



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

March 1, 2011



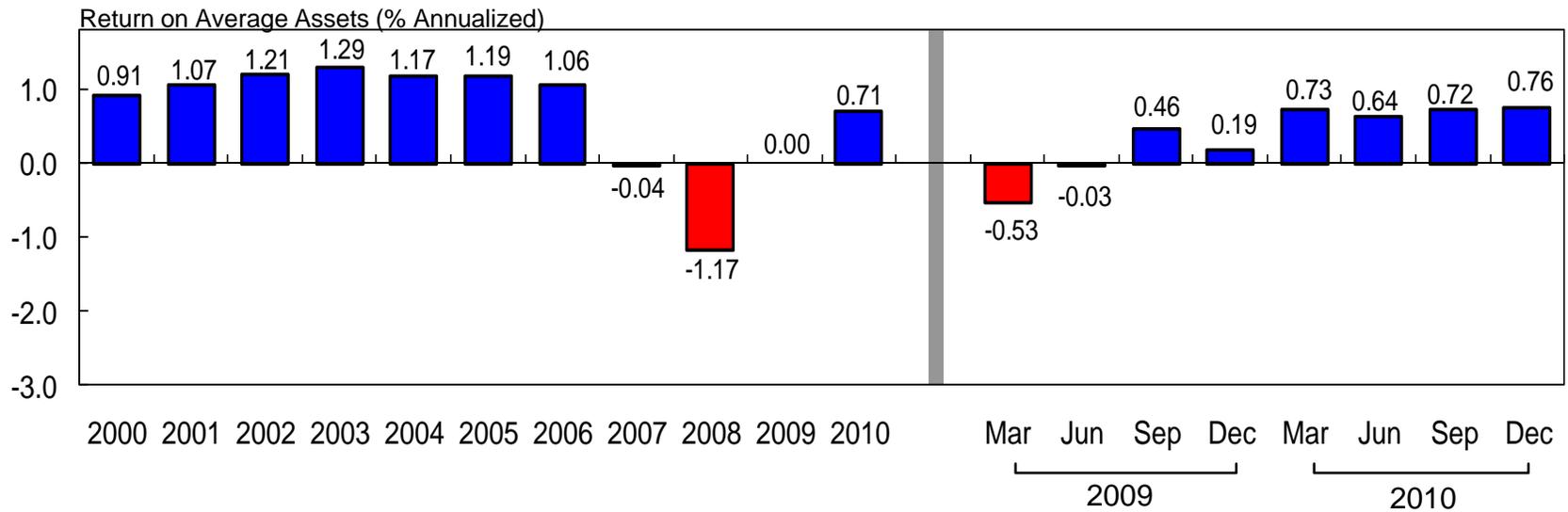
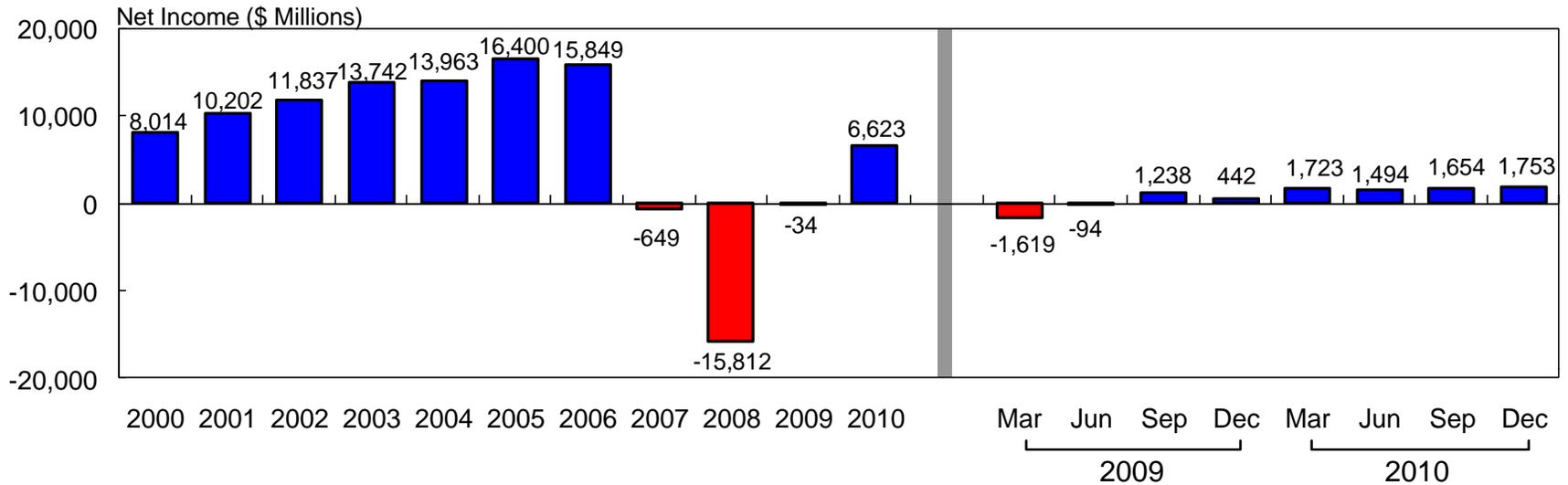
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## SUMMARY

- The thrift industry reported a profit of \$1.75 billion (ROA of 0.76%) for the fourth quarter. This was the sixth consecutive profitable quarter for the industry.
- The year 2010 was also profitable – the first profitable year for the thrift industry since 2006. The industry posted a profit of \$6.6 billion for the year.
- Though trending down from very high levels in 2008, loan loss provisions remained at elevated levels in the fourth quarter.
  - The industry added \$2.3 billion to loan loss provisions in the fourth quarter. This amounted to 0.98% of average assets on an annualized basis – the 12<sup>th</sup> highest amount on record.
- The need for loss provisions in upcoming quarters will largely depend on trends in employment, home prices, and the commercial real estate markets.
- Thrift fundamentals – capital, “core” earnings, and reserves, remain solid.
  - Thrift industry capital ratios reached record levels in the fourth quarter.
  - 92% of all thrifts – holding 97% of industry assets – reported capital exceeding “well-capitalized” regulatory standards.

