



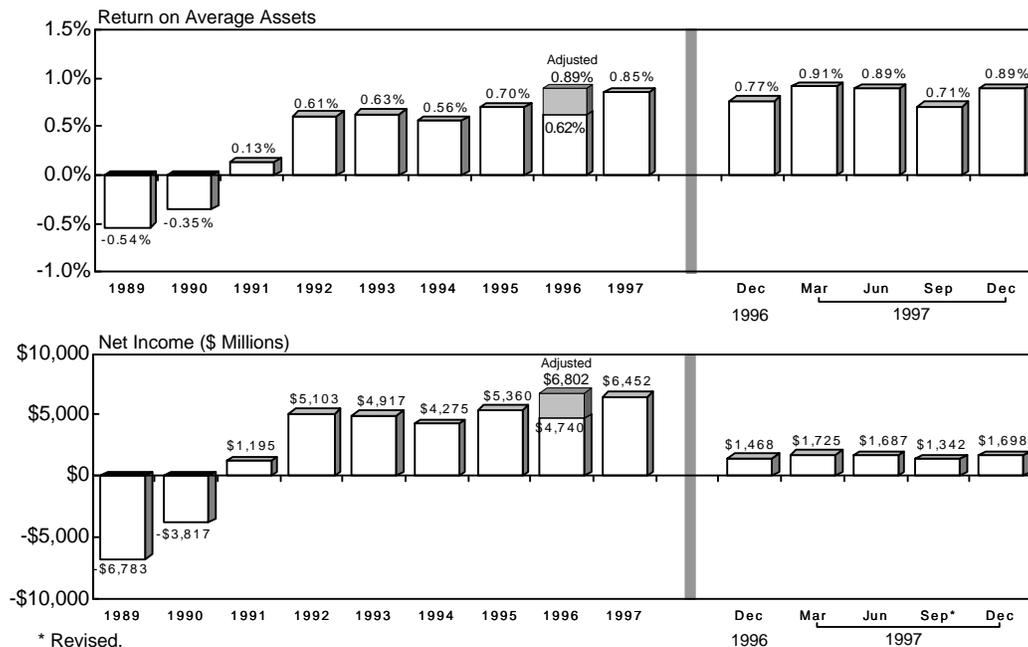
THE OTS-REGULATED THRIFT INDUSTRY FOURTH QUARTER 1997 HIGHLIGHTS

Office of Thrift Supervision / March 4, 1998

Thriffs Post Record Earnings in 1997

The OTS-regulated thrift industry set a yearly earnings record in 1997 posting net income of \$6.5 billion, including \$1.7 billion in the fourth quarter. 1997 earnings exceeded the previous yearly earnings record – \$5.4 billion in 1995 – by 20 percent. Record earnings were achieved despite large, one-time acquisition related charges, which were especially significant in the third quarter.

Earnings for 1997 exceeded actual 1996 earnings of \$4.7 billion, but were slightly lower than 1996 earnings adjusted for the SAIF special assessment. Our estimate of the industry's 1996 earnings excluding the after-tax special assessment expense of \$2.1 billion was \$6.8 billion. The chart below shows the annual levels of thrift industry earnings and return on average assets ("ROA") over the last nine years and the last five quarters.



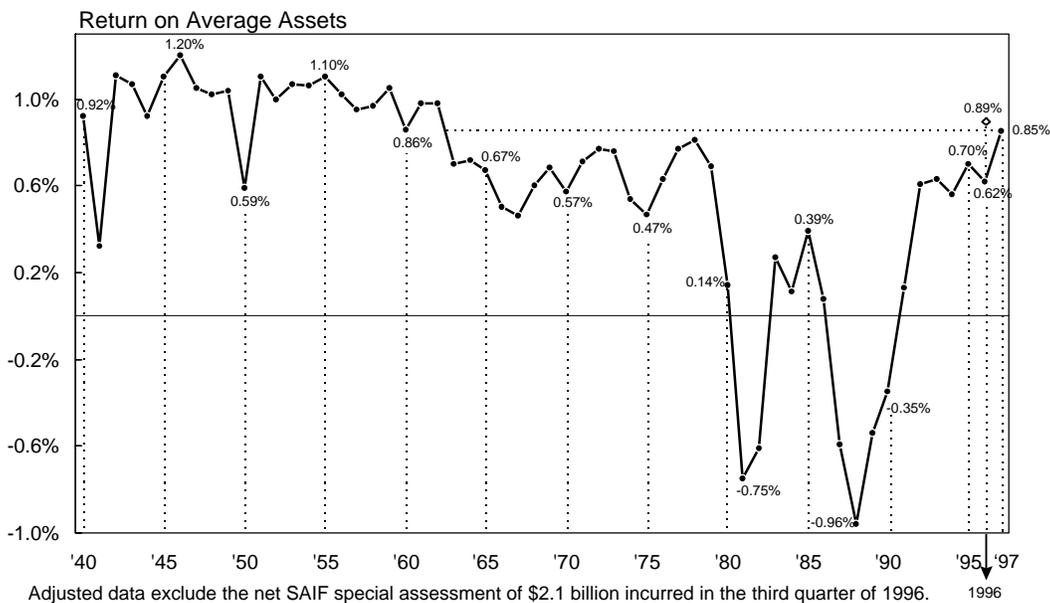
* Revised.

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

The industry's earnings have been strong since 1992. Annual earnings during the 1992-1997 period represent six of the nine most profitable years in the history of the thrift industry. Thrift earnings for the last two years have been especially strong, exceeding \$6 billion in both 1996 (adjusted for the SAIF special assessment) and 1997.

The industry's ROA for 1997 was 85 basis points. The industry's average ROA for 1997 and its estimated 1996 ROA (excluding the SAIF special assessment) of 89 basis points are significantly higher than the industry's average ROA for the 1992-1995 period of 63 basis points. Moreover, as shown in the chart, ROAs for 1996 and 1997 are the highest for the industry in the last twenty-five years. The thrift industry last earned comparable ROAs in 1962.



ROAs of larger thrifts (over \$1 billion in assets) improved significantly during the 1996-1997 period from 1992-1995 averages. Larger thrifts' ROAs for 1997 and 1996 (excluding the SAIF special assessment) averaged 87 percent stronger than their 1992-1995 average ROA of 52 basis points. Many of the larger thrifts are based in California and their improved earnings underscores the rebounding economy in that state. ROAs of thrifts with assets under \$1 billion also improved but less dramatically than for larger thrifts. The 1996-1997 average ROA for smaller thrifts increased 4.8 percent to 87 basis points from the 83 basis point average for the 1992-1995 period.

Higher Fee Income Has Bolstered Earnings

Higher fee income was the principal reason for the improvement in the industry's 1997 ROA relative to its 1992-1995 average. As shown in the following chart, fee income added 58 basis points to the industry's ROA in 1997, 71 percent higher than the 34 basis point average ROA contribution for 1992-1995. Other sources contributing to the improvement in recent thrift ROA included: 1) a 28 percent decline in provisions for loan losses, from the 1992-1995 average of 36 basis points to 26 basis points in 1997, reflecting continued improvement in asset quality, and 2) a slight reduction (6 basis points) in non-interest expense from the 1992-1995 average of 227 basis points to 221 basis points in 1997. The decline in non-interest expense reflects the reduction of deposit insurance premiums that became fully effective in 1997 and continued efficiency gains.

Components of ROA	Average 1992 - 1995	1997	Change
ROA	0.63%	0.85%	0.22%
Net Interest Margin	2.87%	2.87%	0.00%
Interest Income	7.00%	7.28%	0.28%
Interest Expense	4.14%	4.41%	0.27%
Provisions for Losses	0.36%	0.26%	-0.10%
Fee Income	0.34%	0.58%	0.24%
Non-Interest Expense	2.27%	2.21%	-0.06%
Taxes	0.36%	0.48%	0.12%
Other Non-Interest Income ⁽¹⁾	0.43%	0.35%	-0.08%
Extraordinary Items	-0.02%	0.00%	0.02%

Numbers may not sum due to rounding.

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

Partially offsetting these improvements were a rise in taxes and a reduction in "other non-interest income" – primarily gains on the sale of assets. The rise in taxes reflected, in part, the elimination of favorable tax treatment for bad debts in late 1996 and the expiration of net loss carryforwards at several large thrifts.

The large increase in thrifts' fee income was primarily due to growth in fee generating activities, including loan servicing, mutual fund sales, credit card lending, servicing checking accounts, and administering trust assets. For

example, the industry's aggregate portfolio of loans serviced for others increased 15 percent to \$448 billion at the end of 1997 from \$391 billion one year ago and was 49 percent higher than the average of \$300.5 billion for 1992-1995. Fee income from loan servicing added 12 basis points to industry ROA in 1997 and 1996, up from the 1992-1995 average of 8 basis points. Total mutual funds and annuities sold by thrifts climbed 8.4 percent to \$10.4 billion in 1997 from \$9.6 billion in 1996. Mutual fund and annuity sales by thrifts were \$9.3 billion in 1994, the first year such data were collected. Fees produced from these sales contributed \$316 million to income in 1997, up from \$294 million in 1996. Trust assets administered rose to \$139.1 billion at December 1997 from \$116.4 one year ago. Trust assets administered have risen significantly from the 1992-1995 average of \$9.4 billion.

Thrifts' net interest income in 1997 (287 basis points) was unchanged from the 1992-1995 average as increased interest income offset a rise in interest expense. Net interest income as a percent of average assets rose to 7.28 percent in 1997 from the 1992-1995 average of 7.00 percent. A general shift into direct lending away from lower yielding investment securities and increases in higher yielding consumer and commercial loans resulted in higher relative interest income. The shift into more direct lending has helped stabilize net interest margin despite a flattening yield curve and rising interest expense.

Interest expense increased to 4.41 percent of average assets in 1997 from the 1992-1995 average of 4.14 percent. The continued decline in deposits as a funding source contributed directly to this rise in interest expense. (As discussed in more detail later in this paper, deposits declined to an historic low as a funding source for thrifts in 1997, falling to 65.3 percent of assets.) Deposits have been replaced with higher costing Federal Home Loan Bank advances.

Core Income Reflects Strength of 1997 Earnings

Core income excludes from net earnings most one-time transactions – such as restructuring charges and gains or losses from sales -- that inflate or depress thrifts' typical earnings. We define core income as net interest income plus fee income, less overhead expenses, usually called "general and administrative expense", and estimated income taxes of 35 percent.¹ For 1997, core income reached a post-FIRREA peak of \$6.6 billion. This indicates that the industry's

¹ The estimated tax rate of 35 percent approximates the industry's average tax rate over the past five years. The one-time special assessment was excluded from overhead expense for 1996.

1997 earnings were fundamentally sound, reflecting permanent improvements rather than one-time or transitory gains.

Core ROA for 1997 rose to 87 basis points from 80 basis points in 1996, an increase of 9 percent. Core ROA for 1997 was also a post-FIRREA high, eclipsing the previous high points posted in 1996. The same primary factors that bolstered ROA between 1992-1995 and 1997 -- higher fee income and a slight improvement in overhead expenses -- also strengthened core ROA.

Improvements in operating efficiency and thrifts' capacity to generate earnings also contributed to the rise in core earnings. One measure of operating efficiency is the ratio of general and administrative expense to the net interest income and fee income. This "overhead ratio" measures the percentage of gross core earnings consumed by general and administrative expense, a lower ratio indicating more efficient operations. The industry's operating efficiency ratio continued to improve in 1997 declining 2.5 percent from 62.8 percent in 1996 to 61.2 percent in 1997². Since 1990, the thrift industry's operating efficiency has improved dramatically, as the overhead ratio declined 28.3 percent from its 1990 level of 85.4 percent.

