



OFFICE OF THRIFT SUPERVISION

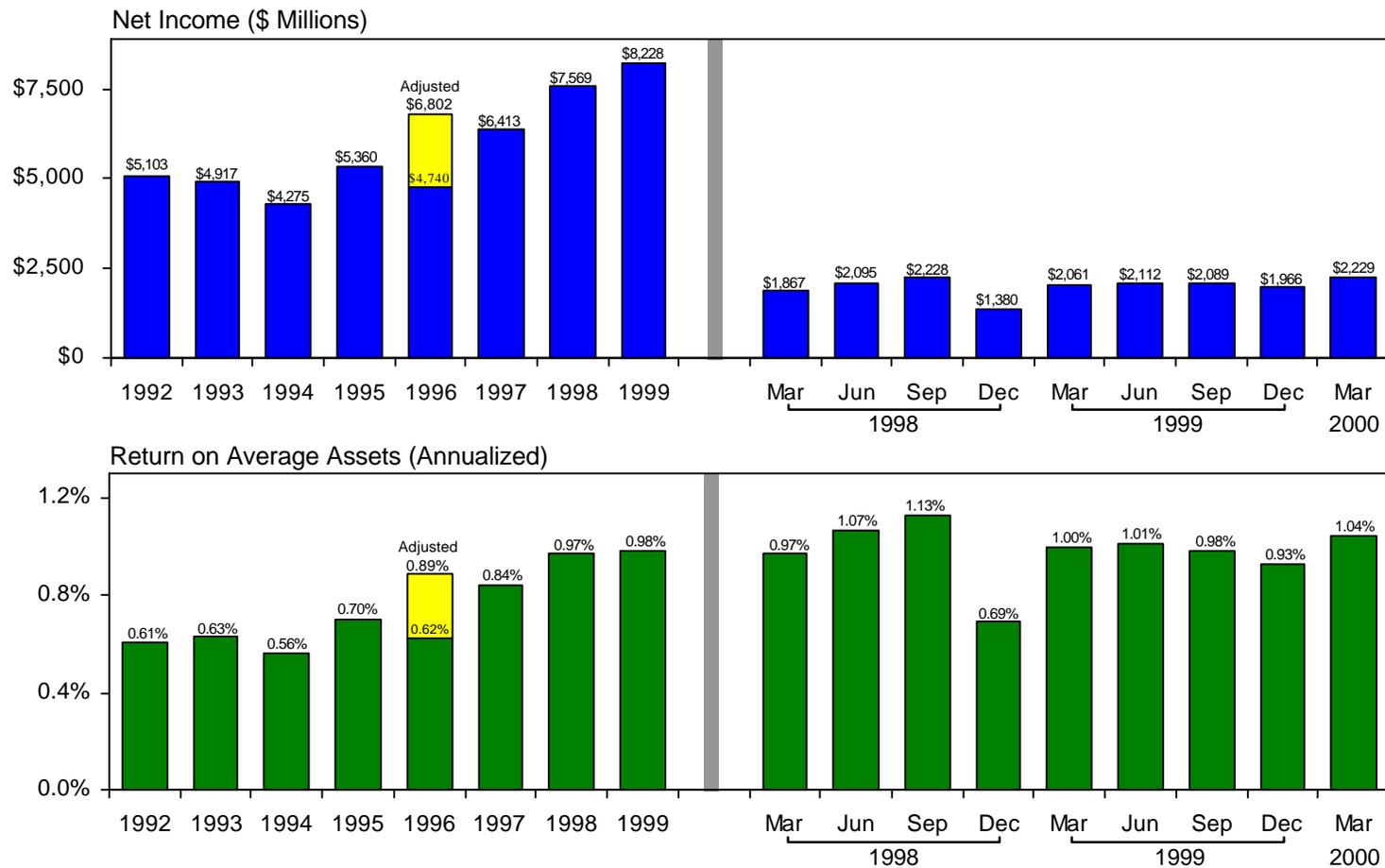
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June 2000

FIRST QUARTER INDUSTRY EARNINGS CONTINUED STRONG



Adjusted data exclude the net SAIF special assessment of \$2.1 billion incurred in the third quarter of 1996.
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STRONG ROA WAS SUPPORTED BY STABLE NET INTEREST MARGIN

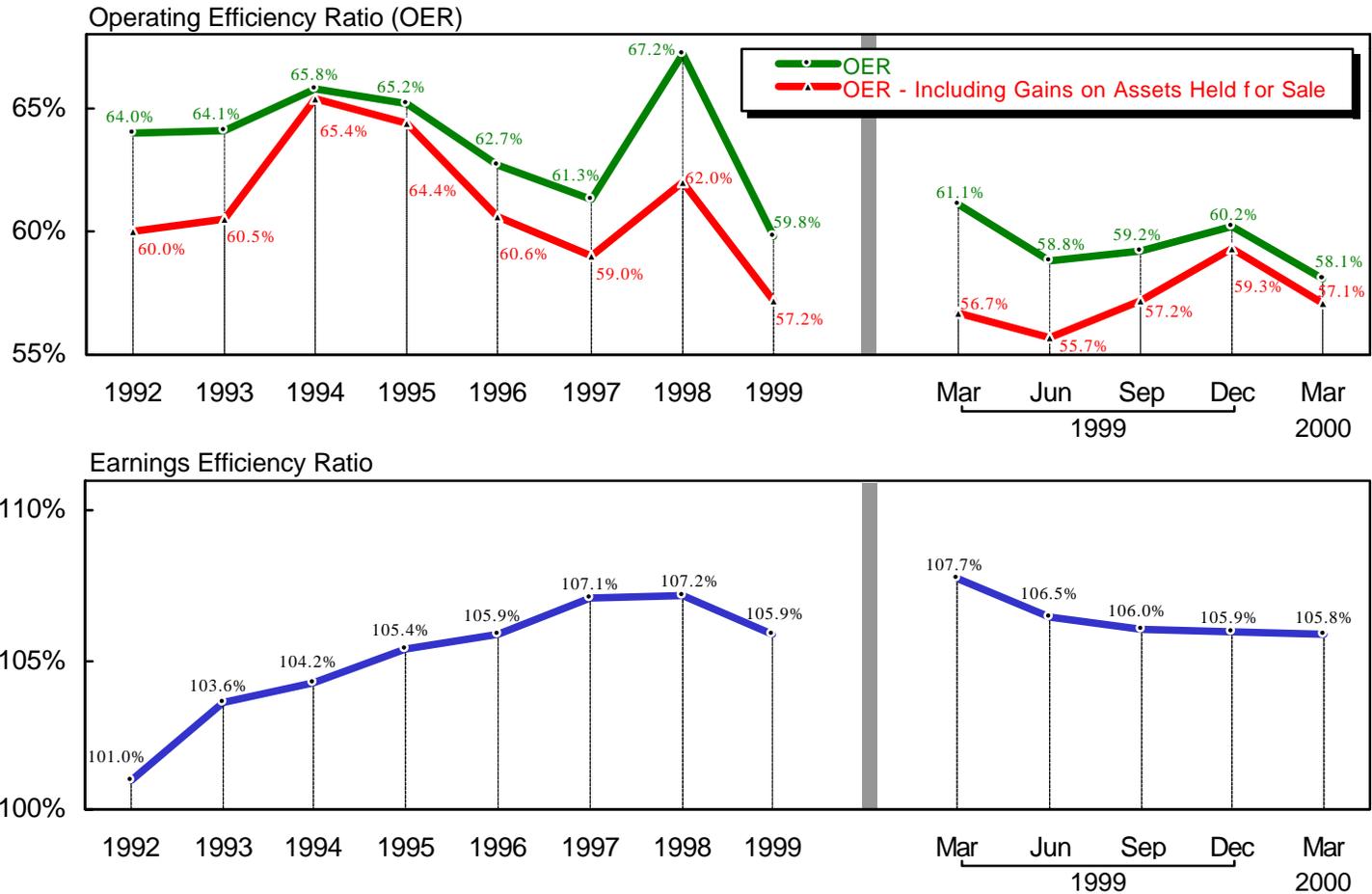
Components of ROA	Mar '99	Dec '99	Mar '00	Change Mar '99 Mar '00	Change Dec '99 Mar '00
ROA	1.00%	0.93%	1.04%	0.04%	0.11%
Net Interest Margin	2.74%	2.71%	2.70%	-0.04%	-0.01%
Interest Income	6.72%	6.92%	7.00%	0.28%	0.08%
Interest Expense	3.98%	4.21%	4.30%	0.32%	0.09%
Provisions for Losses	0.16%	0.16%	0.15%	-0.01%	-0.01%
Fee Income	0.62%	0.73%	0.76%	0.14%	0.03%
Mortgage Loan Servicing Fees	0.10%	0.14%	0.12%	0.02%	-0.02%
Other Fees and Charges	0.52%	0.59%	0.64%	0.12%	0.05%
Other Non-Interest Income ¹	0.52%	0.31%	0.29%	-0.23%	-0.02%
Sale of Assets Held for Sale	0.26%	0.05%	0.06%	-0.20%	0.01%
Non-Interest Expense	2.13%	2.15%	2.09%	-0.04%	-0.06%
Taxes	0.59%	0.52%	0.47%	-0.12%	-0.05%

