



OFFICE OF THRIFT SUPERVISION

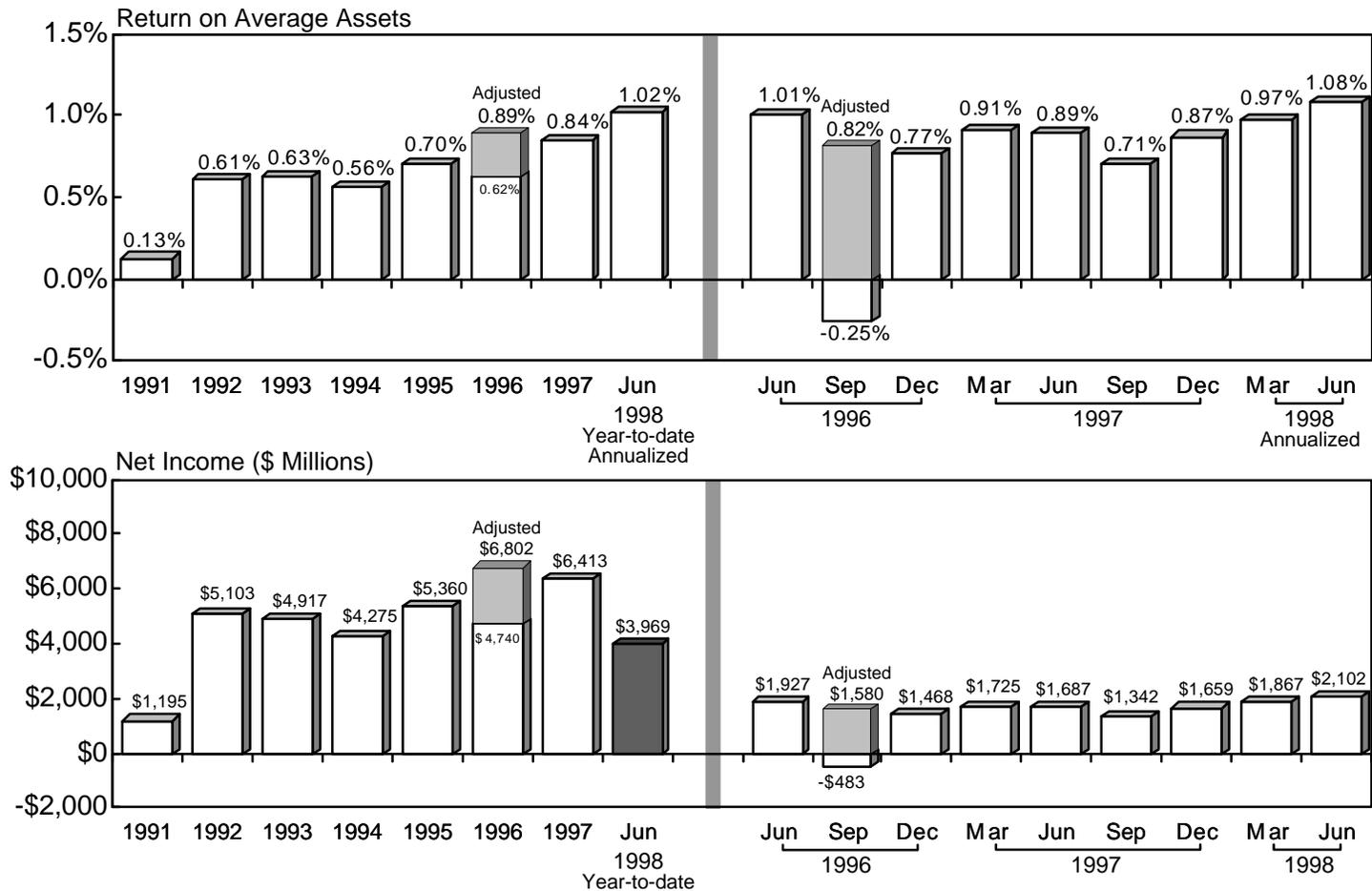
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INDUSTRY EARNINGS REACHED A NEW HIGH IN THE SECOND QUARTER



Numbers may not sum due to rounding.

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

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ROA CONTINUES TO BE STRONG EVEN EXCLUDING THE ONE-TIME UNUSUAL DECLINE IN TAXES

Components of ROA	Quarters Ended		Change
	Mar '98	Jun '98	Mar '98 Jun '98
ROA	0.97%	1.08%	0.11%
Taxes	0.52%	0.40%	-0.12%
Net Interest Margin	2.77%	2.79%	0.02%
Interest Income	7.10%	7.11%	0.01%
Interest Expense	4.33%	4.32%	-0.01%
Provisions for Losses	0.18%	0.21%	0.03%
Other Non-Interest Income ⁽¹⁾	0.53%	0.56%	0.03%
Gains-on-assets held for sale	0.29%	0.29%	0.00%
Fee Income	0.57%	0.63%	0.06%
Non-Interest Expense	2.20%	2.29%	0.09%

