



OFFICE OF THRIFT SUPERVISION

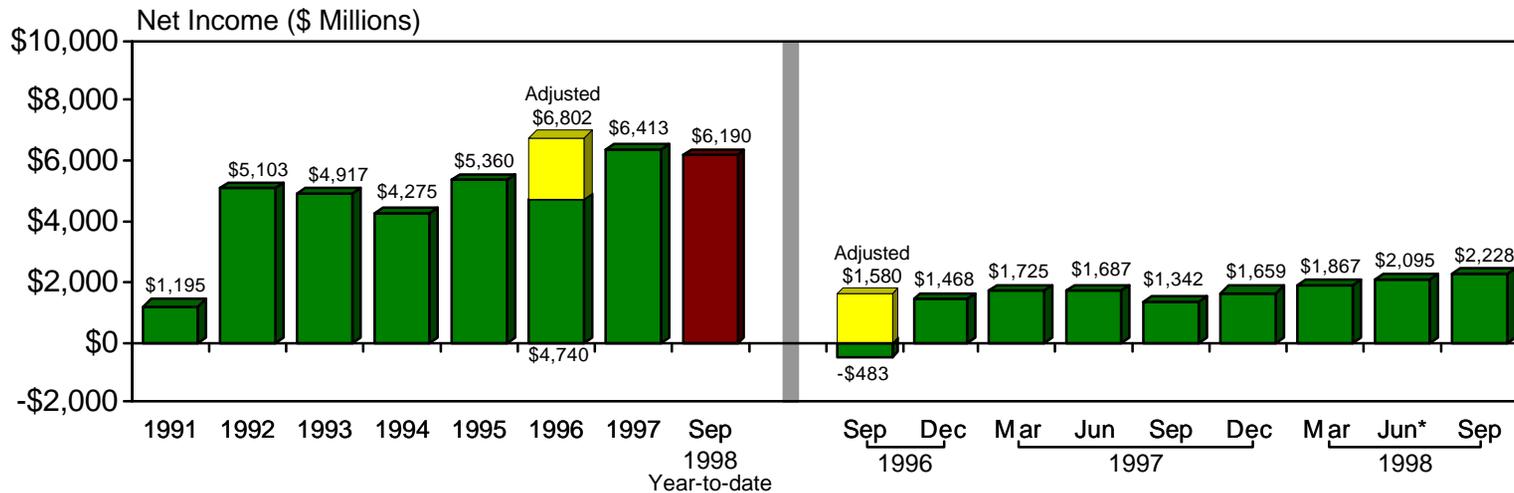
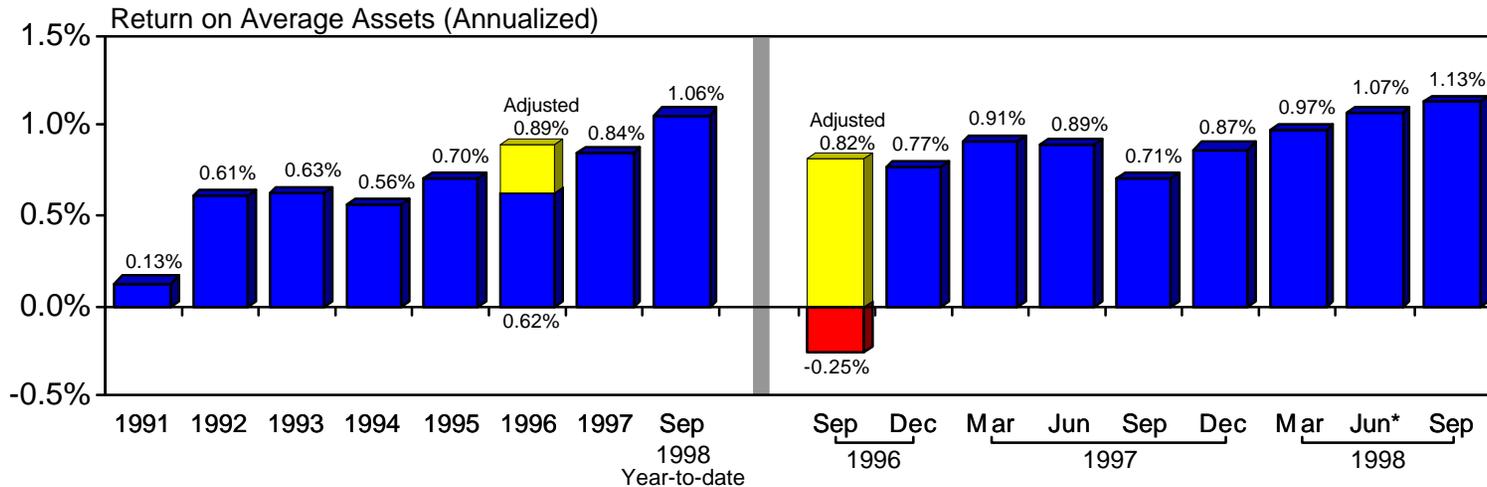
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THIRD QUARTER EARNINGS REACHED NEW HIGH



* Revised from 1.08% and \$2,102 respectively.

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 REMAINS STRONG EVEN EXCLUDING THRIFTS WITH SIGNIFICANT ONE-TIME EVENTS

