



OFFICE OF THRIFT SUPERVISION

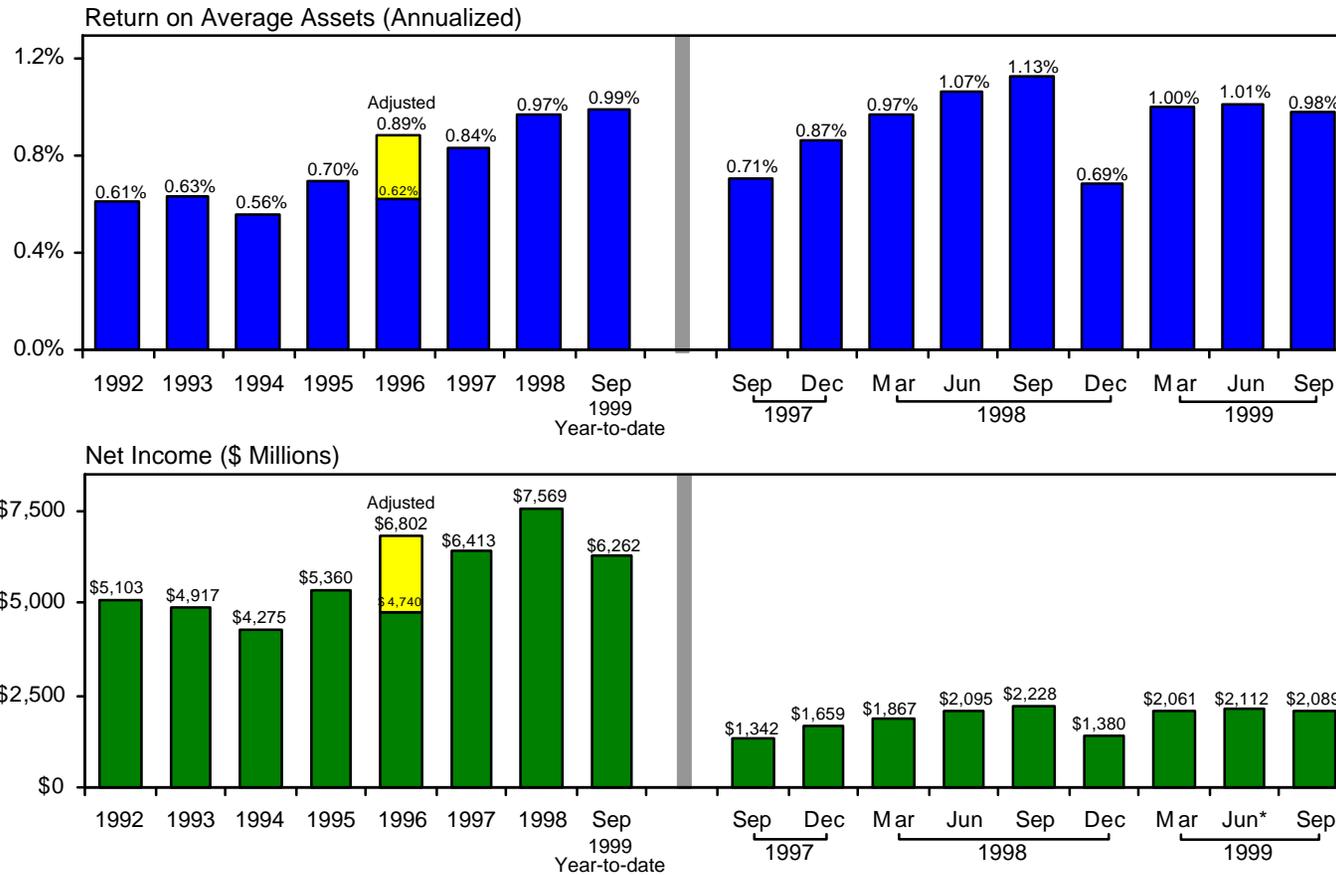
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December 1999

THIRD QUARTER EARNINGS REMAIN STRONG



* Revised from \$2,116.

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

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LOWER NON-INTEREST EXPENSE AND PROVISIONS FOR LOSSES LARGELY OFFSET DECLINE IN MORTGAGE BANKING INCOME

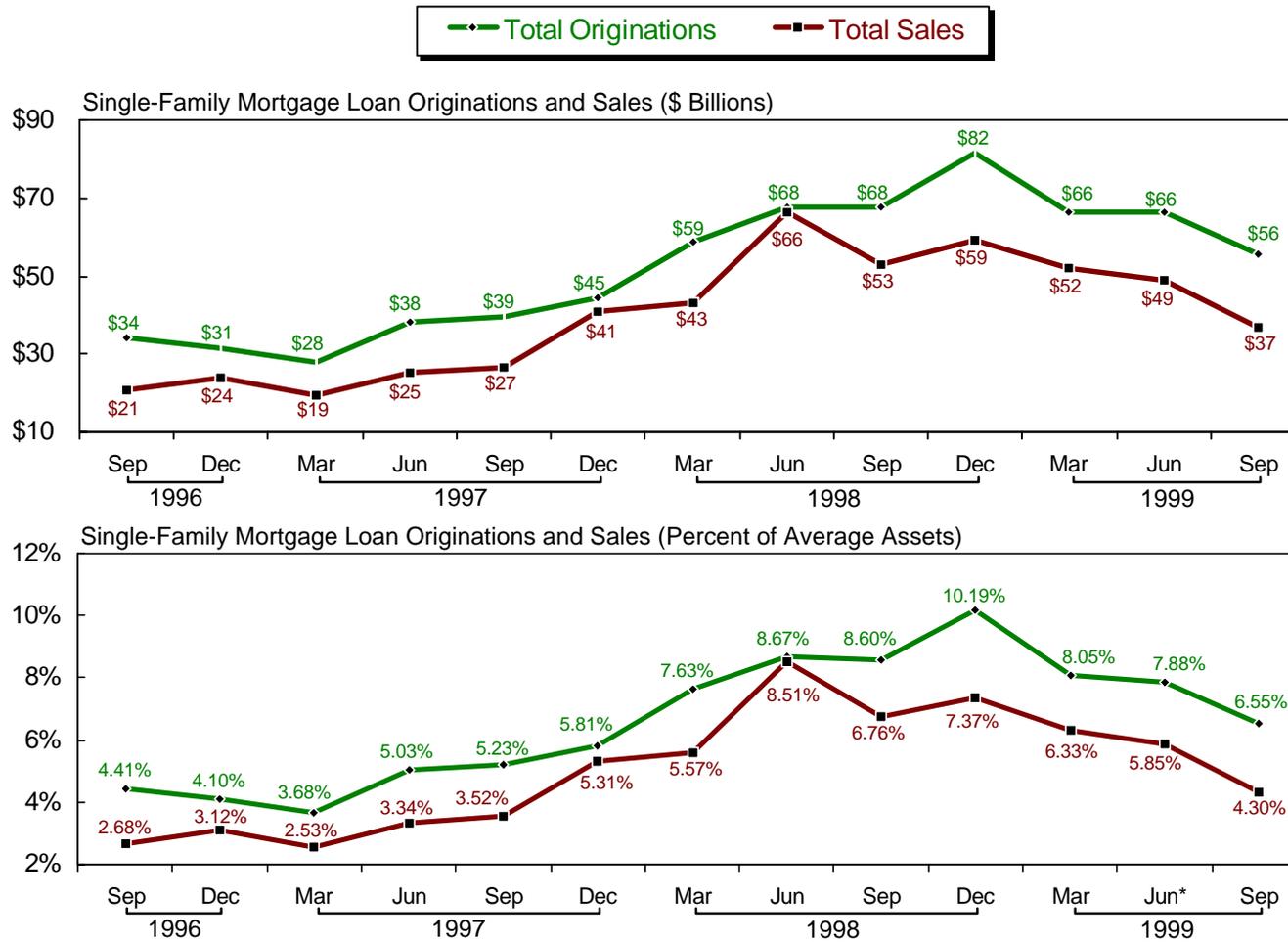
| Components of ROA | Sep '98 | Jun '99 | Sep '99 | Change Sep '98 Sep '99 | Change Jun '99 Sep '99 |
|--|--------------|--------------|--------------|------------------------------|------------------------------|
| ROA | 1.13% | 1.01% | 0.98% | -0.15% | -0.03% |
| Net Interest Margin | 2.69% | 2.75% | 2.71% | 0.02% | -0.04% |
| Interest Income | 6.92% | 6.71% | 6.79% | -0.13% | 0.08% |
| Interest Expense | 4.23% | 3.96% | 4.09% | -0.14% | 0.13% |
| Provisions for Losses | 0.23% | 0.16% | 0.14% | -0.09% | -0.02% |
| Fee Income | 0.49% | 0.67% | 0.65% | 0.16% | -0.02% |
| Mortgage Loan Servicing Fees | -0.03% | 0.12% | 0.09% | 0.12% | -0.03% |
| Other Fees and Charges | 0.52% | 0.55% | 0.56% | 0.04% | 0.01% |
| Other Non-Interest Income ¹ | 1.15% | 0.43% | 0.39% | -0.76% | -0.04% |
| Gains from Assets Held for Sale | 0.30% | 0.19% | 0.12% | -0.18% | -0.07% |
| Non-Interest Expense | 2.26% | 2.09% | 2.07% | -0.19% | -0.02% |
| Taxes | 0.71% | 0.59% | 0.56% | -0.15% | -0.03% |