# EARNINGS AND PROFITABILITY



## ROA ANALYSIS

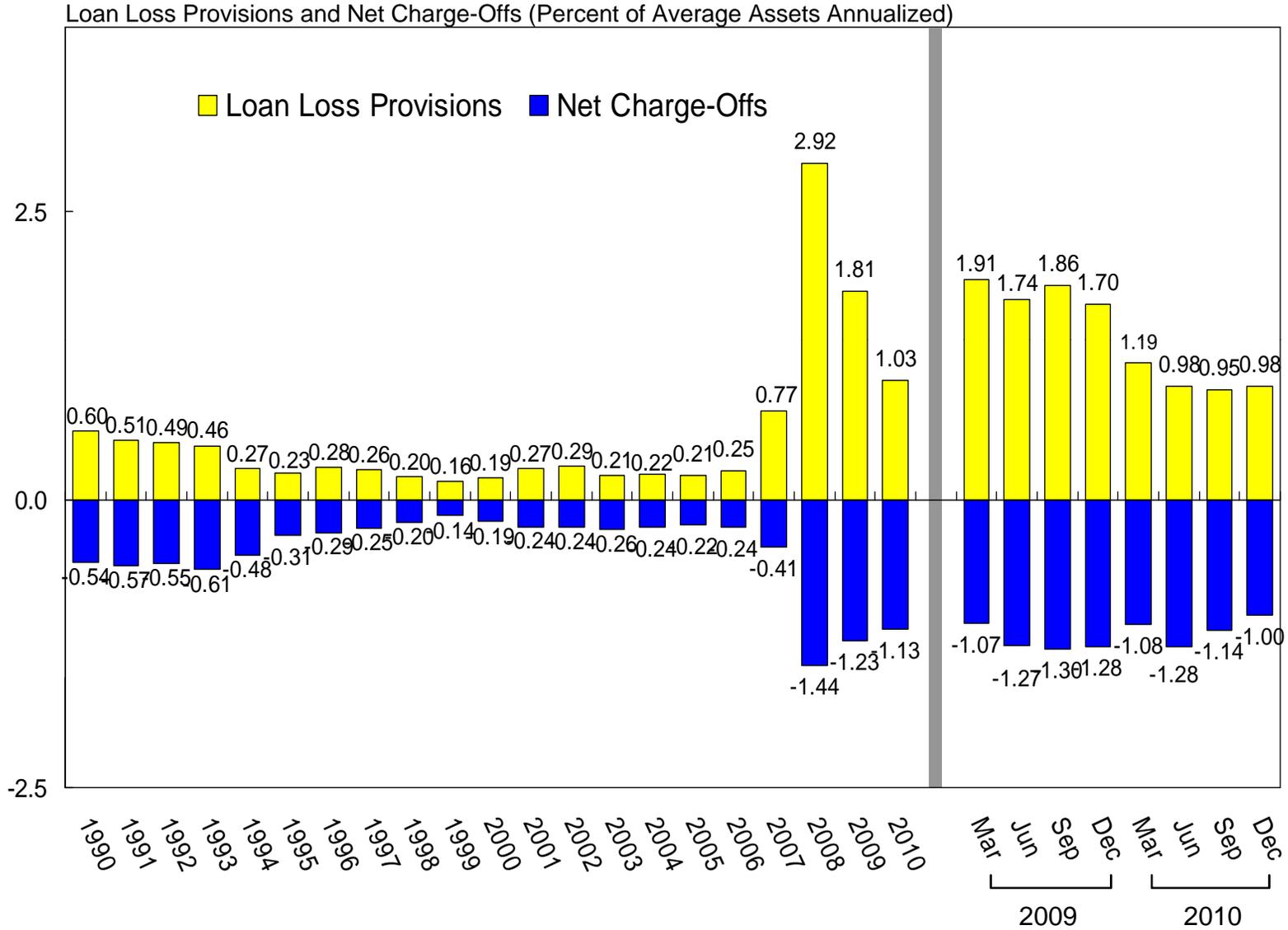
(Percent of Average Assets)	Quarter			2010	2009	ROA Impact <sup>1</sup>		
	Dec '10	Sep '10	Dec '09			Dec '10 Sep '10	Dec '10 Dec '09	2010 2009
<b>Net Interest Income (Margin)</b>	3.16	3.13	3.00	3.10	3.02	0.03	0.16	0.08
<b>Loan Loss Provisions</b>	0.98	0.95	1.70	1.03	1.81	-0.03	0.72	0.78
Total Fee Income	1.59	1.42	1.40	1.42	1.24	0.17	0.19	0.18
Mortgage Loan Servicing Fees & Amort.	0.16	0.08	0.12	0.11	0.13	0.08	0.04	-0.02
Mortgage Loan Servicing Fees	0.19	0.17	0.17	0.18	0.19	0.02	0.02	-0.01
Servicing Amortization & Adjustments	-0.03	-0.10	-0.05	-0.07	-0.06	0.07	0.02	-0.01
Other Fees and Charges	1.43	1.34	1.28	1.31	1.11	0.09	0.15	0.20
Other Noninterest Income (Loss)	0.27	0.50	0.56	0.48	0.35	-0.23	-0.29	0.13
Sale of Assets Held For Sale	0.27	0.23	0.03	0.22	0.21	0.04	0.24	0.01
LOCOM Adjustments to AHFS	-0.01	-0.01	0.00	-0.01	-0.01	0.00	-0.01	0.00
Gains (Losses) on Financial Assets								
Carried at Fair Value	0.00	0.13	0.38	0.10	0.15	-0.13	-0.38	-0.05
Other	0.02	0.15	0.15	0.17	-0.01	-0.13	-0.13	0.18
<b>Noninterest Expense</b>	2.92	2.93	2.89	2.85	2.56	0.01	-0.03	-0.29
Goodwill Amortization & Charges	0.06	0.05	0.07	0.07	0.06	-0.01	0.01	-0.01
Taxes	0.39	0.45	0.18	0.42	0.24	0.06	-0.21	-0.18
Net Income (ROA)	0.76	0.72	0.19	0.71	0.00	0.04	0.57	0.71