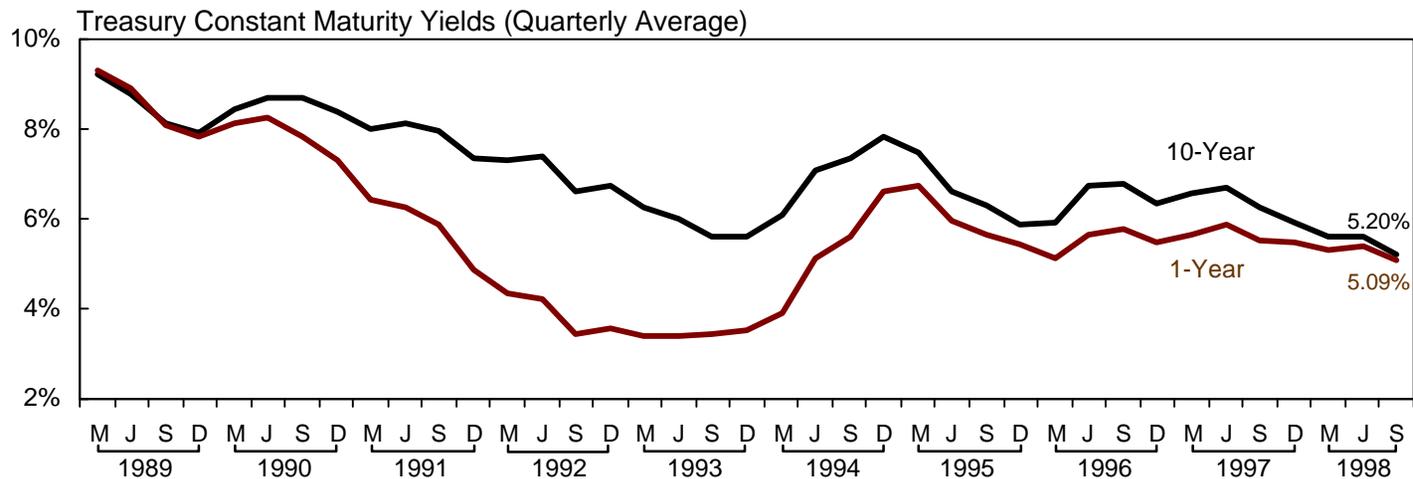
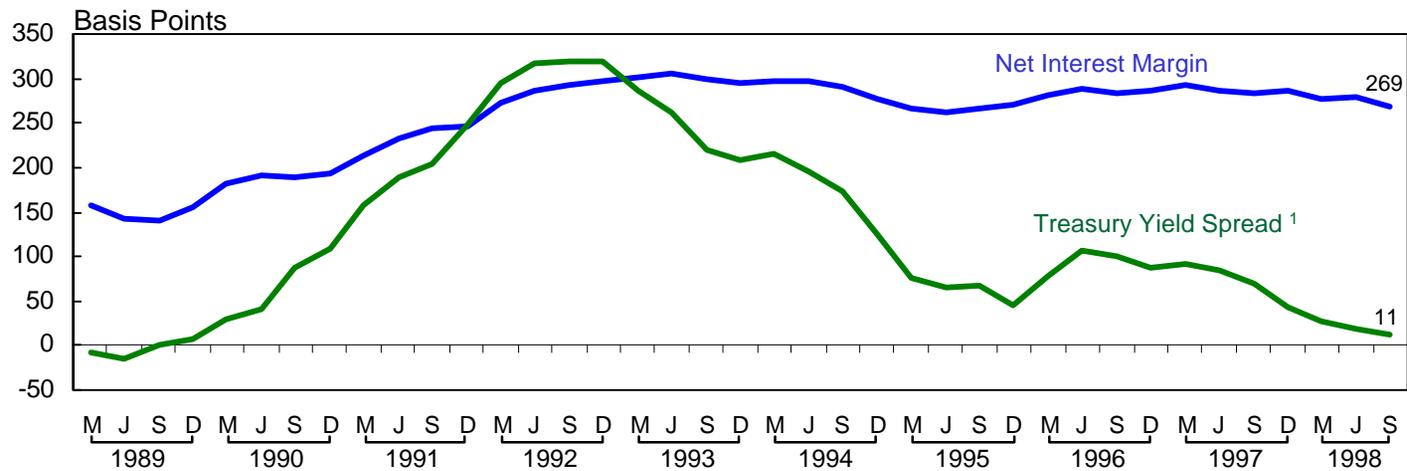
Components of ROA	<u>Actual</u>		<u>Change</u>	<u>Excluding 7 Thrifts with</u>		<u>Change</u>
	Jun '98	Sep '98	Jun '98 Sep '98	Jun '98	Sep '98	Jun '98 Sep '98
ROA	1.07%	1.13%	0.06%	0.95%	1.00%	0.05%
Net Interest Margin	2.79%	2.69%	-0.10%	2.85%	2.81%	-0.04%
Interest Income	7.11%	6.92%	-0.19%	7.15%	7.09%	-0.06%
Interest Expense	4.32%	4.23%	-0.09%	4.30%	4.29%	-0.01%
Provisions for Losses	0.21%	0.23%	0.02%	0.20%	0.19%	-0.01%
Fee Income	0.63%	0.49%	-0.14%	0.59%	0.58%	-0.01%
Mortgage Loan Servicing Fees	0.10%	-0.03%	-0.13%	0.08%	0.06%	-0.02%
Other Fees and Charges	0.53%	0.52%	-0.01%	0.51%	0.52%	0.01%
Other Non-Interest Income ¹	0.56%	1.15%	0.59%	0.56%	0.66%	0.10%
Sale-of-Assets Held for Sale	0.28%	0.30%	0.02%	0.26%	0.32%	0.06%
Sale-of-Assets Held for Investment	0.04%	0.62%	0.58%	0.05%	0.05%	0.00%
Non-Interest Expense	2.29%	2.26%	-0.03%	2.32%	2.31%	-0.01%
Taxes	0.40%	0.71%	0.31%	0.54%	0.55%	0.01%

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.

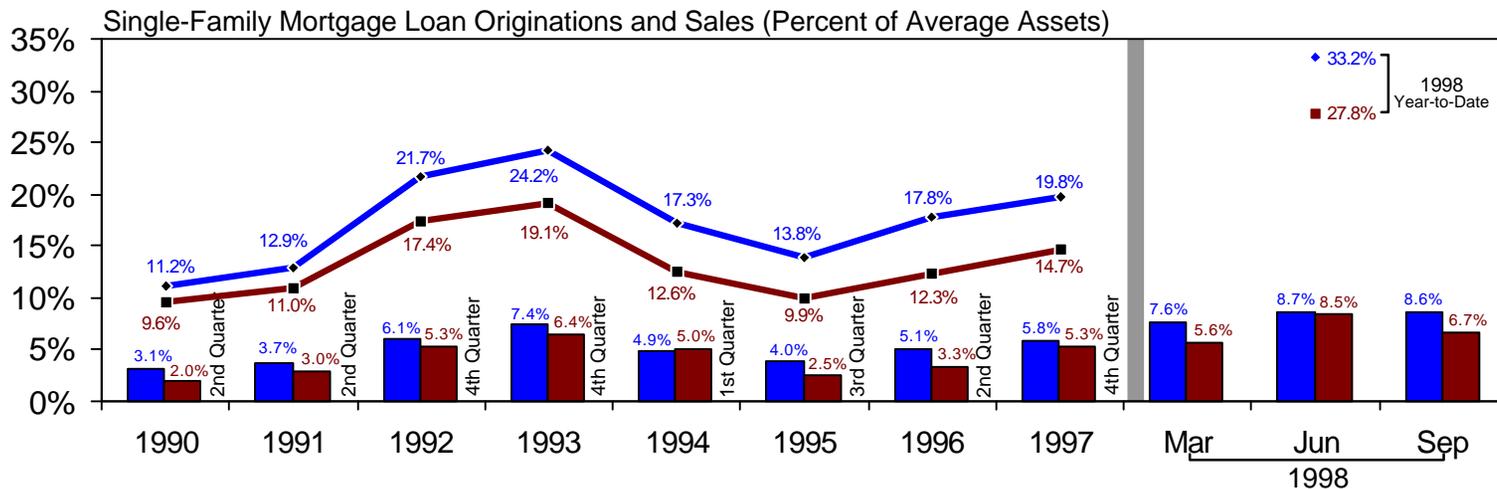
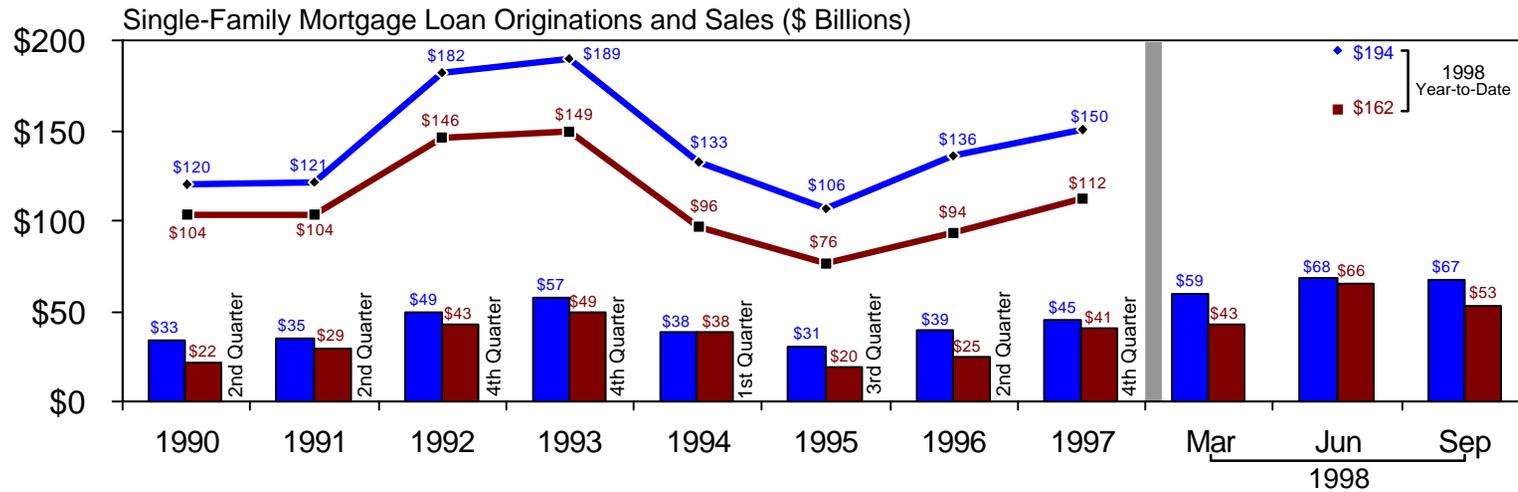
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NET INTEREST MARGIN REMAINED RELATIVELY STABLE DESPITE NARROWING YIELD SPREADS



