



# **Third Quarter 2009 Thrift Industry Report Graphs and Tables**

November 24, 2009



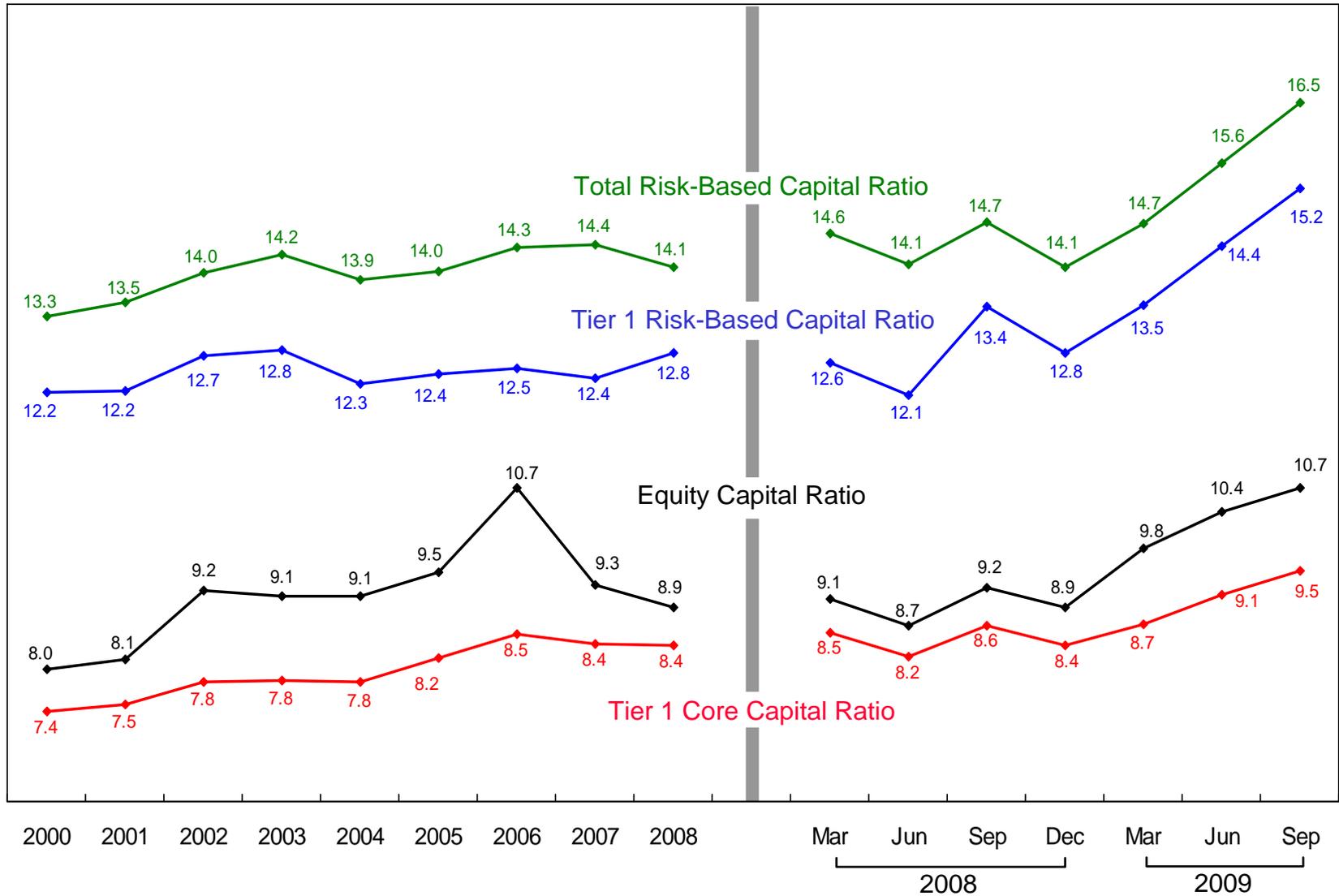
## Third Quarter 2009 Index of Charts

● Summary	1
● Capital Ratios	2
● Loan Loss Provisions and Net Charge-Offs	3
● Reserve and Loss Coverage Ratios	4
● ROA Analysis	5
● Financial Fundamentals	6
● Earnings and Profitability	7
● Assets and Liabilities Composition	8
● 1-4 Family Originations, Purchases, and Sales	9
● Troubled Assets	10
● Comparison of Troubled Assets	11
● Noncurrent Loans - Five Quarters	12
● Net Charge-offs	13
● Number of Problem Thrifts	14