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.

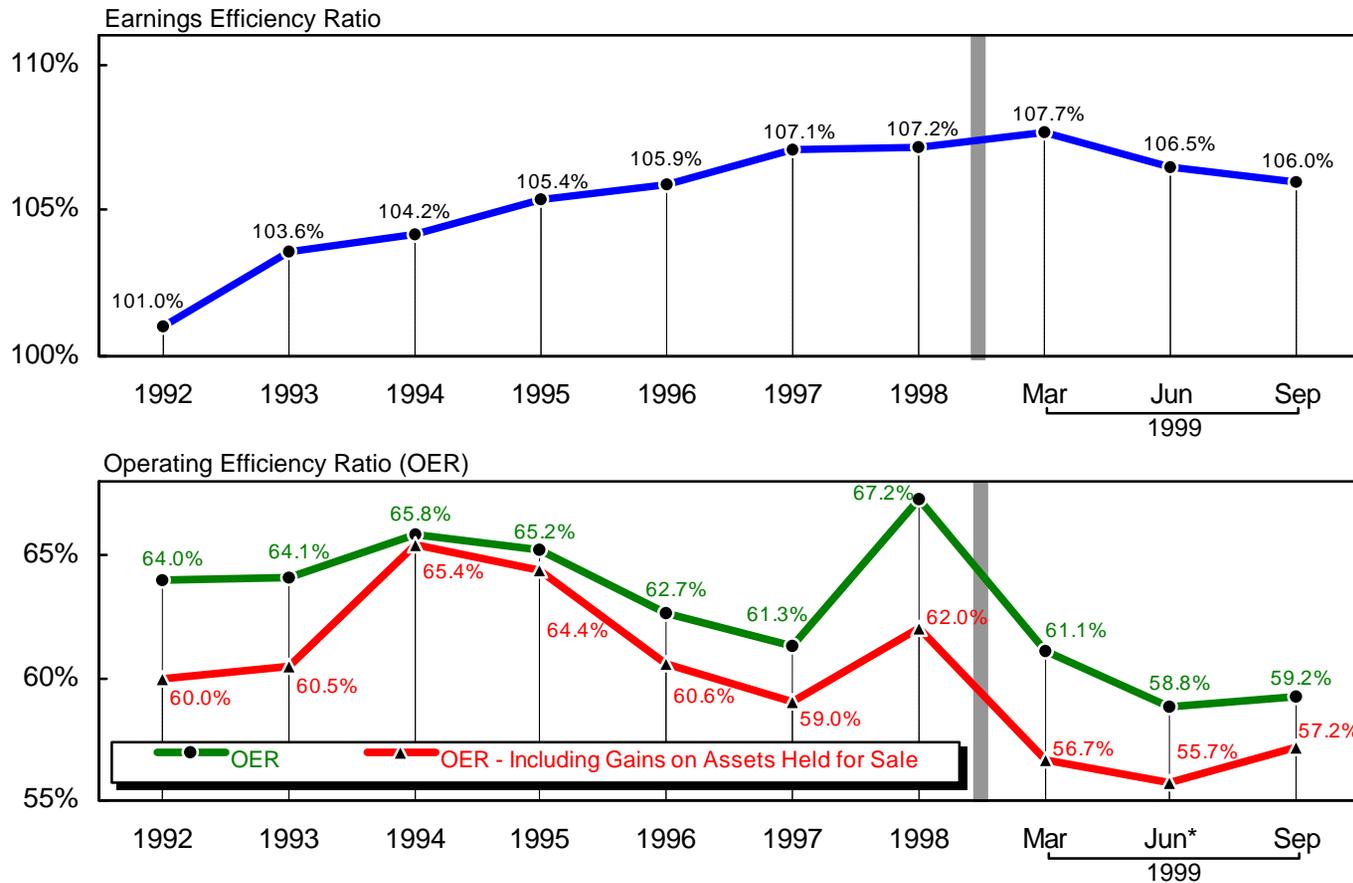
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MORTGAGE BANKING DECLINED DUE TO RISING INTEREST RATES



* Total sales revised from 5.86%.
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EARNINGS AND OPERATING EFFICIENCY RATIOS WEAKENED SLIGHTLY



* OER including gains on assets held for sale revised from 55.8%.