¹ 10-Year Treasury Constant Maturity yields less 1-Year Treasury Constant Maturity yields.
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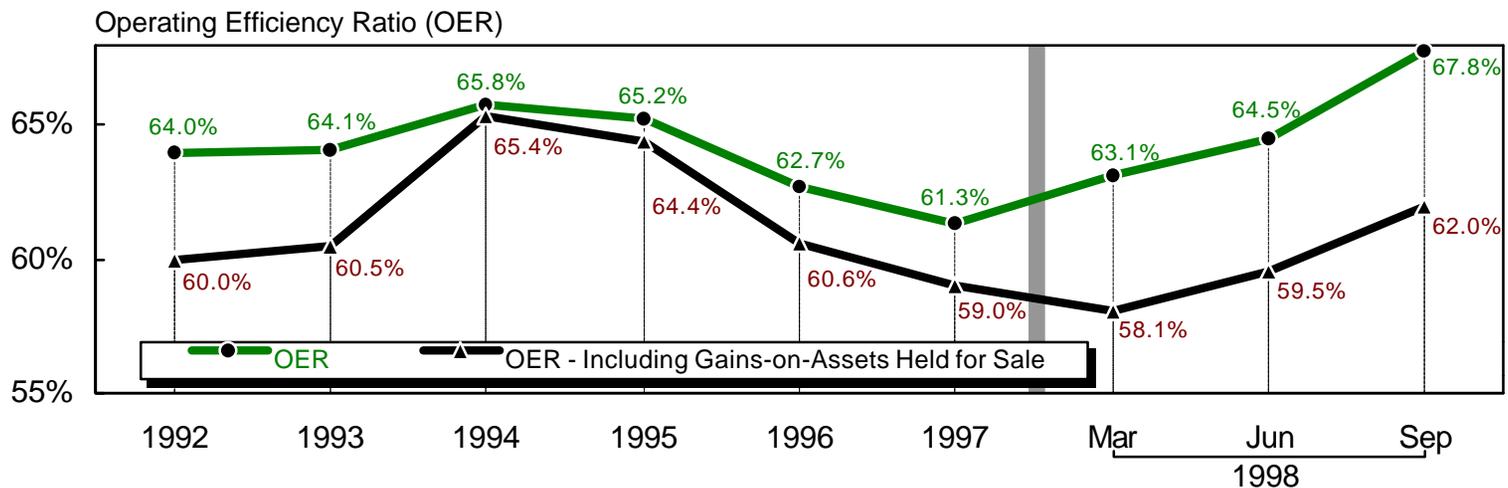
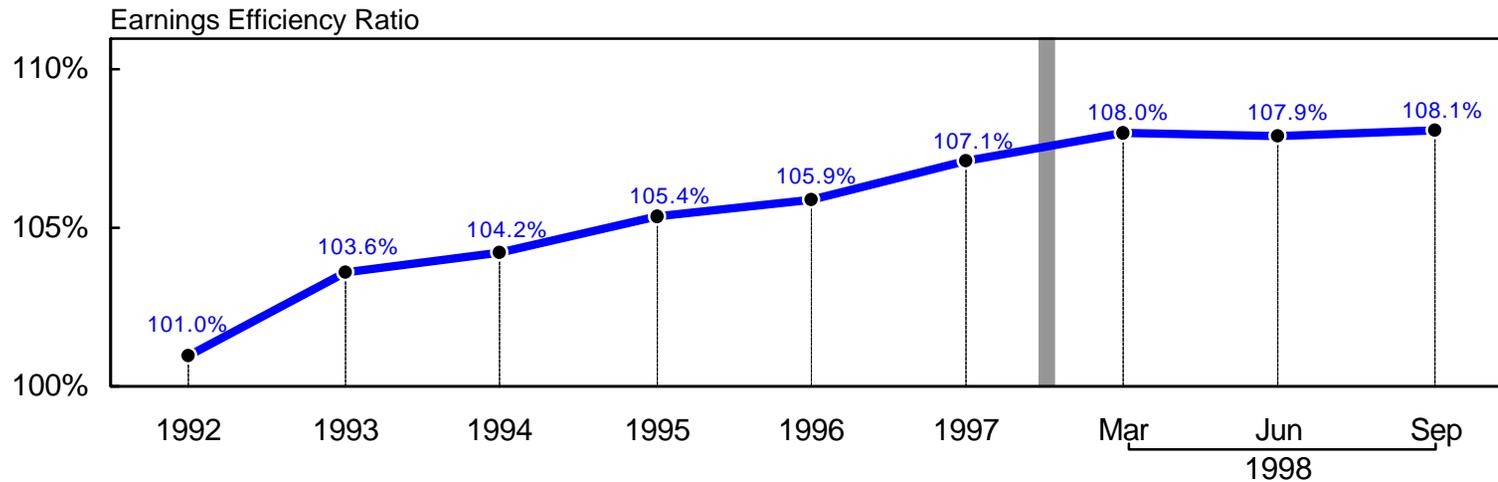
THRIFT INDUSTRY SINGLE-FAMILY MORTGAGE ORIGINATIONS IN THE THIRD QUARTER CONTINUED TO BE VERY STRONG



