THE OTS-REGULATED THRIFT INDUSTRY SECOND QUARTER 1999 HIGHLIGHTS

Office of Thrift Supervision/September 1, 1999

The continued economic expansion, along with a still vibrant housing sector, provided another boost to the OTS-regulated thrift industry's financial performance during the second quarter. Earnings were the highest in any second quarter and just below the all-time quarterly record. Asset quality measures for the industry showed continued, widespread improvement. Noncurrent loan rates for all major loan types held by thrifts declined, while the industry's troubled assets fell to a new record low. The number of problem thrifts declined to less than one percent of all thrifts – another new low. The industry's aggregate equity capital-to-assets ratio remained substantially above well-capitalized levels despite a modest decline from the prior quarter. Rising interest rates cooled second quarter mortgage refinancings and, although mortgage originations matched first quarter levels, they were below the fourth quarter 1998 peak. In response, thrifts have reduced overhead expenses as they switched gears from a mortgage banking mode to increased direct lending for portfolio. The rise in interest rates also increased the industry's exposure to interest rate risk, particularly among those thrifts most sensitive to interest rates. In addition, the number of thrifts concentrating in higher risk assets, and the extent of their investments in these assets, increased. These trends in interest rate risk and higher risk assets will be closely monitored by the OTS.

Earnings Continue Strong in the Second Quarter

The thrift industry's earnings increased slightly to $2.12 billion in the second quarter from $2.06 billion in the prior quarter and $2.10 billion one year ago. The quality of second quarter earnings remained solid as reduced overhead expenses and higher retail fee income, rather than one-time events, accounted for the earnings stability. Second quarter earnings were the highest of any second quarter for the thrift industry and second only to the record earnings of $2.23 billion posted in the third quarter of 1998.[1]

As shown in the chart on page two, return on average assets ("ROA") for the second quarter was 101 basis points, up slightly from 100 basis points in the prior quarter but down from 107 basis points one year ago. (One large thrift's tax benefits in the second quarter of 1998 boosted industry earnings by approximately $250 million. Second quarter 1998 ROA, adjusted for the tax benefit, was approximately 94 basis points.)

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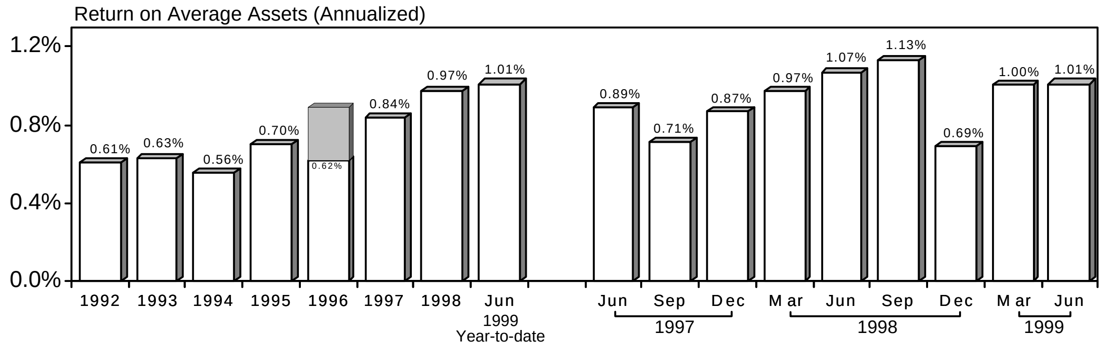
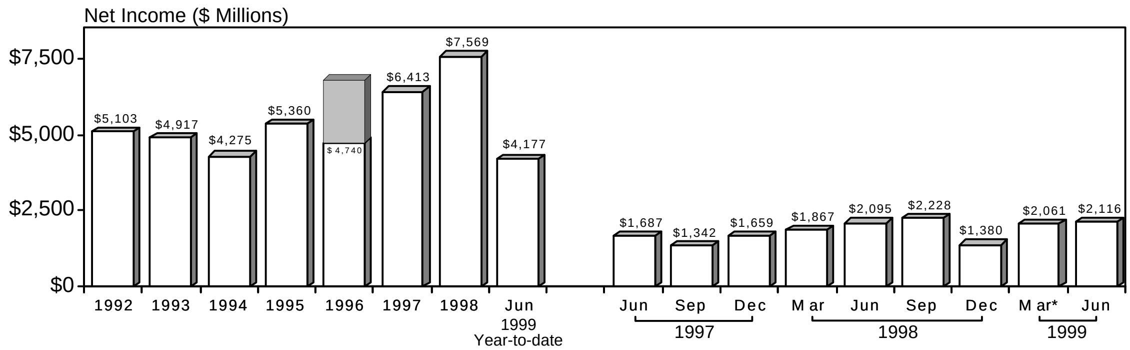
[1] Thrift financial data have been collected on a quarterly basis since 1984. Prior to 1984, semi-annual and monthly data were collected.





* Revised from $2,060.
Adjusted data exclude the net SAIF special assessment of $2.1 billion incurred in the third quarter of 1996.

Net Interest Margin Relatively Stable

The Treasury yield curve generally rose and steepened during the second quarter, although it remained relatively flat by historical standards. At the end of the second quarter, the Treasury yield spread between one year and ten year interest rates had widened to 74 basis points, from 53 basis points in the prior quarter and the 12 basis point 1998 average. In contrast, the Treasury yield spread averaged 233 basis points for the quarters March 1991 through December 1994.

Thrifts' ratio of net interest income to average assets, or net interest margin ("NIM"), has remained relatively stable over the last few years despite the sharp narrowing of yield spreads. Thrifts' second quarter NIM was 275 basis points, 1 basis point higher than the prior quarter and the 1998 average, but down slightly (1.4 percent) from 279 basis points one year ago. NIM averaged 279 basis points for the period 1991 through 1994.

The relative stability of thrifts' NIM during this time was primarily due to increases in thrifts' earnings efficiency, movement to higher yielding consumer and commercial lending, rollover of higher rate deposits and borrowings into similar liabilities with lower interest rates, and increases in lower interest-costing transaction accounts. In addition, the yield curve faced by thrifts does not always mirror the Treasury yield curve. Long-term Treasury security prices were buoyed by both increased demand, particularly foreign demand, and decreased supply as the federal budget shifted from deficit to surplus. As a result, the spread between 30-year mortgages[2] and 10-year Treasury notes generally increased through 1998 and the first half of 1999, increasing to an average of 179 basis points in the first half of 1999, from 168 basis points in 1998 and 124 basis points in 1997.

Reduced Overhead Expenses and Higher Fee Income Stabilize Earnings

Reduced overhead expenses and higher fee income offset a decline in mortgage banking gains, and helped stabilize second quarter earnings. Noninterest, or overhead, expense declined to 2.09 percent of average assets in the second quarter from 2.13 percent in the prior quarter and 2.29 percent one year ago. Overhead cost containment and efficiency gains have been key components of thrifts' strong earnings. Overhead expense will be closely monitored as the industry "changes gears" from a mortgage banking mode to increased retail portfolio lending. It is critical that overhead expense reductions reflect administrative efficiency gains, not skimping on the internal monitoring and control functions so essential to thrifts' long-term financial health.

"Other" noninterest income declined in the second quarter to 43 basis points from 52 basis points in the prior quarter and 56 basis points one year ago. Reduced gains on the sale of assets held for sale represented the majority of the second quarter reduction in other noninterest income. Such gains, generated primarily from mortgage banking activities, fell 9 basis points in the second quarter to 19 basis points from 26 basis points in the prior quarter and 28 basis points one year ago. The decline in such gains reflected a decrease in mortgage sales in the second quarter.

The industry's non-servicing fee income was 54 basis points in the second quarter, up from 52 basis points in the prior quarter and 53 basis points one year ago. An increase in fee-generating activities, primarily transaction accounts, helped generate higher fee income. Transaction accounts increased to 7.5 percent of assets at the end of the second quarter, from 7.3 percent in the prior quarter and 7.4 percent one year ago.

Servicing fees as a percent of average assets increased in the second quarter to 12 basis points from 10 basis points in the prior quarter and one year ago. Thrifts' aggregate loan servicing portfolio declined to $455 billion in the second quarter from $521 billion in the prior quarter and $517 billion one year ago. Since this decline reflected one thrift's $81 billion servicing portfolio transfer to an affiliate near the end of the quarter, there was not a concomitant decline in servicing fees. However, servicing fees will decline in subsequent quarters if the aggregate servicing portfolio remains at this lower level.

[2] Based on Federal Home Loan Mortgage Corporation ("Freddie Mac") average monthly commitment rates.

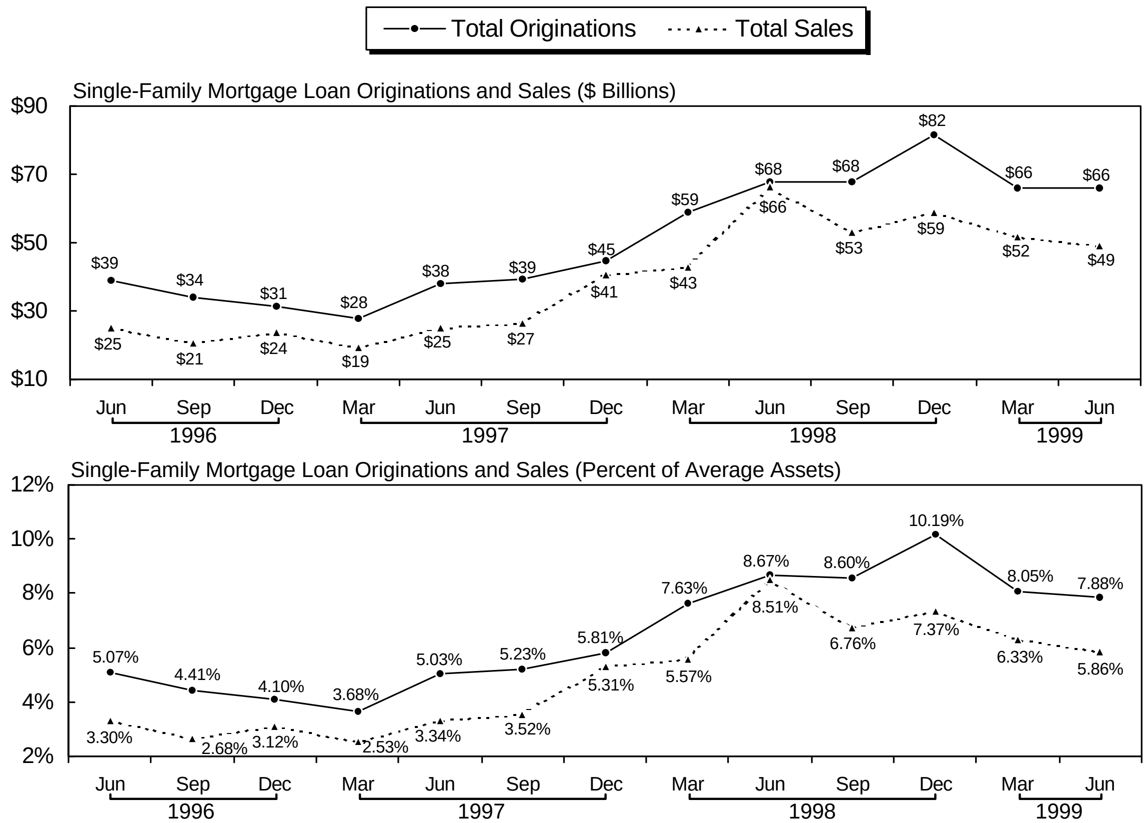
Provisions for losses as a percent of average assets were 16 basis points in the second quarter, unchanged from the prior quarter but down from 21 basis points one year ago. Provisions for losses have generally declined since 1996 reflecting continued improvement in thrift asset quality, including a reduction in troubled assets. While asset quality has improved, the percentage of assets represented by direct loans increased in the second quarter. We will be monitoring loan loss reserves to make certain these two potentially offsetting trends are appropriately taken into account. The table below summarizes these component changes in the industry's ROA between the second quarter of 1999, the previous quarter and the second quarter one year ago.