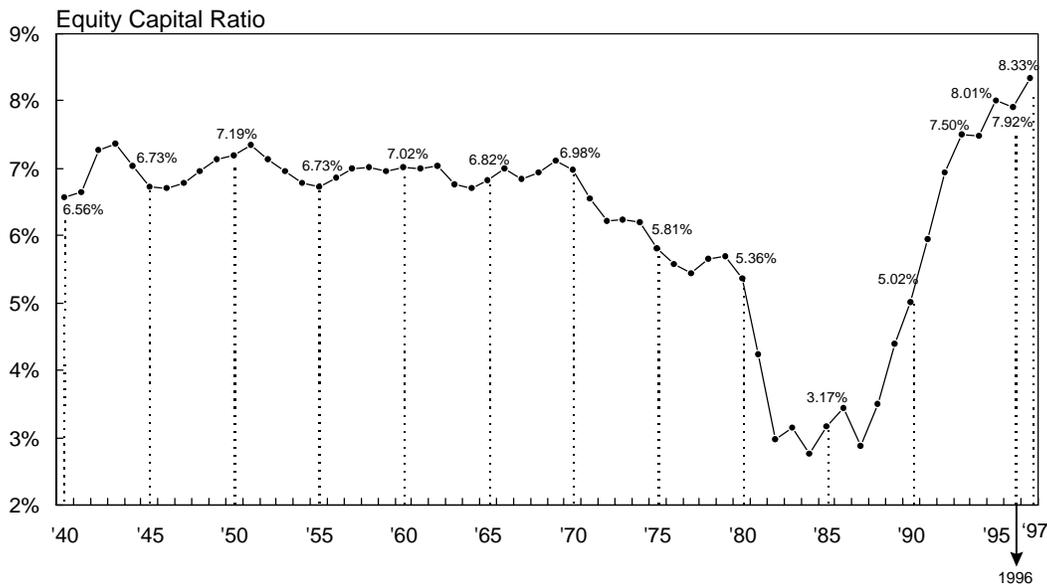
Thrifts have also continued to increase their ability to generate earnings by increasing their ratio of interest earning assets to interest costing liabilities ("earnings efficiency ratio"). The industry's earnings efficiency ratio was 107.1 percent as of December 31, 1997 up slightly from 105.8 percent a year ago. The earnings efficiency ratio for 1997 is significantly improved from the 1990 ratio of 95.9 percent. The improvement is primarily due to lower levels of non-earning assets, such as repossessed assets, re-deployment of funds from cash and non-earning assets into loans, and higher levels of capital. The increased earnings efficiency ratio has helped stabilize net interest income despite a flattening yield curve.

Capital Levels Remain Strong

The equity capital ratio for the industry (capital calculated using Generally Accepted Accounting Principles compared to total assets) climbed to a record 8.33 percent in the fourth quarter, breaking the prior record of 8.18 set in the third quarter.

² Our definition of operating efficiency differs from that used by the FDIC for the commercial banking industry. In general, using the FDIC definition of operating efficiency results in more favorable ratios.

As shown in the chart below, the thrift industry maintained an average equity capital ratio of approximately 7 percent for thirty years from 1940 through 1970. The capital ratio dipped through the 1970s to just over 5 percent in 1980. Historically high interest rates and inflation decimated thrifts' earnings and capital in the early 1980s causing the capital ratio to drop to approximately 3 percent. After a short-lived recovery in the mid-1980s, thrifts' capital was rocked again in the late 1980s, this time by credit losses. With the closure of weak thrifts in the early 1990s the industry's capital position strengthened rapidly. The steep rise in the industry's capital ratio as weak thrifts were being closed highlights the dichotomy among thrifts – weak versus strong – that existed during that time.



By 1990, the industry's capital ratio had returned to 5 percent, a level meeting current "well-capitalized" standards. By 1993, the industry's capital ratio rose above 7 percent. Since 1995, the equity capital ratio has averaged in excess of 8 percent – 60 percent above the well-capitalized level. (The slight dip in the industry's capital ratio in 1996 reflects the payment of the SAIF special assessment during the third quarter of that year.)

The industry's fourth quarter tier 1 leverage capital ratio of 7.59 percent was also a record exceeding the previous high of 7.56 percent set in June 1996. (June 1996 was the quarter just prior to thrifts' large SAIF special assessment expense.) Similarly, thrifts' tangible equity ratio set a record in the fourth quarter rising to 7.58 percent of adjusted tangible assets from 7.48 percent in the prior quarter. The previous record thrift tangible equity capital ratio was 7.56 percent, also set in June 1996.

Thrifts' risk-based capital ratio rose in the fourth quarter to 14.59 percent of total risk-weighted assets from 14.49 percent in the third quarter. Unlike the other capital measures, however, thrifts' fourth quarter risk-based capital ratio was not a record. The industry's record risk-based capital ratio stands at 15.17 percent set in March 1996. The slight decline in risk-based capital from record levels reflects changes in the composition of thrifts' assets away from investment securities and into direct lending. Despite the slight decline from record levels, industry's risk-based capital ratio remains considerably higher than the level needed for well-capitalized status – 10 percent.

Reflecting the industry's strong capital levels, virtually all thrifts (97.4 percent) met or exceeded well-capitalized standards at the end of 1997. More than 90 percent of the industry has met or exceeded well-capitalized standards for the last 18 consecutive quarters. Despite the large SAIF special assessment expense, more than 95 percent of thrifts have met or exceed well-capitalized standards for the last 10 quarters.

As of the end of 1997, only 31 thrifts (2.6 percent of thrifts) were adequately capitalized; one thrift was undercapitalized.

The Number and Assets of Problem Thrifts Reach Post-FIRREA Lows

Problem thrifts, those with CAMEL ratings of "4" or "5" on their most recent safety and soundness examination, fell to 18 – 1.5 percent of all thrifts – in the fourth quarter from 23 (1.9 percent) in the third quarter, and 29 (2.2 percent) one year ago. Aggregate assets of problem thrifts fell to \$1.6 billion or 0.2 percent of industry assets, from \$1.8 billion (0.2 percent) last quarter and \$5.4 billion, or 0.7 percent of total industry assets one year ago.

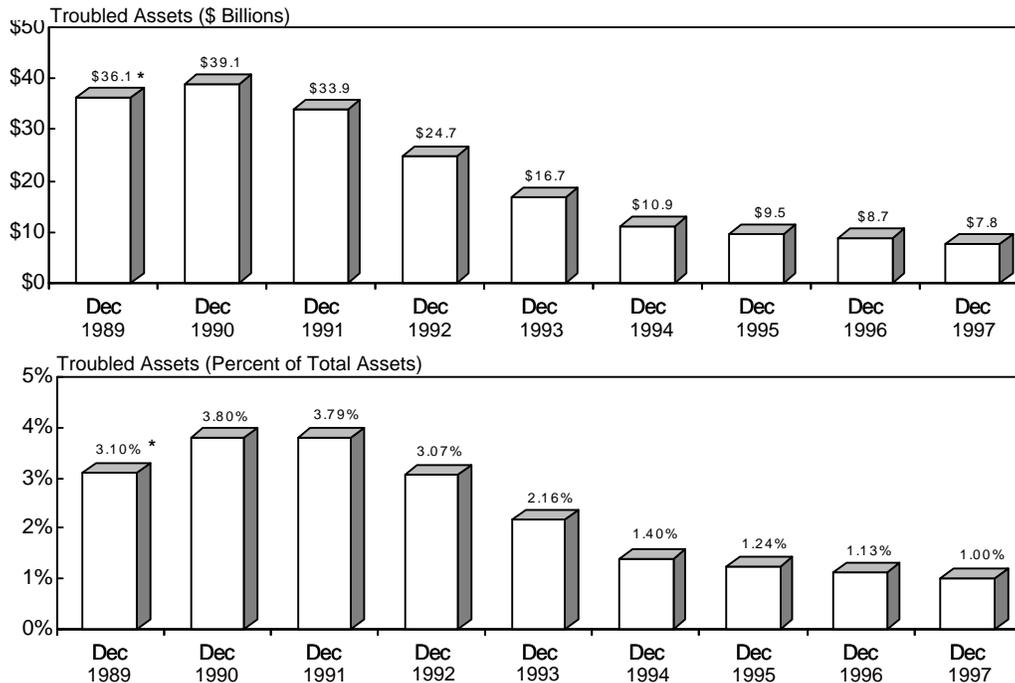
The number of problem thrifts, and their combined assets, are currently at post-FIRREA lows. Not only are there fewer problem thrifts, but their financial condition is also much stronger than that of problem thrifts in the early 1990s. For example, problem thrifts at the end of 1997 had, as a group, an average equity capital ratio of 7.49 percent. In contrast, problem thrifts at the end of 1991 had average equity capital of 3.34 percent.

Troubled Assets Fall to Lowest Measured Level

As of the end of 1997, troubled assets were at the lowest level since 1990 when this measure of asset quality was first used in the thrift industry.³ The

³ Thrifts' troubled assets are the sum of noncurrent loans and repossessed assets. Noncurrent loans measure loans that are seriously delinquent and are defined as those loans 90 days or more past due plus loans in non-accrual status.

industry's troubled assets of \$7.8 billion in the fourth quarter were down from \$8.2 billion in the prior quarter. The ratio of troubled assets to total assets fell to 1.00 percent from 1.08 percent over the same period. As shown in the chart below, troubled assets were \$8.7 billion or 1.13 percent of total assets one year ago.



* Estimated.

Troubled Assets include noncurrent loans and repossessed assets.
Data after 1995 are net of specific valuation allowances.

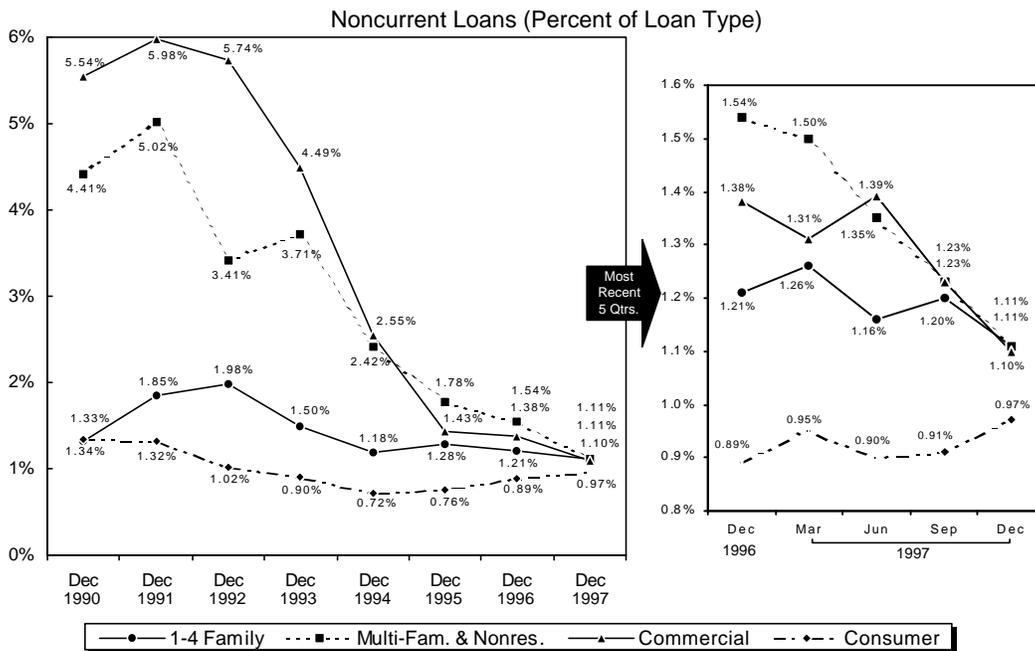
The industry's total troubled assets and troubled asset ratio are significantly affected by the two "workout specialist" thrifts. These thrifts purchase already delinquent loans at a discount and hold them temporarily while performing loan workouts, i.e. curing the delinquencies. Hence, a large portion of these thrifts' assets are, by definition, troubled. Together, these two thrifts held \$1.2 billion in troubled assets at the end of 1997 – approximately 16 percent of the industry's total troubled assets. Excluding these two thrifts, the industry's troubled assets ratio was 0.84 percent at December 1997 and 1.02 percent one year ago.

The reduction in troubled assets was due to declines in both repossessed assets and noncurrent loans. Repossessed assets fell to \$1.8 billion, or 0.23% of total assets at December 1997 from \$1.9 billion (0.25 percent) last quarter, and \$2.1 billion (0.28 percent) one year ago.

Noncurrent loans also declined but their quarterly levels fluctuated throughout 1997 largely due to the timing of loan purchases and sales by the workout specialist thrifts. Noncurrent loans declined to \$5.9 billion, or 0.77 percent of total assets at the end of 1997 from \$6.3 billion (0.83 percent) in the third quarter. Noncurrent loans peaked at \$6.7 billion (0.88 percent) in the first quarter of 1997. At the end of 1996, noncurrent loans were \$6.6 billion (0.85 percent).

Noncurrent Consumer Loans Increase – Other Noncurrent Loans Decline

The chart below presents thrifts' noncurrent loan rates for four major types of thrift loans: single-family mortgages, consumer loans, commercial loans, and multi-family and non-residential mortgage loans. The portion of the chart on the left presents thrifts' noncurrent loan rates for year-end 1990 through 1997. The portion of the chart to the right presents the noncurrent loan rates for the most recent five quarters.



