 2.23 | 1.11 | 2.35 | 1.15 |
| Mortgage Loan Servicing Fees | 0.19 | 0.10 | 0.18 | 0.09 | 0.21 | 0.10 |
| Other Fees and Charges | 0.91 | 0.47 | 1.06 | 0.53 | 1.07 | 0.52 |
| Other Noninterest Income | 1.02 | 0.53 | 0.99 | 0.49 | 1.07 | 0.52 |
| Noninterest Expense | 4.24 | 2.20 | 5.06 | 2.53 | 4.37 | 2.13 |
| G&A Expense | 4.07 | 2.11 | 4.89 | 2.45 | 4.21 | 2.05 |
| Goodwill Expense | 0.14 | 0.07 | 0.14 | 0.07 | 0.13 | 0.07 |
| Loss Provis.-Nonint. Bearing Assets | 0.03 | 0.02 | 0.03 | 0.01 | 0.02 | 0.01 |
| Income Before Taxes & Extraord. Items | 2.87 | 1.49 | 2.21 | 1.11 | 3.27 | 1.59 |
| Income Taxes | 1.00 | 0.52 | 0.77 | 0.38 | 1.21 | 0.59 |
| Extraordinary Items | -0.01 | 0.00 | -0.07 | -0.03 | 0.00 | 0.00 |
| Net Income | 1.87 | 0.97 | 1.38 | 0.69 | 2.06 | 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 1999

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

NORTHEAST REGION

| | | 3-MONTHS ENDED | | | | | | | |
|--|------|----------------|--------|--------|------------------|--------|--------|--------------|--------------|
| | | 1994 | 1995 | 1996 | ADJ. 1996 (1) | 1997 | 1998 | DEC. 1998 | MAR. 1999 |
| | | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| SUMMARY DATA: | | | | | | | | | |
| Number of Thrifts | (#) | 293 | 283 | 269 | | 257 | 243 | 243 | 236 |
| Total Assets | (\$) | 126.19 | 140.09 | 139.82 | | 153.60 | 158.86 | 158.86 | 161.85 |
| Net Income | (\$) | 0.99 | 1.00 | 0.95 | 1.25 | 1.28 | 1.31 | 0.26 | 0.39 |
| Profits | (\$) | 1.12 | 1.04 | 1.05 | | 1.32 | 1.42 | 0.33 | 0.39 |
| Losses | (\$) | -0.13 | -0.04 | -0.10 | | -0.04 | -0.10 | -0.07 | -0.01 |
| PROFITABILITY MEASURES: | | | | | | | | | |
| Return on Average Assets | (%) | 0.79 | 0.77 | 0.68 | 0.89 | 0.91 | 0.86 | 0.68 | 0.97 |
| Median Ratio | (%) | 0.87 | 0.72 | 0.47 | 0.77 | 0.78 | 0.71 | 0.66 | 0.71 |
| Return on Average Equity | (%) | 10.50 | 9.59 | 8.30 | 10.87 | 10.87 | 9.76 | 7.76 | 11.46 |
| Median Ratio | (%) | 9.83 | 7.86 | 4.74 | 8.09 | 8.02 | 6.78 | 6.49 | 7.07 |
| Net Interest Income | (\$) | 3.92 | 3.83 | 4.18 | | 4.33 | 4.35 | 1.07 | 1.11 |
| % of Average Assets | (%) | 3.10 | 2.96 | 2.99 | | 3.07 | 2.84 | 2.76 | 2.79 |
| Total Fee Income | (\$) | 0.29 | 0.32 | 0.41 | | 0.62 | 0.87 | 0.26 | 0.24 |
| % of Average Assets | (%) | 0.24 | 0.26 | 0.33 | | 0.63 | 0.66 | 0.66 | 0.60 |
| G&A Expense | (\$) | 2.61 | 2.58 | 3.17 | 2.71 | 2.91 | 3.53 | 0.97 | 0.84 |
| % of Average Assets | (%) | 2.07 | 2.00 | 2.27 | 1.94 | 2.06 | 2.31 | 2.50 | 2.12 |
| CAPITAL MEASURES: | | | | | | | | | |
| Equity Capital Ratio | (%) | 7.74 | 8.41 | 8.24 | | 8.74 | 8.58 | 8.58 | 8.36 |
| Tier 1 Leverage Ratio | (%) | 7.49 | 7.89 | 7.60 | | 7.90 | 7.66 | 7.66 | 7.53 |
| Risk-based Capital Ratio | (%) | 16.72 | 17.35 | 16.35 | | 16.37 | 15.62 | 15.62 | 15.37 |
| Thrifts by FDICIA Capital Categories: | | | | | | | | | |
| Well-Capitalized | (#) | 278 | 278 | 264 | | 257 | 240 | 240 | 234 |
| Adequately Capitalized | (#) | 13 | 3 | 5 | | 0 | 2 | 2 | 1 |
| Undercapitalized | (#) | 2 | 1 | 0 | | 0 | 0 | 0 | 0 |
| Significantly Undercapitalized | (#) | 0 | 0 | 0 | | 0 | 1 | 1 | 0 |
| Critically Undercapitalized | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 1 |
| FAILED/PROBLEM THRIFTS: | | | | | | | | | |
| Failed Thrifts | (#) | 0 | 1 | 0 | | 0 | 0 | 0 | 0 |
| Problem Thrifts | (#) | 6 | 2 | 0 | | 1 | 2 | 2 | 2 |
| Problem Thrift Assets | (\$) | 0.77 | 0.31 | 0.00 | | 0.22 | 0.51 | 0.51 | 0.49 |
| Problem Thrift Assets as a % of Total Assets | (%) | 0.61 | 0.22 | 0.00 | | 0.15 | 0.32 | 0.32 | 0.30 |
| ASSET QUALITY MEASURES: | | | | | | | | | |
| Troubled Assets (2) | (\$) | 2.22 | 1.76 | 2.02 | | 2.17 | 1.52 | 1.52 | 1.39 |
| % of Total Assets | (%) | 1.76 | 1.26 | 1.44 | | 1.41 | 0.96 | 0.96 | 0.86 |
| Noncurrent Loans | (\$) | 1.54 | 1.27 | 1.64 | | 1.83 | 1.19 | 1.19 | 1.07 |
| % of Total Assets | (%) | 1.22 | 0.91 | 1.17 | | 1.19 | 0.75 | 0.75 | 0.66 |
| Noncurrent Loans as a % of Loan Type: | | | | | | | | | |
| 1-4 Family Mortgages | (%) | 1.60 | 1.43 | 1.69 | | 1.92 | 1.32 | 1.32 | 1.19 |
| Multifamily Loans | (%) | 5.90 | 1.92 | 3.69 | | 2.52 | 0.94 | 0.94 | 0.95 |
| Commercial Loans | (%) | 5.12 | 2.52 | 2.66 | | 1.86 | 1.17 | 1.17 | 0.86 |
| Consumer Loans | (%) | 1.20 | 1.19 | 1.11 | | 0.86 | 0.72 | 0.72 | 0.74 |
| 1-4 FAMILY MORTGAGE LOAN ACTIVITY: | | | | | | | | | |
| Originations | (\$) | 12.96 | 12.38 | 18.76 | | 21.77 | 51.19 | 15.16 | 12.01 |
| Purchases | (\$) | 3.95 | 8.38 | 12.38 | | 6.47 | 8.31 | 2.55 | 2.38 |
| Sales | (\$) | 7.14 | 5.64 | 8.64 | | 11.75 | 36.52 | 10.97 | 9.85 |
| Loans Outstanding (3) | (\$) | 50.03 | 59.58 | 63.39 | | 68.50 | 66.16 | 66.16 | 64.89 |
| Loans Outstanding / Total Assets | (%) | 39.64 | 42.53 | 45.33 | | 44.60 | 41.64 | 41.64 | 40.09 |

