

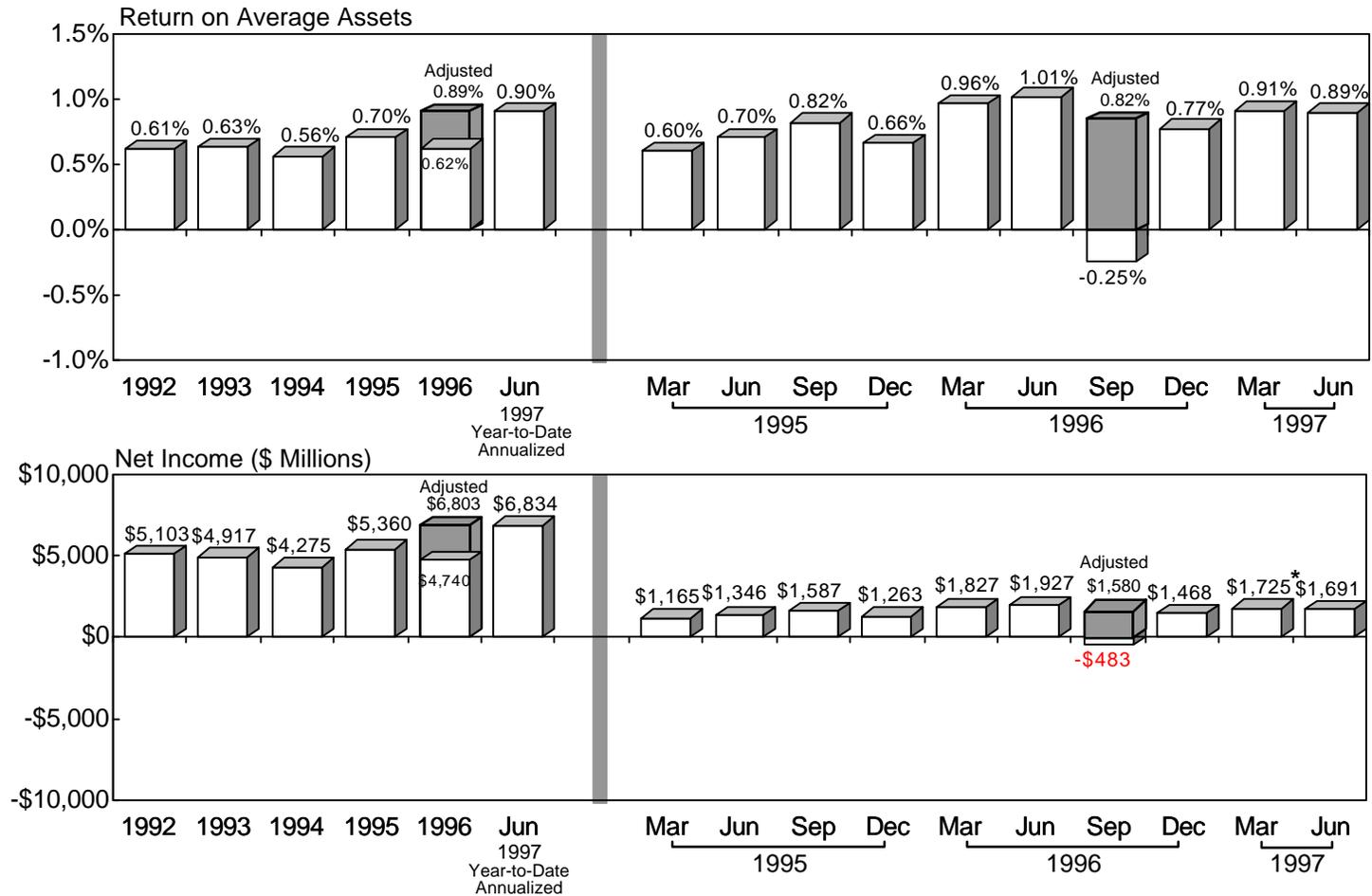


OFFICE OF THRIFT SUPERVISION

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SECOND QUARTER EARNINGS SHOW CONTINUED STRENGTH

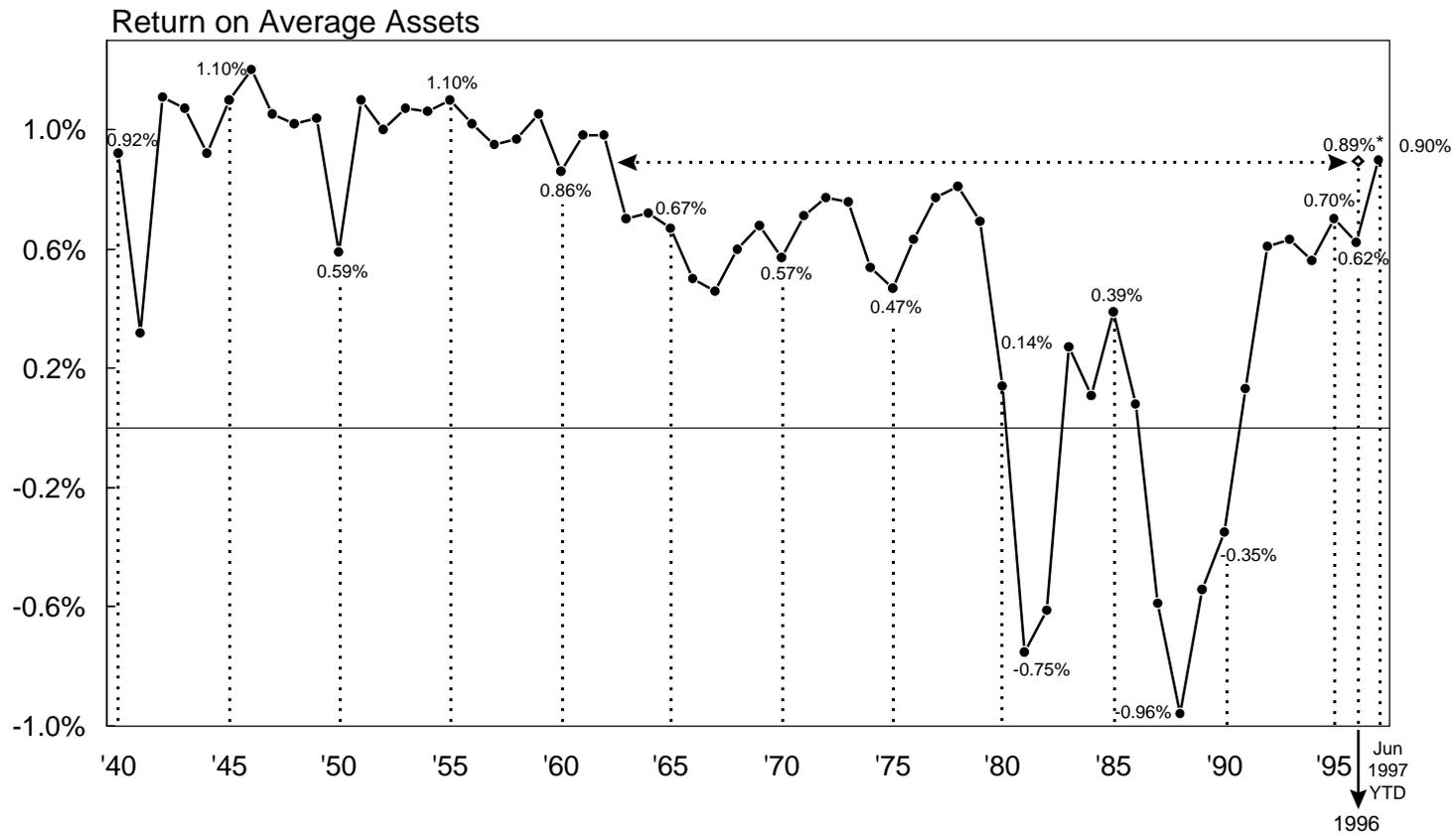


* Revised.

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

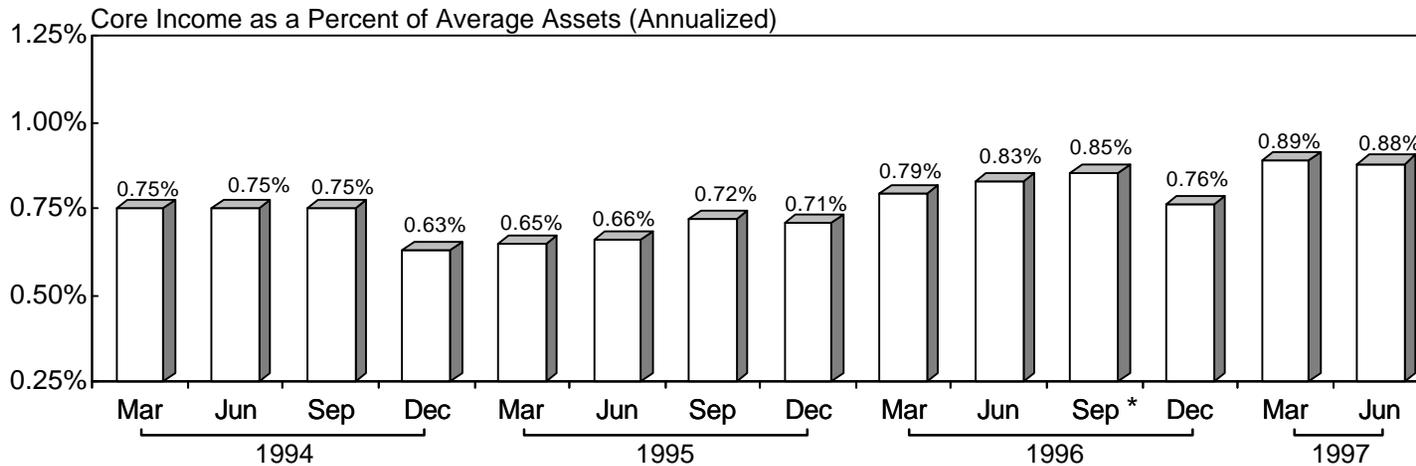
