



# **Third Quarter 2010 Thrift Industry Report Graphs and Tables**

December 3, 2010



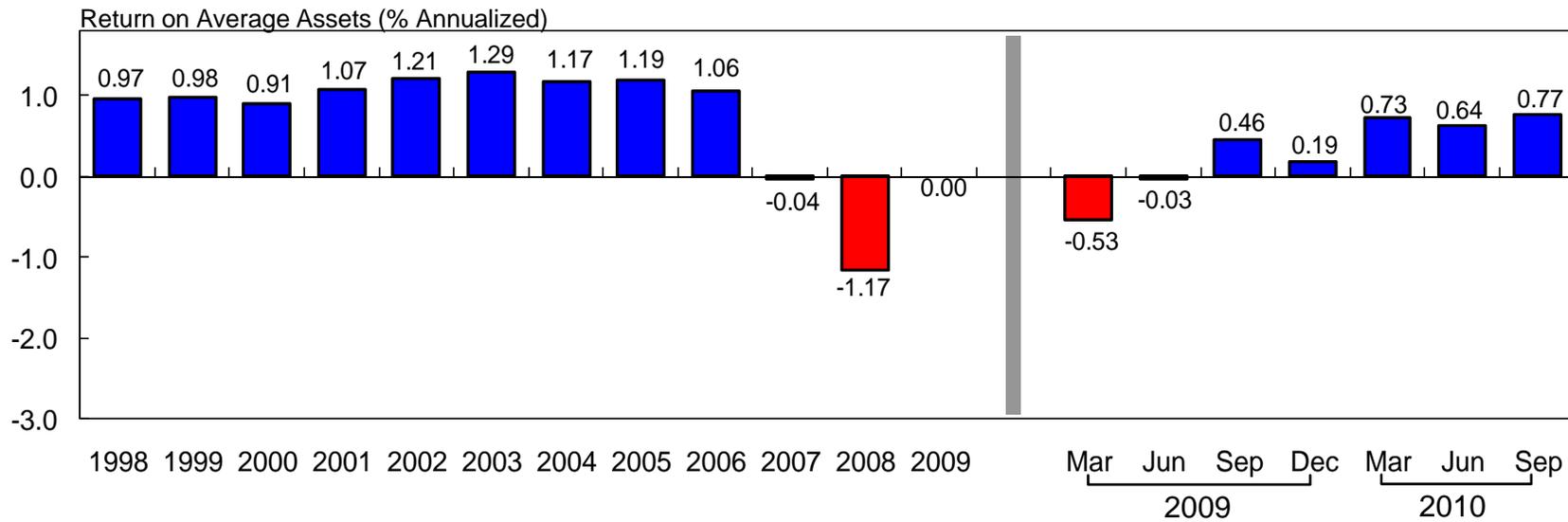
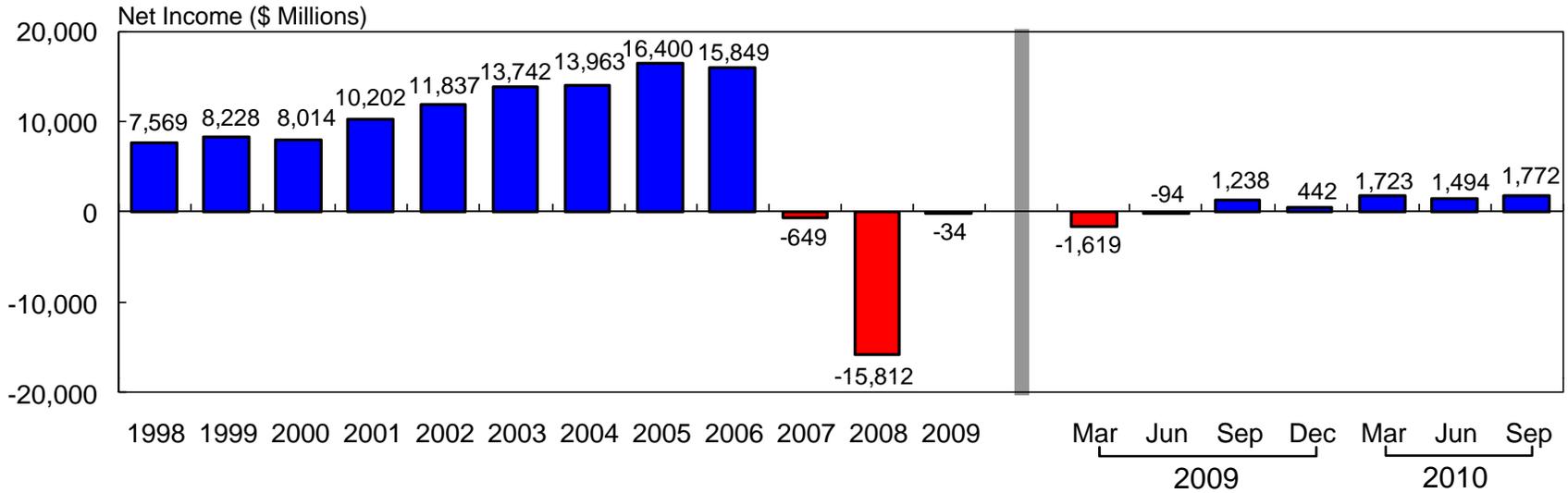
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## SUMMARY

- The thrift industry reported a profit of \$1.77 billion (ROA of 0.77%) for the third quarter. This was the fifth consecutive profitable quarter for the industry.
- Though trending down from very high levels in 2008, loan loss provisions remained at elevated levels in the third quarter.
  - The industry added \$2.12 billion to loan loss provisions in the third quarter. This amounted to 0.92% of average assets on an annualized basis – the 13<sup>th</sup> highest amount on record.
- The need for loss provisions in upcoming quarters will largely depend on trends in employment, home prices, and the commercial real estate markets.
- Thrift fundamentals – capital, “core” earnings, and reserves, remain solid.
  - Thrift industry capital ratios reached record levels in the third quarter.
  - 93% of all thrifts – holding 97% of industry assets – reported capital exceeding “well-capitalized” regulatory standards.

