



OFFICE OF THRIFT SUPERVISION

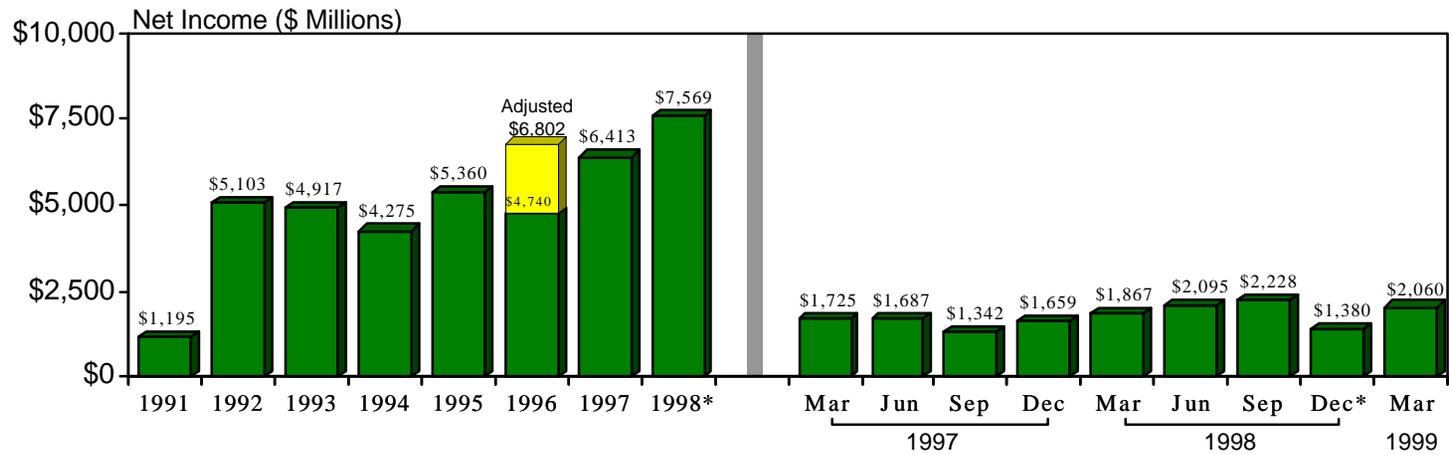
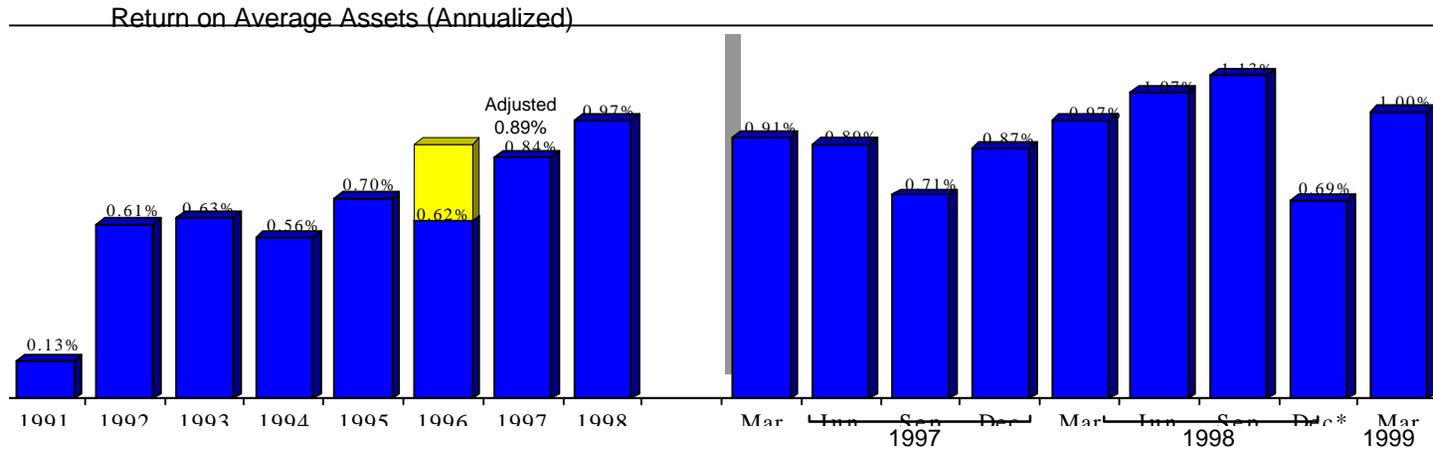
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Office of Thrift Supervision
June 1999

FIRST QUARTER EARNINGS WERE STRONG



* 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.

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RISE IN ROA DUE PRIMARILY TO ABSENCE OF ONE-TIME CHARGES

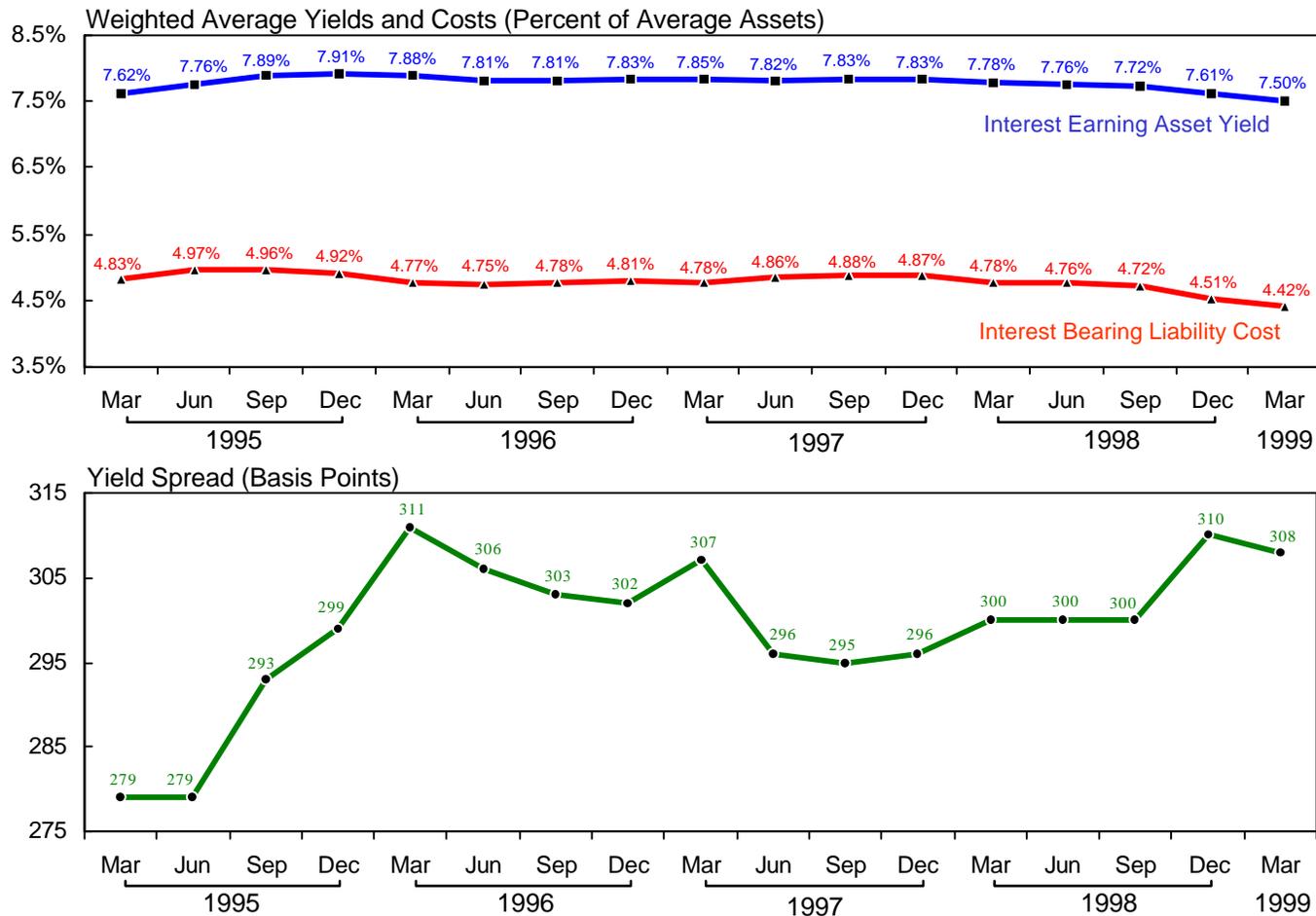
Components of ROA	Mar '98	Dec '98	Mar '99	Change	Change
				Mar '98	Dec '98
				Mar '99	Mar '99
ROA	0.97%	0.69%	1.00%	0.03%	0.31%
Net Interest Margin	2.77%	2.71%	2.74%	-0.03%	0.03%
Interest Income	7.10%	6.87%	6.72%	-0.38%	-0.15%
Interest Expense	4.33%	4.16%	3.98%	-0.35%	-0.18%
Provisions for Losses	0.18%	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.