(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 1999

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

NORTHEAST REGION

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|--|------------|-------------------|---------------|-------------------|------------|-------------------|
| | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS |
| TOTAL ASSETS | 151.40 | 100.00 | 158.86 | 100.00 | 161.85 | 100.00 |
| 1-4 Family Mortgages | 67.37 | 44.50 | 66.16 | 41.64 | 64.89 | 40.09 |
| Mortgage Pool Securities | 22.61 | 14.94 | 19.76 | 12.44 | 20.60 | 12.73 |
| Multifamily Mortgages | 5.90 | 3.90 | 6.53 | 4.11 | 6.62 | 4.09 |
| Nonresidential Mortgages | 6.58 | 4.35 | 7.14 | 4.49 | 7.31 | 4.52 |
| Construction Loans | 1.29 | 0.85 | 1.49 | 0.94 | 1.50 | 0.93 |
| Land Loans | 0.28 | 0.19 | 0.25 | 0.15 | 0.24 | 0.15 |
| Commercial Loans | 2.69 | 1.78 | 3.72 | 2.34 | 4.23 | 2.61 |
| Consumer Loans | 8.39 | 5.55 | 8.20 | 5.16 | 8.03 | 4.96 |
| Cash and Noninterest-Earning Deposits | 1.88 | 1.24 | 2.44 | 1.54 | 2.10 | 1.30 |
| Investment Securities | 26.91 | 17.77 | 34.17 | 21.51 | 36.92 | 22.81 |
| Mortgage Derivatives | 13.35 | 8.81 | 19.60 | 12.34 | 22.35 | 13.81 |
| Repossessed Assets, Net | 0.35 | 0.23 | 0.33 | 0.21 | 0.32 | 0.20 |
| Real Estate Held for Investment | 0.10 | 0.06 | 0.09 | 0.06 | 0.10 | 0.06 |
| Office Premises & Equipment | 1.46 | 0.96 | 1.46 | 0.92 | 1.51 | 0.93 |
| Other Assets | 6.47 | 4.27 | 7.99 | 5.03 | 8.38 | 5.18 |
| Less: Contra Assets & Valuation Allowances | 0.90 | 0.59 | 0.86 | 0.54 | 0.89 | 0.55 |
| TOTAL LIABILITIES AND CAPITAL | 151.40 | 100.00 | 158.86 | 100.00 | 161.85 | 100.00 |
| Total Deposits | 99.22 | 65.54 | 100.92 | 63.53 | 99.06 | 61.21 |
| Deposits < or = to \$100,000 | 85.91 | 56.75 | 85.30 | 53.70 | 82.67 | 51.08 |
| Deposits > \$100,000 | 13.31 | 8.79 | 15.62 | 9.83 | 16.40 | 10.13 |
| Escrows | 2.26 | 1.49 | 2.12 | 1.34 | 1.92 | 1.19 |
| Total Borrowings | 34.28 | 22.64 | 40.13 | 25.26 | 45.01 | 27.81 |
| Advances from FHLB | 21.62 | 14.28 | 24.67 | 15.53 | 28.60 | 17.67 |
| Reverse Repurchase Agreements | 9.83 | 6.49 | 12.55 | 7.90 | 13.44 | 8.30 |
| Other Borrowings | 2.82 | 1.87 | 2.90 | 1.83 | 2.97 | 1.83 |
| Other Liabilities | 2.55 | 1.69 | 2.06 | 1.29 | 2.32 | 1.43 |
| EQUITY CAPITAL | 13.09 | 8.65 | 13.64 | 8.58 | 13.54 | 8.36 |

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|---|------------|------------------------|---------------|------------------------|------------|------------------------|
| | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) |
| INCOME AND EXPENSE DATA | | | | | | |
| Interest Income | 2.60 | 6.99 | 2.60 | 6.70 | 2.62 | 6.59 |
| Interest Expense | 1.52 | 4.09 | 1.53 | 3.94 | 1.51 | 3.80 |
| Net Interest Income | 1.08 | 2.89 | 1.07 | 2.76 | 1.11 | 2.79 |
| Loss Provisions-Interest Bearing Assets | 0.06 | 0.16 | 0.06 | 0.14 | 0.05 | 0.12 |
| Noninterest Income | 0.36 | 0.97 | 0.43 | 1.10 | 0.42 | 1.07 |
| Mortgage Loan Servicing Fees | 0.03 | 0.09 | 0.04 | 0.11 | 0.04 | 0.11 |
| Other Fees and Charges | 0.15 | 0.41 | 0.22 | 0.56 | 0.19 | 0.49 |
| Other Noninterest Income | 0.18 | 0.47 | 0.17 | 0.44 | 0.19 | 0.47 |
| Noninterest Expense | 0.86 | 2.30 | 1.01 | 2.59 | 0.88 | 2.20 |
| G&A Expense | 0.83 | 2.22 | 0.97 | 2.50 | 0.84 | 2.12 |
| Goodwill Expense | 0.02 | 0.07 | 0.03 | 0.07 | 0.03 | 0.07 |
| Loss Provis.-Nonint. Bearing Assets | 0.01 | 0.02 | 0.01 | 0.02 | 0.01 | 0.01 |
| Income Before Taxes & Extraord. Items | 0.52 | 1.41 | 0.44 | 1.13 | 0.61 | 1.53 |
| Income Taxes | 0.20 | 0.54 | 0.16 | 0.42 | 0.22 | 0.57 |
| Extraordinary Items | 0.00 | 0.00 | -0.01 | -0.03 | 0.00 | 0.00 |
| Net Income | 0.32 | 0.87 | 0.26 | 0.68 | 0.39 | 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 1999