# EARNINGS AND PROFITABILITY



## ROA ANALYSIS

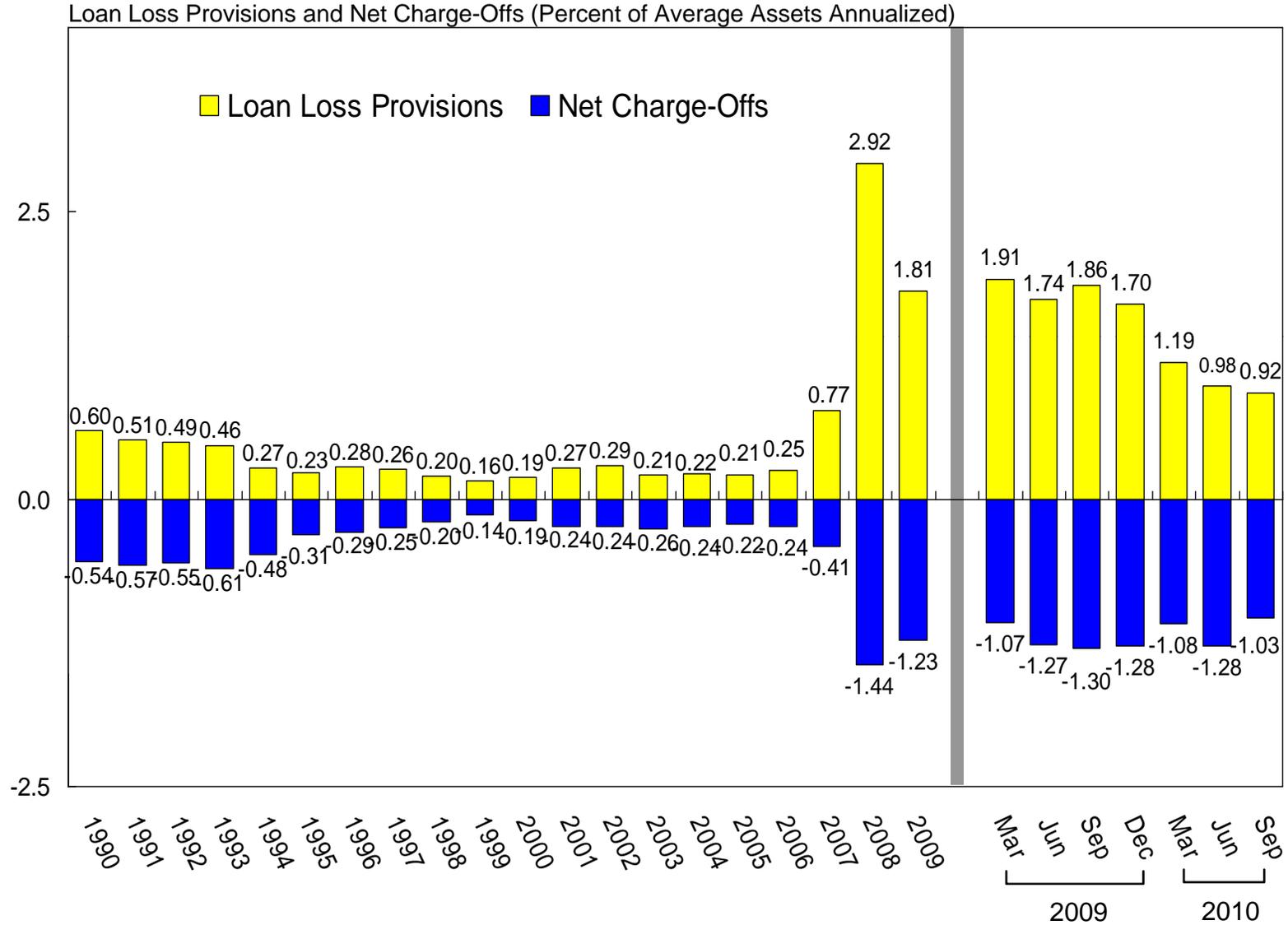
(Percent of Average Assets)	Quarter			ROA Impact <sup>1</sup>	
	Sep '10	Jun '10	Sep '09	Sep '10 Jun '10	Sep '10 Sep '09
Net Interest Income (Margin)	3.13	3.07	3.11	0.06	0.02
Loan Loss Provisions	0.92	0.98	1.86	0.06	0.94
Total Fee Income	1.41	1.36	1.24	0.05	0.17
Mortgage Loan Servicing Fees & Amort.	0.07	0.07	0.13	0.00	-0.06
Mortgage Loan Servicing Fees	0.17	0.17	0.21	0.00	-0.04
Servicing Amortization & Adjustments	-0.10	-0.10	-0.08	0.00	-0.02
Other Fees and Charges	1.34	1.29	1.11	0.05	0.23
Other Noninterest Income	0.51	0.52	0.43	-0.01	0.08
Sale of Assets Held For Sale	0.23	0.16	0.34	0.07	-0.11
LOCOM Adjustments to AHFS	-0.01	0.00	-0.03	-0.01	0.02
Gains (Losses) on Financial Assets					
Carried at Fair Value	0.13	0.16	0.23	-0.03	-0.10
Other	0.16	0.20	-0.11	-0.04	0.27
Noninterest Expense	2.91	2.90	2.10	-0.01	-0.81
Goodwill Amortization & Charges	0.05	0.11	0.05	0.06	0.00
Taxes	0.45	0.41	0.35	-0.04	-0.10
Net Income (ROA)	0.77	0.64	0.46	0.13	0.31