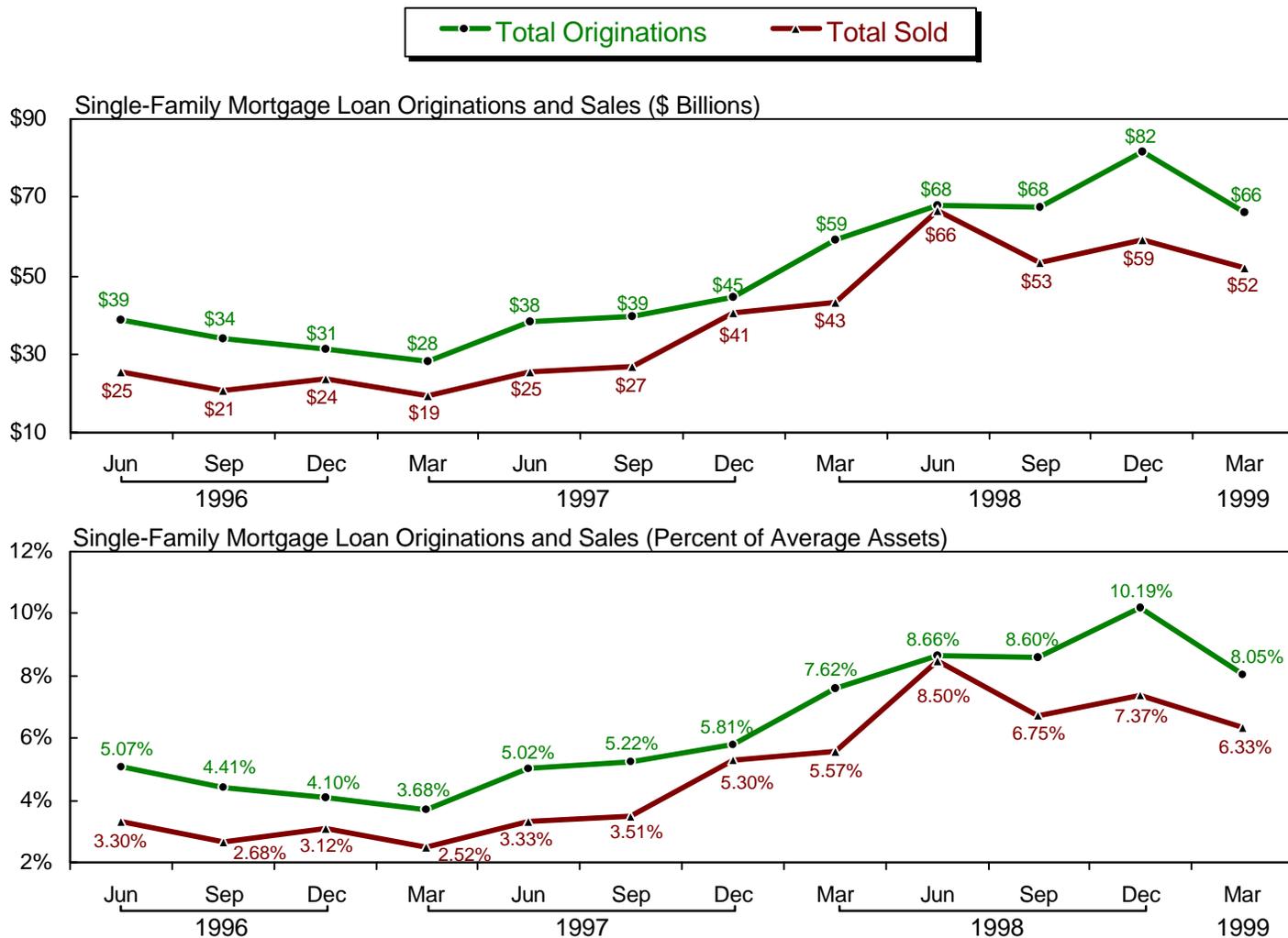
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THRIFTS' YIELD SPREAD DROPPED SLIGHTLY IN THE FIRST QUARTER



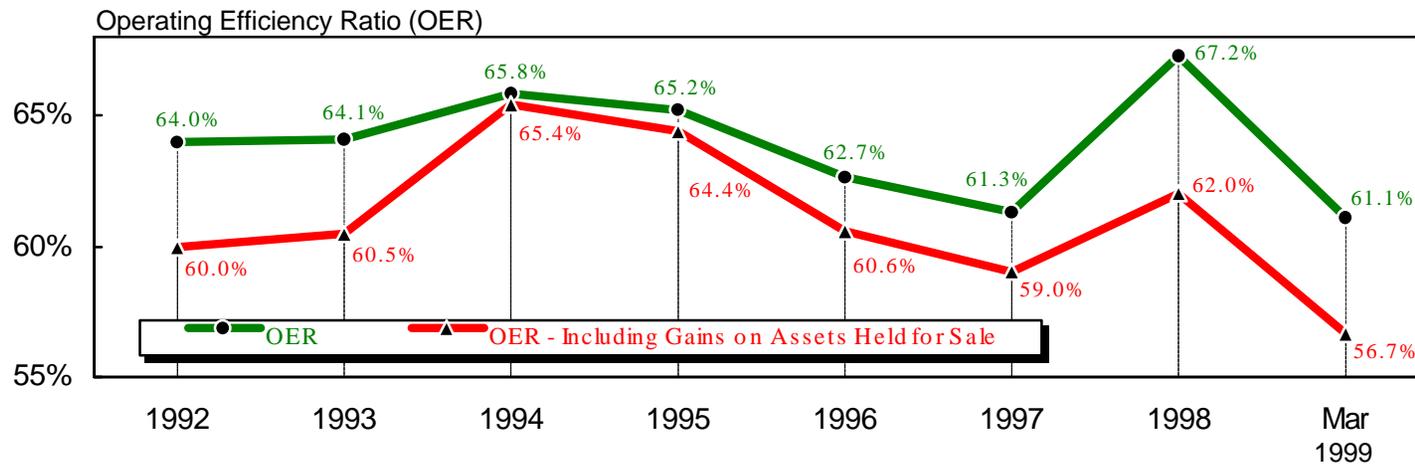
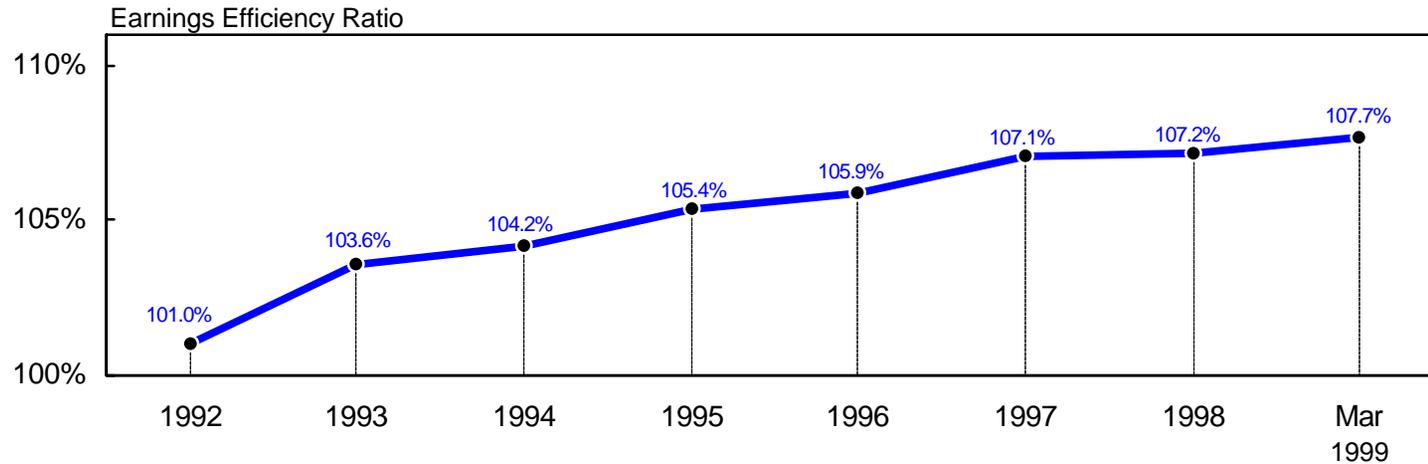
Yield Spread is the end of period Weighted Average Yield minus the Weighted Average Cost.
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MORTGAGE BANKING ACTIVITY DECLINED BUT REMAINED STRONG