Data after 1995 are net of specific valuation allowances.

The noncurrent loan rates for most of thrifts' major loan types have trended downward since the early 1990s. The noncurrent loan rates for the industry's single-family mortgages; commercial loans; and multi-family and non-residential mortgage loans, are all at eight year lows.

The exception was the noncurrent rate for consumer loans. Although the noncurrent consumer loan rate for 1997 is lower than the 1990 rate, the rate has risen since 1994 when the noncurrent consumer loan rate reached an eight year low of 0.72 percent. At the end of 1997, the noncurrent consumer loan rate increased to 0.97 percent from 0.91 percent in the prior quarter and from 0.89 percent one year ago. Despite the continued rise, the noncurrent consumer loan rate was lower than other thrift noncurrent loan rates and was still below levels in the early 1990s.

At the end of 1997, the noncurrent loan rates for multi-family/non-residential mortgages fell to 1.11 percent and commercial loans fell to 1.10 percent of their respective loan types from 1.23 percent in the third quarter. One year ago, the noncurrent loan rate for multi-family and non-residential mortgages was 1.54 percent; for commercial loans 1.38 percent. The noncurrent single-family mortgage loan rate was 1.11 percent at the end of 1997, a decline from 1.20 percent in the prior quarter and from 1.21 percent one year ago.

Noncurrent Rate Highest for Credit Card Loans

Beginning in the first quarter of 1997, detailed delinquency data was available for each thrift consumer loan type. Noncurrent loan rates rose from March 1997 to December 1997 for all consumer loan types except for home equity loans. The rise in noncurrent consumer loan rates had only a minor impact on thrifts' troubled assets ratio due to the relatively small amount of consumer loans held by thrifts. At the end of 1997, total consumer loans represented 5.8 percent of thrift assets. Auto loans were the largest consumer loan type held by thrifts (1.54 percent of assets), followed by credit card loans (1.24 percent).

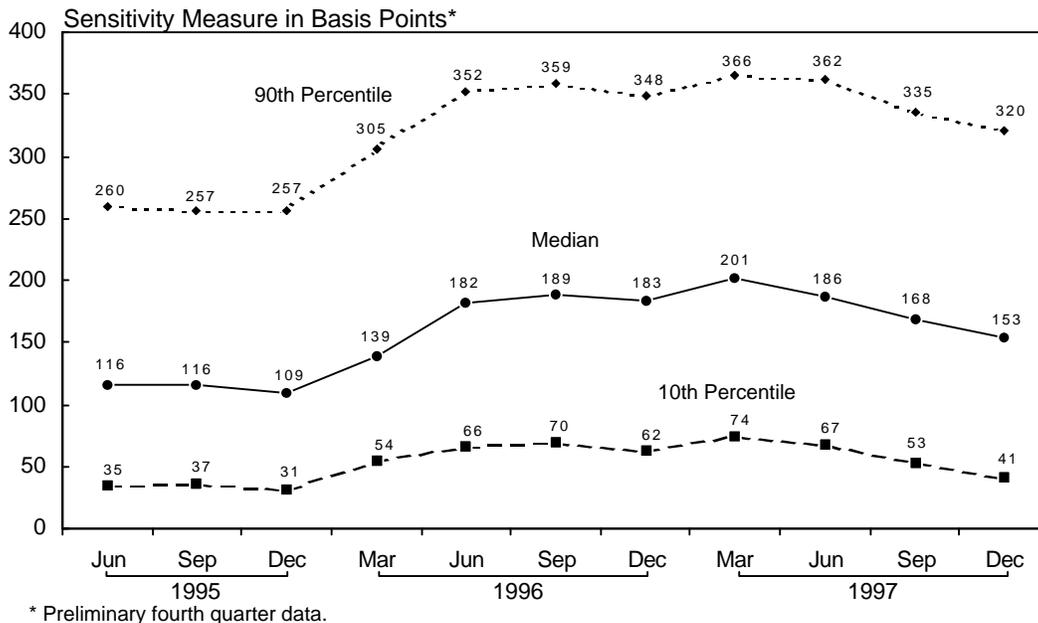
Credit card loans had the highest noncurrent rate of all types of thrift consumer loans as of the end of 1997. As of December 1997, the noncurrent loan rate for credit cards was 1.77 percent, an increase from 1.68 percent at March 1997. Education loans had the next highest noncurrent rate -- 1.67 percent at the end of 1997 -- a rise from 1.47 percent from the first quarter. Other types of thrift consumer loans and their noncurrent loan rates at the end of 1997 and the first quarter were as follows: home improvement loans (0.90 percent, 0.74 percent); auto loans (0.80 percent, 0.65 percent); loans secured by deposits (0.55 percent, 0.43 percent); home equity loans (0.54 percent, 0.55 percent); and mobile home loans (0.47 percent, 0.38 percent).

The rise in noncurrent consumer loans despite an overall strong economy warrants particular attention. Moreover, average consumer loan charge-off rates have risen from 26 basis points in 1995, 34 basis points in 1996, and 45 basis points in 1997, mirroring the increase in noncurrent consumer loan rates.

Charge-off rates are an especially important indicator of asset quality for uncollateralized consumer loans. Charge-offs occur when a loan or portion of a loan becomes uncollectible. The rise in noncurrent consumer loans together with increased charge-off rates should be monitored closely especially as thrifts diversify their loan portfolio.

Sensitivity Measure Improves – Still Above 1995 Levels

OTS uses its Interest Rate Risk Model (“OTS model”) to monitor thrifts’ interest rate risk. The OTS model measures the change in a thrift’s economic value (the net present value (“NPV”) of its current net worth) due to changes in interest rates. The decline in a thrift’s economic value (measured as a percentage change from a 200 basis point movement in interest rates) reflects the sensitivity of the thrift to interest rate changes. The resulting economic value after the change is the “post-shock NPV” of the thrift and reflects the ability of the thrift to absorb or withstand future interest rate changes.



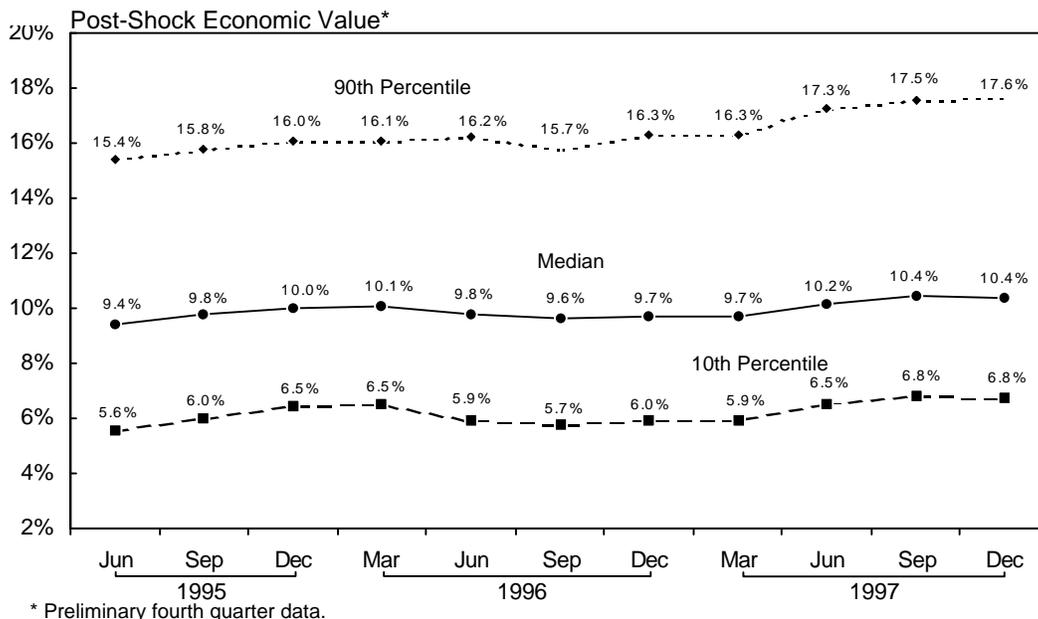
The industry’s median sensitivity measure improved in the fourth quarter of 1997, falling 9 percent to 153 basis points from 168 basis points in the prior quarter. The median sensitivity was 183 basis points one year ago. Despite the recent decline, the median sensitivity measure at the end of 1997 remained above 1995 levels.

The sensitivity measure showed greater fourth quarter improvement at thrifts with the most sensitivity to interest rate movements – those in the 90th percentile. The sensitivity measure for this group of thrifts dropped 4.5 percent to 320 basis points at the end of 1997 from 335 basis points in the prior quarter.

Strong Capital Allows Thrifts to Absorb Rate Shocks

Because a low post-shock NPV for a thrift indicates significant exposure to further interest rate changes, current OTS policy has established a 4 percent threshold for post-shock NPVs. Thrifts with post-shock NPVs below that level are an immediate supervisory concern.

Strong capital has allowed thrifts to absorb projected interest rate shocks and still have very solid NPV. Thrifts' fourth quarter median post-shock NPV measure was at 10.4 percent, unchanged from the prior quarter but up from 9.7 percent at the end of 1996. Even thrifts with the lowest amounts of post-shock NPV – those in the 10th percentile – had post-shock NPV of 6.8 percent at the end of 1997. This was unchanged from the third quarter and up from 6.0 percent at the end of 1996. Most importantly, these levels were well above the 4 percent threshold for supervisory concern.



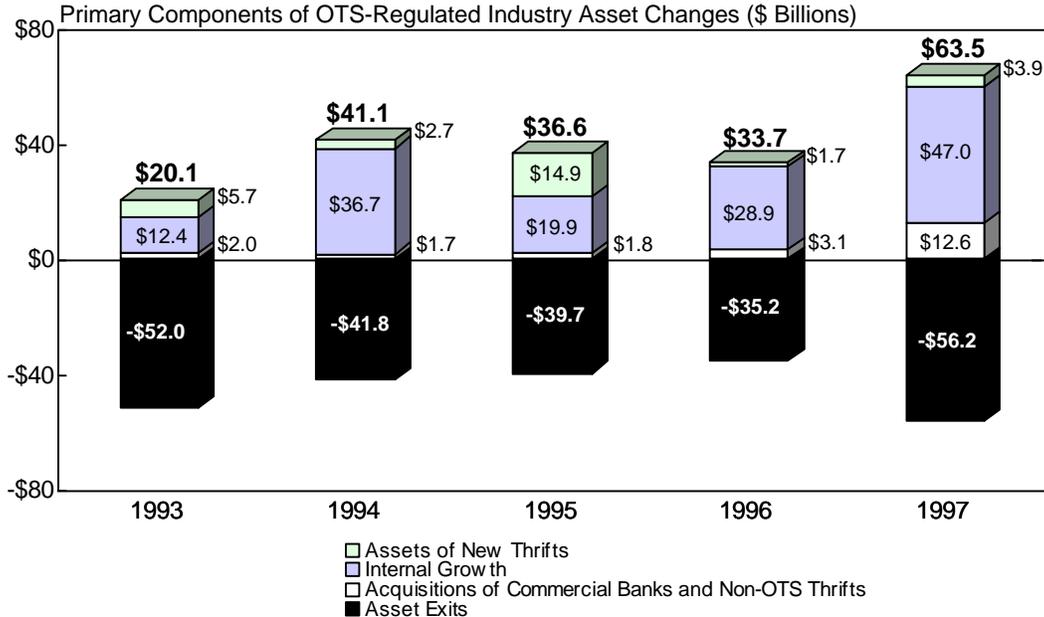
Consolidation Continues in the Thrift Industry

The number of thrift institutions regulated by OTS has continued to decline and fell to 1,215 at the end of 1997. This represented a decline of 454 -- 27 percent -- from the 1,669 thrifts regulated by OTS at the end of 1993. The vast majority of this decline reflects the continued consolidation that is reducing the number of both thrifts and banks. There were no thrift failures in 1997. The last year there were no thrift failures was 1959. In 1996, only one thrift failed.

Two distinct consolidation trends reduced the number of OTS-regulated thrifts since 1993. For 1993 and 1994, the majority of thrift exits were due to mergers among thrifts and conversions of OTS-regulated thrifts to state chartered savings banks. Such "intra-industry" consolidation accounted for 61 percent of the total exits of thrifts during this period. In contrast, "inter-industry" consolidation (bank acquisitions of thrifts and thrift conversions to commercial banks) was the primary source of thrift exits from 1995 through 1997. Moreover, inter-industry consolidation as a percent of total thrift exits has climbed over this time period -- 48 percent and 47 percent for 1995 and 1996, respectively to 65 percent in 1997.