# SUMMARY

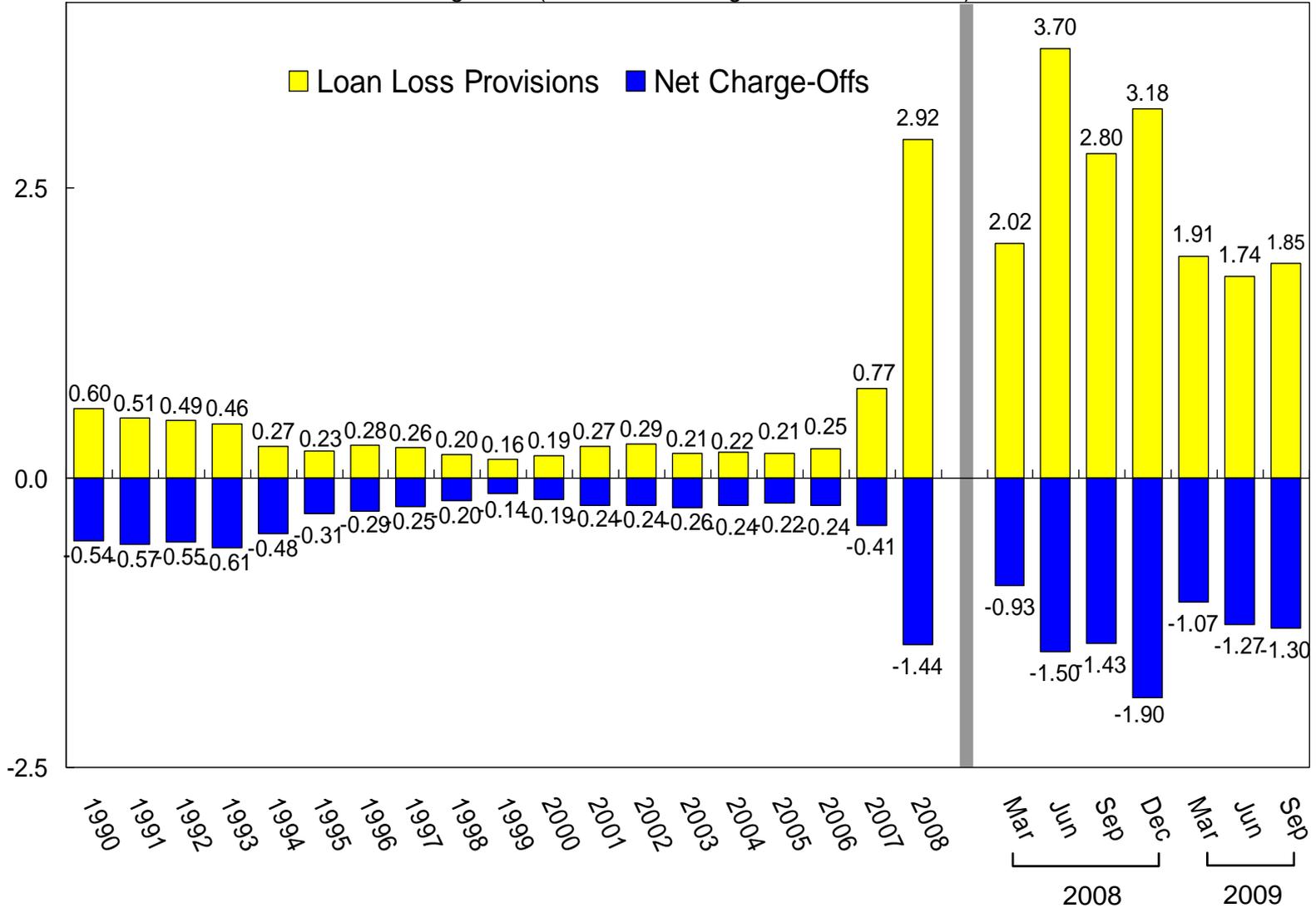
- The thrift industry reported a profit of \$1.3 billion for the third quarter.
  - However, \$1.1 billion of that amount was due to one thrift's large nonoperating gain. Absent that nonoperating gain, net income would have been at breakeven – about \$200 million – marking the second consecutive quarter of near-breakeven results.
  - Second quarter 2009 earnings were revised downward from a \$4 million profit to a loss of \$94 million. But that amount included the \$325 million after-tax FDIC special assessment expense. Absent that nonoperating charge, net income would have been approximately \$230 million.
- Elevated levels of loan loss provisions continue to dominate industry's earnings story.
  - The industry added \$4.9 billion (1.85% of average assets) to loan loss provisions in the third quarter – the sixth highest on record.
- Higher than average loss provisioning due to climbing unemployment and continued declines in home prices.
- Thrift fundamentals – capital, “core” earnings, and reserves, remain solid.
  - 95.8% of all thrifts – holding 95.9% of industry assets – exceed “well-capitalized” regulatory standards.

# CAPITAL RATIOS

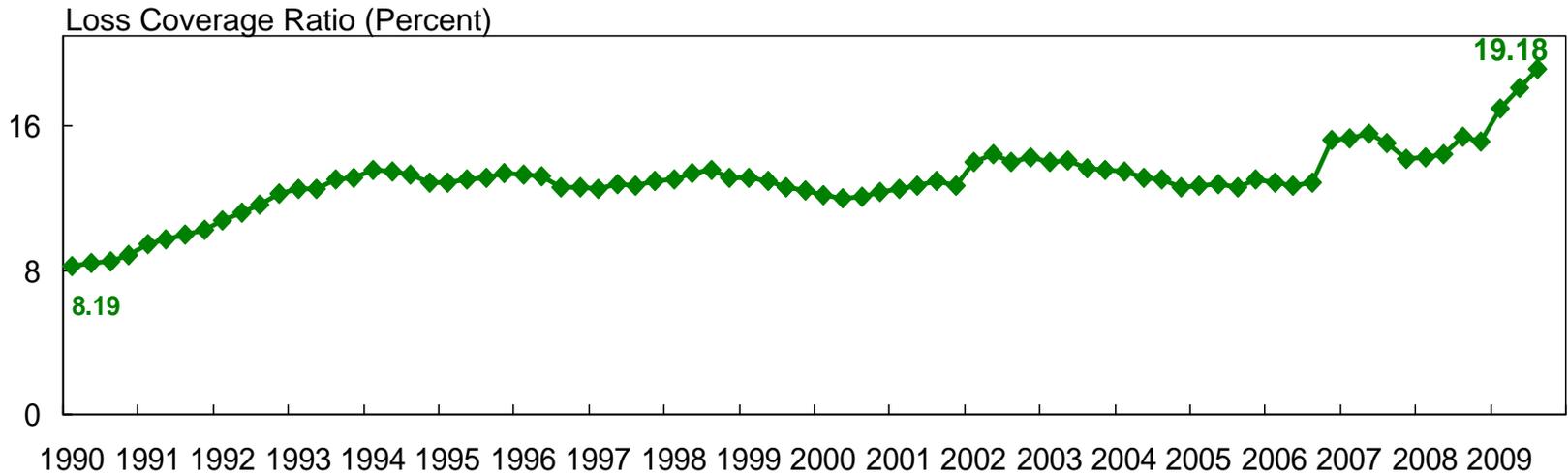
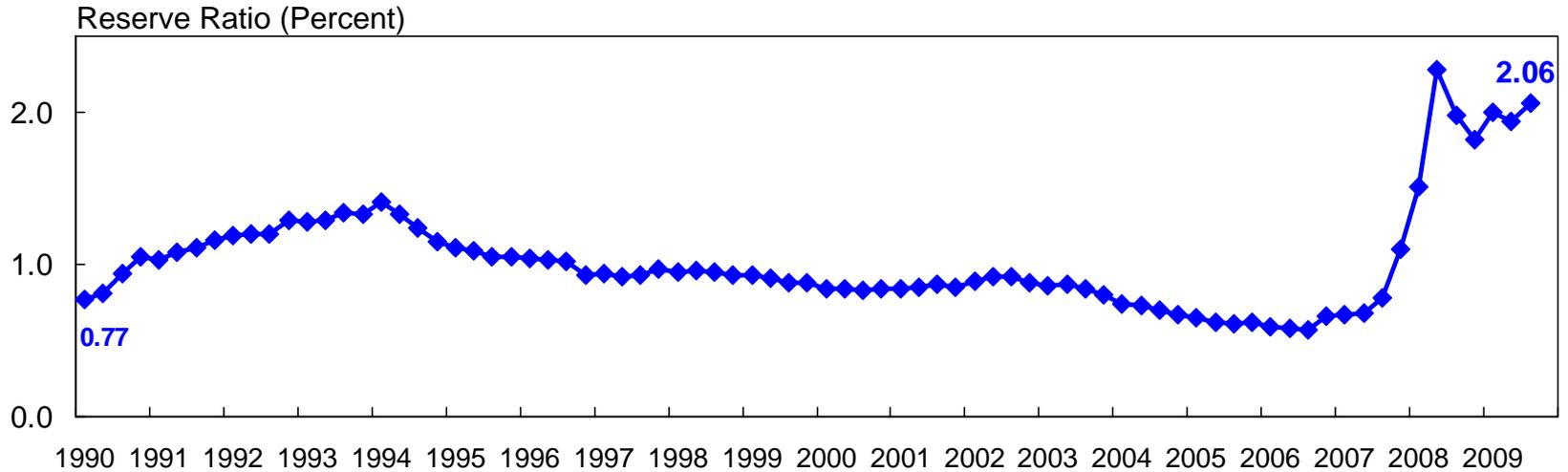