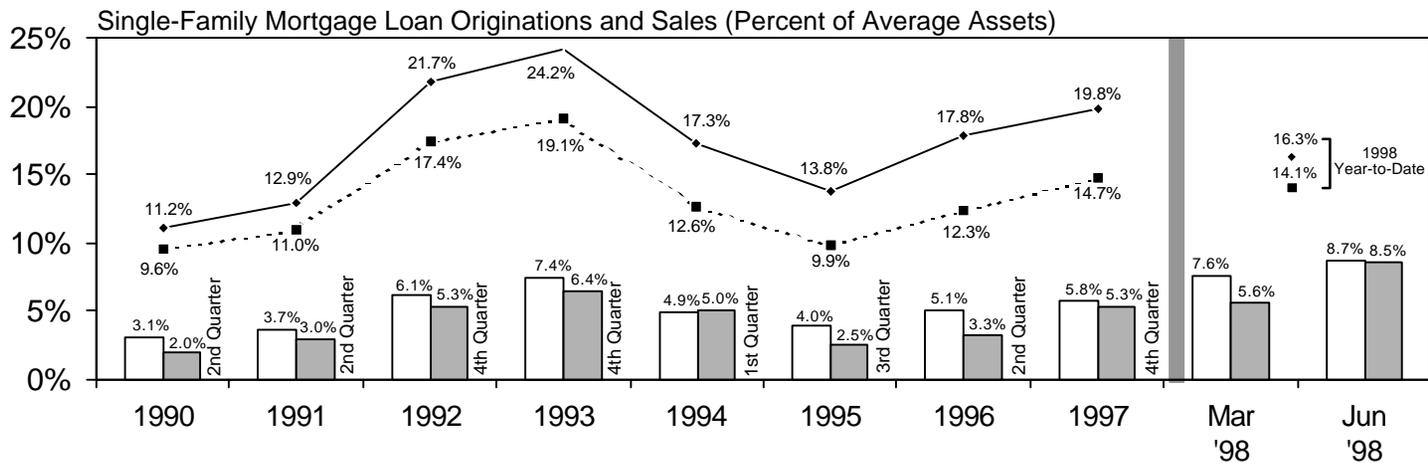
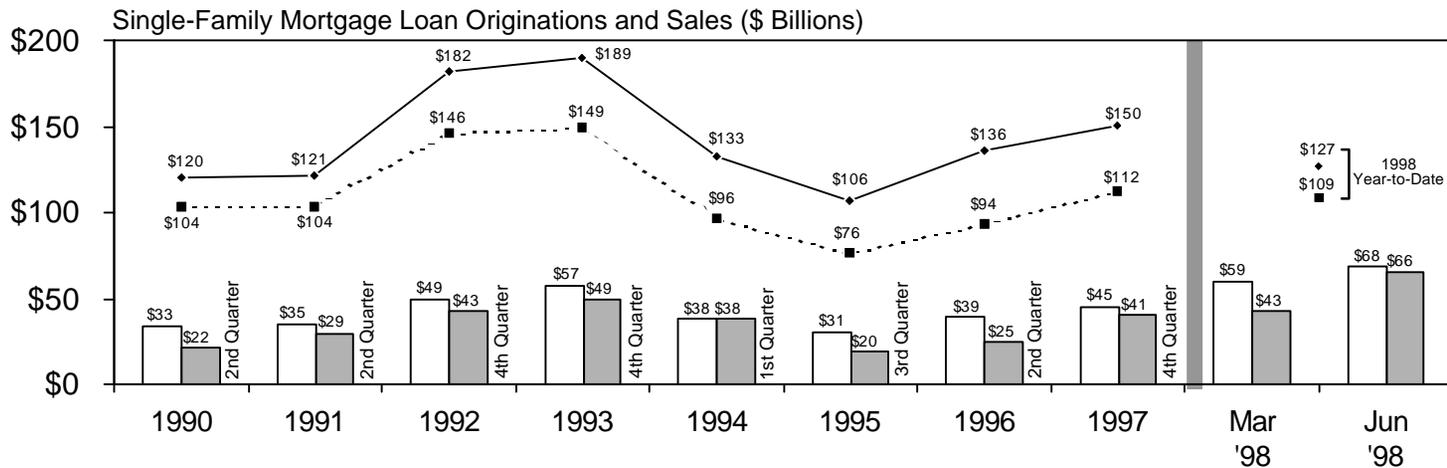
Quarterly data are annualized.

Numbers may not sum due to rounding.

(1) Other Non-Interest Income primarily includes gains on sales of assets, dividends on FHLB stock, and income from leasing office space.

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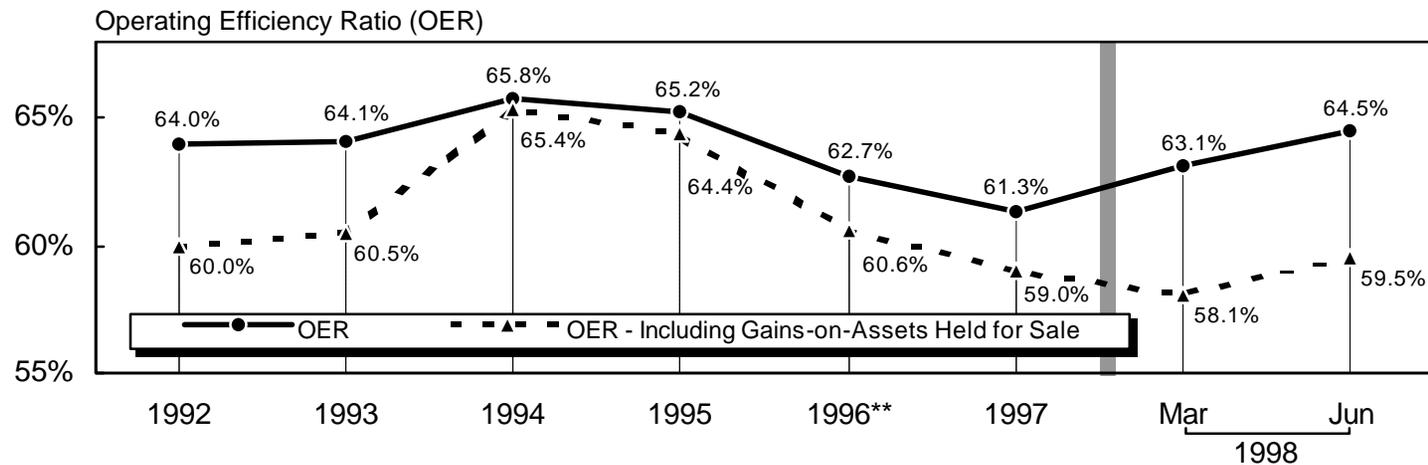
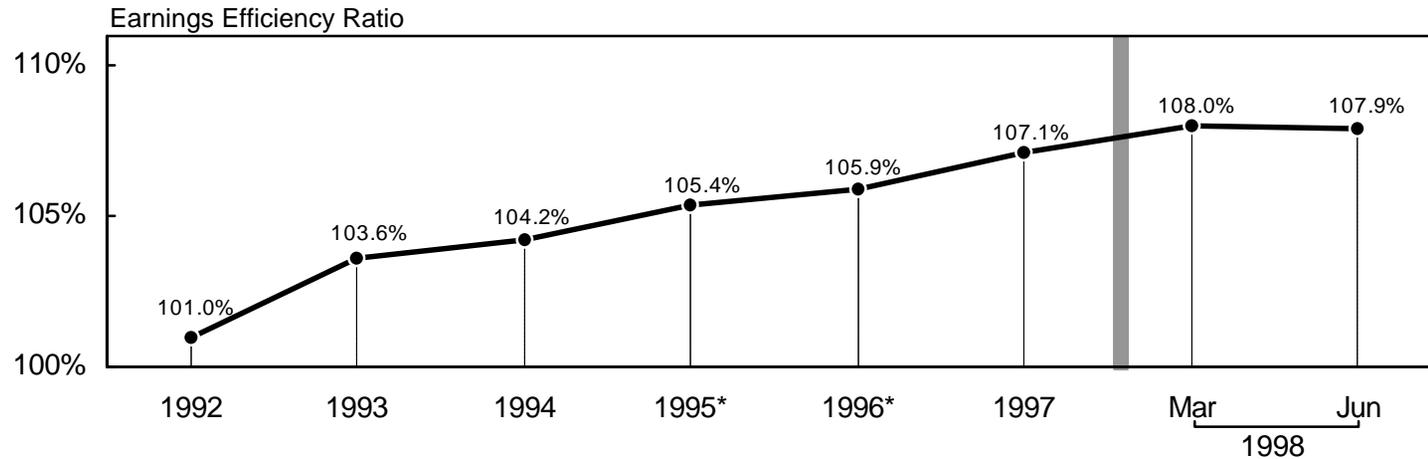
THRIFT INDUSTRY SINGLE-FAMILY MORTGAGE ORIGINATIONS WERE VERY STRONG IN THE SECOND QUARTER



