



OFFICE OF THRIFT SUPERVISION

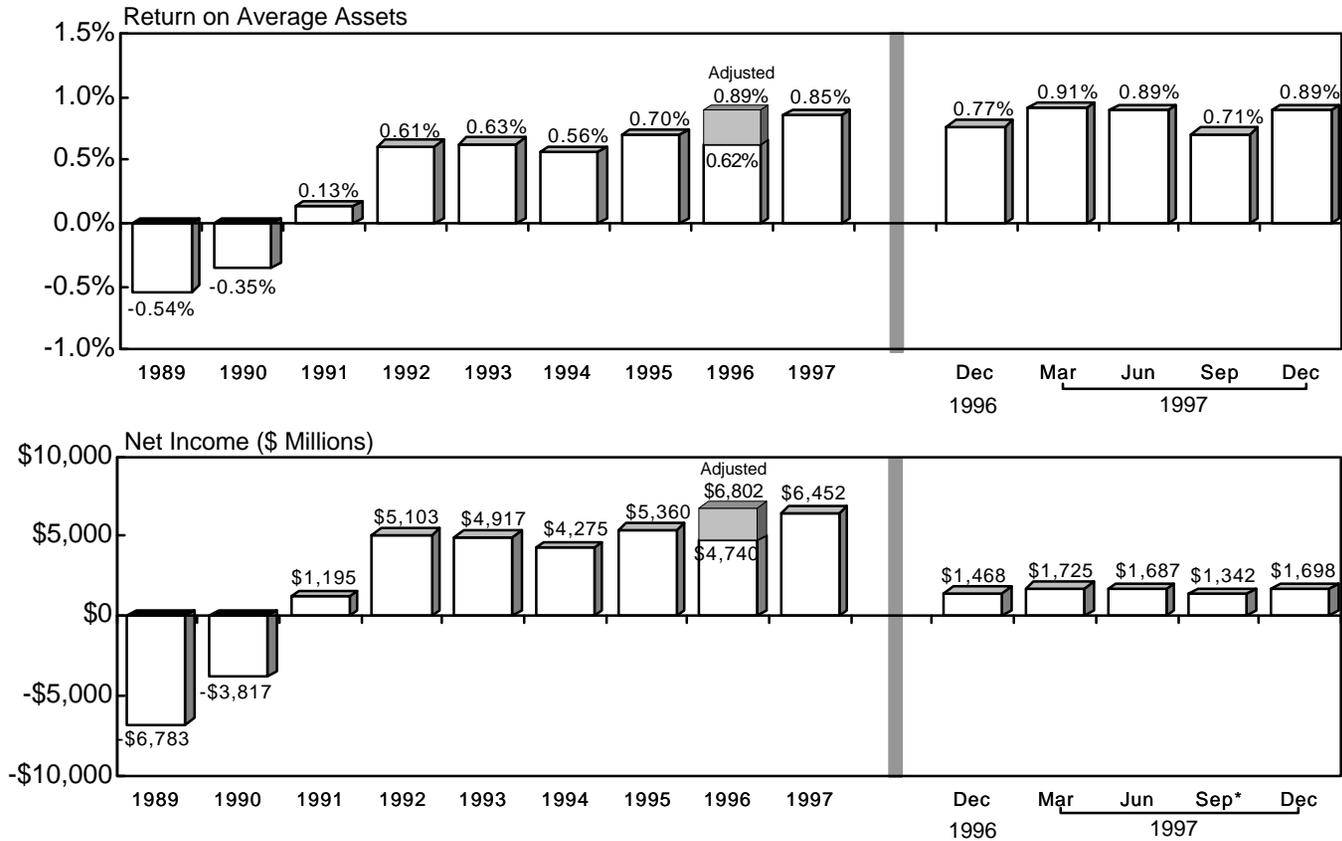
Fourth Quarter 1997 Index of Charts

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1997 FOURTH QUARTER EARNINGS WERE STRONG CONTRIBUTING TO A VERY GOOD YEAR



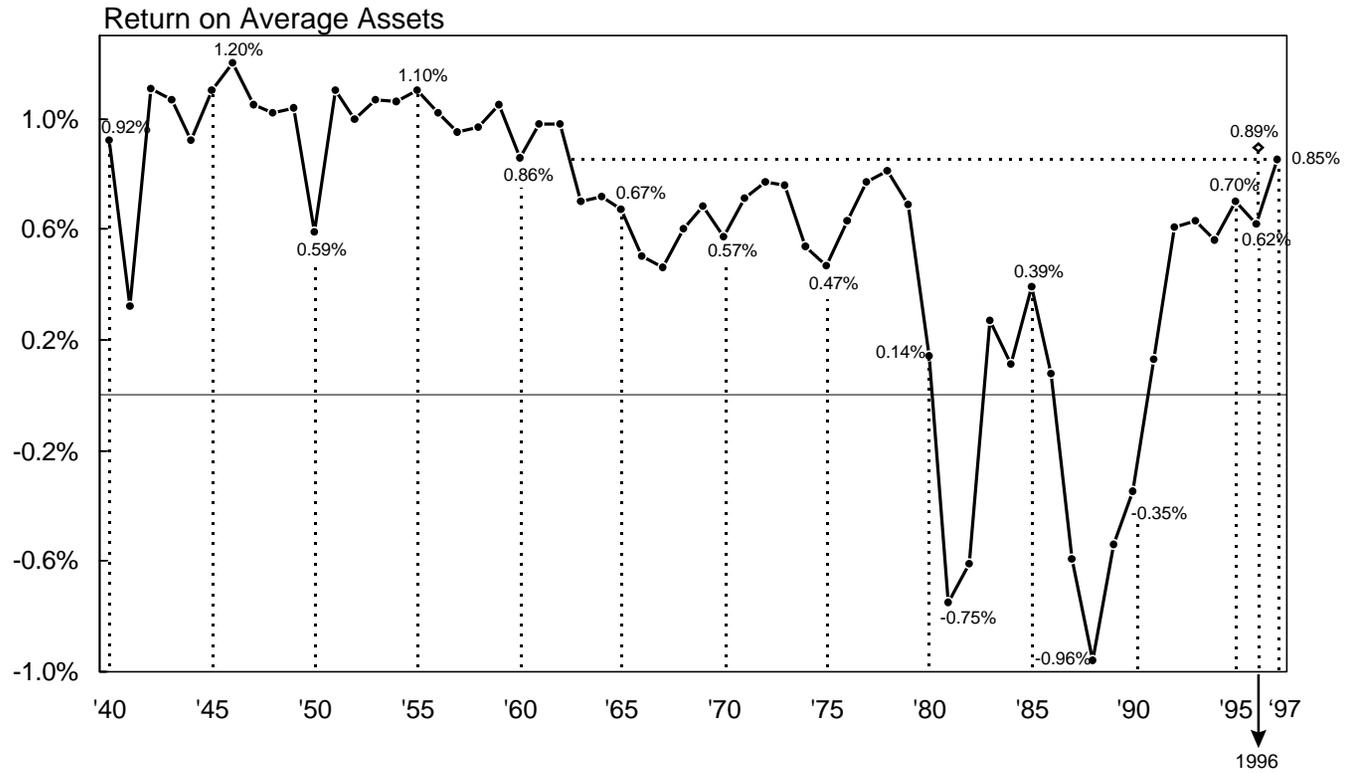
* Revised.