Beginning in June 1996, data are consolidated.
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OPERATING EFFICIENCY RETURNED TO MORE TYPICAL LEVELS



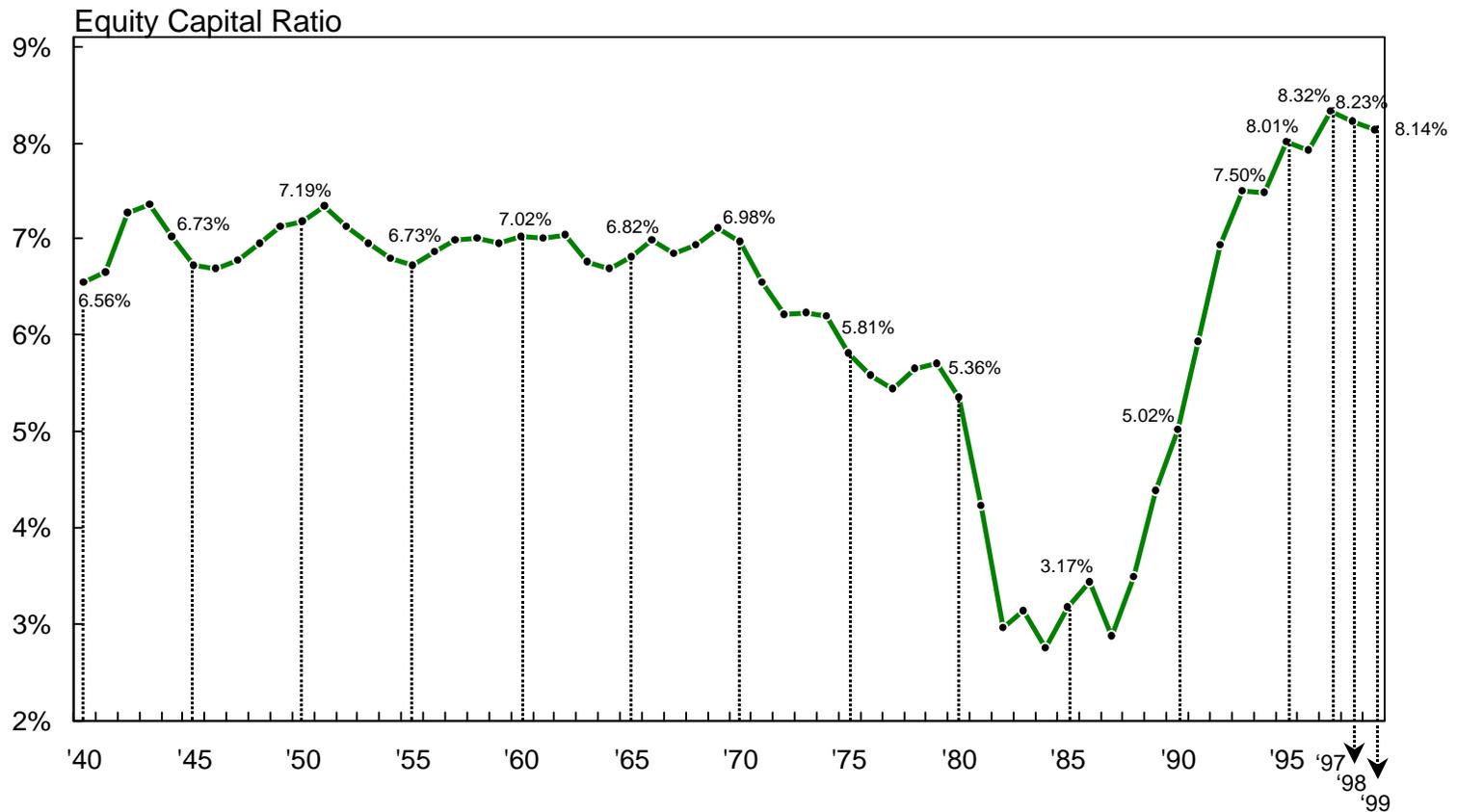
Earnings Efficiency Ratio = Interest-Earning Assets / Interest-Bearing Liabilities.