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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OPERATING EFFICIENCY WEAKENED AGAIN IN THIRD QUARTER



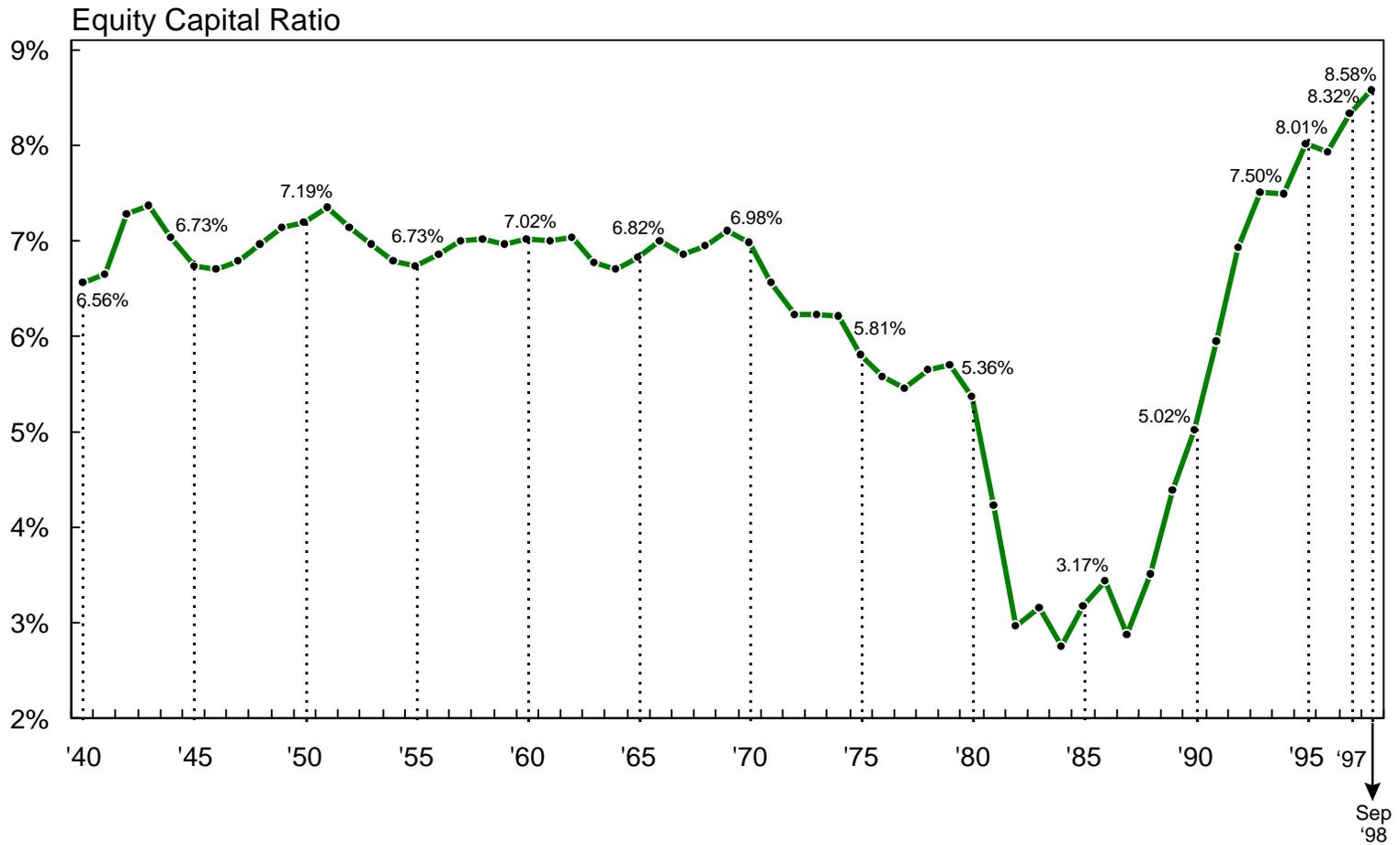
Earnings Efficiency Ratio = Interest Earning Assets / Interest Bearing Liabilities.