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.

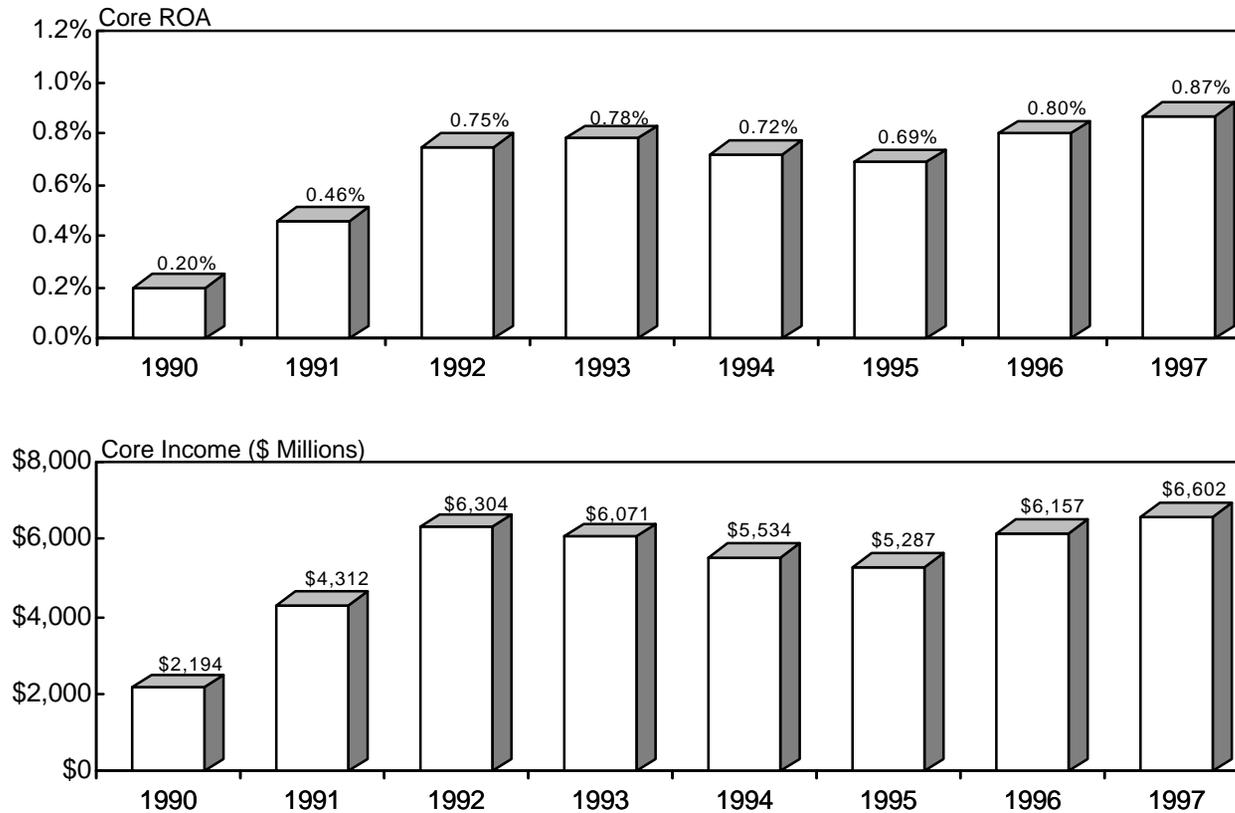
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1997 ROA WAS HISTORICALLY STRONG



Adjusted data exclude the net SAIF special assessment of \$2.1 billion incurred in the third quarter of 1996.
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1997 CORE INCOME AND ROA WERE POST-FIRREA HIGHS



Core Income is defined as net interest income and fee income less general and administrative expense, SAIF special assessment (September 1996 only), and income taxes based on a 35% rate.
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INCREASED FEE INCOME HAS STRENGTHENED 1997 ROA

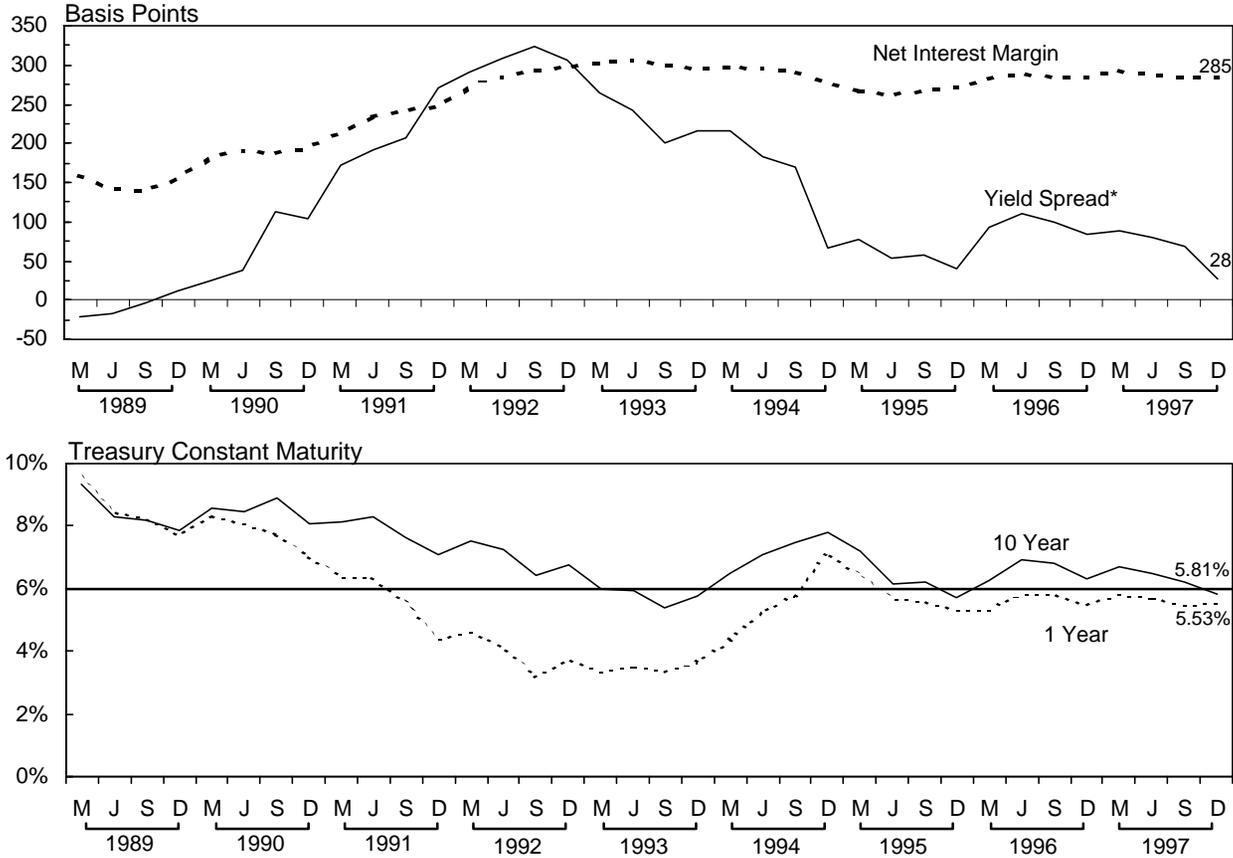
Components of ROA	Average 1992 - 1995	1997	Change
ROA	0.63%	0.85%	0.22%
Net Interest Margin	2.87%	2.87%	0.00%
Interest Income	7.00%	7.28%	0.28%
Interest Expense	4.14%	4.41%	0.27%
Provisions for Losses	0.36%	0.26%	-0.10%
Fee Income	0.34%	0.58%	0.24%
Non-Interest Expense	2.27%	2.21%	-0.06%
Taxes	0.36%	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.