Although the number of thrifts declined substantially over the past three years, aggregate OTS-regulated industry assets remained fairly stable since 1993 hovering around \$770 billion. For the year, aggregate thrift assets grew by slightly more than one percent in 1997 -- the first year that aggregate thrift assets have increased since 1988. The relative stability of the industry's assets during the last four years in the face of significant declines in the number of thrifts reflects strong underlying asset growth by remaining thrifts. The chart on the following page presents the primary components of the industry's asset changes from 1993 through 1997.

As shown in the chart, both asset growth and exits in 1997 were the highest of the five year period presented. A total of \$56.2 billion in assets left the OTS-regulated thrift industry, an increase of 60 percent from \$35.2 billion in exits in 1996 and 33 percent higher than the \$42.2 billion average exits for 1993 through 1996. The increase in asset exits in 1997 was primarily due to commercial bank acquisitions of several large thrifts.



Total industry asset growth by remaining thrifts generally offset asset exits since 1993. The primary components of asset growth -- internal growth, assets from acquired commercial banks and non-OTS thrifts, and assets of de novo thrifts. Internal asset growth excludes asset growth attributable to the acquisition of another OTS-regulated thrift. As shown in the chart, internal asset growth in 1997 rose to \$47 billion, or 6.1 percent of beginning year assets, from \$28.9 billion (3.7 percent) in 1996.

Assets from acquired commercial banks and non-OTS thrifts jumped to \$12.6 billion in 1997 from \$3.1 billion in 1996. Since 1993, 1997 was by far the most active year for OTS-regulated thrifts acquiring banks and non-OTS thrifts.

Assets of new OTS-regulated thrifts also increased industry assets. Newly chartered thrifts increased industry assets by \$3.9 billion during 1997, up from \$1.7 billion in 1996. The leap in assets from newly chartered thrifts was attributable to the conversion of two large existing state-chartered savings bank/commercial banks to a federal thrift charter. Conversions of existing entities to federal thrifts in 1997 accounted for \$3.5 billion (90 percent) of the \$3.9 billion in total assets added from new entrants. In contrast, the assets of start-up thrifts are quite small. For 1997, the average asset size of start-up thrifts was just \$13.6 million. For the 1993-1997 period, assets of newly chartered

thrifts were highest in 1995 -- \$14.9 billion, reflecting, as in 1997 several conversions of existing banks or savings banks to federal thrift charters.

Thrifts Increase Direct Lending and Diversify Loan Portfolio

Over the past four years, the thrift industry has increased direct lending to consumers and small businesses while continuing their mortgage specialist role, particularly for single-family mortgages. Although total industry assets remained fairly stable between 1993 and 1997, increasing 0.1 percent on an average annualized basis, its asset portfolio changed as single-family mortgages, consumer loans, and small business/commercial loans replaced investment securities. The chart below presents the dollar changes and average annualized growth rates of major assets in the industry's portfolio between 1993 and 1997. (1993 is used as a base for trend comparisons since industry assets have remained relatively stable during the four year period 1993-1997.)

	December 1993	December 1997	December 1993 to December 1997	
			Change	Average Annualized Growth Rates
Total Assets	\$774.8	\$776.6	\$1.8	0.1%
Total Loans	503.7	539.7	36.0	1.7%
1-4 Family Mortgage Loans	354.8	390.8	36.0	2.4%
Construction Loans	12.7	11.3	-1.4	-2.9%
Other Mortgages	95.7	81.2	-14.5	-4.0%
Sm. Business / Commercial Loans	5.2	11.5	6.3	21.9%
Consumer Loans	35.4	44.9	9.5	6.1%
Mortgage Pool Securities	119.5	103.8	-15.7	-3.5%
Investment Securities	108.6	85.1	-23.5	-5.9%

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.

Small business/commercial loans were the fastest growing loans in the industry's aggregate portfolio over the period. Small business/commercial loans rose at an average annualized rate of 22 percent over the four year period, increasing from \$5.2 billion at the end of 1993 to \$11.5 billion as of December 31, 1997. This growth reflects both the increase in the number of thrifts offering such loans, the increased emphasis on small business/commercial lending, and thrifts' acquisitions of commercial banks.

Consumer loans rose at an average annual rate of 6.1 percent, increasing to \$44.9 billion at the end of 1997 from \$35.4 billion four years earlier. Within the consumer loan category, the fastest growing loans over the four year period were, by far, auto loans. Auto loans increased \$5.4 billion, or an average annual

rate of 16.3 percent, accounting for 57 percent of the total \$9.5 billion rise in consumer loans over the four year period. Most of this large increase in auto loans was due to the purchase of an auto lending business and an acquisition of a large portfolio of auto loans. Other consumer loan with significant increases during the four year period were closely related to residential home lending, including: mobile home loans (\$1.5 billion, 11 percent average annual rate), home improvement loans (\$1.0 billion, 11.4 percent), and home equity loans (\$0.7 billion, 2.7 percent). The industry experienced little growth, or slight declines, in all other consumer loans. (Credit card loans increased slightly to \$9.6 billion in 1997 from \$9.2 billion in 1993. However, two thrifts had significant sales of credit card loans in the fourth quarter of 1997 that reduced the end of year balance.)

Single-family mortgages remain the primary asset held by thrifts. As of December 31, 1997 single-family mortgages represented 50.3 percent of industry assets, an increase from 49.9 percent at the end of 1996 and 45.8 percent four years ago. Although the industry has consistently held the majority of its assets in single-family mortgages and mortgage-backed securities, 1997 marked the first time since 1983 that the industry held the majority of its assets in direct single-family mortgages.

The composition of thrifts' 1997 single-family mortgage portfolio is quite different from that of the early 1980s, however. The industry's 1997 single-family mortgage portfolio is more diversified and less interest rate sensitive than in the early 1980s. Adjustable rate mortgages ("ARMs") represented 65.1 percent of industry's single-family mortgages and thirty-year fixed rate mortgages 18.1 percent, at the end of 1997. In stark contrast, just 5.8 percent of the industry's single-family loans were in ARMs at the end of 1980 -- 94.2 percent in long-term fixed-rate mortgages. Thrifts' 1997 single-family loan portfolio was further diversified into 15-year mortgages (11.7 percent of single-family loans) and balloon mortgages (5.1 percent).

The proportion of thrifts' single-family mortgages held in ARMs at the end of 1997 was down slightly from 65.8 percent one year ago, but up from 60.2 percent at December 1993. The slight decline in the industry's proportion of ARMs in 1997 from 1996 was partly attributable to the acquisition of two large mortgage banking firms in the fourth quarter of 1997 whose business concentrated on the origination of long-term fixed-rate mortgages that are easily sold in the secondary market. These acquisitions accounted for over 20 percent of the increase in total thrifts' holdings of long-term fixed-rate mortgages at the end of 1997. Although the percent of long-term fixed rate mortgages in thrift mortgage portfolios increased slightly from 16.1 percent one year ago, the 1997

proportion of long-term fixed-rate mortgages was still below the 1993 level of 18.6 percent.

Fifteen-year and balloon mortgages comprise the remainder of the industry's residential mortgage loans and represented 7.2 percent and 3.1 percent of industry assets, respectively, at the end of 1997. In 1996, 15 year fixed-rate mortgages were 7.9 percent of industry assets and balloon mortgages 3.3 percent. The decline in these two loan types during 1997 was attributable to the purchase of the two large mortgage banking firms at the in 1997.

Deposits Continue to Decline as a Funding Source

Assets funded by insured deposits (those under the federal deposit insurance limit, currently \$100,000) dropped to an all time low of 54.9 percent at December 1997 from the prior low of 58.4 percent one year ago. This continues the downward trend of insured deposits as a funding source for thrifts that began most recently in 1992. (Prior to 1992, the long downward trend in insured deposits' share of total thrift funding since the mid-1970's had been briefly interrupted from 1987 to 1992.) The current decline in insured deposits is attributable to several factors including: the strong performance of the stock market; increased popularity of mutual funds; and the rise in tax deferred employer savings plans/401(k) programs.

The continued decline in deposits has been especially acute in certificates of deposits ("CD") with original maturities of more than three years. These longer-term CDs fell to 5.3 percent of thrift assets at the end of 1997 from 6.3 percent a year ago and 8.3 percent in 1993. Significant erosion also occurred in passbook accounts which have fallen to 8.2 percent of thrift assets at December 1997 from 8.4 percent one year ago and 12.1 percent at the end of 1993. Interest-bearing transaction accounts (money market deposit accounts and interest-bearing demand deposits) fell slightly to 12.1 percent of thrift assets in 1997 from 12.4 percent in 1996. These accounts have fallen more significantly, however, from 15.9 percent in 1993.

Shorter-term CDs (original maturities under three years) as a percent of assets have fluctuated between 35 percent and 37 percent for the five year period 1993 through 1997. For this same period, escrow accounts have averaged 0.8 percent of thrift assets. Non-interest bearing checking accounts, while still a relatively minor funding source for thrifts, have risen steadily since 1993 reaching 2.8 percent of thrift assets at the end of 1997.

Thrifts have replaced insured deposits as a funding source with uninsured deposits (deposits with balances over the federal deposit insurance limits) and

borrowings, primarily Federal Home Loan Bank ("FHLB") advances. Total borrowings, including reverse repurchase agreements and other borrowings as well as FHLB advances, funded 23.8 percent of the industry's assets at December 1997, up from 22.5 percent at the end of 1996 and 15.5 percent in 1993. FHLB advances rose to record usage by thrifts (15.3 percent of assets) in 1997 from 13.4 percent one year ago and 9.8 percent in 1993. Although these large deposits and FHLB advances impose higher interest costs on thrifts, they can provide a possible advantage by allowing thrifts to lengthen the maturity of their liabilities and thereby reduce their sensitivity to interest rate changes.

Uninsured deposits increased to 10.48 percent of assets at the end of 1997 from 9.23 percent one year ago. The peak usage of uninsured deposits (11.51 percent) occurred in 1984 and generally trended down until 1994 reaching 7.84 percent of assets. Uninsured deposits as a funding source have risen each year since 1994.

Challenges for Thrifts in 1998

With record earnings, record low troubled assets, and record capital, the thrift industry is in very sound financial condition. Thrift managers have taken advantage of the generally favorable economic conditions over the past five years to strengthen their institutions. Notwithstanding the industry's solid financial condition, there are several major areas that require continued attention from thrift managers and regulators in 1998.

Prudent Expansion of Assets

The industry has been successful to date in maintaining a stable net interest margin in the face of a flattening yield curve (narrowing interest spreads) by expanding its direct lending, reducing troubled assets and diversifying into higher yielding loan products. As previously noted in this report, consumer and commercial loans were thrifts' fastest growing loans between 1993 and 1997. This expansion has allowed thrifts to maintain interest income growth while better meeting the needs of their communities. A key challenge for the industry will be its ability to continue to respond to growing economic pressures with efficiency improvements and prudent loan expansion.

"Keep an Eye on the Future"

Economic conditions and consumer demand change. The current flat yield curve will change with interest rate changes. Consumer preferences will most likely shift to new loan and investment products. Preferences for the delivery of

products will also likely change. The very favorable economic conditions enjoyed over the past seven years cannot go on forever.

Many times "the future" seems only as far as the next quarterly results. However, the operational impacts from longer-term, as well as possible unexpected, changes must be assessed. Such assessments should be continually incorporated into lending and investment decisions.

Year 2000 System Conversion Issues

One of the most time critical challenges in 1998 facing the industry is ensuring systems utilized in all operations are converted to adequately and accurately deal with the year 2000 ("Y2K"). Costs will be incurred in remedying the Y2K issue. However, the costs of not remedying this issue – lawsuits; borrower/depositor dissatisfaction; and costs to correct errors to name a few – would dwarf the costs to resolve the Y2K issue in a timely manner.