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

SOUTHEAST REGION

| | | 3-MONTHS ENDED | | | | | | | |
|--|------|----------------|-------|-------|------------------|-------|-------|--------------|--------------|
| | | 1994 | 1995 | 1996 | ADJ. 1996 (1) | 1997 | 1998 | DEC. 1998 | MAR. 1999 |
| | | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| SUMMARY DATA: | | | | | | | | | |
| Number of Thrifts | (#) | 319 | 291 | 264 | | 237 | 222 | 222 | 223 |
| Total Assets | (\$) | 82.29 | 73.01 | 61.71 | | 62.78 | 63.34 | 63.34 | 63.85 |
| Net Income | (\$) | 0.67 | 0.58 | 0.34 | 0.53 | 0.52 | 0.53 | 0.08 | 0.16 |
| Profits | (\$) | 0.74 | 0.64 | 0.46 | | 0.59 | 0.62 | 0.10 | 0.17 |
| Losses | (\$) | -0.07 | -0.06 | -0.12 | | -0.08 | -0.09 | -0.03 | -0.01 |
| PROFITABILITY MEASURES: | | | | | | | | | |
| Return on Average Assets | (%) | 0.78 | 0.74 | 0.53 | 0.83 | 0.83 | 0.85 | 0.50 | 1.01 |
| Median Ratio | (%) | 0.82 | 0.79 | 0.47 | 0.77 | 0.78 | 0.79 | 0.65 | 0.72 |
| Return on Average Equity | (%) | 9.73 | 8.76 | 5.82 | 9.04 | 8.86 | 8.58 | 5.04 | 10.36 |
| Median Ratio | (%) | 9.36 | 8.24 | 4.53 | 7.60 | 8.33 | 7.07 | 5.81 | 6.73 |
| Net Interest Income | (\$) | 2.73 | 2.32 | 2.11 | | 2.04 | 1.89 | 0.44 | 0.46 |
| % of Average Assets | (%) | 3.19 | 2.99 | 3.28 | | 3.28 | 3.03 | 2.89 | 2.93 |
| Total Fee Income | (\$) | 0.42 | 0.51 | 0.66 | | 0.72 | 0.56 | 0.12 | 0.13 |
| % of Average Assets | (%) | 0.55 | 0.73 | 1.12 | | 1.21 | 0.79 | 0.79 | 0.80 |
| G&A Expense | (\$) | 2.13 | 1.97 | 2.16 | 1.86 | 1.95 | 1.91 | 0.45 | 0.43 |
| % of Average Assets | (%) | 2.48 | 2.54 | 3.35 | 2.90 | 3.13 | 3.05 | 2.93 | 2.75 |
| CAPITAL MEASURES: | | | | | | | | | |
| Equity Capital Ratio | (%) | 8.22 | 8.98 | 9.10 | | 9.82 | 9.85 | 9.85 | 9.73 |
| Tier 1 Leverage Ratio | (%) | 8.03 | 8.51 | 8.62 | | 9.03 | 9.17 | 9.17 | 9.19 |
| Risk-based Capital Ratio | (%) | 16.30 | 16.62 | 16.01 | | 16.35 | 17.37 | 17.37 | 17.29 |
| Thrifts by FDICIA Capital Categories: | | | | | | | | | |
| Well-Capitalized | (#) | 292 | 281 | 251 | | 223 | 211 | 211 | 212 |
| Adequately Capitalized | (#) | 26 | 9 | 12 | | 14 | 8 | 8 | 10 |
| Undercapitalized | (#) | 1 | 0 | 0 | | 0 | 1 | 1 | 0 |
| Significantly Undercapitalized | (#) | 0 | 0 | 1 | | 0 | 0 | 0 | 1 |
| Critically Undercapitalized | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| FAILED/PROBLEM THRIFTS: | | | | | | | | | |
| Failed Thrifts | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Problem Thrifts | (#) | 19 | 15 | 13 | | 9 | 5 | 5 | 6 |
| Problem Thrift Assets | (\$) | 3.32 | 1.33 | 0.85 | | 0.56 | 0.22 | 0.22 | 0.27 |
| Problem Thrift Assets as a % of Total Assets | (%) | 4.03 | 1.82 | 1.38 | | 0.89 | 0.35 | 0.35 | 0.43 |
| ASSET QUALITY MEASURES: | | | | | | | | | |
| Troubled Assets (2) | (\$) | 1.34 | 0.97 | 0.79 | | 0.72 | 0.61 | 0.61 | 0.58 |
| % of Total Assets | (%) | 1.62 | 1.33 | 1.28 | | 1.15 | 0.96 | 0.96 | 0.91 |
| Noncurrent Loans | (\$) | 0.64 | 0.51 | 0.49 | | 0.46 | 0.41 | 0.41 | 0.39 |
| % of Total Assets | (%) | 0.78 | 0.70 | 0.80 | | 0.74 | 0.65 | 0.65 | 0.61 |
| Noncurrent Loans as a % of Loan Type: | | | | | | | | | |
| 1-4 Family Mortgages | (%) | 0.82 | 0.83 | 0.94 | | 0.94 | 0.89 | 0.89 | 0.86 |
| Multifamily Loans | (%) | 2.39 | 1.98 | 1.39 | | 0.91 | 0.85 | 0.85 | 1.00 |
| Commercial Loans | (%) | 2.75 | 1.71 | 1.97 | | 1.07 | 0.83 | 0.83 | 0.86 |
| Consumer Loans | (%) | 0.82 | 1.04 | 1.54 | | 1.82 | 1.00 | 1.00 | 0.78 |
| 1-4 FAMILY MORTGAGE LOAN ACTIVITY: | | | | | | | | | |
| Originations | (\$) | 14.96 | 9.94 | 11.58 | | 12.07 | 19.14 | 5.37 | 3.99 |
| Purchases | (\$) | 6.23 | 3.22 | 3.03 | | 5.87 | 9.28 | 2.52 | 1.71 |
| Sales | (\$) | 11.01 | 6.01 | 6.35 | | 8.94 | 13.48 | 3.02 | 3.31 |
| Loans Outstanding (3) | (\$) | 39.20 | 34.36 | 29.67 | | 29.68 | 30.79 | 30.79 | 30.03 |
| Loans Outstanding / Total Assets | (%) | 47.63 | 47.06 | 48.08 | | 47.27 | 48.61 | 48.61 | 47.04 |

(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 1999

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

SOUTHEAST REGION

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|--|------------|-------------------|---------------|-------------------|------------|-------------------|
| | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS |
| TOTAL ASSETS | 64.72 | 100.00 | 63.34 | 100.00 | 63.85 | 100.00 |
| 1-4 Family Mortgages | 30.30 | 46.82 | 30.79 | 48.61 | 30.03 | 47.04 |
| Mortgage Pool Securities | 7.07 | 10.93 | 5.56 | 8.79 | 5.08 | 7.96 |
| Multifamily Mortgages | 0.83 | 1.28 | 0.68 | 1.08 | 0.69 | 1.08 |
| Nonresidential Mortgages | 3.60 | 5.56 | 3.20 | 5.05 | 3.20 | 5.01 |
| Construction Loans | 2.44 | 3.77 | 2.32 | 3.67 | 2.39 | 3.75 |
| Land Loans | 1.20 | 1.85 | 1.15 | 1.82 | 1.21 | 1.90 |
| Commercial Loans | 1.17 | 1.81 | 1.51 | 2.39 | 1.75 | 2.74 |
| Consumer Loans | 4.66 | 7.21 | 3.56 | 5.62 | 4.18 | 6.54 |
| Cash and Noninterest-Earning Deposits | 1.17 | 1.81 | 1.29 | 2.03 | 1.15 | 1.80 |
| Investment Securities | 8.87 | 13.71 | 10.30 | 16.26 | 11.20 | 17.54 |
| Mortgage Derivatives | 1.98 | 3.06 | 3.55 | 5.60 | 4.13 | 6.46 |
| Repossessed Assets, Net | 0.25 | 0.39 | 0.20 | 0.31 | 0.19 | 0.30 |
| Real Estate Held for Investment | 0.05 | 0.08 | 0.06 | 0.09 | 0.05 | 0.08 |
| Office Premises & Equipment | 1.00 | 1.54 | 0.98 | 1.54 | 0.98 | 1.53 |
| Other Assets | 2.58 | 3.99 | 2.16 | 3.40 | 2.15 | 3.36 |
| Less: Contra Assets & Valuation Allowances | 0.47 | 0.73 | 0.42 | 0.66 | 0.41 | 0.64 |
| TOTAL LIABILITIES AND CAPITAL | 64.72 | 100.00 | 63.34 | 100.00 | 63.85 | 100.00 |
| Total Deposits | 47.11 | 72.79 | 45.30 | 71.51 | 45.58 | 71.38 |
| Deposits < or = to \$100,000 | 39.06 | 60.35 | 36.48 | 57.59 | 36.54 | 57.23 |
| Deposits > \$100,000 | 8.05 | 12.44 | 8.82 | 13.92 | 9.03 | 14.14 |
| Escrows | 0.45 | 0.70 | 0.32 | 0.50 | 0.43 | 0.67 |
| Total Borrowings | 9.68 | 14.95 | 10.39 | 16.40 | 10.44 | 16.36 |
| Advances from FHLB | 7.29 | 11.26 | 8.16 | 12.88 | 7.62 | 11.93 |
| Reverse Repurchase Agreements | 1.62 | 2.51 | 1.62 | 2.56 | 2.23 | 3.50 |
| Other Borrowings | 0.77 | 1.18 | 0.60 | 0.95 | 0.59 | 0.93 |
| Other Liabilities | 1.15 | 1.78 | 1.09 | 1.73 | 1.19 | 1.87 |
| EQUITY CAPITAL | 6.32 | 9.77 | 6.24 | 9.85 | 6.21 | 9.73 |