Highest Quarter Originations
 Sales
 Originations Total
 Sales Total

Beginning in June 1996, data are consolidated.
 Year-to-date 1998 data are not annualized.
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EARNINGS AND OPERATING EFFICIENCY MEASURES DETERIORATED SLIGHTLY DUE TO HIGH MORTGAGE BANKING ACTIVITY



* Revised from 105.5% and 105.8% for 1995 and 1996, respectively. ** OER revised from 62.8%.

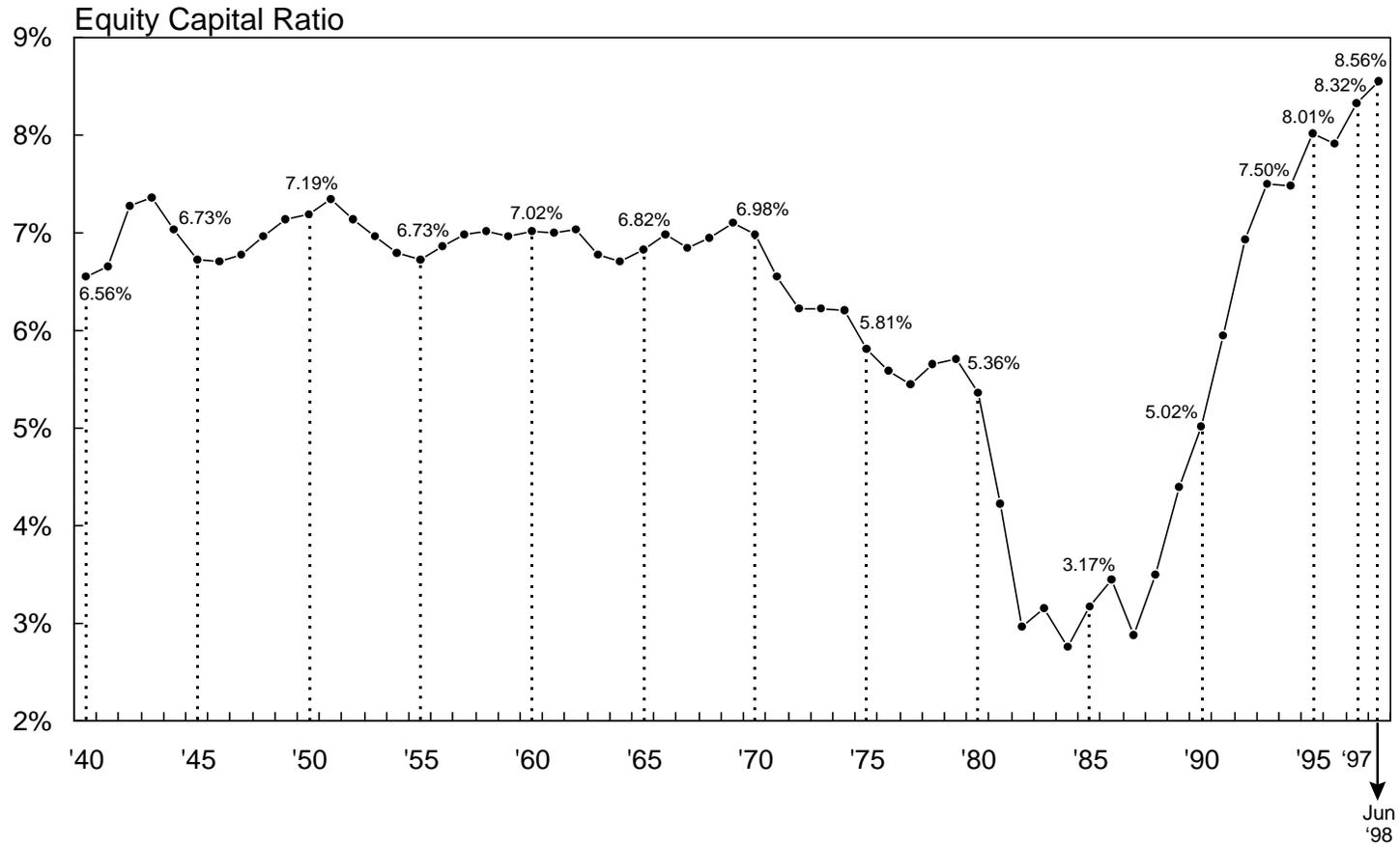
Earnings Efficiency Ratio = Interest Earning Assets / Interest Bearing Liabilities.