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

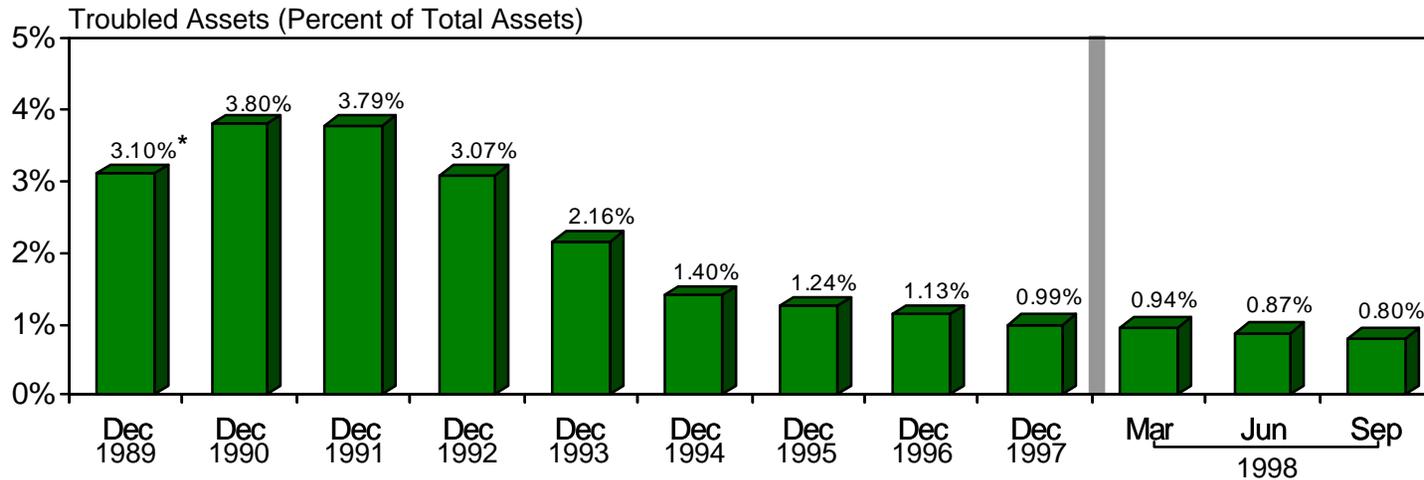
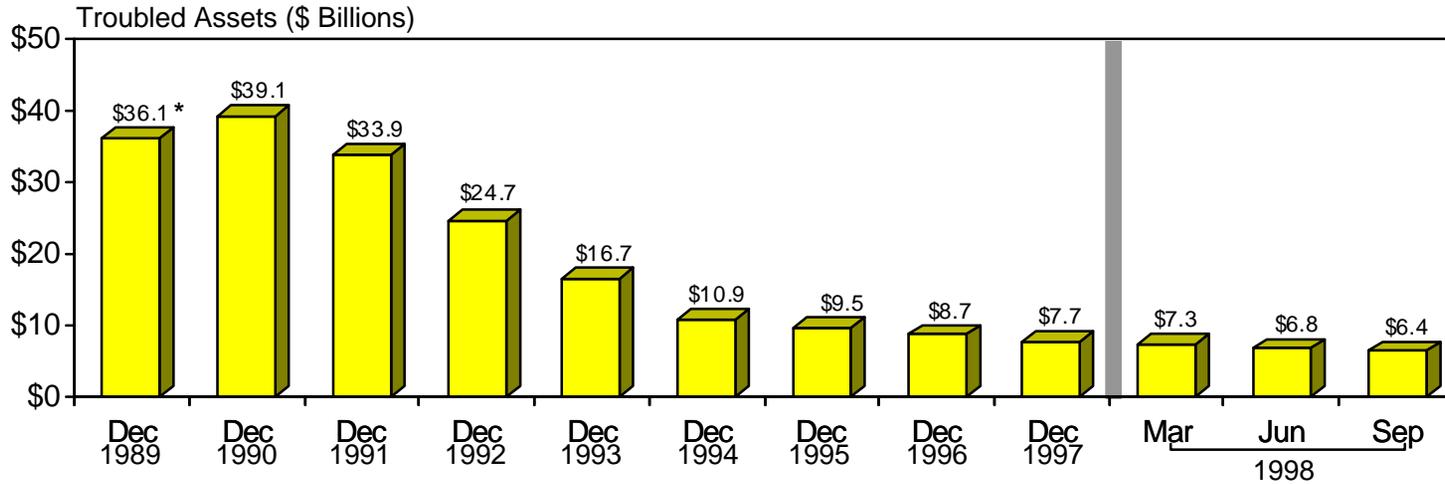
1996 General and Administrative Expense excludes net SAIF special assessment.

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EQUITY CAPITAL REACHED ANOTHER PEAK



TROUBLED ASSETS DECLINED AGAIN DURING THIRD QUARTER



* Estimated.

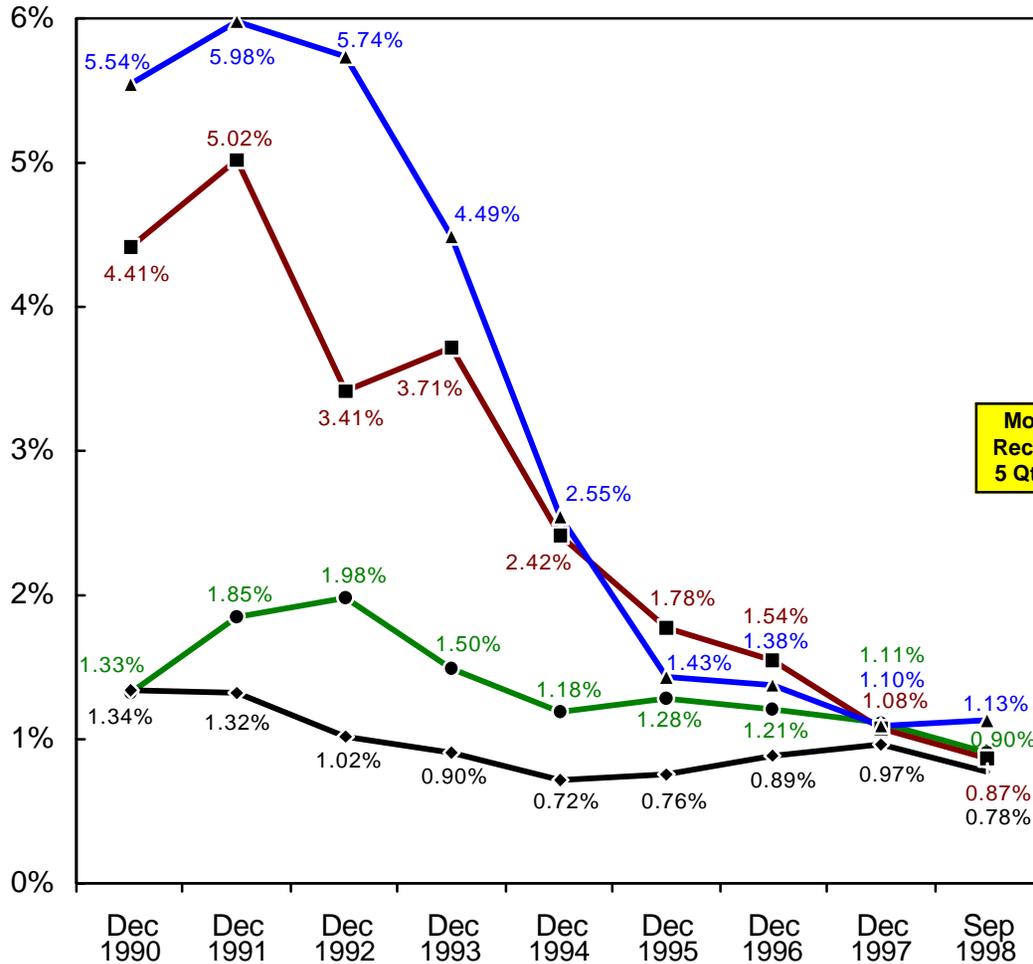
Troubled Assets include noncurrent loans and repossessed assets.

Data after 1995 are net of specific valuation allowances.