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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OPERATING EFFICIENCY IMPROVED, BUT EARNINGS EFFICIENCY SLIGHTLY DECLINED



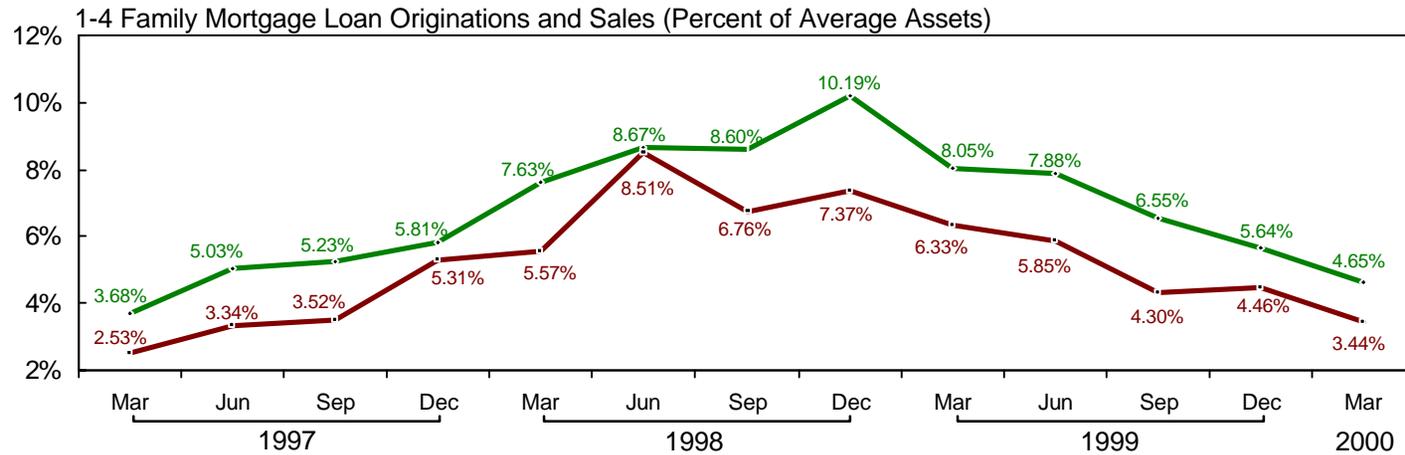
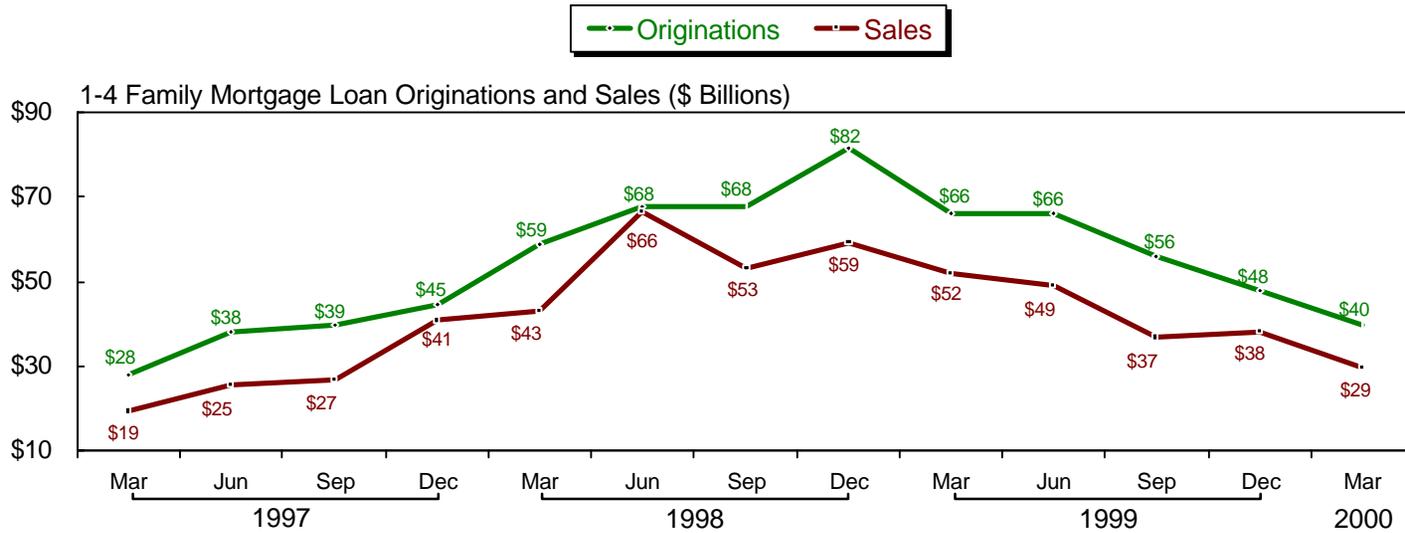
Operating Efficiency Ratio = General and Administrative Expense / Net Interest Income plus Fee Income.