THE OTS-REGULATED THRIFT INDUSTRY
SELECTED INDICATORS
(Dollars in Billions)

		3-MONTHS ENDED							
		1993	1994	1995	1996	ADJ.	1997	SEP.	DEC.
		----	----	----	----	1996 (1)	----	1997	1997
		----	----	----	----	----	----	----	----
SUMMARY DATA:									
Number of Thrifts	(#)	1,669	1,543	1,437	1,334		1,215	1,238	1,215
Total Assets	(\$)	774.77	774.07	770.98	769.37		776.63	762.80	776.63
Net Income	(\$)	4.92	4.28	5.36	4.74	6.80	6.45	1.34	1.70
Profits	(\$)	6.95	5.96	6.04	5.91		7.00	1.66	1.81
Losses	(\$)	-2.03	-1.68	-0.68	-1.18		-0.55	-0.31	-0.11
PROFITABILITY MEASURES:									
Return on Average Assets	(%)	0.63	0.56	0.70	0.62	0.89	0.85	0.71	0.89
Median Ratio	(%)	0.97	0.82	0.72	0.44	0.75	0.80	0.87	0.79
Return on Average Equity	(%)	8.66	7.36	9.00	7.77	11.15	10.50	8.73	10.74
Median Ratio	(%)	11.79	9.06	7.53	4.33	7.56	8.02	8.63	7.70
Net Interest Income	(\$)	23.52	22.21	20.53	21.79		21.82	5.36	5.46
% of Average Assets	(%)	3.01	2.90	2.66	2.85		2.87	2.84	2.85
Total Fee Income	(\$)	2.51	2.68	2.87	3.65		4.38	1.12	1.20
% of Average Assets	(%)	0.35	0.36	0.39	0.51		0.62	0.59	0.62
G&A Expense	(\$)	16.68	16.37	15.26	19.14	15.97	16.04	4.11	4.21
% of Average Assets	(%)	2.13	2.14	1.98	2.50	2.09	2.11	2.18	2.19
CAPITAL MEASURES:									
Equity Capital Ratio	(%)	7.50	7.48	8.01	7.92		8.33	8.18	8.33
Tier 1 Leverage Ratio	(%)	7.08	7.12	7.47	7.38		7.59	7.50	7.59
Risk-based Capital Ratio	(%)	14.64	14.79	15.15	14.53		14.59	14.49	14.59
Thrifts by FDICIA Capital Categories:									
Well-Capitalized	(#)	1,550	1,439	1,392	1,290		1,183	1,209	1,183
Adequately Capitalized	(#)	109	95	38	43		31	26	31
Undercapitalized	(#)	8	5	4	0		1	3	1
Significantly Undercapitalized	(#)	1	3	1	1		0	0	0
Critically Undercapitalized	(#)	1	1	0	0		0	0	0
FAILED/PROBLEM THRIFTS:									
Failed Thrifts	(#)	8	2	2	1		0	0	0
Problem Thrifts	(#)	101	53	41	29		18	23	18
Problem Thrift Assets	(\$)	77.24	30.32	10.76	5.43		1.58	1.77	1.58
Problem Thrift Assets as a % of Total Assets	(%)	9.97	3.92	1.40	0.71		0.20	0.23	0.20
ASSET QUALITY MEASURES:									
Troubled Assets (2)	(\$)	16.75	10.86	9.54	8.71		7.76	8.20	7.76
% of Total Assets	(%)	2.16	1.40	1.24	1.13		1.00	1.08	1.00
Noncurrent Loans	(\$)	9.90	7.05	6.76	6.57		5.95	6.30	5.95
% of Total Assets	(%)	1.28	0.91	0.88	0.85		0.77	0.83	0.77
Noncurrent Loans as a % of Loan Type:									
1-4 Family Mortgages	(%)	1.50	1.18	1.28	1.21		1.11	1.20	1.11
Multifamily Loans	(%)	3.43	2.17	1.62	1.45		0.79	0.88	0.79
Commercial Loans	(%)	4.49	2.55	1.43	1.38		1.10	1.23	1.10
Consumer Loans	(%)	0.90	0.72	0.76	0.89		0.97	0.91	0.97
1-4 FAMILY MORTGAGE LOAN ACTIVITY:									
Originations	(\$)	189.45	132.63	106.32	136.08		150.16	39.48	44.57
Purchases	(\$)	61.35	45.02	40.51	57.37		62.37	17.02	19.24
Sales	(\$)	149.45	96.31	76.40	93.76		111.74	26.56	40.62
Loans Outstanding (3)	(\$)	354.75	364.02	365.29	383.86		390.76	387.75	390.76
Loans Outstanding / Total Assets	(%)	45.79	47.03	47.38	49.89		50.32	50.83	50.32

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
AGGREGATE FINANCIAL CONDITION AND INCOME DATA
(Dollars in Billions)

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	769.37	100.00	762.80	100.00	776.63	100.00
1-4 Family Mortgages	383.86	49.89	387.75	50.83	390.76	50.32
Mortgage Pool Securities	110.98	14.42	103.75	13.60	103.81	13.37
Multifamily Mortgages	48.78	6.34	47.54	6.23	47.46	6.11
Nonresidential Mortgages	32.64	4.24	29.85	3.91	30.24	3.89
Construction Loans	17.57	2.28	11.39	1.49	11.32	1.46
Land Loans	3.78	0.49	3.44	0.45	3.50	0.45
Commercial Loans	9.39	1.22	10.63	1.39	11.50	1.48
Consumer Loans	39.86	5.18	43.31	5.68	44.86	5.78
Cash and Noninterest-Earning Deposits	10.74	1.40	9.77	1.28	10.85	1.40
Investment Securities	87.52	11.38	80.39	10.54	85.05	10.95
Mortgage Derivatives	38.57	5.01	36.12	4.74	36.25	4.67
Reposessed Assets, Net	2.14	0.28	1.90	0.25	1.81	0.23
Real Estate Held for Investment	0.48	0.06	0.46	0.06	0.47	0.06
Office Premises & Equipment	8.10	1.05	7.82	1.03	7.89	1.02
Other Assets	29.67	3.86	29.99	3.93	32.46	4.18
Less: Contra Assets & Valuation Allowances	16.14	2.10	5.20	0.68	5.37	0.69
TOTAL LIABILITIES AND CAPITAL	769.37	100.00	762.80	100.00	776.63	100.00
Total Deposits	519.94	67.58	501.68	65.77	507.78	65.38
Deposits < or = to \$100,000	448.92	58.35	424.91	55.70	426.43	54.91
Deposits > \$100,000	71.02	9.23	76.77	10.06	81.35	10.48
Escrows	6.61	0.86	8.18	1.07	8.37	1.08
Total Borrowings	173.10	22.50	180.18	23.62	184.89	23.81
Advances from FHLB	103.43	13.44	106.61	13.98	118.51	15.26
Reverse Repurchase Agreements	39.67	5.16	42.34	5.55	38.49	4.96
Other Borrowings	30.00	3.90	31.23	4.09	27.89	3.59
Other Liabilities	8.78	1.14	10.37	1.36	10.93	1.41
EQUITY CAPITAL	60.94	7.92	62.39	8.18	64.66	8.33

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	13.84	7.23	13.78	7.30	14.07	7.34
Interest Expense	8.38	4.38	8.41	4.46	8.61	4.49
Net Interest Income	5.46	2.85	5.36	2.84	5.46	2.85
Loss Provisions-Interest Bearing Assets	0.70	0.37	0.49	0.26	0.50	0.26
Noninterest Income	1.77	0.92	1.53	0.81	2.14	1.12
Mortgage Loan Servicing Fees	0.23	0.12	0.21	0.11	0.23	0.12
Other Fees and Charges	0.75	0.39	0.91	0.48	0.97	0.51
Other Noninterest Income	0.79	0.41	0.41	0.22	0.94	0.49
Noninterest Expense	4.39	2.29	4.29	2.27	4.41	2.30
G&A Expense	4.21	2.20	4.11	2.18	4.21	2.19
Goodwill Expense	0.13	0.07	0.14	0.07	0.15	0.08
Loss Provis.-Nonint. Bearing Assets	0.06	0.03	0.04	0.02	0.05	0.03
Income Before Taxes & Extraord. Items	2.13	1.11	2.12	1.12	2.69	1.40
Income Taxes	0.66	0.34	0.78	0.41	0.99	0.51
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	1.47	0.77	1.34	0.71	1.70	0.89

* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments.

Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
SELECTED INDICATORS
(Dollars in Billions)

NORTHEAST REGION

		3-MONTHS ENDED							
		1993	1994	1995	1996	ADJ. 1996 (1)	1997	SEP. 1997	DEC. 1997
		----	----	----	----	----	----	----	----
SUMMARY DATA:									
Number of Thrifts	(#)	315	293	283	269		257	258	257
Total Assets	(\$)	125.52	126.19	140.09	139.82		153.60	146.21	153.60
Net Income	(\$)	0.43	0.99	1.00	0.95	1.25	1.29	0.32	0.37
Profits	(\$)	1.11	1.12	1.04	1.05		1.32	0.33	0.38
Losses	(\$)	-0.68	-0.13	-0.04	-0.10		-0.04	-0.01	-0.01
PROFITABILITY MEASURES:									
Return on Average Assets	(%)	0.35	0.79	0.77	0.68	0.89	0.91	0.91	0.98
Median Ratio	(%)	0.92	0.86	0.70	0.44	0.75	0.76	0.81	0.72
Return on Average Equity	(%)	5.00	10.50	9.59	8.30	10.87	10.88	10.91	11.48
Median Ratio	(%)	11.56	9.61	7.47	4.47	7.83	7.95	8.53	7.35
Net Interest Income	(\$)	3.92	3.92	3.83	4.18		4.33	1.09	1.15
% of Average Assets	(%)	3.19	3.10	2.96	2.99		3.07	3.07	3.08
Total Fee Income	(\$)	0.26	0.29	0.32	0.41		0.62	0.15	0.23
% of Average Assets	(%)	0.23	0.24	0.26	0.33		0.63	0.43	0.63
G&A Expense	(\$)	2.63	2.61	2.58	3.17	2.71	2.91	0.72	0.83
% of Average Assets	(%)	2.14	2.07	2.00	2.27	1.94	2.06	2.01	2.22
CAPITAL MEASURES:									
Equity Capital Ratio	(%)	7.33	7.74	8.41	8.24		8.75	8.40	8.75
Tier 1 Leverage Ratio	(%)	7.10	7.49	7.89	7.60		7.91	7.76	7.91
Risk-based Capital Ratio	(%)	15.48	16.72	17.35	16.35		16.39	16.22	16.39
Thrifts by FDICIA Capital Categories:									
Well-Capitalized	(#)	294	278	278	264		257	257	257
Adequately Capitalized	(#)	17	13	3	5		0	1	0
Undercapitalized	(#)	3	2	1	0		0	0	0
Significantly Undercapitalized	(#)	0	0	0	0		0	0	0
Critically Undercapitalized	(#)	1	0	0	0		0	0	0
FAILED/PROBLEM THRIFTS:									
Failed Thrifts	(#)	1	0	1	0		0	0	0
Problem Thrifts	(#)	21	6	2	0		1	1	1
Problem Thrift Assets	(\$)	15.37	0.77	0.31	0.00		0.22	0.23	0.22
Problem Thrift Assets as a % of Total Assets	(%)	12.25	0.61	0.22	0.00		0.15	0.16	0.15
ASSET QUALITY MEASURES:									
Troubled Assets (2)	(\$)	3.59	2.22	1.76	2.02		2.17	2.36	2.17
% of Total Assets	(%)	2.86	1.76	1.26	1.44		1.41	1.61	1.41
Noncurrent Loans	(\$)	2.32	1.54	1.27	1.64		1.83	2.04	1.83
% of Total Assets	(%)	1.85	1.22	0.91	1.17		1.19	1.39	1.19
Noncurrent Loans as a % of Loan Type:									
1-4 Family Mortgages	(%)	2.35	1.60	1.43	1.69		1.92	2.29	1.92
Multifamily Loans	(%)	8.97	5.90	1.92	3.69		2.52	2.72	2.52
Commercial Loans	(%)	7.27	5.12	2.52	2.66		1.87	2.03	1.87
Consumer Loans	(%)	1.20	1.20	1.19	1.11		0.86	0.85	0.86
1-4 FAMILY MORTGAGE LOAN ACTIVITY:									
Originations	(\$)	16.99	12.96	12.38	18.76		21.77	5.29	8.26
Purchases	(\$)	6.13	3.95	8.38	12.38		6.41	1.66	2.14
Sales	(\$)	12.34	7.14	5.64	8.64		11.67	2.23	5.85
Loans Outstanding (3)	(\$)	49.91	50.03	59.58	63.39		68.50	65.57	68.50
Loans Outstanding / Total Assets	(%)	39.77	39.64	42.53	45.33		44.60	44.85	44.60

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
AGGREGATE FINANCIAL CONDITION AND INCOME DATA
(Dollars in Billions)