Components of ROA	**Jun '98**	**Mar '99**	**Jun '99**	**Change Jun '98 Jun '99**	**Change Mar '99 Jun '99**
ROA	**1.07%**	**1.00%**	**1.01%**	**-0.06%**	**0.01%**
Net Interest Margin	2.79%	2.74%	2.75%	-0.04%	0.01%
Interest Income	7.11%	6.72%	6.71%	-0.40%	-0.01%
Interest Expense	4.32%	3.98%	3.96%	-0.36%	-0.02%
Provisions for Losses	0.21%	0.16%	0.16%	-0.05%	0.00%
Fee Income	**0.63%**	**0.62%**	**0.66%**	**0.03%**	**0.04%**
Mortgage Loan Servicing Fees	0.10%	0.10%	0.12%	0.02%	0.02%
Other Fees and Charges	0.53%	0.52%	0.54%	0.01%	0.02%
Other Non-Interest Income [1]	0.56%	0.52%	0.43%	-0.13%	-0.09%
Gains from Assets Held for Sale	**0.28%**	**0.26%**	**0.19%**	**-0.09%**	**-0.07%**
Non-Interest Expense	**2.29%**	**2.13%**	**2.09%**	**-0.20%**	**-0.04%**
Taxes	0.40%	0.59%	0.59%	0.19%	0.00%

Mortgage Originations Remain Strong Despite Rising Rates

Thrifts' second quarter mortgage originations remained strong despite rising interest rates. The continued strength of the housing sector, especially strong housing sales, and the "overhang" of first quarter refinancing commitments that settled in the second quarter, helped keep thrifts' second quarter single-family mortgage originations strong at $66.10 billion. Thrift originations were $66.09 billion in the prior quarter and $67.67 billion one year ago. Thrifts' second quarter mortgage originations rose slightly despite an estimated 5.1 percent decline in aggregate U.S. originations.[3] The chart on page five presents thrifts' single-family quarterly mortgage originations and sales from June 1996 through June 1999 in dollars (top panel) and as a percent of average assets (bottom panel).

[3] Aggregate U.S. origination data from Inside Mortgage Finance.



In contrast to single-family mortgage originations, second quarter total mortgage originations, including multifamily and nonresidential mortgages, increased from both the prior quarter and one year ago levels. Total mortgage originations were $79.2 billion in the second quarter, up from $77.4 billion in the prior quarter and $78.6 billion one year ago. Construction loans led the second quarter total mortgage origination increase, rising to $7.1 billion from $6.1 billion in the prior quarter and $6.0 billion one year ago. The vast majority (80 percent) of thrift construction loans are for single-family homes and these increases again reflect the strong housing sector.

The general rise in second quarter interest rates slowed refinancing levels from the very high rates experienced in 1998 and the first quarter of 1999. Second quarter refinancings were 15.7 percent of originations, down from 19.8 percent in the prior quarter but up from 13.7 percent one year ago. Second quarter refinancings were down from the 1998 average (16.0 percent) but up from 10.5 percent in 1997. [4]

[4] Reported thrift refinancing data are for loans refinanced by the original loan holder. The Mortgage Bankers' Association of America ("MBAA") estimates refinancings from all sources. Under the MBAA definition, the refinancing share of total single-family mortgage originations was 38 percent (estimated) in the second quarter, down from 54 percent (actual) in the previous quarter and 44 percent one year ago. Refinancings averaged 50 percent of originations in 1998, up from 31 percent in 1997.

The rising and steepening yield curve in the second quarter helped improve the market for adjustable-rate mortgages ("ARMs"). For example, the Freddie Mac 30-year mortgage commitment rate rose 47 basis points from 7.08 percent at the end of March 1999 to 7.55 percent at the end of the second quarter. The rise in ARM rates was more modest – 14 basis points – from 5.77 percent to 5.91 percent for the same periods. The Federal Housing Finance Board ("FHFB") estimated that ARMs represented 17 percent of all single-family originations in the second quarter, up from 12 percent in the prior quarter.[5] (For 1998, ARMs represented 12 percent of all originations, down from 22 percent in 1997 and 27 percent in 1996.) Moreover, ARMs represent a much more significant financing product for new home sales. The percent of ARMs used to finance second quarter new home purchases increased to 32 percent from 21 percent in the prior quarter and 17 percent for 1998.

Second quarter sales of single-family mortgages fell, but were still strong. Sales declined five percent in the second quarter to \$49.2 billion from \$52.0 billion in the prior quarter. Sales in the second quarter of 1998 were \$66.4 billion, but included one thrift's large sale of loans from portfolio. Second quarter 1999 sales represented 74 percent of new originations, down from 79 percent in the prior quarter and 80 percent for 1998, excluding the second quarter.

Assets-held-for-sale have remained higher than normal since the first quarter of 1998 reflecting strong mortgage origination and mortgage banking activity. Assets-held-for-sale rose in the second quarter to \$27.2 billion (3.2 percent of assets) from \$26.8 billion (3.2 percent) in the prior quarter and \$26.6 billion (3.4 percent) one year ago. In contrast, assets held for sale were \$12.8 billion (1.7 percent) two years ago. The relatively high levels of assets held for sale reflect the strong origination volume and the build-up of closed loans prior to their eventual sale in the secondary market.

Fixed-Rate Mortgages Held in Portfolio Increase; Decline in ARMs Slows

The percentage of assets held in 30-year single-family fixed-rate mortgages and securities increased 2.1 percent (8.4 percent annualized) to 14.6 percent in the second quarter from 14.4 percent in the prior quarter. The second quarter increase was much lower than the increases during 1998. Thirty-year single-family fixed-rate mortgages and securities increased 30.9 percent from year end 1997 to the end of 1998.[6] This rise in thrifts' holdings of long-term fixed-rate mortgages reflected the popularity of such loans in the refinancing boom. The increase in 30-year fixed-rate mortgages also reflects the rise in assets-held-for sale since 1997.

[5] Data from the Federal Housing Finance Board's Mortgage Interest Rate Survey.

[6] Data are for thrifts filing Schedule CMR.

ARMs remained the most significant mortgage product held by thrifts, but have declined since the first quarter of 1998 due to the popularity of fixed-rate mortgages during the mortgage refinancing boom. ARMs continued to decline in the second quarter, but at a much slower rate than in 1998. ARMs were 30.7 percent of assets in the second quarter, down 1.3 percent (5.1 percent annualized) from 31.1 percent in the prior quarter. In contrast, ARMs as a percent of thrift assets fell 20.6 percent from the end of 1997 to year end 1998. The moderating decline of ARMs reflects the increased popularity of such loans in the second quarter as rates rose. Although moderating, the continued ARM decline was attributable to relatively high prepayment rates. The prepayment rate for ARMs has fallen since the third quarter of 1998, but remained double the rate of 30-year fixed-rate mortgages as of the second quarter.

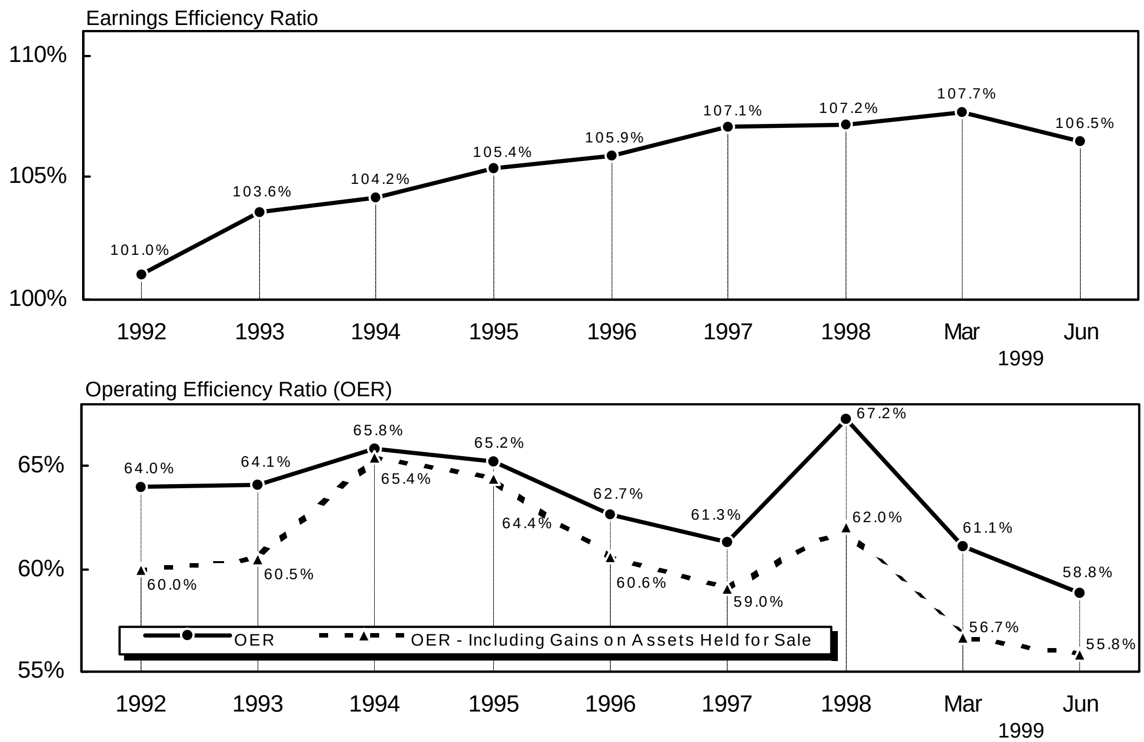
ARMs that adjust with "lagging market indexes" ("LMI ARMs") fell in the second quarter to 16.1 percent of assets, from 16.5 percent in the prior quarter and 18.7 percent one year ago. ARMs adjusting with "current market indexes" ("CMI ARMs") also fell in the second quarter, but at a slower rate. CMI ARMs fell to 14.5 percent of assets in the second quarter, from 14.6 percent in the prior quarter and 17.4 percent one year ago.