# LOAN LOSS PROVISIONS AND NET CHARGE-OFFS

Loan Loss Provisions and Net Charge-Offs (Percent of Average Assets Annualized)



# RESERVE AND LOSS COVERAGE RATIOS



Loss Coverage Ratio = ALLL plus capital to total loans and leases.

Reserve Ratio = ALLL to total loans and leases.

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# ROA ANALYSIS

(Percent of Average Assets)	Quarter			ROA Impact <sup>1</sup>	
	Sep '09	Jun '09	Sep '08	Sep '09 Jun '09	Sep '09 Sep '08
<b>Net Interest Income (Margin)</b>	<b>3.11</b>	<b>3.04</b>	<b>2.93</b>	<b>0.07</b>	<b>0.18</b>
<b>Loan Loss Provisions</b>	<b>1.85</b>	<b>1.74</b>	<b>2.80</b>	<b>-0.11</b>	<b>0.95</b>
Total Fee Income	1.22	1.28	1.18	<b>-0.06</b>	0.04
Mortgage Loan Servicing Fees & Amort.	0.12	0.18	0.09	<b>-0.06</b>	0.03
Mortgage Loan Servicing Fees	0.21	0.20	0.18	0.01	0.03
Servicing Amortization & Adjustments	-0.09	-0.02	-0.09	<b>-0.07</b>	0.00
Other Fees and Charges	1.10	1.10	1.09	0.00	0.01
Other Noninterest Income	0.44	0.27	-0.17	0.17	0.61
Sale of Assets Held For Sale	0.34	0.32	-0.13	0.02	0.47
LOCOM Adjustments to AHFS	-0.02	-0.01	-0.02	<b>-0.01</b>	0.00
Trading Assets (Realized & Unrealized)	0.23	0.05	-0.14	0.18	0.37
Other	-0.11	-0.09	0.12	<b>-0.02</b>	<b>-0.23</b>
<b>Noninterest Expense</b>	<b>2.09</b>	<b>2.72</b>	<b>2.94</b>	<b>0.63</b>	<b>0.85</b>
Goodwill Amortization & Charges	0.05	0.06	0.18	0.01	0.13
Taxes	0.34	0.16	-0.32	<b>-0.18</b>	<b>-0.66</b>
Net Income (ROA)	0.49	-0.03	-1.48	0.52	1.97

Sale of Assets Held for Sale consists of Sale of Available-for-Sale Securities, Sale of Loans and Leases Held for Sale, and Sale of Other Assets Held for Sale

<sup>1</sup> Negative values reduced ROA.

Data are annualized. Numbers may not sum due to rounding.

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# FINANCIAL FUNDAMENTALS

(Percent of Average Assets Unless Noted)	YTD 2009	Avg. 2000- 2008	Year								
			2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating Income Components:											
Net Interest Income (Margin)	3.02	2.82	2.82	2.69	2.73	2.81	2.89	2.90	3.06	2.89	2.63
Total Fee Income	1.18	0.96	1.23	1.22	1.15	1.22	1.03	0.87	0.47	0.64	0.81
Total Operating Income	4.20	3.78	4.05	3.91	3.88	4.03	3.92	3.77	3.53	3.53	3.44
Total Operating Expense	2.47	2.44	2.76	2.54	2.54	2.45	2.52	2.40	2.32	2.30	2.10
Net Operating Income before Taxes and Provisions	1.73	1.35	1.29	1.37	1.34	1.58	1.40	1.37	1.21	1.23	1.34
Loan Loss Provision Expense	1.83	0.59	2.92	0.77	0.25	0.21	0.22	0.21	0.29	0.27	0.19
Capital Measures:											
Tier 1 Core Capital Ratio	9.47	7.96	8.35	8.36	8.52	8.15	7.80	7.82	7.80	7.46	7.36
Tier 1 Risk Based Capital Ratio	15.23	12.46	12.75	12.36	12.52	12.43	12.28	12.80	12.70	12.19	12.15
Total Risk Based Capital Ratio	16.52	13.96	14.05	14.39	14.33	13.98	13.85	14.23	13.96	13.51	13.30
Equity Capital (Percent to Total Assets)	10.71	9.09	8.93	9.26	10.72	9.45	9.08	9.09	9.18	8.13	7.99
Tangible Common Equity Capital Ratios (Percent of Tangible Assets)	9.20	7.05	7.16	7.16	7.56	7.34	7.16	7.10	7.16	6.33	6.47
(Percent of Risk-Weighted Assets)	14.94	11.07	10.88	10.72	11.32	11.35	11.32	11.54	11.61	10.25	10.60
Loss Reserves:											
ALLL Balance (Percent to Total Assets)	1.29	0.64	1.22	0.78	0.48	0.47	0.51	0.57	0.60	0.58	0.58