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

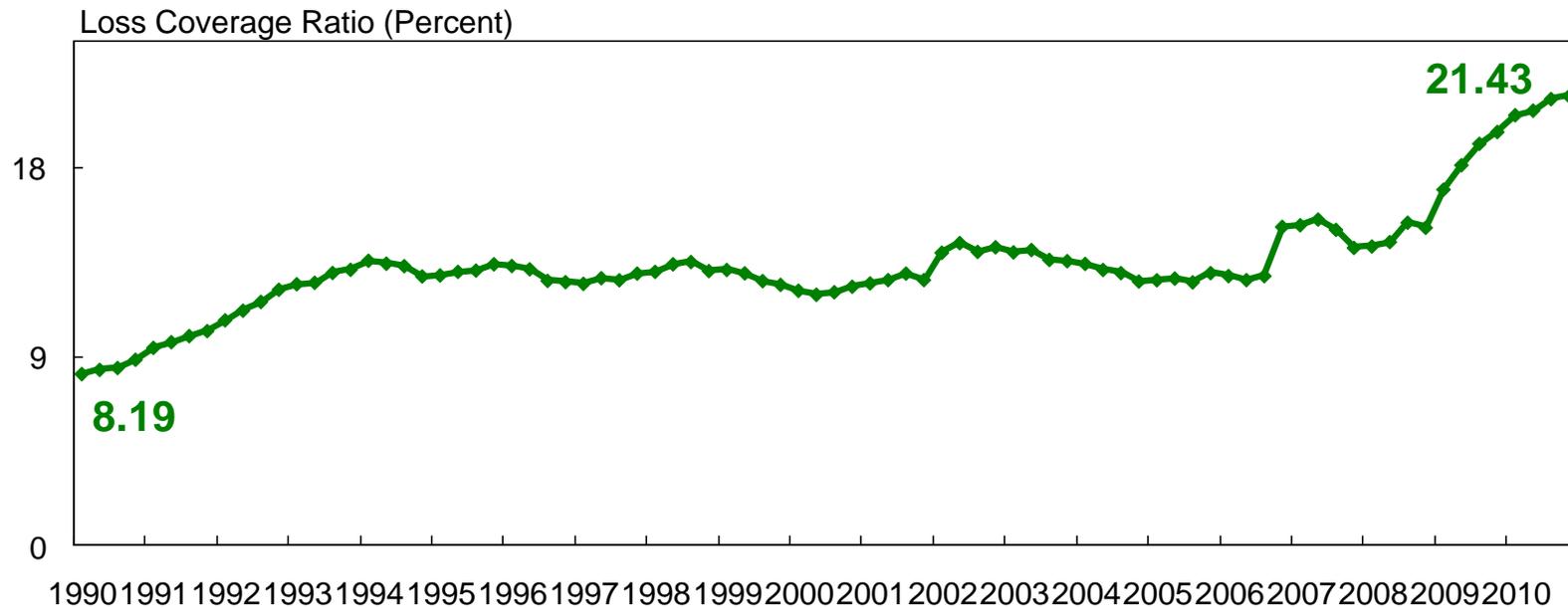
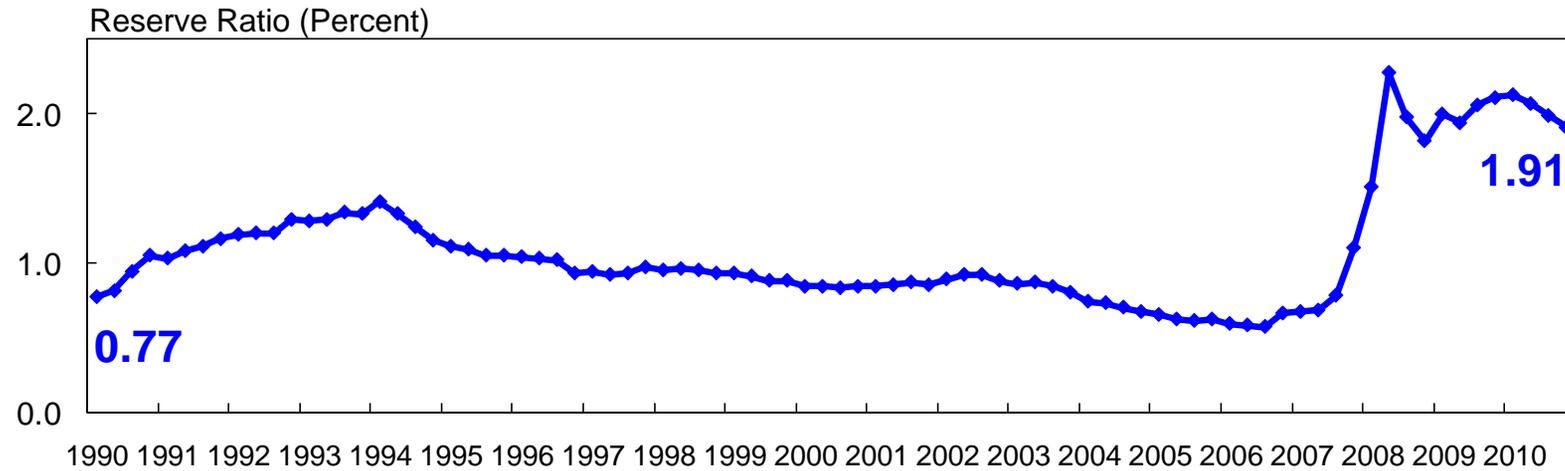
Data are annualized. Numbers may not sum due to rounding.