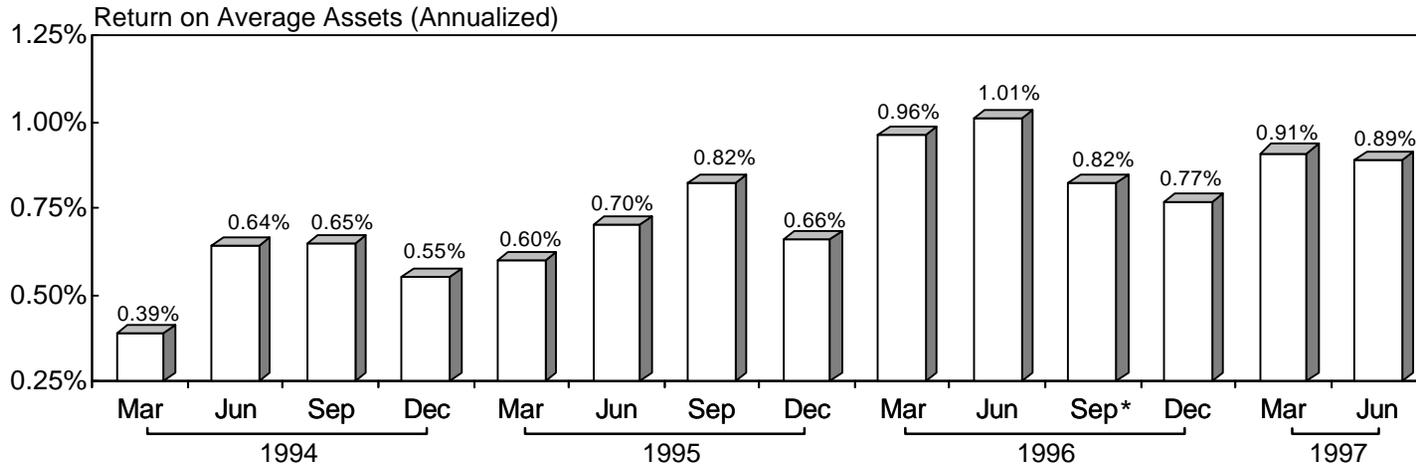
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RECENT ROAs HAVE BEEN HISTORICALLY STRONG



* Adjusted data exclude the net SAIF special assessment of \$2.1 billion incurred in the third quarter of 1996.
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CORE INCOME REMAINS STRONG