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|---|------------|------------------------|---------------|------------------------|------------|------------------------|
| | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) |
| INCOME AND EXPENSE DATA | | | | | | |
| Interest Income | 1.17 | 7.38 | 1.08 | 7.00 | 1.08 | 6.85 |
| Interest Expense | 0.66 | 4.21 | 0.63 | 4.11 | 0.62 | 3.93 |
| Net Interest Income | 0.50 | 3.17 | 0.44 | 2.89 | 0.46 | 2.93 |
| Loss Provisions-Interest Bearing Assets | 0.04 | 0.26 | 0.04 | 0.24 | 0.04 | 0.24 |
| Noninterest Income | 0.26 | 1.63 | 0.17 | 1.12 | 0.27 | 1.69 |
| Mortgage Loan Servicing Fees | 0.01 | 0.08 | 0.01 | 0.07 | 0.01 | 0.06 |
| Other Fees and Charges | 0.15 | 0.96 | 0.11 | 0.72 | 0.12 | 0.74 |
| Other Noninterest Income | 0.09 | 0.59 | 0.05 | 0.33 | 0.14 | 0.89 |
| Noninterest Expense | 0.51 | 3.20 | 0.46 | 2.98 | 0.44 | 2.79 |
| G&A Expense | 0.49 | 3.10 | 0.45 | 2.93 | 0.43 | 2.75 |
| Goodwill Expense | 0.01 | 0.09 | 0.01 | 0.05 | 0.01 | 0.04 |
| Loss Provis.-Nonint. Bearing Assets | 0.00 | 0.01 | 0.00 | 0.01 | 0.00 | 0.00 |
| Income Before Taxes & Extraord. Items | 0.21 | 1.35 | 0.12 | 0.79 | 0.25 | 1.59 |
| Income Taxes | 0.08 | 0.48 | 0.04 | 0.29 | 0.09 | 0.58 |
| Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Income | 0.14 | 0.87 | 0.08 | 0.50 | 0.16 | 1.01 |

* 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 1999

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

CENTRAL REGION

| | | 3-MONTHS ENDED | | | | | | | |
|--|------|----------------|--------|--------|------------------|--------|--------|--------------|--------------|
| | | 1994 | 1995 | 1996 | ADJ. 1996 (1) | 1997 | 1998 | DEC. 1998 | MAR. 1999 |
| | | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| SUMMARY DATA: | | | | | | | | | |
| Number of Thrifts | (#) | 470 | 433 | 405 | | 363 | 353 | 353 | 345 |
| Total Assets | (\$) | 147.36 | 157.25 | 158.17 | | 156.91 | 162.20 | 162.20 | 164.42 |
| Net Income | (\$) | 1.13 | 1.32 | 1.11 | 1.58 | 1.45 | 1.54 | 0.33 | 0.45 |
| Profits | (\$) | 1.33 | 1.47 | 1.33 | | 1.54 | 1.62 | 0.35 | 0.47 |
| Losses | (\$) | -0.20 | -0.15 | -0.21 | | -0.09 | -0.08 | -0.01 | -0.01 |
| PROFITABILITY MEASURES: | | | | | | | | | |
| Return on Average Assets | (%) | 0.79 | 0.85 | 0.70 | 1.00 | 0.94 | 0.98 | 0.84 | 1.12 |
| Median Ratio | (%) | 0.86 | 0.77 | 0.47 | 0.76 | 0.90 | 0.79 | 0.76 | 0.76 |
| Return on Average Equity | (%) | 9.32 | 9.89 | 8.10 | 11.51 | 10.59 | 10.62 | 9.09 | 12.34 |
| Median Ratio | (%) | 9.12 | 7.59 | 4.18 | 7.12 | 8.45 | 7.32 | 6.50 | 6.66 |
| Net Interest Income | (\$) | 4.36 | 4.25 | 4.55 | | 4.52 | 4.49 | 1.14 | 1.18 |
| % of Average Assets | (%) | 3.02 | 2.75 | 2.88 | | 2.94 | 2.87 | 2.87 | 2.92 |
| Total Fee Income | (\$) | 0.48 | 0.57 | 0.68 | | 0.74 | 0.81 | 0.19 | 0.21 |
| % of Average Assets | (%) | 0.34 | 0.38 | 0.43 | | 0.48 | 0.49 | 0.49 | 0.52 |
| G&A Expense | (\$) | 2.95 | 3.10 | 3.92 | 3.20 | 3.34 | 3.77 | 1.00 | 0.91 |
| % of Average Assets | (%) | 2.05 | 2.00 | 2.47 | 2.02 | 2.17 | 2.41 | 2.52 | 2.25 |
| CAPITAL MEASURES: | | | | | | | | | |
| Equity Capital Ratio | (%) | 8.52 | 8.77 | 8.46 | | 9.13 | 9.07 | 9.07 | 9.11 |
| Tier 1 Leverage Ratio | (%) | 8.18 | 8.30 | 8.00 | | 8.09 | 8.05 | 8.05 | 8.13 |
| Risk-based Capital Ratio | (%) | 17.21 | 17.22 | 15.98 | | 15.39 | 14.94 | 14.94 | 14.75 |
| Thrifts by FDICIA Capital Categories: | | | | | | | | | |
| Well-Capitalized | (#) | 456 | 424 | 396 | | 355 | 348 | 348 | 342 |
| Adequately Capitalized | (#) | 14 | 9 | 9 | | 7 | 5 | 5 | 3 |
| Undercapitalized | (#) | 0 | 0 | 0 | | 1 | 0 | 0 | 0 |
| Significantly Undercapitalized | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Critically Undercapitalized | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| FAILED/PROBLEM THRIFTS: | | | | | | | | | |
| Failed Thrifts | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Problem Thrifts | (#) | 2 | 4 | 3 | | 2 | 3 | 3 | 2 |
| Problem Thrift Assets | (\$) | 0.05 | 0.86 | 0.73 | | 0.03 | 0.44 | 0.44 | 0.30 |
| Problem Thrift Assets as a % of Total Assets | (%) | 0.03 | 0.55 | 0.46 | | 0.02 | 0.27 | 0.27 | 0.19 |
| ASSET QUALITY MEASURES: | | | | | | | | | |
| Troubled Assets (2) | (\$) | 0.86 | 1.17 | 1.06 | | 1.06 | 1.19 | 1.19 | 1.21 |
| % of Total Assets | (%) | 0.59 | 0.74 | 0.67 | | 0.68 | 0.73 | 0.73 | 0.73 |
| Noncurrent Loans | (\$) | 0.64 | 1.01 | 0.89 | | 0.86 | 0.93 | 0.93 | 0.95 |
| % of Total Assets | (%) | 0.43 | 0.64 | 0.56 | | 0.55 | 0.58 | 0.58 | 0.58 |
| Noncurrent Loans as a % of Loan Type: | | | | | | | | | |
| 1-4 Family Mortgages | (%) | 0.59 | 0.87 | 0.68 | | 0.68 | 0.71 | 0.71 | 0.77 |
| Multifamily Loans | (%) | 0.92 | 1.35 | 1.46 | | 0.78 | 0.67 | 0.67 | 0.57 |
| Commercial Loans | (%) | 1.46 | 1.16 | 1.24 | | 0.67 | 0.97 | 0.97 | 1.04 |
| Consumer Loans | (%) | 0.44 | 0.84 | 0.93 | | 1.10 | 0.90 | 0.90 | 0.69 |
| 1-4 FAMILY MORTGAGE LOAN ACTIVITY: | | | | | | | | | |
| Originations | (\$) | 26.49 | 28.14 | 38.41 | | 39.81 | 69.54 | 20.20 | 16.59 |
| Purchases | (\$) | 9.98 | 10.25 | 12.24 | | 15.49 | 31.81 | 9.94 | 8.37 |
| Sales | (\$) | 18.58 | 20.55 | 29.96 | | 34.10 | 72.25 | 21.36 | 19.34 |
| Loans Outstanding (3) | (\$) | 72.24 | 77.74 | 80.77 | | 80.95 | 82.06 | 82.06 | 81.45 |
| Loans Outstanding / Total Assets | (%) | 49.02 | 49.43 | 51.07 | | 51.59 | 50.59 | 50.59 | 49.54 |