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

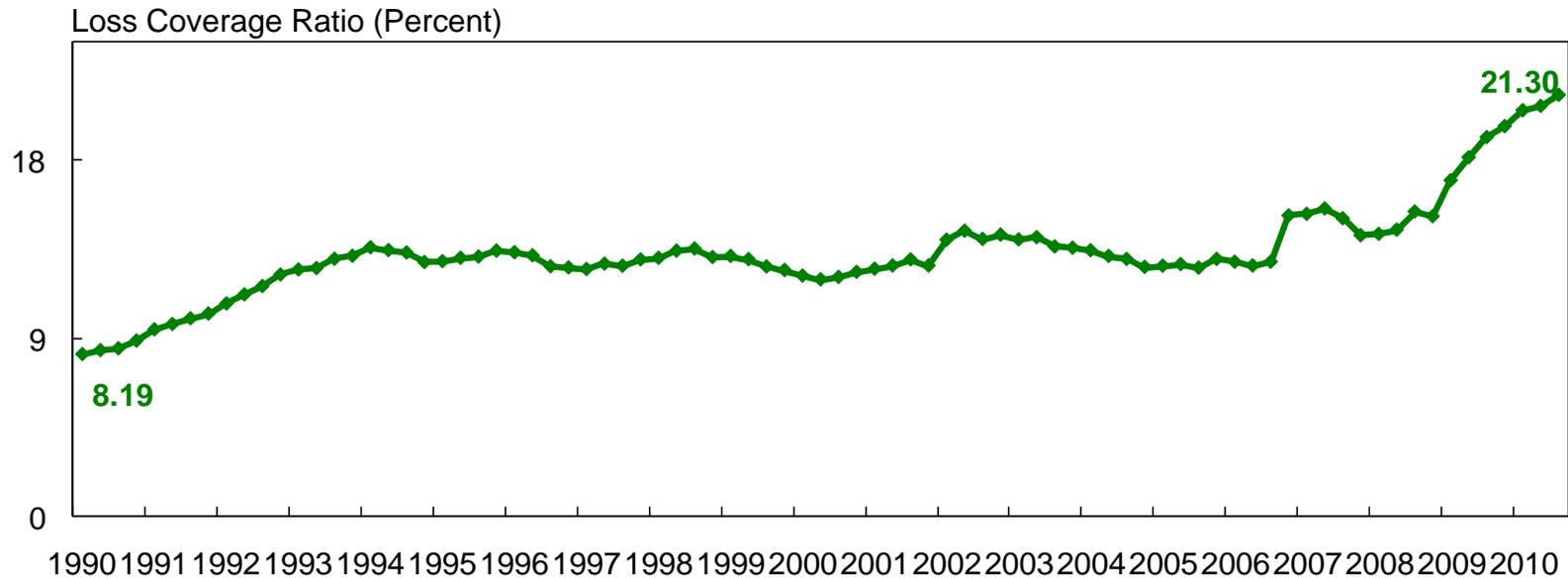
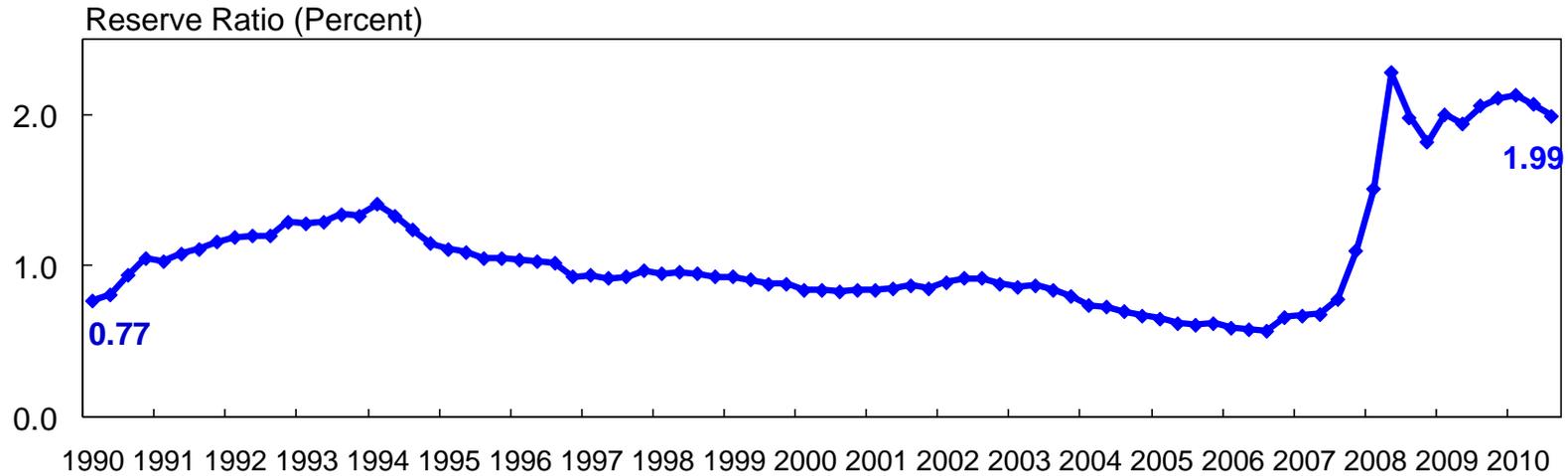
Data are annualized. Numbers may not sum due to rounding.