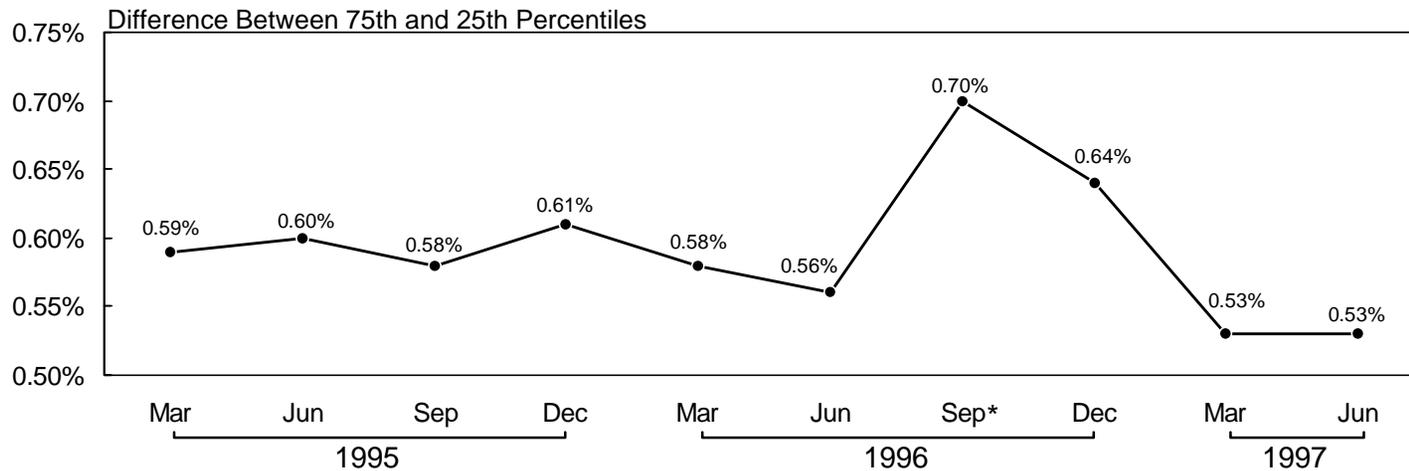
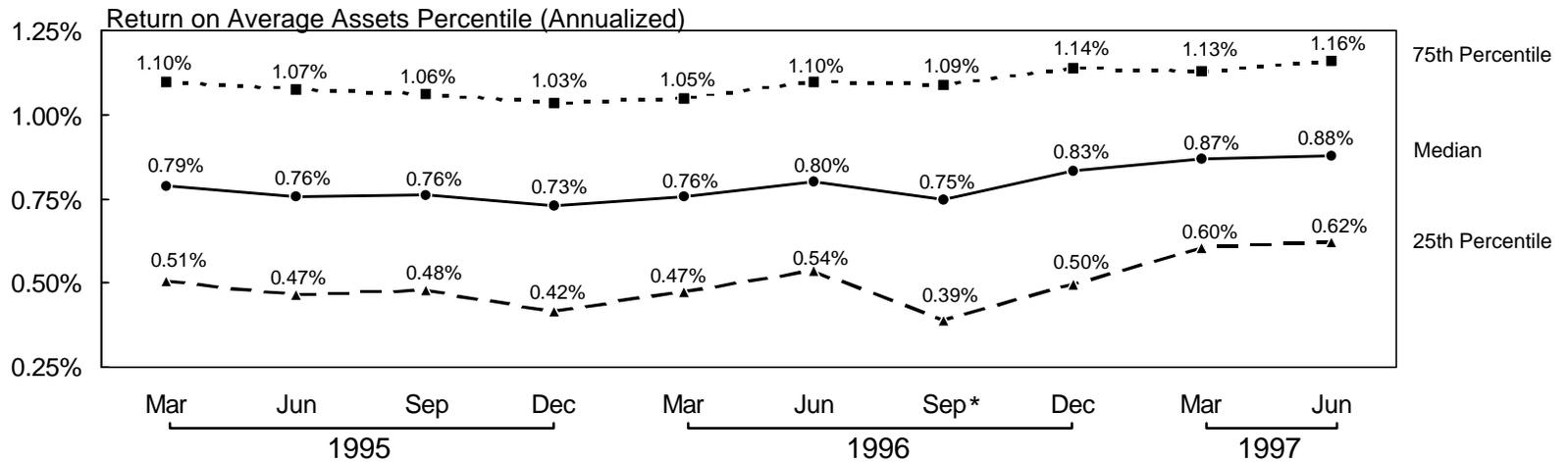


*Data exclude the net SAIF special assessment.

Core Income is defined as net interest income and fee income less general and administrative expense, SAIF special assessment, and income taxes based on a 35% rate.