(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 1999

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

CENTRAL REGION

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|--|------------|-------------------|---------------|-------------------|------------|-------------------|
| | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS |
| TOTAL ASSETS | 156.85 | 100.00 | 162.20 | 100.00 | 164.42 | 100.00 |
| 1-4 Family Mortgages | 81.53 | 51.98 | 82.06 | 50.59 | 81.45 | 49.54 |
| Mortgage Pool Securities | 14.35 | 9.15 | 15.99 | 9.86 | 15.59 | 9.48 |
| Multifamily Mortgages | 5.65 | 3.60 | 5.56 | 3.43 | 5.69 | 3.46 |
| Nonresidential Mortgages | 4.98 | 3.18 | 5.21 | 3.21 | 5.39 | 3.28 |
| Construction Loans | 2.71 | 1.73 | 3.18 | 1.96 | 3.21 | 1.95 |
| Land Loans | 0.95 | 0.61 | 1.06 | 0.66 | 1.13 | 0.68 |
| Commercial Loans | 3.29 | 2.10 | 3.87 | 2.39 | 3.98 | 2.42 |
| Consumer Loans | 12.89 | 8.22 | 14.99 | 9.24 | 17.31 | 10.53 |
| Cash and Noninterest-Earning Deposits | 2.20 | 1.40 | 2.68 | 1.65 | 2.12 | 1.29 |
| Investment Securities | 20.67 | 13.18 | 18.50 | 11.41 | 18.58 | 11.30 |
| Mortgage Derivatives | 8.58 | 5.47 | 7.26 | 4.48 | 7.25 | 4.41 |
| Repossessed Assets, Net | 0.23 | 0.15 | 0.25 | 0.16 | 0.26 | 0.16 |
| Real Estate Held for Investment | 0.14 | 0.09 | 0.09 | 0.05 | 0.09 | 0.05 |
| Office Premises & Equipment | 1.73 | 1.10 | 1.77 | 1.09 | 1.77 | 1.08 |
| Other Assets | 6.45 | 4.11 | 7.98 | 4.92 | 8.86 | 5.39 |
| Less: Contra Assets & Valuation Allowances | 0.92 | 0.59 | 0.99 | 0.61 | 1.01 | 0.62 |
| TOTAL LIABILITIES AND CAPITAL | 156.85 | 100.00 | 162.20 | 100.00 | 164.42 | 100.00 |
| Total Deposits | 109.58 | 69.86 | 109.46 | 67.48 | 109.75 | 66.75 |
| Deposits < or = to \$100,000 | 92.39 | 58.90 | 89.88 | 55.41 | 89.19 | 54.25 |
| Deposits > \$100,000 | 17.19 | 10.96 | 19.58 | 12.07 | 20.56 | 12.51 |
| Escrows | 2.23 | 1.42 | 2.01 | 1.24 | 1.92 | 1.17 |
| Total Borrowings | 28.55 | 18.20 | 33.51 | 20.66 | 34.91 | 21.23 |
| Advances from FHLB | 20.94 | 13.35 | 24.15 | 14.89 | 25.23 | 15.35 |
| Reverse Repurchase Agreements | 5.35 | 3.41 | 7.37 | 4.54 | 7.84 | 4.77 |
| Other Borrowings | 2.27 | 1.44 | 1.99 | 1.23 | 1.83 | 1.11 |
| Other Liabilities | 2.09 | 1.33 | 2.51 | 1.55 | 2.86 | 1.74 |
| EQUITY CAPITAL | 14.40 | 9.18 | 14.71 | 9.07 | 14.98 | 9.11 |

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|---|------------|------------------------|---------------|------------------------|------------|------------------------|
| | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) |
| INCOME AND EXPENSE DATA | | | | | | |
| Interest Income | 2.80 | 7.22 | 2.78 | 7.00 | 2.80 | 6.90 |
| Interest Expense | 1.69 | 4.36 | 1.64 | 4.14 | 1.62 | 3.98 |
| Net Interest Income | 1.11 | 2.87 | 1.14 | 2.87 | 1.18 | 2.92 |
| Loss Provisions-Interest Bearing Assets | 0.09 | 0.22 | 0.11 | 0.27 | 0.10 | 0.24 |
| Noninterest Income | 0.47 | 1.22 | 0.60 | 1.51 | 0.58 | 1.43 |
| Mortgage Loan Servicing Fees | 0.03 | 0.07 | 0.01 | 0.03 | 0.00 | 0.00 |
| Other Fees and Charges | 0.17 | 0.44 | 0.18 | 0.46 | 0.21 | 0.52 |
| Other Noninterest Income | 0.28 | 0.72 | 0.40 | 1.02 | 0.37 | 0.91 |
| Noninterest Expense | 0.89 | 2.30 | 1.04 | 2.62 | 0.95 | 2.35 |
| G&A Expense | 0.85 | 2.18 | 1.00 | 2.52 | 0.91 | 2.25 |
| Goodwill Expense | 0.05 | 0.12 | 0.03 | 0.09 | 0.03 | 0.08 |
| Loss Provis.-Nonint. Bearing Assets | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 | 0.01 |
| Income Before Taxes & Extraord. Items | 0.61 | 1.56 | 0.59 | 1.49 | 0.71 | 1.76 |
| Income Taxes | 0.22 | 0.56 | 0.20 | 0.51 | 0.26 | 0.64 |
| Extraordinary Items | 0.00 | 0.00 | -0.06 | -0.14 | 0.00 | 0.00 |
| Net Income | 0.39 | 1.00 | 0.33 | 0.84 | 0.45 | 1.12 |