Fifteen-year fixed-rate mortgages held by thrifts measured 7.8 percent of assets in the second quarter, down from 7.9 percent the prior quarter but up slightly from 7.7 percent one year ago. Second quarter balloon mortgages remained unchanged from the prior quarter at 3.9 percent, but up from 3.2 percent one year ago. The general rise in these short-term, fixed-rate mortgages loan products reflects solid consumer confidence levels, low unemployment, relatively low interest rates, and some consumer preference for more rapid mortgage payoffs.

Operating Efficiency Improves; Earnings Efficiency Measure Weakens

The chart on the top of the following page presents thrifts' earnings efficiency and operating efficiency ratios in the top and bottom panels, respectively. Earnings efficiency is the ratio of interest-earning assets to interest-bearing liabilities. Higher earnings efficiency ratios tend to improve and stabilize net interest income. The operating efficiency ratio measures the amount of core income consumed by overhead expense and is defined as general and administrative expense divided by net interest income plus fee income. Lower operating efficiency ratios indicate more efficient operations.

The earnings efficiency ratio weakened to 106.5 percent in the second quarter from 107.7 percent in the prior quarter and 108.0 percent one year ago. An increase in cash, noninterest bearing assets, and Federal Home Loan Bank stock, combined with a decline in equity capital, caused the earnings efficiency ratio to deteriorate. In addition, a movement from noninterest customer checking accounts to those paying interest also contributed to the second quarter decline in the earning efficiency ratio. Despite periodic fluctuations, the earnings efficiency ratio has generally improved for the past six years due to higher capital, fewer problem assets, and lower levels of cash and noninterest earning assets.



1996 General and Administrative Expense excludes net SAIF special assessment.

The operating efficiency ratio improved in the second quarter to 58.8 percent from 61.1 percent in the prior quarter and 64.5 percent one year ago. Operating efficiency has generally improved since 1994 as shown in the chart. The principal exception was in 1998, when significant restructuring charges and increases in overhead expenses to accommodate the record mortgage origination activity reduced thrift operating efficiency.

Capital Levels Decline, But Remain Strong

The industry's ratio of equity capital-to-assets fell to 8.10 percent in the second quarter from 8.14 percent in the prior quarter and 8.56 percent one year ago. The industry's capital remains strong despite the decline.

The decline in the second quarter capital ratio was primarily due to a drop in unrealized gains on available-for-sale securities. Unrealized losses on available-for-sale securities totaled $672 million in the second quarter compared with unrealized gains of $739 million in the prior quarter. The second quarter decline was due to both rising interest rates and high levels of available-for-sale securities. (Such securities measured $136.3 billion, or 16.1 percent of assets, and have remained high since 1997, reflecting strong mortgage banking activity. At the end of 1997, the available-for-sale securities were $97.7 billion, or 12.6 percent of assets.) This wide swing in unrealized gains and losses bears close watching to ensure that thrifts are effectively managing interest rate risk as rates rise. However, the swing, while large, represented only 0.98% of aggregate thrift equity.

The risk-based capital ratio fell in the second quarter to 14.23 percent from 14.34 percent in the prior quarter and 14.64 percent one year ago. The second quarter decline in risk-based capital reflected the decrease in equity capital and movement of assets from securities to direct lending. The industry's risk-based capital ratio remains considerably higher than the 10 percent level needed for well-capitalized status.

The industry's second quarter tier 1 leverage capital ratio increased to 7.53 percent of adjusted tangible assets from 7.42 percent in the prior quarter, but was below the 7.72 percent level one year ago. The second quarter tier 1 leverage ratio moved in an opposite direction from the equity capital ratio since unrealized gains(losses) on available-for-sale securities are excluded from the calculation of tier 1 leverage capital.

The percentage of thrifts that met or exceeded well-capitalized standards in the second quarter was 97.2 percent, down from 97.5 percent in the prior quarter and 97.6 percent one year ago. At the end of the second quarter, two thrifts were undercapitalized – including one critically undercapitalized thrift. The critically undercapitalized thrift was placed into receivership in July 1999 and sold. This was the first thrift failure since August 1996.

The Number and Assets of Problem Thrifts Remain at Low Levels

Problem thrifts, those with CAMELS ratings of "4" or "5" on their most recent safety and soundness examination, declined in the second quarter to a new low of 10 (0.9 percent of all thrifts) from 14 (1.2 percent) in the prior quarter. One year ago there were 18 problem thrifts (1.5 percent).

Aggregate assets of problem thrifts declined to $4.1 billion in the second quarter (0.5 percent of industry assets) from $5.0 billion (0.6 percent) in the prior quarter. One year ago, problem thrifts' combined assets were $2.9 billion (0.4 percent). The rise in problem thrifts' assets reflects a change in the composition of thrifts rated "4" or "5", not asset growth.

Troubled Assets Decline

Troubled assets fell in the second quarter to $5.5 billion, or 0.65 percent of assets, from to $6.0 billion (0.72 percent) in the prior quarter.[7] This was the lowest level since 1990, when this measure of asset quality was first used in the thrift industry. The previous low was reached in the prior quarter. One year ago

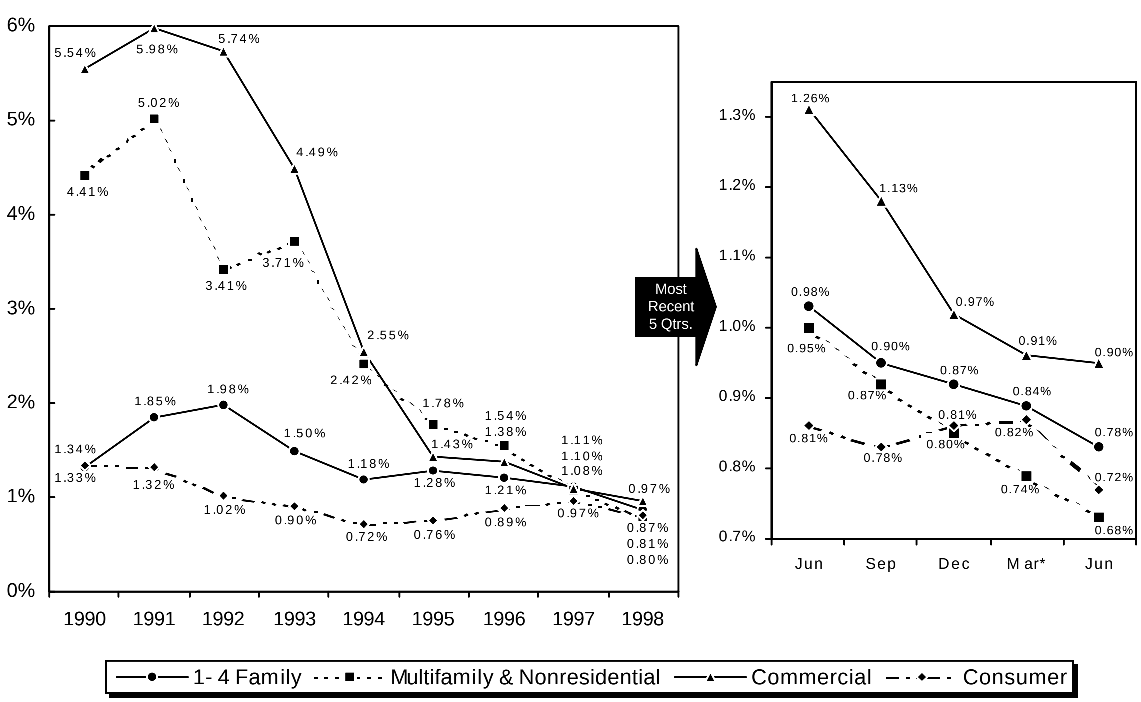
[7] Troubled assets include noncurrent loans and repossessed assets.

the industry's troubled assets measured $6.8 billion, or 0.87 percent of total assets.

The second quarter decline in troubled assets was due to reductions in both noncurrent loans and repossessed assets. Noncurrent loans fell 6.8 percent to $4.3 billion (0.51 percent of assets) from $4.7 billion (0.56 percent) in the prior quarter. Thrifts' repossessed assets, net of specific valuation allowances, fell 13.1 percent to $1.2 billion (0.14 percent of assets), from $1.4 billion (0.17 percent) over the same period.

Noncurrent Loan Rates Decline for All Major Loan Types

The chart below presents thrifts' noncurrent loan rates from 1990 through 1998 and over the most recent five quarters for four major industry loan types: single-family mortgages, consumer loans, commercial loans, and multifamily and nonresidential mortgage loans. Noncurrent loan rates fell in the second quarter for all these major loan types, continuing the downward trend in loan delinquencies that began in 1993 for all major loan types, except consumer loans. The second quarter noncurrent rates for mortgage loans (single-family, multifamily and nonresidential) and for commercial loans were at the lowest levels since the use of this asset quality indicator began in 1990.



Data after 1995 are net of specific valuation allowances.

The noncurrent rate on thrifts' primary assets – single-family mortgages – fell to 0.78 percent of all single-family loans at the end of the second quarter from

0.84 percent in the prior quarter and 0.98 percent one year ago. The single-family mortgage noncurrent rate has generally fallen for the past three years and was over one-third lower than the noncurrent rate of 1.25 percent at June 1996. Likewise, there has been a long-term, general decline in the noncurrent rate of multifamily and nonresidential mortgages -- the rate dropped to 0.68 percent in the second quarter from 0.74 percent in the prior quarter and 0.95 percent one year ago.

Notwithstanding some fluctuation, commercial loan noncurrent rates have also generally trended downward since 1991. This trend has continued over the last five quarters, as noncurrent commercial loans fell to 0.90 percent of all commercial loans in the second quarter from 0.91 percent in the prior quarter and 1.26 percent one year ago.

In contrast to the general decline in noncurrent mortgage and commercial loan rates, noncurrent consumer loan rates generally rose from 1994 through 1997 before declining in 1998. Noncurrent consumer loans declined in the second quarter to 0.72 percent of all consumer loans from 0.82 percent in the prior quarter and 0.81 percent one year ago. The second quarter consumer loan noncurrent rate was slightly above the post-1990 low of 0.68 percent in the second quarter of 1995.