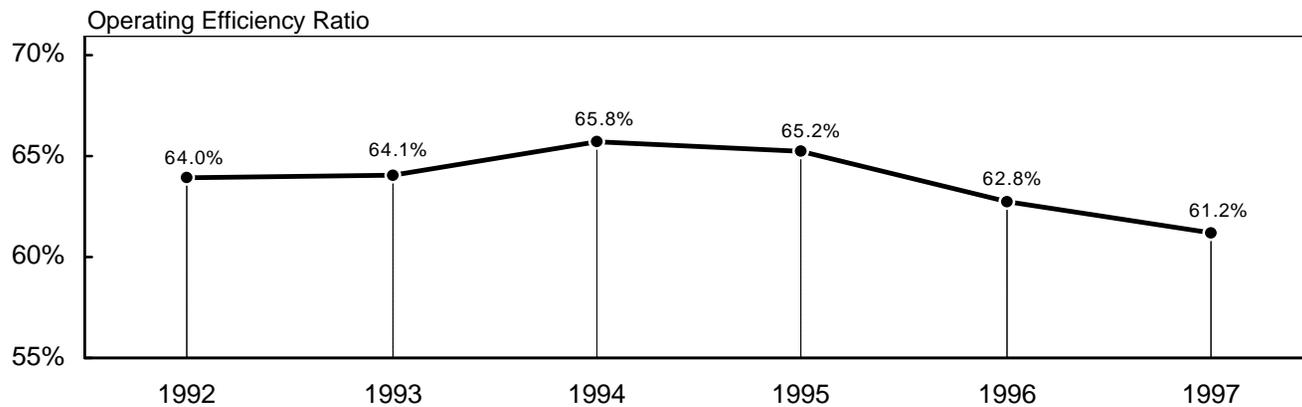
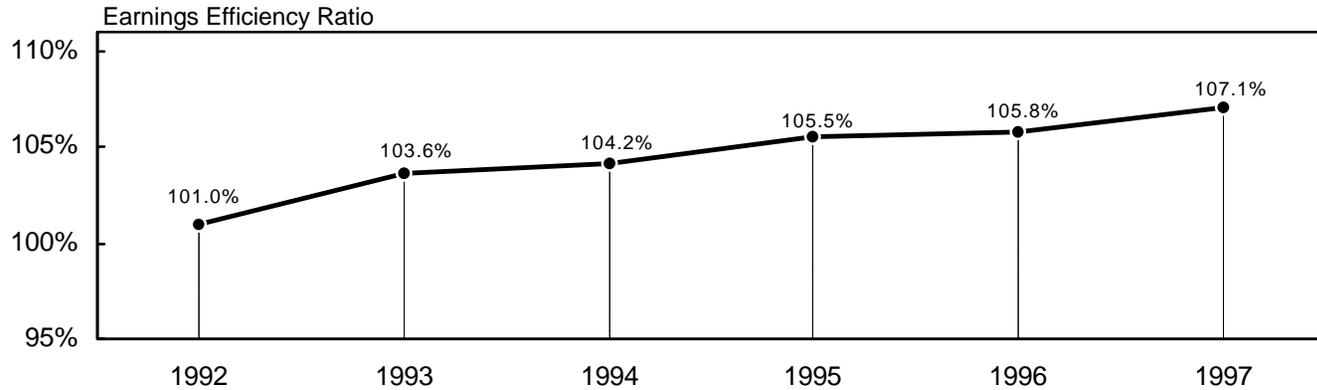
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NET INTEREST MARGIN HAS REMAINED STABLE FOR THE PAST FIVE YEARS DESPITE FLUCTUATING YIELD SPREADS



* 10 Year Treasury Constant Maturity less 1 Year Treasury Constant Maturity at quarter end.
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IMPROVED EARNINGS AND OPERATING EFFICIENCY RATIOS HAVE HELPED STRENGTHEN EARNINGS



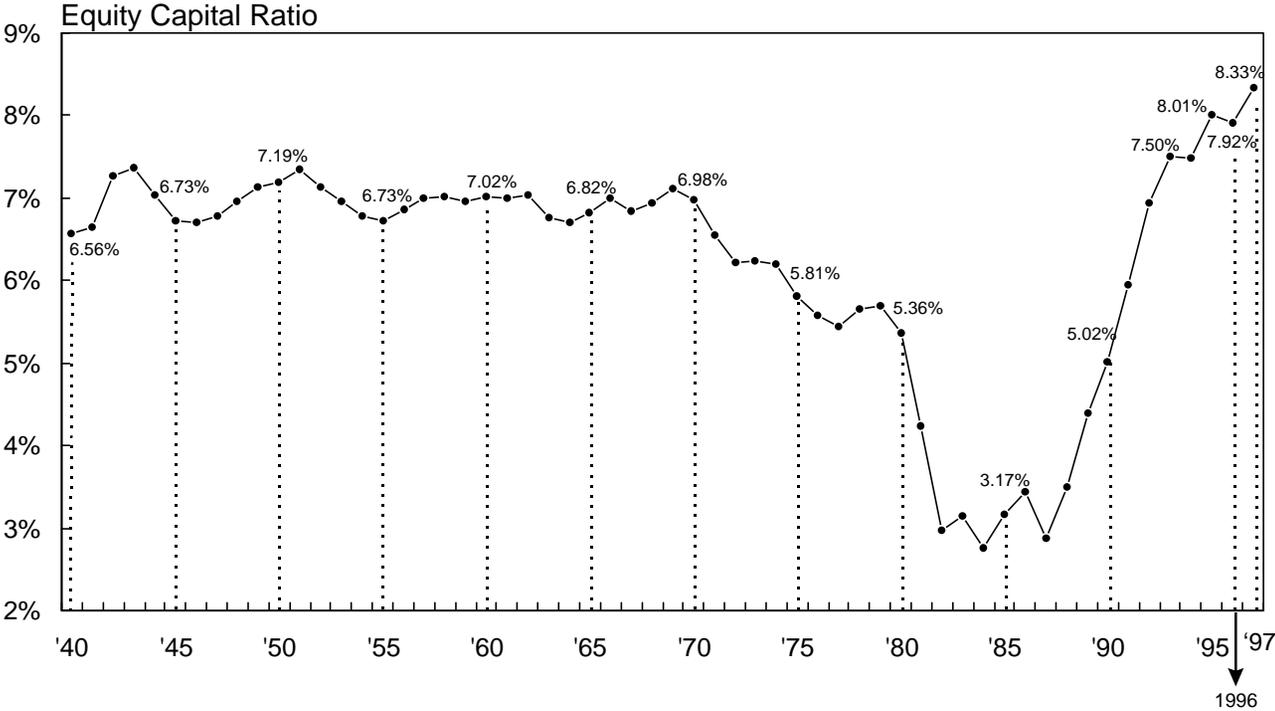
Earnings Efficiency Ratio = Interest Earning Assets / Interest Bearing Liabilities.