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# LOAN LOSS PROVISIONS AND NET CHARGE-OFFS



# RESERVE AND LOSS COVERAGE RATIOS

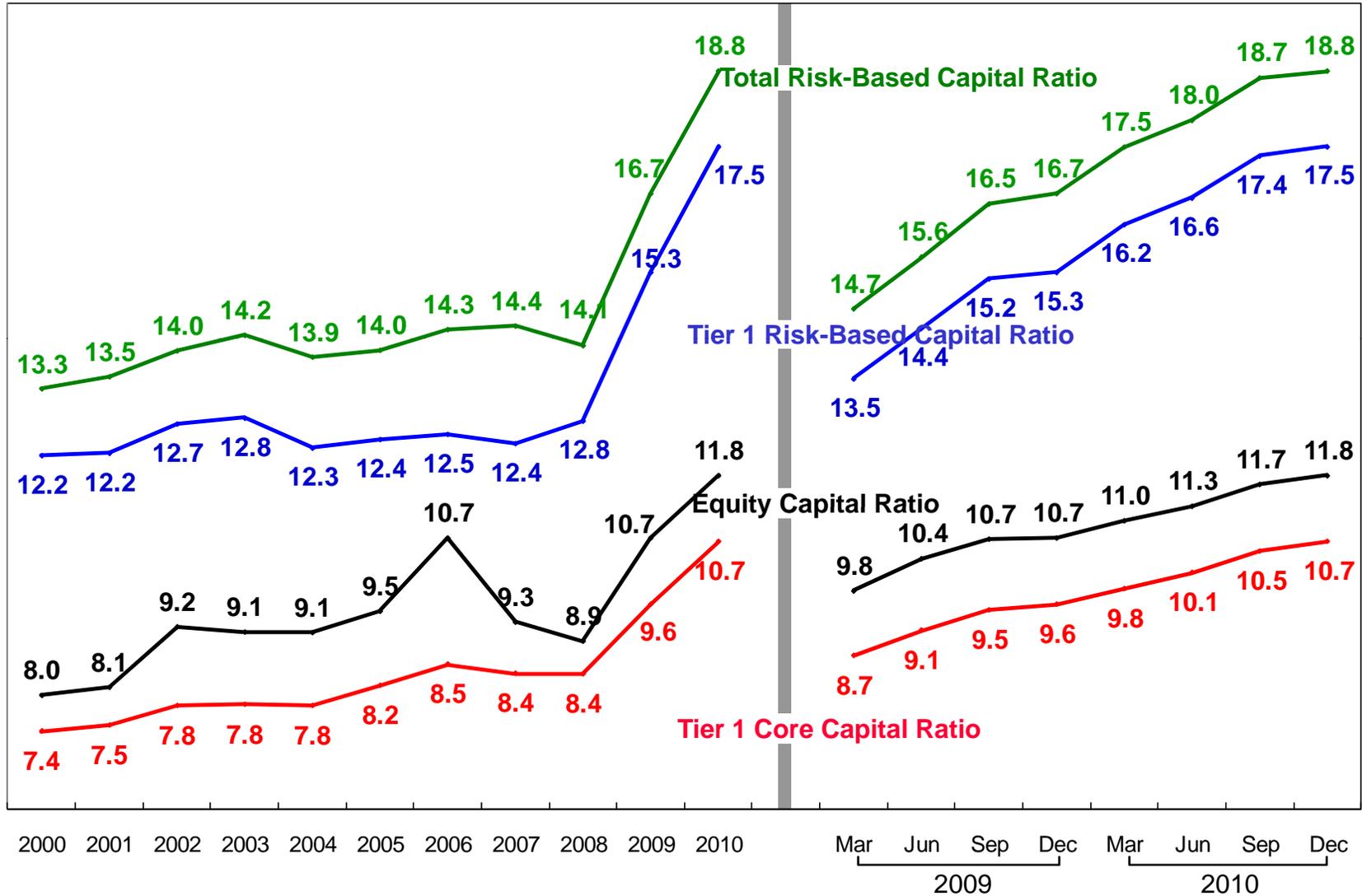


Loss Coverage Ratio = ALLL plus capital to total loans and leases.

Reserve Ratio = ALLL to total loans and leases.