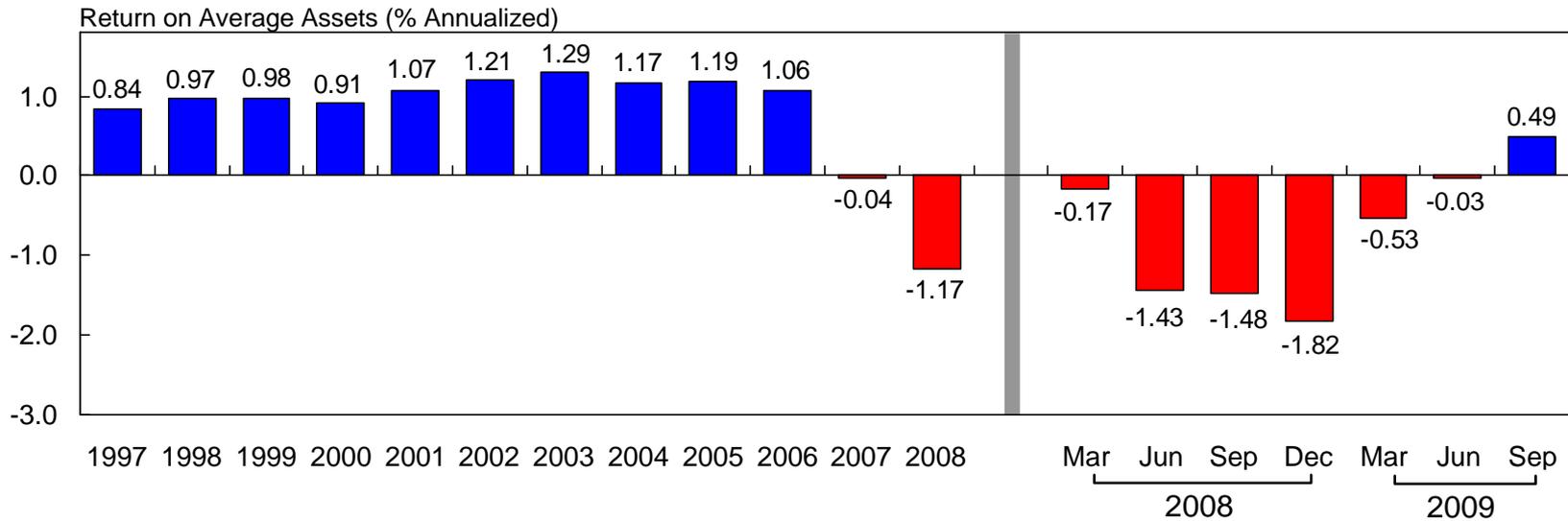
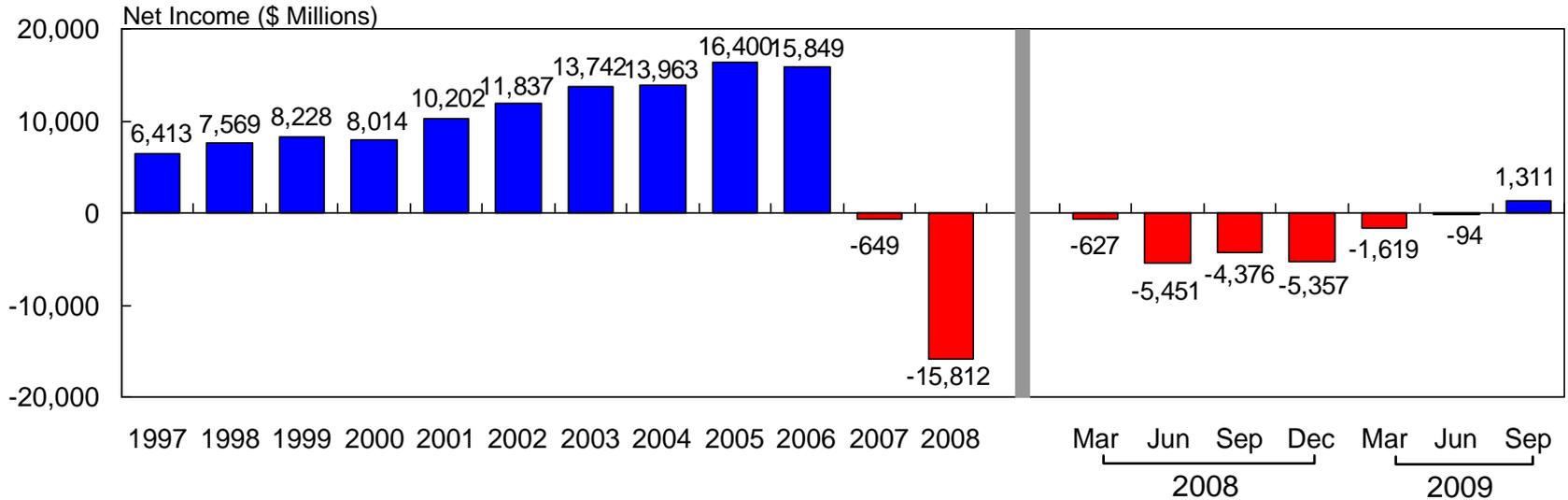
Total Operating Expense is Noninterest Expense excluding Goodwill Expense and nonoperating gains/charges.

Tangible Common Equity Capital is Common Stock, Retained Earnings, and Accumulated Other Comprehensive Income (Losses) less all Intangible Assets.

Numbers may not sum due to rounding.

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# EARNINGS AND PROFITABILITY