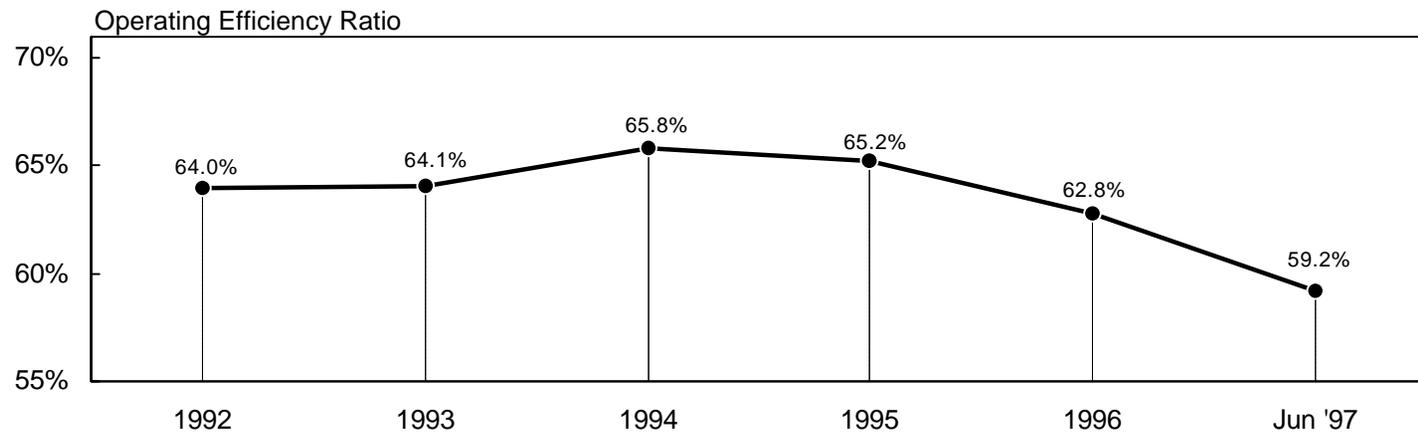
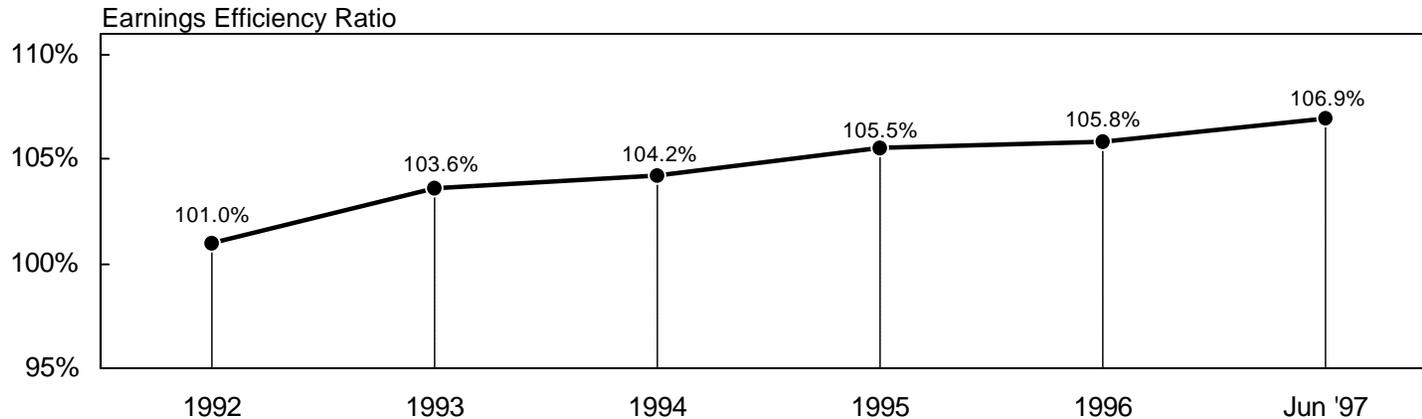
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RECENT STABILITY IN AVERAGE INDUSTRY ROAs MASKS UNDERLYING IMPROVEMENTS



* Data exclude the net SAIF special assessment.
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EARNINGS AND OPERATING EFFICIENCY RATIOS CONTINUED TO IMPROVE IN THE SECOND QUARTER



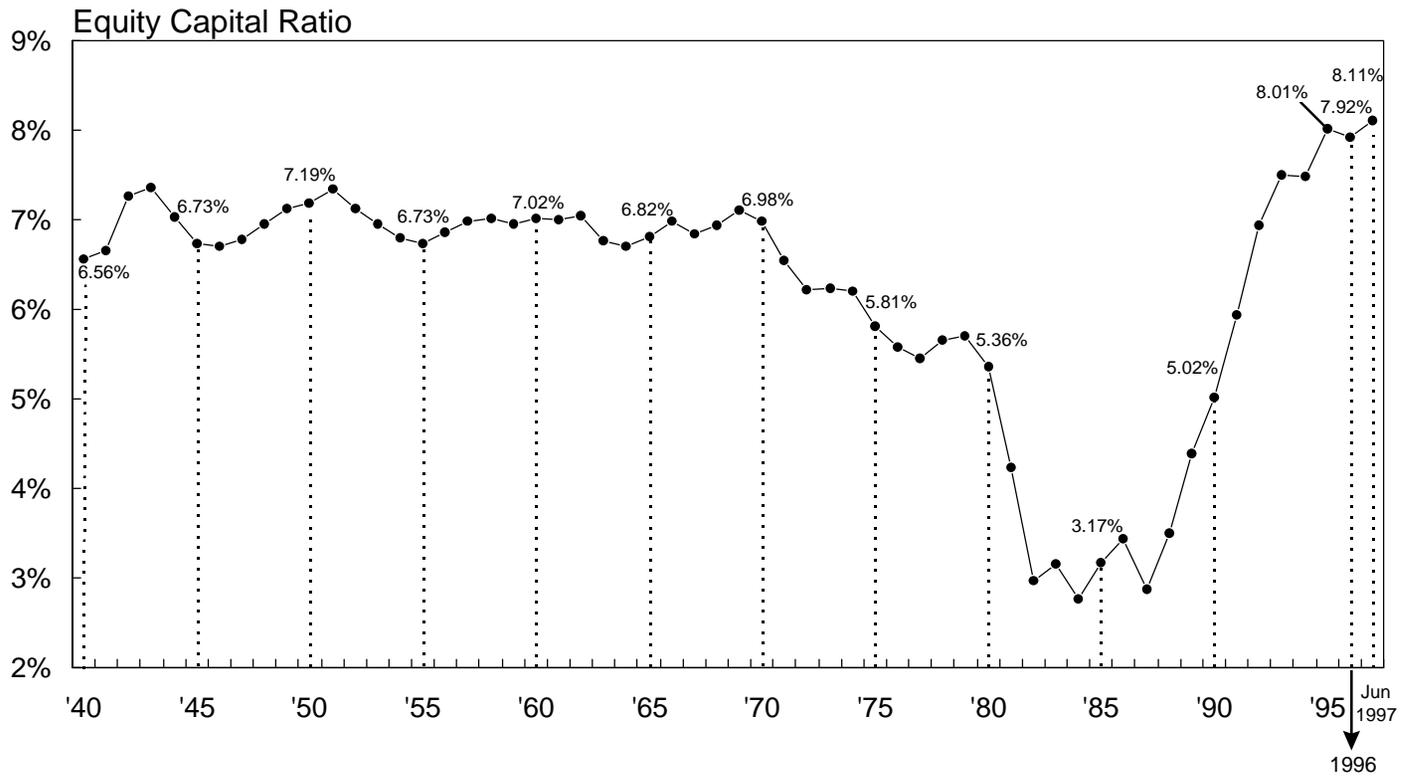
Earnings Efficiency Ratio = Interest Earning Assets / Interest Bearing Liabilities.