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

1996 General and Administrative Expense excludes net SAIF special assessment.

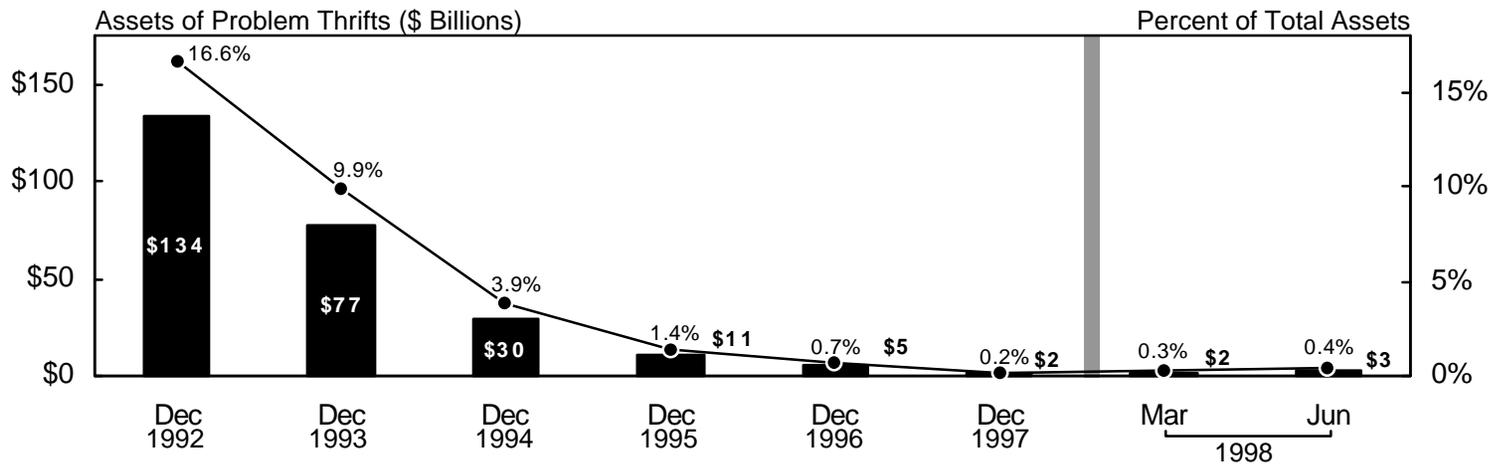
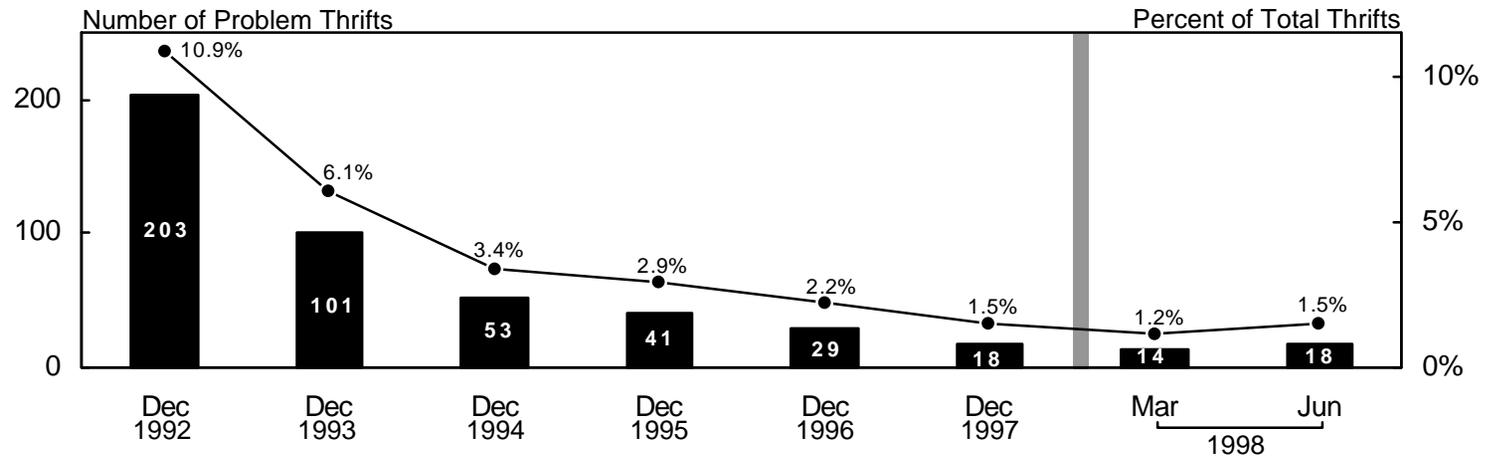
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EQUITY CAPITAL CONTINUED TO INCREASE

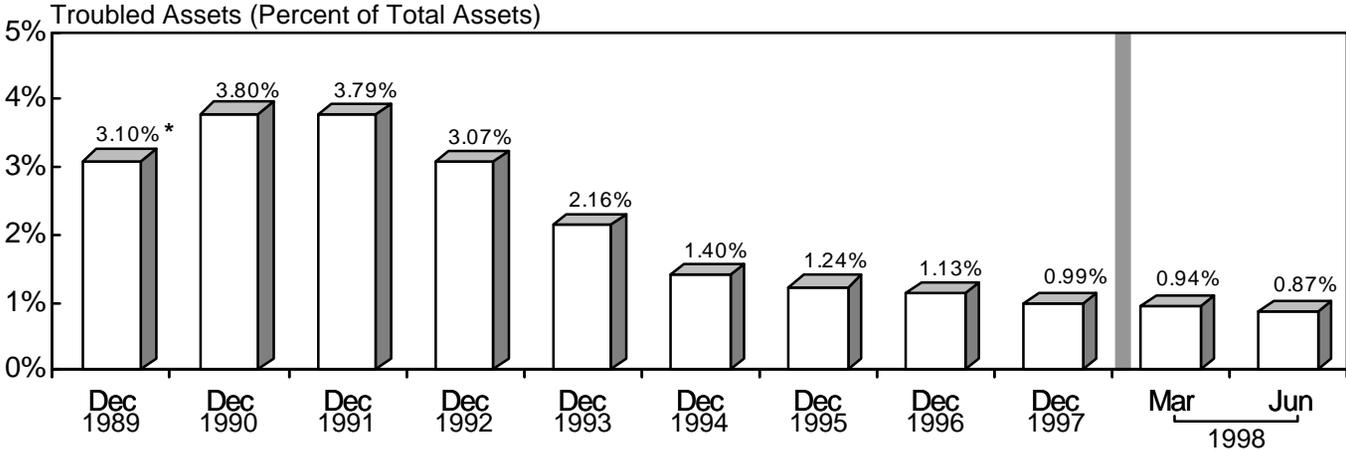
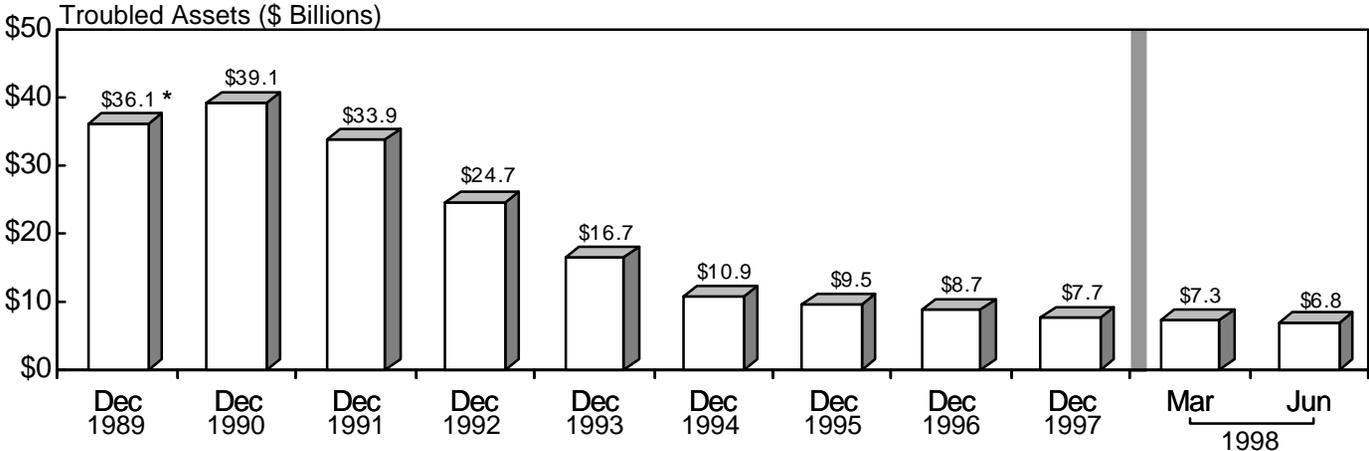