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# LOAN LOSS PROVISIONS AND NET CHARGE-OFFS



# RESERVE AND LOSS COVERAGE RATIOS

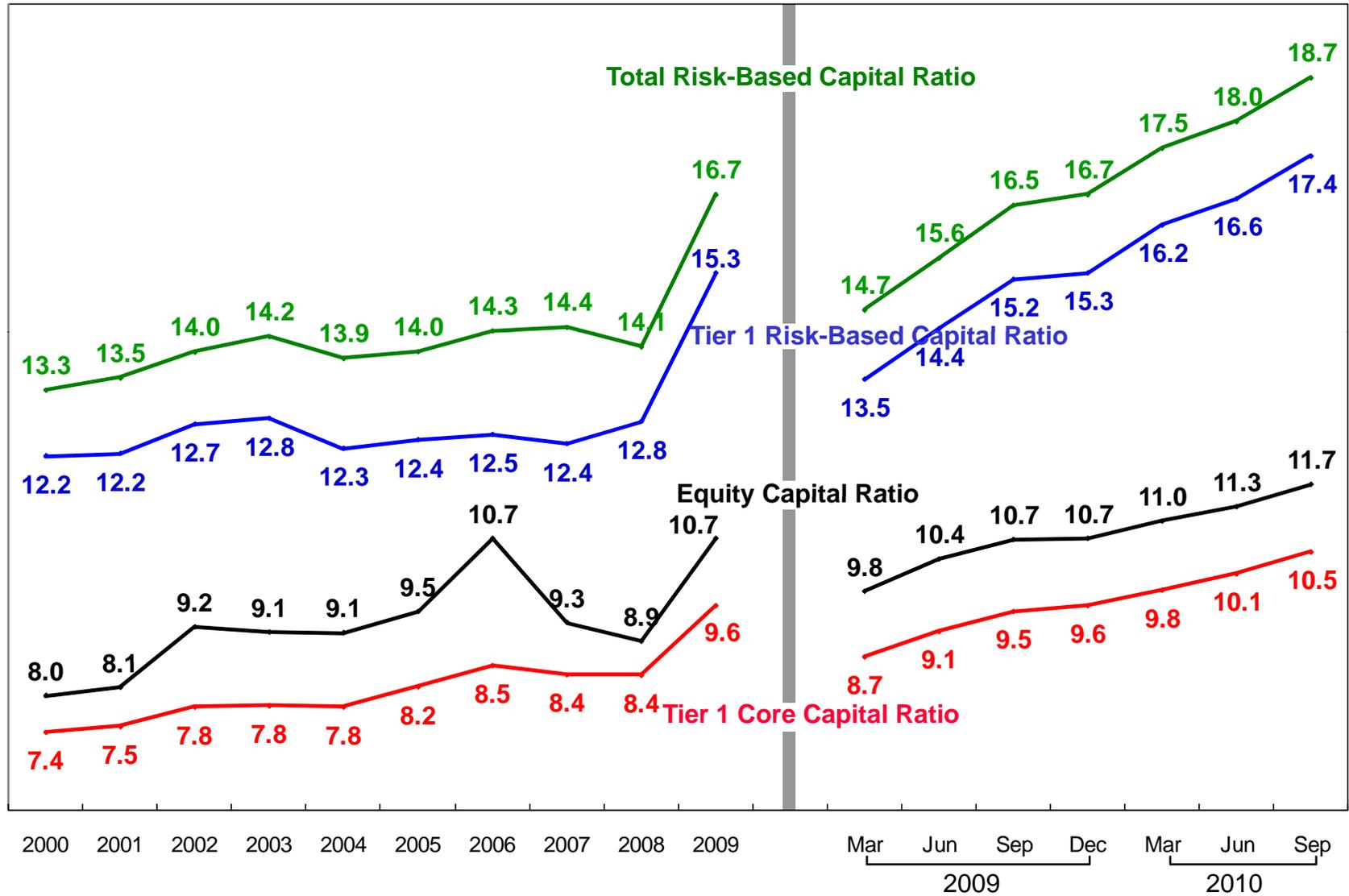


Loss Coverage Ratio = ALLL plus capital to total loans and leases.

Reserve Ratio = ALLL to total loans and leases.

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# CAPITAL RATIOS



# FINANCIAL FUNDAMENTALS

(Percent of Average Assets Unless Noted)	YTD 2010	Avg. 2001- 2009	Year								
			2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating Income Components:											
Net Interest Income (Margin)	3.07	2.87	3.02	2.82	2.69	2.73	2.81	2.89	2.90	3.06	2.89
Total Fee Income	1.36	1.01	1.24	1.23	1.22	1.15	1.22	1.03	0.87	0.47	0.64
Total Operating Income	4.43	3.87	4.25	4.05	3.91	3.88	4.03	3.92	3.77	3.53	3.53
Total Operating Expense	2.75	2.49	2.55	2.76	2.54	2.54	2.45	2.52	2.40	2.32	2.30
Net Operating Income before Taxes and Provisions	1.68	1.39	1.70	1.29	1.37	1.34	1.58	1.40	1.37	1.21	1.23
Loan Loss Provision Expense	1.03	0.77	1.81	2.92	0.77	0.25	0.21	0.22	0.21	0.29	0.27
Capital Measures:											
Tier 1 Core Capital Ratio	10.49	8.20	9.56	8.35	8.36	8.52	8.15	7.80	7.82	7.80	7.46
Tier 1 Risk Based Capital Ratio	17.36	12.82	15.33	12.75	12.36	12.52	12.43	12.28	12.80	12.70	12.19
Total Risk Based Capital Ratio	18.72	14.33	16.69	14.05	14.39	14.33	13.98	13.85	14.23	13.96	13.51
Equity Capital (Percent to Total Assets)	11.66	9.40	10.72	8.93	9.26	10.72	9.45	9.08	9.09	9.18	8.13
Tangible Common Equity Capital Ratios (Percent of Tangible Assets)	10.20	7.34	9.13	7.16	7.16	7.56	7.34	7.16	7.10	7.16	6.33
(Percent of Risk-Weighted Assets)	16.94	11.52	14.73	10.88	10.72	11.32	11.35	11.32	11.54	11.61	10.25
Loss Reserves:											
ALLL Balance (Percent to Total Assets)	1.20	0.72	1.28	1.22	0.78	0.48	0.47	0.51	0.57	0.60	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.