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

1996 General and Administrative Expense excludes net SAIF special assessment.

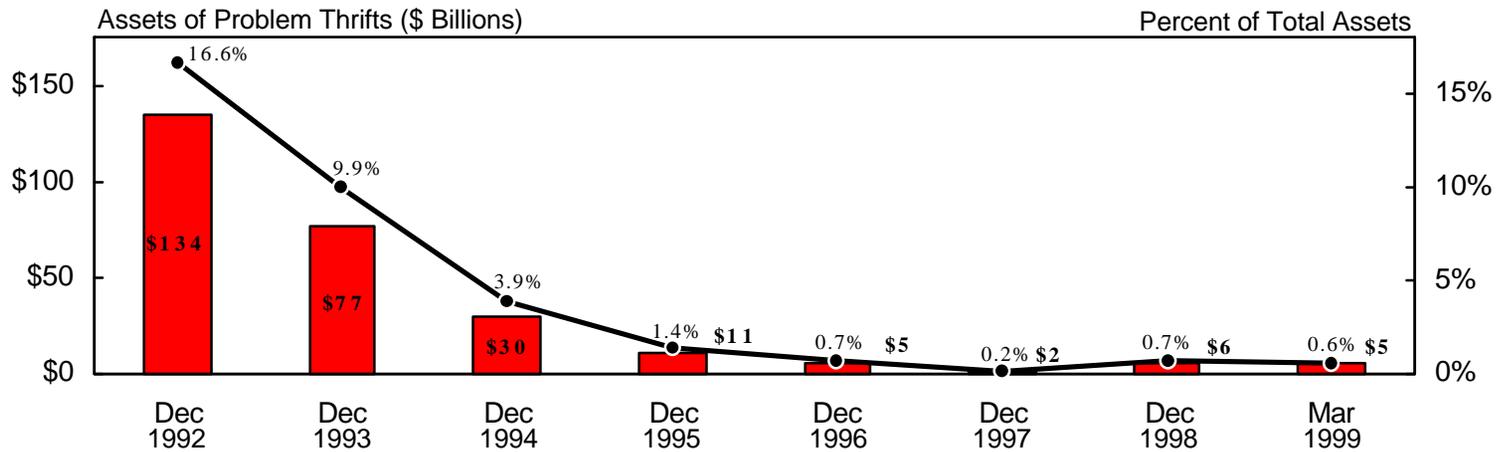
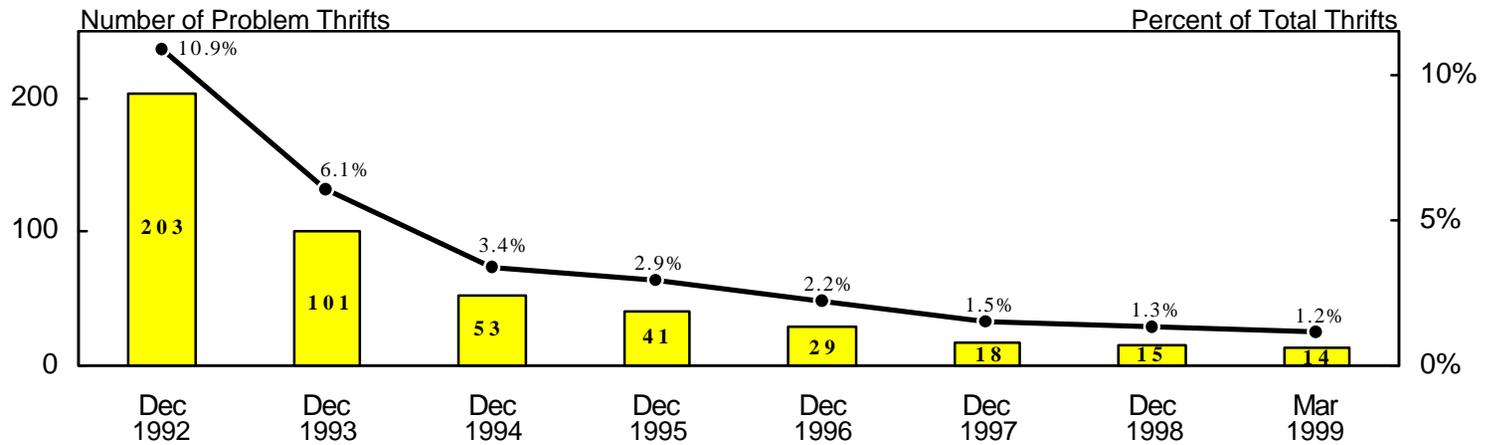
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EQUITY CAPITAL RATIO DECLINED SLIGHTLY BUT REMAINS STRONG

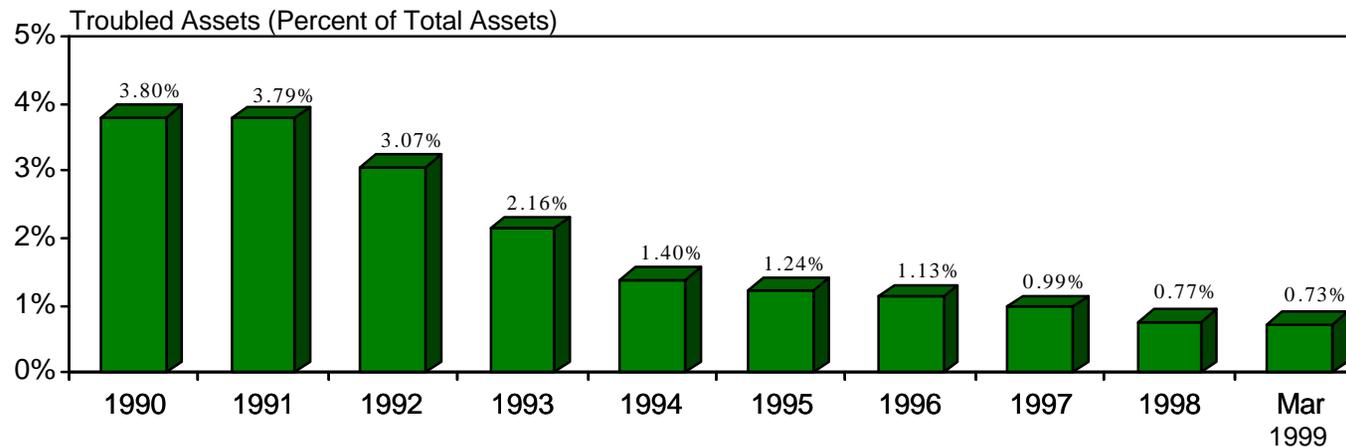
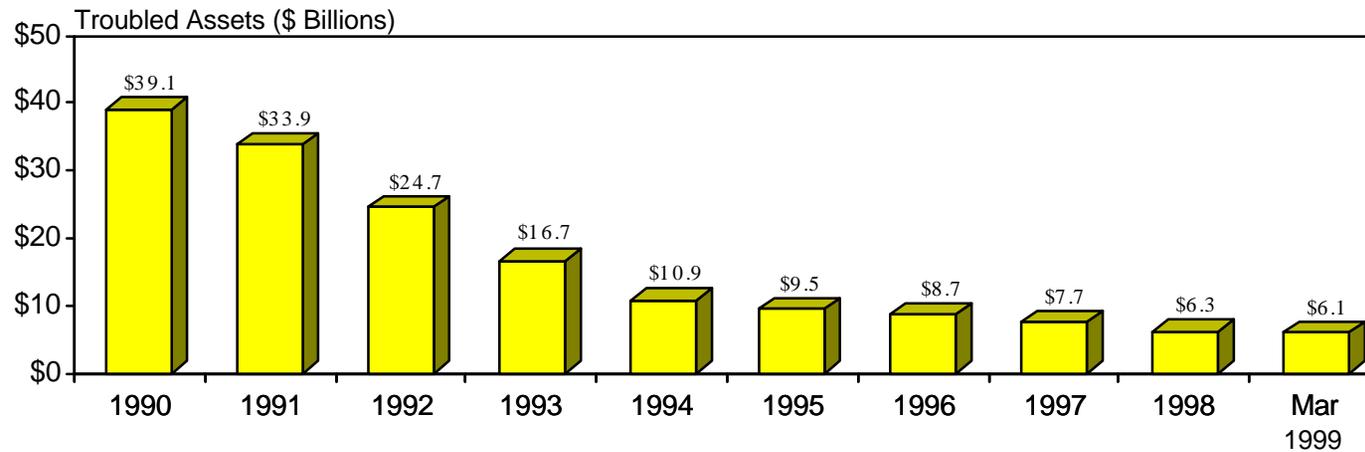


PROBLEM THRIFTS CONTINUED TO DECLINE

(Thrifts with CAMELS Ratings of 4 or 5)