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# CAPITAL RATIOS



# FINANCIAL FUNDAMENTALS

(Percent of Average Assets Unless Noted)	2010	Avg. 2001- 2009	Year								
			2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Operating Income Components:</b>											
Net Interest Income (Margin)	3.10	2.87	3.02	2.82	2.69	2.73	2.81	2.89	2.90	3.06	2.89
Total Fee Income	1.42	1.01	1.24	1.23	1.22	1.15	1.22	1.03	0.87	0.47	0.64
<b>Total Operating Income</b>	<b>4.51</b>	<b>3.87</b>	<b>4.25</b>	<b>4.05</b>	<b>3.91</b>	<b>3.88</b>	<b>4.03</b>	<b>3.92</b>	<b>3.77</b>	<b>3.53</b>	<b>3.53</b>
<b>Total Operating Expense</b>	<b>2.79</b>	<b>2.49</b>	<b>2.55</b>	<b>2.76</b>	<b>2.54</b>	<b>2.54</b>	<b>2.45</b>	<b>2.52</b>	<b>2.40</b>	<b>2.32</b>	<b>2.30</b>
<b>Net Operating Income before Taxes and Provisions</b>	<b>1.72</b>	<b>1.39</b>	<b>1.70</b>	<b>1.29</b>	<b>1.37</b>	<b>1.34</b>	<b>1.58</b>	<b>1.40</b>	<b>1.37</b>	<b>1.21</b>	<b>1.23</b>
<b>Loan Loss Provision Expense</b>	<b>1.03</b>	<b>0.77</b>	<b>1.81</b>	<b>2.92</b>	<b>0.77</b>	<b>0.25</b>	<b>0.21</b>	<b>0.22</b>	<b>0.21</b>	<b>0.29</b>	<b>0.27</b>
<b>Capital Measures:</b>											
Tier 1 Core Capital Ratio	10.65	8.20	9.56	8.35	8.36	8.52	8.15	7.80	7.82	7.80	7.46
Tier 1 Risk Based Capital Ratio	17.51	12.82	15.33	12.75	12.36	12.52	12.43	12.28	12.80	12.70	12.19
Total Risk Based Capital Ratio	18.82	14.33	16.69	14.05	14.39	14.33	13.98	13.85	14.23	13.96	13.51
Equity Capital (Percent to Total Assets)	11.80	9.40	10.72	8.93	9.26	10.72	9.45	9.08	9.09	9.18	8.13
Tangible Common Equity Capital Ratios (Percent of Tangible Assets)	10.30	7.34	9.13	7.16	7.16	7.56	7.34	7.16	7.10	7.16	6.33
(Percent of Risk-Weighted Assets)	16.97	11.52	14.73	10.88	10.72	11.32	11.35	11.32	11.54	11.61	10.25
<b>Loss Reserves:</b>											
ALLL Balance (Percent to Total Assets)	1.16	0.72	1.28	1.22	0.78	0.48	0.47	0.51	0.57	0.60	0.58

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

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

Numbers may not sum due to rounding.

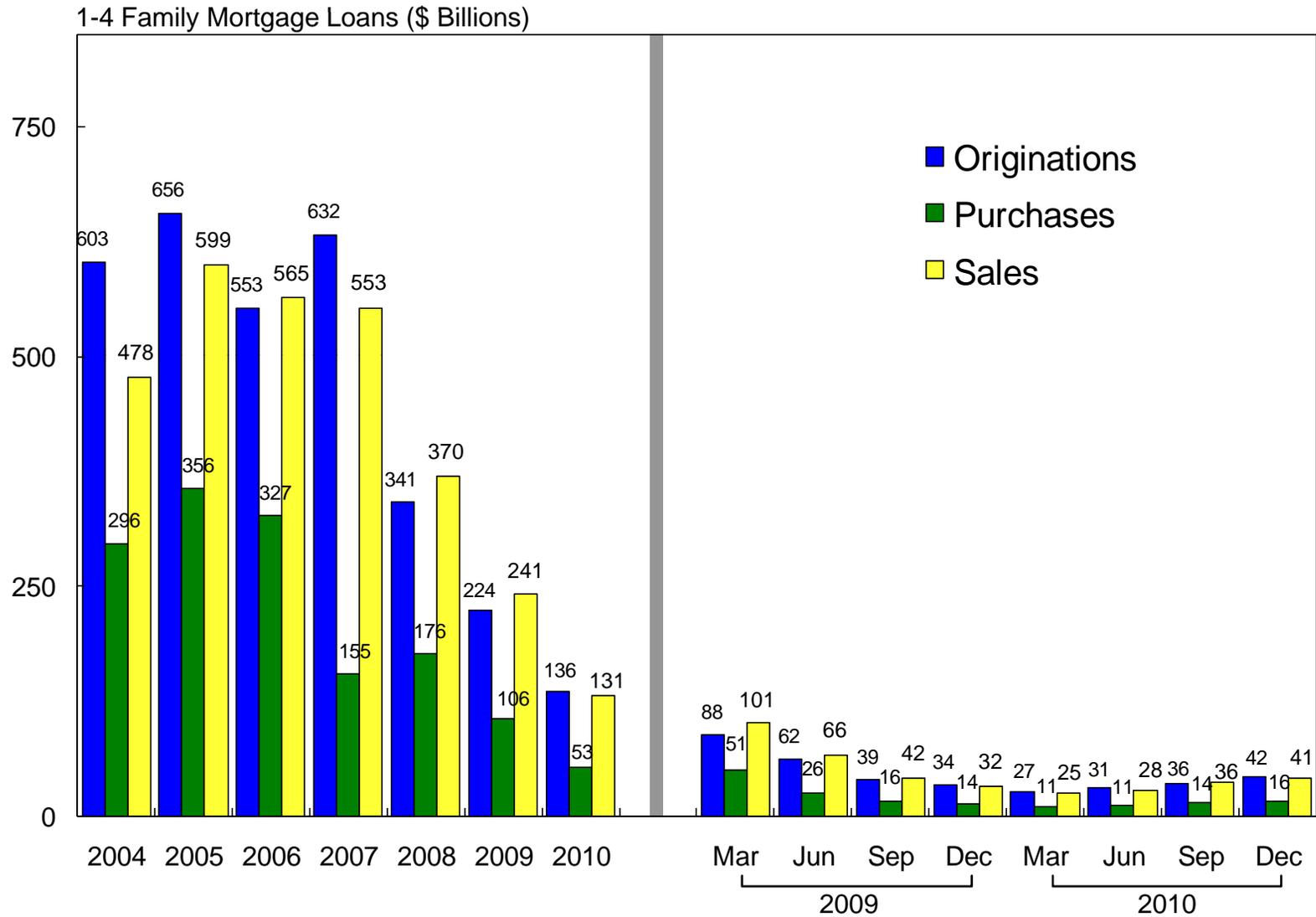
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# ASSETS AND LIABILITIES COMPOSITION