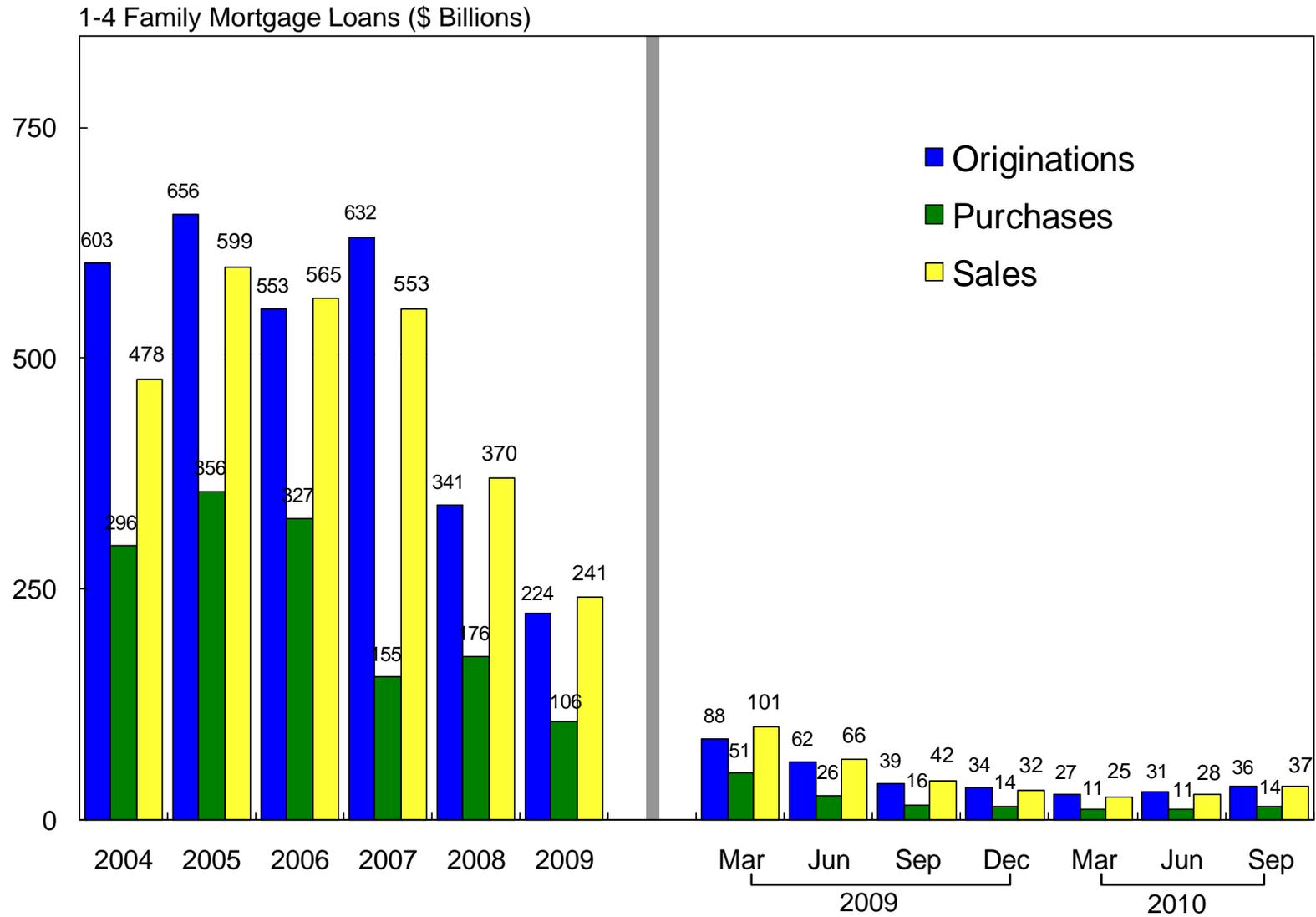
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## ASSETS AND LIABILITIES COMPOSITION