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

1996 General and Administrative Expense excludes net SAIF special assessment.

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FIRST QUARTER 1-4 FAMILY ORIGINATIONS FELL AS INTEREST RATES INCREASED



THRIFTS REMAIN HOME LENDERS DESPITE GROWTH IN OTHER LOAN CATEGORIES

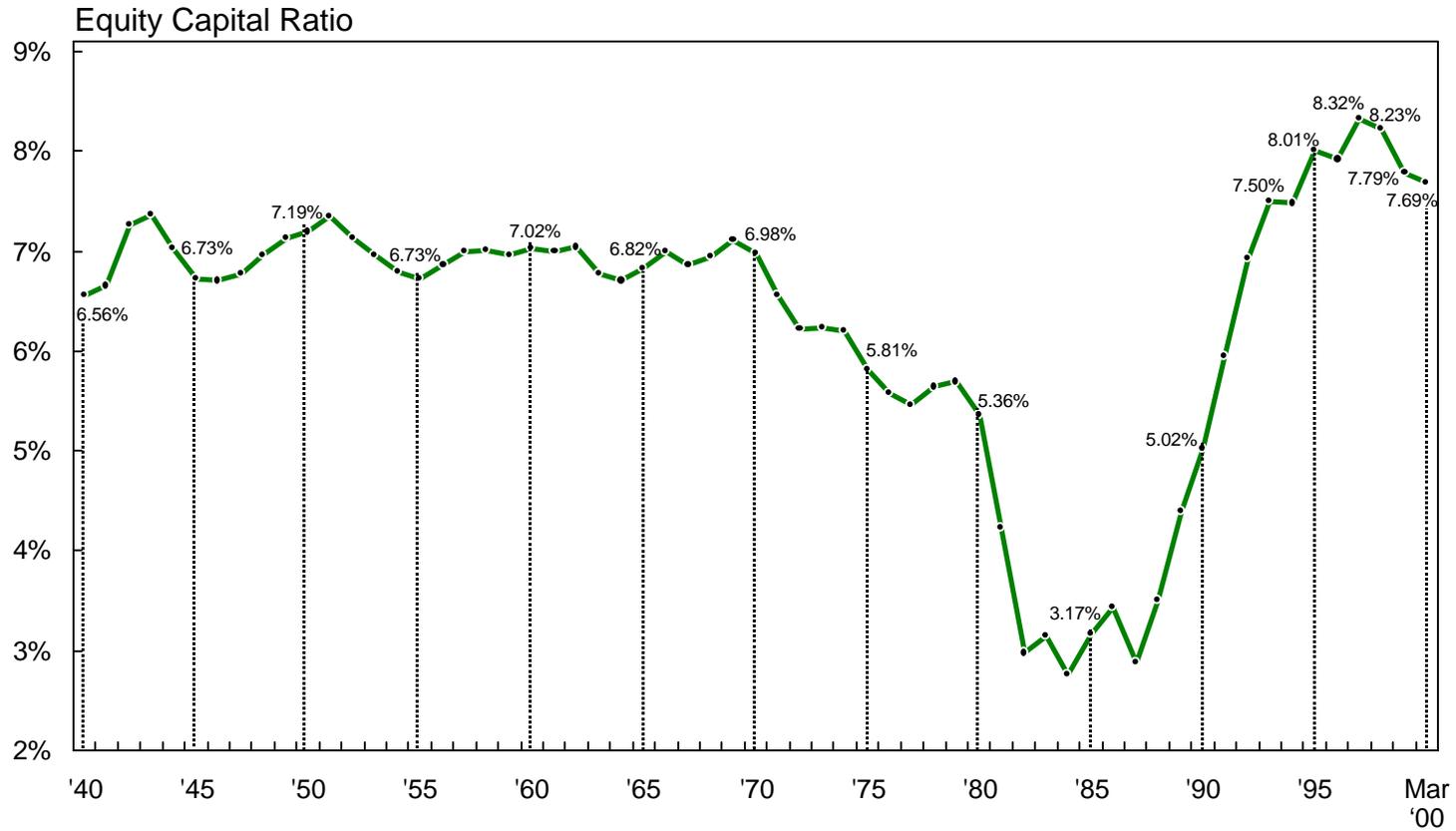
	Dec 1993		Mar 1999		Mar 2000		Average Annual Growth Rates	
	Dec '93 Mar '00	Mar '99 Mar '00	Dec '93 Mar '00	Mar '99 Mar '00	Dec '93 Mar '00	Mar '99 Mar '00	Dec '93 Mar '00	Mar '99 Mar '00
	\$	% TA	\$	% TA	\$	% TA		
Total Assets	\$774.8	100.0%	\$835.0	100.0%	\$868.7	100.0%	1.9%	4.0%
Total Loans	503.8	65.0%	559.1	66.9%	592.1	68.2%	2.8%	5.9%
1-4 Family Mortgage Loans	354.8	45.8%	400.9	48.0%	415.9	47.9%	2.8%	3.7%
Construction Loans	12.7	1.6%	14.6	1.7%	18.3	2.1%	7.2%	25.7%
Other Mortgages	95.7	12.4%	77.8	9.3%	81.4	9.4%	-2.4%	4.5%
Commercial Loans / Small Business	5.2	0.7%	16.6	2.0%	23.0	2.6%	54.6%	38.0%
Consumer Loans	35.4	4.6%	49.1	5.9%	53.5	6.2%	8.2%	9.1%
Mortgage Pool Securities	119.5	15.4%	100.6	12.0%	88.8	10.2%	-4.1%	-11.7%
Investment Securities	108.6	14.0%	121.9	14.6%	127.1	14.6%	2.7%	4.2%
Mortgage Derivatives	43.8	5.7%	73.2	8.8%	81.6	9.4%	13.8%	11.6%

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

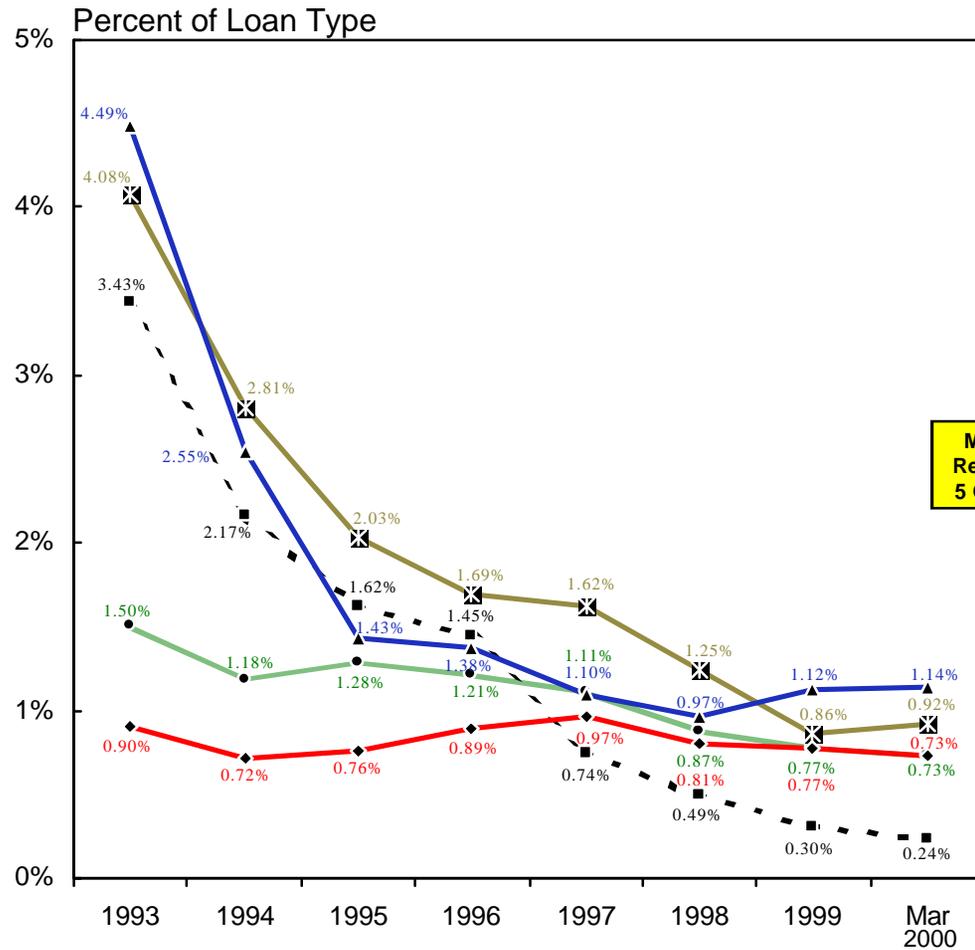
Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans-in-process, and unamortized yield adjustments. This reporting change significantly reduced the construction loan balance.