NORTHEAST REGION

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	139.82	100.00	146.21	100.00	153.60	100.00
1-4 Family Mortgages	63.39	45.33	65.57	44.85	68.50	44.60
Mortgage Pool Securities	22.94	16.41	23.53	16.09	23.56	15.34
Multifamily Mortgages	6.07	4.34	5.94	4.06	6.15	4.00
Nonresidential Mortgages	6.52	4.66	6.87	4.70	7.25	4.72
Construction Loans	1.66	1.19	1.20	0.82	1.28	0.83
Land Loans	0.32	0.23	0.27	0.19	0.28	0.18
Commercial Loans	1.88	1.35	2.35	1.61	2.65	1.72
Consumer Loans	5.84	4.18	7.89	5.40	8.48	5.52
Cash and Noninterest-Earning Deposits	1.70	1.21	1.81	1.24	2.15	1.40
Investment Securities	24.98	17.86	24.84	16.99	26.23	17.08
Mortgage Derivatives	12.67	9.06	13.15	9.00	12.56	8.18
Reposessed Assets, Net	0.38	0.27	0.32	0.22	0.35	0.23
Real Estate Held for Investment	0.07	0.05	0.08	0.05	0.09	0.06
Office Premises & Equipment	1.37	0.98	1.40	0.95	1.49	0.97
Other Assets	4.72	3.38	5.00	3.42	6.04	3.93
Less: Contra Assets & Valuation Allowances	2.01	1.44	0.85	0.58	0.90	0.59
TOTAL LIABILITIES AND CAPITAL	139.82	100.00	146.21	100.00	153.60	100.00
Total Deposits	98.67	70.57	100.19	68.52	104.26	67.88
Deposits < or = to \$100,000	89.16	63.76	88.33	60.42	90.60	58.99
Deposits > \$100,000	9.52	6.81	11.85	8.11	13.66	8.89
Escrows	1.21	0.87	1.17	0.80	1.45	0.94
Total Borrowings	26.99	19.30	31.01	21.21	32.59	21.22
Advances from FHLB	17.17	12.28	18.18	12.44	20.91	13.62
Reverse Repurchase Agreements	7.95	5.69	10.44	7.14	8.95	5.83
Other Borrowings	1.86	1.33	2.39	1.63	2.73	1.78
Other Liabilities	1.43	1.02	1.56	1.07	1.85	1.21
EQUITY CAPITAL	11.53	8.24	12.28	8.40	13.43	8.75

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	2.48	7.12	2.62	7.36	2.77	7.40
Interest Expense	1.44	4.14	1.53	4.29	1.62	4.32
Net Interest Income	1.04	2.98	1.09	3.07	1.15	3.08
Loss Provisions-Interest Bearing Assets	0.06	0.19	0.07	0.21	0.08	0.21
Noninterest Income	0.24	0.69	0.24	0.69	0.36	0.97
Mortgage Loan Servicing Fees	0.03	0.09	0.04	0.11	0.06	0.15
Other Fees and Charges	0.08	0.23	0.11	0.32	0.18	0.47
Other Noninterest Income	0.13	0.37	0.09	0.25	0.13	0.34
Noninterest Expense	0.73	2.10	0.74	2.09	0.87	2.32
G&A Expense	0.69	1.99	0.72	2.01	0.83	2.22
Goodwill Expense	0.02	0.07	0.02	0.07	0.03	0.07
Loss Provis.-Nonint. Bearing Assets	0.02	0.05	0.01	0.02	0.01	0.02
Income Before Taxes & Extraord. Items	0.48	1.39	0.52	1.45	0.57	1.52
Income Taxes	0.17	0.49	0.19	0.54	0.20	0.54
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.31	0.90	0.32	0.91	0.37	0.98

* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments.

Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
SELECTED INDICATORS
(Dollars in Billions)

SOUTHEAST REGION

		3-MONTHS ENDED							
		1993	1994	1995	1996	ADJ. 1996 (1)	1997	SEP. 1997	DEC. 1997
		----	----	----	----	----	----	----	----
SUMMARY DATA:									
Number of Thrifts	(#)	343	319	291	264		237	246	237
Total Assets	(\$)	94.50	82.29	73.01	61.71		62.81	62.70	62.81
Net Income	(\$)	0.66	0.67	0.58	0.34	0.53	0.54	0.14	0.12
Profits	(\$)	0.95	0.74	0.64	0.46		0.60	0.16	0.15
Losses	(\$)	-0.29	-0.07	-0.06	-0.12		-0.06	-0.01	-0.03
PROFITABILITY MEASURES:									
Return on Average Assets	(%)	0.68	0.78	0.74	0.53	0.83	0.86	0.91	0.78
Median Ratio	(%)	0.99	0.79	0.74	0.44	0.76	0.76	0.87	0.77
Return on Average Equity	(%)	9.15	9.73	8.76	5.82	9.04	9.20	9.64	8.01
Median Ratio	(%)	11.85	9.19	8.03	4.30	7.41	7.76	8.55	7.35
Net Interest Income	(\$)	3.11	2.73	2.32	2.11		2.04	0.49	0.49
% of Average Assets	(%)	3.21	3.19	2.99	3.28		3.28	3.14	3.17
Total Fee Income	(\$)	0.36	0.42	0.51	0.66		0.73	0.22	0.19
% of Average Assets	(%)	0.38	0.55	0.73	1.12		1.23	1.39	1.23
G&A Expense	(\$)	2.35	2.13	1.97	2.16	1.86	1.93	0.49	0.49
% of Average Assets	(%)	2.42	2.48	2.54	3.35	2.90	3.10	3.13	3.21
CAPITAL MEASURES:									
Equity Capital Ratio	(%)	7.58	8.22	8.98	9.10		9.85	9.58	9.85
Tier 1 Leverage Ratio	(%)	7.32	8.03	8.51	8.62		9.05	8.95	9.05
Risk-based Capital Ratio	(%)	15.01	16.30	16.62	16.01		16.40	16.10	16.40
Thrifts by FDICIA Capital Categories:									
Well-Capitalized	(#)	307	292	281	251		223	233	223
Adequately Capitalized	(#)	34	26	9	12		14	11	14
Undercapitalized	(#)	2	1	0	0		0	2	0
Significantly Undercapitalized	(#)	0	0	0	1		0	0	0
Critically Undercapitalized	(#)	0	0	0	0		0	0	0
FAILED/PROBLEM THRIFTS:									
Failed Thrifts	(#)	0	0	0	0		0	0	0
Problem Thrifts	(#)	35	19	15	13		9	12	9
Problem Thrift Assets	(\$)	12.79	3.32	1.33	0.85		0.56	0.73	0.56
Problem Thrift Assets as a % of Total Assets	(%)	13.53	4.03	1.82	1.38		0.89	1.17	0.89
ASSET QUALITY MEASURES:									
Troubled Assets (2)	(\$)	2.13	1.34	0.97	0.79		0.72	0.74	0.72
% of Total Assets	(%)	2.25	1.62	1.33	1.28		1.15	1.18	1.15
Noncurrent Loans	(\$)	1.02	0.64	0.51	0.49		0.46	0.48	0.46
% of Total Assets	(%)	1.08	0.78	0.70	0.80		0.74	0.76	0.74
Noncurrent Loans as a % of Loan Type:									
1-4 Family Mortgages	(%)	1.10	0.82	0.83	0.94		0.94	0.99	0.94
Multifamily Loans	(%)	2.12	2.39	1.98	1.39		0.91	1.39	0.91
Commercial Loans	(%)	5.14	2.75	1.71	1.97		1.07	1.41	1.07
Consumer Loans	(%)	1.38	0.82	1.04	1.54		1.82	1.52	1.82
1-4 FAMILY MORTGAGE LOAN ACTIVITY:									
Originations	(\$)	27.38	14.96	9.94	11.58		12.07	3.22	3.23
Purchases	(\$)	7.68	6.23	3.22	3.03		5.87	1.38	2.16
Sales	(\$)	19.90	11.01	6.01	6.35		8.94	2.51	2.40
Loans Outstanding (3)	(\$)	42.31	39.20	34.36	29.67		29.68	29.26	29.68
Loans Outstanding / Total Assets	(%)	44.77	47.63	47.06	48.08		47.25	46.66	47.25

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
AGGREGATE FINANCIAL CONDITION AND INCOME DATA
(Dollars in Billions)

SOUTHEAST REGION

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	61.71	100.00	62.70	100.00	62.81	100.00
1-4 Family Mortgages	29.67	48.08	29.26	46.66	29.68	47.25
Mortgage Pool Securities	6.06	9.82	6.73	10.73	6.40	10.19
Multifamily Mortgages	0.99	1.60	0.91	1.45	0.86	1.37
Nonresidential Mortgages	3.79	6.15	3.67	5.84	3.62	5.76
Construction Loans	3.64	5.91	2.37	3.78	2.37	3.77
Land Loans	1.22	1.98	1.18	1.87	1.16	1.85
Commercial Loans	1.11	1.79	1.18	1.88	1.11	1.77
Consumer Loans	5.05	8.19	5.07	8.09	4.73	7.53
Cash and Noninterest-Earning Deposits	1.20	1.94	1.14	1.81	1.24	1.98
Investment Securities	8.09	13.12	8.16	13.01	8.45	13.46
Mortgage Derivatives	2.02	3.27	2.00	3.19	2.08	3.31
Reposessed Assets, Net	0.30	0.48	0.26	0.41	0.26	0.41
Real Estate Held for Investment	0.06	0.09	0.05	0.08	0.05	0.09
Office Premises & Equipment	0.96	1.55	1.00	1.59	0.99	1.57
Other Assets	1.95	3.16	2.20	3.50	2.36	3.76
Less: Contra Assets & Valuation Allowances	2.38	3.86	0.47	0.74	0.48	0.76
TOTAL LIABILITIES AND CAPITAL	61.71	100.00	62.70	100.00	62.81	100.00
Total Deposits	46.98	76.13	46.90	74.80	46.24	73.63
Deposits < or = to \$100,000	40.44	65.53	39.72	63.34	38.98	62.06
Deposits > \$100,000	6.54	10.60	7.18	11.46	7.26	11.57
Escrows	0.21	0.35	0.36	0.57	0.23	0.37
Total Borrowings	8.08	13.09	8.42	13.43	9.14	14.55
Advances from FHLB	5.35	8.67	6.39	10.19	7.23	11.52
Reverse Repurchase Agreements	1.62	2.63	1.05	1.67	1.11	1.77
Other Borrowings	1.10	1.79	0.98	1.57	0.79	1.26
Other Liabilities	0.82	1.34	1.02	1.62	1.01	1.61
EQUITY CAPITAL	5.61	9.10	6.00	9.58	6.19	9.85

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	1.17	7.68	1.16	7.46	1.15	7.47
Interest Expense	0.65	4.27	0.67	4.31	0.66	4.29
Net Interest Income	0.52	3.41	0.49	3.14	0.49	3.17
Loss Provisions-Interest Bearing Assets	0.07	0.44	0.07	0.43	0.07	0.47
Noninterest Income	0.24	1.60	0.31	1.98	0.30	1.93
Mortgage Loan Servicing Fees	0.01	0.08	0.01	0.09	0.01	0.10
Other Fees and Charges	0.16	1.03	0.20	1.31	0.17	1.13
Other Noninterest Income	0.07	0.48	0.09	0.59	0.11	0.70
Noninterest Expense	0.50	3.28	0.50	3.22	0.52	3.38
G&A Expense	0.48	3.14	0.49	3.13	0.49	3.21
Goodwill Expense	0.02	0.10	0.01	0.06	0.02	0.10
Loss Provis.-Nonint. Bearing Assets	0.00	0.03	0.01	0.04	0.01	0.07
Income Before Taxes & Extraord. Items	0.20	1.29	0.23	1.47	0.19	1.25
Income Taxes	0.07	0.46	0.08	0.54	0.07	0.47
Extraordinary Items	0.00	0.00	0.00	-0.02	0.00	0.00
Net Income	0.13	0.82	0.14	0.91	0.12	0.78

* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments.

Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
SELECTED INDICATORS
(Dollars in Billions)

CENTRAL REGION

		3-MONTHS ENDED							
		1993	1994	1995	1996	ADJ. 1996 (1)	1997	SEP. 1997	DEC. 1997
		----	----	----	----	----	----	----	----
SUMMARY DATA:									
Number of Thrifts	(#)	517	470	433	405		363	363	363
Total Assets	(\$)	145.11	147.36	157.25	158.17		156.92	151.52	156.92
Net Income	(\$)	1.42	1.13	1.32	1.11	1.58	1.45	0.38	0.25
Profits	(\$)	1.59	1.33	1.47	1.33		1.54	0.39	0.32
Losses	(\$)	-0.17	-0.20	-0.15	-0.21		-0.09	-0.01	-0.07
PROFITABILITY MEASURES:									
Return on Average Assets	(%)	0.97	0.79	0.85	0.70	1.00	0.94	1.01	0.64
Median Ratio	(%)	0.98	0.83	0.77	0.44	0.75	0.85	0.93	0.85
Return on Average Equity	(%)	12.02	9.32	9.89	8.10	11.51	10.60	11.05	6.99
Median Ratio	(%)	10.91	8.79	7.29	3.98	7.04	7.90	8.48	7.63
Net Interest Income	(\$)	4.58	4.36	4.25	4.55		4.52	1.09	1.12
% of Average Assets	(%)	3.12	3.02	2.75	2.88		2.93	2.89	2.90
Total Fee Income	(\$)	0.43	0.48	0.57	0.68		0.74	0.18	0.18
% of Average Assets	(%)	0.33	0.34	0.38	0.43		0.48	0.49	0.48
G&A Expense	(\$)	3.03	2.95	3.10	3.92	3.20	3.34	0.76	0.95
% of Average Assets	(%)	2.06	2.05	2.00	2.47	2.02	2.17	2.02	2.46
CAPITAL MEASURES:									
Equity Capital Ratio	(%)	8.31	8.52	8.77	8.46		9.14	9.15	9.14
Tier 1 Leverage Ratio	(%)	8.08	8.18	8.30	8.00		8.09	8.09	8.09
Risk-based Capital Ratio	(%)	17.35	17.21	17.22	15.98		15.40	15.64	15.40
Thrifts by FDICIA Capital Categories:									
Well-Capitalized	(#)	507	456	424	396		355	356	355
Adequately Capitalized	(#)	10	14	9	9		7	6	7
Undercapitalized	(#)	0	0	0	0		1	1	1
Significantly Undercapitalized	(#)	0	0	0	0		0	0	0
Critically Undercapitalized	(#)	0	0	0	0		0	0	0
FAILED/PROBLEM THRIFTS:									
Failed Thrifts	(#)	0	0	0	0		0	0	0
Problem Thrifts	(#)	6	2	4	3		2	2	2
Problem Thrift Assets	(\$)	3.83	0.05	0.86	0.73		0.03	0.03	0.03
Problem Thrift Assets as a % of Total Assets	(%)	2.64	0.03	0.55	0.46		0.02	0.02	0.02
ASSET QUALITY MEASURES:									
Troubled Assets (2)	(\$)	1.12	0.86	1.17	1.06		1.07	1.01	1.07
% of Total Assets	(%)	0.78	0.59	0.74	0.67		0.68	0.67	0.68
Noncurrent Loans	(\$)	0.71	0.64	1.01	0.89		0.86	0.83	0.86
% of Total Assets	(%)	0.49	0.43	0.64	0.56		0.55	0.55	0.55
Noncurrent Loans as a % of Loan Type:									
1-4 Family Mortgages	(%)	0.59	0.59	0.87	0.68		0.68	0.65	0.68
Multifamily Loans	(%)	1.21	0.92	1.35	1.46		0.78	0.83	0.78
Commercial Loans	(%)	3.52	1.46	1.16	1.24		0.67	0.93	0.67
Consumer Loans	(%)	0.59	0.44	0.84	0.93		1.10	1.17	1.10
1-4 FAMILY MORTGAGE LOAN ACTIVITY:									
Originations	(\$)	43.09	26.49	28.14	38.41		39.81	10.79	12.04
Purchases	(\$)	14.04	9.98	10.25	12.24		15.49	3.71	6.16
Sales	(\$)	31.74	18.58	20.55	29.96		34.10	7.42	13.75
Loans Outstanding (3)	(\$)	68.50	72.24	77.74	80.77		80.94	80.21	80.94
Loans Outstanding / Total Assets	(%)	47.21	49.02	49.43	51.07		51.58	52.94	51.58

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
AGGREGATE FINANCIAL CONDITION AND INCOME DATA
(Dollars in Billions)

CENTRAL REGION

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	158.17	100.00	151.52	100.00	156.92	100.00
1-4 Family Mortgages	80.77	51.07	80.21	52.94	80.94	51.58
Mortgage Pool Securities	19.15	12.11	14.63	9.65	14.74	9.39
Multifamily Mortgages	6.22	3.93	5.68	3.75	5.71	3.64
Nonresidential Mortgages	5.65	3.57	4.97	3.28	5.22	3.33
Construction Loans	4.54	2.87	3.00	1.98	2.83	1.80
Land Loans	1.00	0.63	0.89	0.58	0.94	0.60
Commercial Loans	2.11	1.33	2.34	1.54	2.84	1.81
Consumer Loans	10.60	6.70	11.73	7.74	12.90	8.22
Cash and Noninterest-Earning Deposits	2.43	1.53	2.20	1.45	2.19	1.40
Investment Securities	19.57	12.38	18.49	12.20	20.73	13.21
Mortgage Derivatives	8.86	5.60	8.02	5.29	8.85	5.64
Repossessed Assets, Net	0.17	0.11	0.19	0.12	0.20	0.13
Real Estate Held for Investment	0.13	0.08	0.14	0.09	0.13	0.09
Office Premises & Equipment	1.78	1.13	1.66	1.10	1.73	1.10
Other Assets	7.18	4.54	6.23	4.11	6.71	4.28
Less: Contra Assets & Valuation Allowances	3.15	1.99	0.82	0.54	0.90	0.58
TOTAL LIABILITIES AND CAPITAL	158.17	100.00	151.52	100.00	156.92	100.00
Total Deposits	112.43	71.08	106.23	70.11	109.55	69.81
Deposits < or = to \$100,000	97.74	61.79	90.67	59.84	93.28	59.45
Deposits > \$100,000	14.70	9.29	15.55	10.26	16.26	10.36
Escrows	1.33	0.84	1.52	1.00	1.93	1.23
Total Borrowings	29.29	18.52	27.99	18.47	29.09	18.54
Advances from FHLB	20.02	12.66	19.54	12.90	21.15	13.48
Reverse Repurchase Agreements	5.24	3.31	5.56	3.67	5.70	3.63
Other Borrowings	4.03	2.55	2.89	1.91	2.24	1.43
Other Liabilities	1.74	1.10	1.91	1.26	2.01	1.28
EQUITY CAPITAL	13.38	8.46	13.86	9.15	14.34	9.14

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	2.87	7.31	2.76	7.34	2.87	7.46
Interest Expense	1.74	4.42	1.67	4.45	1.75	4.55
Net Interest Income	1.13	2.88	1.09	2.89	1.12	2.90
Loss Provisions-Interest Bearing Assets	0.07	0.17	0.08	0.21	0.15	0.39
Noninterest Income	0.40	1.02	0.39	1.05	0.46	1.20
Mortgage Loan Servicing Fees	0.04	0.10	0.03	0.09	0.02	0.06
Other Fees and Charges	0.13	0.34	0.15	0.40	0.16	0.42
Other Noninterest Income	0.23	0.58	0.21	0.56	0.28	0.72
Noninterest Expense	0.85	2.16	0.81	2.15	1.00	2.60
G&A Expense	0.81	2.06	0.76	2.02	0.95	2.46
Goodwill Expense	0.04	0.10	0.05	0.13	0.05	0.14
Loss Provis.-Nonint. Bearing Assets	0.00	0.00	0.00	0.00	0.00	0.00
Income Before Taxes & Extraord. Items	0.62	1.57	0.59	1.58	0.43	1.11
Income Taxes	0.20	0.52	0.21	0.57	0.18	0.47
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.41	1.05	0.38	1.01	0.25	0.64

* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments.

Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
SELECTED INDICATORS
(Dollars in Billions)

MIDWEST REGION

		3-MONTHS ENDED							
		1993	1994	1995	1996	ADJ. 1996 (1)	1997	SEP. 1997	DEC. 1997
		----	----	----	----	----	----	----	----
SUMMARY DATA:									
Number of Thrifts	(#)	341	320	302	282		256	264	256
Total Assets	(\$)	111.45	121.52	124.03	124.57		91.94	93.95	91.94
Net Income	(\$)	1.49	0.80	1.24	1.45	1.80	0.95	0.15	0.28
Profits	(\$)	1.55	1.07	1.27	1.62		1.10	0.25	0.28
Losses	(\$)	-0.06	-0.27	-0.03	-0.16		-0.15	-0.10	-0.01
PROFITABILITY MEASURES:									
Return on Average Assets	(%)	1.33	0.71	1.00	1.14	1.42	0.98	0.64	1.20
Median Ratio	(%)	1.09	0.85	0.77	0.46	0.80	0.81	0.86	0.78
Return on Average Equity	(%)	18.58	9.20	12.98	14.00	17.32	11.42	7.38	13.79
Median Ratio	(%)	13.87	9.32	7.84	4.66	7.99	8.10	8.49	7.82
Net Interest Income	(\$)	3.11	3.05	3.19	3.47		2.79	0.67	0.64
% of Average Assets	(%)	2.78	2.70	2.58	2.73		2.85	2.88	2.79
Total Fee Income	(\$)	0.42	0.53	0.64	0.83		0.70	0.17	0.18
% of Average Assets	(%)	0.43	0.50	0.54	0.73		0.77	0.74	0.77
G&A Expense	(\$)	2.37	2.40	2.46	3.22	2.69	2.10	0.52	0.51
% of Average Assets	(%)	2.12	2.12	1.99	2.54	2.12	2.15	2.21	2.22
CAPITAL MEASURES:									
Equity Capital Ratio	(%)	7.52	7.44	8.05	8.42		8.76	8.72	8.76
Tier 1 Leverage Ratio	(%)	7.12	7.07	7.46	7.71		8.35	8.31	8.35
Risk-based Capital Ratio	(%)	16.34	15.29	15.47	15.30		15.66	15.85	15.66
Thrifts by FDICIA Capital Categories:									
Well-Capitalized	(#)	319	300	297	275		248	258	248
Adequately Capitalized	(#)	20	20	4	7		8	6	8
Undercapitalized	(#)	2	0	1	0		0	0	0
Significantly Undercapitalized	(#)	0	0	0	0		0	0	0
Critically Undercapitalized	(#)	0	0	0	0		0	0	0
FAILED/PROBLEM THRIFTS:									
Failed Thrifts	(#)	2	0	0	0		0	0	0
Problem Thrifts	(#)	18	7	6	3		1	2	1
Problem Thrift Assets	(\$)	3.85	0.49	0.33	0.13		0.01	0.03	0.01
Problem Thrift Assets as a % of Total Assets	(%)	3.45	0.41	0.27	0.11		0.02	0.03	0.02
ASSET QUALITY MEASURES:									
Troubled Assets (2)	(\$)	1.89	1.32	1.09	1.03		0.64	0.67	0.64
% of Total Assets	(%)	1.69	1.09	0.88	0.83		0.70	0.71	0.70
Noncurrent Loans	(\$)	0.55	0.69	0.73	0.74		0.46	0.45	0.46
% of Total Assets	(%)	0.49	0.57	0.59	0.59		0.50	0.48	0.50
Noncurrent Loans as a % of Loan Type:									
1-4 Family Mortgages	(%)	0.73	0.92	0.95	0.97		0.69	0.70	0.69
Multifamily Loans	(%)	1.98	1.14	0.99	0.83		0.46	0.51	0.46
Commercial Loans	(%)	2.24	1.34	1.71	0.95		1.28	1.30	1.28
Consumer Loans	(%)	0.41	0.40	0.41	0.65		0.84	0.68	0.84
1-4 FAMILY MORTGAGE LOAN ACTIVITY:									
Originations	(\$)	26.88	17.42	16.22	21.84		19.23	4.76	5.00
Purchases	(\$)	17.45	14.17	11.12	14.77		11.98	3.74	2.74
Sales	(\$)	29.24	18.74	12.65	21.41		16.98	5.23	4.29
Loans Outstanding (3)	(\$)	42.27	49.95	54.47	54.11		40.59	41.79	40.59
Loans Outstanding / Total Assets	(%)	37.93	41.11	43.92	43.44		44.14	44.48	44.14

(1) Excludes the SAIF special assessment.

(2) Data after 1995 are net of specific valuation allowances.

(3) Does not include Mortgage Backed Securities.