* 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 1999

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

MIDWEST REGION

| | | 1994 | 1995 | 1996 | ADJ. 1996 (1) | 1997 | 1998 | 3-MONTHS ENDED | |
|--|------|--------|--------|--------|------------------|-------|-------|----------------|--------------|
| | | | | | | | | DEC. 1998 | MAR. 1999 |
| SUMMARY DATA: | | | | | | | | | |
| Number of Thrifts | (#) | 320 | 302 | 282 | | 256 | 239 | 239 | 236 |
| Total Assets | (\$) | 121.52 | 124.03 | 124.57 | | 91.93 | 95.91 | 95.91 | 98.91 |
| Net Income | (\$) | 0.80 | 1.24 | 1.45 | 1.80 | 0.94 | 0.92 | 0.24 | 0.22 |
| Profits | (\$) | 1.07 | 1.27 | 1.62 | | 1.09 | 1.04 | 0.28 | 0.24 |
| Losses | (\$) | -0.27 | -0.03 | -0.16 | | -0.15 | -0.12 | -0.03 | -0.02 |
| PROFITABILITY MEASURES: | | | | | | | | | |
| Return on Average Assets | (%) | 0.71 | 1.00 | 1.14 | 1.42 | 0.96 | 1.01 | 1.05 | 0.90 |
| Median Ratio | (%) | 0.87 | 0.77 | 0.46 | 0.81 | 0.85 | 0.78 | 0.72 | 0.75 |
| Return on Average Equity | (%) | 9.20 | 12.98 | 14.00 | 17.32 | 11.23 | 11.19 | 11.64 | 10.08 |
| Median Ratio | (%) | 9.70 | 7.89 | 4.77 | 8.18 | 8.17 | 7.33 | 6.27 | 7.25 |
| Net Interest Income | (\$) | 3.05 | 3.19 | 3.47 | | 2.79 | 2.47 | 0.65 | 0.68 |
| % of Average Assets | (%) | 2.70 | 2.58 | 2.73 | | 2.85 | 2.72 | 2.81 | 2.80 |
| Total Fee Income | (\$) | 0.53 | 0.64 | 0.83 | | 0.70 | 0.74 | 0.20 | 0.19 |
| % of Average Assets | (%) | 0.50 | 0.54 | 0.73 | | 0.77 | 0.86 | 0.86 | 0.78 |
| G&A Expense | (\$) | 2.40 | 2.46 | 3.22 | 2.69 | 2.10 | 2.13 | 0.56 | 0.58 |
| % of Average Assets | (%) | 2.12 | 1.99 | 2.54 | 2.12 | 2.15 | 2.35 | 2.40 | 2.40 |
| CAPITAL MEASURES: | | | | | | | | | |
| Equity Capital Ratio | (%) | 7.44 | 8.05 | 8.42 | | 8.74 | 8.80 | 8.80 | 9.09 |
| Tier 1 Leverage Ratio | (%) | 7.07 | 7.46 | 7.71 | | 8.34 | 8.38 | 8.38 | 8.70 |
| Risk-based Capital Ratio | (%) | 15.29 | 15.47 | 15.30 | | 15.64 | 14.95 | 14.95 | 15.23 |
| Thrifts by FDICIA Capital Categories: | | | | | | | | | |
| Well-Capitalized | (#) | 300 | 297 | 275 | | 248 | 229 | 229 | 226 |
| Adequately Capitalized | (#) | 20 | 4 | 7 | | 8 | 10 | 10 | 10 |
| Undercapitalized | (#) | 0 | 1 | 0 | | 0 | 0 | 0 | 0 |
| Significantly Undercapitalized | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Critically Undercapitalized | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| FAILED/PROBLEM THRIFTS: | | | | | | | | | |
| Failed Thrifts | (#) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Problem Thrifts | (#) | 7 | 6 | 3 | | 1 | 2 | 2 | 1 |
| Problem Thrift Assets | (\$) | 0.49 | 0.33 | 0.13 | | 0.01 | 0.78 | 0.78 | 0.09 |
| Problem Thrift Assets as a % of Total Assets | (%) | 0.41 | 0.27 | 0.11 | | 0.02 | 0.82 | 0.82 | 0.09 |
| ASSET QUALITY MEASURES: | | | | | | | | | |
| Troubled Assets (2) | (\$) | 1.32 | 1.09 | 1.03 | | 0.64 | 0.61 | 0.61 | 0.69 |
| % of Total Assets | (%) | 1.09 | 0.88 | 0.83 | | 0.70 | 0.64 | 0.64 | 0.70 |
| Noncurrent Loans | (\$) | 0.69 | 0.73 | 0.74 | | 0.46 | 0.43 | 0.43 | 0.50 |
| % of Total Assets | (%) | 0.57 | 0.59 | 0.59 | | 0.50 | 0.45 | 0.45 | 0.50 |
| Noncurrent Loans as a % of Loan Type: | | | | | | | | | |
| 1-4 Family Mortgages | (%) | 0.92 | 0.95 | 0.97 | | 0.69 | 0.61 | 0.61 | 0.76 |
| Multifamily Loans | (%) | 1.14 | 0.99 | 0.83 | | 0.44 | 0.48 | 0.48 | 0.22 |
| Commercial Loans | (%) | 1.34 | 1.71 | 0.95 | | 1.28 | 0.98 | 0.98 | 0.85 |
| Consumer Loans | (%) | 0.40 | 0.41 | 0.65 | | 0.84 | 0.55 | 0.55 | 0.65 |
| 1-4 FAMILY MORTGAGE LOAN ACTIVITY: | | | | | | | | | |
| Originations | (\$) | 17.42 | 16.22 | 21.84 | | 19.23 | 31.30 | 10.09 | 7.54 |
| Purchases | (\$) | 14.17 | 11.12 | 14.77 | | 11.98 | 18.46 | 5.02 | 3.18 |
| Sales | (\$) | 18.74 | 12.65 | 21.41 | | 16.98 | 28.46 | 7.03 | 5.77 |
| Loans Outstanding (3) | (\$) | 49.95 | 54.47 | 54.11 | | 40.59 | 43.40 | 43.40 | 43.18 |
| Loans Outstanding / Total Assets | (%) | 41.11 | 43.92 | 43.44 | | 44.15 | 45.25 | 45.25 | 43.66 |

(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 1999

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

MIDWEST REGION

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|--|------------|-------------------|---------------|-------------------|------------|-------------------|
| | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS |
| TOTAL ASSETS | 90.47 | 100.00 | 95.91 | 100.00 | 98.91 | 100.00 |
| 1-4 Family Mortgages | 41.00 | 45.32 | 43.40 | 45.25 | 43.18 | 43.66 |
| Mortgage Pool Securities | 10.35 | 11.44 | 10.03 | 10.46 | 10.59 | 10.71 |
| Multifamily Mortgages | 2.25 | 2.48 | 2.22 | 2.31 | 2.27 | 2.29 |
| Nonresidential Mortgages | 3.69 | 4.08 | 4.28 | 4.47 | 4.81 | 4.87 |
| Construction Loans | 3.61 | 3.99 | 4.91 | 5.12 | 5.51 | 5.57 |
| Land Loans | 0.59 | 0.66 | 0.81 | 0.84 | 0.92 | 0.93 |
| Commercial Loans | 2.12 | 2.35 | 3.12 | 3.25 | 3.42 | 3.45 |
| Consumer Loans | 10.08 | 11.14 | 10.88 | 11.34 | 11.19 | 11.32 |
| Cash and Noninterest-Earning Deposits | 1.23 | 1.36 | 1.30 | 1.36 | 1.38 | 1.40 |
| Investment Securities | 10.86 | 12.00 | 9.63 | 10.04 | 9.91 | 10.02 |
| Mortgage Derivatives | 3.24 | 3.58 | 3.50 | 3.65 | 3.50 | 3.53 |
| Reposessed Assets, Net | 0.19 | 0.21 | 0.19 | 0.19 | 0.20 | 0.20 |
| Real Estate Held for Investment | 0.04 | 0.04 | 0.03 | 0.03 | 0.03 | 0.03 |
| Office Premises & Equipment | 1.00 | 1.11 | 1.17 | 1.22 | 1.22 | 1.23 |
| Other Assets | 4.02 | 4.44 | 4.53 | 4.72 | 4.90 | 4.95 |
| Less: Contra Assets & Valuation Allowances | 0.56 | 0.62 | 0.58 | 0.61 | 0.61 | 0.62 |
| TOTAL LIABILITIES AND CAPITAL | 90.47 | 100.00 | 95.91 | 100.00 | 98.91 | 100.00 |
| Total Deposits | 59.28 | 65.53 | 60.35 | 62.92 | 61.48 | 62.16 |
| Deposits < or = to \$100,000 | 50.03 | 55.31 | 49.53 | 51.64 | 51.25 | 51.82 |
| Deposits > \$100,000 | 9.25 | 10.23 | 10.82 | 11.28 | 10.23 | 10.34 |
| Escrows | 2.01 | 2.22 | 2.43 | 2.53 | 2.09 | 2.12 |
| Total Borrowings | 19.83 | 21.92 | 23.42 | 24.42 | 24.94 | 25.21 |
| Advances from FHLB | 14.24 | 15.75 | 19.43 | 20.25 | 20.39 | 20.62 |
| Reverse Repurchase Agreements | 2.95 | 3.26 | 1.61 | 1.68 | 2.15 | 2.18 |
| Other Borrowings | 2.64 | 2.92 | 2.38 | 2.49 | 2.39 | 2.42 |
| Other Liabilities | 1.20 | 1.33 | 1.28 | 1.33 | 1.41 | 1.43 |
| EQUITY CAPITAL | 8.14 | 9.00 | 8.44 | 8.80 | 8.99 | 9.09 |