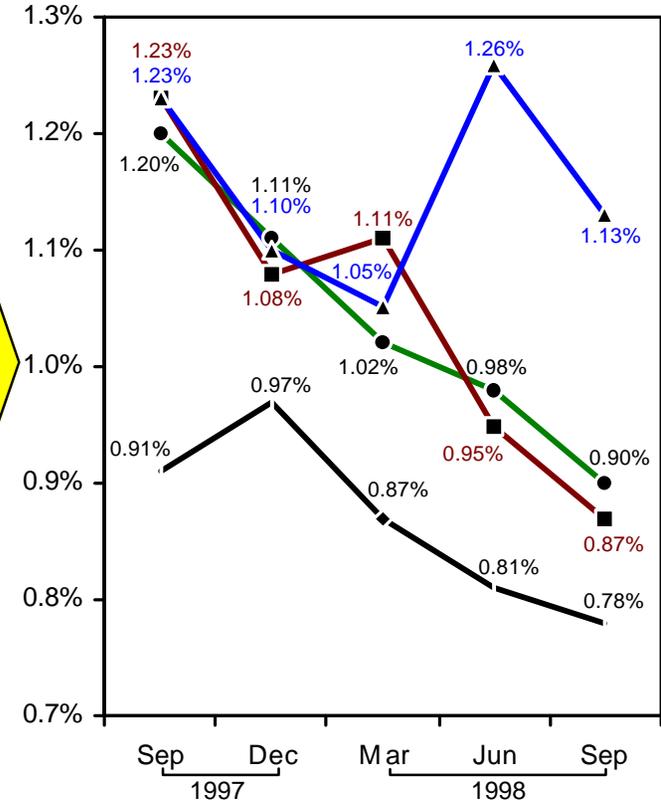
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NONCURRENT LOAN RATES ALSO DECLINED IN THE THIRD QUARTER

Noncurrent Loans (Percent of Loan Type)



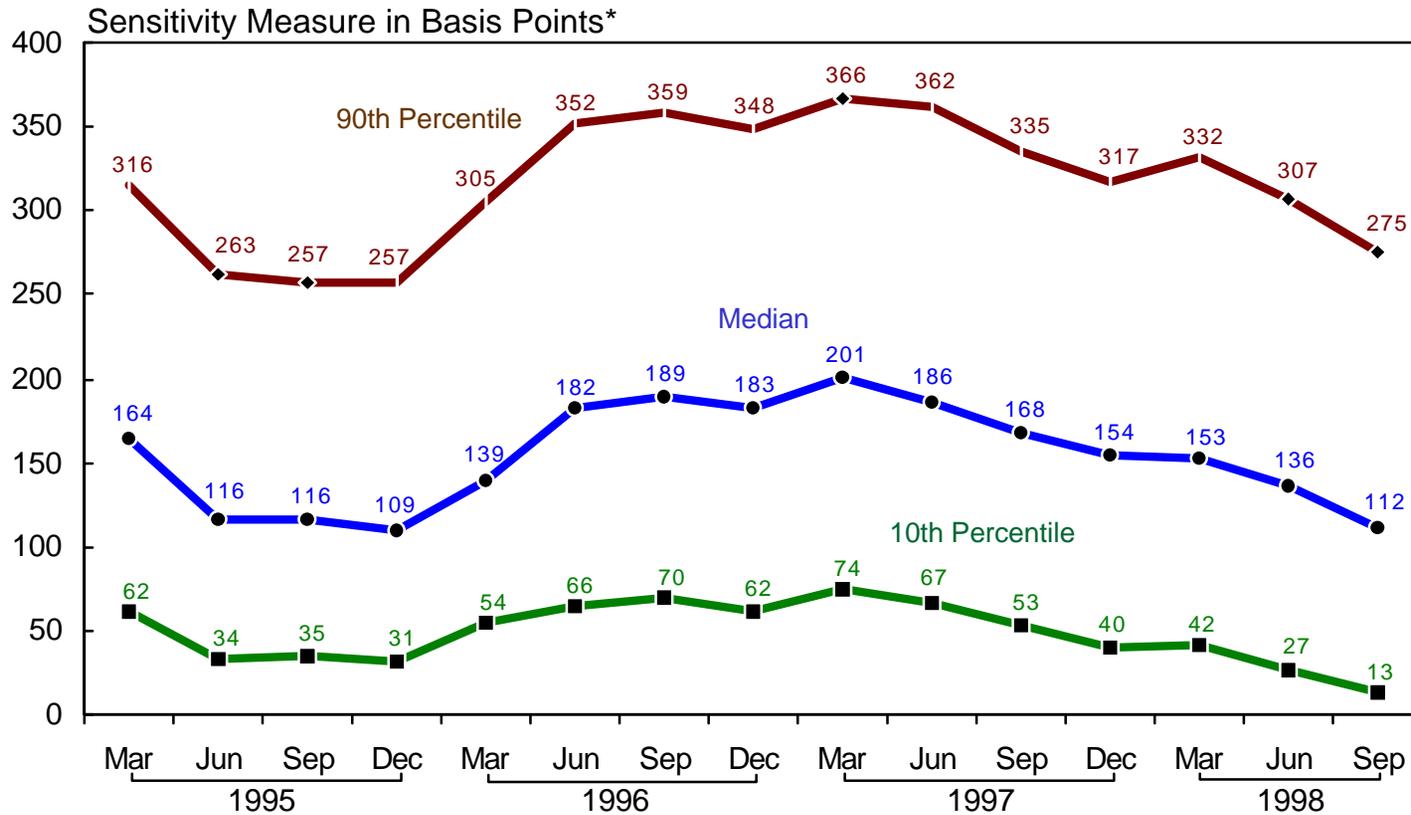
Most Recent 5 Qtrs.



● 1-4 Family
 ■ Multi-Fam. & Nonres.
 ▲ Commercial
 ◆ Consumer

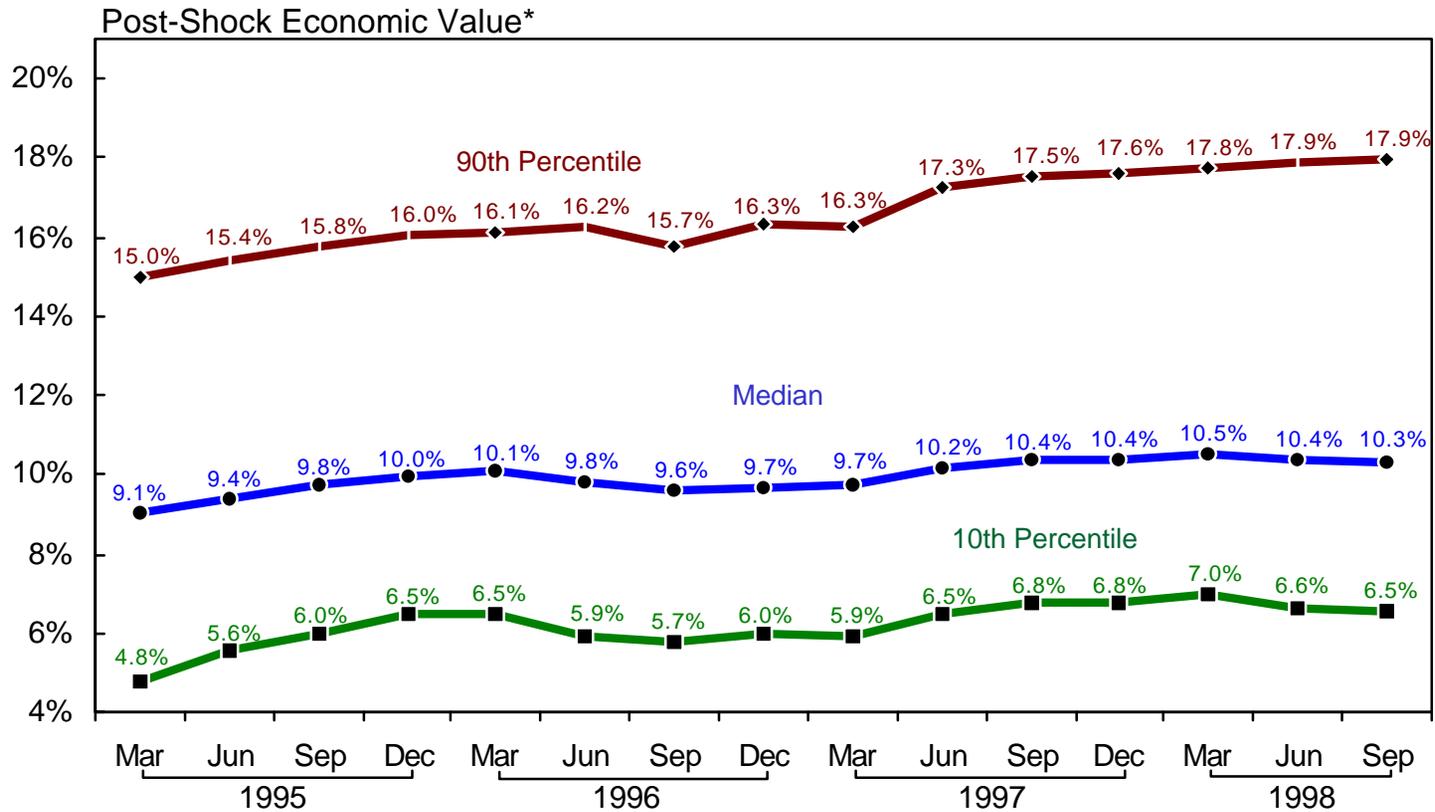
Data after 1995 are net of specific valuation allowances.
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INTEREST RATE RISK SENSITIVITY DECREASED SLIGHTLY IN THE THIRD QUARTER