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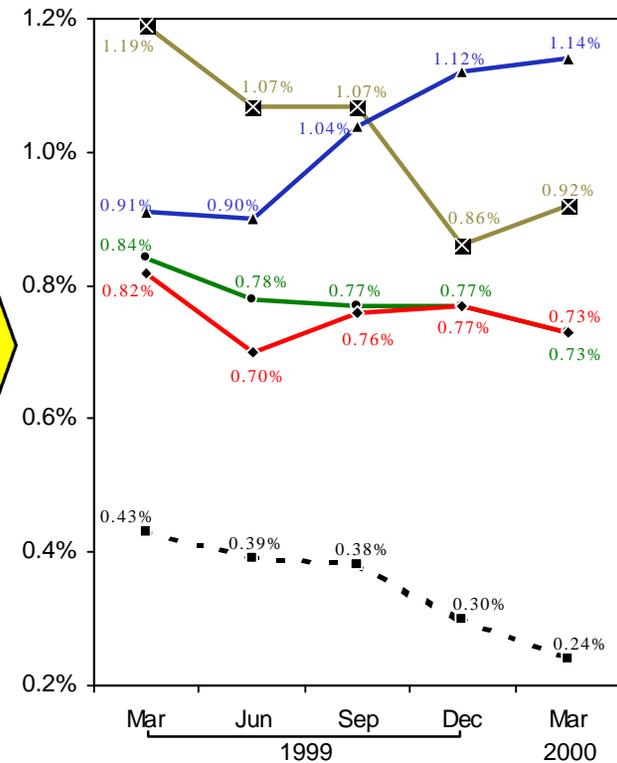
EQUITY CAPITAL RATIO CONTINUED TO DECLINE



NONCURRENT LOAN RATES WERE STABLE IN THE FIRST QUARTER



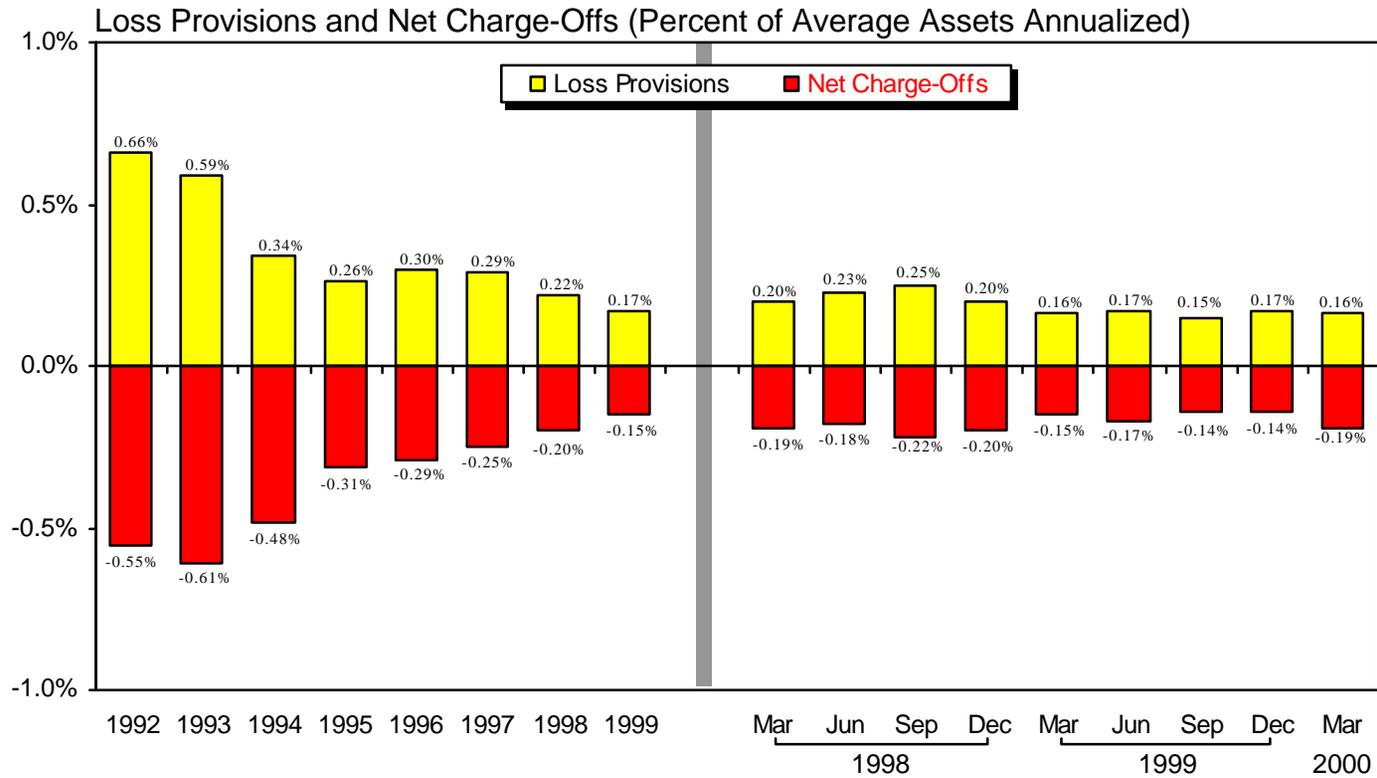
Most Recent 5 Qtrs.



—●— 1-4 Family
 - - -■- Multifamily
 —x— Nonresidential
 —▲— Commercial
 —◆— Consumer