Numbers may not sum due to rounding. With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
AGGREGATE FINANCIAL CONDITION AND INCOME DATA
(Dollars in Billions)

MIDWEST REGION

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	124.57	100.00	93.95	100.00	91.94	100.00
1-4 Family Mortgages	54.11	43.44	41.79	44.48	40.59	44.14
Mortgage Pool Securities	21.89	17.57	14.19	15.10	12.70	13.81
Multifamily Mortgages	4.75	3.81	2.21	2.35	2.29	2.49
Nonresidential Mortgages	6.18	4.96	3.68	3.91	3.61	3.92
Construction Loans	5.02	4.03	3.33	3.55	3.30	3.59
Land Loans	0.58	0.46	0.58	0.62	0.59	0.64
Commercial Loans	1.92	1.54	1.75	1.86	1.80	1.96
Consumer Loans	12.05	9.67	10.36	11.03	10.09	10.97
Cash and Noninterest-Earning Deposits	1.51	1.21	1.13	1.20	1.08	1.18
Investment Securities	13.73	11.02	10.37	11.04	10.77	11.72
Mortgage Derivatives	5.77	4.63	4.03	4.29	3.46	3.77
Reposessed Assets, Net	0.29	0.23	0.21	0.22	0.18	0.19
Real Estate Held for Investment	0.05	0.04	0.04	0.04	0.04	0.04
Office Premises & Equipment	1.24	0.99	1.04	1.11	1.00	1.08
Other Assets	5.72	4.59	3.86	4.11	4.46	4.85
Less: Contra Assets & Valuation Allowances	4.46	3.58	0.58	0.61	0.54	0.59
TOTAL LIABILITIES AND CAPITAL	124.57	100.00	93.95	100.00	91.94	100.00
Total Deposits	76.82	61.67	59.38	63.21	58.47	63.59
Deposits < or = to \$100,000	67.77	54.40	51.73	55.06	50.20	54.60
Deposits > \$100,000	9.05	7.26	7.65	8.14	8.27	8.99
Escrows	2.12	1.70	1.86	1.98	1.69	1.84
Total Borrowings	33.78	27.12	23.43	24.94	22.68	24.67
Advances from FHLB	20.84	16.73	14.09	15.00	15.00	16.31
Reverse Repurchase Agreements	8.47	6.80	5.89	6.27	4.74	5.15
Other Borrowings	4.46	3.58	3.45	3.67	2.94	3.20
Other Liabilities	1.37	1.10	1.08	1.15	1.05	1.14
EQUITY CAPITAL	10.49	8.42	8.19	8.72	8.05	8.76

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	2.30	7.35	1.76	7.52	1.70	7.43
Interest Expense	1.42	4.55	1.08	4.64	1.06	4.64
Net Interest Income	0.88	2.80	0.67	2.88	0.64	2.79
Loss Provisions-Interest Bearing Assets	0.08	0.25	0.08	0.33	0.04	0.18
Noninterest Income	0.31	0.99	0.15	0.66	0.31	1.37
Mortgage Loan Servicing Fees	0.08	0.24	0.05	0.20	0.05	0.20
Other Fees and Charges	0.15	0.49	0.13	0.54	0.13	0.57
Other Noninterest Income	0.08	0.26	-0.02	-0.09	0.14	0.59
Noninterest Expense	0.72	2.31	0.53	2.29	0.52	2.29
G&A Expense	0.69	2.22	0.52	2.21	0.51	2.22
Goodwill Expense	0.02	0.05	0.01	0.04	0.01	0.04
Loss Provis.-Nonint. Bearing Assets	0.01	0.05	0.01	0.03	0.01	0.04
Income Before Taxes & Extraord. Items	0.38	1.22	0.21	0.92	0.38	1.67
Income Taxes	0.11	0.36	0.06	0.28	0.11	0.47
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.27	0.87	0.15	0.64	0.28	1.20

* Annualized.

Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans in process, and unamortized yield adjustments.

Numbers may not sum due to rounding.

With the exception of regulatory capital measures, all data prior to June 1996 are unconsolidated.

Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
SELECTED INDICATORS
(Dollars in Billions)

WEST REGION

		3-MONTHS ENDED							
		1993	1994	1995	1996	ADJ. 1996 (1)	1997	SEP. 1997	DEC. 1997
		----	----	----	----	----	----	----	
SUMMARY DATA:									
Number of Thrifts	(#)	153	141	128	114		102	107	102
Total Assets	(\$)	298.19	296.70	276.60	285.09		311.36	308.42	311.36
Net Income	(\$)	0.92	0.68	1.23	0.88	1.64	2.23	0.35	0.69
Profits	(\$)	1.75	1.70	1.62	1.46		2.45	0.53	0.69
Losses	(\$)	-0.84	-1.02	-0.39	-0.58		-0.22	-0.18	0.00
PROFITABILITY MEASURES:									
Return on Average Assets	(%)	0.30	0.23	0.43	0.32	0.59	0.73	0.45	0.89
Median Ratio	(%)	0.69	0.46	0.45	0.32	0.58	0.73	0.78	0.83
Return on Average Equity	(%)	4.34	3.26	6.24	4.49	8.40	10.24	6.33	12.33
Median Ratio	(%)	9.49	5.90	5.61	3.79	7.78	9.32	9.58	9.03
Net Interest Income	(\$)	8.79	8.15	6.95	7.47		8.15	2.02	2.06
% of Average Assets	(%)	2.90	2.74	2.43	2.71		2.67	2.64	2.66
Total Fee Income	(\$)	1.04	0.96	0.83	1.06		1.60	0.39	0.41
% of Average Assets	(%)	0.36	0.30	0.29	0.42		0.53	0.51	0.53
G&A Expense	(\$)	6.31	6.28	5.16	6.68	5.50	5.78	1.63	1.43
% of Average Assets	(%)	2.08	2.11	1.80	2.42	1.99	1.89	2.13	1.84
CAPITAL MEASURES:									
Equity Capital Ratio	(%)	7.15	6.66	7.09	6.99		7.27	7.15	7.27
Tier 1 Leverage Ratio	(%)	6.50	6.21	6.51	6.52		6.66	6.54	6.66
Risk-based Capital Ratio	(%)	12.72	12.55	12.73	12.45		12.78	12.57	12.78
Thrifts by FDICIA Capital Categories:									
Well-Capitalized	(#)	123	113	112	104		100	105	100
Adequately Capitalized	(#)	28	22	13	10		2	2	2
Undercapitalized	(#)	1	2	2	0		0	0	0
Significantly Undercapitalized	(#)	1	3	1	0		0	0	0
Critically Undercapitalized	(#)	0	1	0	0		0	0	0
FAILED/PROBLEM THRIFTS:									
Failed Thrifts	(#)	5	2	1	1		0	0	0
Problem Thrifts	(#)	21	19	14	10		5	6	5
Problem Thrift Assets	(\$)	41.40	25.69	7.92	3.72		0.75	0.74	0.75
Problem Thrift Assets as a % of Total Assets	(%)	13.89	8.66	2.87	1.30		0.24	0.24	0.24
ASSET QUALITY MEASURES:									
Troubled Assets (2)	(\$)	8.02	5.12	4.55	3.81		3.16	3.43	3.16
% of Total Assets	(%)	2.69	1.72	1.65	1.34		1.02	1.11	1.02
Noncurrent Loans	(\$)	5.31	3.54	3.23	2.81		2.33	2.51	2.33
% of Total Assets	(%)	1.78	1.19	1.17	0.99		0.75	0.81	0.75
Noncurrent Loans as a % of Loan Type:									
1-4 Family Mortgages	(%)	1.96	1.49	1.68	1.42		1.12	1.20	1.12
Multifamily Loans	(%)	3.16	1.92	1.69	1.10		0.49	0.56	0.49
Commercial Loans	(%)	2.94	1.52	0.43	0.57		0.73	0.74	0.73
Consumer Loans	(%)	1.10	0.99	0.64	0.57		0.59	0.51	0.59
1-4 FAMILY MORTGAGE LOAN ACTIVITY:									
Originations	(\$)	75.11	60.80	39.64	45.50		57.35	15.42	16.04
Purchases	(\$)	16.05	10.68	7.54	14.94		22.62	6.52	6.06
Sales	(\$)	56.22	40.84	31.55	27.39		40.05	9.16	14.33
Loans Outstanding (3)	(\$)	151.76	152.60	139.15	155.92		171.06	170.92	171.06
Loans Outstanding / Total Assets	(%)	50.89	51.43	50.31	54.69		54.94	55.42	54.94

(1) Excludes the SAIF special assessment.

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(3) Does not include Mortgage Backed Securities.

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Office of Thrift Supervision / March 1998

THE OTS-REGULATED THRIFT INDUSTRY
AGGREGATE FINANCIAL CONDITION AND INCOME DATA
(Dollars in Billions)

WEST REGION

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS	(\$)	% OF TOTAL ASSETS
TOTAL ASSETS	285.09	100.00	308.42	100.00	311.36	100.00
1-4 Family Mortgages	155.92	54.69	170.92	55.42	171.06	54.94
Mortgage Pool Securities	40.93	14.36	44.68	14.49	46.42	14.91
Multifamily Mortgages	30.76	10.79	32.80	10.64	32.46	10.42
Nonresidential Mortgages	10.50	3.68	10.67	3.46	10.54	3.38
Construction Loans	2.71	0.95	1.49	0.48	1.54	0.50
Land Loans	0.66	0.23	0.53	0.17	0.53	0.17
Commercial Loans	2.37	0.83	3.02	0.98	3.10	0.99
Consumer Loans	6.31	2.21	8.25	2.68	8.66	2.78
Cash and Noninterest-Earning Deposits	3.91	1.37	3.50	1.13	4.18	1.34
Investment Securities	21.14	7.42	18.54	6.01	18.87	6.06
Mortgage Derivatives	9.25	3.24	8.91	2.89	9.30	2.99
Repossessed Assets, Net	1.00	0.35	0.92	0.30	0.83	0.27
Real Estate Held for Investment	0.17	0.06	0.16	0.05	0.15	0.05
Office Premises & Equipment	2.76	0.97	2.72	0.88	2.68	0.86
Other Assets	10.11	3.54	12.71	4.12	12.89	4.14
Less: Contra Assets & Valuation Allowances	4.14	1.45	2.48	0.80	2.55	0.82
TOTAL LIABILITIES AND CAPITAL	285.09	100.00	308.42	100.00	311.36	100.00
Total Deposits	185.04	64.91	188.98	61.28	189.26	60.78
Deposits < or = to \$100,000	153.82	53.96	154.46	50.08	153.36	49.25
Deposits > \$100,000	31.22	10.95	34.53	11.19	35.90	11.53
Escrows	1.73	0.61	3.27	1.06	3.06	0.98
Total Borrowings	74.96	26.29	89.32	28.96	91.39	29.35
Advances from FHLB	40.04	14.04	48.41	15.69	54.22	17.41
Reverse Repurchase Agreements	16.38	5.75	19.40	6.29	17.99	5.78
Other Borrowings	18.54	6.50	21.52	6.98	19.19	6.16
Other Liabilities	3.42	1.20	4.80	1.56	5.01	1.61
EQUITY CAPITAL	19.94	6.99	22.05	7.15	22.65	7.27

	DECEMBER 1996		SEPTEMBER 1997		DECEMBER 1997	
	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)	(\$)	% OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	5.03	7.08	5.48	7.15	5.58	7.20
Interest Expense	3.13	4.42	3.46	4.51	3.51	4.54
Net Interest Income	1.89	2.67	2.02	2.64	2.06	2.66
Loss Provisions-Interest Bearing Assets	0.43	0.60	0.19	0.25	0.16	0.21
Noninterest Income	0.58	0.81	0.43	0.56	0.70	0.91
Mortgage Loan Servicing Fees	0.07	0.10	0.07	0.10	0.08	0.11
Other Fees and Charges	0.23	0.32	0.32	0.42	0.33	0.42
Other Noninterest Income	0.28	0.39	0.04	0.05	0.29	0.38
Noninterest Expense	1.59	2.24	1.70	2.22	1.49	1.92
G&A Expense	1.54	2.16	1.63	2.13	1.43	1.84
Goodwill Expense	0.03	0.05	0.05	0.06	0.04	0.06
Loss Provis.-Nonint. Bearing Assets	0.02	0.03	0.02	0.02	0.02	0.03
Income Before Taxes & Extraord. Items	0.45	0.63	0.57	0.74	1.11	1.44
Income Taxes	0.10	0.15	0.22	0.29	0.42	0.55
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.35	0.49	0.35	0.45	0.69	0.89

* Annualized.

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