

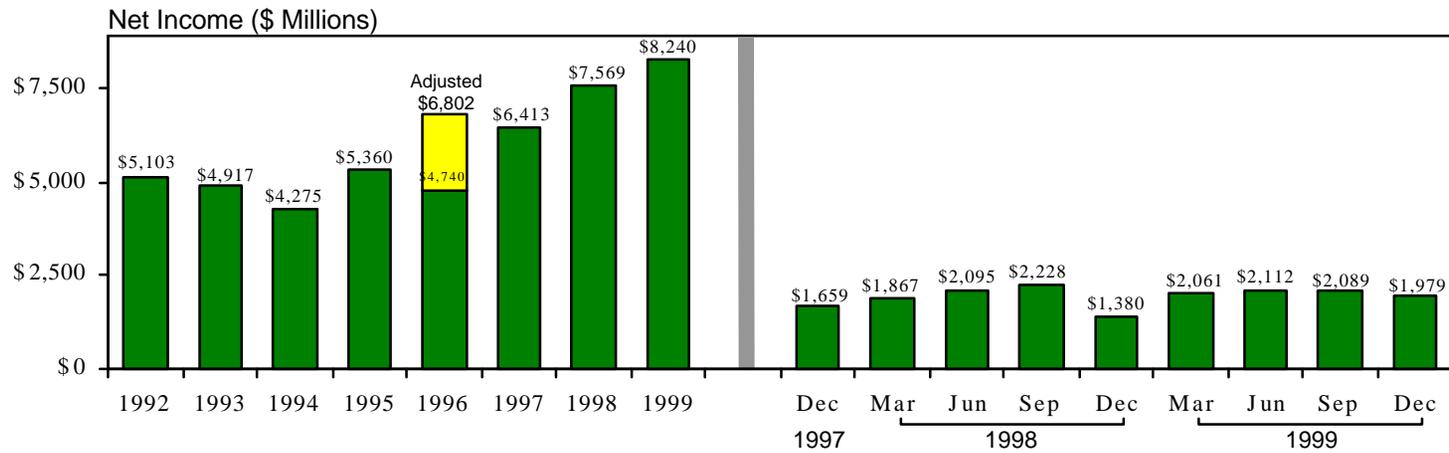
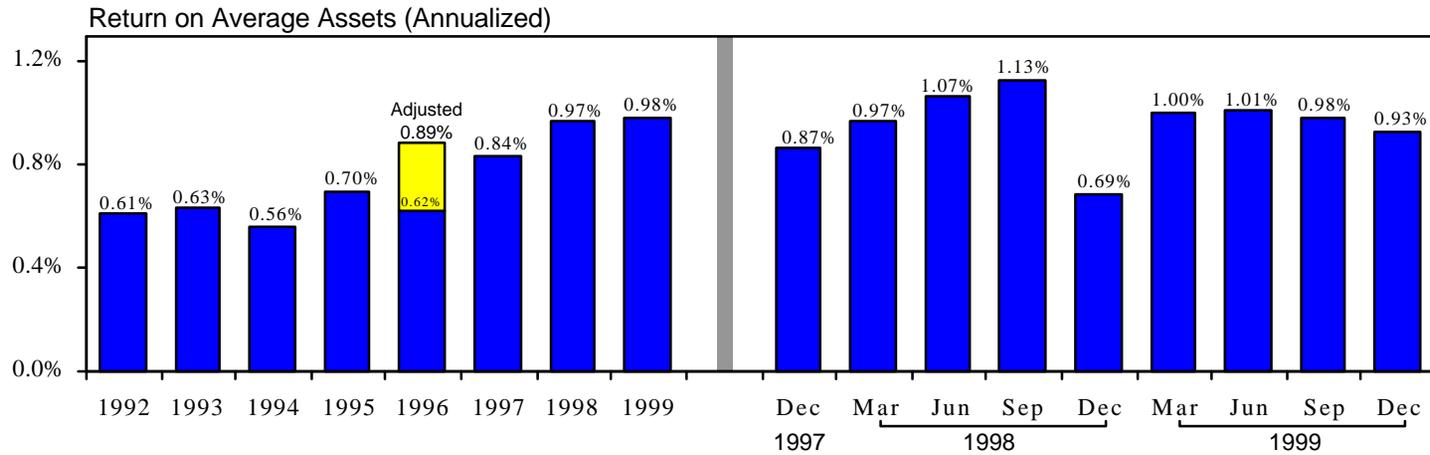


# OFFICE OF THRIFT SUPERVISION

## Fourth Quarter 1999 Index of Charts

TITLE	CHART
● 1999 Industry Earnings Set New Record	1
● Lower Operating Expenses And Increased Fee Income Led 1999 ROA Improvement	2
● Operating Efficiency Improved While Earnings Efficiency Fell	3
● Fourth Quarter Single-Family Originations Fell As Interest Rates Increased	4
● Equity Capital Ratio Declined Further But Remains Healthy	5
● Noncurrent Loan Rates Were Stable In 1999	6
● General Decline In Net Charge-Offs Reflected Improved Asset Quality	7
● Number And Assets Of Problem Thrifts Fell During 1999	8
● Troubled Assets Reached A New Low	9
● Thrifts Remain Home Lenders Despite Growth In Other Loan Categories	10
● Thrifts With Concentration In Nontraditional Loans And The Degree Of Concentration Increased	11
● Pre-Shock Values Remain Well Above Well-Capitalized Level	12
● Interest Rate Risk Sensitivity Increased In Line With 10-Year Treasury Constant Maturity	13
● Median Post-Shock Values Remain Strong Despite The Decline	14
● Pre-Shock Values Remain Well Above Well-Capitalized Level	15
● Asset Growth Continued And Thrift Industry Consolidation Slowed	16
● Exits Declined Significantly In 1999	17

# 1999 INDUSTRY EARNINGS SET NEW RECORD



Adjusted data exclude the net SAIF special assessment of \$2.1 billion incurred in the third quarter of 1996.  
Office of Thrift Supervision / March 2000