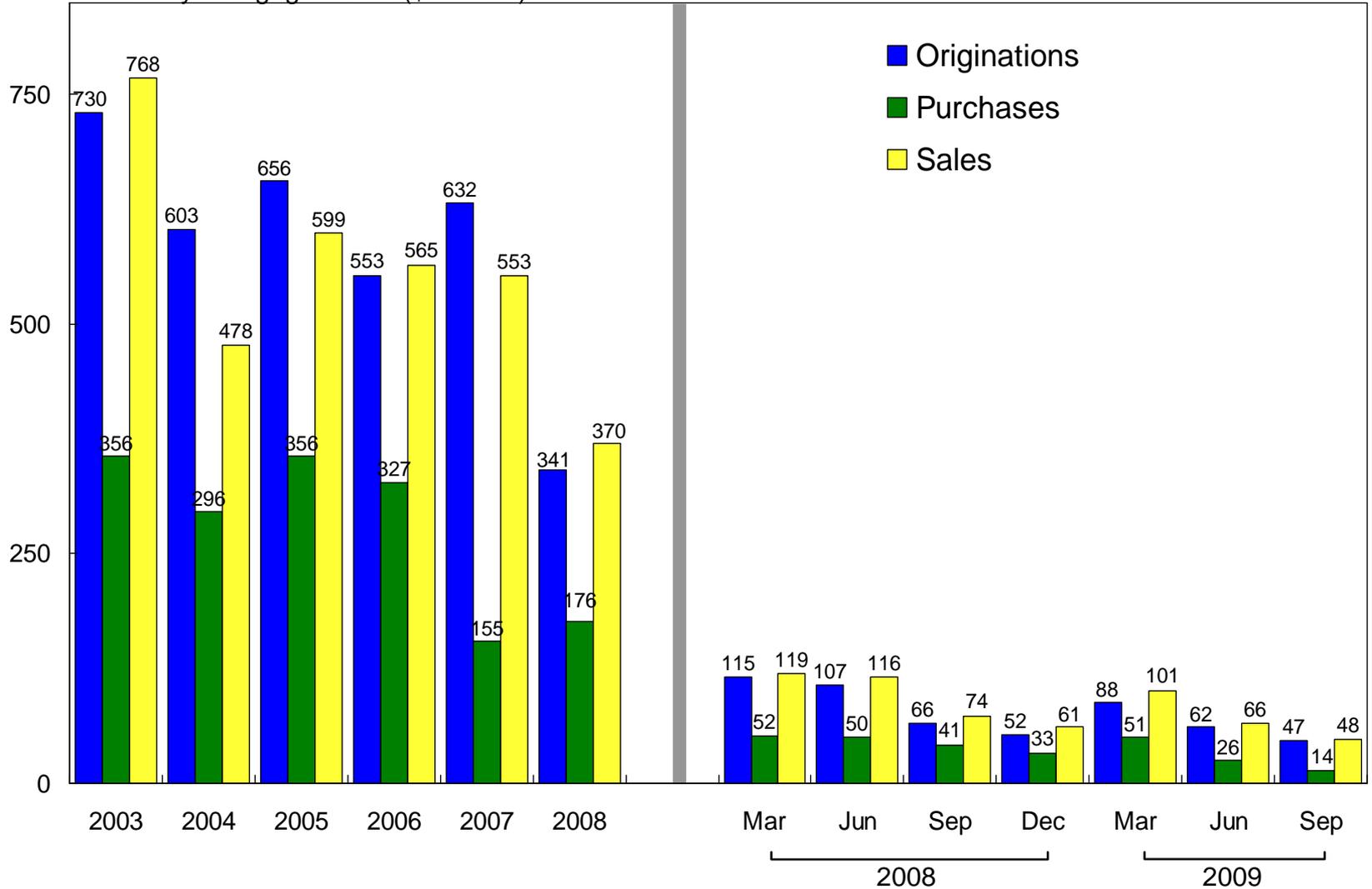
# ASSETS AND LIABILITIES COMPOSITION

	Sep 2009		Jun 2009		Sep 2008		Growth Rates	
	\$ Bil	% TA	\$ Bil	% TA	\$ Bil	% TA	Sep '09	Sep '09
							Jun '09	Sep '08
							% Ann.	%
Total Assets	1,069.7	100.0	1,098.0	100.0	1,181.6	100.0	(10.3)	(9.5)
<b>Total Loans</b>	<b>679.2</b>	<b>63.5</b>	<b>711.3</b>	<b>64.8</b>	<b>822.5</b>	<b>69.6</b>	<b>(18.1)</b>	<b>(17.4)</b>
1-4 Family Mortgage Loans	419.2	39.2	437.6	39.9	541.8	45.9	(16.8)	(22.6)
Home Equity Lines of Credit	53.0	5.0	54.2	4.9	63.0	5.3	(8.8)	(15.8)
Construction & Land Loans	30.2	2.8	36.4	3.3	44.3	3.8	(68.4)	(31.9)
Multifamily Loans	33.8	3.2	34.8	3.2	33.7	2.8	(11.2)	0.4
Nonresidential Loans	70.3	6.6	71.4	6.5	69.8	5.9	(6.4)	0.7
Commercial Loans / Small Business	51.9	4.8	59.9	5.5	56.8	4.8	(53.9)	(8.8)
Consumer Loans	73.9	6.9	71.2	6.5	76.1	6.4	15.0	(2.9)
<b>    Allowance for Loan and Lease Losses</b>	<b>(13.8)</b>	<b>(1.3)</b>	<b>(13.6)</b>	<b>(1.2)</b>	<b>(16.0)</b>	<b>(1.4)</b>	<b>5.9</b>	<b>(13.8)</b>
Repossessed Assets	5.1	0.5	4.5	0.4	3.9	0.3	52.2	31.4
Mortgage Backed Securities	137.0	12.8	142.7	13.0	167.2	14.1	(15.8)	(18.0)
Cash and Liquid Investments	115.6	10.8	100.3	9.1	78.6	6.7	61.0	47.1
Other Investment Securities	68.4	6.4	70.1	6.4	39.0	3.3	(9.7)	75.4
<b>Total Liabilities and Capital</b>	<b>1,069.7</b>	<b>100.0</b>	<b>1,098.0</b>	<b>100.0</b>	<b>1,181.6</b>	<b>100.0</b>	<b>(10.3)</b>	<b>(9.5)</b>
Total Liabilities	955.1	89.3	984.3	89.6	1,072.8	90.8	(11.9)	(11.0)
<b>Total Deposits and Escrows</b>	<b>698.4</b>	<b>65.3</b>	<b>721.8</b>	<b>65.7</b>	<b>726.9</b>	<b>61.5</b>	<b>(13.0)</b>	<b>(3.9)</b>
FHLBank Advances	130.4	12.2	140.7	12.8	242.0	20.5	(29.5)	(46.1)
Other Borrowings	109.5	10.2	105.2	9.6	85.6	7.2	16.0	27.9
Other Liabilities	17.4	1.6	17.4	1.6	18.3	1.5	2.1	(4.6)
<b>Equity Capital</b>	<b>114.6</b>	<b>10.7</b>	<b>113.7</b>	<b>10.4</b>	<b>108.8</b>	<b>9.2</b>	<b>3.1</b>	<b>5.3</b>