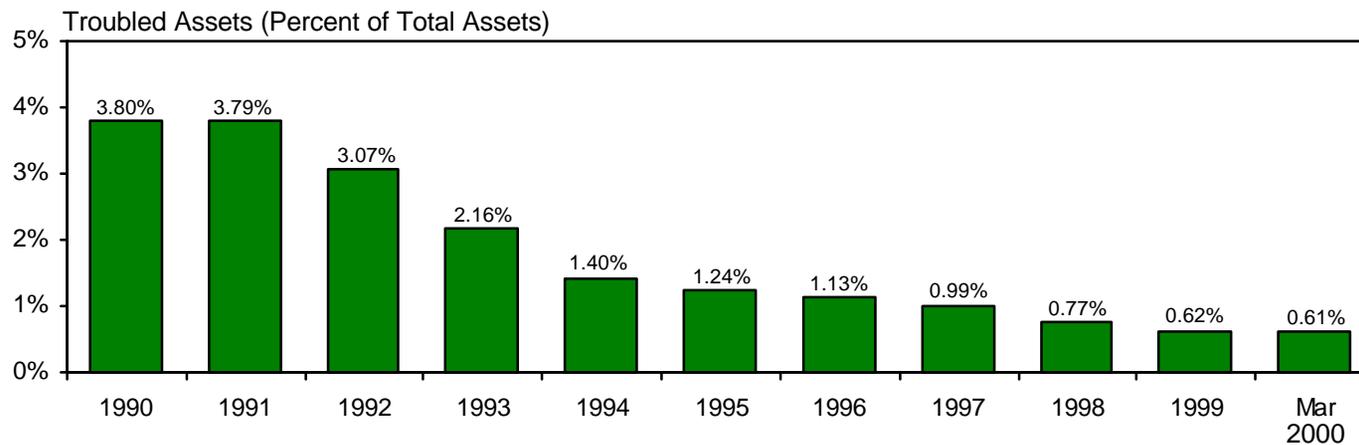
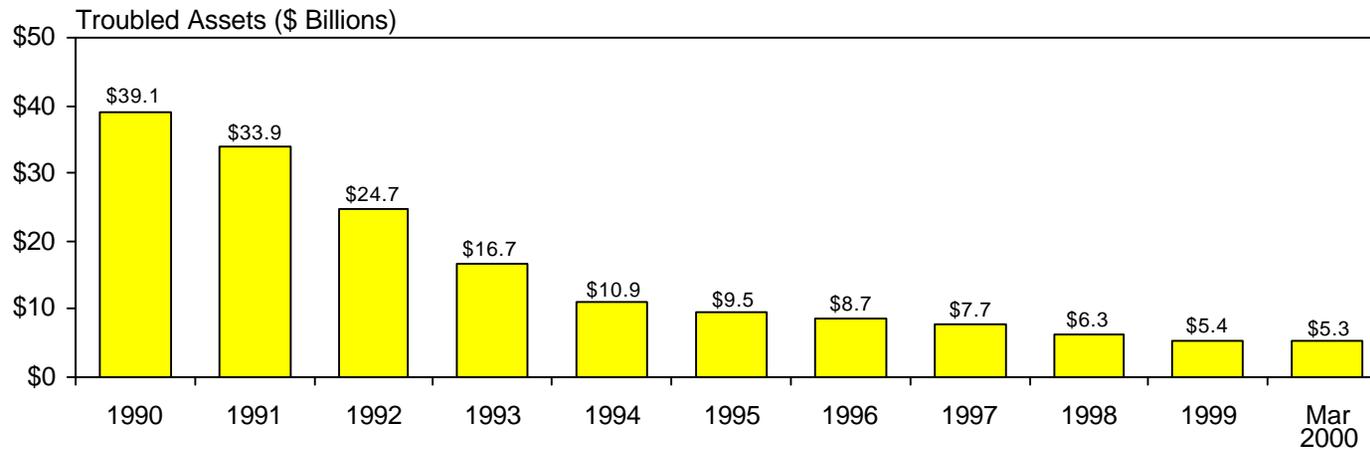
Data after 1995 are net of specific valuation allowances.
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LOSS PROVISIONS AND NET CHARGE-OFFS REMAINED STABLE



Net charge-offs are charge-offs less recoveries.
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TROUBLED ASSETS REACHED A NEW LOW



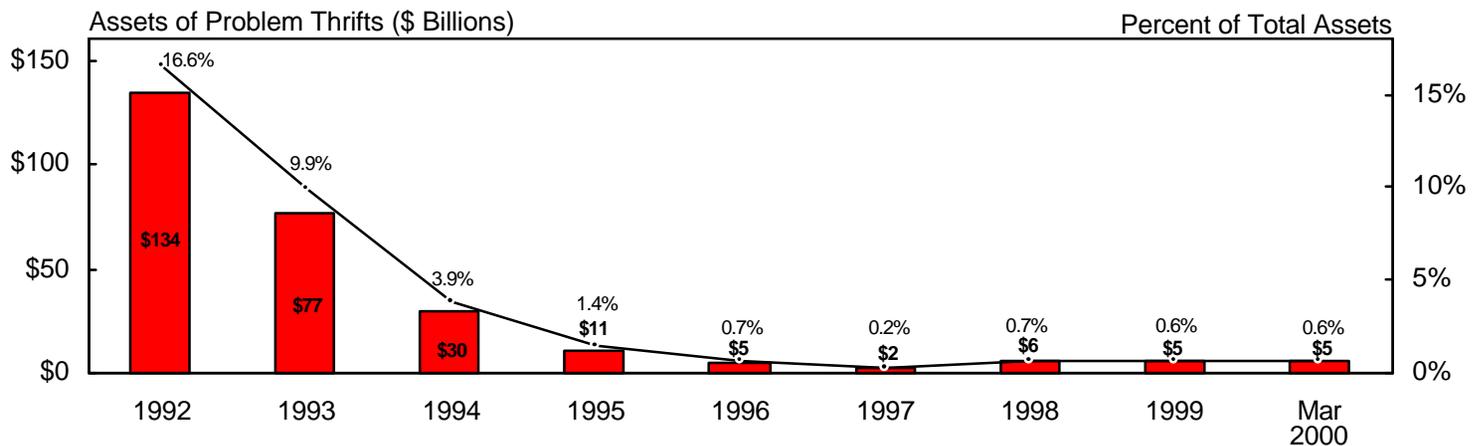
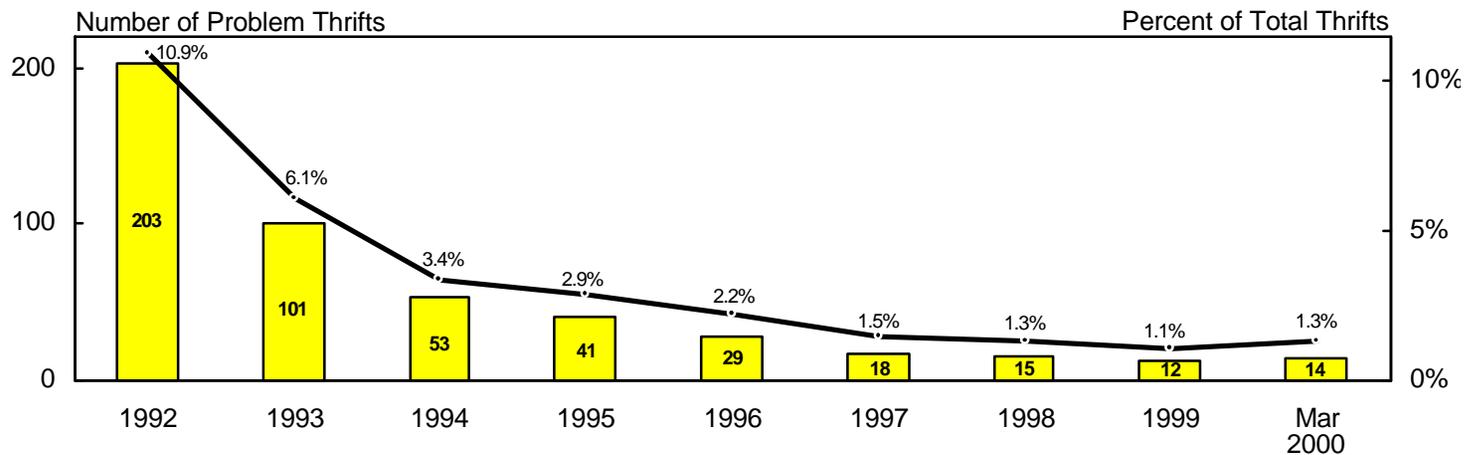
Troubled Assets include noncurrent loans and repossessed assets.
Data after 1995 are net of specific valuation allowances.
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WHILE NUMBERS ARE GOOD, CONCERNS ARE BREWING