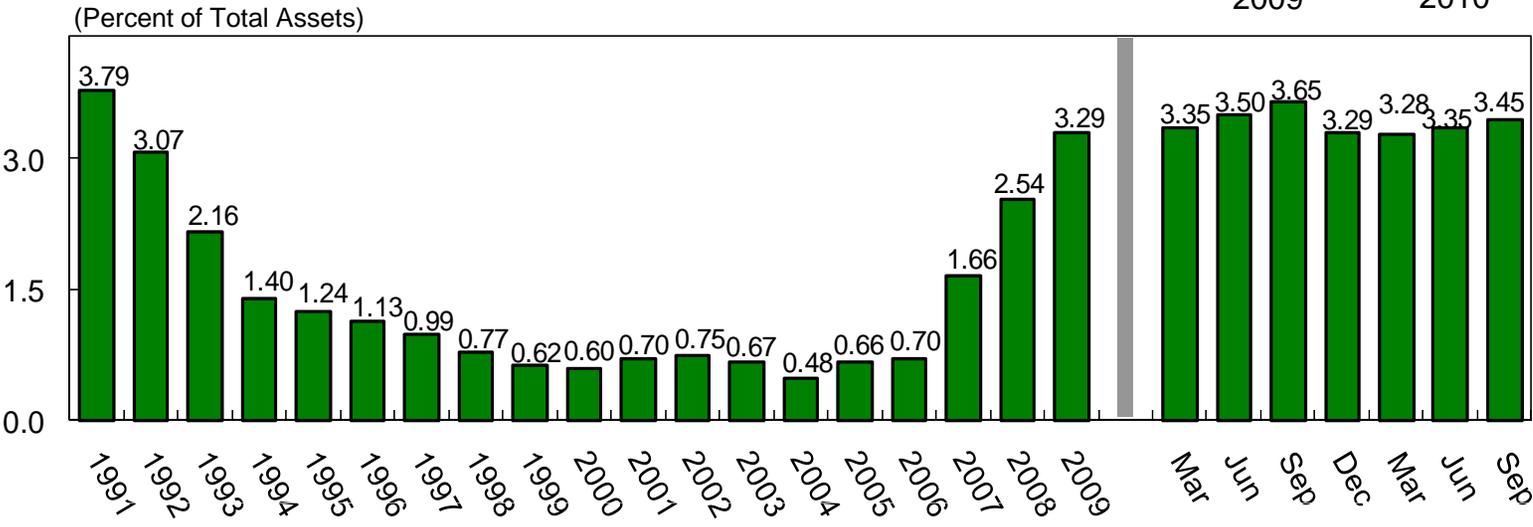
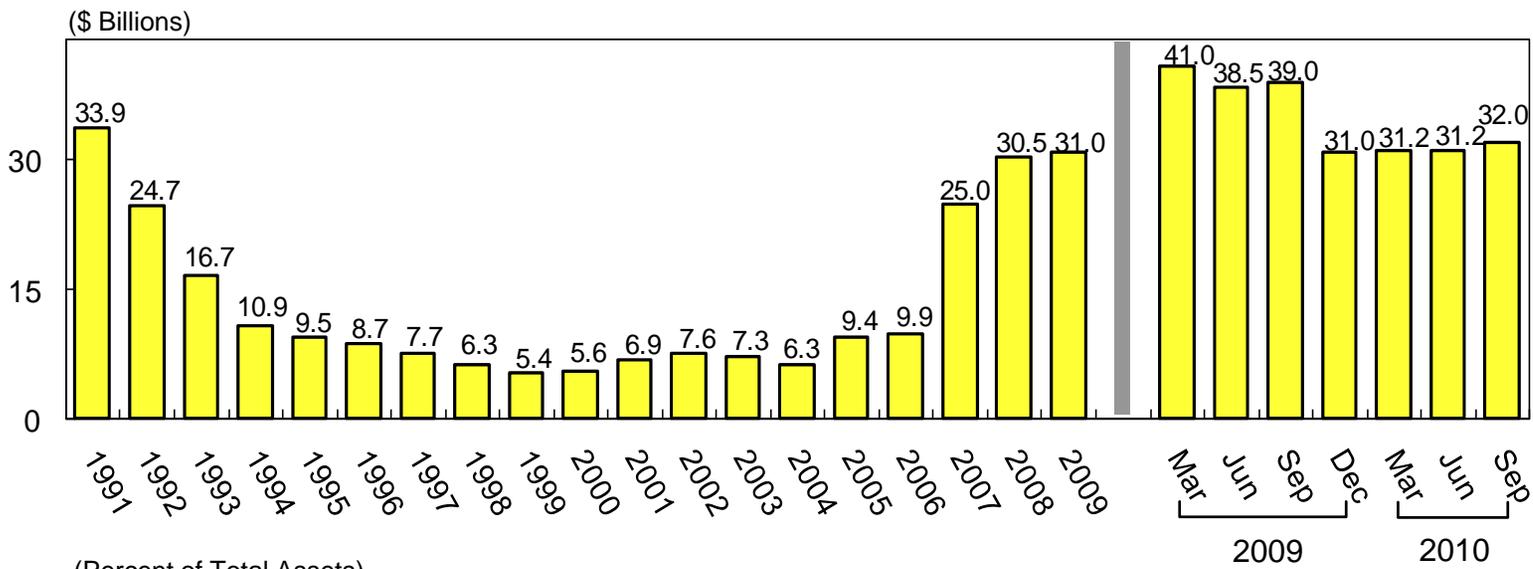
	Sep 2010		Jun 2010		Sep 2009		Growth Rates	
	\$ Bil	% TA	\$ Bil	% TA	\$ Bil	% TA	Sep '10	Sep '10
							Jun '10	Sep '09
							% Ann.	%
Total Assets	927.9	100.0	931.1	100.0	1,069.9	100.0	(1.4)	(13.3)
Total Loans	568.5	61.3	571.3	61.4	679.3	63.5	(1.9)	(16.3)
1-4 Family Mortgage Loans	323.9	34.9	327.2	35.1	419.4	39.2	(4.0)	(22.8)
Home Equity Lines of Credit	44.1	4.8	44.4	4.8	53.0	5.0	(3.0)	(16.8)
Construction & Land Loans	17.8	1.9	19.6	2.1	30.2	2.8	(37.1)	(41.0)
Multifamily Loans	30.7	3.3	30.4	3.3	33.9	3.2	3.9	(9.4)
Nonresidential Loans	66.9	7.2	67.2	7.2	70.4	6.6	(1.3)	(4.9)
Commercial Loans / Small Business	49.8	5.4	49.8	5.4	51.6	4.8	(0.2)	(3.5)
Consumer Loans	79.3	8.5	77.0	8.3	73.9	6.9	11.9	7.4
Allowance for Loan and Lease Losses	(11.1)	(1.2)	(11.7)	(1.3)	(13.8)	(1.3)	(20.5)	(19.6)
Repossessed Assets	4.7	0.5	4.3	0.5	5.1	0.5	36.1	(7.8)
Mortgage Backed Securities	146.8	15.8	143.0	15.4	137.1	12.8	10.6	7.1
Cash and Liquid Investments	108.1	11.6	109.7	11.8	115.6	10.8	(5.8)	(6.5)
Other Investment Securities	45.6	4.9	47.4	5.1	68.4	6.4	(15.2)	(33.3)
Total Liabilities and Capital	927.9	100.0	931.1	100.0	1,069.9	100.0	(1.4)	(13.3)
Total Liabilities	819.8	88.3	826.2	88.7	955.4	89.3	(3.1)	(14.2)
Total Deposits and Escrows	661.4	71.3	660.8	71.0	698.6	65.3	0.3	(5.3)
FHLBank Advances	80.1	8.6	83.3	8.9	130.4	12.2	(15.2)	(38.5)
Other Borrowings	63.3	6.8	67.5	7.2	109.5	10.2	(25.1)	(42.2)
Other Liabilities	15.2	1.6	14.8	1.6	17.5	1.6	11.4	(12.9)
Equity Capital	108.2	11.7	105.0	11.3	114.5	10.7	12.3	(5.5)