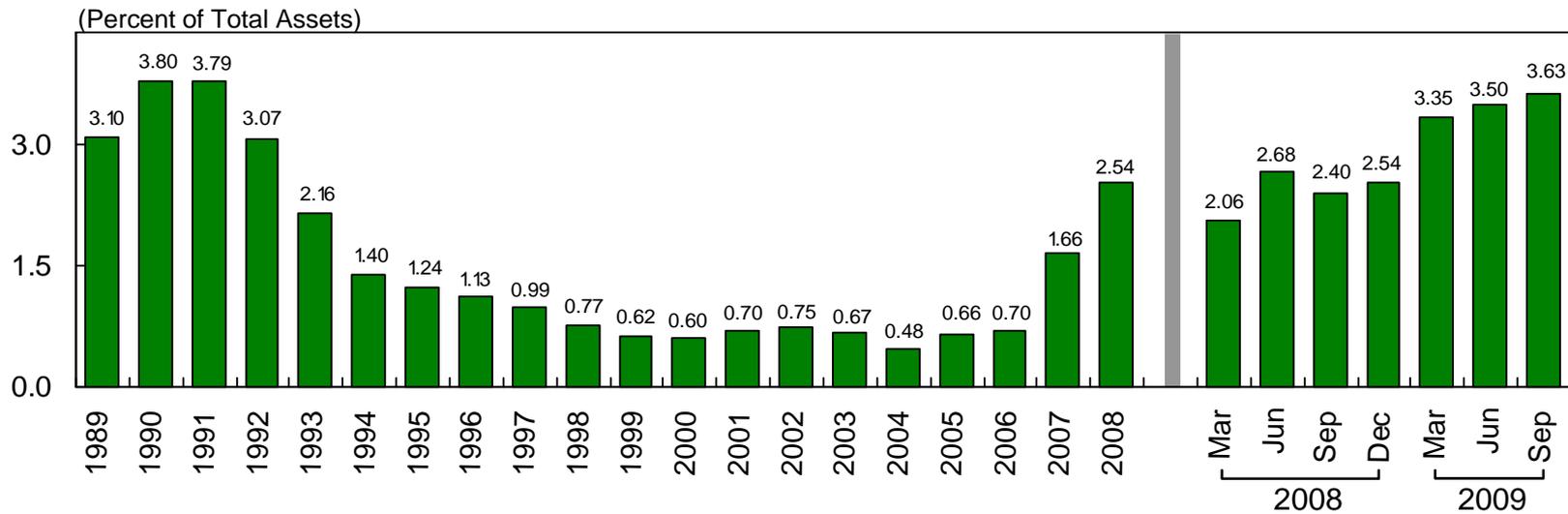
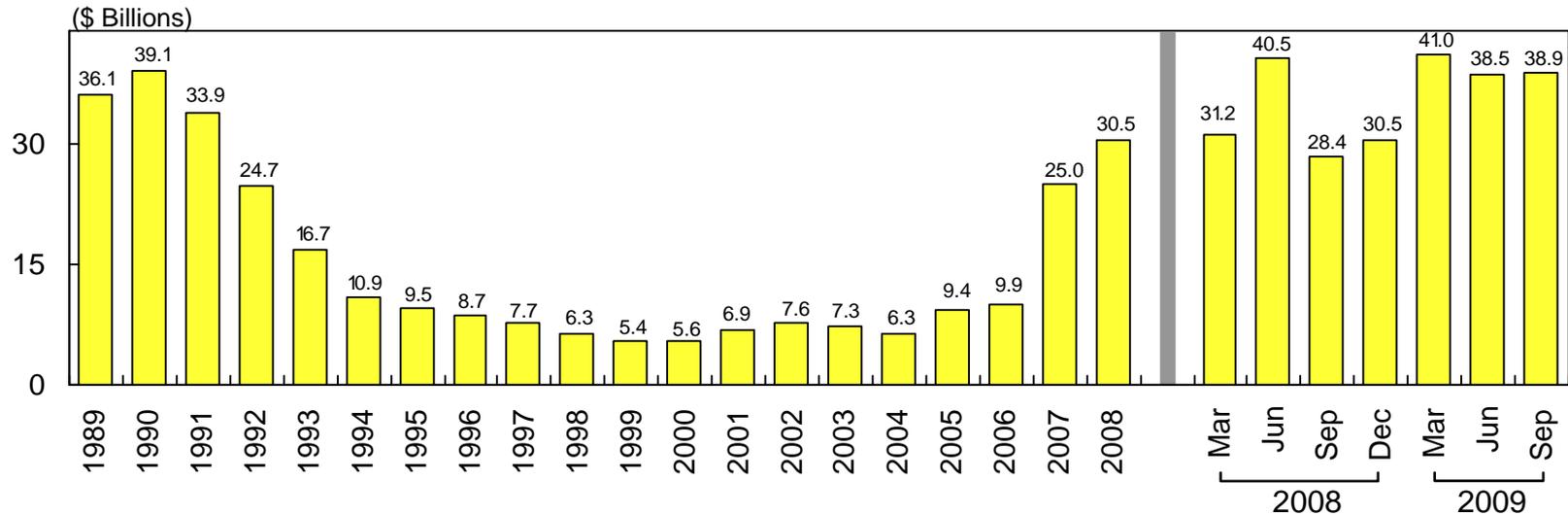
Numbers may not sum due to rounding.  
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# 1-4 FAMILY ORIGINATIONS, PURCHASES, AND SALES

1-4 Family Mortgage Loans (\$ Billions)