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

1996 General and Administrative Expense excludes net SAIF special assessment.

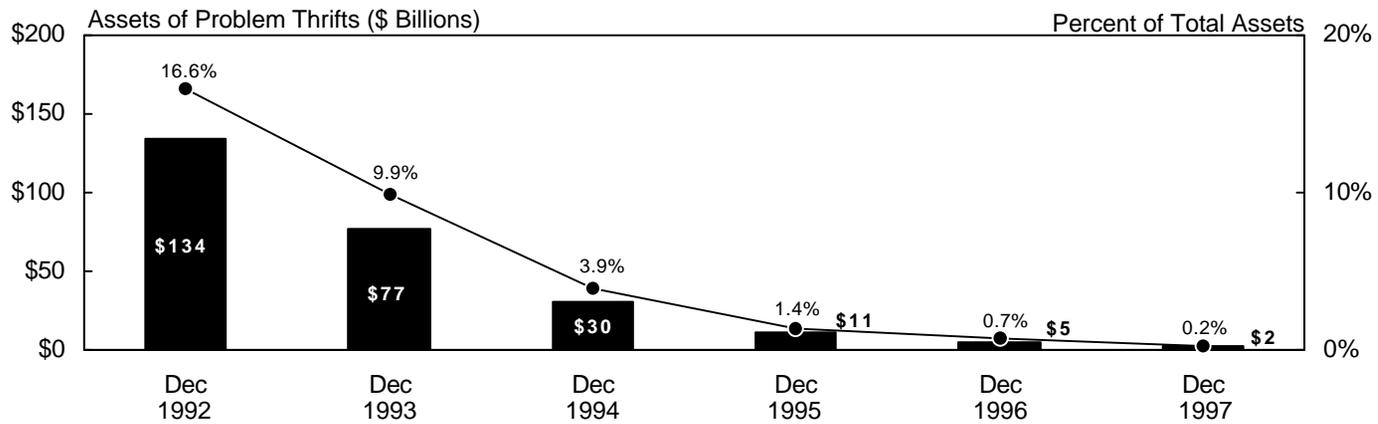
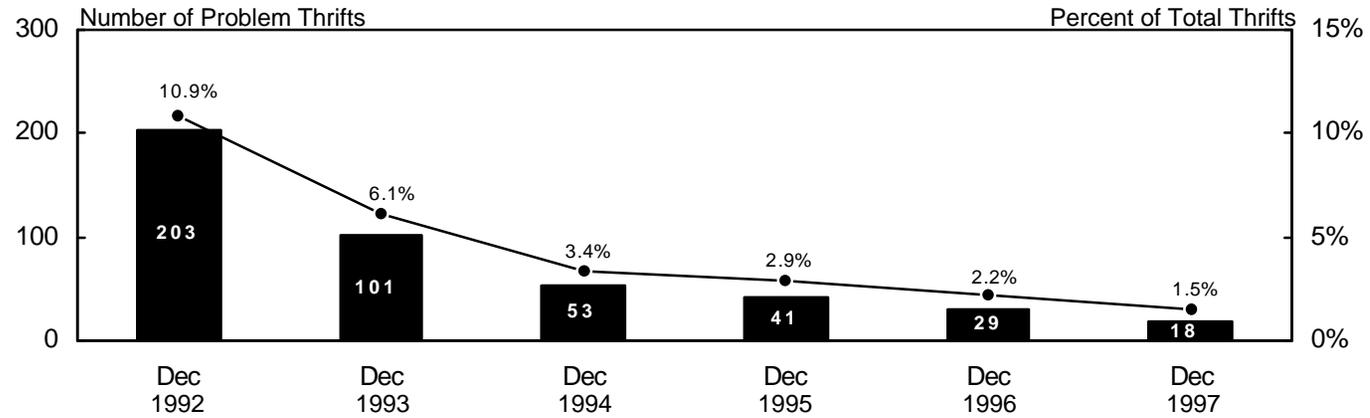
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EQUITY CAPITAL RATIO IS AT A RECORD LEVEL