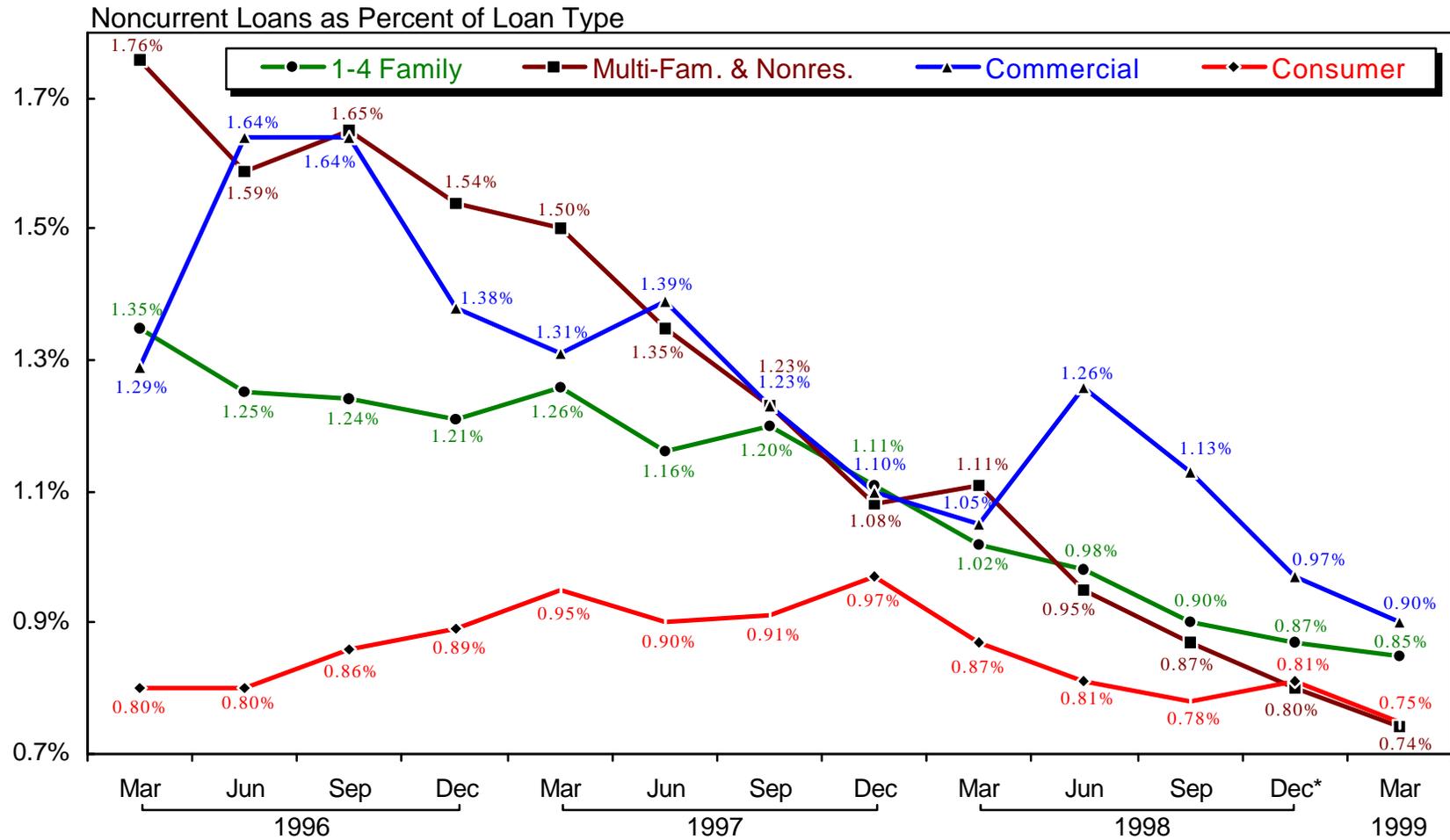


FIRST QUARTER TROUBLED ASSETS REACHED A NEW POST-FIRREA LOW



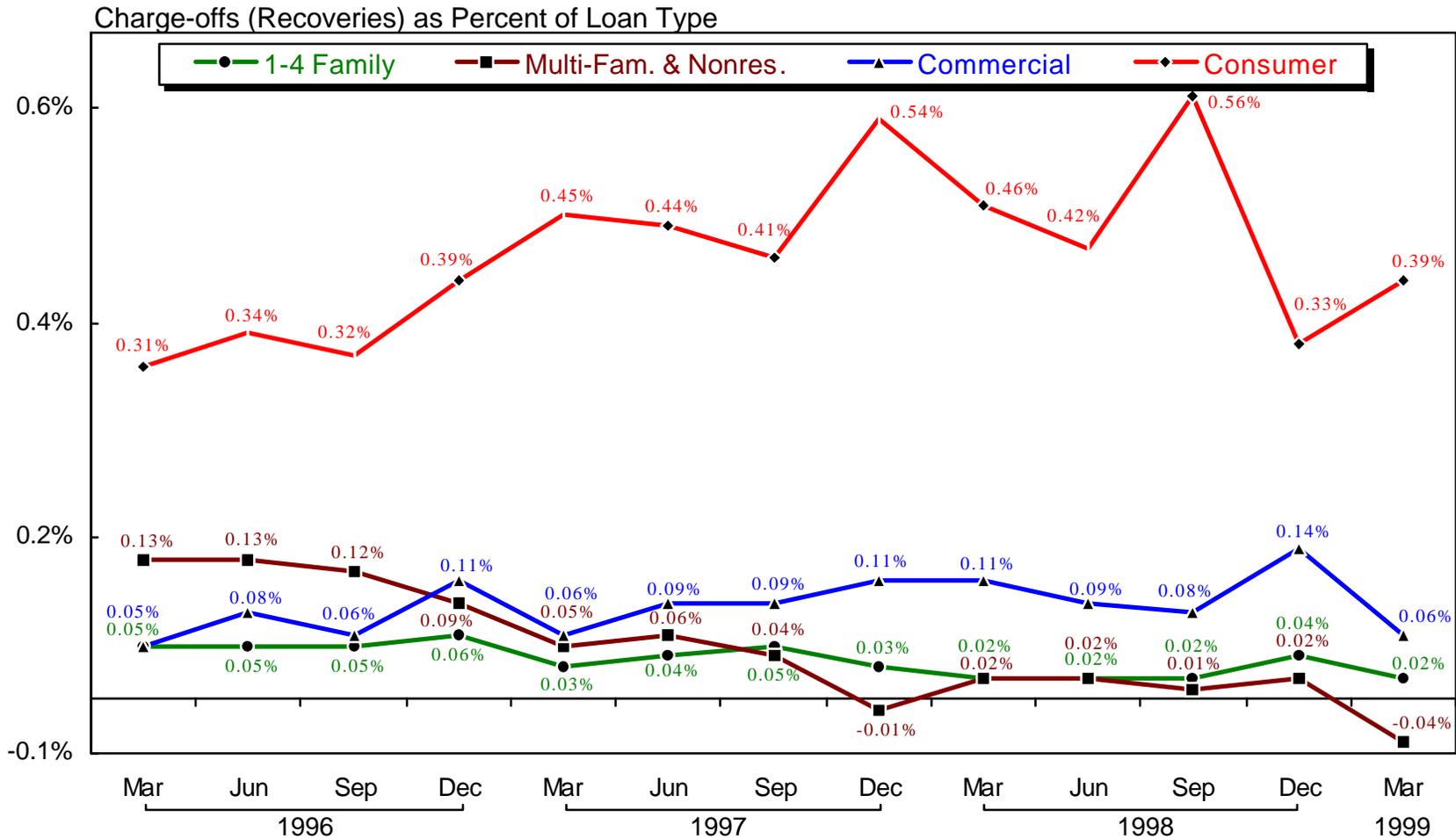
Troubled Assets include noncurrent loans and repossessed assets.
Data after 1995 are net of specific valuation allowances.
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NONCURRENT LOAN RATES DECLINED FOR ALL MAJOR LOAN TYPES