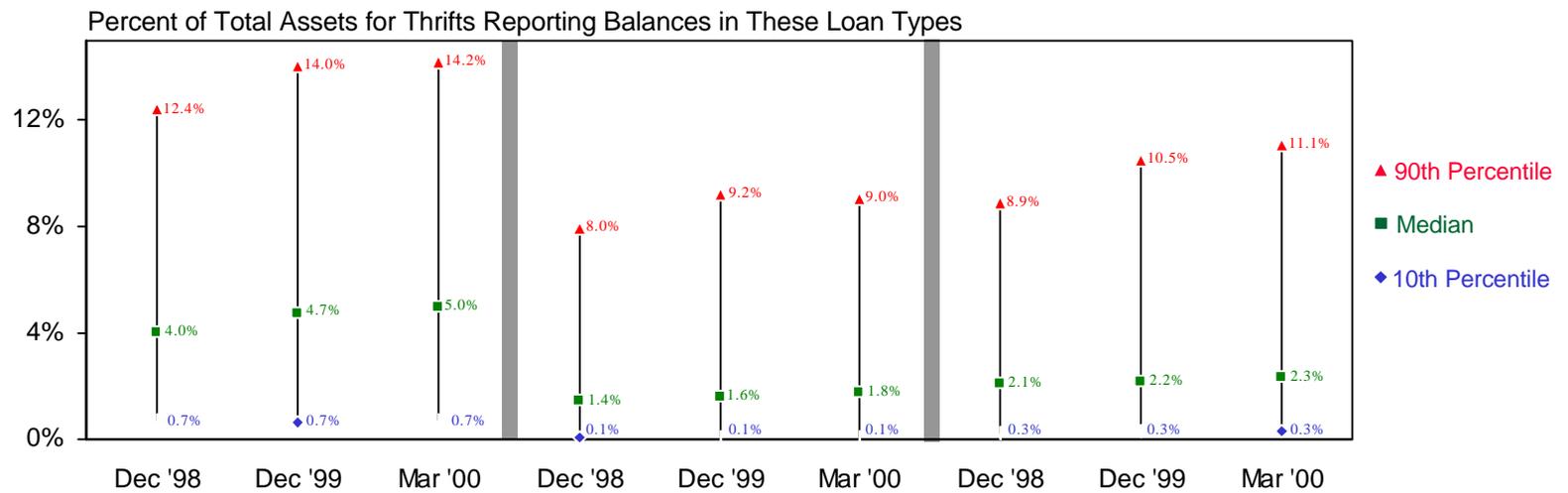
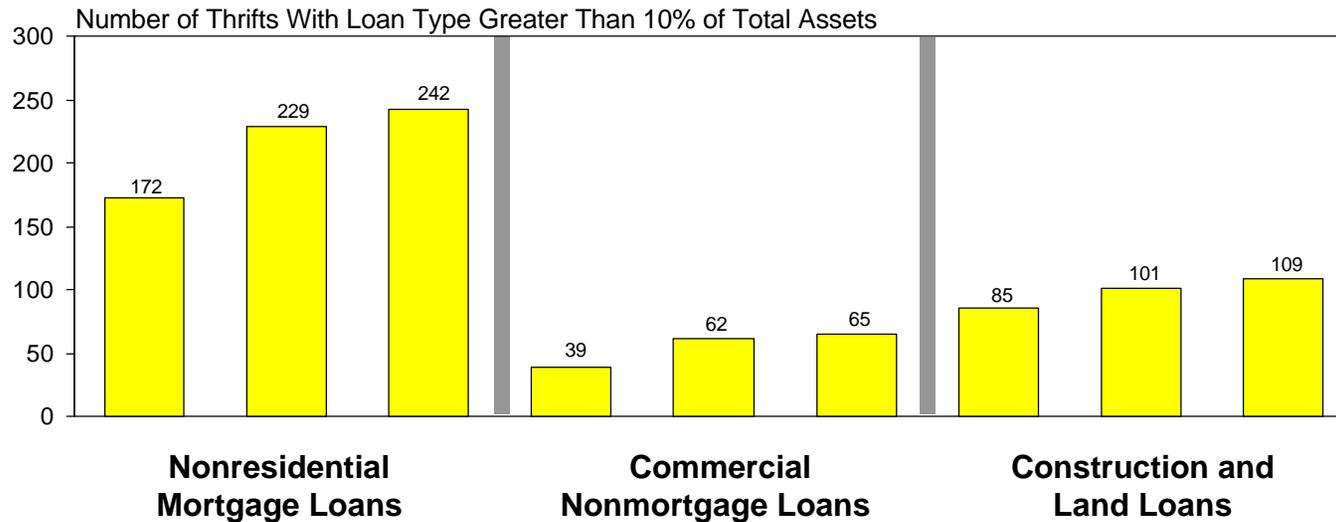
- ❑ Insufficient control over third party marketers and servicers
- ❑ Speculative construction lending coupled with inadequate administration and disbursement controls
- ❑ Institutions with chronically poor earnings and undefined or unsuccessful business niche strategies
- ❑ Holding company activities that could negatively impact the thrift
- ❑ Inconsistent adherence to business plans and conditions of approval

NUMBER OF PROBLEM THRIFTS INCREASED IN THE FIRST QUARTER

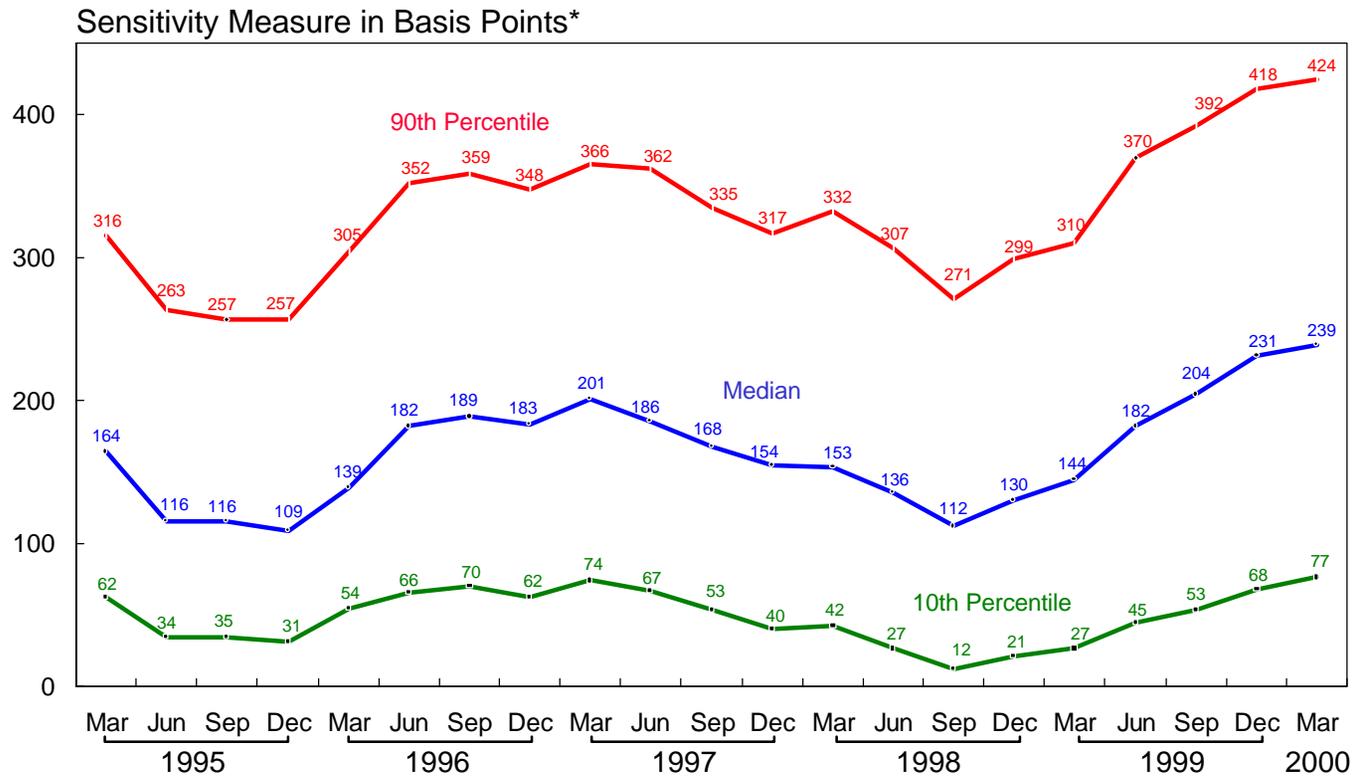
(Thrifts with CAMELS Ratings of 4 or 5)