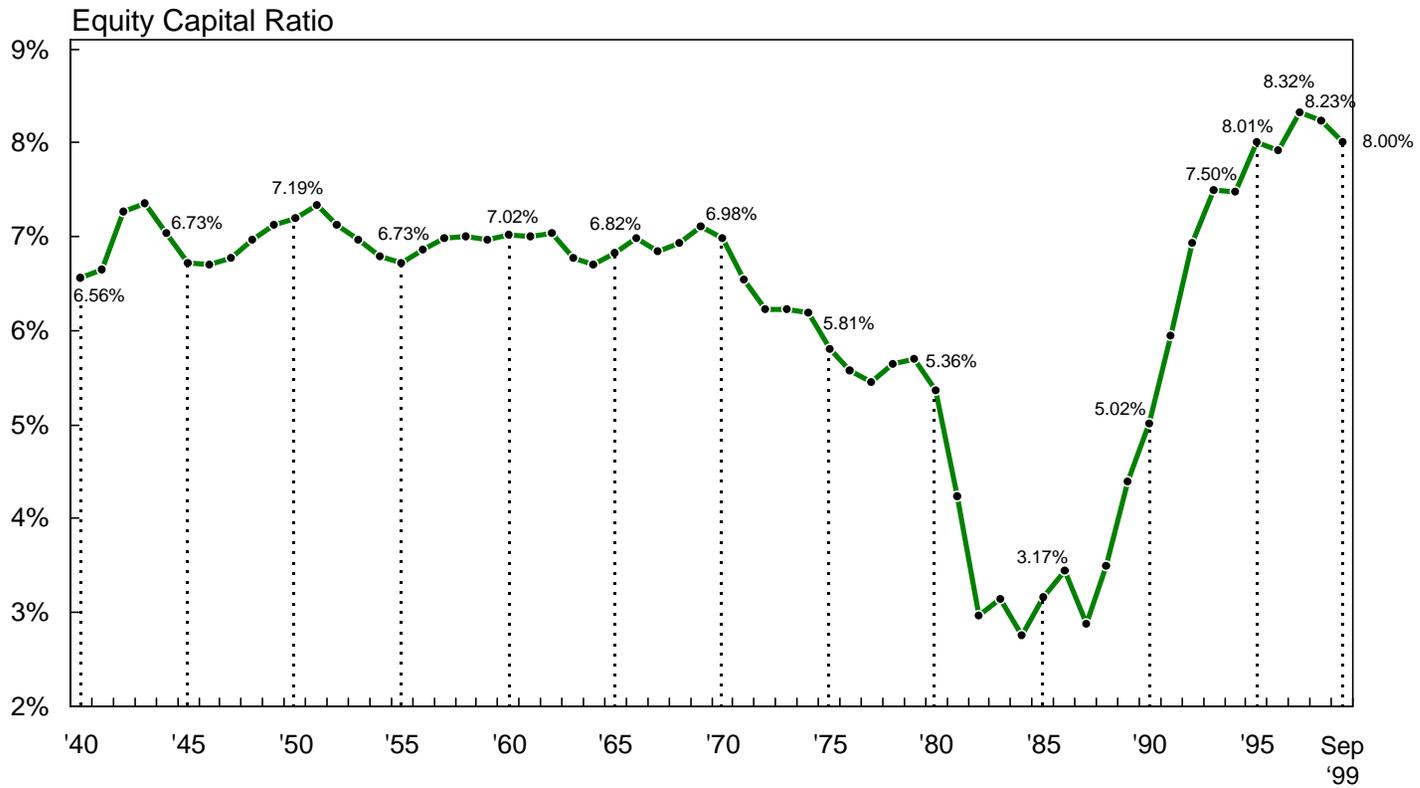
Earnings Efficiency Ratio = Interest-Earning Assets / Interest-Bearing Liabilities.

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

1996 General and Administrative Expense excludes net SAIF special assessment.

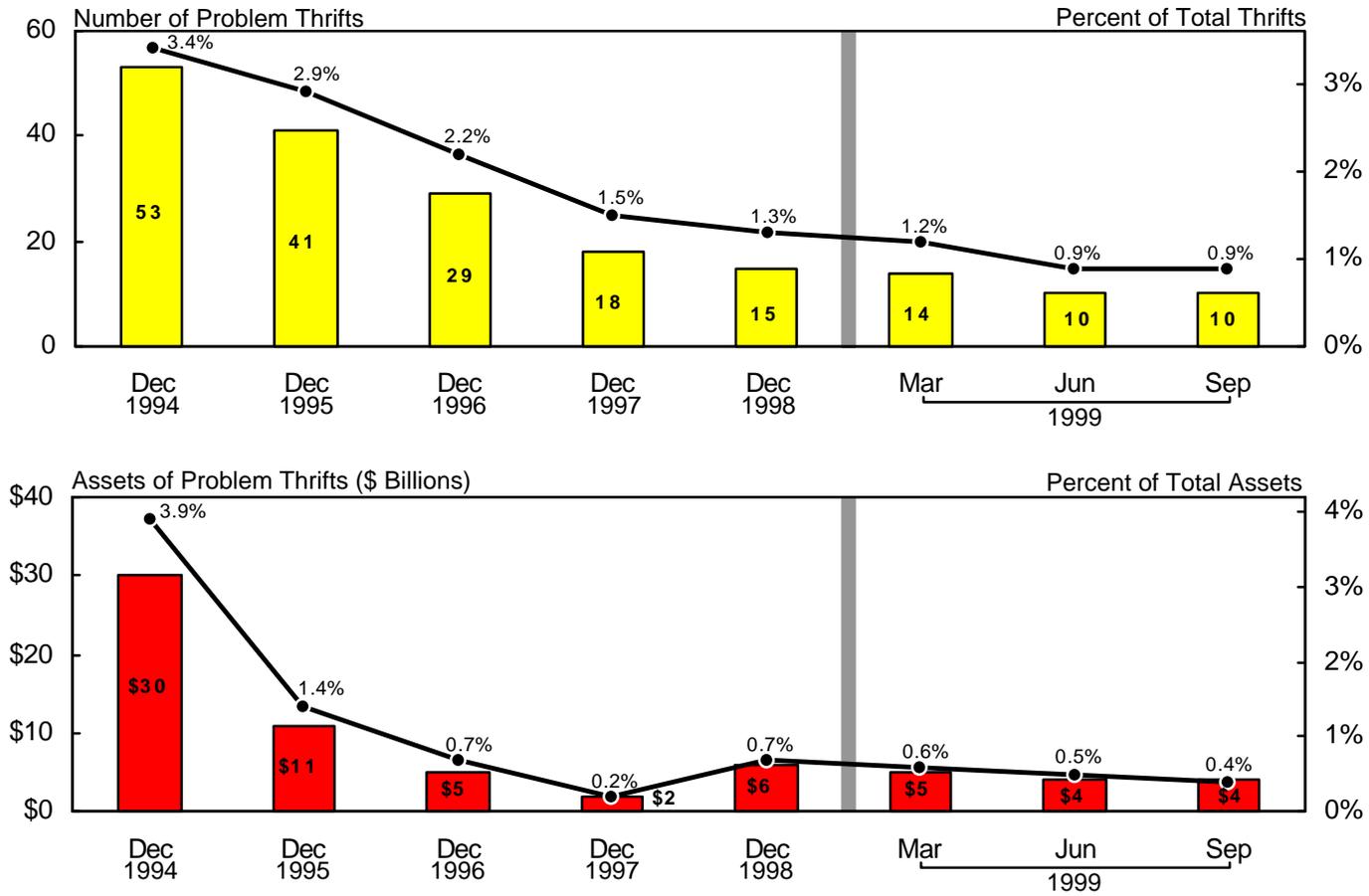
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EQUITY CAPITAL RATIO CONTINUES TO DECLINE BUT REMAINS STRONG