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



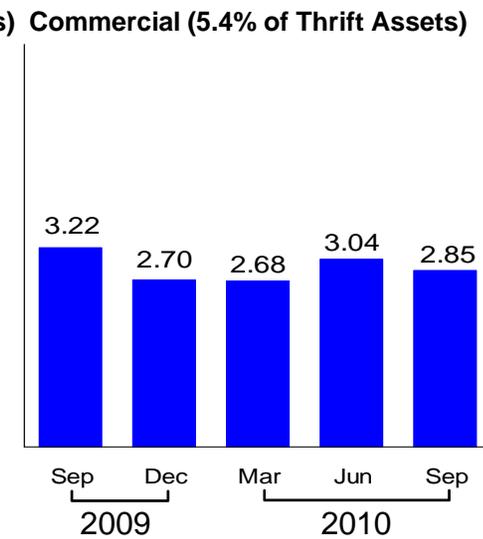
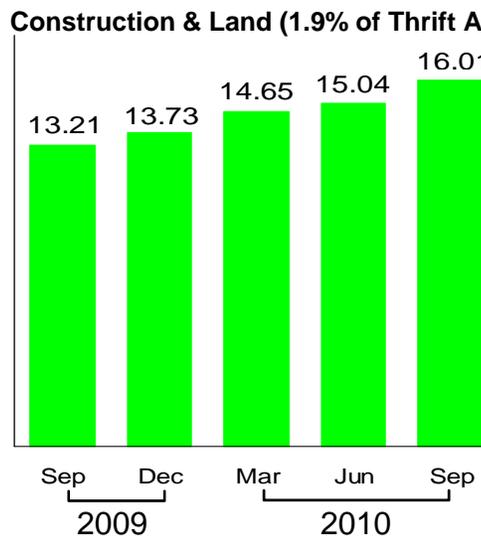
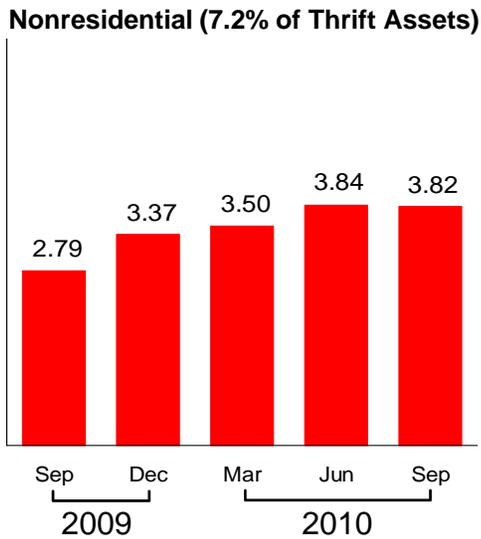
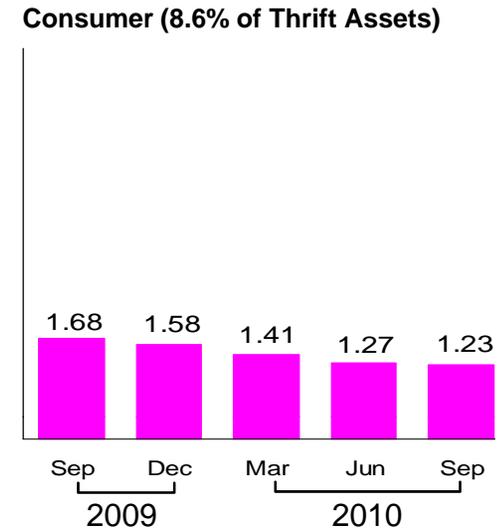
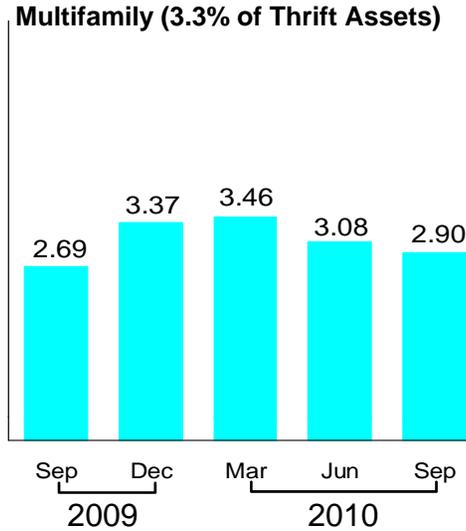
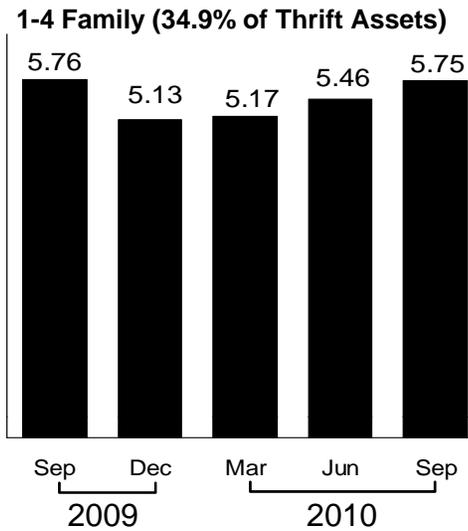
# TROUBLED ASSETS