PROBLEM THRIFTS INCREASED IN THE SECOND QUARTER

(Thrifts with CAMELS Ratings of 4 or 5)



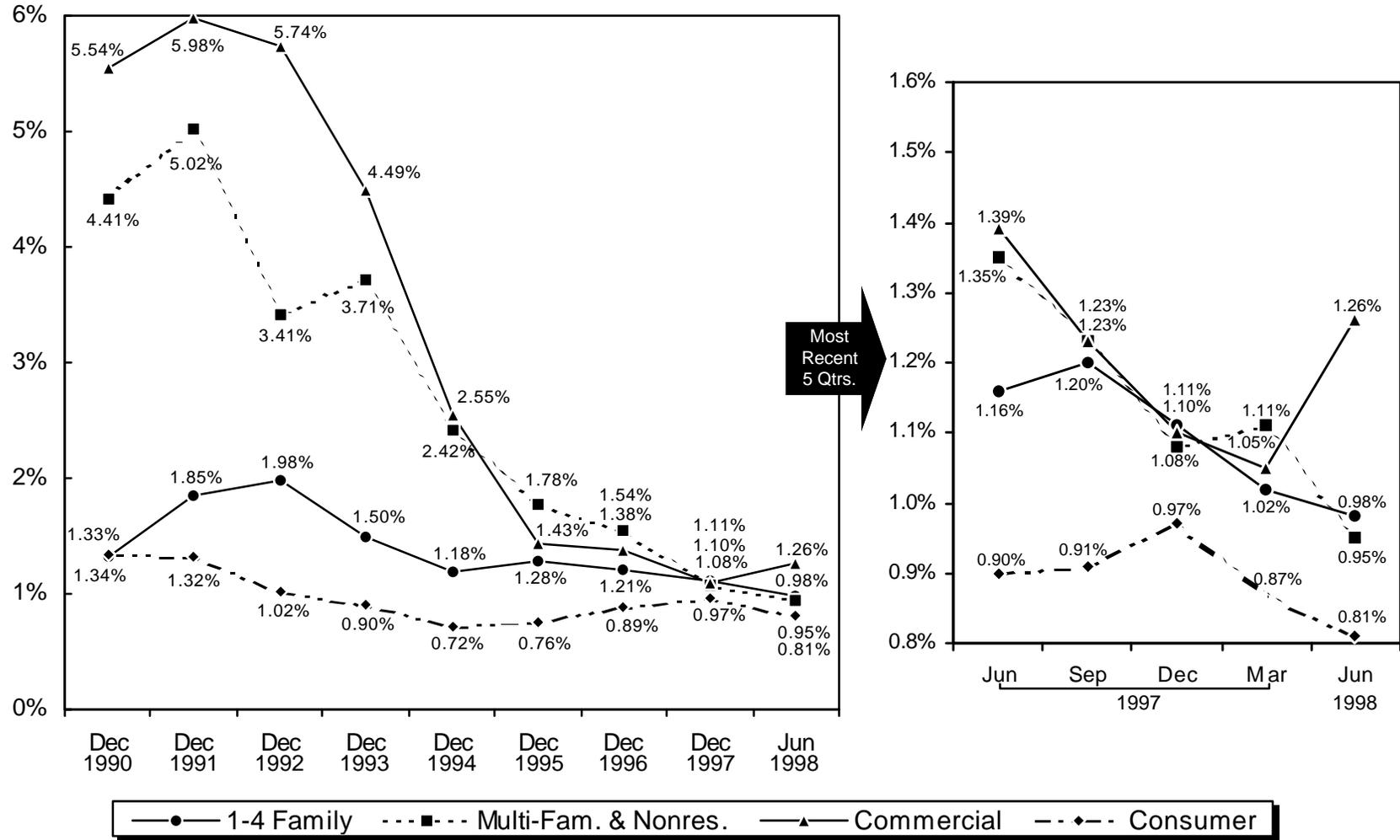
TROUBLED ASSETS DECLINED IN THE SECOND QUARTER TO THE LOWEST LEVEL SINCE THIS INDICATOR HAS BEEN USED