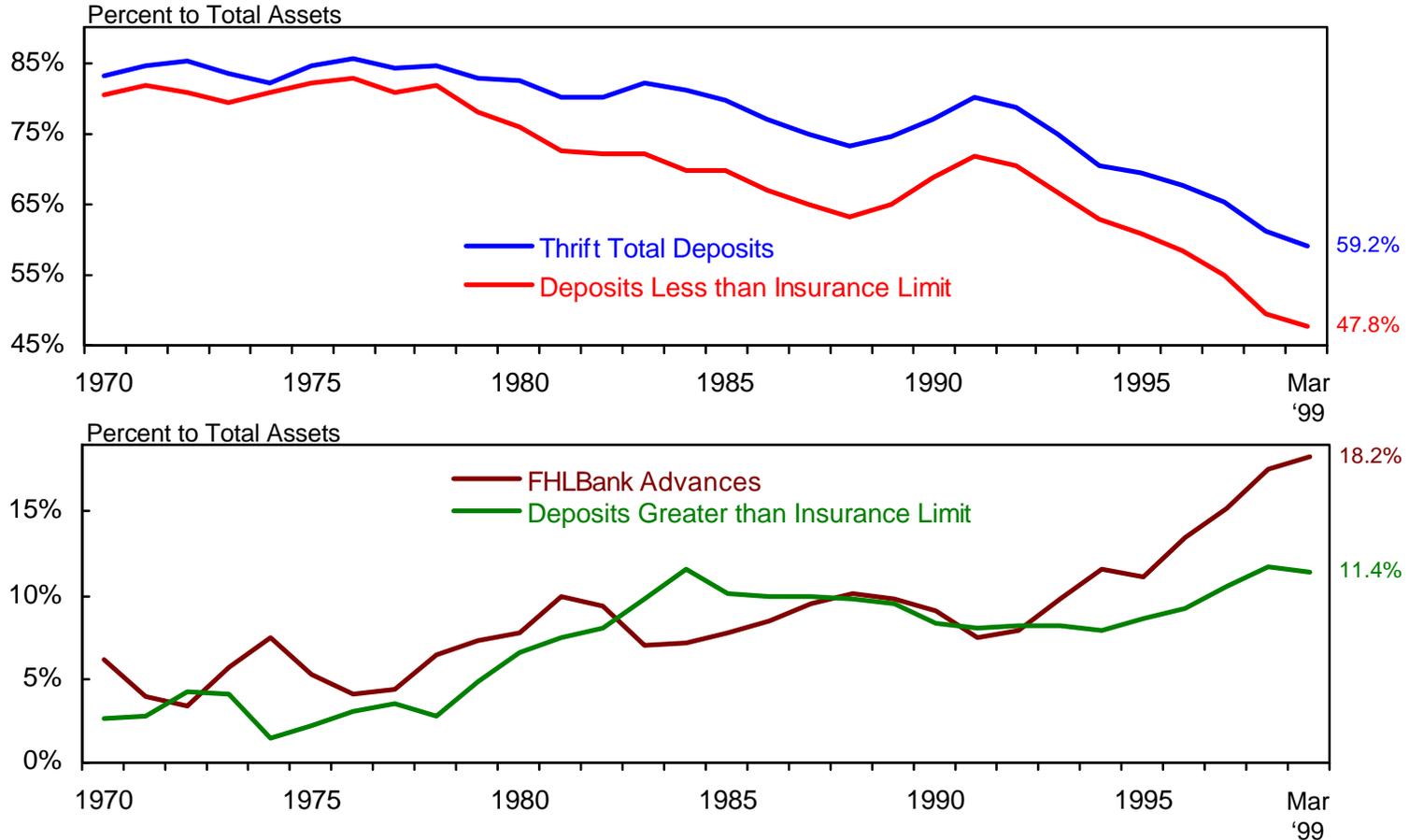
* Revised from 0.94% for Commercial, and 0.82% for Consumer.
 Data after 1995 are net of specific valuation allowances.
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CONSUMER LOAN CHARGE-OFF RATES REMAIN HIGHER THAN OTHER LOAN TYPES



Beginning in 1997, net charge-offs data include specific valuation allowance provisions and transfers from general valuation allowances.
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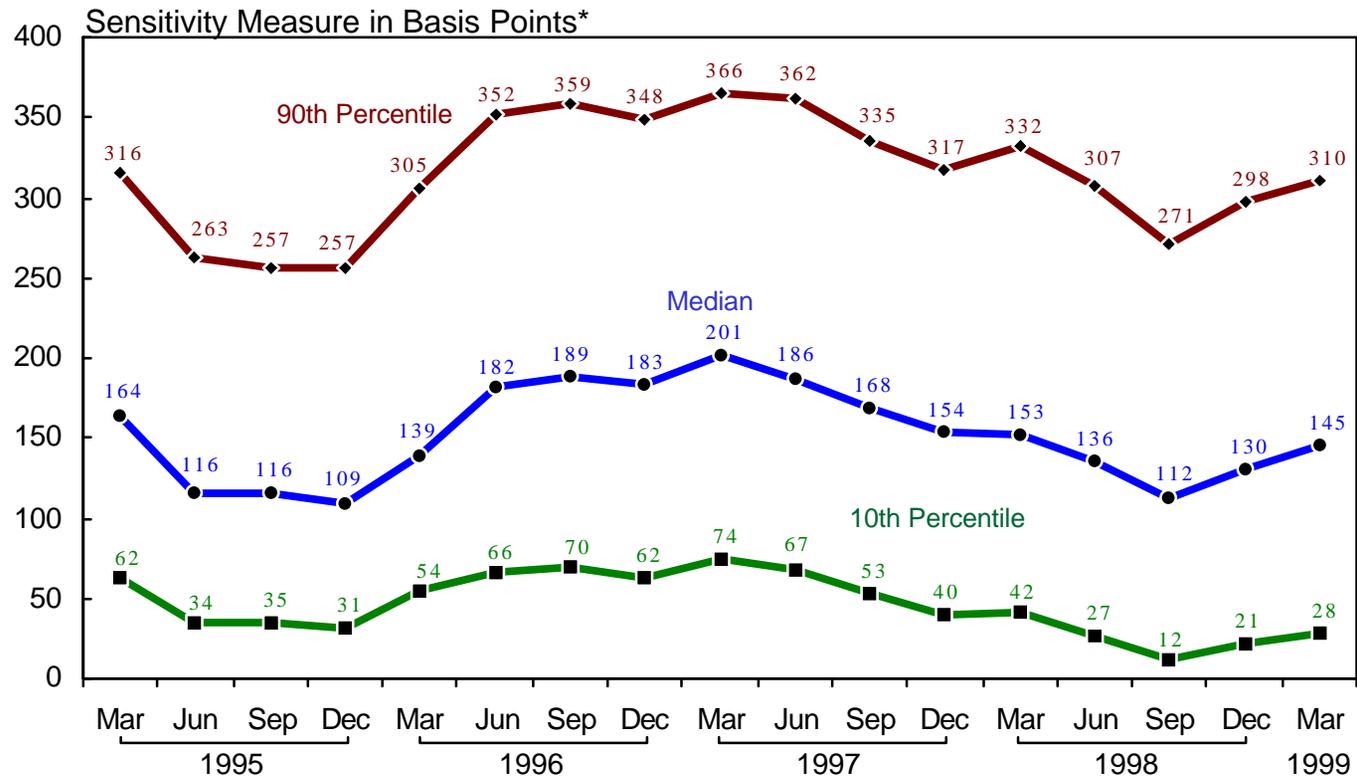
DEPOSITS CONTINUED TO DECLINE AS A FUNDING SOURCE



Historical maximum insured deposits are: 1969-'73, \$20,000; 1974-'79, \$40,000 (non-government accounts), \$100,000 (government accounts); 1980-present, \$100,000.