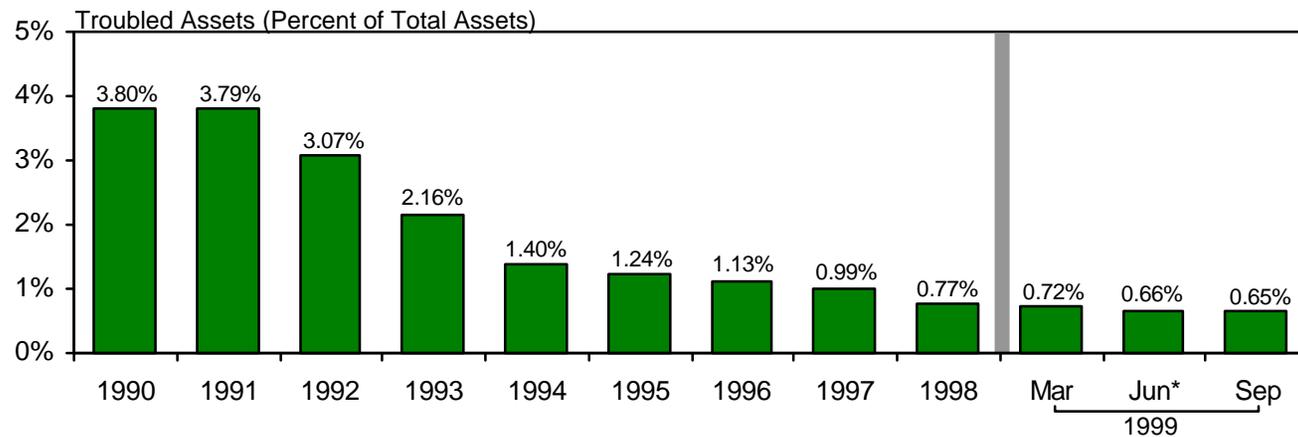
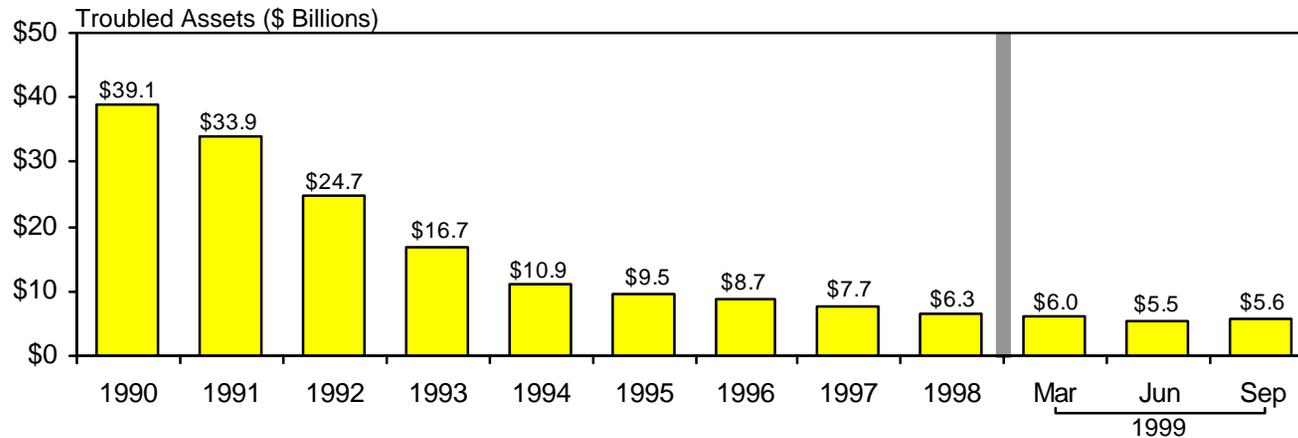


NUMBER AND ASSETS OF PROBLEM THRIFTS REMAIN NEAR HISTORIC LOWS

(Thrifts with CAMELS Ratings of 4 or 5)



THIRD QUARTER TROUBLED ASSETS REMAIN LOW



* Revised from 0.65%.

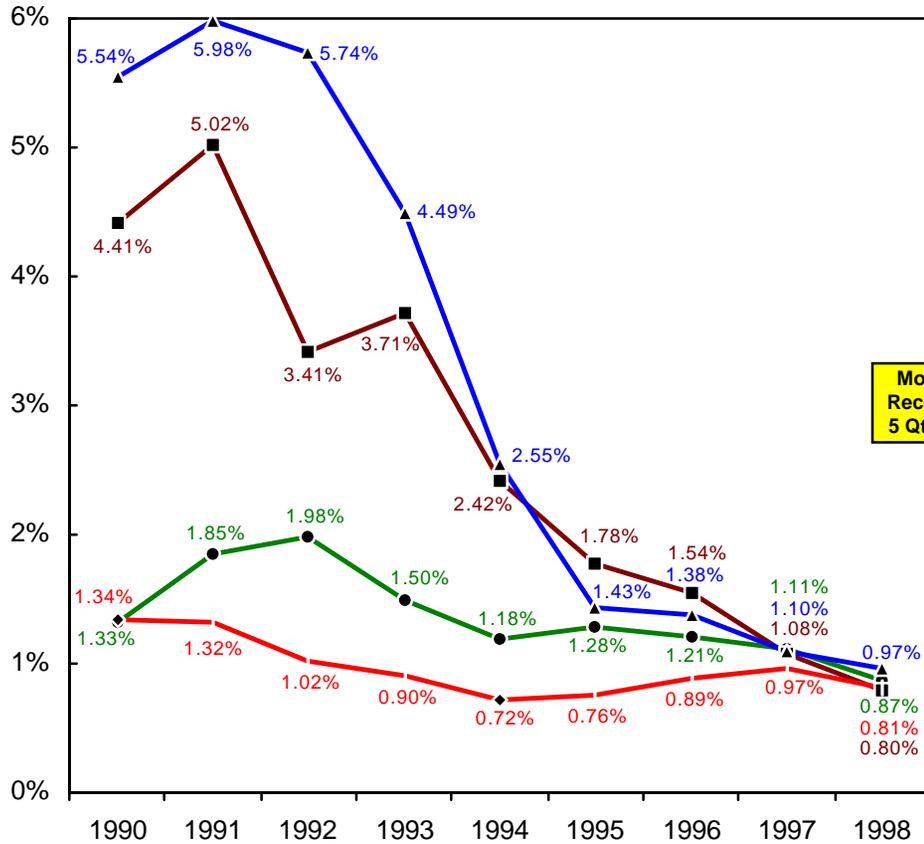
Troubled Assets include noncurrent loans and repossessed assets.

Data after 1995 are net of specific valuation allowances.