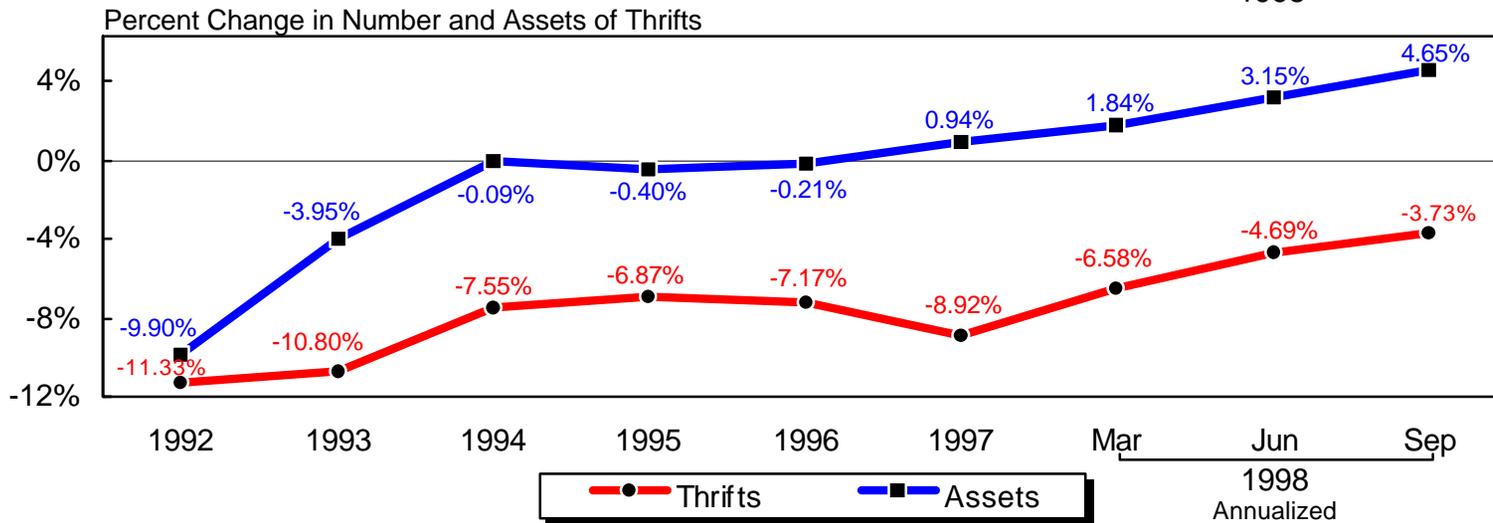
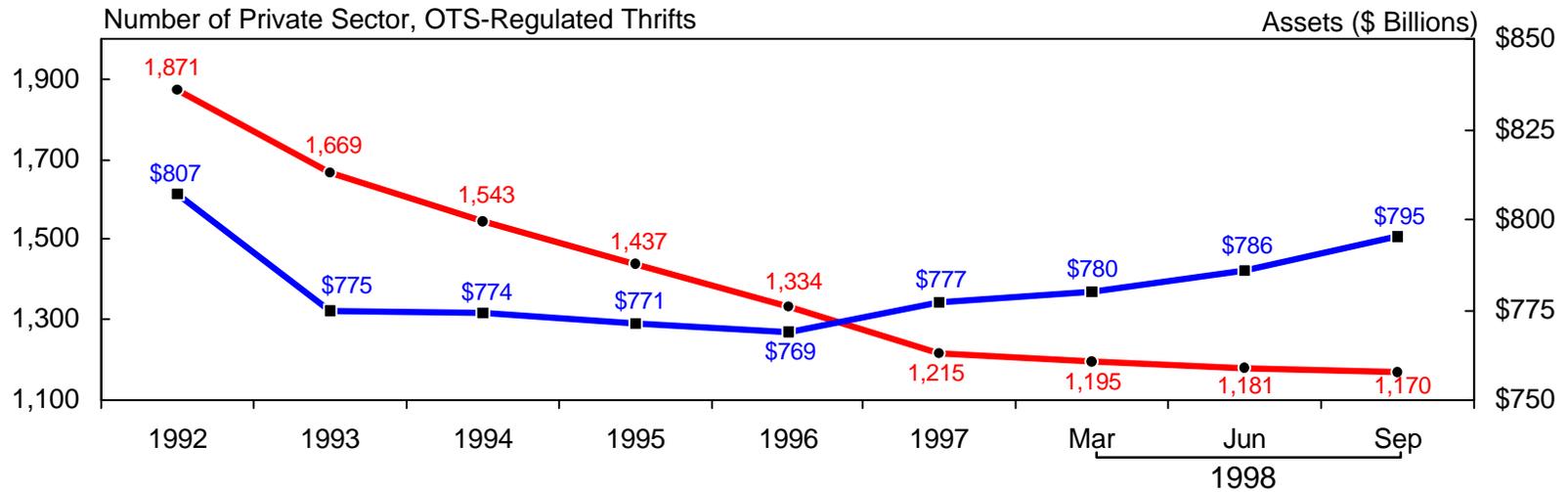
* Preliminary third quarter data.
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HIGHER CAPITAL LEVELS CUSHION EXPOSURE TO INTEREST RATE RISK