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|---|------------|------------------------|---------------|------------------------|------------|------------------------|
| | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) |
| INCOME AND EXPENSE DATA | | | | | | |
| Interest Income | 1.63 | 7.20 | 1.64 | 7.02 | 1.67 | 6.87 |
| Interest Expense | 1.06 | 4.71 | 0.98 | 4.21 | 0.99 | 4.08 |
| Net Interest Income | 0.56 | 2.49 | 0.65 | 2.81 | 0.68 | 2.80 |
| Loss Provisions-Interest Bearing Assets | 0.07 | 0.33 | 0.06 | 0.26 | 0.05 | 0.21 |
| Noninterest Income | 0.37 | 1.64 | 0.33 | 1.43 | 0.29 | 1.18 |
| Mortgage Loan Servicing Fees | 0.03 | 0.15 | 0.02 | 0.10 | 0.03 | 0.14 |
| Other Fees and Charges | 0.13 | 0.57 | 0.18 | 0.75 | 0.16 | 0.65 |
| Other Noninterest Income | 0.21 | 0.92 | 0.13 | 0.57 | 0.10 | 0.40 |
| Noninterest Expense | 0.53 | 2.36 | 0.58 | 2.50 | 0.60 | 2.46 |
| G&A Expense | 0.51 | 2.28 | 0.56 | 2.40 | 0.58 | 2.40 |
| Goodwill Expense | 0.01 | 0.04 | 0.01 | 0.06 | 0.01 | 0.05 |
| Loss Provis.-Nonint. Bearing Assets | 0.01 | 0.04 | 0.01 | 0.03 | 0.00 | 0.01 |
| Income Before Taxes & Extraord. Items | 0.33 | 1.44 | 0.35 | 1.48 | 0.32 | 1.31 |
| Income Taxes | 0.07 | 0.29 | 0.10 | 0.43 | 0.10 | 0.41 |
| Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Income | 0.26 | 1.15 | 0.24 | 1.05 | 0.22 | 0.90 |

* 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 1999

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

WEST REGION

| | | 3-MONTHS ENDED | | | | | | | |
|--|------|----------------|--------|--------|----------|--------|--------|--------|--------|
| | | 1994 | 1995 | 1996 | ADJ. | 1997 | 1998 | DEC. | MAR. |
| | | ---- | ---- | ---- | 1996 (1) | ---- | ---- | 1998 | 1999 |
| | | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| SUMMARY DATA: | | | | | | | | | |
| Number of Thrifts | (#) | 141 | 128 | 114 | | 102 | 88 | 88 | 89 |
| Total Assets | (\$) | 296.70 | 276.60 | 285.09 | | 311.37 | 337.29 | 337.29 | 346.01 |
| Net Income | (\$) | 0.68 | 1.23 | 0.88 | 1.64 | 2.23 | 3.27 | 0.46 | 0.84 |
| Profits | (\$) | 1.70 | 1.62 | 1.46 | | 2.45 | 3.37 | 0.47 | 0.84 |
| Losses | (\$) | -1.02 | -0.39 | -0.58 | | -0.22 | -0.09 | -0.01 | 0.00 |
| PROFITABILITY MEASURES: | | | | | | | | | |
| Return on Average Assets | (%) | 0.23 | 0.43 | 0.32 | 0.59 | 0.73 | 1.02 | 0.55 | 0.99 |
| Median Ratio | (%) | 0.49 | 0.46 | 0.38 | 0.63 | 0.77 | 0.78 | 0.72 | 0.76 |
| Return on Average Equity | (%) | 3.26 | 6.24 | 4.49 | 8.40 | 10.23 | 13.64 | 7.55 | 14.00 |
| Median Ratio | (%) | 5.95 | 5.94 | 4.41 | 8.25 | 9.56 | 8.72 | 7.92 | 8.82 |
| Net Interest Income | (\$) | 8.15 | 6.95 | 7.47 | | 8.15 | 8.30 | 2.12 | 2.18 |
| % of Average Assets | (%) | 2.74 | 2.43 | 2.71 | | 2.67 | 2.58 | 2.56 | 2.57 |
| Total Fee Income | (\$) | 0.96 | 0.83 | 1.06 | | 1.60 | 1.58 | 0.46 | 0.51 |
| % of Average Assets | (%) | 0.30 | 0.29 | 0.42 | | 0.53 | 0.56 | 0.56 | 0.61 |
| G&A Expense | (\$) | 6.28 | 5.16 | 6.68 | 5.50 | 5.78 | 6.16 | 1.91 | 1.44 |
| % of Average Assets | (%) | 2.11 | 1.80 | 2.42 | 1.99 | 1.89 | 1.92 | 2.31 | 1.69 |
| CAPITAL MEASURES: | | | | | | | | | |
| Equity Capital Ratio | (%) | 6.66 | 7.09 | 6.99 | | 7.27 | 7.20 | 7.20 | 7.01 |
| Tier 1 Leverage Ratio | (%) | 6.21 | 6.51 | 6.52 | | 6.66 | 6.43 | 6.43 | 6.35 |
| Risk-based Capital Ratio | (%) | 12.55 | 12.73 | 12.45 | | 12.62 | 12.85 | 12.85 | 12.83 |
| Thrifts by FDICIA Capital Categories: | | | | | | | | | |
| Well-Capitalized | (#) | 113 | 112 | 104 | | 100 | 87 | 87 | 87 |
| Adequately Capitalized | (#) | 22 | 13 | 10 | | 2 | 1 | 1 | 2 |
| Undercapitalized | (#) | 2 | 2 | 0 | | 0 | 0 | 0 | 0 |
| Significantly Undercapitalized | (#) | 3 | 1 | 0 | | 0 | 0 | 0 | 0 |
| Critically Undercapitalized | (#) | 1 | 0 | 0 | | 0 | 0 | 0 | 0 |
| FAILED/PROBLEM THRIFTS: | | | | | | | | | |
| Failed Thrifts | (#) | 2 | 1 | 1 | | 0 | 0 | 0 | 0 |
| Problem Thrifts | (#) | 19 | 14 | 10 | | 5 | 3 | 3 | 3 |
| Problem Thrift Assets | (\$) | 25.69 | 7.92 | 3.72 | | 0.75 | 3.96 | 3.96 | 3.81 |
| Problem Thrift Assets as a % of Total Assets | (%) | 8.66 | 2.87 | 1.30 | | 0.24 | 1.17 | 1.17 | 1.10 |
| ASSET QUALITY MEASURES: | | | | | | | | | |
| Troubled Assets (2) | (\$) | 5.12 | 4.55 | 3.81 | | 3.13 | 2.34 | 2.34 | 2.18 |
| % of Total Assets | (%) | 1.72 | 1.65 | 1.34 | | 1.01 | 0.69 | 0.69 | 0.63 |
| Noncurrent Loans | (\$) | 3.54 | 3.23 | 2.81 | | 2.31 | 1.84 | 1.84 | 1.71 |
| % of Total Assets | (%) | 1.19 | 1.17 | 0.99 | | 0.74 | 0.54 | 0.54 | 0.49 |
| Noncurrent Loans as a % of Loan Type: | | | | | | | | | |
| 1-4 Family Mortgages | (%) | 1.49 | 1.68 | 1.42 | | 1.12 | 0.83 | 0.83 | 0.78 |
| Multifamily Loans | (%) | 1.92 | 1.69 | 1.10 | | 0.41 | 0.35 | 0.35 | 0.29 |
| Commercial Loans | (%) | 1.52 | 0.43 | 0.57 | | 0.73 | 0.78 | 0.78 | 0.84 |
| Consumer Loans | (%) | 0.99 | 0.64 | 0.57 | | 0.59 | 0.98 | 0.98 | 0.98 |
| 1-4 FAMILY MORTGAGE LOAN ACTIVITY: | | | | | | | | | |
| Originations | (\$) | 60.80 | 39.64 | 45.50 | | 57.35 | 104.46 | 30.71 | 25.94 |
| Purchases | (\$) | 10.68 | 7.54 | 14.94 | | 22.62 | 27.58 | 6.60 | 5.06 |
| Sales | (\$) | 40.84 | 31.55 | 27.39 | | 40.05 | 70.71 | 16.56 | 13.67 |
| Loans Outstanding (3) | (\$) | 152.60 | 139.15 | 155.92 | | 171.06 | 178.51 | 178.51 | 180.42 |
| Loans Outstanding / Total Assets | (%) | 51.43 | 50.31 | 54.69 | | 54.94 | 52.92 | 52.92 | 52.14 |