CONCENTRATION IN NONTRADITIONAL LOANS CONTINUED TO INCREASE

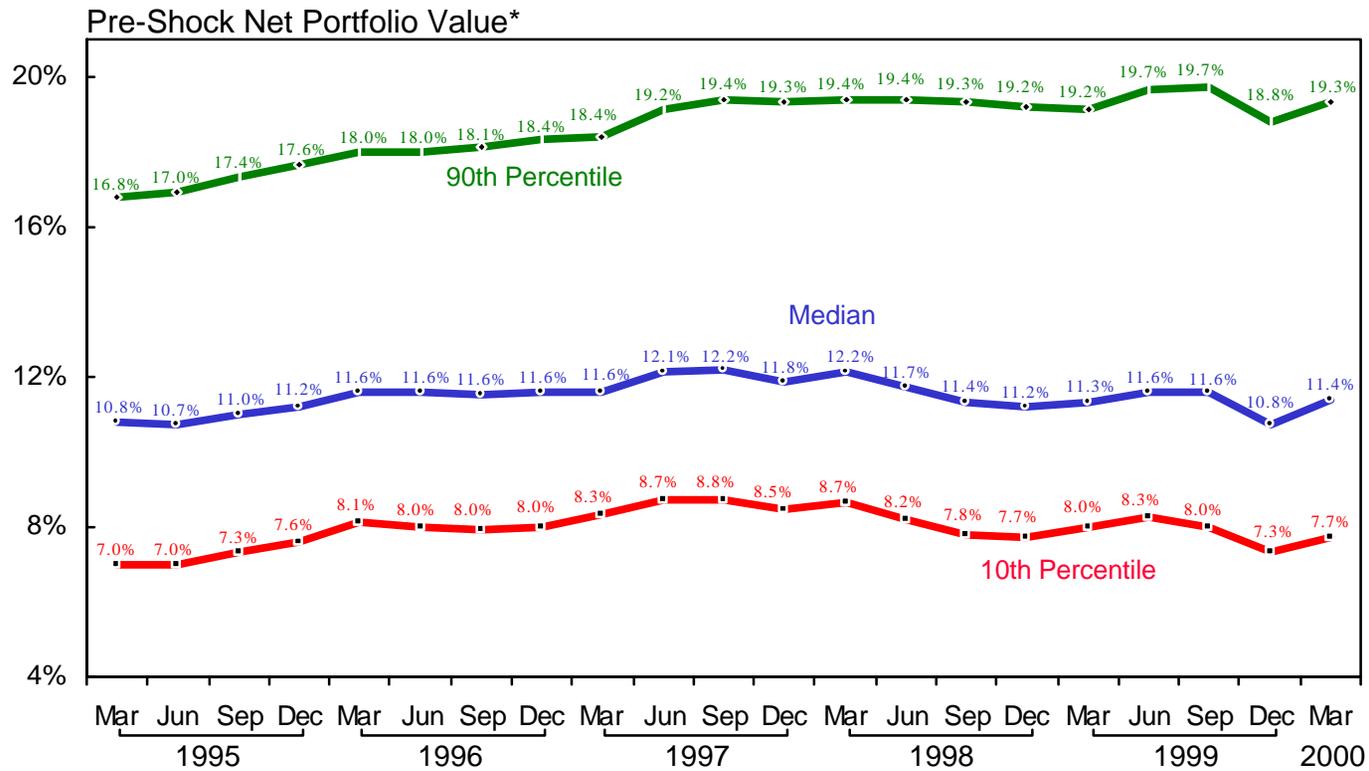


INTEREST RATE RISK SENSITIVITY CONTINUED TO INCREASE



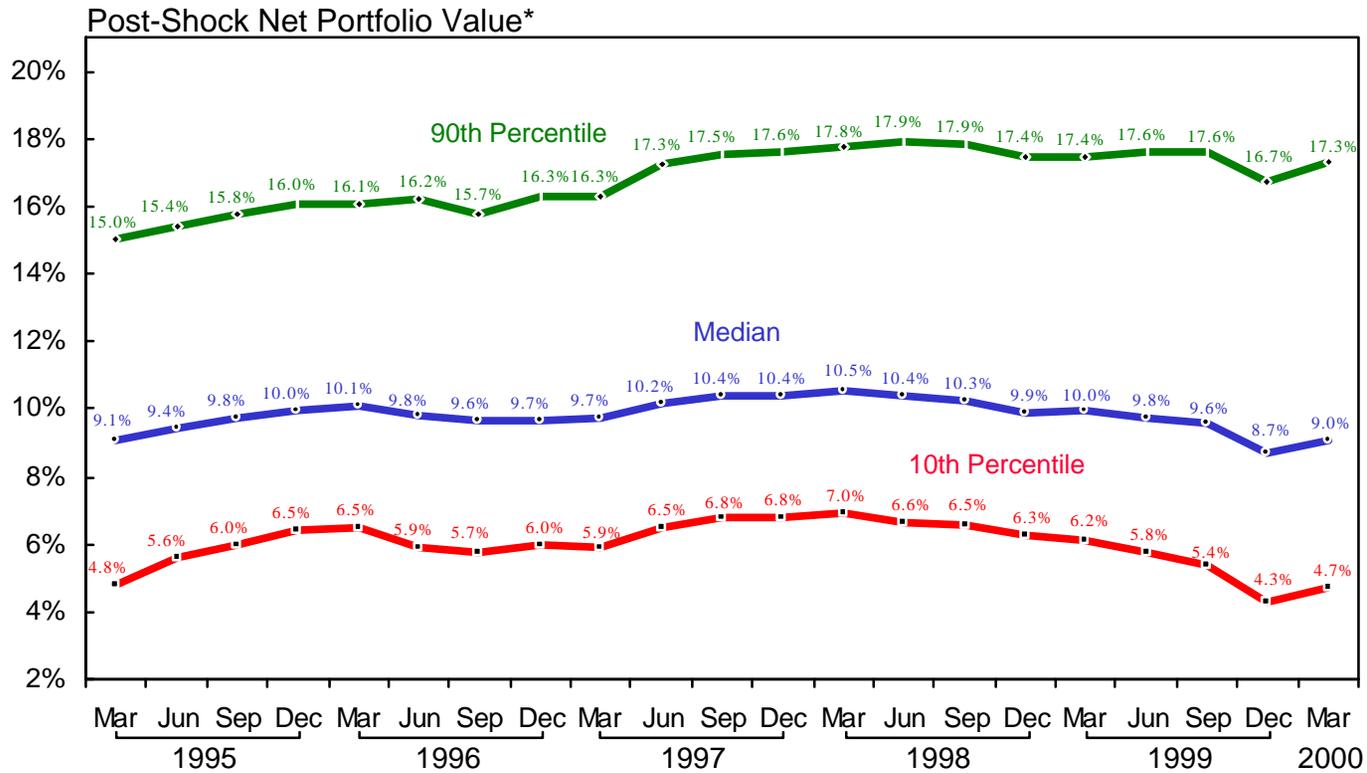
* Preliminary first quarter data for 999 thrifts with \$812.7 billion in assets.
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PRE-SHOCK NET PORTFOLIO VALUES