Charge Offs Rise But Remain Low; Allowances Decline Slightly

Thrifts' net charge offs have generally declined since 1993 reflecting continued improvements in asset quality and consistent with the previously described decline in noncurrent loan rates. However, second quarter annualized charge offs rose slightly to 0.16 percent of assets from 0.15 percent in the prior quarter. First quarter charge offs were unusually low due to net recoveries from nonresidential and multifamily loans previously charged off. The second quarter increase was due to the return to more normal charge off levels rather than a deterioration in asset quality. Despite the increase, second quarter charge offs were below the 1998 average of 0.20 percent.

Valuation allowances fell slightly in the second quarter to 0.68 percent of assets from 0.70 in the prior quarter and 0.77 one year ago. The decline in second quarter allowances was attributable to the continued reduction in problem assets and continued high levels of assets-held-for-sale. The second quarter decline in valuation allowances, coupled with an increase in direct lending, will be monitored closely. This is especially important due to potentially conflicting accounting and regulatory pronouncements regarding adequacy of allowances. Appropriate levels of allowances must be determined on a case-by-case basis and will vary with types of loans held, underwriting standards, and current economic conditions.

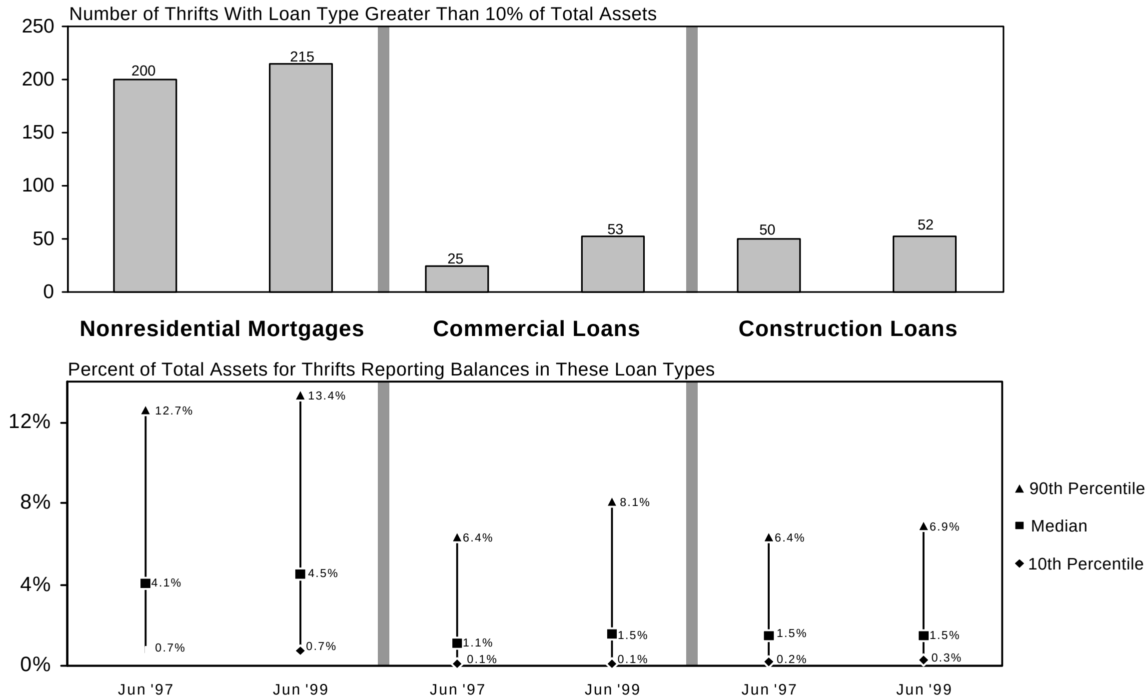
Reductions in thrifts' noncurrent loan rates and charge offs have been significant and helped strengthen earnings. However, some of the drop in noncurrent loan ratios may be partially attributable to sales of loan portfolios, rollover of consumer debt into refinanced single-family mortgages, and increases in new, “un-aged” loans that have not yet experienced delinquency problems. Further, refinanced loans may mask some borrowers’ debt management problems. Loan performance monitoring will be key in maintaining good asset quality.

Increases in Higher Risk Lending Warrant Increased Supervisory Attention

Thrifts continue to diversify their loan portfolios, but remain consumer oriented lenders with the vast majority of assets in single-family mortgages and consumer loans as discussed in a later section. Thrifts’ diversification has included increases in higher risk lending, such as nonresidential mortgages, commercial/small business lending, and construction lending. While diversification can be a sound strategy if properly undertaken in a safe, sound manner with the requisite expertise, the current favorable economic conditions present loan underwriting challenges. For example, the strength of the current economic expansion can mask underlying loan weaknesses and cause project viability overestimates. This is especially true of higher risk loan types that are not properly underwritten. Poorly underwritten higher risk loans are often the first to become “troubled” during an economic slowdown. Any deterioration in general loan underwriting standards to maintain, or expand market share during an extended and highly competitive economic expansion can also pose supervisory problems since even traditional loans, when poorly underwritten, can quickly become troubled when a slowdown occurs. For these reasons, increases in higher risk lending and any deterioration in loan underwriting standards warrant close supervisory attention despite currently low levels of delinquencies and charge offs.

Trends in loan underwriting are monitored from quarterly examiner surveys conducted after on-site lending reviews and from discussions with supervisory personnel. As discussed in detail in the four previous Quarterly Highlights, these surveys identified no significant changes or widespread deterioration in underwriting standards. These results continued in the second quarter.

On the other hand, the previously observed increased higher risk lending continued in the second quarter. While higher risk lending growth continues to be slight in the aggregate, the concentration of such lending is increasing at some thrifts. In addition, there are an increasing, albeit still small, number of thrifts concentrating in higher risk lending. The top panel of the chart on the following page presents the number of thrifts with more than ten percent of their assets in three particular types of higher risk lending: nonresidential mortgages, commercial business loans, and construction loans. The bottom panel of the chart presents the loans-to-assets ratios for thrifts engaging in such lending for the median (midpoint), 10th percentile (thrifts with the lowest amounts of such loans) and the 90th percentile (highest amounts).



As shown in the top panel of the chart, the number of thrifts with more than ten percent of their assets – a measure of concentration – in each major higher risk lending types increased between June 1997 and June 1999. In contrast, the total number of thrifts declined over this same period by 12.3 percent, from 1,272 to 1,115. The largest increase was for thrifts concentrating in commercial loans. These more than doubled, from 25 to 53 thrifts during the two year period, although still only 4.8 percent of all thrifts at June 1999. At June 1999, 19.3 percent of thrifts – 215 – had more than ten percent of their assets in nonresidential mortgages, an increase from 15.8 percent (200 thrifts) two years earlier.

The bottom panel shows that the degree of concentration has also increased, especially for those thrifts most concentrated in these higher risk loans. While the median percent of assets increased modestly for thrifts holding nonresidential mortgages and commercial loans over the last two years, the gap between the median and 90th percentile increased more substantially for all three types of higher risk loans. For thrifts holding nonresidential mortgages, thrifts in the 90th percentile held 13.4 percent of assets in such lending at June 1999, an increase from 12.7 percent two years earlier. The percent of assets held in commercial loans by thrifts in the 90th percentile rose 27 percent to 8.1 percent at June 1999, from 6.4 percent at June 1997. The construction loans-to-assets ratio for thrifts in the 90th percentile was 6.9 percent at June 1999. However, this ratio may understate the actual concentration of such loans due to loans-in-process.

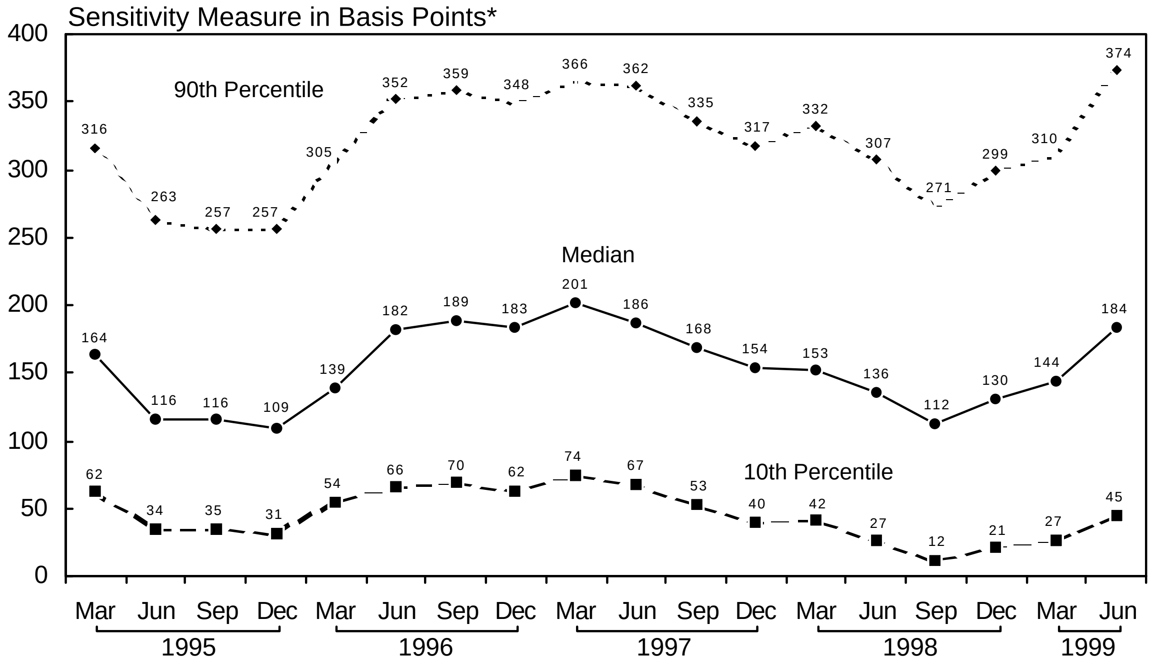
Thrifts engaging in higher risk lending should carefully review Thrift Bulletin 72 on high loan-to-value lending (published August 27, 1998), and the interagency guidance on subprime lending (March 1, 1999). Thrifts engaging in higher risk lending must have adequate managerial expertise, underwriting procedures, loan pricing and monitoring, charge off policies, and reserve and capital levels. The risk assessment process for higher risk lending should incorporate operating, compliance, and legal risks. In addition, planning for potential downturns in the economy is especially crucial for higher risk loan analyses. All policies, procedures and internal controls for higher risk lending must be approved by thrifts' boards of directors. Thrifts engaging in higher risk lending will continue to receive heightened supervisory attention and those found to be inadequately managing such lending will be considered engaging in unsafe and unsound practices.

Thrifts' IRR Sensitivity Increases; Post-Shock NPV Remains Strong

The chart on the top of page fifteen tracks the industry's interest rate risk sensitivity measures from March 1995 through June 1999. The OTS uses its Interest Rate Risk Model ("IRR Model") to monitor thrifts' interest rate risk. The model measures the change in a thrift's economic value, or the net present value ("NPV") of its current net worth, due to changes in interest rates. The decline in a thrift's NPV due to a 200 basis point movement in interest rates is used by OTS to test the sensitivity of the thrift to interest rate changes. The resulting change in NPV – the "post-shock NPV" – indicates thrifts' ability to absorb or withstand future interest rate changes.