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

1996 General and Administrative Expense excludes net SAIF special assessment.

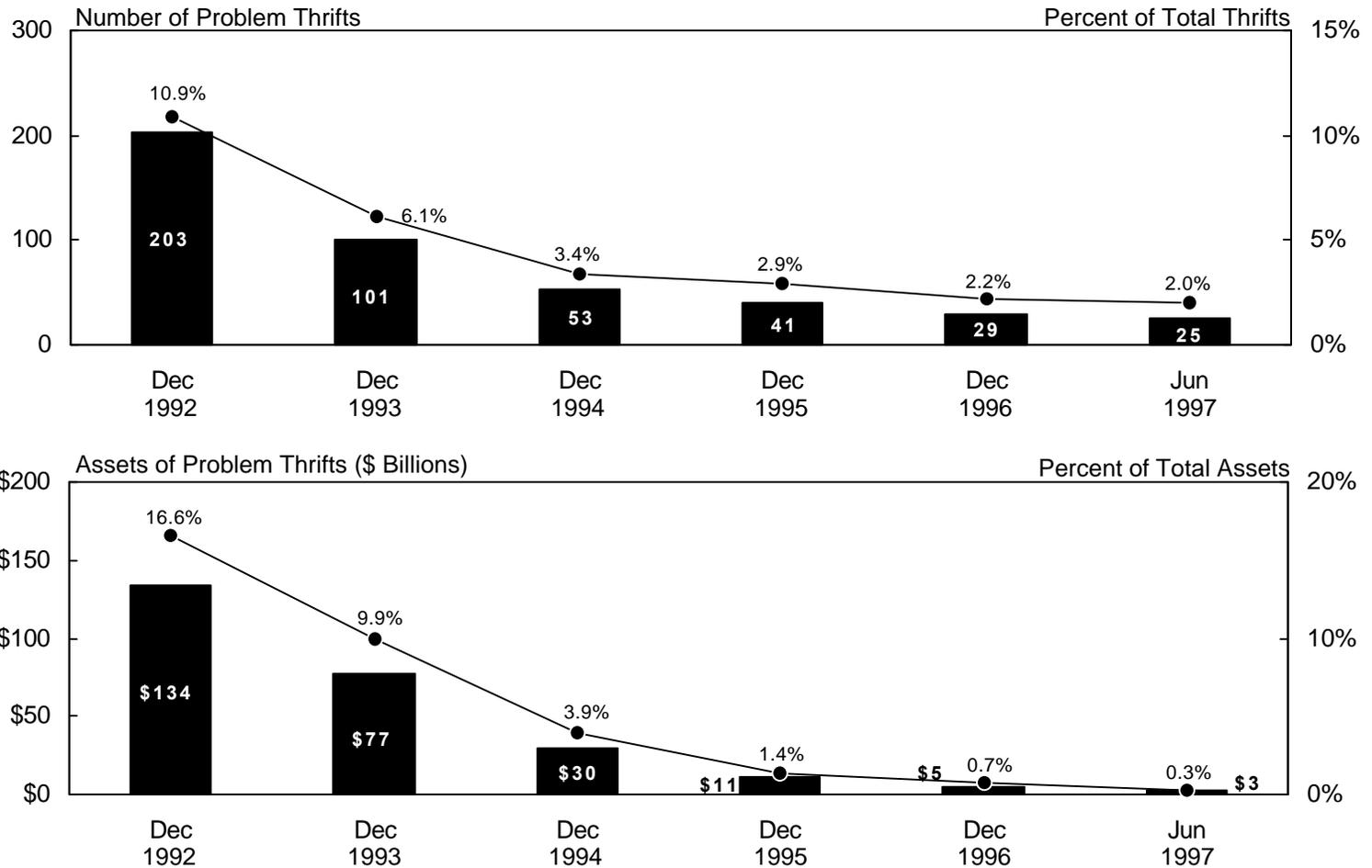
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EQUITY CAPITAL RATIO IS AT A RECORD LEVEL

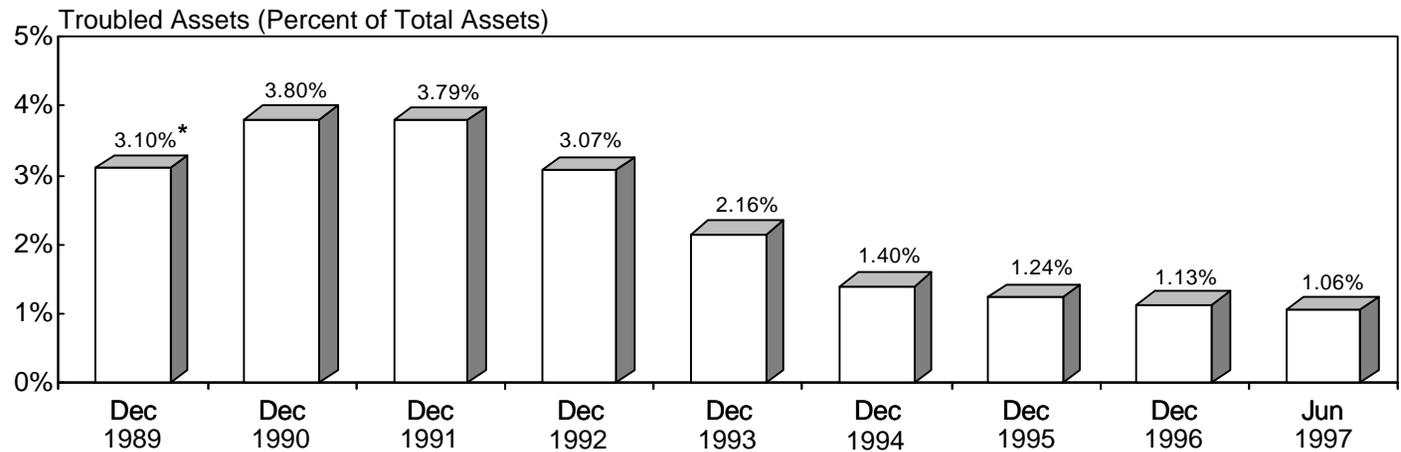
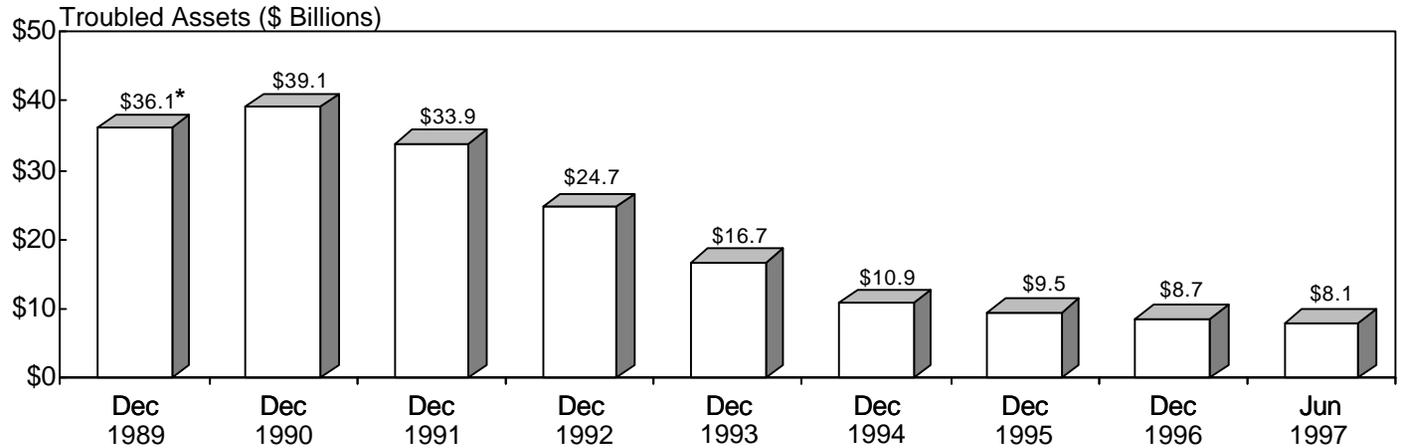