## LOWER OPERATING EXPENSES AND INCREASED FEE INCOME LED 1999 ROA IMPROVEMENT

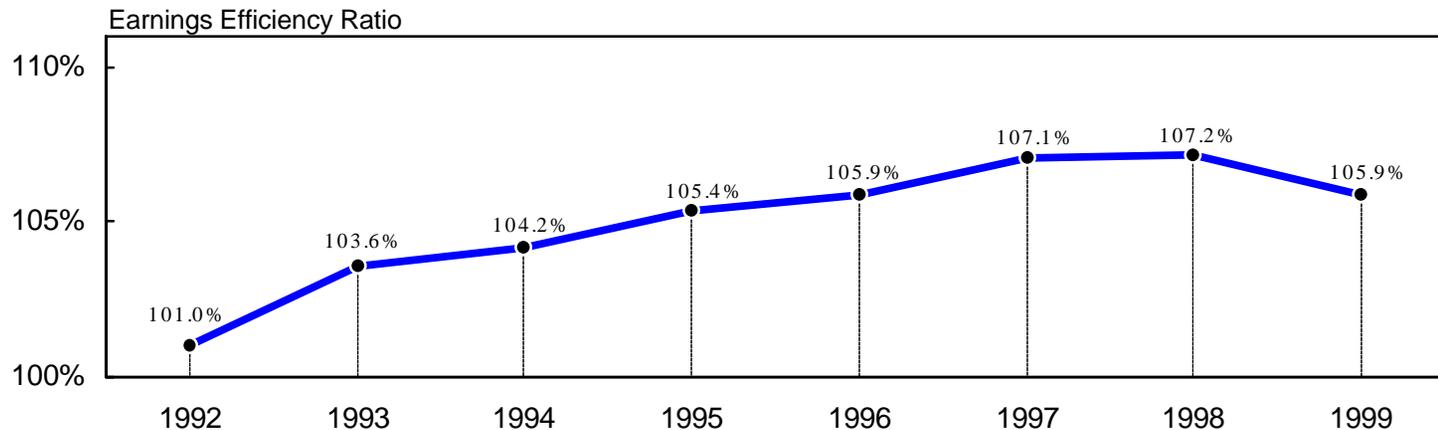
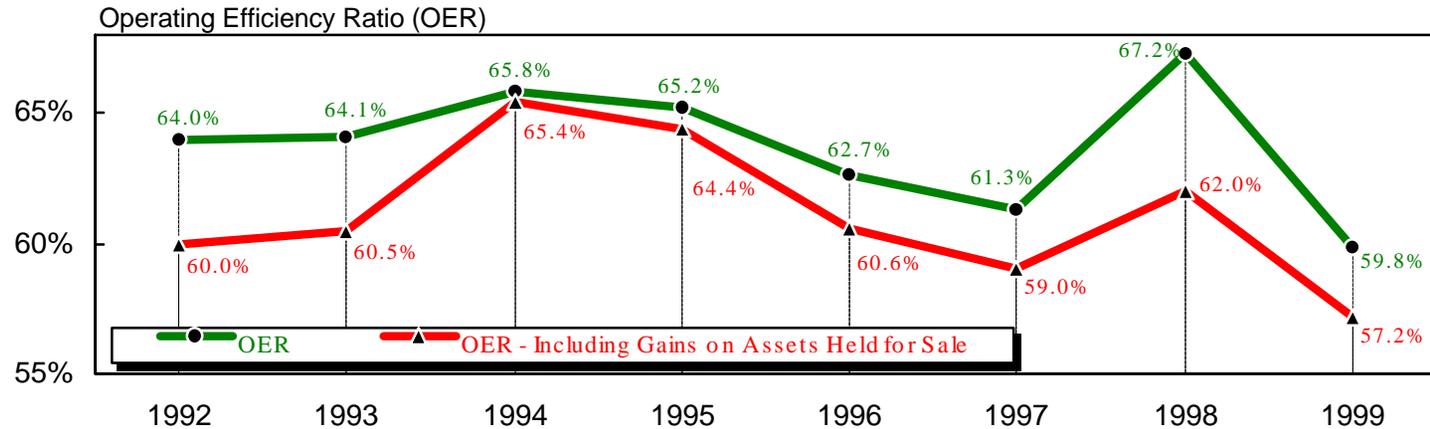
Components of ROA	Average 1992 - 1995	1998	1999	Change 1998 to 1999	Sep '99	Dec '99	Change Sep '99 to Dec '99
<b>ROA</b>	<b>0.63%</b>	<b>0.97%</b>	<b>0.98%</b>	<b>0.01%</b>	<b>0.98%</b>	<b>0.93%</b>	<b>-0.05%</b>
<b>Net Interest Margin</b>	<b>2.87%</b>	<b>2.74%</b>	<b>2.73%</b>	<b>-0.01%</b>	<b>2.71%</b>	<b>2.71%</b>	<b>0.00%</b>
Interest Income	7.00%	7.00%	6.79%	-0.21%	6.80%	6.92%	0.12%
Interest Expense	4.14%	4.26%	4.06%	-0.20%	4.08%	4.21%	0.13%
Provisions for Losses	0.36%	0.22%	0.17%	-0.05%	0.14%	0.16%	0.02%
<b>Fee Income</b>	<b>0.34%</b>	<b>0.57%</b>	<b>0.66%</b>	<b>0.09%</b>	<b>0.65%</b>	<b>0.73%</b>	<b>0.08%</b>
Mortgage Loan Servicing Fees	0.08%	0.06%	0.11%	0.05%	0.09%	0.14%	0.05%
Other Fees and Charges	0.26%	0.51%	0.55%	0.04%	0.56%	0.59%	0.03%
Other Non-Interest Income <sup>1</sup>	0.43%	0.68%	0.41%	-0.27%	0.39%	0.32%	-0.07%
Sale of Assets Held for Sale	0.12%	0.28%	0.16%	-0.12%	0.12%	0.06%	-0.06%
<b>Non-Interest Expense</b>	<b>2.27%</b>	<b>2.32%</b>	<b>2.11%</b>	<b>-0.21%</b>	<b>2.07%</b>	<b>2.14%</b>	<b>0.07%</b>
Taxes	0.36%	0.50%	0.56%	0.06%	0.56%	0.52%	-0.04%

Data are annualized and numbers may not sum due to rounding.

<sup>1</sup> Other Non-Interest Income primarily includes sale of assets held for sale and held for investment, dividends on FHLB stock, and income from leasing office space.

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# OPERATING EFFICIENCY IMPROVED WHILE EARNINGS EFFICIENCY FELL



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

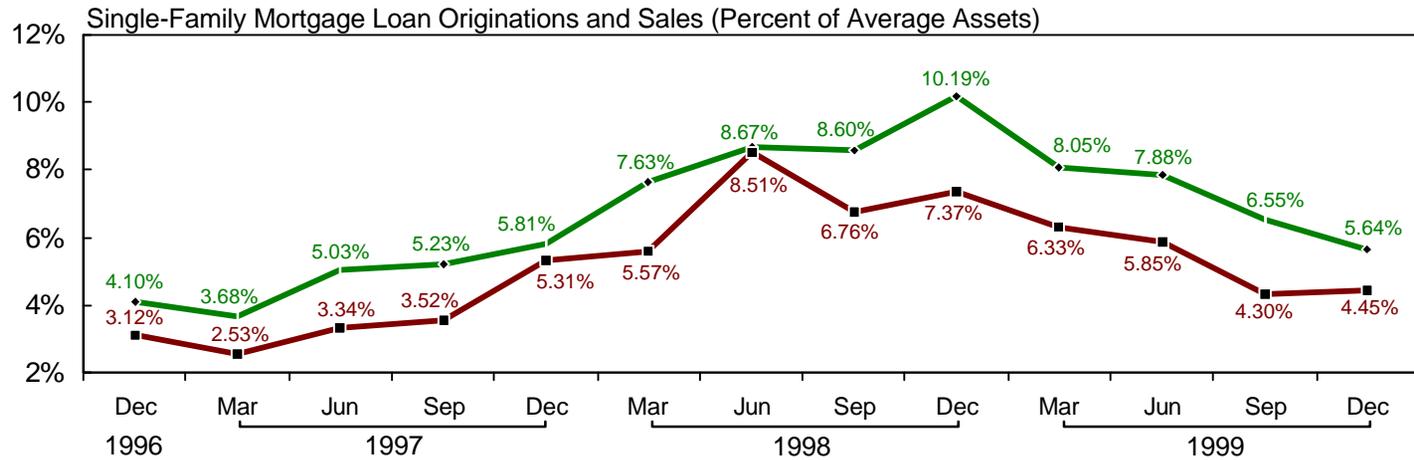
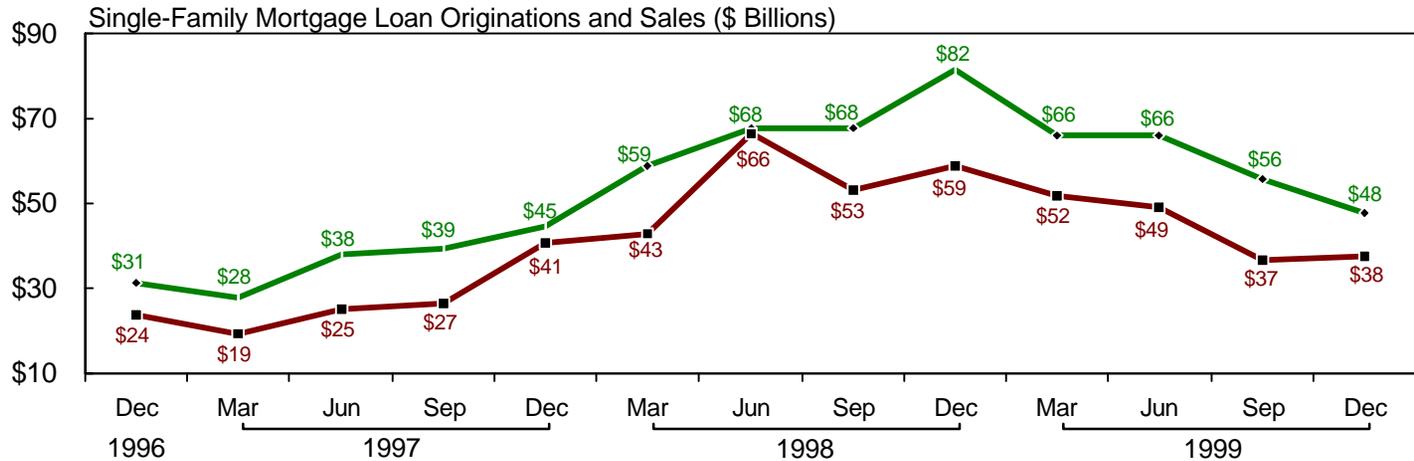
Earnings Efficiency Ratio = Interest-Earning Assets / Interest-Bearing Liabilities.