Troubled Assets include noncurrent loans (90 days or more past due or in nonaccrual status) and repossessed assets.  
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# NONCURRENT LOANS – FIVE QUARTERS

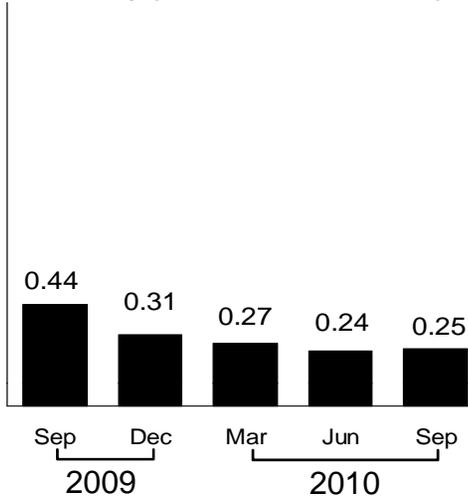
Percent of Loan Type



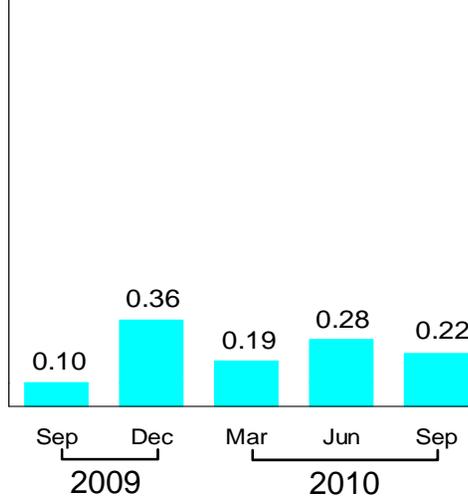
# NET CHARGE-OFFS

Percent of Loan Type

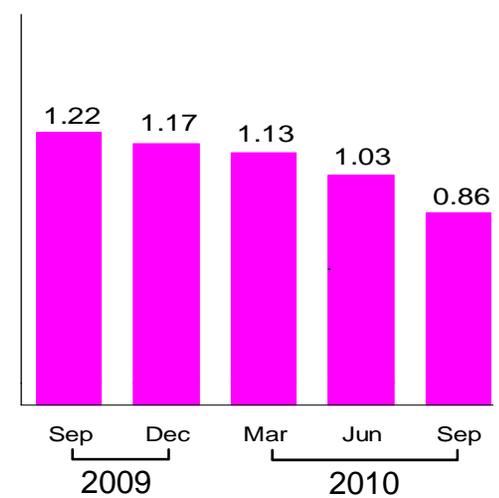
**1-4 Family (34.9% of Thrift Assets)**



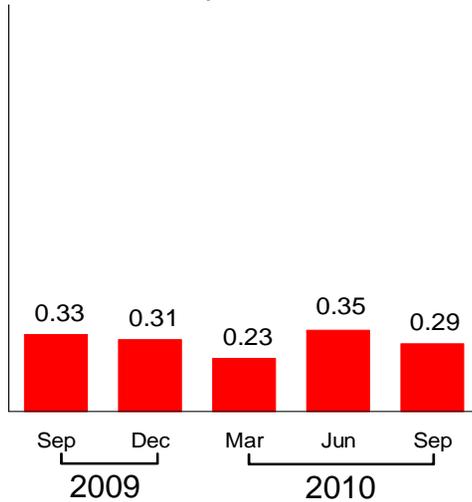
**Multifamily (3.3% of Thrift Assets)**



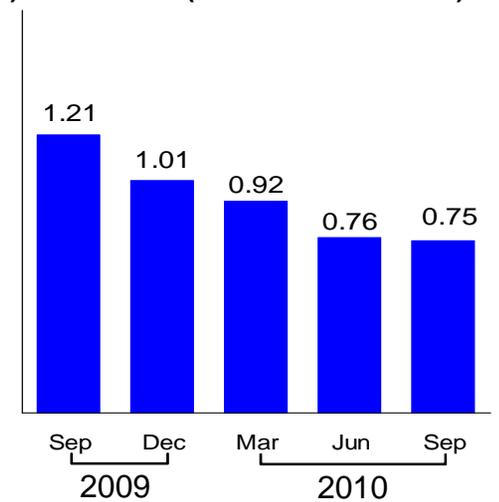
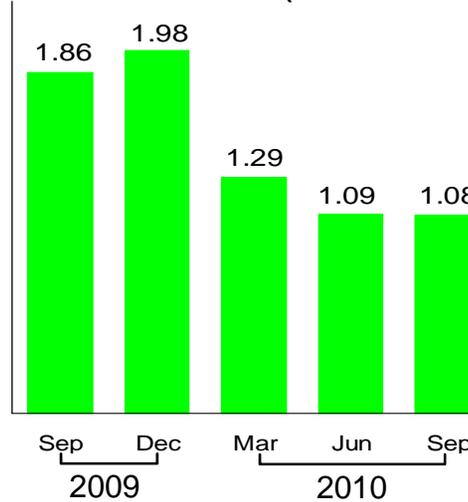
**Consumer (8.6% of Thrift Assets)**



**Nonresidential (7.2% of Thrift Assets)**



**Construction & Land (1.9% of Thrift Assets) Commercial (5.4% of Thrift Assets)**



# NUMBER OF PROBLEM THRIFTS

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