PROBLEM THRIFTS REACHED POST-FIRREA LOW

(Thriffs with CAMELS Ratings of 4 or 5)



TROUBLED ASSETS DECLINED TO A POST-FIRREA LOW IN THE SECOND QUARTER



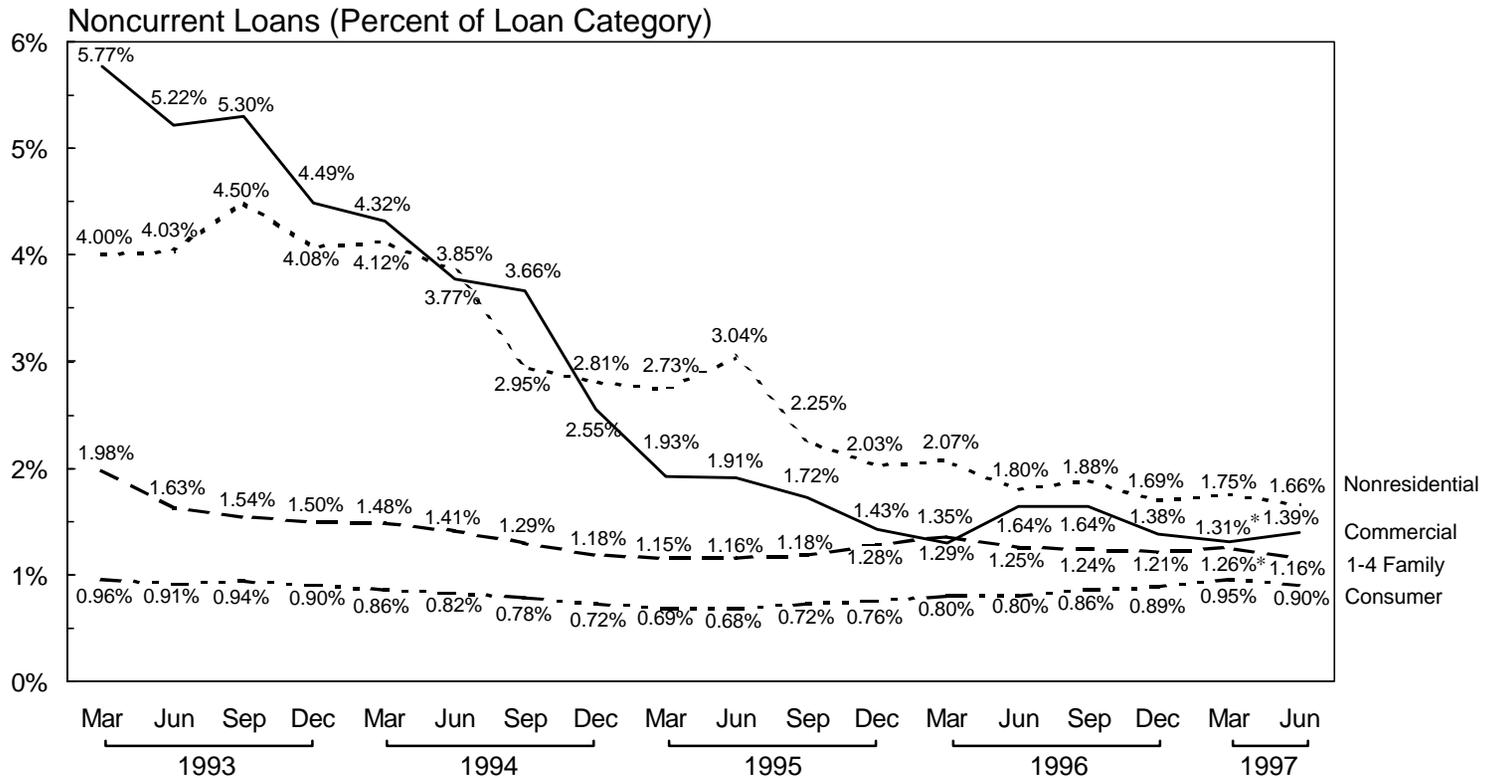
* Estimated.

Troubled Assets include noncurrent loans and repossessed assets.

Data after 1995 are net of specific valuation allowances.