Based on preliminary data, the industry's median second quarter sensitivity to interest rate risk increased to 184 basis points from 144 basis points in the prior quarter and 136 basis points one year ago. The industry's median sensitivity to interest rate risk has now increased for three consecutive quarters after generally improving between March 1997 and September 1998. The rise in interest rates and the continued increase in 30-year fixed-rate mortgages held by thrifts, coupled with the decline in ARMs, account for these recent sensitivity increases, including that for the second quarter. The second quarter median sensitivity was at the highest level in two years and will continue to be monitored closely. The monitoring of interest rate risk is performed on a case-by-case basis and focuses not only on the results of the OTS IRR Model, but also on each thrift's management capability, internal IRR monitoring, and contingency planning.

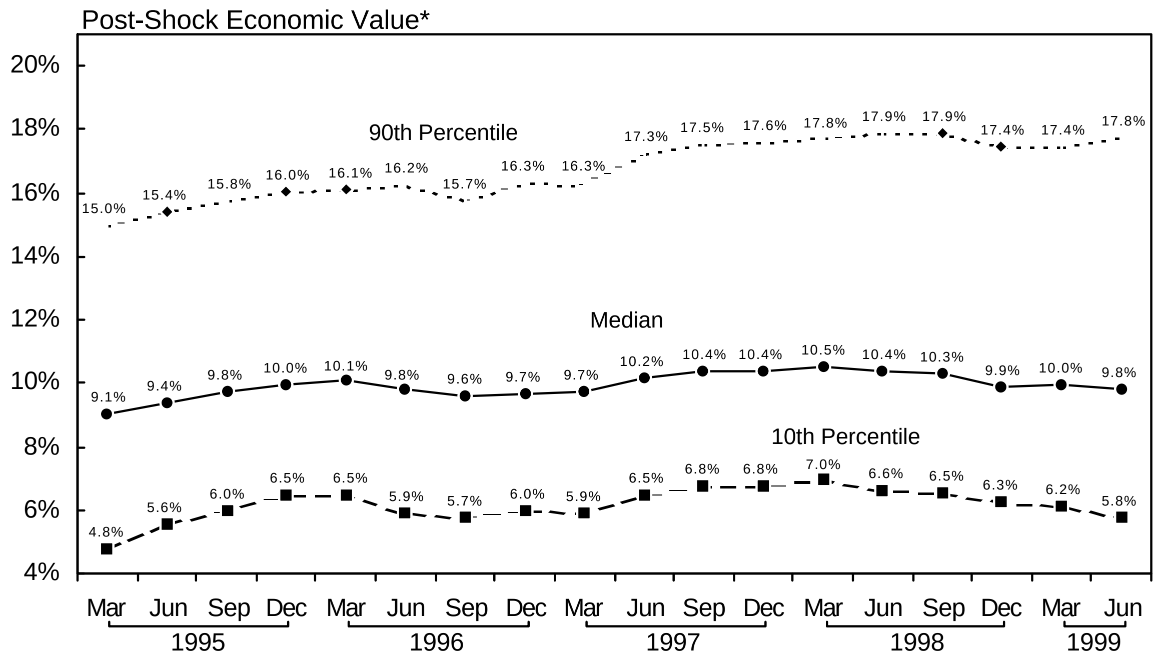
The increase in the second quarter sensitivity extended to thrifts most sensitive to interest rate risk (those in the 90th percentile) and thrifts with the least sensitivity (those in the 10th percentile). The increase for those most sensitive to interest rate risk substantially exceeded the other increases. The second quarter sensitivity measure for thrifts in the 90th percentile was 374 basis points, a 21 percent rise from 310 basis points in the prior quarter and the highest level since 1993 when OTS began using its current IRR Model. Because of their greater vulnerability, OTS closely monitors the interest rate risk of thrifts in this group, especially in conjunction with their post-shock economic value. These thrifts' second quarter median post-shock economic value was 7.7 percent – still strong even with their high level of sensitivity.



The second quarter sensitivity measure for thrifts in the 10th percentile was 45 basis points, an increase from 27 basis points in the prior quarter. The second quarter sensitivity measures for thrifts in the 10th percentiles were at the highest level in almost two years.

The median second quarter post-shock economic value for the industry declined to 9.8 percent in the second quarter from 10.0 percent in the prior quarter and 10.4 percent one year ago as shown in the chart on the following page. The decline in capital and the rise in sensitivity measures account for this decrease. Reflecting higher sensitivity, second quarter post-shock economic value dropped to 5.8 percent for those thrifts with the lowest (10th percentile) values from 6.2 percent in the prior quarter and 6.6 percent one year ago. This was the lowest level for the 10th percentile since September 1996. Despite the decline, the post-shock values remain strong even for thrifts in this group. Nevertheless, thrifts in this group receive heightened supervision and monitoring since their cushion against interest rate risk is much smaller than the industry average.

The second quarter post-shock economic value for thrifts with the highest values (90th percentile) rose to 17.8 percent from 17.4 percent in the prior quarter but was below 17.9 percent from one year ago.



Consolidation Continues to Reduce the Number of Thrifts

The number of thrift institutions regulated by OTS declined to 1,115 in the second quarter from 1,129 in the prior quarter and 1,181 one year ago. A total of 22 thrifts left OTS supervision in the second quarter, mainly through mergers and acquisitions. This has been the pattern over the past five years. Seventeen thrifts, or 77 percent of the departures, were merged with or acquired by another thrift or bank.

Conversions of OTS thrifts to non-OTS charters fell to 5 in the second quarter from 9 in the prior quarter but were unchanged from one year ago. Unlike most years from 1993 through 1998, the majority (10 or 71 percent) of conversions in the first half of 1999 were to banks; the remainder (4 or 29 percent) were to state savings banks. In each year from 1993 to 1998, except for 1997, the vast majority of conversions were to state savings bank charters.

New thrifts chartered have offset thrift exits by approximately one-third during 1998 and the first half of 1999. Eight new thrifts were chartered in the second quarter with 6 of these de novo thrifts. Two existing banks or non-OTS-supervised thrifts converted to a federal thrift charter.

Strong Asset Growth Continues

OTS-supervised thrift industry assets increased to $847 billion in the second quarter – the highest since 1991 when they totaled $895 billion. Assets were $835 billion in the prior quarter and $786 billion one year ago. Although the number of thrifts continued to decline in the second quarter, strong asset growth of remaining thrifts increased aggregate thrift industry assets.

Asset growth of remaining thrifts substantially exceeded the asset losses from exiting thrifts in the second quarter. Internal asset growth for remaining thrifts continued strong in the second quarter, measuring $14.6 billion compared to a quarterly average of $18.3 billion in 1998 and $11.8 billion in 1997. However, second quarter asset growth was below the very strong first quarter asset growth ($26.2 billion).

Aggregate thrift industry asset growth may slow or decline in upcoming quarters due to further consolidation and if assets-held-for-sale are not replaced after their eventual sale. In addition, several bank holding companies that own large thrifts have proposed merging the thrifts into their bank affiliates. Such mergers would cause industry assets to decline.

Direct Lending Led Second Quarter Asset Growth; Securities Investments Decline

Industry holdings of direct single-family mortgage loans as a percent of total industry assets increased in the second quarter after falling in each quarter from March 1998 through March 1999. Single-family mortgages rose to 48.2 percent of assets in the second quarter from 47.9 percent in the prior quarter, but were still below levels one year earlier – 49.8 percent. As previously discussed, the decline in mortgage loans was concentrated in ARMs. Despite the decline, direct single-family mortgages remain by far the most significant asset held by thrifts.

Mortgage pool securities, thrifts' second most significant asset, declined to 11.8 percent of assets in the second quarter from 12.0 percent of assets in the prior quarter and 12.3 percent one year ago.

Mortgage derivative securities fell to 8.4 percent of assets in the second quarter from 8.8 percent in the prior quarter but remained above the 6.0 percent level from one year ago. Increases in mortgage derivatives offset the declines in direct single-family mortgages during the March 1998-99 period rising to the industry's third largest asset type. This increase in mortgage derivatives was primarily concentrated in several large thrifts. These thrifts added such securities to their portfolios to compensate for the sharp decline in ARM originations. At June 30, 1999, floating-rate collaterallized mortgage obligations ("CMOs") represented 18 percent of all CMOs held by thrifts; fixed-rate CMOs maturing in less than five years represented another 61 percent. The rise in mortgage derivatives also appears associated with increased mortgage refinancing activity, since a similar pattern of rising derivatives, replaced by direct lending as refinancing activity waned, was also evident during the 1992-93 refinancing boom.

Construction loans were the fastest growing thrift loan type in the second quarter, increasing at an annual rate of 32.9 percent. The growth reflected continued strong expansion in domestic housing markets. Although the growth rate was high, construction loans were still a relatively small percentage of thrift assets, measuring 1.9 percent at the end of the second quarter, up from 1.8 percent in the prior quarter and 1.5 percent one year ago.

Consumer loans have generally risen as a percent of thrift industry assets since 1993 and the second quarter was no exception. Consumer loans rose strongly in the second quarter – 26.9 percent – to 6.2 percent of assets from 5.9 percent in the prior quarter. One year ago consumer loans measured 5.8 percent of assets. Consumer loan purchases, sales and paydowns can cause significant periodic fluctuations in thrifts' consumer loan portfolios. Nevertheless, the general upward trend in thrift consumer loan portfolios observed since 1993 has also prevailed for the past twenty years.

Commercial/small business loans have also generally increased as a percent of thrift assets since 1993. Commercial/small business loans rose to 2.1 percent of assets in the second quarter from 2.0 percent in the prior quarter and 1.6 percent one year ago. Although still a small percentage of thrift assets, commercial loans have been the fastest growing thrift loan type since December 1993. (The average annual growth in commercial loans measured 43.2 percent from December 1993 to June 1999.)

Deposit Decline Continues; Borrowing Maturities Decline

Deposits continued to decline as a funding source in the second quarter. The second quarter deposits-to-assets ratio fell to an all time low of 58.1 percent from the previous low of 59.2 percent in the prior quarter and 64.1 percent one year ago. The decline in deposits has been concentrated in deposits under $100,000. Such deposits dropped to 46.7 percent of assets in the second quarter from 47.8 percent in the previous quarter and 53.1 percent one year ago. Deposits over $100,000 rose slightly in the second quarter to 11.44 percent from 11.35 percent in the prior quarter. One year ago, deposits over $100,000 were 11.0 percent of assets; two years ago 9.7 percent. The continued decline in deposits under $100,000 was attributable to higher rates of return available to consumers on alternative investments, strong consumer spending, and increased homeownership rates. Some of the decline in retail deposits may also be due to thrifts utilizing other funding sources for more efficient growth and to better match asset maturities.