* Estimated.
 Troubled Assets include noncurrent loans and repossessed assets.
 Data after 1995 are net of specific valuation allowances.
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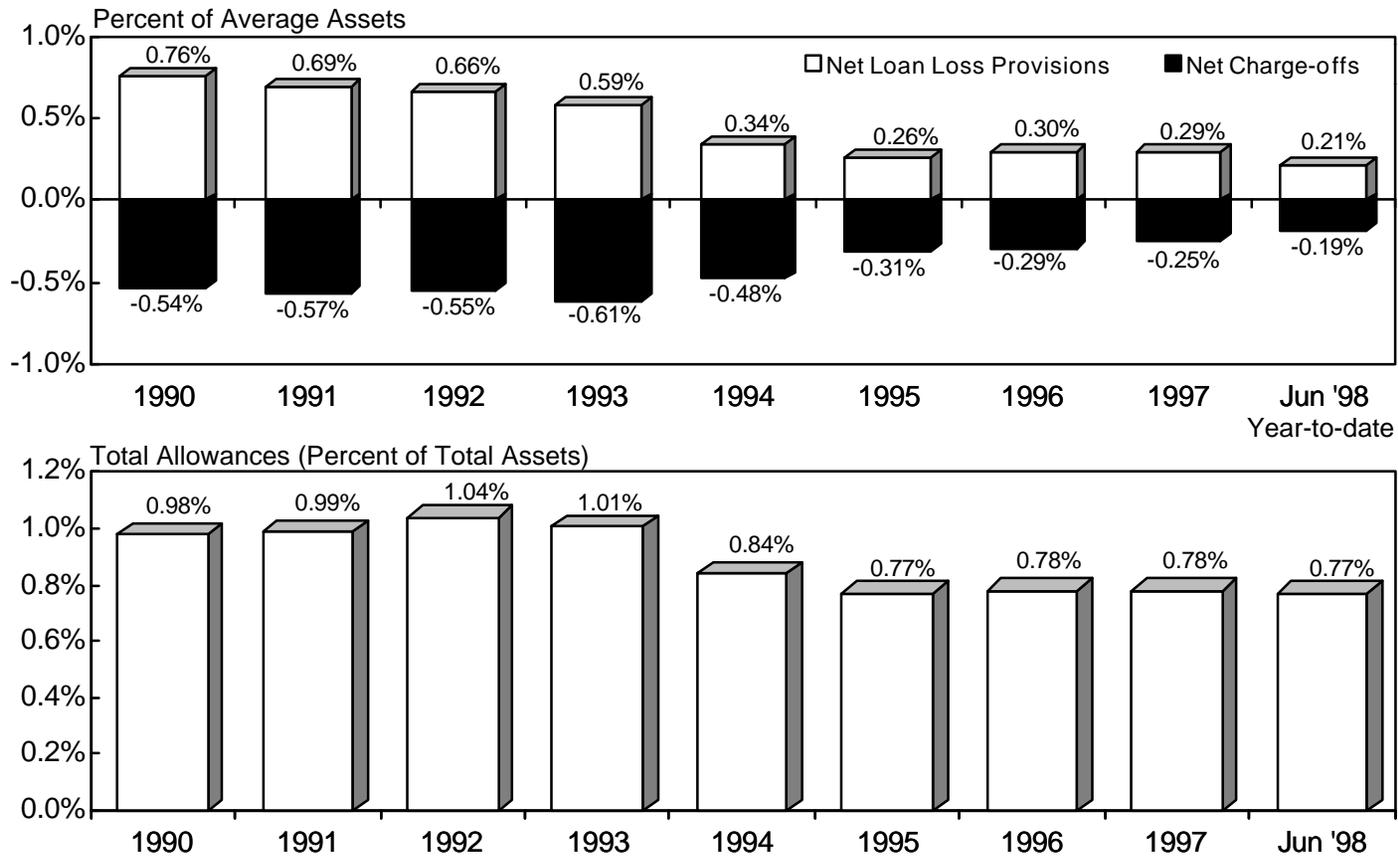
NONCURRENT LOAN RATES CONTINUED TO DECLINE IN THE SECOND QUARTER EXCEPT FOR COMMERCIAL LOANS

Noncurrent Loans (Percent of Loan Type)



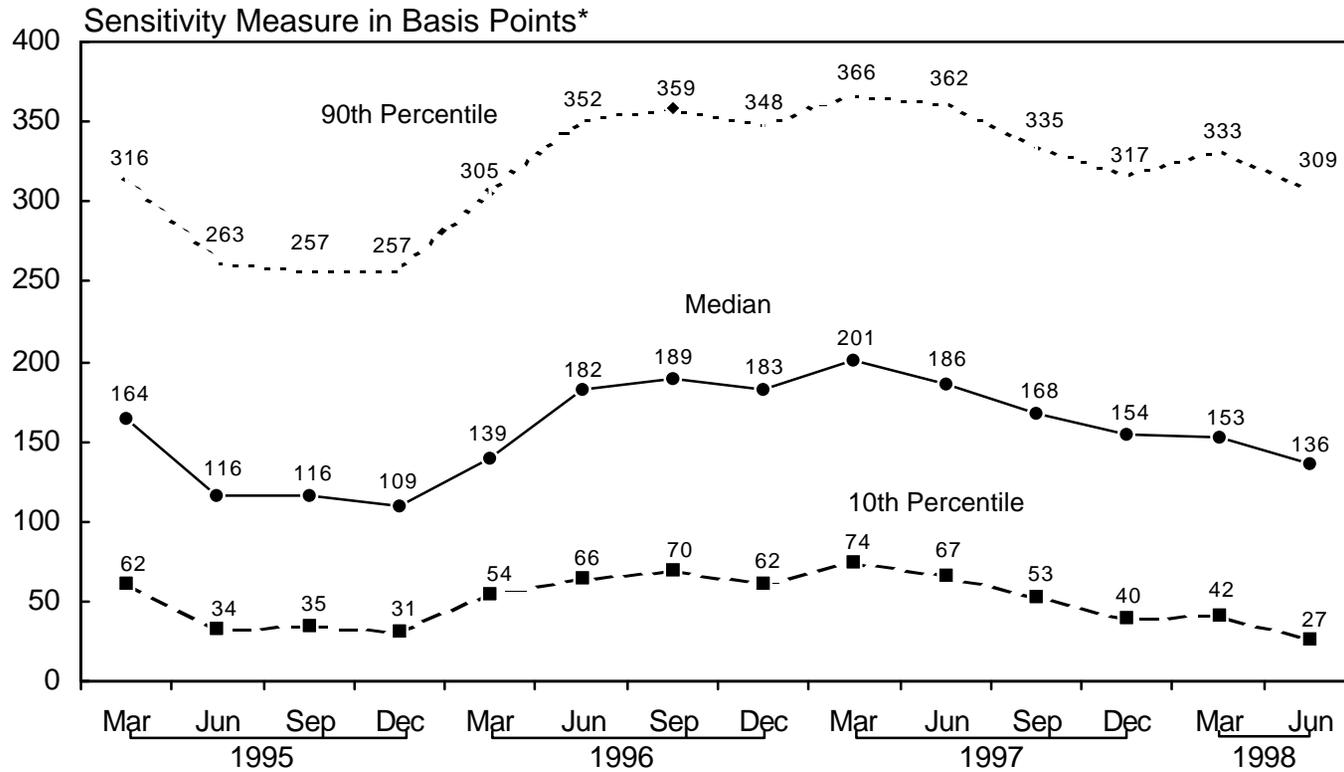
Data after 1995 are net of specific valuation allowances.
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CHARGE-OFFS HAVE DECLINED REFLECTING IMPROVED ASSET QUALITY; ALLOWANCES REMAIN LEVEL