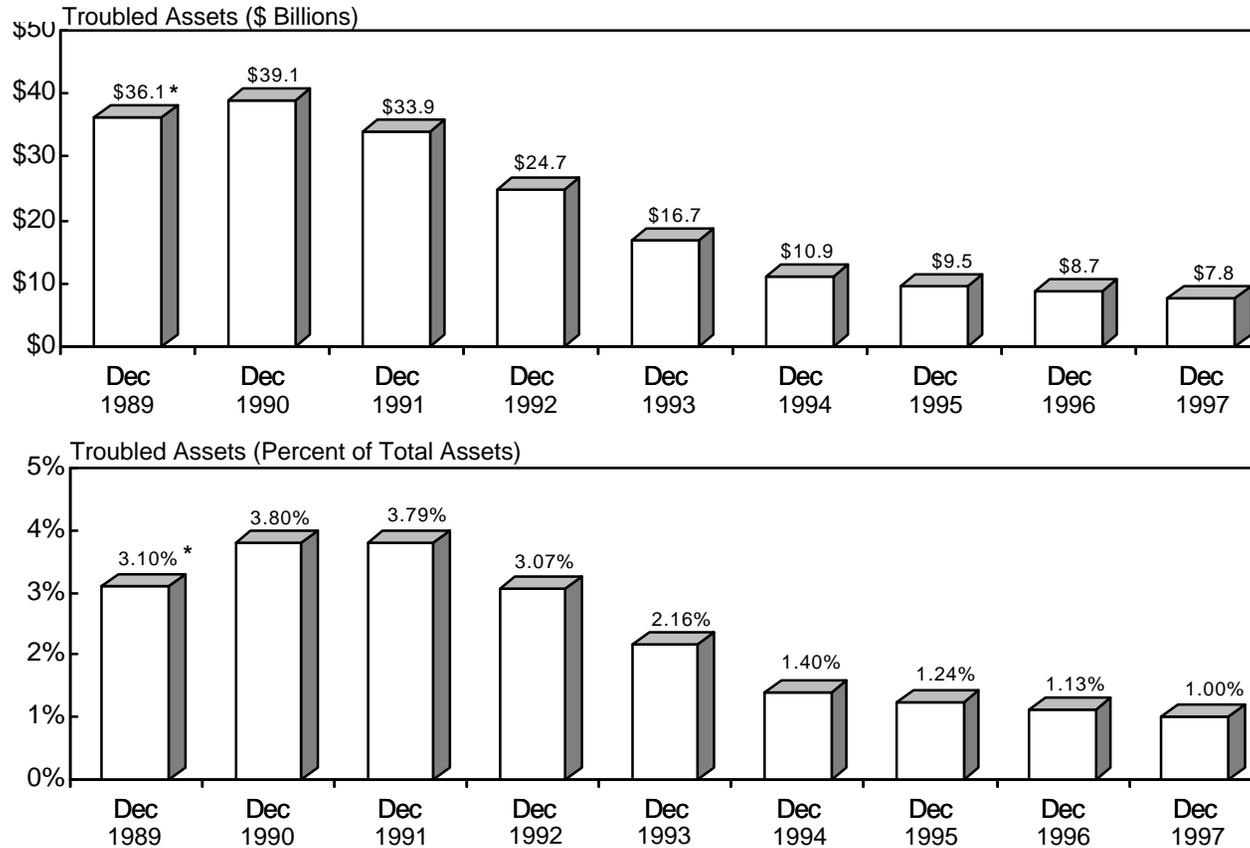


PROBLEM THRIFTS REACHED POST-FIRREA LOW

(Thriffs with CAMELS Ratings of 4 or 5)



TROUBLED ASSETS ARE AT THE LOWEST LEVEL SINCE THIS INDICATOR HAS BEEN USED



* Estimated.

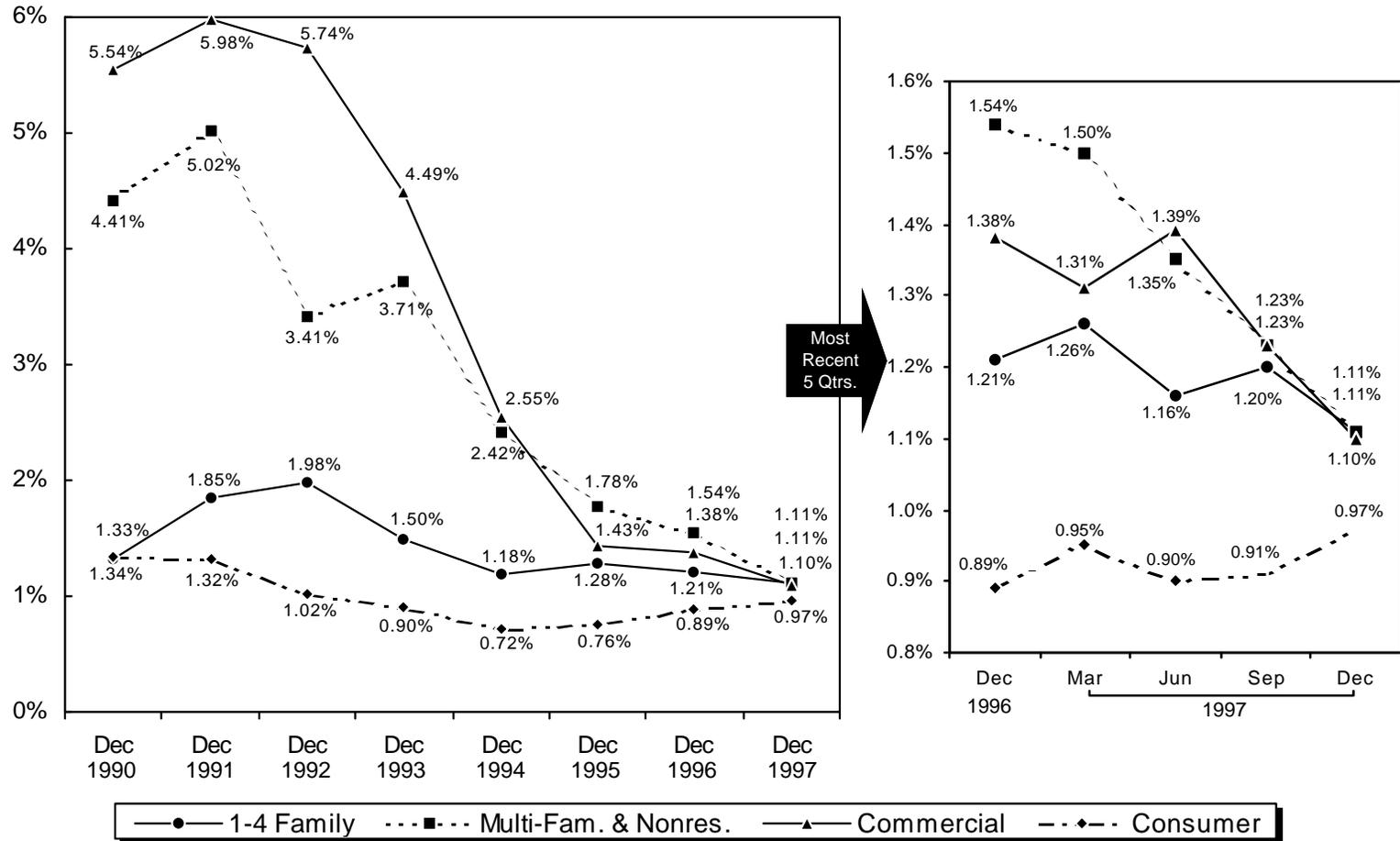
Troubled Assets include noncurrent loans and repossessed assets.

Data after 1995 are net of specific valuation allowances.