Despite the overall decline in deposits, transaction and demand deposits (noninterest and interest paying) held by the industry have generally increased during the past several years. Thrifts' transaction and demand deposits increased to 17.7 percent of assets in the second quarter from 17.1 percent in the prior quarter and 16.2 percent one year ago. Increases in these low cost funds also contributed to the decline in the industry's interest expense. The rise in transaction and demand accounts partially offset a decline in thrifts' certificates of deposits ("CDs") which fell to 32.4 percent of assets in the second quarter from 33.9 percent in the prior quarter and 39.2 percent one year ago.

Borrowings, primarily advances from the Federal Home Loan Banks, have generally replaced deposits as a funding source for assets. Their expanded use has allowed thrifts to match the maturities of their liabilities more closely to their assets and take advantage of low long-term interest rates. Borrowings as a percent of assets rose to 31.0 percent in the second quarter from 29.4 percent in the prior quarter and 24.4 percent one year ago. The weighted average remaining maturity of total fixed-rate borrowings declined in the second quarter to 22.1 months from 23.5 months in the prior quarter. Borrowing maturities were generally lengthened since 1997, although some of this may be mitigated by an apparent increase in borrowings with call provisions. One year ago the weighted average remaining maturity on such borrowings was 19.6 months; two years ago 11.9 months.

The overall weighted average cost of thrifts' fixed-rate borrowings increased to 5.25 percent at the end of the second quarter from 5.20 percent in the prior quarter. This was the first increase in the weighted average cost since December 1997. One year ago, the cost of borrowings was 5.76 percent; two years ago it was 5.90 percent.

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

		1995	1996	ADJ. 1996 (1)	1997	1998	6-MONTHS ENDED JUNE 1998	6-MONTHS ENDED JUNE 1999	3-MONTHS ENDED MAR. 1999	3-MONTHS ENDED JUNE 1999
SUMMARY DATA:										
Number of Thrifts	(#)	1,437	1,334		1,215	1,145	1,181	1,115	1,129	1,115
Total Assets	($)	770.98	769.37		776.58	817.61	786.30	846.69	835.04	846.69
Net Income	($)	5.36	4.74	6.80	6.41	7.57	3.96	4.18	2.06	2.12
Profits	($)	6.04	5.91		6.99	8.06	4.15	4.29	2.11	2.18
Losses	($)	-0.68	-1.18		-0.57	-0.49	-0.19	-0.11	-0.05	-0.06
PROFITABILITY MEASURES:										
Return on Average Assets	(%)	0.70	0.62	0.89	0.84	0.97	0.00	1.01	1.00	1.01
Median Ratio	(%)	0.74	0.47	0.77	0.83	0.77	0.85	0.74	0.74	0.75
Return on Average Equity	(%)	9.00	7.77	11.15	10.44	11.42	0.00	12.36	12.29	12.44
Median Ratio	(%)	7.75	4.51	7.73	8.33	7.32	7.96	7.05	7.00	6.94
Net Interest Income	($)	20.53	21.79		21.82	21.50	10.78	11.37	5.61	5.76
% of Average Assets	(%)	2.66	2.85		2.87	2.74	0.00	2.74	2.74	2.75
Total Fee Income	($)	2.87	3.65		4.38	4.54	2.32	2.68	1.28	1.40
% of Average Assets	(%)	0.39	0.51		0.62	0.62	0.63	0.67	0.62	0.67
G&A Expense	($)	15.26	19.14	15.97	16.06	17.50	8.36	8.42	4.21	4.21
% of Average Assets	(%)	1.98	2.50	2.09	2.11	2.23	0.00	2.03	2.05	2.01
CAPITAL MEASURES:										
Equity Capital Ratio	(%)	8.01	7.92		8.32	8.23	8.56	8.10	8.14	8.10
Tier 1 Leverage Ratio	(%)	7.47	7.38		7.58	7.43	7.72	7.53	7.42	7.53
Risk-based Capital Ratio	(%)	15.15	14.53		14.50	14.38	14.64	14.23	14.34	14.23
Thrifts by FDICIA Capital Categories:										
Well-Capitalized	(#)	1,392	1,290		1,183	1,115	1,153	1,084	1,101	1,084
Adequately Capitalized	(#)	38	43		31	26	26	29	26	29
Undercapitalized	(#)	4	0		1	1	2	0	0	0
Significantly Undercapitalized	(#)	1	1		0	1	0	1	1	1
Critically Undercapitalized	(#)	0	0		0	0	0	0	1	0
FAILED/PROBLEM THRIFTS:										
Failed Thrifts	(#)	2	1		0	0	0	0	0	0
Problem Thrifts	(#)	41	29		18	15	18	10	14	10
Problem Thrift Assets	($)	10.76	5.43		1.58	5.91	2.87	4.09	4.97	4.09
Problem Thrift Assets as a % of Total Assets	(%)	1.40	0.71		0.20	0.72	0.37	0.48	0.59	0.48
ASSET QUALITY MEASURES:										
Troubled Assets (2)	($)	9.54	8.71		7.72	6.27	6.84	5.54	6.04	5.54
% of Total Assets	(%)	1.24	1.13		0.99	0.77	0.87	0.65	0.72	0.65
Noncurrent Loans	($)	6.76	6.57		5.92	4.80	5.27	4.34	4.65	4.34
% of Total Assets	(%)	0.88	0.85		0.76	0.59	0.67	0.51	0.56	0.51
Noncurrent Loans as a % of Loan Type:										
1-4 Family Mortgages	(%)	1.28	1.21		1.11	0.87	0.98	0.78	0.84	0.78
Multifamily Loans	(%)	1.62	1.45		0.74	0.49	0.63	0.40	0.43	0.40
Commercial Loans	(%)	1.43	1.38		1.10	0.97	1.26	0.90	0.91	0.90
Consumer Loans	(%)	0.76	0.89		0.97	0.81	0.81	0.72	0.82	0.72
1-4 FAMILY MORTGAGE LOAN ACTIVITY:										
Originations	($)	106.32	136.08		150.16	275.63	126.52	132.19	66.09	66.10
Purchases	($)	40.51	57.37		62.43	95.44	45.33	41.56	20.70	20.86
Sales	($)	76.40	93.76		111.83	221.42	109.41	101.11	51.95	49.16
Loans Outstanding (3)	($)	365.29	383.86		390.77	400.91	391.68	408.26	400.23	408.26
Loans Outstanding / Total Assets	(%)	47.38	49.89		50.32	49.03	49.81	48.22	47.93	48.22

(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 / September 1999

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

	JUNE 1998 ($)	JUNE 1998 % OF TOTAL ASSETS	MARCH 1999 ($)	MARCH 1999 % OF TOTAL ASSETS	JUNE 1999 ($)	JUNE 1999 % OF TOTAL ASSETS
TOTAL ASSETS	786.30	100.00	835.04	100.00	846.69	100.00
1-4 Family Mortgages	391.68	49.81	400.23	47.93	408.26	48.22
Mortgage Pool Securities	96.86	12.32	100.58	12.04	99.62	11.77
Multifamily Mortgages	46.50	5.91	43.47	5.21	41.11	4.86
Nonresidential Mortgages	29.29	3.72	30.19	3.62	30.51	3.60
Construction Loans	12.12	1.54	14.59	1.75	15.79	1.87
Land Loans	3.59	0.46	4.18	0.50	4.37	0.52
Commercial Loans	12.86	1.63	16.64	1.99	17.45	2.06
Consumer Loans	45.92	5.84	49.07	5.88	52.37	6.19
Cash and Noninterest-Earning Deposits	10.83	1.38	10.59	1.27	11.63	1.37
Investment Securities	95.77	12.18	121.92	14.60	119.44	14.11
Mortgage Derivatives	47.51	6.04	73.15	8.76	71.44	8.44
Repossessed Assets, Net	1.57	0.20	1.39	0.17	1.21	0.14
Real Estate Held for Investment	0.50	0.06	0.42	0.05	0.44	0.05
Office Premises & Equipment	7.97	1.01	8.06	0.97	8.19	0.97
Other Assets	36.23	4.61	39.06	4.68	41.65	4.92
Less: Contra Assets & Valuation Allowances	5.39	0.69	5.35	0.64	5.34	0.63
TOTAL LIABILITIES AND CAPITAL	786.30	100.00	835.04	100.00	846.69	100.00
Total Deposits	503.97	64.09	494.28	59.19	492.21	58.13
Deposits < or = to $100,000	417.20	53.06	399.51	47.84	395.33	46.69
Deposits > $100,000	86.77	11.04	94.78	11.35	96.88	11.44
Escrows	10.47	1.33	10.46	1.25	10.38	1.23
Total Borrowings	191.98	24.42	245.78	29.43	262.82	31.04
Advances from FHLB	118.44	15.06	152.22	18.23	164.37	19.41
Reverse Repurchase Agreements	43.71	5.56	59.25	7.10	59.54	7.03
Other Borrowings	29.83	3.79	34.31	4.11	38.91	4.60
Other Liabilities	12.61	1.60	16.54	1.98	12.69	1.50
EQUITY CAPITAL	67.27	8.56	67.97	8.14	68.59	8.10

	JUNE 1998 ($)	JUNE 1998 % OF AVERAGE ASSETS(*)	MARCH 1999 ($)	MARCH 1999 % OF AVERAGE ASSETS(*)	JUNE 1999 ($)	JUNE 1999 % OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	13.87	7.11	13.78	6.72	14.06	6.71
Interest Expense	8.42	4.32	8.17	3.98	8.30	3.96
Net Interest Income	5.44	2.79	5.61	2.74	5.76	2.75
Loss Provisions-Interest Bearing Assets	0.41	0.21	0.33	0.16	0.33	0.16
Noninterest Income	2.31	1.19	2.35	1.15	2.30	1.10
Mortgage Loan Servicing Fees	0.19	0.10	0.21	0.10	0.26	0.12
Other Fees and Charges	1.03	0.53	1.07	0.52	1.14	0.54
Other Noninterest Income	1.09	0.56	1.07	0.52	0.90	0.43
Noninterest Expense	4.47	2.29	4.37	2.13	4.38	2.09
G&A Expense	4.30	2.20	4.21	2.05	4.21	2.01
Goodwill Expense	0.14	0.07	0.13	0.07	0.14	0.07
Loss Provis.-Nonint. Bearing Assets	0.03	0.02	0.02	0.01	0.03	0.01
Income Before Taxes & Extraord. Items	2.88	1.48	3.27	1.59	3.35	1.60
Income Taxes	0.78	0.40	1.21	0.59	1.23	0.59
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	2.10	1.07	2.06	1.00	2.12	1.01