1996 General and Administrative Expense excludes net SAIF special assessment.

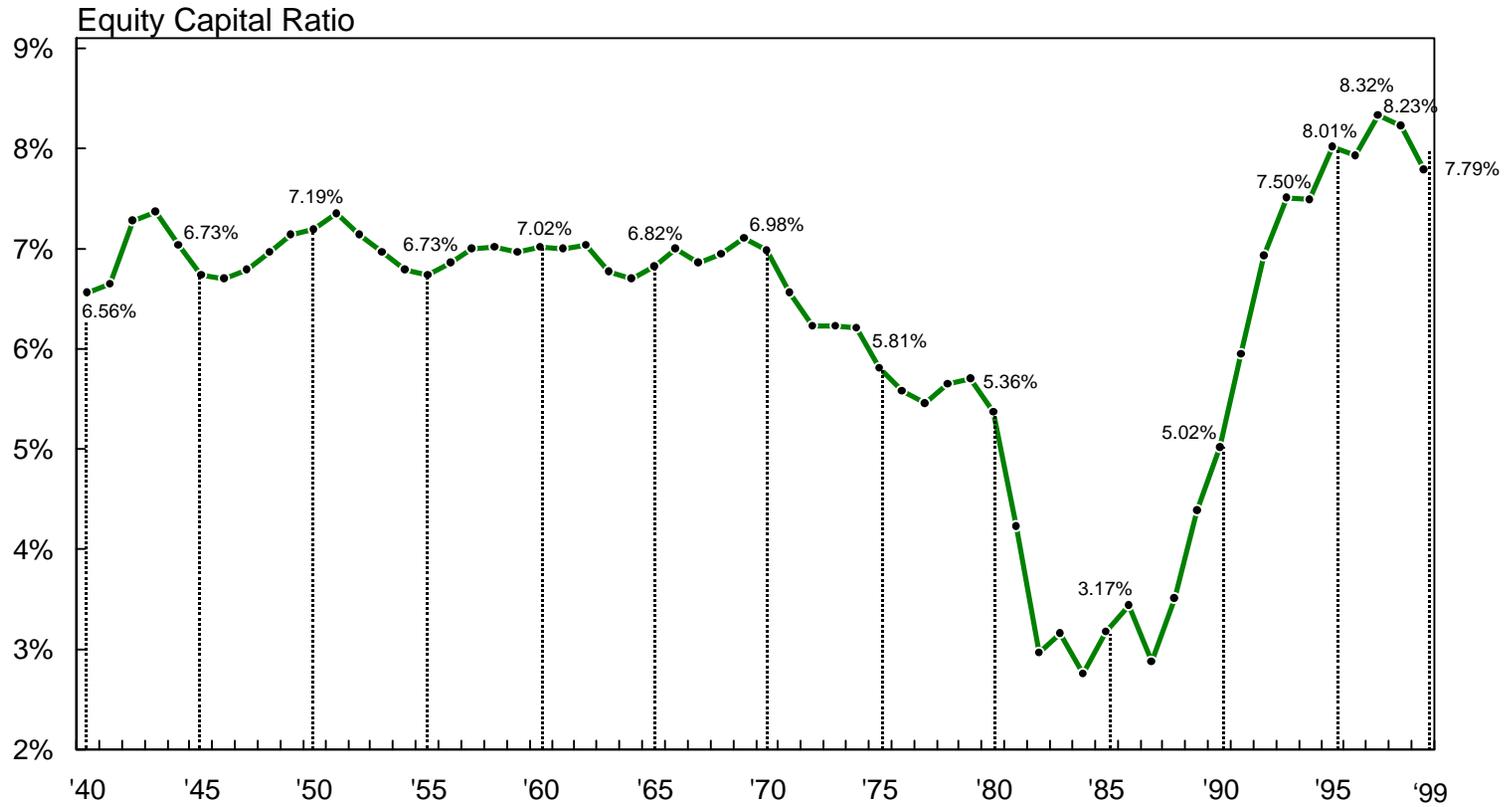
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# FOURTH QUARTER SINGLE-FAMILY ORIGINATIONS FELL AS INTEREST RATES INCREASED

— Total Originations    — Total Sales



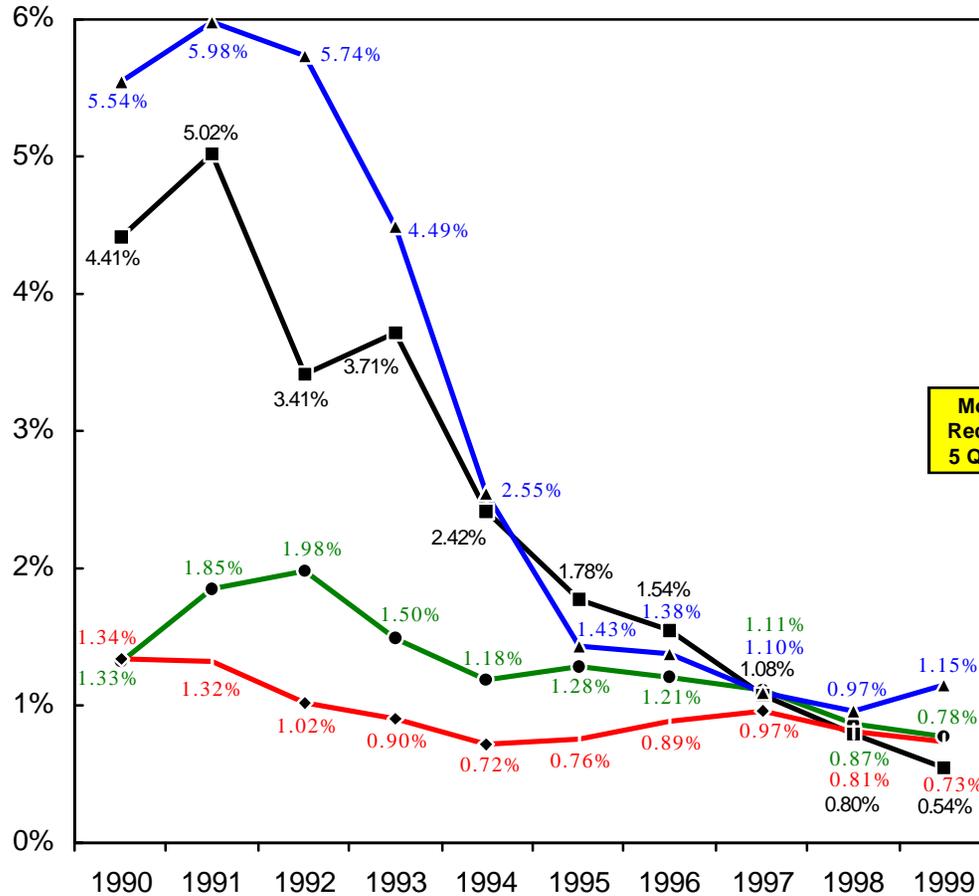
# EQUITY CAPITAL RATIO DECLINED FURTHER BUT REMAINS HEALTHY



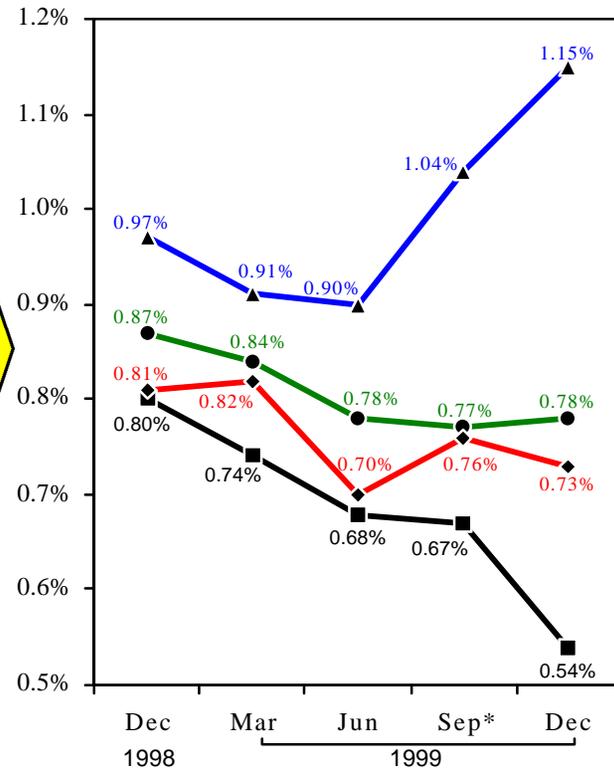
(\$ Billions)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Equity Capital	\$31.9	\$49.2	\$52.0	\$52.7	\$57.4	\$61.7	\$60.9	\$64.6	\$67.3	\$67.3