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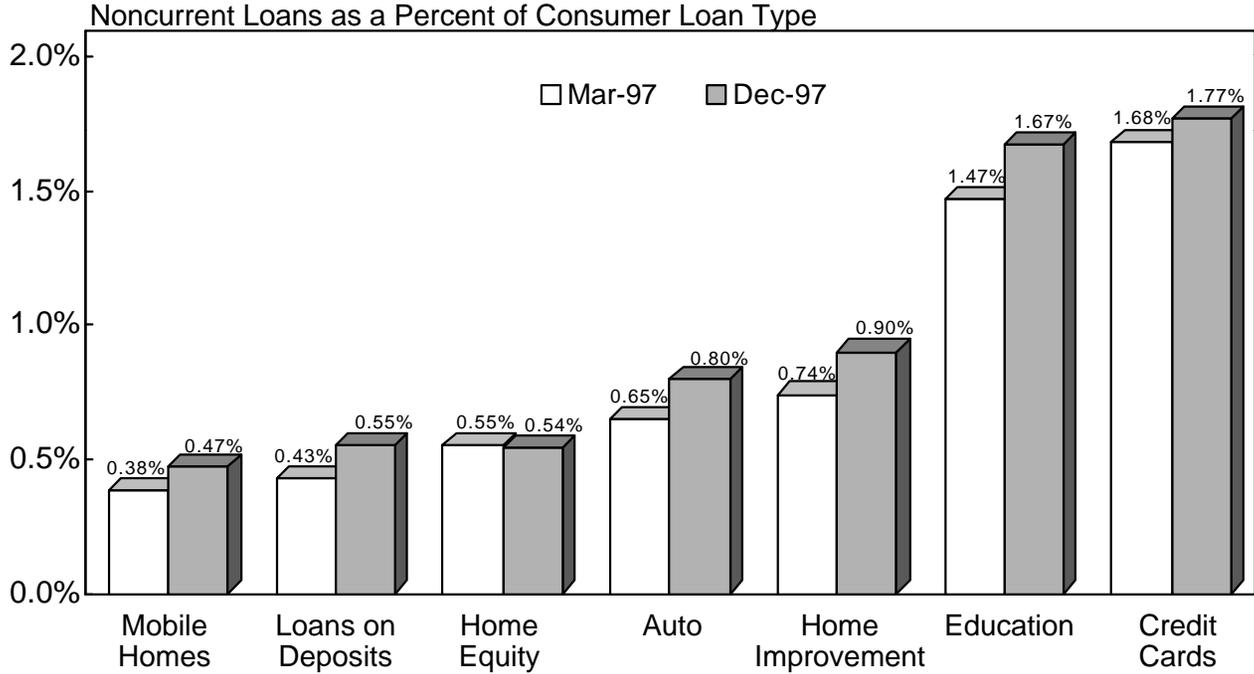
NONCURRENT LOAN RATES CONTINUE TO DECLINE EXCEPT FOR CONSUMER LOANS

Noncurrent Loans (Percent of Loan Type)



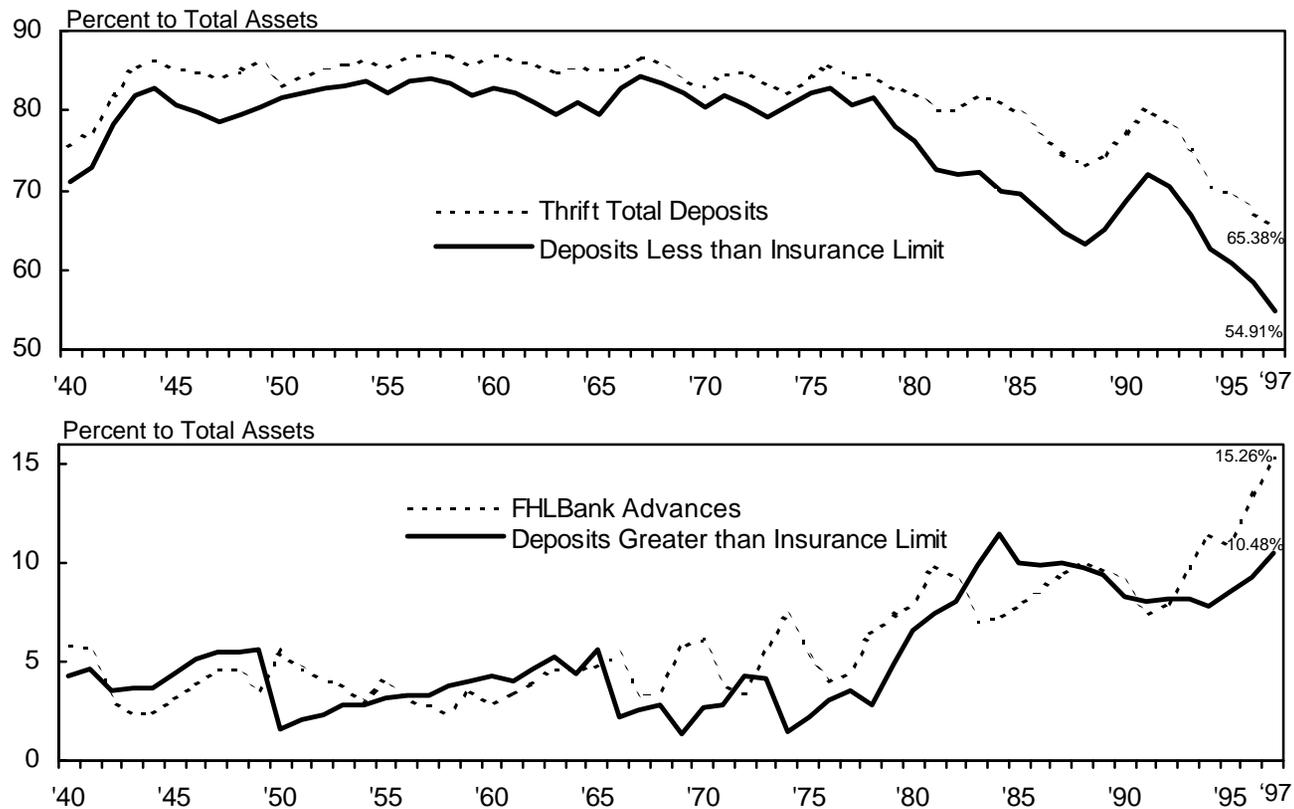
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NONCURRENT RATES FOR CONSUMER LOANS INCREASED IN 1997, EXCEPT FOR HOME EQUITY LOANS