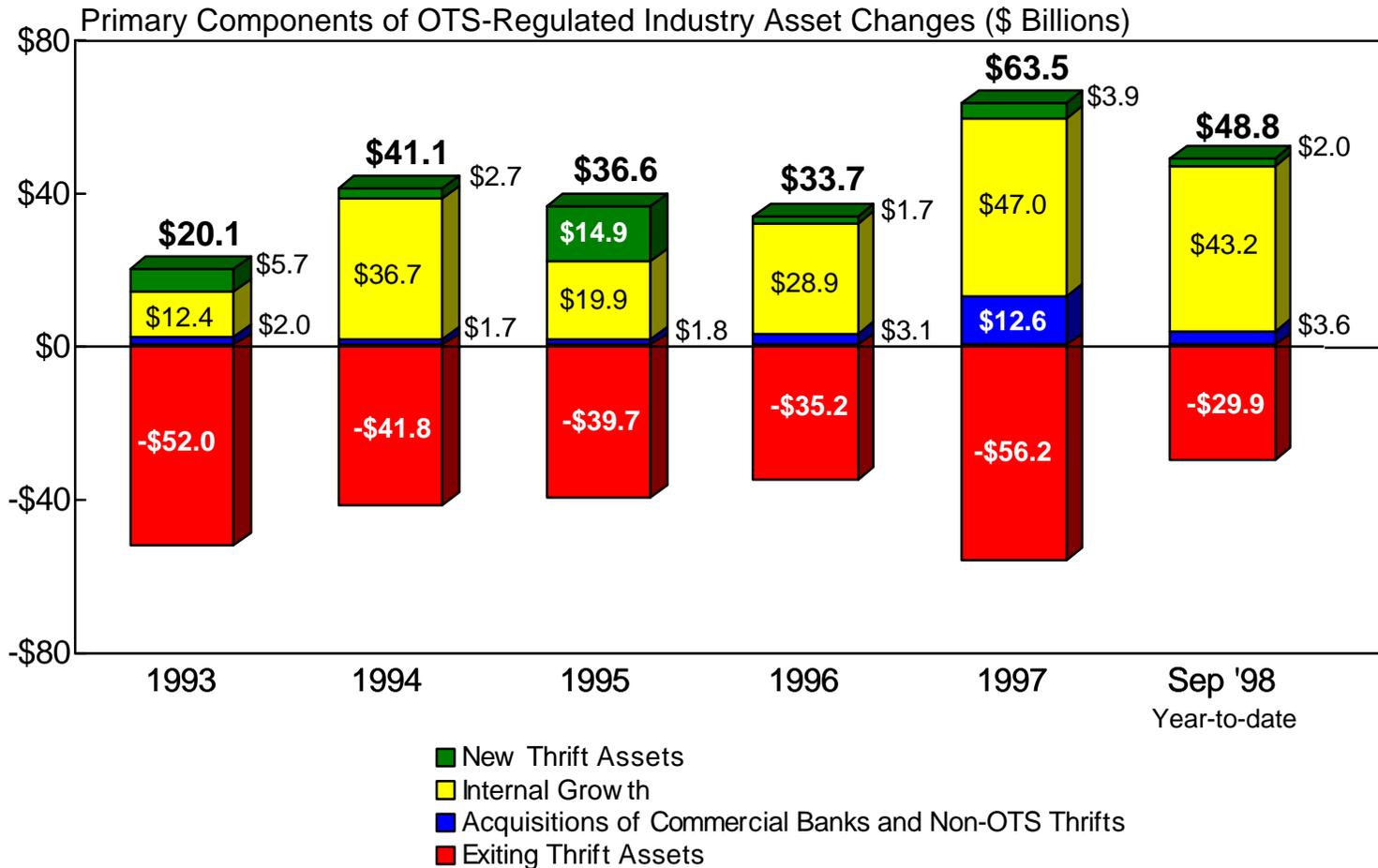
* Preliminary third quarter data.
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THRIFT ASSETS INCREASED WHILE CONSOLIDATION CONTINUED IN THE THIRD QUARTER



Data for percent change in assets are calculated based on amounts in thousands of dollars.
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ASSET GROWTH WAS STRONG, BUT SOME PORTION MAY BE TEMPORARY



THRIFT CONVERSIONS AND ACQUISITIONS HAVE SLOWED WHILE NEW ENTRANTS HAVE INCREASED

EXITS OF OTS-REGULATED THRIFTS	1993	1994	1995	1996	1997	1998 Quarters			YTD Sep '98
						Mar	Jun	Sep	
Failures	8	2	2	1	0	0	0	0	0
Conversions									
To Commercial Banks	18	17	13	10	32	3	5	3	11
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>0</u>	<u>3</u>
Total Number of Conversions	116	66	29	30	49	6	5	3	14
Acquisitions									
By Commercial Banks	39	44	49	46	56	8	10	14	32
By State-Chartered Savings Banks	<u>3</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>5</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
Total Number of Acquisitions									
by Non-OTS Regulated Institutions	42	46	50	49	61	8	12	14	34
OTS Thrift-to-Thrift Mergers	37	32	43	36	28	11	8	7	26
Voluntary Dissolutions	10	3	5	3	3	1	0	2	3
TOTAL EXITS	213	149	129	119	141	26	25	26	77
TOTAL ENTRANTS	13	24	23	18	21	6	11	15	32
De Novo	12	16	3	6	11	2	5	11	18
Charter Conversions	1	8	20	12	10	4	6	4	14
NET DECLINE	200	125	106	101	120	20	14	11	45

MORTGAGE DERIVATIVES LED THIRD QUARTER GROWTH

	Dec 1993	Jun 1998	Sep 1998	Long Term Change Dec '93 Sep '98	Short Term Change Jun '98 Sep '98	Average Annualized Growth Rates	
						Dec '93 Sep '98	Jun '98 Sep '98
Total Assets	\$774.8	\$786.3	\$795.4	\$20.6	\$9.1	0.6%	4.6%
Total Loans	503.7	542.0	545.0	41.3	3.0	1.7%	2.2%
1-4 Family Mortgage Loans	354.8	391.7	394.6	39.8	2.9	2.4%	2.9%
Construction Loans	12.7	12.1	13.3	0.6	1.1	1.0%	37.3%
Other Mortgages	95.7	79.4	76.7	-19.1	-2.7	-4.2%	-13.6%
Small Business / Commercial Loans	5.2	12.9	14.1	8.9	1.2	36.0%	37.9%
Consumer Loans	35.4	45.9	46.4	11.0	0.5	6.5%	4.2%
Mortgage Pool Securities	119.5	96.9	93.7	-25.8	-3.2	-4.5%	-13.0%
Investment Securities	108.6	95.8	104.8	-3.8	9.0	-0.7%	37.7%
Mortgage Derivatives	43.8	47.5	55.9	12.1	8.4	5.8%	71.0%

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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