# NONCURRENT LOAN RATES WERE STABLE IN 1999

Noncurrent Loans as Percent of Loan Type



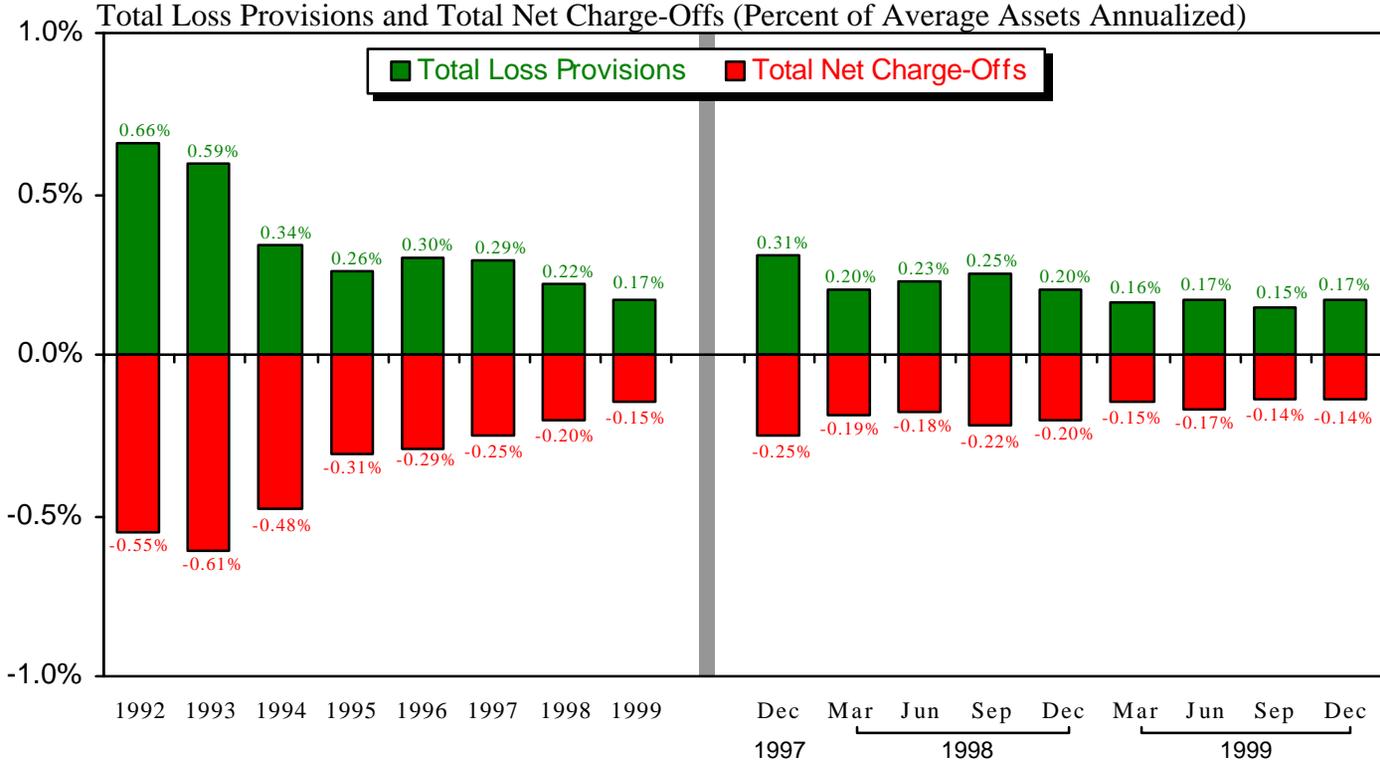
Most Recent 5 Qtrs.



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

Data after 1995 are net of specific valuation allowances.  
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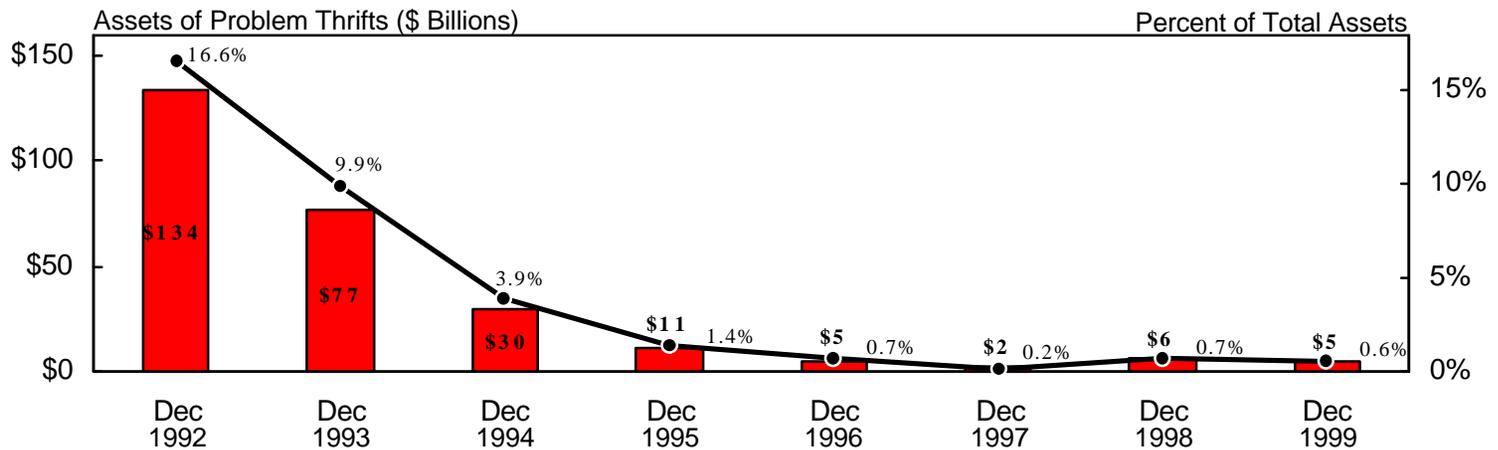
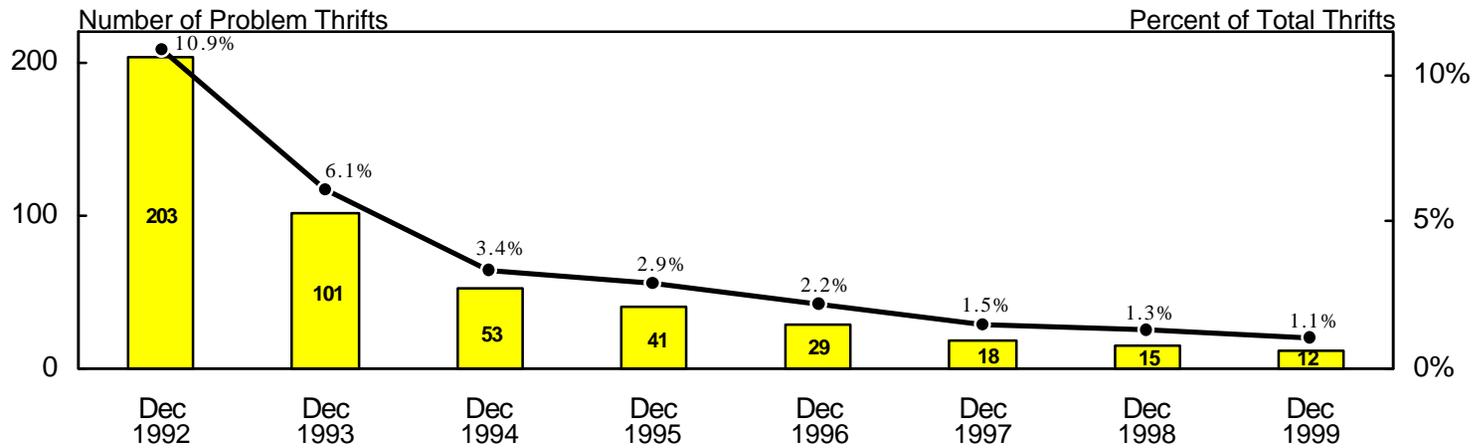
# GENERAL DECLINE IN NET CHARGE-OFFS REFLECTED IMPROVED ASSET QUALITY