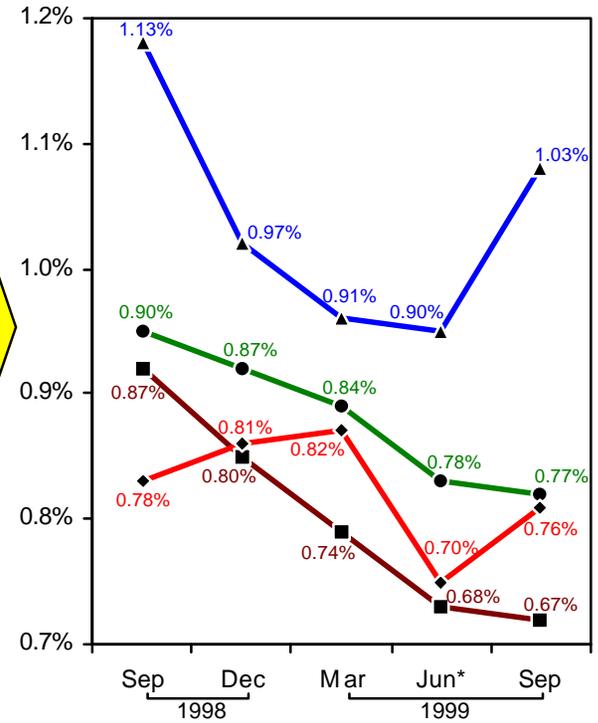
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NONCURRENT LOAN RATES INCREASED FOR COMMERCIAL AND CONSUMER LOANS

Noncurrent Loans as Percent of Loan Type



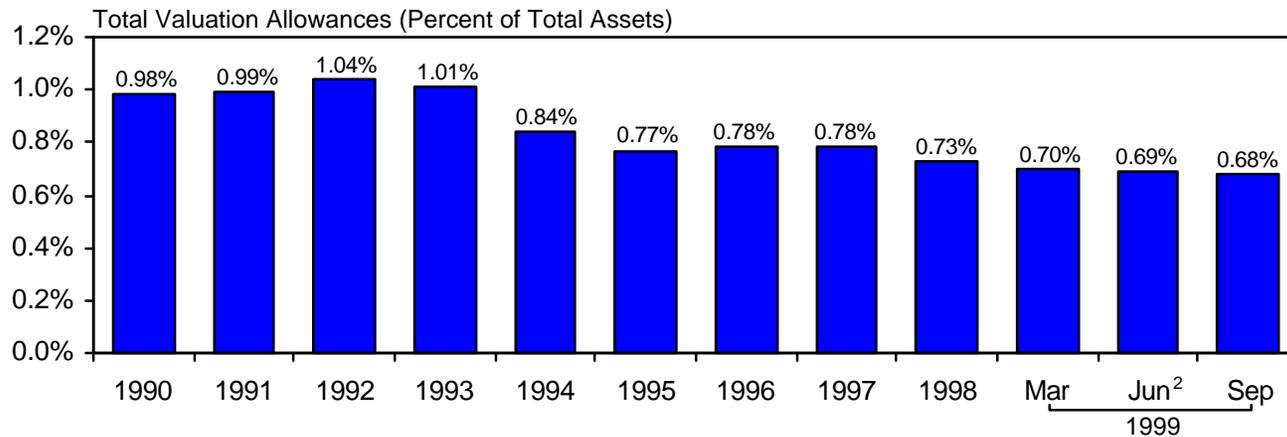
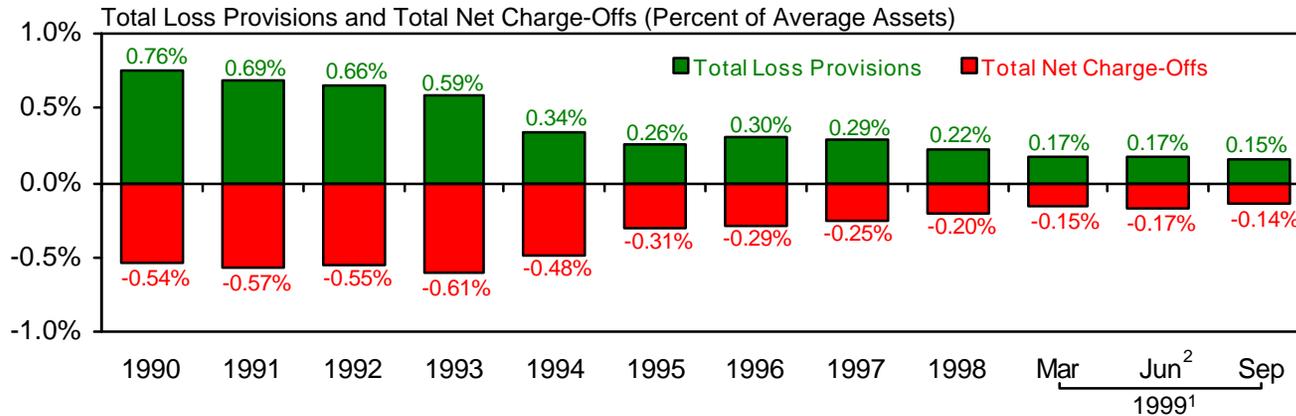
Most Recent 5 Qtrs.



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

* Consumer loans revised from 0.72%.
 Data after 1995 are net of specific valuation allowances.
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NET CHARGE-OFFS AND VALUATION ALLOWANCES HAVE GENERALLY DECLINED, REFLECTING IMPROVED ASSET QUALITY IN SINGLE-FAMILY PORTFOLIO