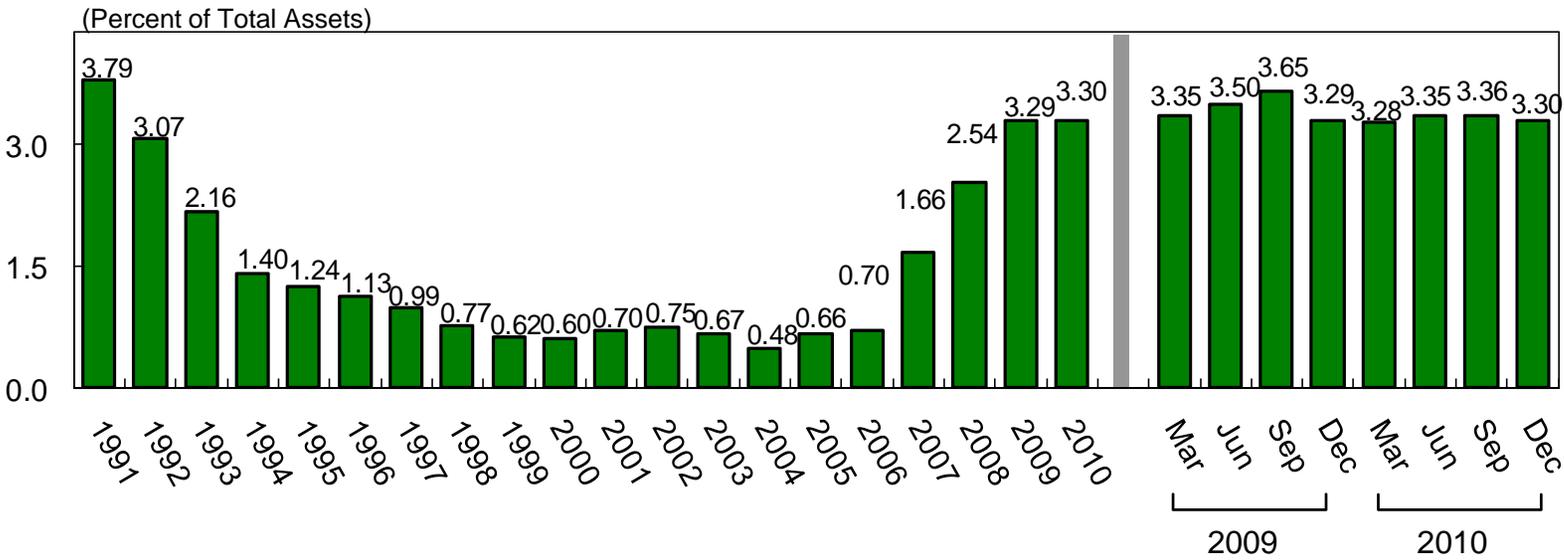
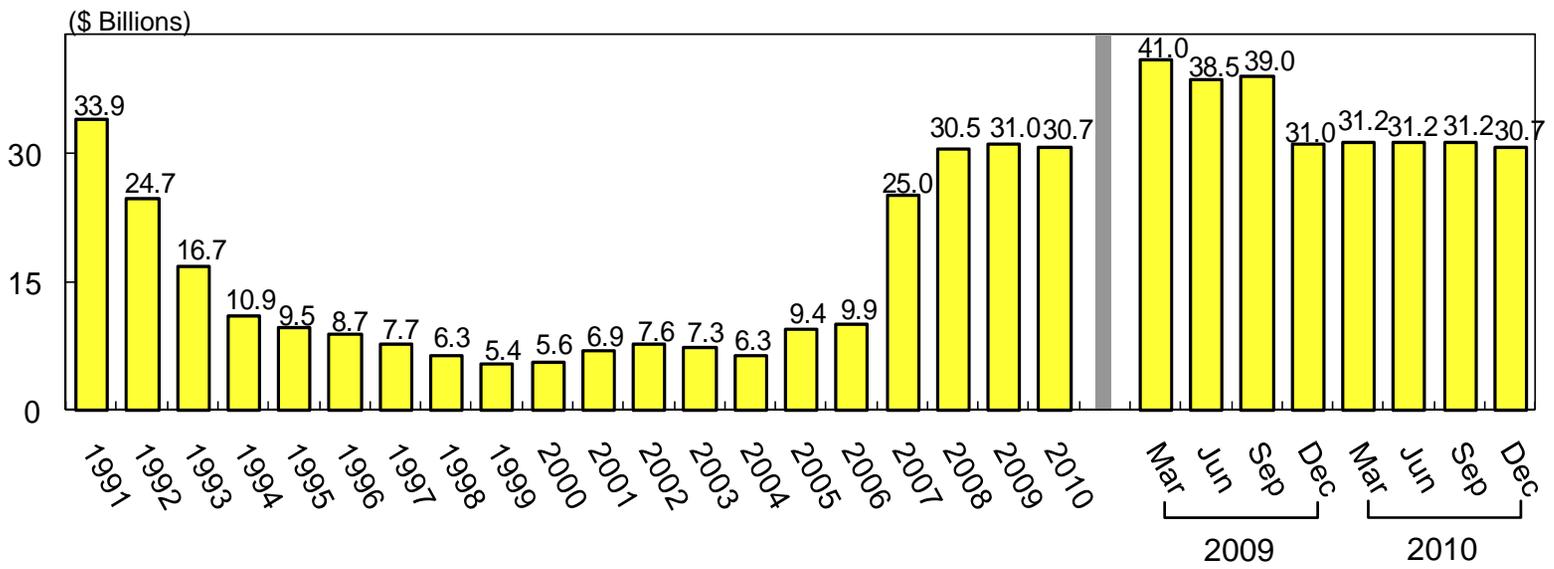
	Dec 2010		Sep 2010		Dec 2009		Growth Rates	
	\$ Bil	% TA	\$ Bil	% TA	\$ Bil	% TA	Dec '10	Dec '10
							Sep '10	Dec '09
							% Ann.	%
Total Assets	931.7	100.0	927.9	100.0	942.5	100.0	1.6	(1.1)
Total Loans	571.4	61.3	568.3	61.2	582.9	61.8	2.1	(2.0)
1-4 Family Mortgage Loans	320.0	34.3	323.9	34.9	334.4	35.5	(4.9)	(4.3)
Home Equity Lines of Credit	43.5	4.7	44.1	4.8	45.7	4.8	(5.9)	(4.9)
Construction & Land Loans	16.6	1.8	17.8	1.9	24.7	2.6	(26.3)	(32.7)
Multifamily Loans	32.5	3.5	30.6	3.3	31.1	3.3	24.2	4.3
Nonresidential Loans	68.5	7.3	66.9	7.2	68.2	7.2	9.4	0.4
Commercial Loans / Small Business	49.7	5.3	49.8	5.4	51.0	5.4	(1.4)	(2.6)
Consumer Loans	84.2	9.0	79.3	8.5	73.5	7.8	24.8	14.6
Allowance for Loan and Lease Losses	(10.8)	(1.2)	(11.1)	(1.2)	(12.1)	(1.3)	(11.5)	(10.9)
Repossessed Assets	4.8	0.5	4.7	0.5	4.6	0.5	6.8	3.9
Mortgage Backed Securities	158.1	17.0	146.8	15.8	140.8	14.9	30.7	12.3
Cash and Liquid Investments	95.8	10.3	108.1	11.6	104.8	11.1	(45.4)	(8.6)
Other Investment Securities	46.6	5.0	45.6	4.9	49.9	5.3	8.9	(6.6)
Total Liabilities and Capital	931.7	100.0	927.9	100.0	942.5	100.0	1.6	(1.1)
Total Liabilities	821.8	88.2	819.8	88.4	841.4	89.3	1.0	(2.3)
Total Deposits and Escrows	670.3	71.9	661.4	71.3	658.9	69.9	5.4	1.7
FHLBank Advances	76.0	8.2	80.1	8.6	89.1	9.5	(20.4)	(14.7)
Other Borrowings	61.3	6.6	63.3	6.8	77.4	8.2	(12.4)	(20.8)
Other Liabilities	14.3	1.5	15.3	1.6	16.3	1.7	(27.2)	(12.5)
Equity Capital	109.9	11.8	108.1	11.6	101.1	10.7	6.8	8.7