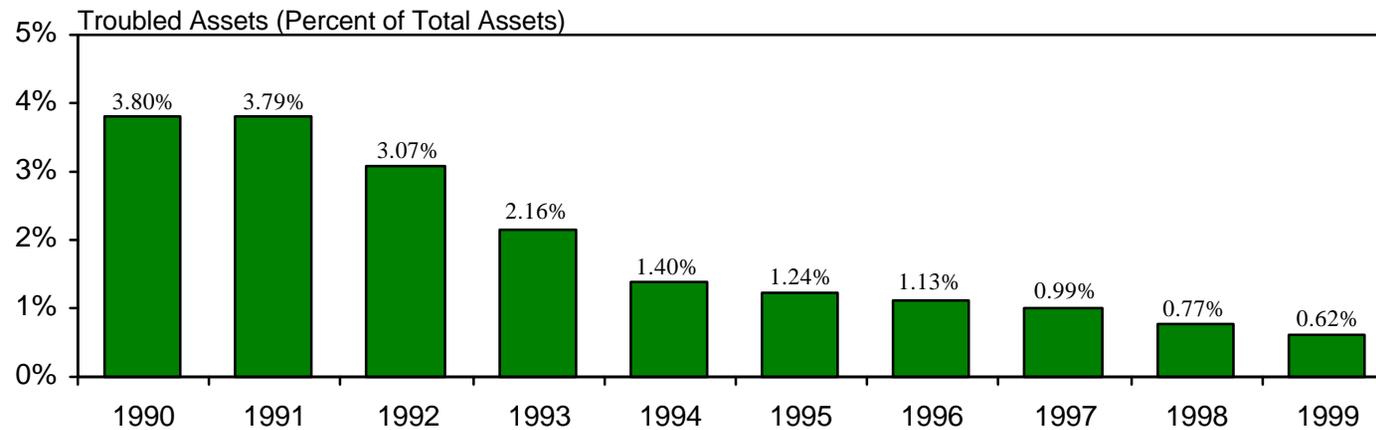
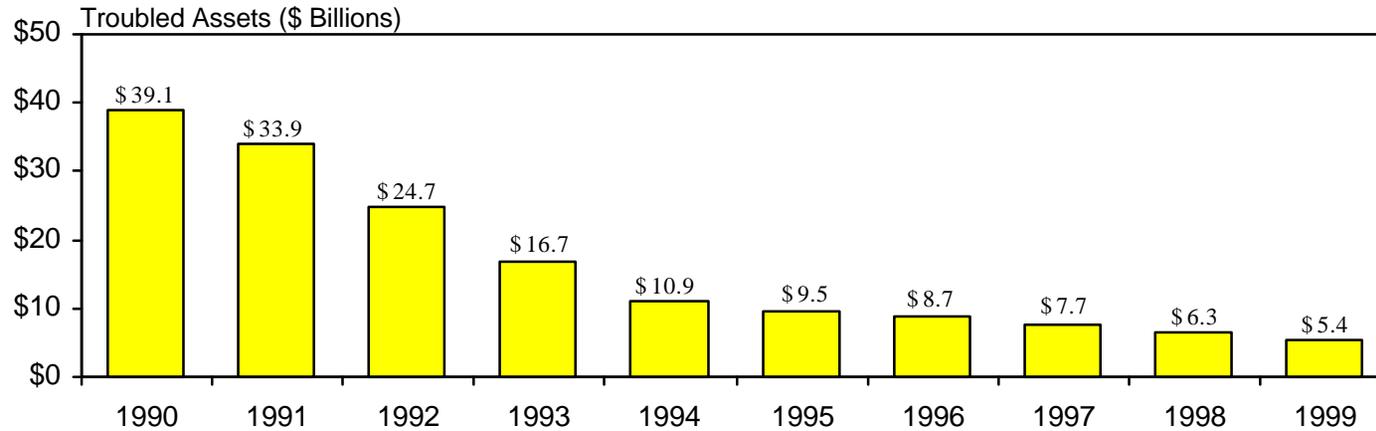
Net charge-offs are charge-offs less recoveries.  
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# NUMBER AND ASSETS OF PROBLEM THRIFTS FELL DURING 1999

(Thrifts with CAMELS Ratings of 4 or 5)



# TROUBLED ASSETS REACHED A NEW LOW



Troubled Assets include noncurrent loans and repossessed assets.  
Data after 1995 are net of specific valuation allowances.  
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## THRIFTS REMAIN HOME LENDERS DESPITE GROWTH IN OTHER LOAN CATEGORIES

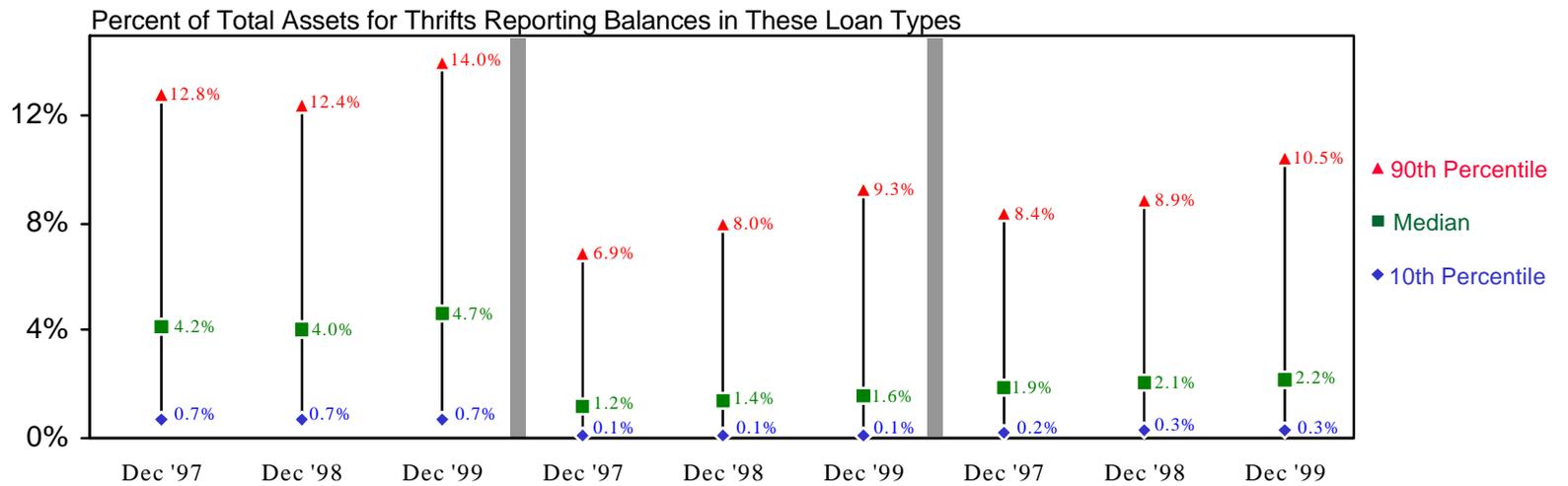
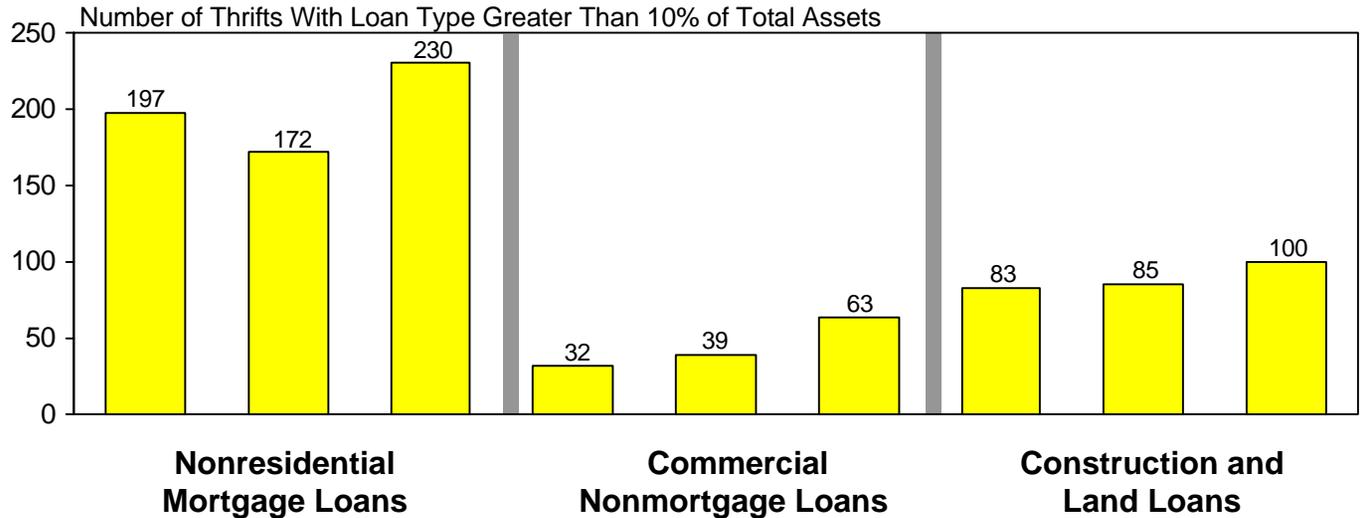
	Dec 1993		Dec 1998		Dec 1999		Average Annual Growth Rates	
	\$	% TA	\$	% TA	\$	% TA	Dec '93 Dec '99	Dec '98 Dec '99
Total Assets	\$774.8	100.0%	\$817.6	100.0%	\$863.4	100.0%	1.9%	5.6%
Total Loans	503.8	65.0%	555.1	67.9%	583.6	67.6%	2.6%	5.1%
1-4 Family Mortgage Loans	354.8	45.8%	400.9	49.0%	408.0	47.3%	2.5%	1.8%
<b>Construction Loans</b>	<b>12.7</b>	<b>1.6%</b>	<b>13.8</b>	<b>1.7%</b>	<b>17.6</b>	<b>2.0%</b>	<b>6.4%</b>	<b>27.6%</b>
Other Mortgages	95.7	12.4%	77.5	9.5%	81.4	9.4%	-2.5%	5.1%
<b>Commercial Loans / Small Business</b>	<b>5.2</b>	<b>0.7%</b>	<b>15.6</b>	<b>1.9%</b>	<b>20.3</b>	<b>2.4%</b>	<b>48.5%</b>	<b>30.6%</b>
Consumer Loans	35.4	4.6%	47.4	5.8%	56.3	6.5%	9.9%	18.9%
Mortgage Pool Securities	119.5	15.4%	93.3	11.4%	94.8	11.0%	-3.5%	1.6%
Investment Securities	108.6	14.0%	113.8	13.9%	124.3	14.4%	2.4%	9.3%
Mortgage Derivatives	43.8	5.7%	67.1	8.2%	78.4	9.1%	13.2%	16.9%