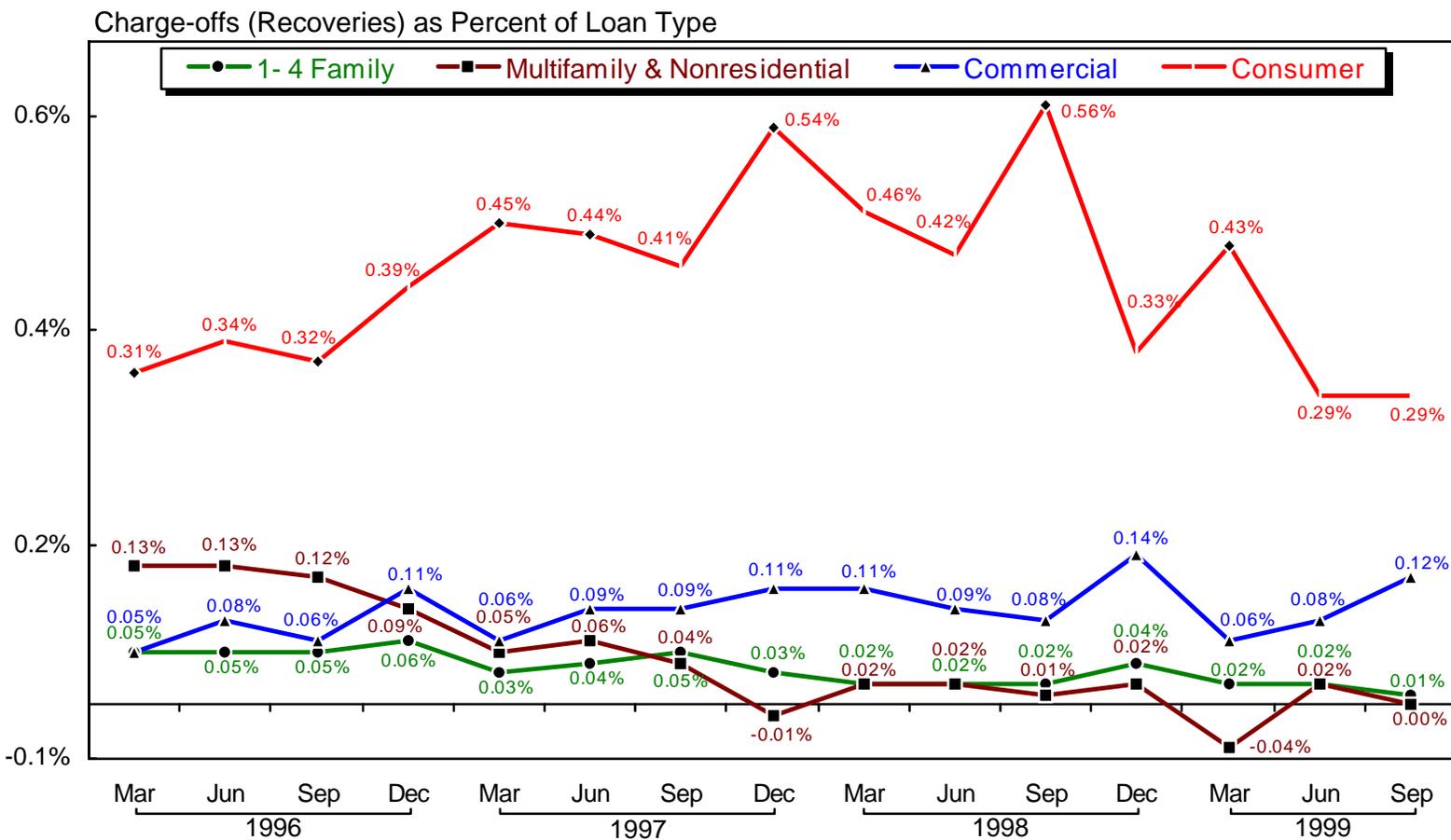
¹ Annualized.

² Total net charge-offs and total valuation allowances revised from -0.16% and 0.68% respectively.

Net charge-offs are charge-offs less recoveries.

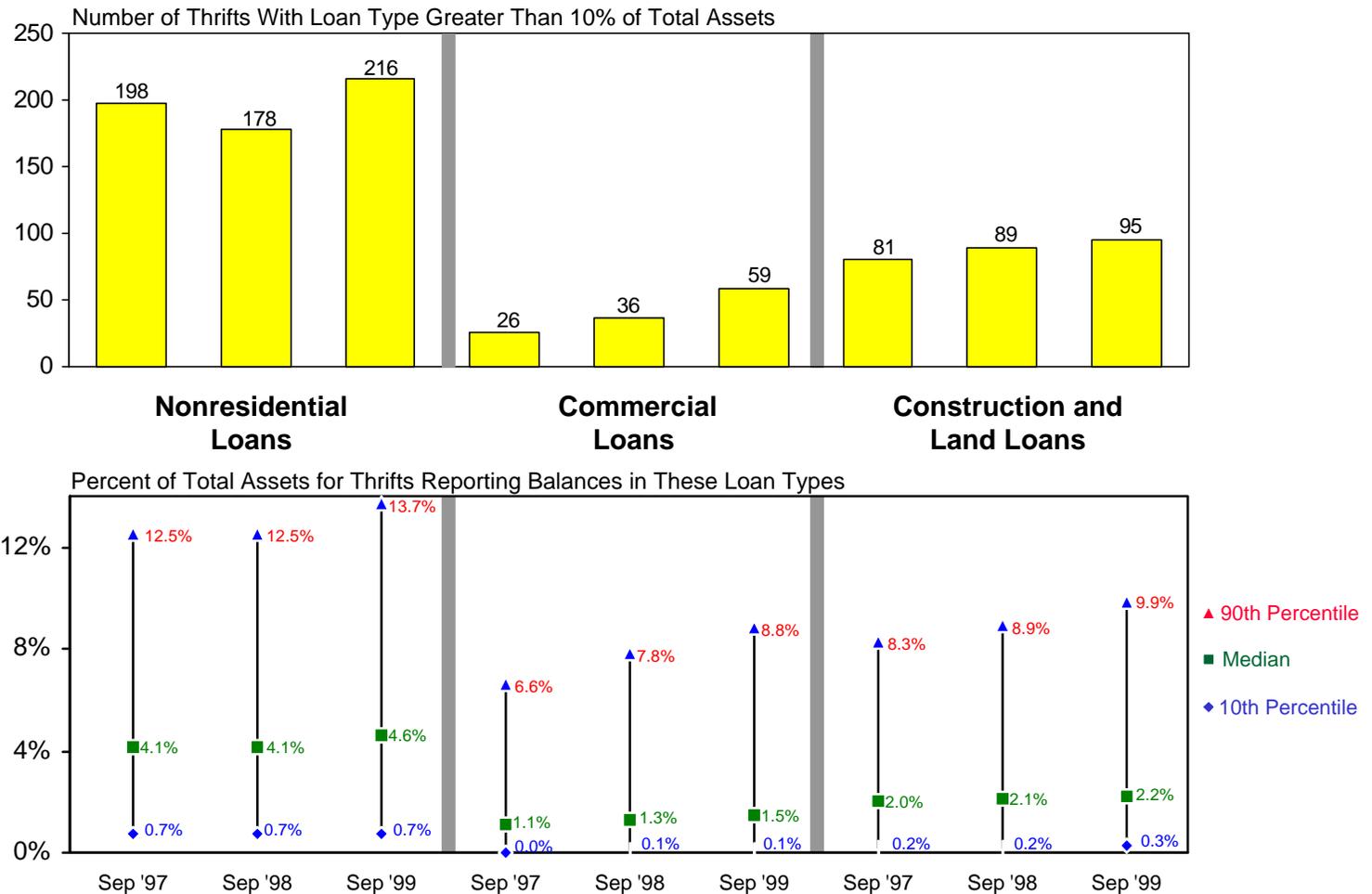
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COMMERCIAL LOAN CHARGE-OFF RATES HAVE INCREASED IN LAST TWO QUARTERS