# TROUBLED ASSETS

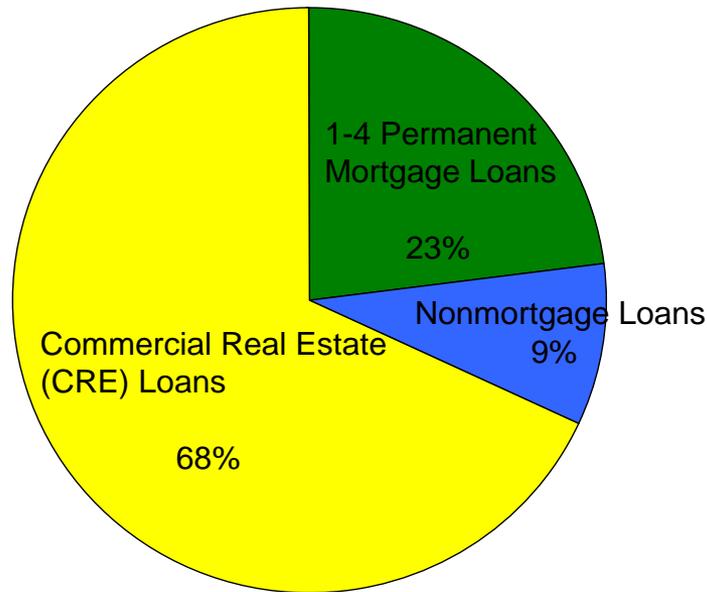


Troubled Assets include noncurrent (90 days or more past due or in nonaccrual status) loans and repossessed assets.  
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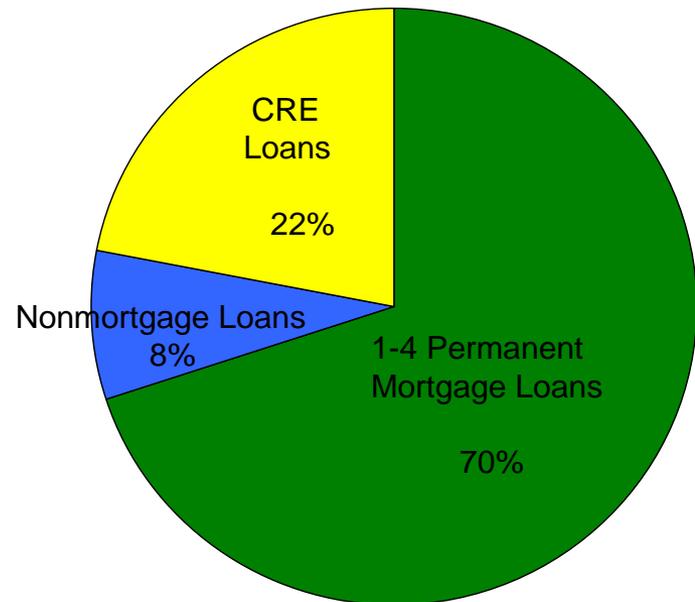
# COMPARISON OF TROUBLED ASSETS

December 1990 vs. September 2009

**December 1990**



**September 2009**



**30%**

**Reserves-to-Troubled Assets**

**35%**

**166%**

**Reserves plus Equity-to-Troubled Assets**

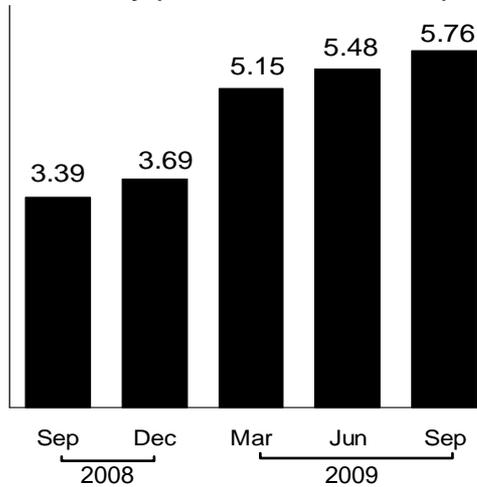
**329%**

Commercial Real Estate Loans consist of construction, land, multifamily, and other nonresidential mortgage loans. Nonmortgage loans consist of commercial & consumer loans and other repossessed assets.  
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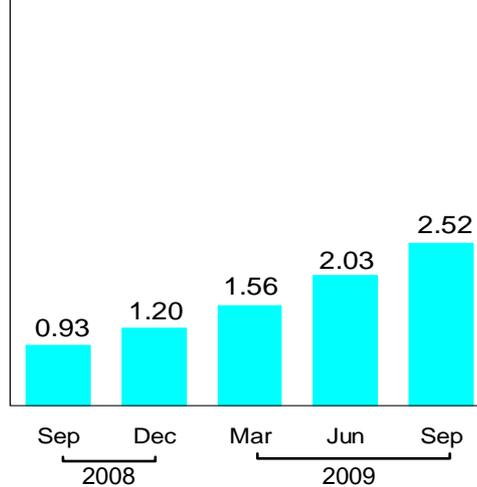
# NONCURRENT LOANS – FIVE QUARTERS

Percent of Loan Type

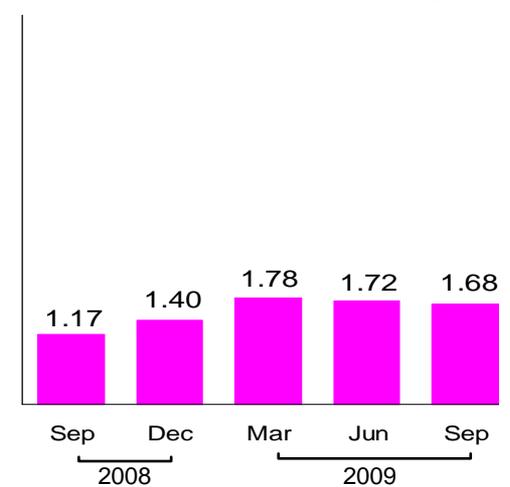
**1-4 Family (39.2% of Thrift Assets)**



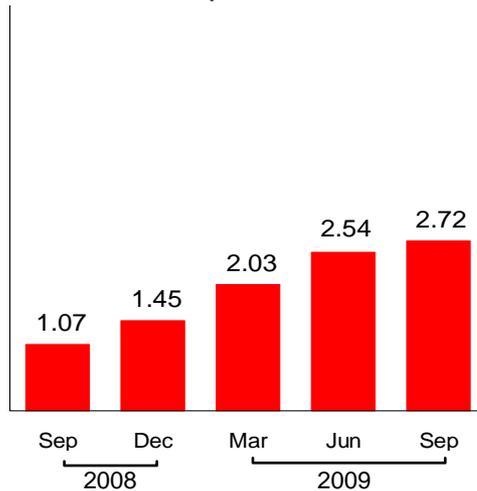
**Multifamily (3.2% of Thrift Assets)**



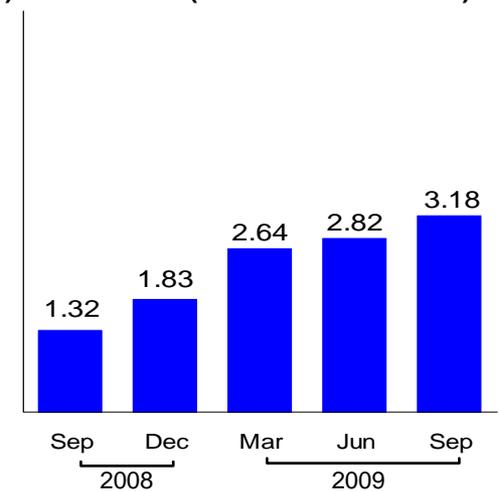
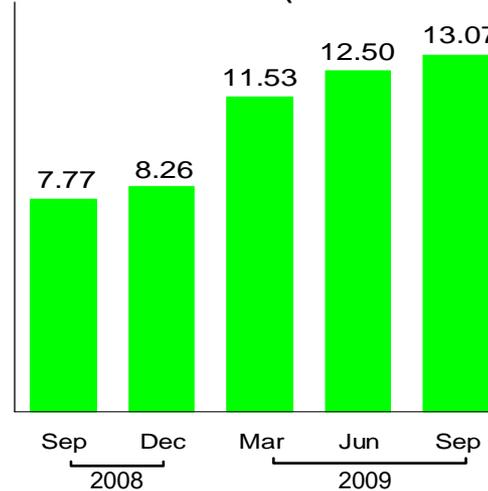
**Consumer (6.9% of Thrift Assets)**