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



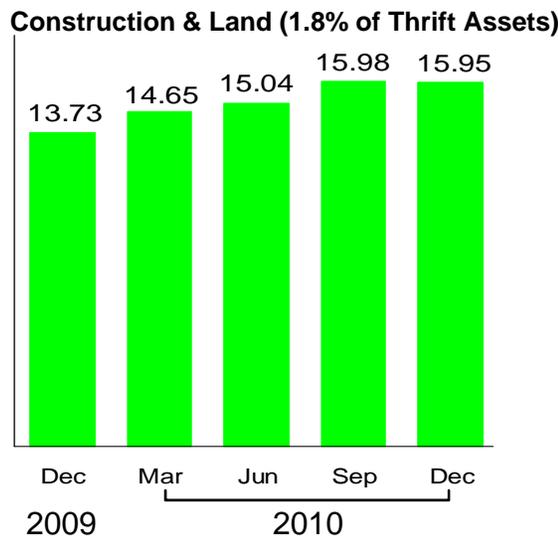
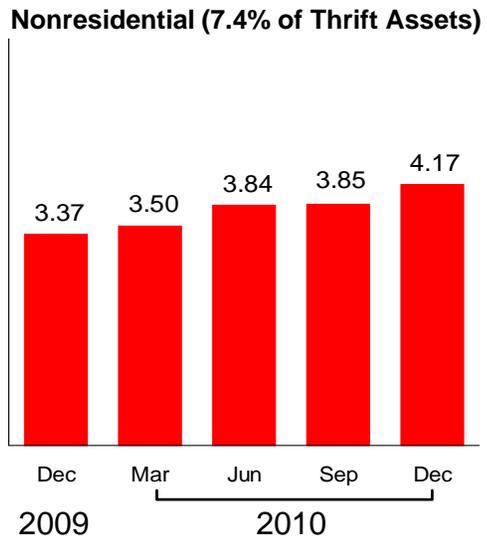
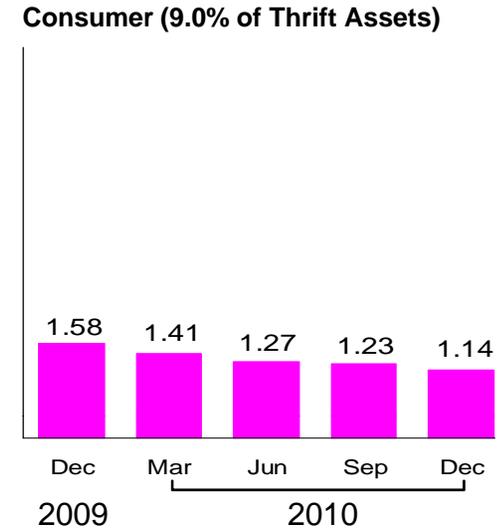
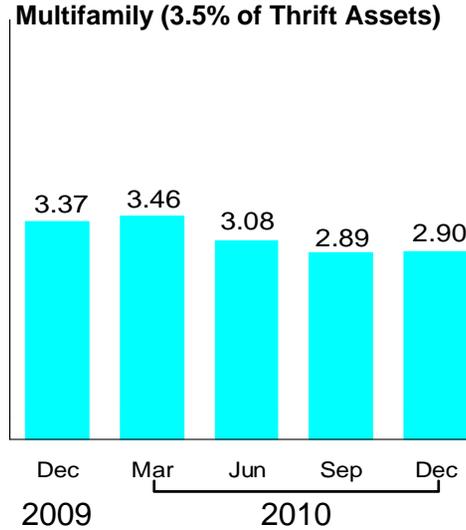
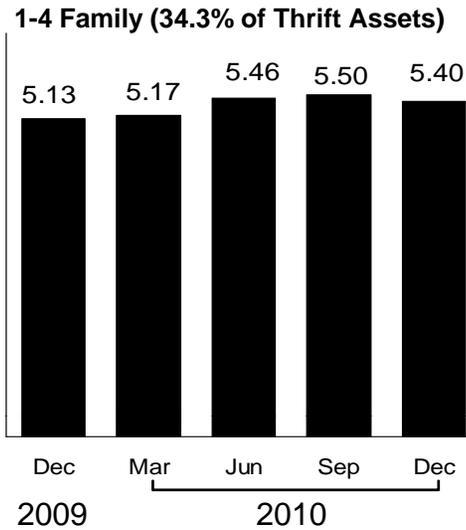
# TROUBLED ASSETS