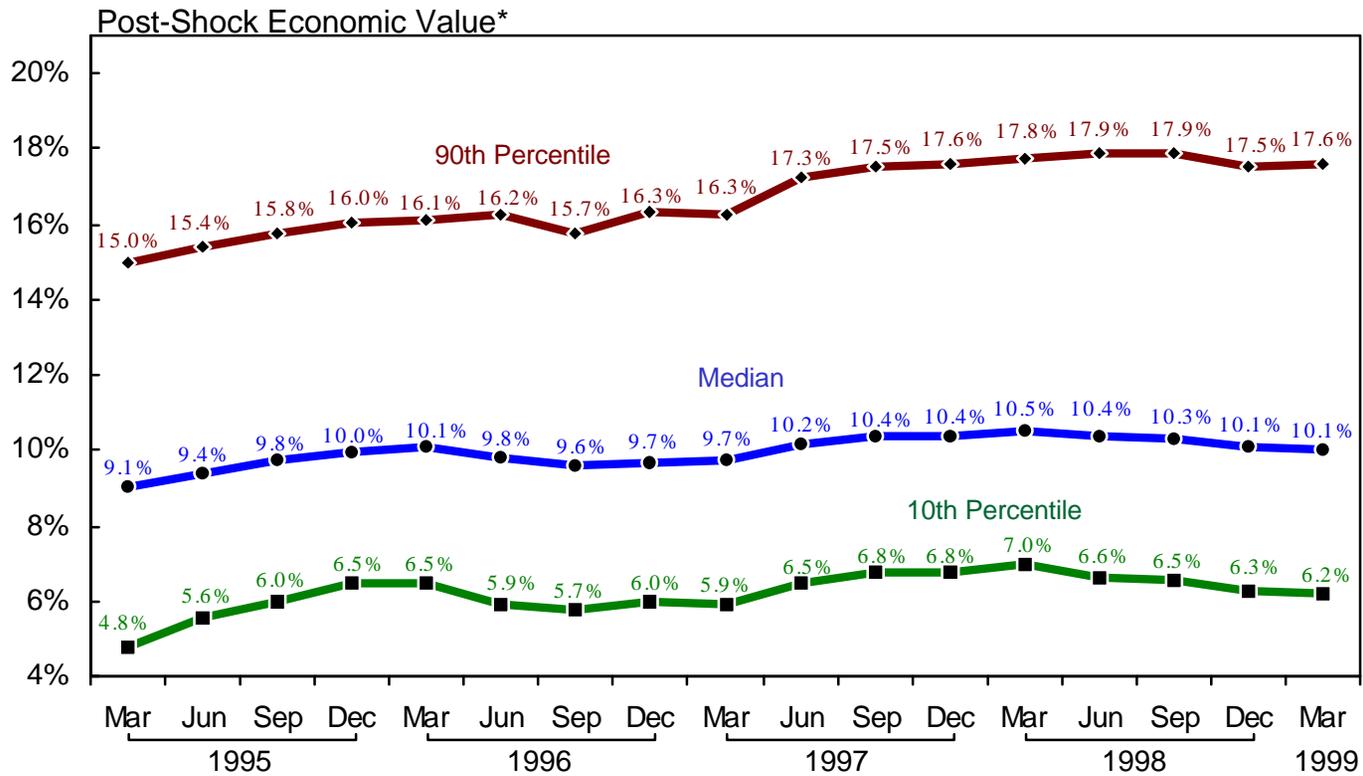
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INTEREST RATE RISK SENSITIVITY INCREASED



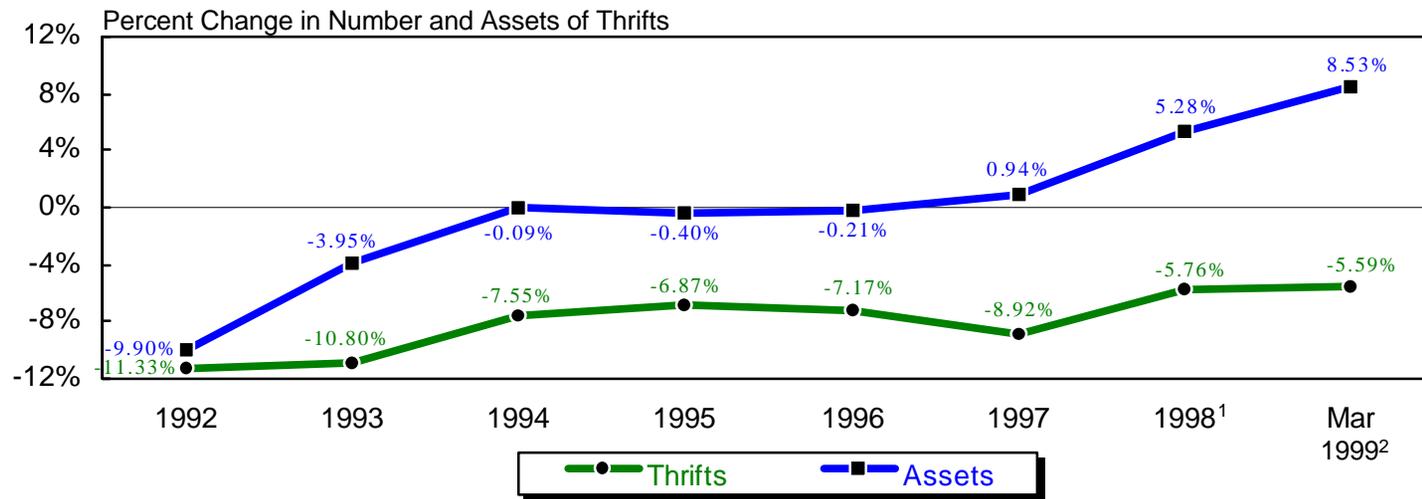
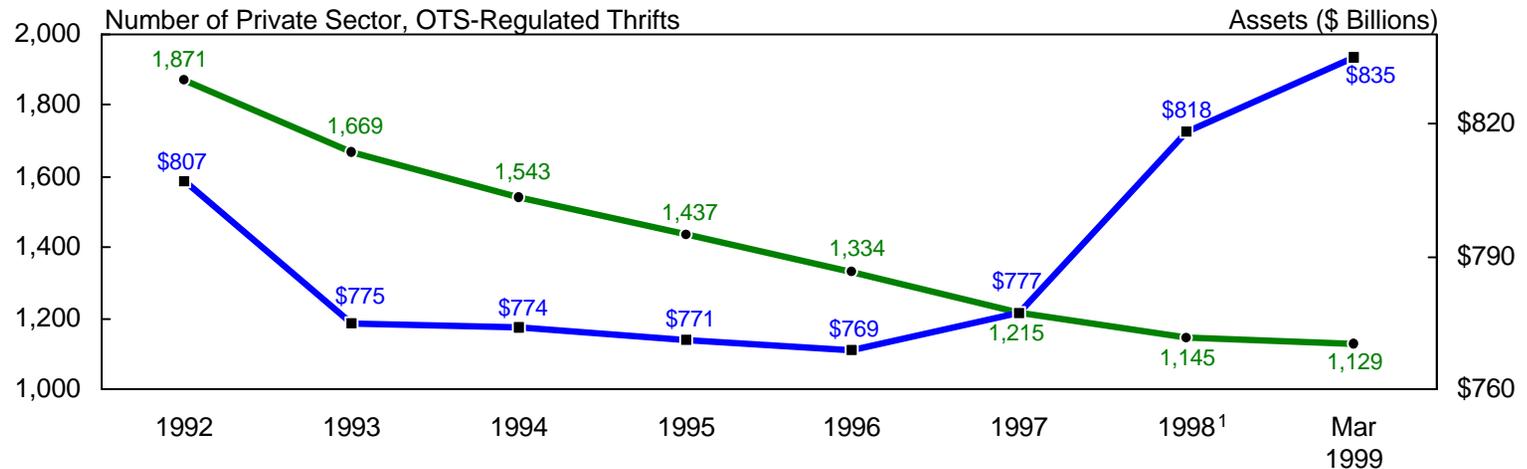
* Preliminary first quarter data.
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POST-SHOCK VALUE REMAINED STRONG ABSORBING HIGHER RATE SENSITIVITY