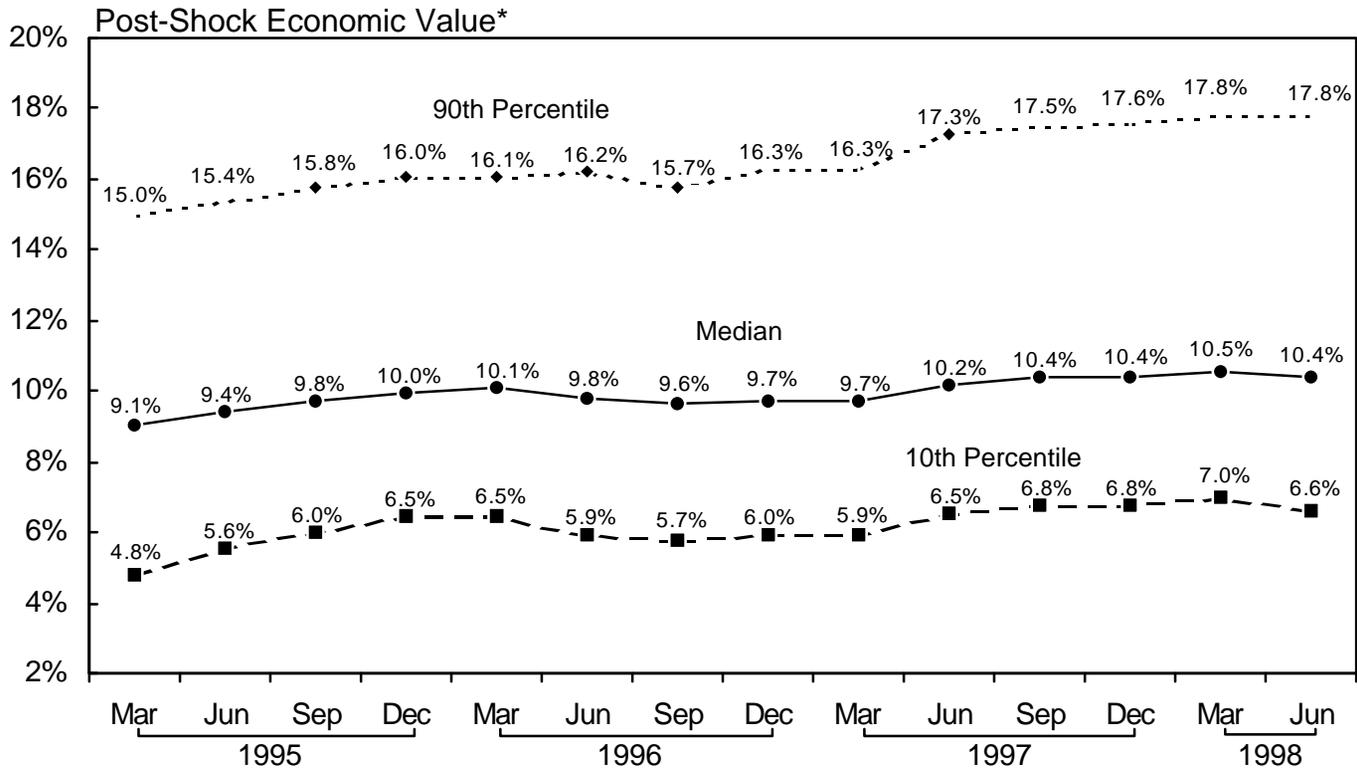
Net charge-offs are charge-offs less recoveries.
 Total allowances include allowances from acquired entities.
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INTEREST RATE RISK SENSITIVITY DECREASED SLIGHTLY IN THE SECOND QUARTER