(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 1999

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

WEST REGION

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|--|------------|-------------------|---------------|-------------------|------------|-------------------|
| | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS | (\$) | % OF TOTAL ASSETS |
| TOTAL ASSETS | 316.72 | 100.00 | 337.29 | 100.00 | 346.01 | 100.00 |
| 1-4 Family Mortgages | 174.47 | 55.09 | 178.51 | 52.92 | 180.42 | 52.14 |
| Mortgage Pool Securities | 46.79 | 14.77 | 41.97 | 12.44 | 48.71 | 14.08 |
| Multifamily Mortgages | 32.25 | 10.18 | 29.05 | 8.61 | 28.21 | 8.15 |
| Nonresidential Mortgages | 10.18 | 3.21 | 9.67 | 2.87 | 9.47 | 2.74 |
| Construction Loans | 1.60 | 0.50 | 1.86 | 0.55 | 1.97 | 0.57 |
| Land Loans | 0.56 | 0.18 | 0.65 | 0.19 | 0.68 | 0.20 |
| Commercial Loans | 3.19 | 1.01 | 3.34 | 0.99 | 3.28 | 0.95 |
| Consumer Loans | 8.64 | 2.73 | 9.77 | 2.90 | 8.37 | 2.42 |
| Cash and Noninterest-Earning Deposits | 4.06 | 1.28 | 5.32 | 1.58 | 3.84 | 1.11 |
| Investment Securities | 20.06 | 6.33 | 41.21 | 12.22 | 45.30 | 13.09 |
| Mortgage Derivatives | 10.98 | 3.47 | 33.15 | 9.83 | 35.93 | 10.38 |
| Reposessed Assets, Net | 0.75 | 0.24 | 0.50 | 0.15 | 0.48 | 0.14 |
| Real Estate Held for Investment | 0.20 | 0.06 | 0.16 | 0.05 | 0.15 | 0.04 |
| Office Premises & Equipment | 2.58 | 0.82 | 2.57 | 0.76 | 2.59 | 0.75 |
| Other Assets | 13.87 | 4.38 | 15.19 | 4.50 | 14.98 | 4.33 |
| Less: Contra Assets & Valuation Allowances | 2.48 | 0.78 | 2.48 | 0.73 | 2.44 | 0.71 |
| TOTAL LIABILITIES AND CAPITAL | 316.72 | 100.00 | 337.29 | 100.00 | 346.01 | 100.00 |
| Total Deposits | 189.96 | 59.98 | 182.75 | 54.18 | 178.41 | 51.56 |
| Deposits < or = to \$100,000 | 153.68 | 48.52 | 142.31 | 42.19 | 139.86 | 40.42 |
| Deposits > \$100,000 | 36.28 | 11.46 | 40.43 | 11.99 | 38.56 | 11.14 |
| Escrows | 4.25 | 1.34 | 4.85 | 1.44 | 4.10 | 1.18 |
| Total Borrowings | 93.06 | 29.38 | 117.54 | 34.85 | 130.48 | 37.71 |
| Advances from FHLB | 52.49 | 16.57 | 66.69 | 19.77 | 70.38 | 20.34 |
| Reverse Repurchase Agreements | 22.49 | 7.10 | 26.28 | 7.79 | 33.58 | 9.70 |
| Other Borrowings | 18.07 | 5.71 | 24.57 | 7.28 | 26.52 | 7.67 |
| Other Liabilities | 5.89 | 1.86 | 7.85 | 2.33 | 8.76 | 2.53 |
| EQUITY CAPITAL | 23.57 | 7.44 | 24.30 | 7.20 | 24.26 | 7.01 |

| | MARCH 1998 | | DECEMBER 1998 | | MARCH 1999 | |
|---|------------|------------------------|---------------|------------------------|------------|------------------------|
| | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) | (\$) | % OF AVERAGE ASSETS(*) |
| INCOME AND EXPENSE DATA | | | | | | |
| Interest Income | 5.49 | 7.00 | 5.65 | 6.83 | 5.61 | 6.62 |
| Interest Expense | 3.40 | 4.34 | 3.54 | 4.27 | 3.43 | 4.05 |
| Net Interest Income | 2.09 | 2.66 | 2.12 | 2.56 | 2.18 | 2.57 |
| Loss Provisions-Interest Bearing Assets | 0.09 | 0.11 | 0.12 | 0.14 | 0.10 | 0.11 |
| Noninterest Income | 0.65 | 0.83 | 0.70 | 0.84 | 0.79 | 0.93 |
| Mortgage Loan Servicing Fees | 0.08 | 0.11 | 0.09 | 0.11 | 0.12 | 0.15 |
| Other Fees and Charges | 0.31 | 0.39 | 0.37 | 0.45 | 0.39 | 0.46 |
| Other Noninterest Income | 0.26 | 0.33 | 0.23 | 0.28 | 0.28 | 0.33 |
| Noninterest Expense | 1.45 | 1.85 | 1.98 | 2.39 | 1.50 | 1.77 |
| G&A Expense | 1.39 | 1.77 | 1.91 | 2.31 | 1.44 | 1.69 |
| Goodwill Expense | 0.05 | 0.06 | 0.06 | 0.07 | 0.05 | 0.06 |
| Loss Provis.-Nonint. Bearing Assets | 0.01 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 |
| Income Before Taxes & Extraord. Items | 1.20 | 1.53 | 0.72 | 0.86 | 1.38 | 1.62 |
| Income Taxes | 0.44 | 0.56 | 0.26 | 0.31 | 0.54 | 0.63 |
| Extraordinary Items | -0.01 | -0.01 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Income | 0.76 | 0.96 | 0.46 | 0.55 | 0.84 | 0.99 |

* 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 1999