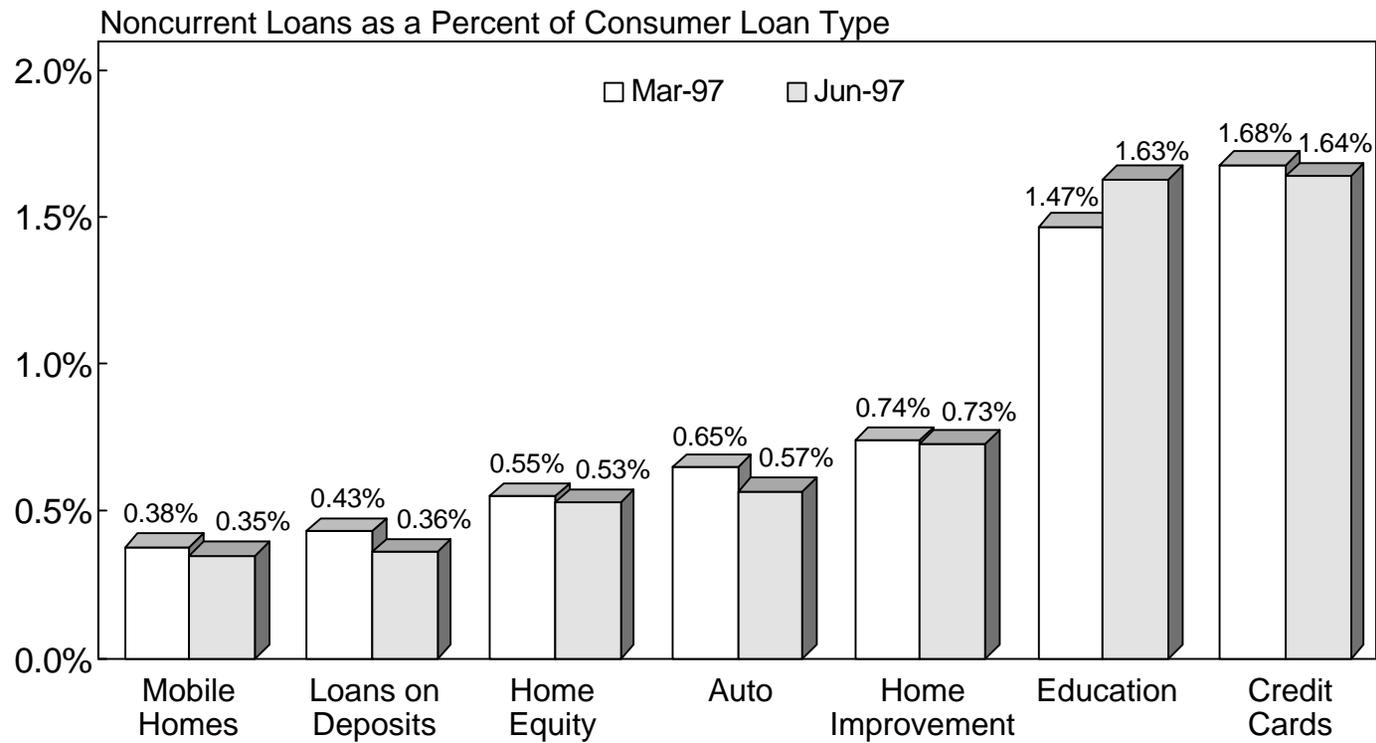
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MOST NONCURRENT LOAN RATES FELL IN THE SECOND QUARTER -- COMMERCIAL NONCURRENT LOAN RATE INCREASED



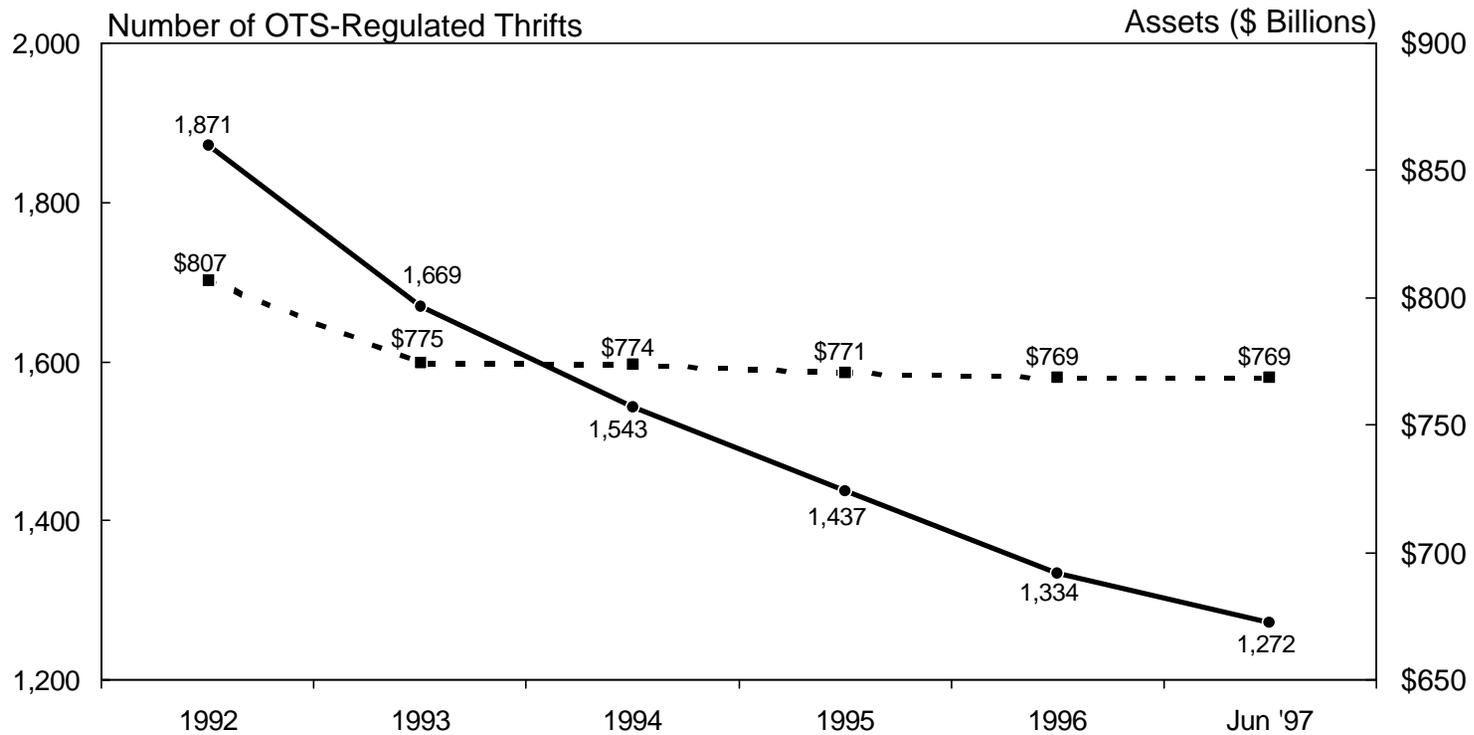
* Revised.
 Data after 1995 are net of specific valuation allowances.
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NONCURRENT RATES FOR MOST CONSUMER LOANS DECLINED IN THE SECOND QUARTER -- ONLY NONCURRENT EDUCATION LOANS INCREASED