* Preliminary first quarter data.
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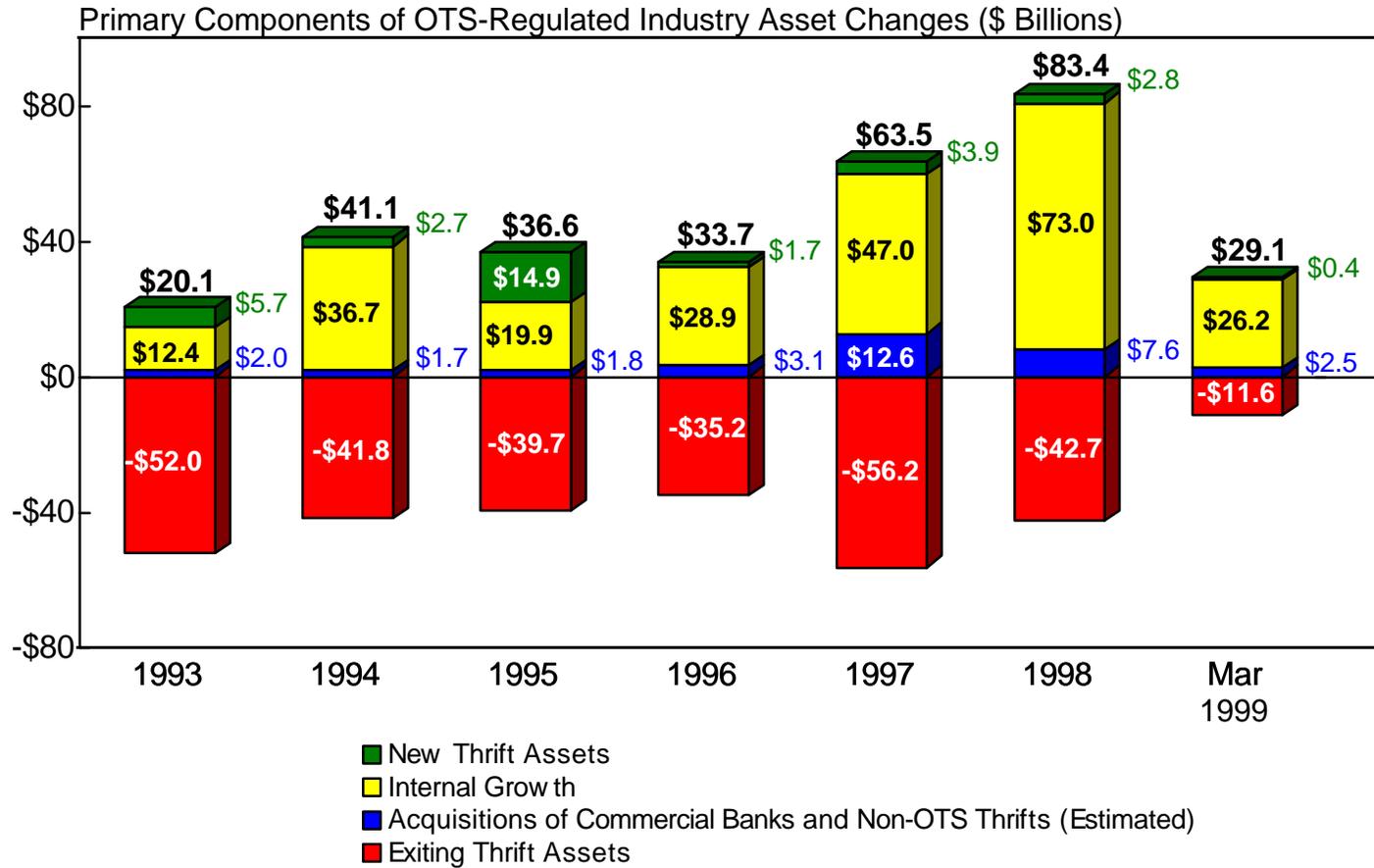
ASSET GROWTH ACCELERATED WHILE CONSOLIDATION CONTINUED TO REDUCE THE NUMBER OF THRIFTS



¹ Revised from \$817, and 5.23% respectively.

² Data are annualized.

INTERNAL ASSET GROWTH WAS STRONG IN THE FIRST QUARTER



ALTHOUGH MOST THRIFT EXITS DUE TO CONSOLIDATION, CONVERSIONS TO BANKS INCREASED IN THE FIRST QUARTER

OTS-REGULATED THRIFTS	1993	1994	1995	1996	1997	1998	Mar 1999
TOTAL EXITS	213	149	129	119	141	109	25
Failures	8	2	2	1	0	0	0
Conversions							
To Commercial Banks	18	17	13	10	32	5	6
To State-Chartered Savings Banks	<u>98</u>	<u>49</u>	<u>16</u>	<u>20</u>	<u>17</u>	<u>13</u>	<u>3</u>
Total Conversions	116	66	29	30	49	18	9
Acquisitions							
By Commercial Banks	39	44	49	46	56	42	10
By State-Chartered Savings Banks	<u>3</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>5</u>	<u>7</u>	<u>1</u>
Total Acquisitions by Non-OTS Regulated Institutions	42	46	50	49	61	49	11
OTS Thrift-to-Thrift Mergers	37	32	43	36	28	38	5
Voluntary Dissolutions	10	3	5	3	3	4	0
TOTAL ENTRANTS	13	24	23	18	21	39	9
De Novo	12	16	3	6	11	25	6
Charter Conversions	1	8	20	12	10	14	3
NET DECLINE	200	125	106	101	120	70	16

MORTGAGE DERIVATIVES AND SECURITIES LED FIRST QUARTER ASSET GROWTH

	Dec 1993 (\$)	Dec 1998 (\$)	Mar 1999		Long Term Change Dec '93 Mar '99 (\$)	Short Term Change Dec '98 Mar '99 (\$)	Average Annualized Growth Rates	
			(\$)	% TA			Dec '93 Mar '99 (%)	Dec '98 Mar '99 (%)
Total Assets	774.8	817.6	835.0	100.0	60.2	17.4	1.5	8.5
Total Loans	503.7	555.1	558.1	66.9	54.4	3.0	2.1	2.2
1-4 Family Mortgage Loans	354.8	400.9	400.0	47.9	45.2	-0.9	2.4	-0.9
Construction Loans	12.7	13.8	14.6	1.8	1.9	0.8	2.9	24.1
Other Mortgages	95.7	77.5	77.8	9.3	-17.9	0.4	-3.6	2.0
Small Business / Commercial Loans	5.2	15.6	16.7	2.0	11.5	1.1	42.5	27.7
Consumer Loans	35.4	47.4	49.1	5.9	13.7	1.7	7.4	14.2
Mortgage Pool Securities	119.5	93.3	100.6	12.0	-18.9	7.3	-3.0	31.2
Investment Securities	108.6	113.8	121.9	14.6	13.3	8.1	2.3	28.5
Mortgage Derivatives	43.8	67.1	73.2	8.8	29.3	6.1	12.7	36.3

Dollars in billions and numbers may not sum due to rounding.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans-in-process, and unamortized yield adjustments. This reporting change significantly reduced the construction loan balance.

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