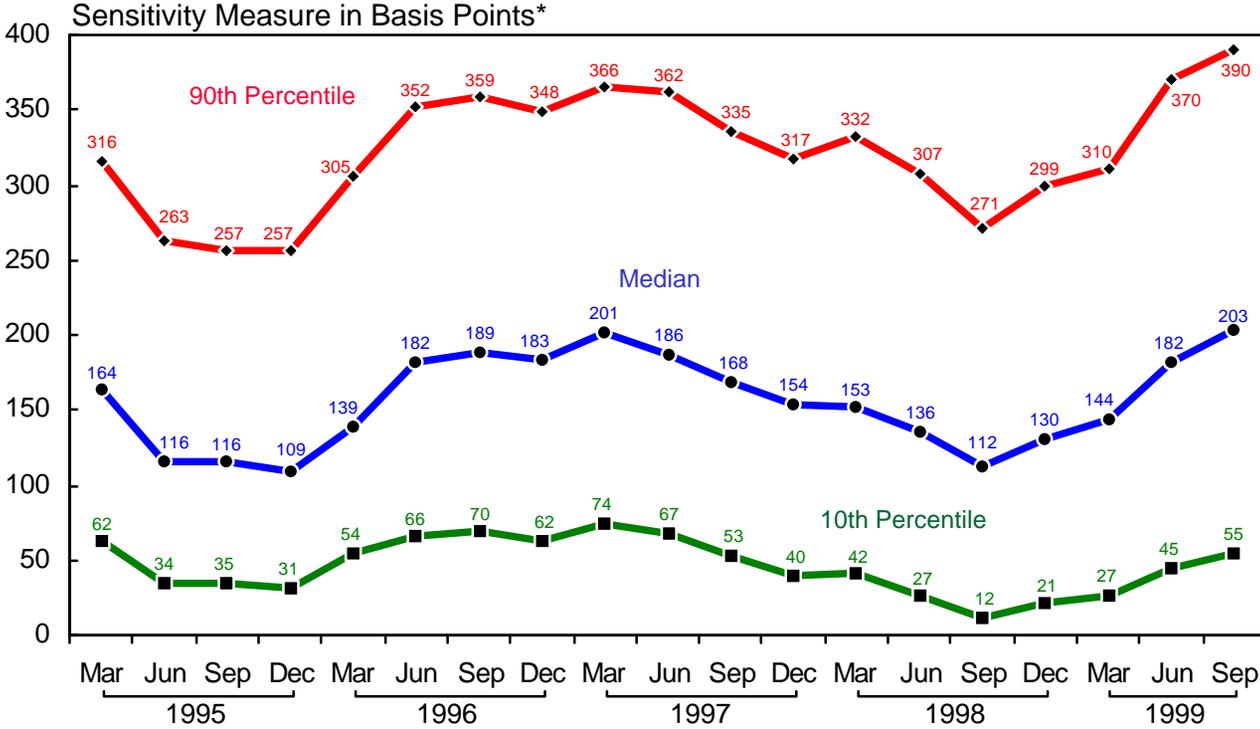


Beginning in 1997, net charge-offs data include specific valuation allowance provisions and transfers from general valuation allowances.
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BOTH THE NUMBER OF THRIFTS WITH CONCENTRATION IN HIGHER RISK LOANS AND THE DEGREE OF CONCENTRATION HAVE INCREASED