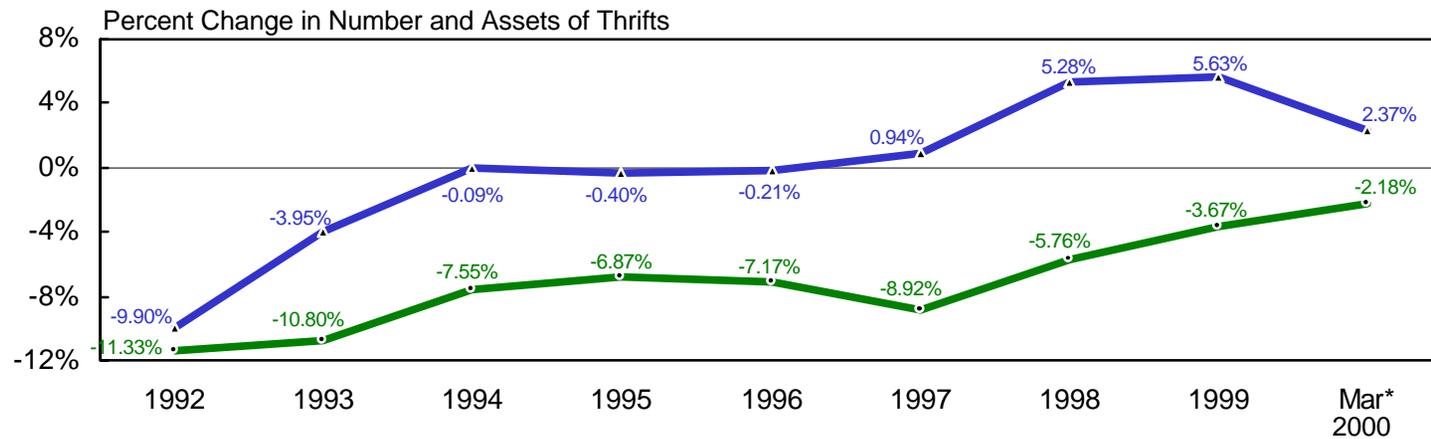
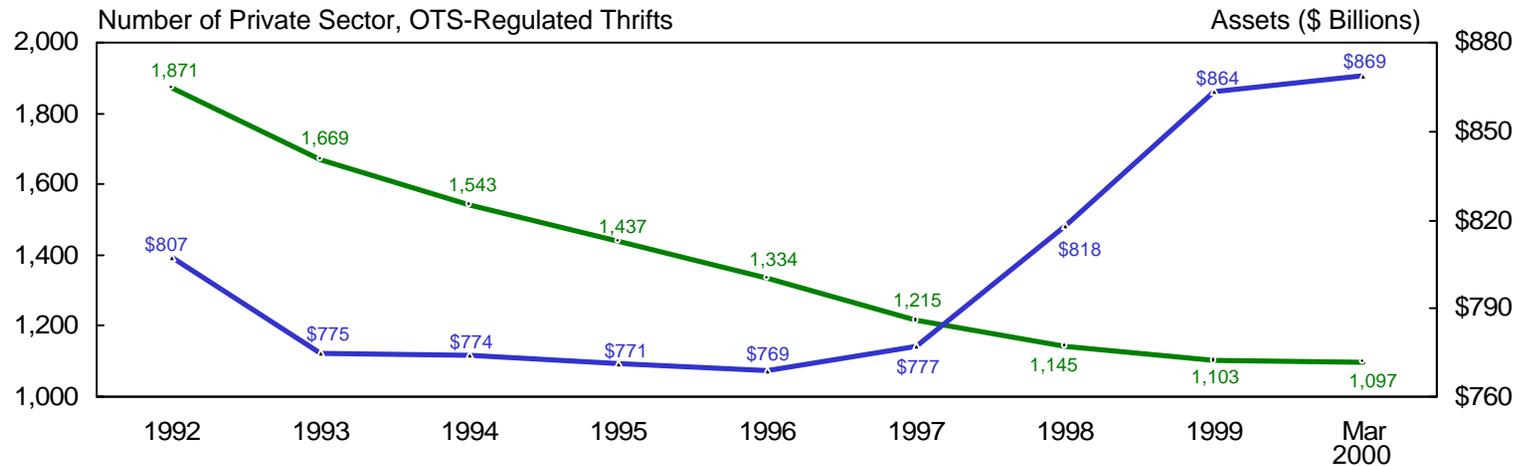
* Preliminary first quarter data for 999 thrifts with \$812.7 billion in assets.
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MEDIAN POST-SHOCK VALUES REFLECT CHANGE IN PRE-SHOCK VALUES



* Preliminary first quarter data for 999 thrifts with \$812.7 billion in assets.
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ASSET GROWTH CONTINUED AND INDUSTRY CONSOLIDATION SLOWED



* Annualized.
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MERGER AND ACQUISITION ACTIVITY SLOWED DURING THE FIRST QUARTER

OTS-REGULATED THRIFTS	1993	1994	1995	1996	1997	1998	1999	2000 Mar
TOTAL EXITS	213	149	129	119	141	109	80	16
Failures	8	2	2	1	0	0	1	1
Conversions								
To Commercial Banks	18	17	13	10	32	5	17	2
To State-Chartered Savings Banks	<u>98</u>	<u>49</u>	<u>16</u>	<u>20</u>	<u>17</u>	<u>13</u>	<u>7</u>	<u>3</u>
Total Conversions	116	66	29	30	49	18	24	5
Acquisitions								
By Commercial Banks	39	44	49	46	56	42	30	6
By State-Chartered Savings Banks	<u>3</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>5</u>	<u>7</u>	<u>5</u>	<u>2</u>
Total Acquisitions by Non-OTS Regulated Institutions	42	46	50	49	61	49	35	8
OTS Thrift-to-Thrift Mergers	<u>37</u>	<u>32</u>	<u>43</u>	<u>36</u>	<u>28</u>	<u>38</u>	<u>18</u>	<u>2</u>
Total Acquisitions	79	78	93	85	89	87	53	10
Voluntary Dissolutions	10	3	5	3	3	4	2	0
TOTAL ENTRANTS	13	24	23	18	21	39	38	10
De Novo	12	16	3	6	11	25	27	5
Charter Conversions	1	8	20	12	10	14	11	5
NET DECLINE	200	125	106	101	120	70	42	6