Dollars in billions and numbers may not sum due to rounding.

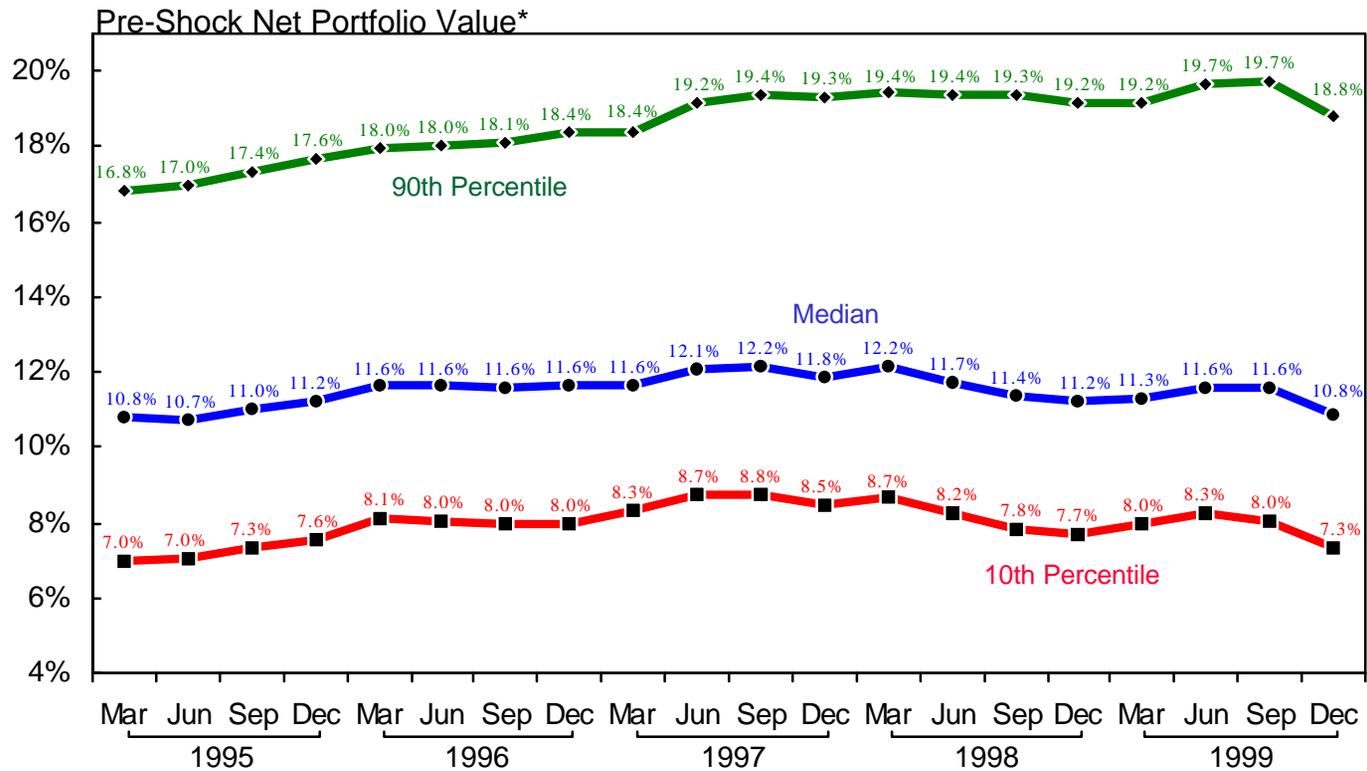
Beginning in 1997, detailed asset categories are reported net of specific valuation allowances, loans-in-process, and unamortized yield adjustments. This reporting change significantly reduced the construction loan balance.