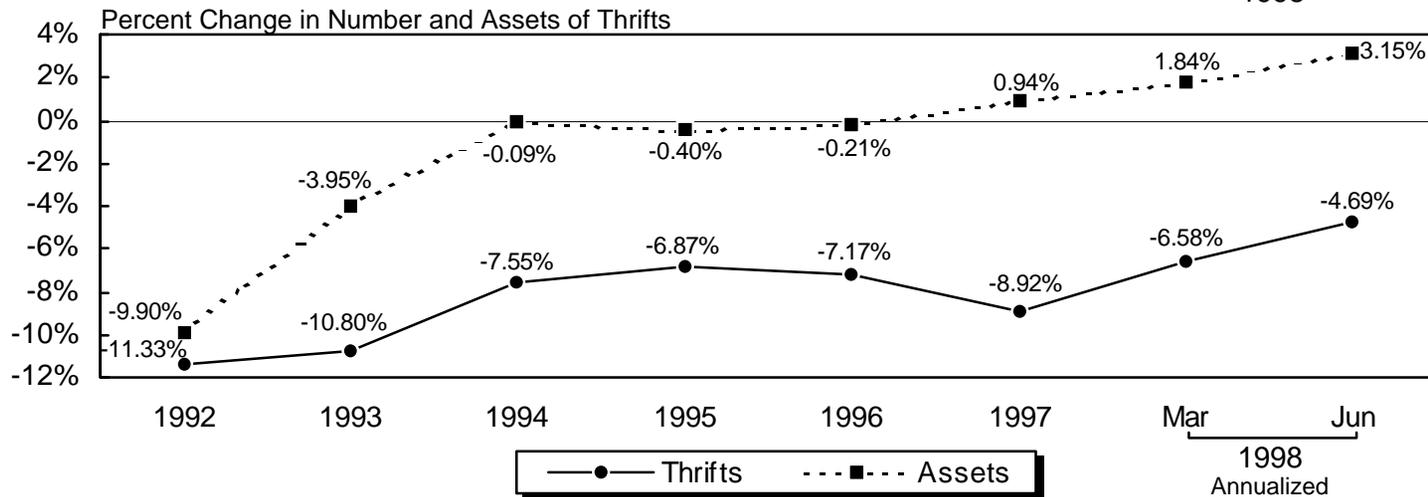
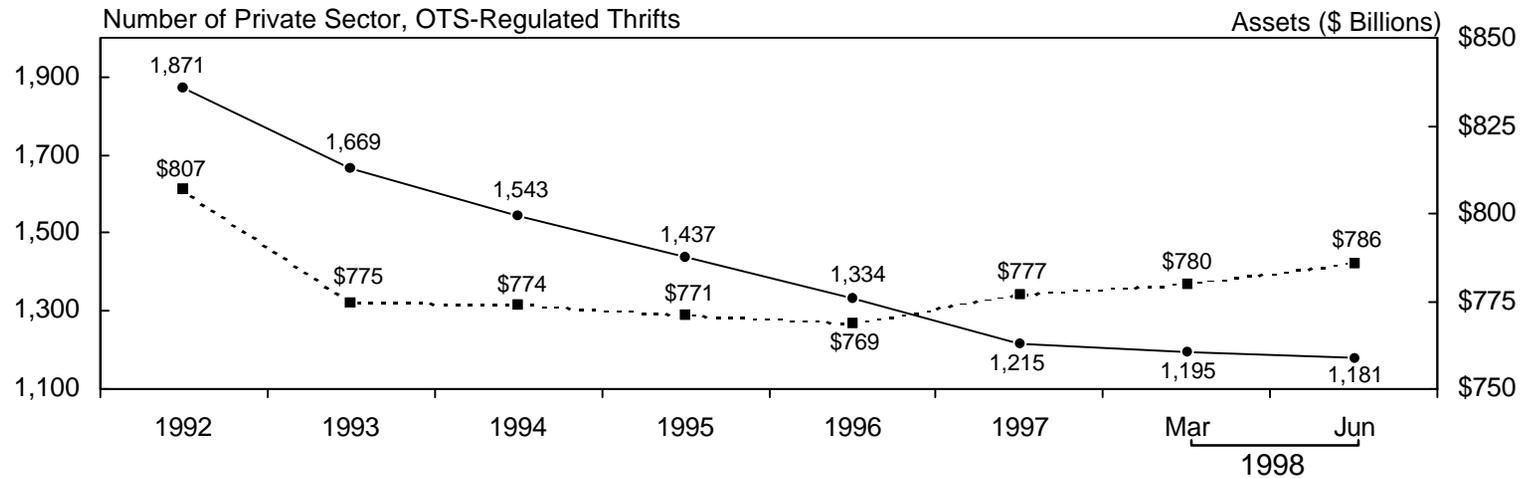
* Preliminary second quarter data.
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HIGHER CAPITAL LEVELS CUSHION EXPOSURE TO INTEREST RATE RISK



* Preliminary second quarter data.
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THRIFT ASSETS INCREASED SLIGHTLY WHILE CONSOLIDATION CONTINUED IN THE SECOND QUARTER



Data for percent change in assets are calculated based on amounts in thousands of dollars.
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MERGERS AND ACQUISITIONS CONTINUE TO REDUCE THE NUMBER OF THRIFTS

EXITS OF OTS-REGULATED THRIFTS	1993	1994	1995	1996	1997	1998 Quarters		YTD Jun '98
						March	June	
Failures	8	2	2	1	0	0	0	0
Conversions								
To Commercial Banks	18	17	13	10	32	3	5	8
To State-Chartered Savings Banks	<u>98</u>	<u>49</u>	<u>16</u>	<u>20</u>	<u>17</u>	<u>3</u>	<u>0</u>	<u>3</u>
Total Number of Conversions	116	66	29	30	49	6	5	11
Acquisitions								
By Commercial Banks	39	44	49	46	56	8	10	18
By State-Chartered Savings Banks	<u>3</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>5</u>	0	2	<u>2</u>
Total Number of Acquisitions by Non-OTS Reg. Institutions	42	46	50	49	61	8	12	20
OTS Thrift-to-Thrift Mergers	37	32	43	36	28	11	8	19
Voluntary Dissolutions	10	3	5	3	3	1	0	1
TOTAL EXITS	213	149	129	119	141	26	25	51
TOTAL ENTRANTS	13	24	23	18	21	6	11	17
De Novo	12	16	3	6	11	2	5	7
Other	1	8	20	12	10	4	6	10
NET DECLINE	200	125	106	101	120	20	14	34

SINGLE-FAMILY MORTGAGES DECLINED IN THE SECOND QUARTER. MORTGAGE DERIVATIVES ROSE SIGNIFICANTLY AT THREE LARGE THRIFTS

	December 1993	March 1998	June 1998	Long Term Change Dec '93 Jun '98	Short Term Change Mar '98 Jun '98	Average Annualized Growth Rates	
						Dec '93 Jun '98	Mar '98 Jun '98
Total Assets	\$774.8	\$780.2	\$786.3	\$11.5	\$6.1	0.3%	3.1%
Total Loans	503.7	543.0	542.0	38.3	-1.0	1.6%	-0.7%
1-4 Family Mortgage Loans	354.8	394.7	391.8	37.0	-2.9	2.2%	-2.9%
Construction Loans	12.7	11.7	12.1	-0.5	0.4	-1.1%	13.7%
Other Mortgages	95.7	79.5	79.3	-16.4	-0.2	-4.1%	-1.0%
Sm. Business / Commercial Loans	5.2	12.5	12.9	7.7	0.4	22.2%	12.8%
Consumer Loans	35.4	44.7	45.9	10.5	1.2	5.9%	10.7%
Mortgage Pool Securities	119.5	101.2	96.9	-22.6	-4.3	-4.6%	-17.0%
Investment Securities	108.6	87.4	95.8	-12.8	8.4	-2.8%	38.4%
Mortgage Derivatives	43.8	38.1	47.5	3.7	9.4	1.8%	98.7%

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. Dollars in billions.

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