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

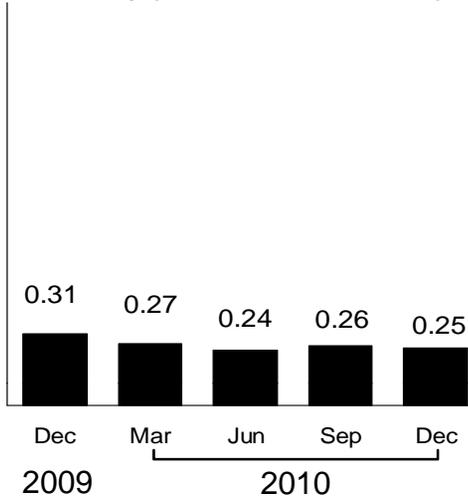
Percent of Loan Type



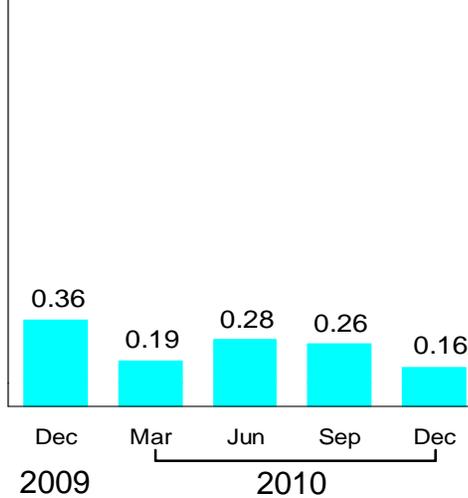
# NET CHARGE-OFFS

Percent of Loan Type

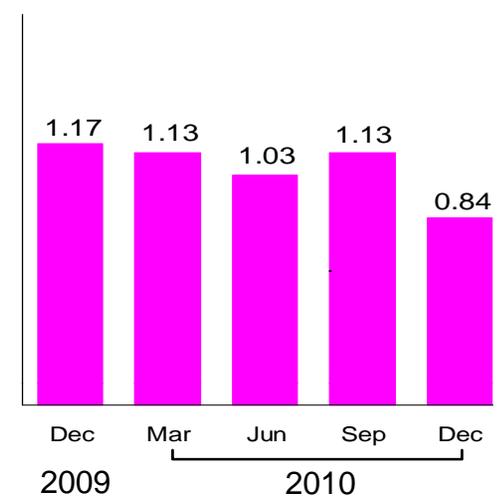
**1-4 Family (34.3% of Thrift Assets)**



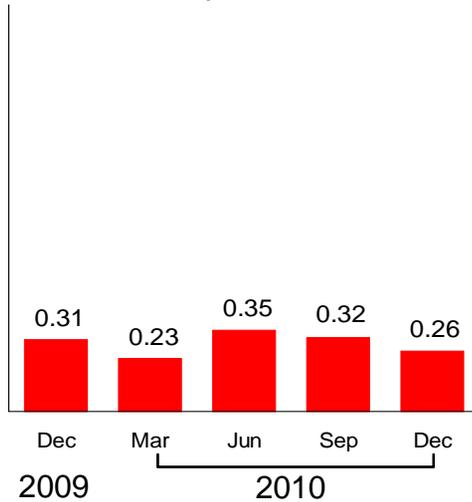
**Multifamily (3.5% of Thrift Assets)**



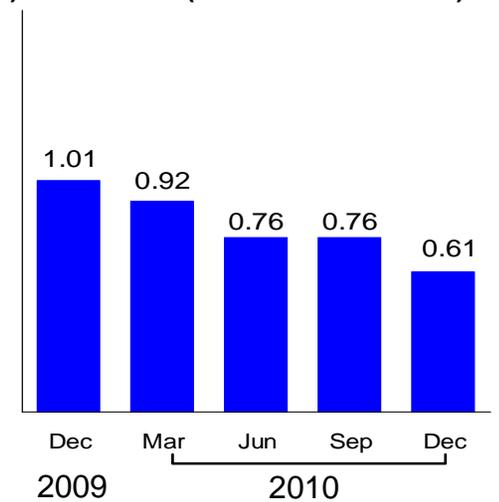
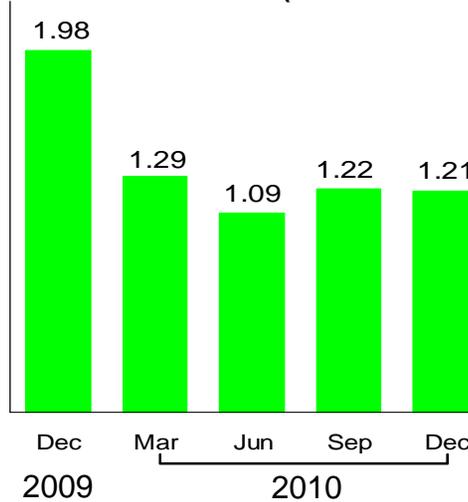
**Consumer (9.0% of Thrift Assets)**



**Nonresidential (7.4% of Thrift Assets)**



**Construction & Land (1.8% of Thrift Assets) Commercial (5.3% of Thrift Assets)**



# NUMBER OF PROBLEM THRIFTS

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