Office of Thrift Supervision / March 2000

# THRIFTS WITH CONCENTRATION IN NONTRADITIONAL LOANS AND THE DEGREE OF CONCENTRATION INCREASED

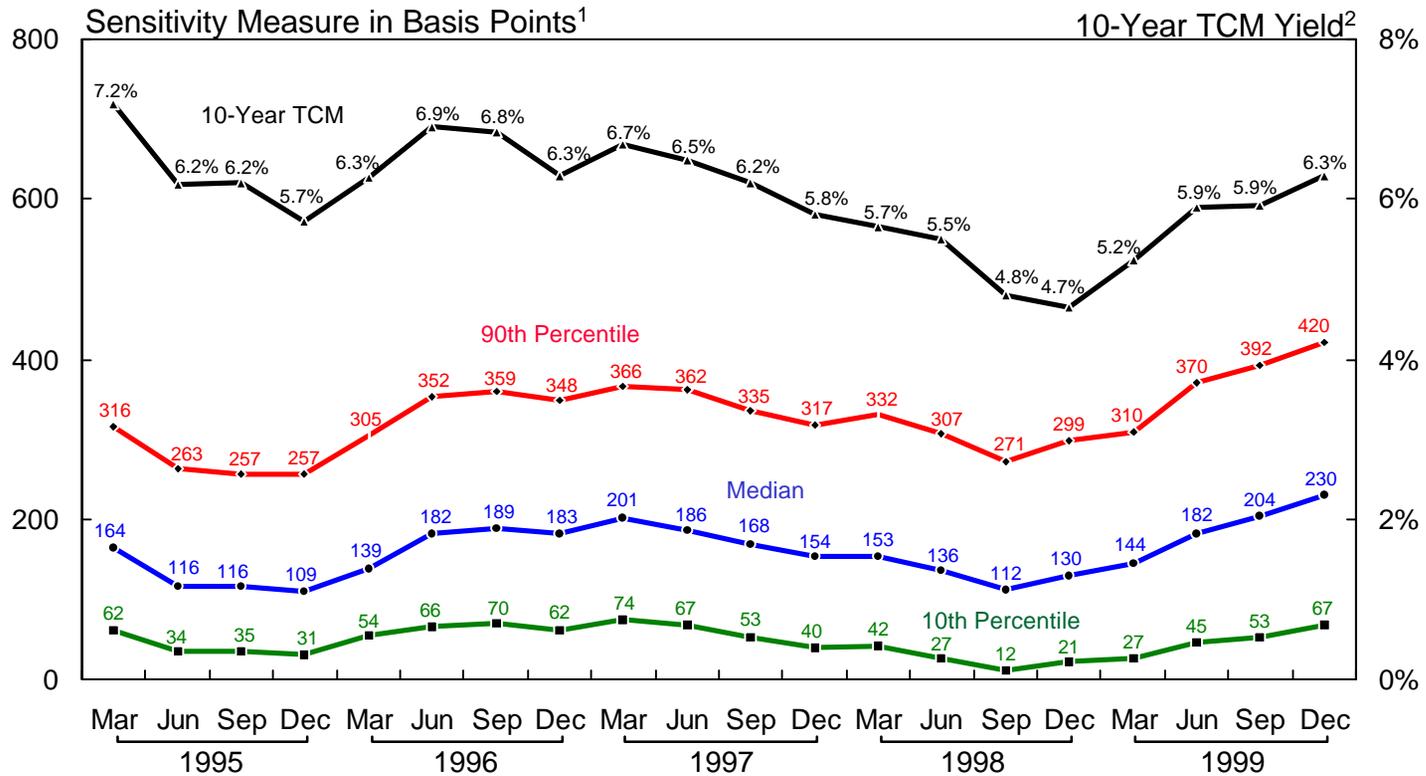


# PRE-SHOCK VALUES REMAIN WELL ABOVE WELL-CAPITALIZED LEVEL



\* Preliminary fourth quarter data for 989 thrifts with \$842.9 billion in assets.  
Office of Thrift Supervision / March 2000

# INTEREST RATE RISK SENSITIVITY INCREASED IN LINE WITH 10-YEAR TREASURY CONSTANT MATURITY



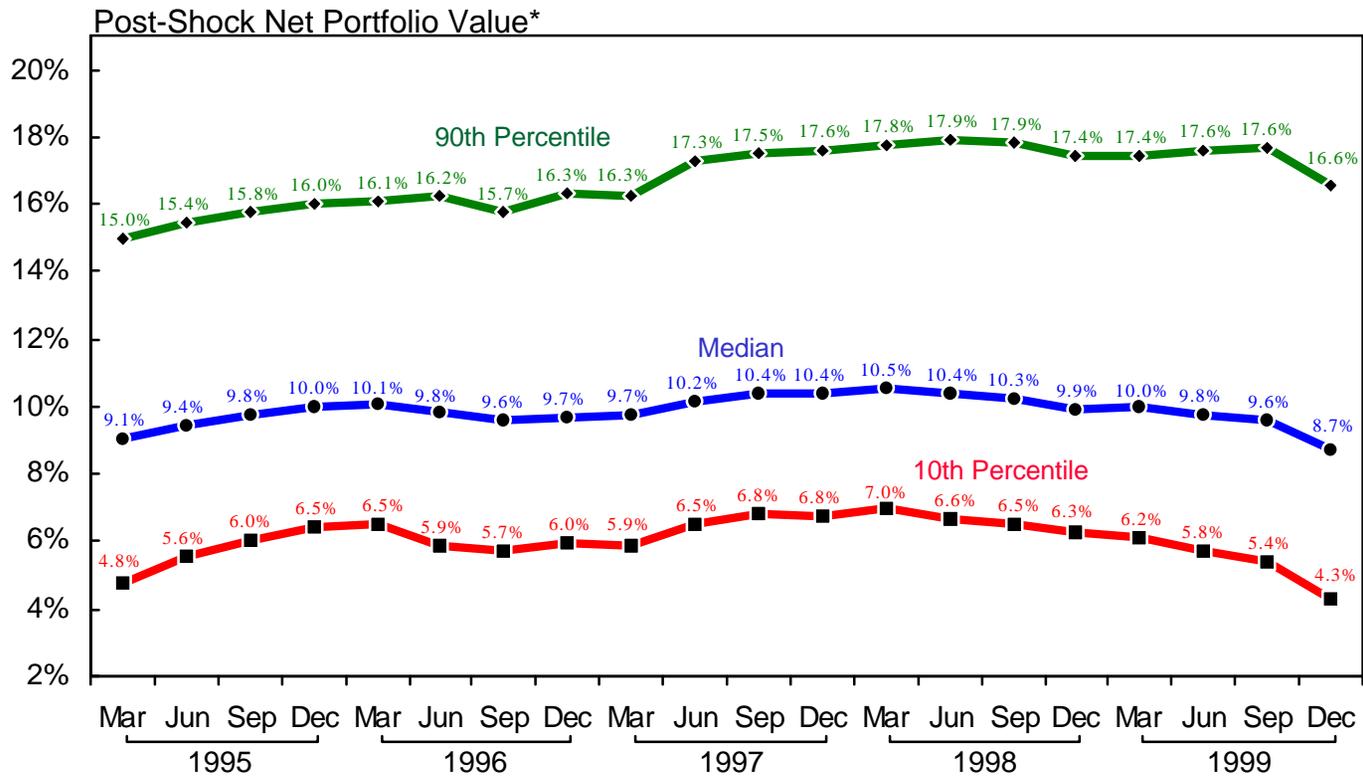
<sup>1</sup> Preliminary fourth quarter data for 989 thrifts with \$842.9 billion in assets.

<sup>2</sup> Average monthly yields for 10-year Treasury Constant Maturity.

Sources: Federal Reserve Board, "Statistical Release on Selected Interest Rates, H.15", and OTS.

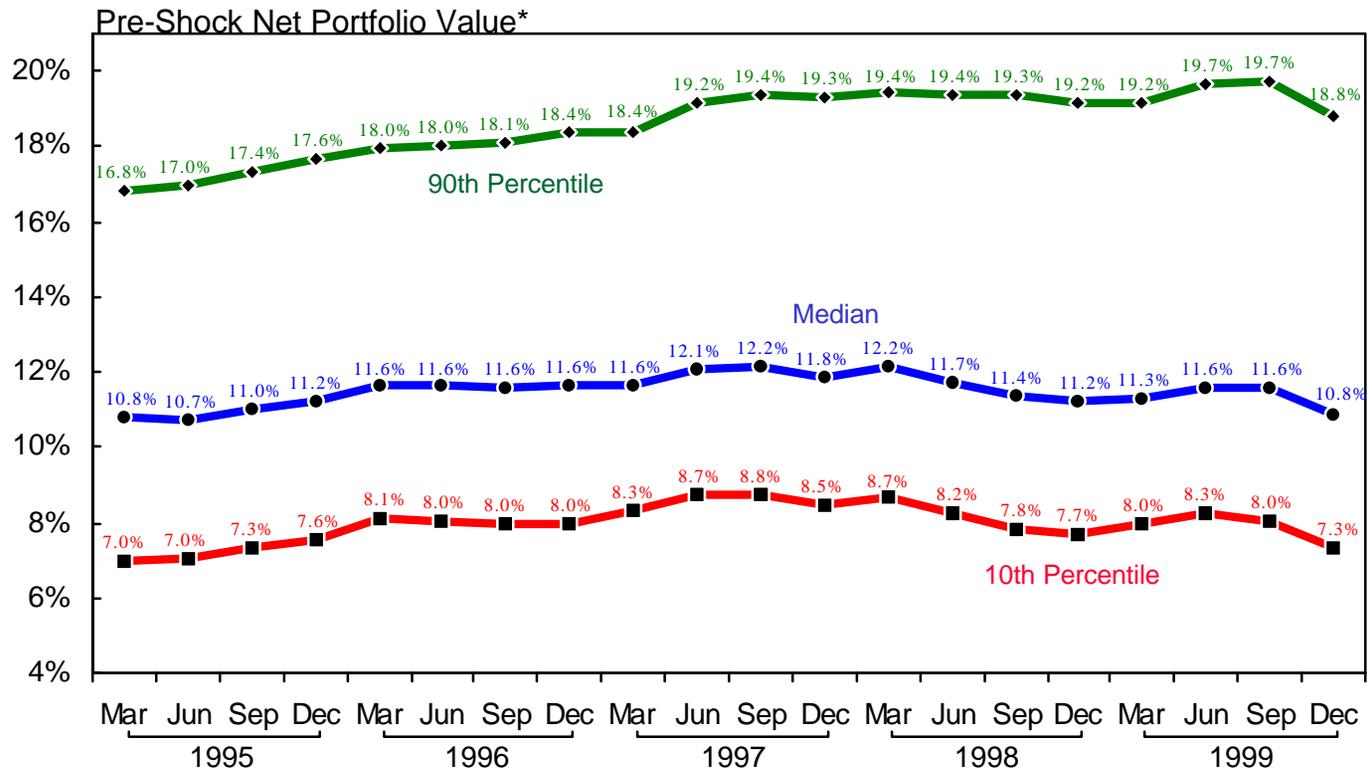
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## MEDIAN POST-SHOCK VALUES REMAIN STRONG DESPITE THE DECLINE