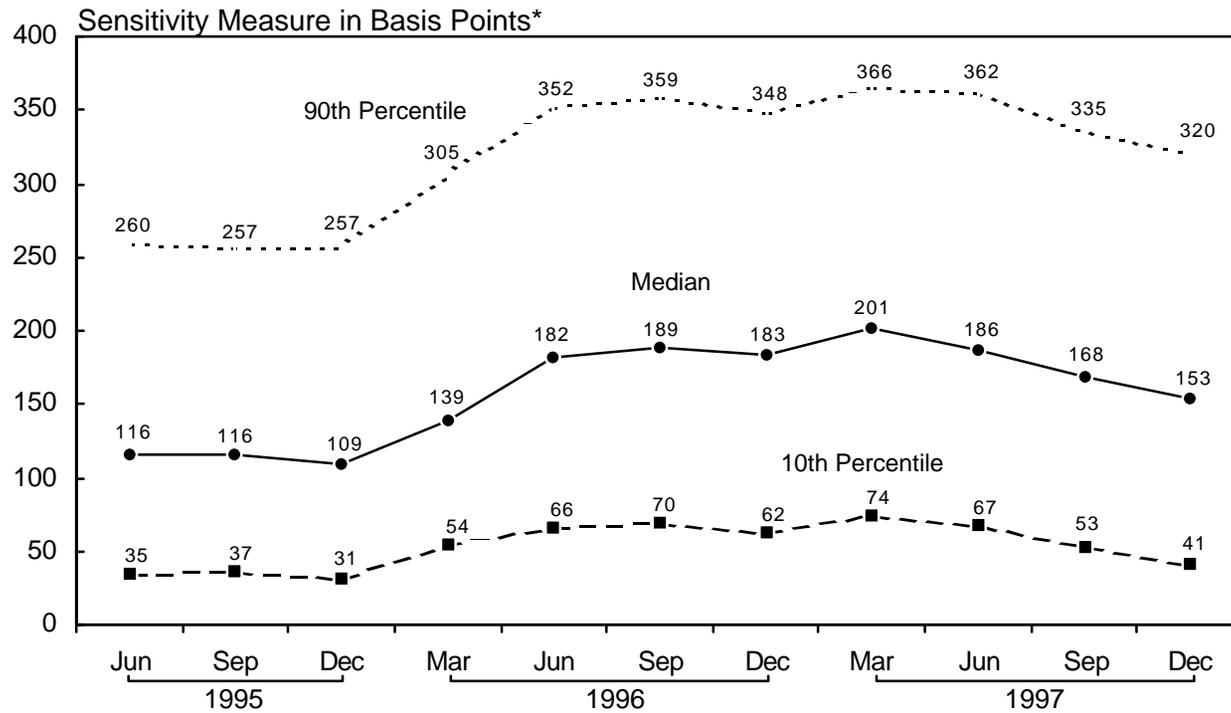
Data are for OTS-regulated thrifts.
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THRIFTS' DECLINE IN SMALLER DEPOSITS OFFSET BY GROWTH IN LARGER DEPOSITS AND FHLBank ADVANCES



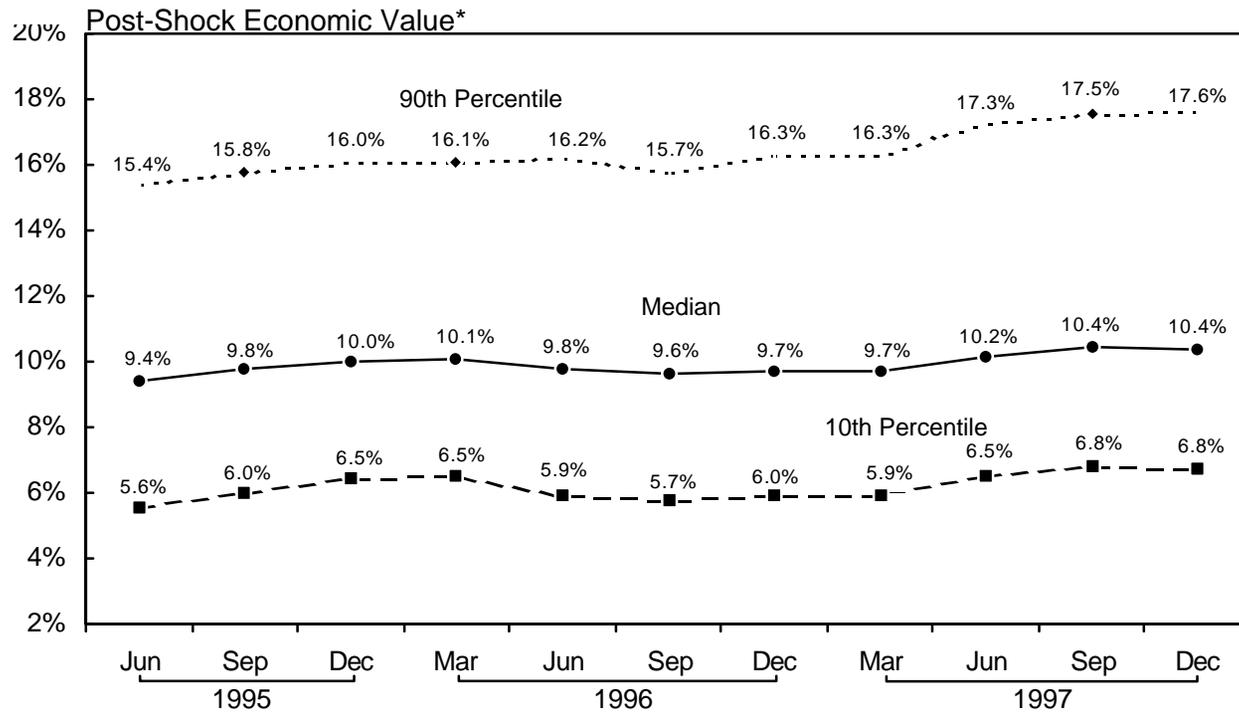
Historical maximum insured deposits are as follows: 1934-'49, \$5,000; 1950-'65, \$10,000; 1966-'68, 15,000; 1969-'73, \$20,000; 1974-'79, \$40,000 (non-government accounts), \$100,000 (government accounts); 1980-'97, \$100,000.
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SENSITIVITY TO INTEREST RATE RISK HAS DECLINED RECENTLY BUT REMAINS HIGHER THAN IN 1995



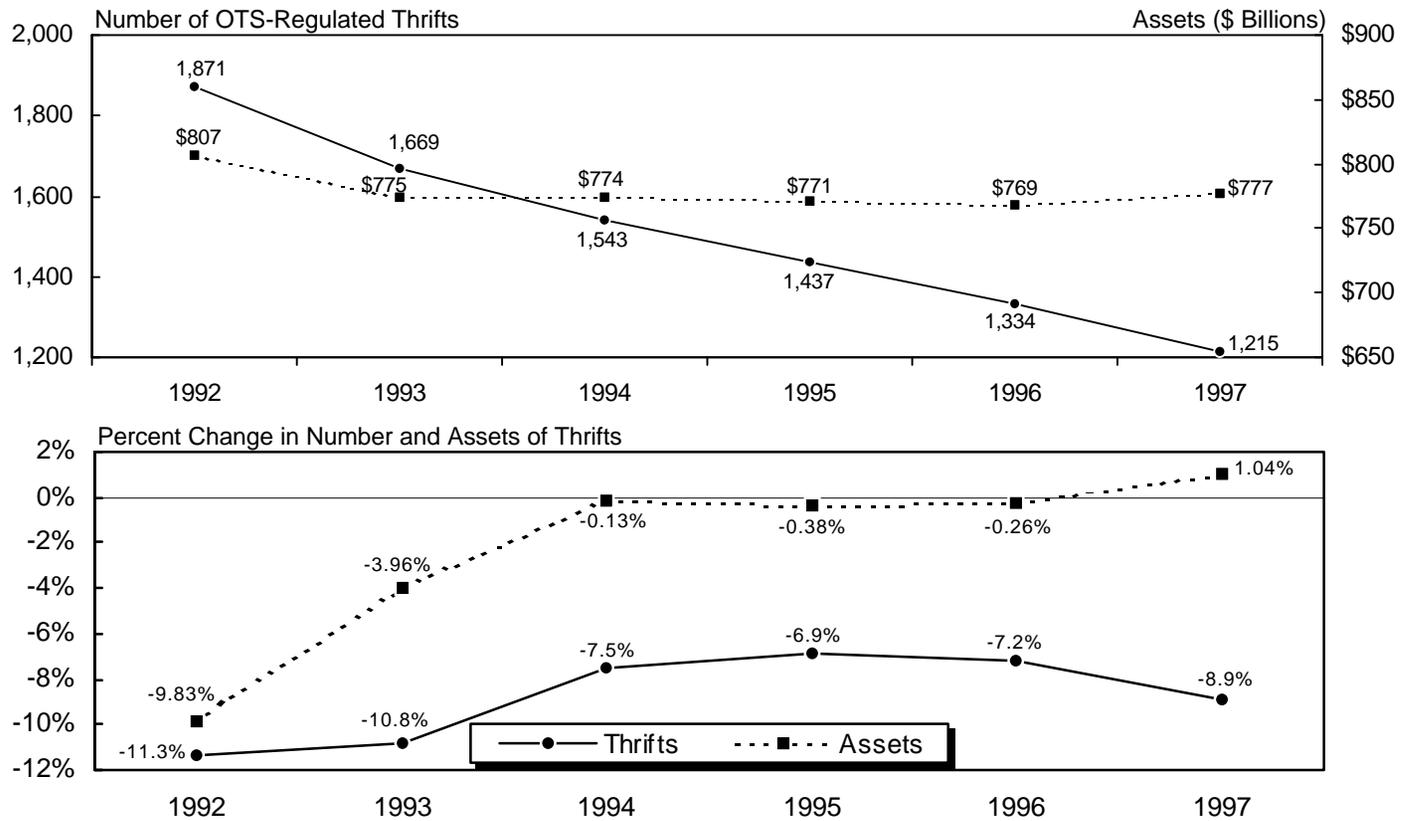
* Preliminary fourth quarter data.
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HIGHER CAPITAL LEVELS REDUCE EXPOSURE TO INTEREST RATE RISK