**Nonresidential (6.6% of Thrift Assets)**



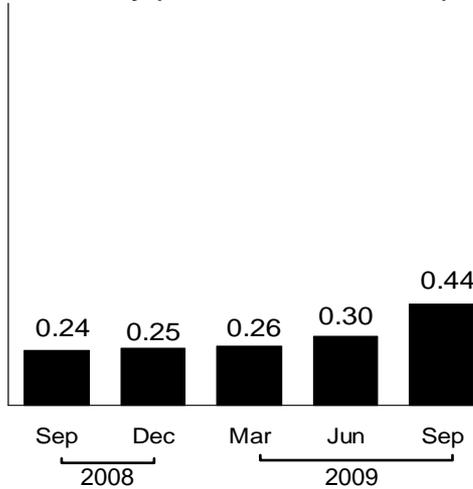
**Construction & Land (2.8% of Thrift Assets) Commercial (4.9% of Thrift Assets)**



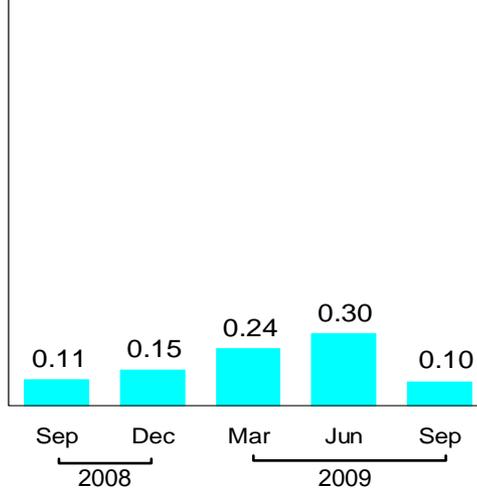
# NET CHARGE-OFFS

Percent of Loan Type

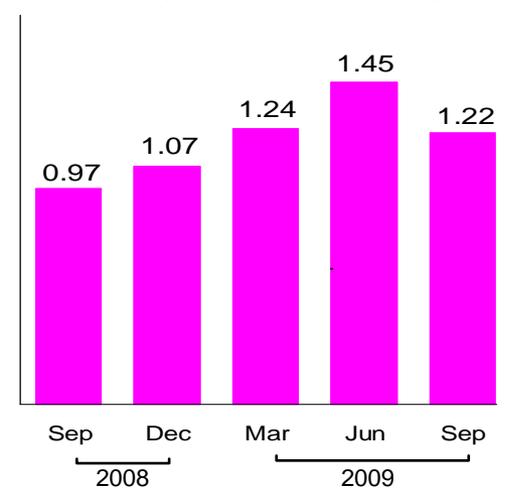
**1-4 Family (39.2% of Thrift Assets)**



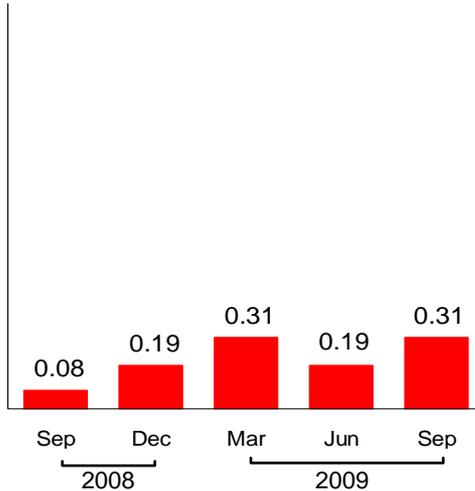
**Multifamily (3.2% of Thrift Assets)**



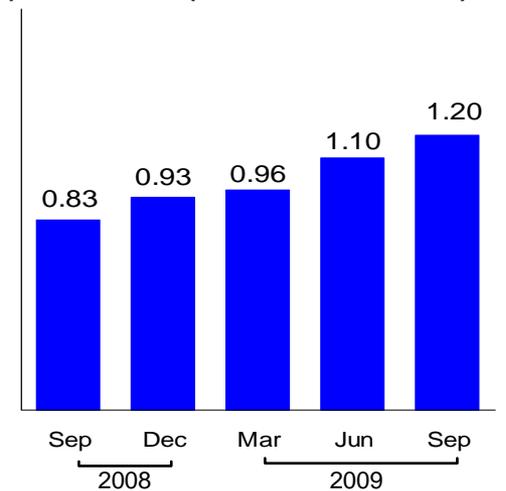
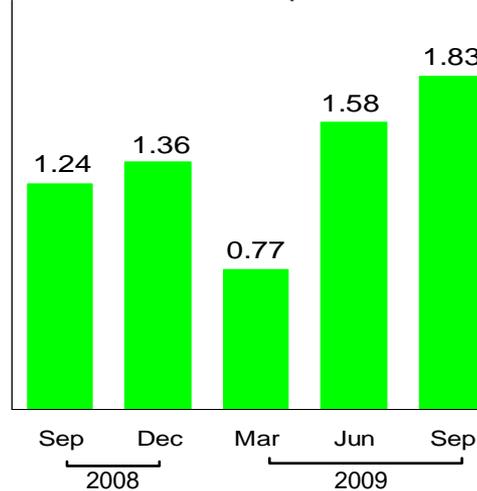
**Consumer (6.9% of Thrift Assets)**



**Nonresidential (6.6% of Thrift Assets)**



**Construction & Land (2.8% of Thrift Assets) Commercial (4.9% of Thrift Assets)**



# NUMBER OF PROBLEM THRIFTS

(Thrifts with Composite CAMELS Ratings of 4 or 5 at End of Period)