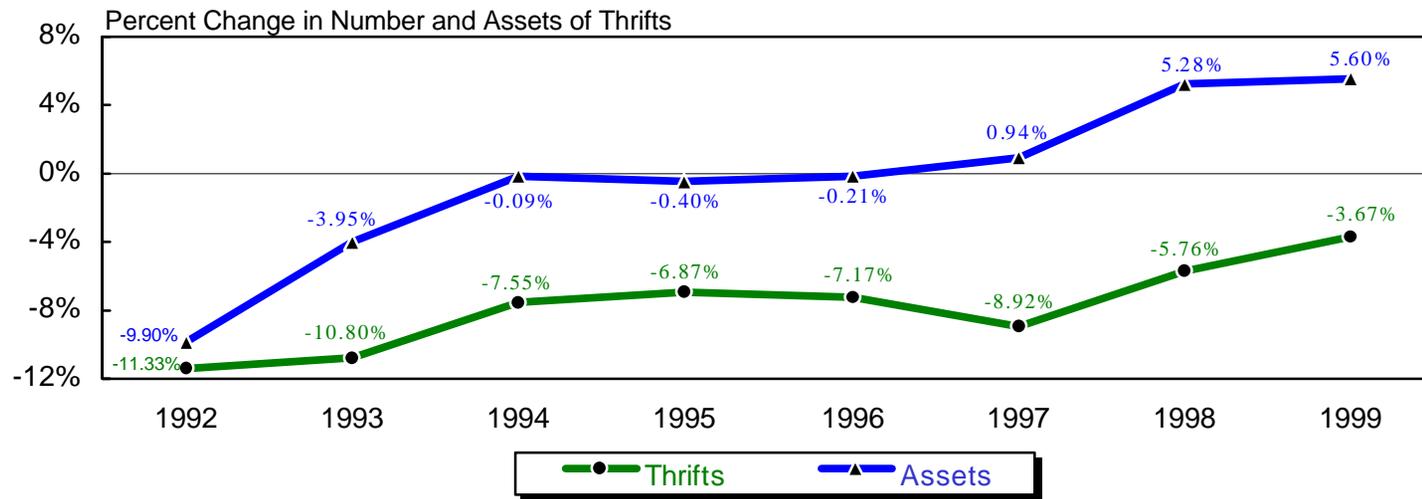
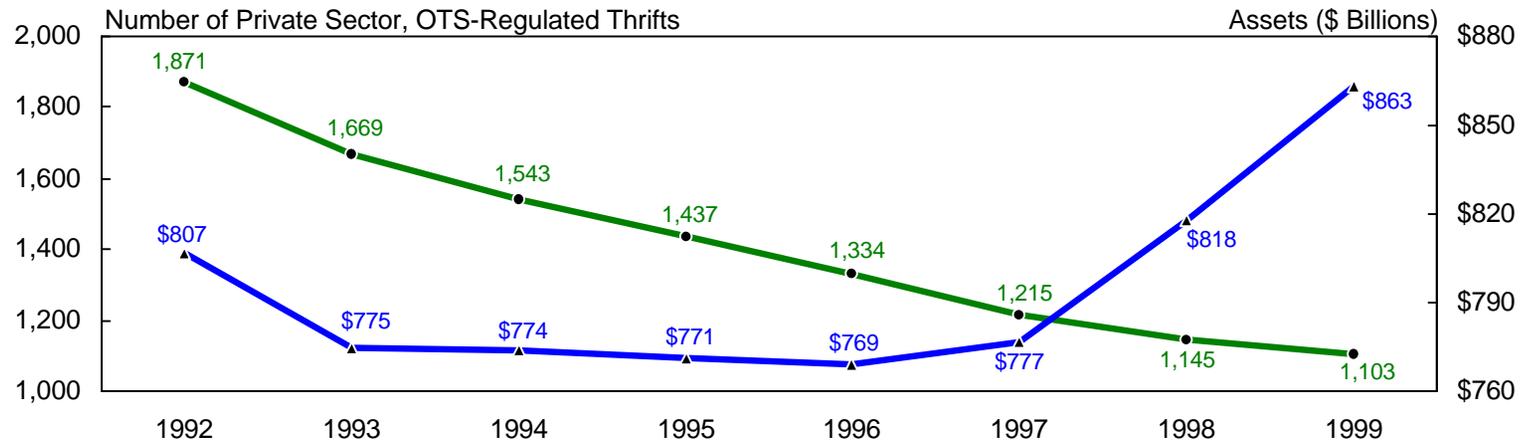
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Office of Thrift Supervision / March 2000

# PRE-SHOCK VALUES REMAIN WELL ABOVE WELL-CAPITALIZED LEVEL



\* Preliminary fourth quarter data for 989 thrifts with \$842.9 billion in assets.  
Office of Thrift Supervision / March 2000

# ASSET GROWTH CONTINUED AND THRIFT INDUSTRY CONSOLIDATION SLOWED



## EXITS DECLINED SIGNIFICANTLY IN 1999

OTS-REGULATED THRIFTS	1993	1994	1995	1996	1997	1998	1999				Total 1999
							Mar	Jun	Sep	Dec	
<b>TOTAL EXITS</b>	<b>213</b>	<b>149</b>	<b>129</b>	<b>119</b>	<b>141</b>	<b>109</b>	<b>25</b>	<b>22</b>	<b>16</b>	<b>17</b>	<b>80</b>
Failures	8	2	2	1	0	0	0	0	1	0	1
Conversions											
To Commercial Banks	18	17	13	10	32	5	6	4	3	4	17
To State-Chartered Savings Banks	<u>98</u>	<u>49</u>	<u>16</u>	<u>20</u>	<u>17</u>	<u>13</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>7</u>
<b>Total Conversions</b>	<b>116</b>	<b>66</b>	<b>29</b>	<b>30</b>	<b>49</b>	<b>18</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>24</b>
Acquisitions											
By Commercial Banks	39	44	49	46	56	42	8	9	6	7	30
By State-Chartered Savings Banks	<u>3</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>5</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>2</u>
<b>Total Acquisitions by Non-OTS     Regulated Institutions</b>	<b>42</b>	<b>46</b>	<b>50</b>	<b>49</b>	<b>61</b>	<b>49</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>8</b>	<b>32</b>
Merger Non-OTS Entity							3	0	0	0	3
OTS Thrift-to-Thrift Mergers	37	32	43	36	28	38	5	8	2	3	18
Voluntary Dissolutions	10	3	5	3	3	4	0	0	1	1	2
<b>TOTAL ENTRANTS</b>	<b>13</b>	<b>24</b>	<b>23</b>	<b>18</b>	<b>21</b>	<b>39</b>	<b>9</b>	<b>8</b>	<b>12</b>	<b>9</b>	<b>38</b>
De Novo	12	16	3	6	11	25	6	6	8	7	27
Charter Conversions	1	8	20	12	10	14	3	2	4	2	11
<b>NET DECLINE</b>	<b>200</b>	<b>125</b>	<b>106</b>	<b>101</b>	<b>120</b>	<b>70</b>	<b>16</b>	<b>14</b>	<b>4</b>	<b>8</b>	<b>42</b>