* 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 / September 1999

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

NORTHEAST REGION

		1995	1996	ADJ. 1996 (1)	1997	1998	6-MONTHS ENDED JUNE 1998	6-MONTHS ENDED JUNE 1999	3-MONTHS ENDED MAR. 1999	3-MONTHS ENDED JUNE 1999
SUMMARY DATA:										
Number of Thrifts	(#)	283	269		257	243	252	232	236	232
Total Assets	($)	140.09	139.82		153.60	158.86	153.66	164.26	161.85	164.26
Net Income	($)	1.00	0.95	1.25	1.28	1.31	0.66	0.80	0.39	0.41
Profits	($)	1.04	1.05		1.32	1.42	0.69	0.81	0.39	0.42
Losses	($)	-0.04	-0.10		-0.04	-0.10	-0.03	-0.01	-0.01	0.00
PROFITABILITY MEASURES:										
Return on Average Assets	(%)	0.77	0.68	0.89	0.91	0.86	0.00	0.99	0.97	1.02
Median Ratio	(%)	0.72	0.47	0.77	0.78	0.71	0.77	0.73	0.71	0.75
Return on Average Equity	(%)	9.59	8.30	10.87	10.87	9.76	0.01	11.85	11.46	12.25
Median Ratio	(%)	7.86	4.74	8.09	8.02	6.78	7.29	7.21	7.07	7.46
Net Interest Income	($)	3.83	4.18		4.33	4.35	2.17	2.25	1.11	1.14
% of Average Assets	(%)	2.96	2.99		3.07	2.84	0.00	2.80	2.79	2.80
Total Fee Income	($)	0.32	0.41		0.62	0.87	0.39	0.49	0.24	0.26
% of Average Assets	(%)	0.26	0.33		0.63	0.66	0.55	0.63	0.60	0.63
G&A Expense	($)	2.58	3.17	2.71	2.91	3.53	1.70	1.69	0.84	0.84
% of Average Assets	(%)	2.00	2.27	1.94	2.06	2.31	0.00	2.10	2.12	2.08
CAPITAL MEASURES:										
Equity Capital Ratio	(%)	8.41	8.24		8.74	8.58	8.88	8.29	8.36	8.29
Tier 1 Leverage Ratio	(%)	7.89	7.60		7.90	7.66	8.04	7.65	7.53	7.65
Risk-based Capital Ratio	(%)	17.35	16.35		16.37	15.62	16.43	15.37	15.37	15.37
Thrifts by FDICIA Capital Categories:										
Well-Capitalized	(#)	278	264		257	240	250	229	234	229
Adequately Capitalized	(#)	3	5		0	2	1	3	1	3
Undercapitalized	(#)	1	0		0	0	1	0	0	0
Significantly Undercapitalized	(#)	0	0		0	1	0	0	0	0
Critically Undercapitalized	(#)	0	0		0	0	0	0	1	0
FAILED/PROBLEM THRIFTS:										
Failed Thrifts	(#)	1	0		0	0	0	0	0	0
Problem Thrifts	(#)	2	0		1	2	1	1	2	1
Problem Thrift Assets	($)	0.31	0.00		0.22	0.51	0.11	0.42	0.49	0.42
Problem Thrift Assets as a % of Total Assets	(%)	0.22	0.00		0.15	0.32	0.07	0.26	0.30	0.26
ASSET QUALITY MEASURES:										
Troubled Assets (2)	($)	1.76	2.02		2.17	1.52	1.78	1.27	1.39	1.27
% of Total Assets	(%)	1.26	1.44		1.41	0.96	1.16	0.77	0.86	0.77
Noncurrent Loans	($)	1.27	1.64		1.83	1.19	1.46	0.99	1.07	0.99
% of Total Assets	(%)	0.91	1.17		1.19	0.75	0.95	0.60	0.66	0.60
Noncurrent Loans as a % of Loan Type:										
1-4 Family Mortgages	(%)	1.43	1.69		1.92	1.32	1.60	1.08	1.19	1.08
Multifamily Loans	(%)	1.92	3.69		2.52	0.94	1.36	0.71	0.95	0.71
Commercial Loans	(%)	2.52	2.66		1.86	1.17	1.54	0.93	0.86	0.93
Consumer Loans	(%)	1.19	1.11		0.86	0.72	0.73	0.60	0.74	0.60
1-4 FAMILY MORTGAGE LOAN ACTIVITY:										
Originations	($)	12.38	18.76		21.77	51.19	23.75	23.47	12.01	11.47
Purchases	($)	8.38	12.38		6.47	8.31	3.57	5.24	2.38	2.86
Sales	($)	5.64	8.64		11.75	36.52	16.61	18.60	9.85	8.75
Loans Outstanding (3)	($)	59.58	63.39		68.50	66.16	67.78	65.63	64.89	65.63
Loans Outstanding / Total Assets	(%)	42.53	45.33		44.60	41.64	44.11	39.95	40.09	39.95

(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 / September 1999

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

NORTHEAST REGION

	JUNE 1998 ($)	JUNE 1998 % OF TOTAL ASSETS	MARCH 1999 ($)	MARCH 1999 % OF TOTAL ASSETS	JUNE 1999 ($)	JUNE 1999 % OF TOTAL ASSETS
TOTAL ASSETS	153.66	100.00	161.85	100.00	164.26	100.00
1-4 Family Mortgages	67.78	44.11	64.89	40.09	65.63	39.95
Mortgage Pool Securities	20.65	13.44	20.60	12.73	20.36	12.39
Multifamily Mortgages	6.21	4.04	6.62	4.09	6.93	4.22
Nonresidential Mortgages	6.85	4.46	7.32	4.52	7.71	4.69
Construction Loans	1.39	0.90	1.50	0.93	1.70	1.04
Land Loans	0.31	0.20	0.24	0.15	0.24	0.15
Commercial Loans	2.94	1.91	4.23	2.61	4.72	2.87
Consumer Loans	8.35	5.44	8.03	4.96	8.27	5.04
Cash and Noninterest-Earning Deposits	2.26	1.47	2.10	1.30	2.24	1.37
Investment Securities	28.88	18.79	36.92	22.81	36.17	22.02
Mortgage Derivatives	14.93	9.72	22.35	13.81	21.57	13.13
Repossessed Assets, Net	0.32	0.21	0.32	0.20	0.28	0.17
Real Estate Held for Investment	0.10	0.06	0.10	0.06	0.11	0.07
Office Premises & Equipment	1.51	0.98	1.51	0.93	1.53	0.93
Other Assets	6.99	4.55	8.38	5.18	9.26	5.64
Less: Contra Assets & Valuation Allowances	0.88	0.57	0.89	0.55	0.91	0.55
TOTAL LIABILITIES AND CAPITAL	153.66	100.00	161.85	100.00	164.26	100.00
Total Deposits	100.66	65.51	99.06	61.21	99.17	60.37
Deposits < or = to $100,000	87.00	56.62	82.67	51.08	82.58	50.27
Deposits > $100,000	13.66	8.89	16.40	10.13	16.59	10.10
Escrows	2.12	1.38	1.92	1.19	1.89	1.15
Total Borrowings	35.18	22.90	45.01	27.81	46.97	28.59
Advances from FHLB	21.68	14.11	28.60	17.67	30.75	18.72
Reverse Repurchase Agreements	10.01	6.51	13.44	8.31	12.83	7.81
Other Borrowings	3.50	2.28	2.97	1.83	3.39	2.07
Other Liabilities	2.05	1.34	2.32	1.43	2.63	1.60
EQUITY CAPITAL	13.64	8.88	13.54	8.36	13.61	8.29

	JUNE 1998 ($)	JUNE 1998 % OF AVERAGE ASSETS(*)	MARCH 1999 ($)	MARCH 1999 % OF AVERAGE ASSETS(*)	JUNE 1999 ($)	JUNE 1999 % OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	2.65	6.96	2.62	6.59	2.65	6.52
Interest Expense	1.55	4.09	1.51	3.80	1.51	3.72
Net Interest Income	1.09	2.88	1.11	2.79	1.14	2.80
Loss Provisions-Interest Bearing Assets	0.06	0.15	0.05	0.12	0.04	0.10
Noninterest Income	0.38	1.01	0.42	1.07	0.44	1.07
Mortgage Loan Servicing Fees	0.03	0.08	0.04	0.11	0.05	0.13
Other Fees and Charges	0.18	0.47	0.19	0.49	0.21	0.51
Other Noninterest Income	0.18	0.46	0.19	0.47	0.18	0.44
Noninterest Expense	0.90	2.38	0.88	2.20	0.88	2.18
G&A Expense	0.87	2.30	0.84	2.12	0.84	2.08
Goodwill Expense	0.02	0.07	0.03	0.07	0.03	0.07
Loss Provis.-Nonint. Bearing Assets	0.00	0.01	0.01	0.01	0.01	0.03
Income Before Taxes & Extraord. Items	0.51	1.35	0.61	1.53	0.65	1.60
Income Taxes	0.18	0.47	0.22	0.57	0.24	0.58
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.34	0.89	0.39	0.97	0.41	1.02