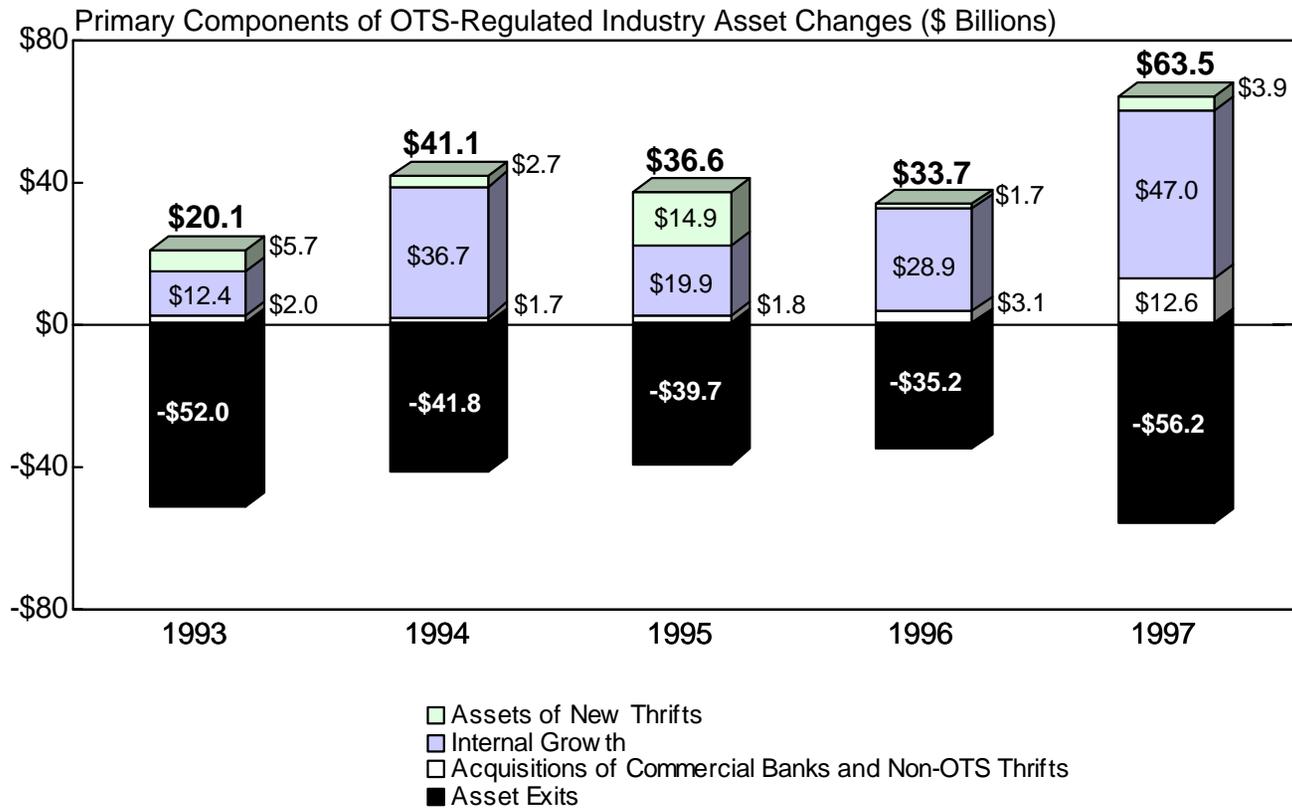


* Preliminary fourth quarter data.
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THRIFT ASSETS GREW SLIGHTLY WHILE CONSOLIDATION INCREASED IN 1997



ACQUISITIONS OF COMMERCIAL BANKS AND NON-OTS THRIFTS SUPPLEMENTED INTERNAL THRIFT ASSET GROWTH IN 1997



FOR THE PAST THREE YEARS, MOST THRIFT EXITS WERE DUE TO ACQUISITIONS BY COMMERCIAL BANKS

EXITS OF OTS-REGULATED THRIFTS	1993	1994	1995	1996	1997
Failures	8	2	2	1	0
Conversions					
To Commercial Banks	18	17	13	10	32
To State-Chartered Savings Banks	<u>98</u>	<u>49</u>	<u>16</u>	<u>20</u>	<u>17</u>
Total Number of Conversions	116	66	29	30	49
Acquisitions					
By Commercial Banks	39	44	49	46	60
By State-Chartered Savings Banks	<u>3</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>1</u>
Total Number of Acquisitions by Non-OTS Reg. Institutions	42	46	50	49	61
OTS Thrift-to-Thrift Mergers	37	32	43	36	28
Voluntary Dissolutions	10	3	5	3	3
TOTAL EXITS	213	149	129	119	141
TOTAL ENTRANTS	13	24	23	18	22
De Novo	12	16	3	6	11
Other	1	8	20	12	11
NET DECLINE	200	125	106	101	119

SINGLE-FAMILY MORTGAGES STILL DOMINATE INDUSTRY ASSETS, ALTHOUGH GROWTH RATES WERE HIGHEST FOR SMALL BUSINESS / COMMERCIAL AND CONSUMER LOANS

	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.

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