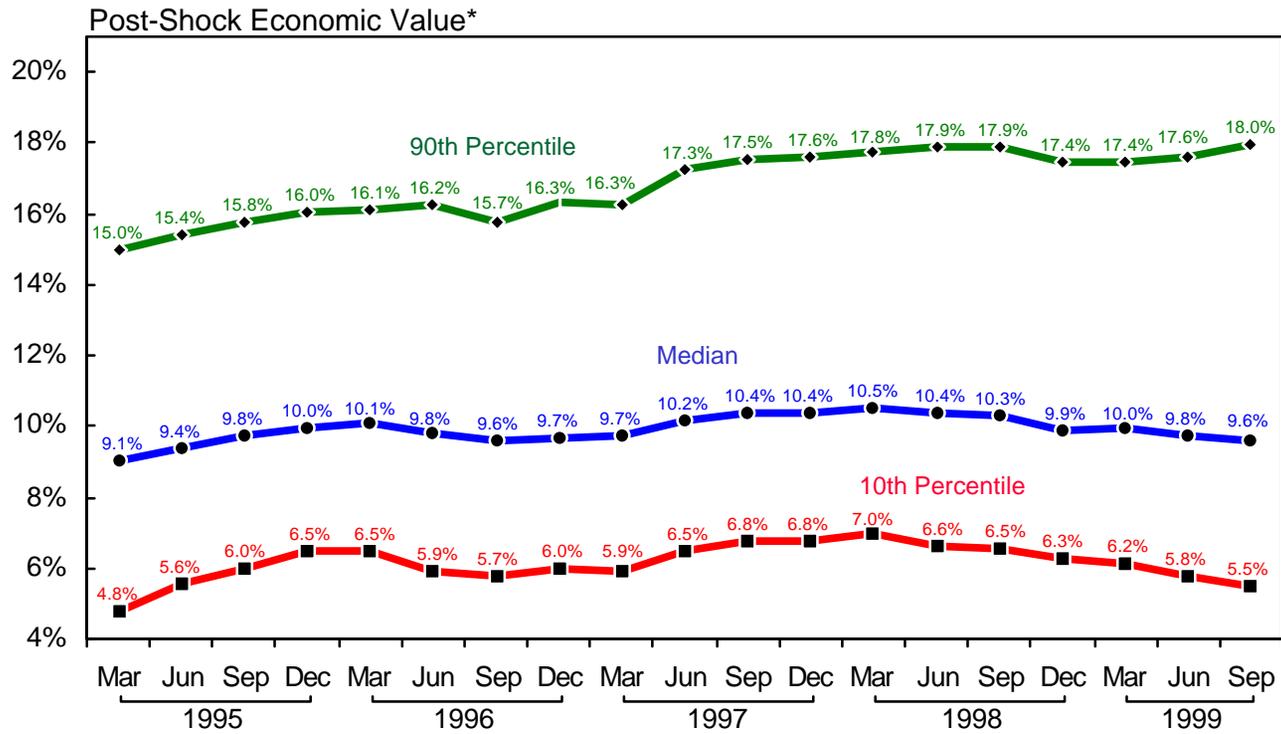


INTEREST RATE RISK SENSITIVITY INCREASED



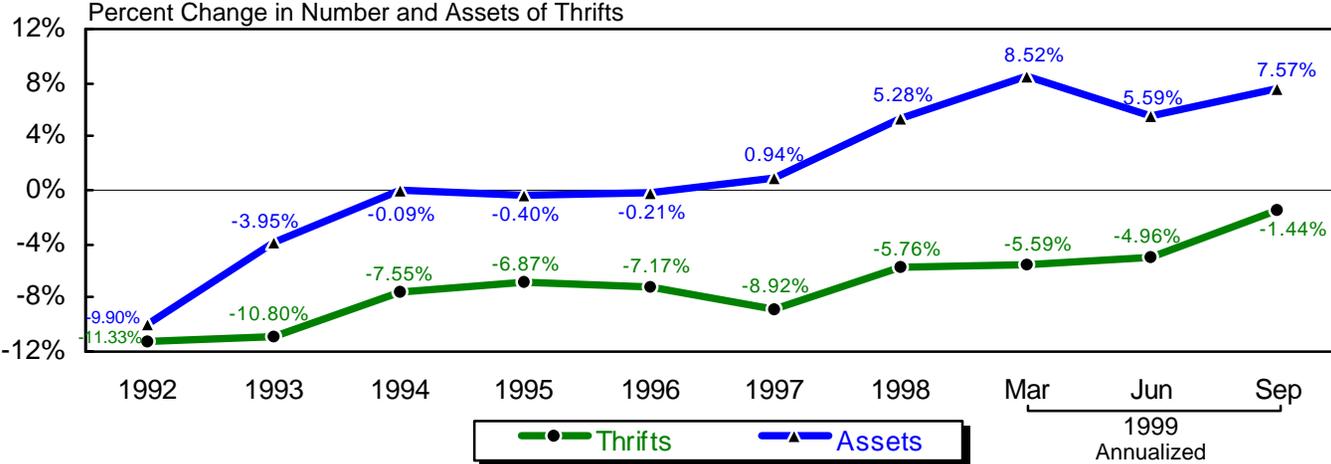
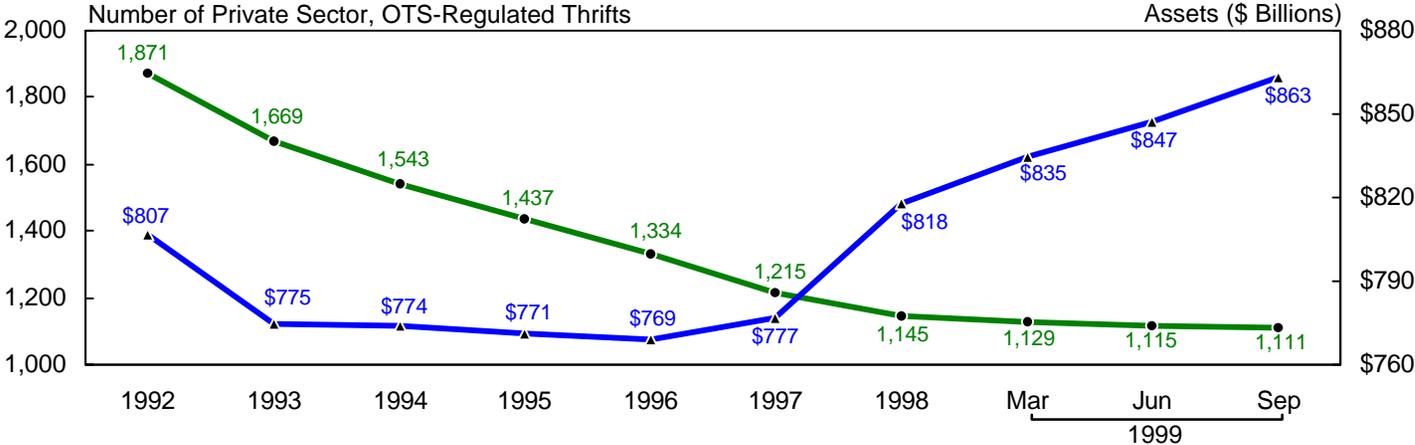
* Preliminary third quarter data for 983 thrifts with \$758.5 billion in assets.
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MEDIAN POST-SHOCK VALUES REMAIN STRONG



* Preliminary third quarter data for 983 thrifts with \$758.5 billion in assets.
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ASSET GROWTH CONTINUED WHILE CONSOLIDATION OF THE NUMBER OF THRIFTS SLOWED



WHILE MERGER AND ACQUISITION ACTIVITY SLOWED, CONVERSION ACTIVITY INCREASED IN 1999

| OTS-REGULATED THRIFTS | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | | | YTD Sep '99 |
|---|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|----------------|
| | | | | | | | Mar | Jun | Sep | |
| TOTAL EXITS | 213 | 149 | 129 | 119 | 141 | 109 | 25 | 22 | 16 | 63 |
| Failures | 8 | 2 | 2 | 1 | 0 | 0 | 0 | 0 | 1 | 1 |
| Conversions | | | | | | | | | | |
| To Commercial Banks | 18 | 17 | 13 | 10 | 32 | 5 | 6 | 4 | 3 | 13 |
| 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> | <u>1</u> | <u>2</u> | <u>6</u> |
| Total Conversions | 116 | 66 | 29 | 30 | 49 | 18 | 9 | 5 | 5 | 19 |
| Acquisitions | | | | | | | | | | |
| By Commercial Banks | 39 | 44 | 49 | 46 | 56 | 42 | 10 | 9 | 6 | 25 |
| 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> | <u>0</u> | <u>1</u> | <u>2</u> |
| Total Acquisitions by Non-OTS Regulated Institutions | 42 | 46 | 50 | 49 | 61 | 49 | 11 | 9 | 7 | 27 |
| OTS Thrift-to-Thrift Mergers | 37 | 32 | 43 | 36 | 28 | 38 | 5 | 8 | 2 | 15 |
| Voluntary Dissolutions | 10 | 3 | 5 | 3 | 3 | 4 | 0 | 0 | 1 | 1 |
| TOTAL ENTRANTS | 13 | 24 | 23 | 18 | 21 | 39 | 9 | 8 | 12 | 29 |
| De Novo | 12 | 16 | 3 | 6 | 11 | 25 | 6 | 6 | 8 | 20 |
| Charter Conversions | 1 | 8 | 20 | 12 | 10 | 14 | 3 | 2 | 4 | 9 |
| NET DECLINE | 200 | 125 | 106 | 101 | 120 | 70 | 16 | 14 | 4 | 34 |

THRIFTS REPLACE SECURITIES WITH LOANS

| | Dec 1993 (\$) | Jun 1999 (\$) | Sep 1999 | | Long Term Change Dec '93 Sep '99 (\$) | Short Term Change Jun '99 Sep '99 (\$) | Average Annualized Growth Rates | |
|-----------------------------------|---------------------|---------------------|--------------|--------------|--|---|------------------------------------|---------------------------|
| | | | (\$) | % TA | | | Dec '93 Sep '99 (%) | Jun '99 Sep '99 (%) |
| | | | | | | | | |
| Total Assets | 774.8 | 846.7 | 862.7 | 100.0% | 87.9 | 16.0 | 2.0 | 7.6 |
| Total Loans | 503.7 | 569.8 | 590.0 | 68.4% | 86.3 | 20.1 | 3.0 | 14.1 |
| 1-4 Family Mortgage Loans | 354.8 | 408.3 | 421.0 | 48.8% | 66.2 | 12.7 | 3.2 | 12.5 |
| Construction Loans | 12.7 | 15.8 | 17.0 | 2.0% | 4.3 | 1.2 | 5.9 | 31.5 |
| Other Mortgages | 95.7 | 76.0 | 78.6 | 9.1% | -17.1 | 2.6 | -3.1 | 13.5 |
| Small Business / Commercial Loans | 5.2 | 17.4 | 18.6 | 2.2% | 13.5 | 1.2 | 45.4 | 27.1 |
| Consumer Loans | 35.4 | 52.3 | 54.8 | 6.4% | 19.4 | 2.4 | 9.5 | 18.5 |
| Mortgage Pool Securities | 119.5 | 99.6 | 96.6 | 11.2% | -22.9 | -3.0 | -3.3 | -12.0 |
| Investment Securities | 108.6 | 119.5 | 117.3 | 13.6% | 8.7 | -2.1 | 1.4 | -7.1 |
| Mortgage Derivatives | 43.8 | 71.5 | 70.1 | 8.1% | 26.3 | -1.4 | 10.4 | -7.8 |

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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