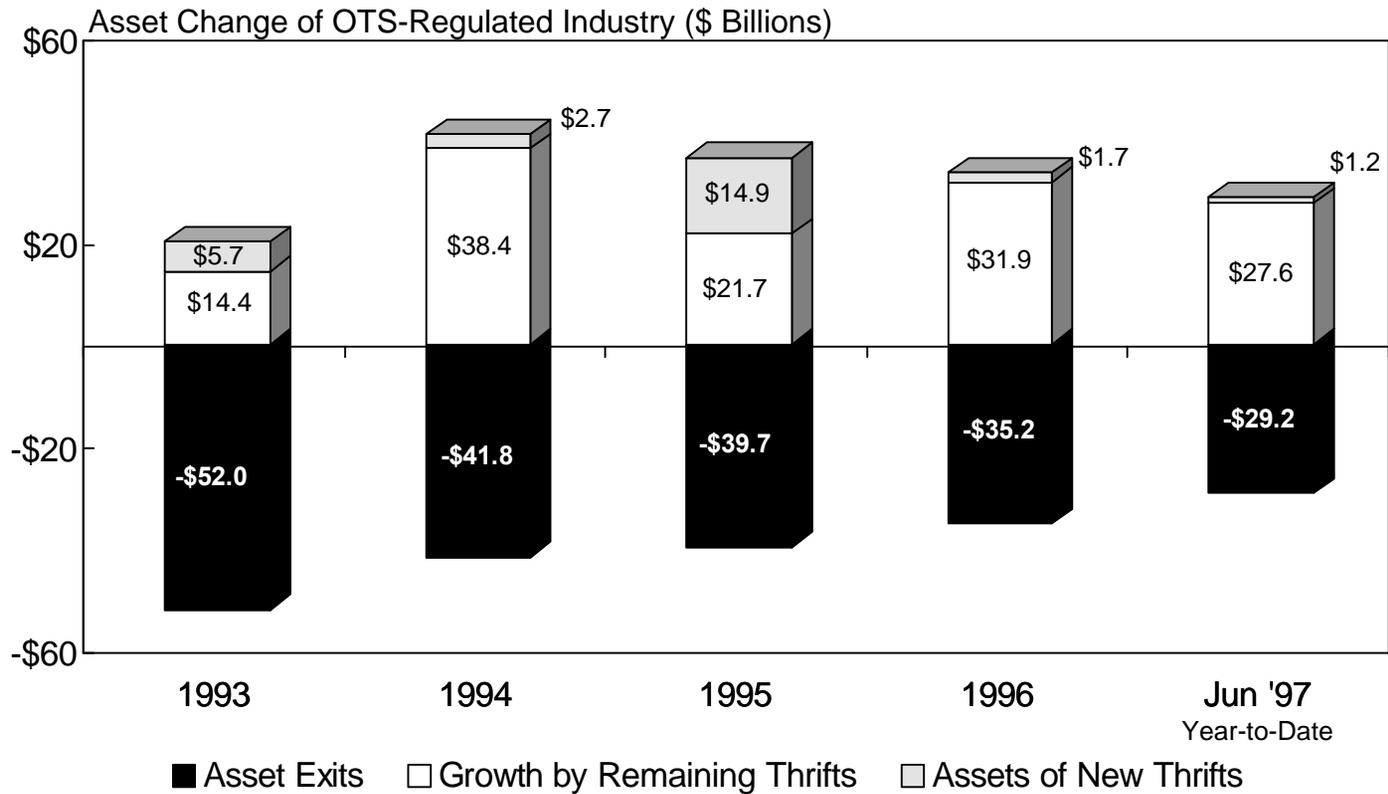


Data are for OTS-regulated thrifts.
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ALTHOUGH CONSOLIDATION CONTINUES TO REDUCE THE NUMBER OF THRIFTS, INDUSTRY ASSETS HAVE REMAINED STABLE SINCE 1993



ASSET GROWTH BY REMAINING THRIFTS AND ASSETS OF NEW THRIFTS HAVE LARGELY OFFSET ASSET LOSSES FROM CONSOLIDATION SINCE 1993



1997 SHOWS DIVERGENT TRENDS WITH INCREASES IN BOTH NEW ENTRANTS AND CONVERSIONS TO COMMERCIAL BANKS

EXITS OF OTS-REGULATED THRIFTS	1993	1994	1995	1996	Total '93-'96	YTD 1997	Applications in "Pipeline" *	1997 Projection
Failures	8	2	2	1	13	0	0	0
Conversions								
To Commercial Banks	18	17	13	10	58	15	15	30
To State-Chartered Savings Banks	98	49	16	20	183	11	3	14
Total Number of Conversions	116	66	29	30	241	26	18	44
Acquisitions								
By Commercial Banks	39	44	49	46	178	29	24	53
By State-Chartered Savings Banks	3	2	1	3	9	1	0	1
Total Number of Acquisitions by Non-OTS Reg. Institutions	42	46	50	49	187	30	24	54
OTS Thrift-to-Thrift Mergers	37	32	43	36	148	15	9	24
Liquidations	10	3	5	3	21	2	4	6
TOTAL EXITS	213	149	129	119	610	73	55	128
ENTRANTS	15	11	23	17	66	10	22	32
NET DECLINE	198	138	106	102	544	63	33	96

* Includes applications received through August 22, 1997 and transactions that should consummate in the third and fourth quarters of 1997.
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