* 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 / September 1999

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

SOUTHEAST REGION

		1995	1996	ADJ. 1996 (1)	1997	1998	6-MONTHS ENDED JUNE 1998	6-MONTHS ENDED JUNE 1999	3-MONTHS ENDED MAR. 1999	3-MONTHS ENDED JUNE 1999
SUMMARY DATA:										
Number of Thrifts	(#)	291	264		237	222	227	222	223	222
Total Assets	($)	73.01	61.71		62.78	63.34	63.93	65.99	63.85	65.99
Net Income	($)	0.58	0.34	0.53	0.52	0.53	0.26	0.29	0.16	0.13
Profits	($)	0.64	0.46		0.59	0.62	0.29	0.31	0.17	0.14
Losses	($)	-0.06	-0.12		-0.08	-0.09	-0.04	-0.02	-0.01	-0.01
PROFITABILITY MEASURES:										
Return on Average Assets	(%)	0.74	0.53	0.83	0.83	0.85	0.00	0.91	1.01	0.81
Median Ratio	(%)	0.79	0.47	0.77	0.78	0.79	0.91	0.74	0.72	0.74
Return on Average Equity	(%)	8.76	5.82	9.04	8.86	8.58	0.01	9.27	10.37	8.21
Median Ratio	(%)	8.24	4.53	7.60	8.33	7.07	8.27	6.73	6.73	6.96
Net Interest Income	($)	2.32	2.11		2.04	1.89	0.98	0.97	0.46	0.51
% of Average Assets	(%)	2.99	3.28		3.28	3.03	0.00	3.03	2.93	3.12
Total Fee Income	($)	0.51	0.66		0.72	0.56	0.32	0.27	0.13	0.14
% of Average Assets	(%)	0.73	1.12		1.21	0.79	1.00	0.87	0.80	0.87
G&A Expense	($)	1.97	2.16	1.86	1.95	1.91	0.97	0.89	0.43	0.46
% of Average Assets	(%)	2.54	3.35	2.90	3.13	3.05	0.00	2.80	2.76	2.85
CAPITAL MEASURES:										
Equity Capital Ratio	(%)	8.98	9.10		9.82	9.85	9.73	10.00	9.73	10.00
Tier 1 Leverage Ratio	(%)	8.51	8.62		9.03	9.17	9.14	9.60	9.19	9.60
Risk-based Capital Ratio	(%)	16.62	16.01		16.35	17.37	16.87	17.63	17.28	17.63
Thrifts by FDICIA Capital Categories:										
Well-Capitalized	(#)	281	251		223	211	214	213	212	213
Adequately Capitalized	(#)	9	12		14	8	13	7	10	7
Undercapitalized	(#)	0	0		0	1	0	0	0	0
Significantly Undercapitalized	(#)	0	1		0	0	0	1	1	1
Critically Undercapitalized	(#)	0	0		0	0	0	0	0	0
FAILED/PROBLEM THRIFTS:										
Failed Thrifts	(#)	0	0		0	0	0	0	0	0
Problem Thrifts	(#)	15	13		9	5	8	6	6	6
Problem Thrift Assets	($)	1.33	0.85		0.56	0.22	0.45	0.20	0.27	0.20
Problem Thrift Assets as a % of Total Assets	(%)	1.82	1.38		0.89	0.35	0.70	0.30	0.43	0.30
ASSET QUALITY MEASURES:										
Troubled Assets (2)	($)	0.97	0.79		0.72	0.61	0.64	0.55	0.58	0.55
% of Total Assets	(%)	1.33	1.28		1.15	0.96	1.00	0.83	0.91	0.83
Noncurrent Loans	($)	0.51	0.49		0.46	0.41	0.41	0.36	0.39	0.36
% of Total Assets	(%)	0.70	0.80		0.74	0.65	0.64	0.55	0.61	0.55
Noncurrent Loans as a % of Loan Type:										
1-4 Family Mortgages	(%)	0.83	0.94		0.94	0.89	0.84	0.79	0.86	0.79
Multifamily Loans	(%)	1.98	1.39		0.91	0.85	0.98	0.93	1.00	0.93
Commercial Loans	(%)	1.71	1.97		1.07	0.83	1.04	0.95	0.86	0.95
Consumer Loans	(%)	1.04	1.54		1.82	1.00	1.31	0.66	0.78	0.66
1-4 FAMILY MORTGAGE LOAN ACTIVITY:										
Originations	($)	9.94	11.58		12.07	19.14	9.26	8.00	4.00	4.00
Purchases	($)	3.22	3.03		5.87	9.28	4.70	3.59	1.71	1.88
Sales	($)	6.01	6.35		8.94	13.48	7.41	6.15	3.32	2.83
Loans Outstanding (3)	($)	34.36	29.67		29.68	30.79	29.99	30.95	30.03	30.95
Loans Outstanding / Total Assets	(%)	47.06	48.08		47.27	48.61	46.91	46.91	47.04	46.91

(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 / September 1999

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

SOUTHEAST REGION

	JUNE 1998 ($)	JUNE 1998 % OF TOTAL ASSETS	MARCH 1999 ($)	MARCH 1999 % OF TOTAL ASSETS	JUNE 1999 ($)	JUNE 1999 % OF TOTAL ASSETS
TOTAL ASSETS	63.93	100.00	63.85	100.00	65.99	100.00
1-4 Family Mortgages	29.99	46.91	30.03	47.04	30.95	46.91
Mortgage Pool Securities	7.14	11.17	5.08	7.96	4.92	7.45
Multifamily Mortgages	0.79	1.23	0.69	1.08	0.71	1.08
Nonresidential Mortgages	3.54	5.53	3.20	5.01	3.43	5.20
Construction Loans	2.31	3.62	2.39	3.75	2.61	3.96
Land Loans	1.12	1.76	1.21	1.90	1.31	1.99
Commercial Loans	1.26	1.97	1.75	2.74	1.97	2.99
Consumer Loans	4.41	6.90	4.18	6.54	4.77	7.22
Cash and Noninterest-Earning Deposits	1.22	1.90	1.15	1.80	1.13	1.72
Investment Securities	8.89	13.91	11.20	17.54	11.19	16.95
Mortgage Derivatives	2.28	3.57	4.13	6.46	4.38	6.64
Repossessed Assets, Net	0.23	0.36	0.19	0.30	0.18	0.28
Real Estate Held for Investment	0.05	0.07	0.05	0.08	0.06	0.09
Office Premises & Equipment	0.99	1.55	0.98	1.53	1.01	1.54
Other Assets	2.45	3.83	2.15	3.36	2.14	3.25
Less: Contra Assets & Valuation Allowances	0.46	0.72	0.41	0.64	0.41	0.62
TOTAL LIABILITIES AND CAPITAL	63.93	100.00	63.85	100.00	65.99	100.00
Total Deposits	45.80	71.64	45.58	71.38	46.14	69.92
Deposits < or = to $100,000	37.75	59.04	36.54	57.23	37.07	56.17
Deposits > $100,000	8.05	12.60	9.03	14.14	9.07	13.75
Escrows	0.49	0.76	0.43	0.67	0.49	0.74
Total Borrowings	10.31	16.13	10.44	16.36	11.64	17.65
Advances from FHLB	7.76	12.14	7.62	11.93	8.32	12.61
Reverse Repurchase Agreements	1.79	2.80	2.23	3.50	2.60	3.94
Other Borrowings	0.76	1.18	0.59	0.93	0.72	1.09
Other Liabilities	1.11	1.74	1.19	1.86	1.12	1.69
EQUITY CAPITAL	6.22	9.73	6.21	9.73	6.60	10.00

	JUNE 1998 ($)	JUNE 1998 % OF AVERAGE ASSETS(*)	MARCH 1999 ($)	MARCH 1999 % OF AVERAGE ASSETS(*)	JUNE 1999 ($)	JUNE 1999 % OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	1.15	7.33	1.08	6.86	1.14	7.02
Interest Expense	0.67	4.27	0.62	3.93	0.63	3.89
Net Interest Income	0.48	3.06	0.46	2.93	0.51	3.12
Loss Provisions-Interest Bearing Assets	0.05	0.31	0.04	0.24	0.03	0.21
Noninterest Income	0.26	1.64	0.27	1.69	0.20	1.25
Mortgage Loan Servicing Fees	0.01	0.04	0.01	0.06	0.01	0.07
Other Fees and Charges	0.15	0.95	0.12	0.74	0.13	0.80
Other Noninterest Income	0.10	0.65	0.14	0.89	0.06	0.38
Noninterest Expense	0.50	3.17	0.44	2.79	0.47	2.89
G&A Expense	0.49	3.08	0.43	2.76	0.46	2.85
Goodwill Expense	0.01	0.06	0.01	0.04	0.01	0.04
Loss Provis.-Nonint. Bearing Assets	0.01	0.03	0.00	0.00	0.00	0.00
Income Before Taxes & Extraord. Items	0.19	1.22	0.25	1.59	0.20	1.27
Income Taxes	0.07	0.46	0.09	0.57	0.07	0.45
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.12	0.76	0.16	1.01	0.13	0.81

* 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.
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Office of Thrift Supervision / September 1999

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

CENTRAL REGION

		1995	1996	ADJ. 1996 (1)	1997	1998	6-MONTHS ENDED JUNE 1998	6-MONTHS ENDED JUNE 1999	3-MONTHS ENDED MAR. 1999	3-MONTHS ENDED JUNE 1999
SUMMARY DATA:										
Number of Thrifts	(#)	433	405		363	353	359	342	345	342
Total Assets	($)	157.25	158.17		156.91	162.20	157.07	165.97	164.42	165.97
Net Income	($)	1.32	1.11	1.58	1.45	1.54	0.77	0.92	0.45	0.46
Profits	($)	1.47	1.33		1.54	1.62	0.82	0.95	0.47	0.48
Losses	($)	-0.15	-0.21		-0.09	-0.08	-0.04	-0.04	-0.01	-0.02
PROFITABILITY MEASURES:										
Return on Average Assets	(%)	0.85	0.70	1.00	0.94	0.98	0.00	1.12	1.12	1.12
Median Ratio	(%)	0.77	0.47	0.76	0.90	0.79	0.89	0.73	0.76	0.75
Return on Average Equity	(%)	9.89	8.10	11.51	10.59	10.62	0.01	12.34	12.34	12.35
Median Ratio	(%)	7.59	4.18	7.12	8.45	7.32	7.94	6.67	6.66	6.54
Net Interest Income	($)	4.25	4.55		4.52	4.49	2.24	2.40	1.18	1.21
% of Average Assets	(%)	2.75	2.88		2.94	2.87	0.00	2.93	2.92	2.94
Total Fee Income	($)	0.57	0.68		0.74	0.81	0.41	0.47	0.21	0.26
% of Average Assets	(%)	0.38	0.43		0.48	0.49	0.55	0.63	0.52	0.63
G&A Expense	($)	3.10	3.92	3.20	3.34	3.77	1.79	1.89	0.92	0.97
% of Average Assets	(%)	2.00	2.47	2.02	2.17	2.41	0.00	2.31	2.26	2.37
CAPITAL MEASURES:										
Equity Capital Ratio	(%)	8.77	8.46		9.13	9.07	9.27	9.06	9.11	9.06
Tier 1 Leverage Ratio	(%)	8.30	8.00		8.09	8.05	8.27	8.19	8.13	8.19
Risk-based Capital Ratio	(%)	17.22	15.98		15.39	14.94	15.37	14.55	14.75	14.55
Thrifts by FDICIA Capital Categories:										
Well-Capitalized	(#)	424	396		355	348	355	337	342	337
Adequately Capitalized	(#)	9	9		7	5	3	5	3	5
Undercapitalized	(#)	0	0		1	0	1	0	0	0
Significantly Undercapitalized	(#)	0	0		0	0	0	0	0	0
Critically Undercapitalized	(#)	0	0		0	0	0	0	0	0
FAILED/PROBLEM THRIFTS:										
Failed Thrifts	(#)	0	0		0	0	0	0	0	0
Problem Thrifts	(#)	4	3		2	3	1	2	2	2
Problem Thrift Assets	($)	0.86	0.73		0.03	0.44	0.03	0.18	0.30	0.18
Problem Thrift Assets as a % of Total Assets	(%)	0.55	0.46		0.02	0.27	0.02	0.11	0.19	0.11
ASSET QUALITY MEASURES:										
Troubled Assets (2)	($)	1.17	1.06		1.06	1.19	1.07	1.14	1.19	1.14
% of Total Assets	(%)	0.74	0.67		0.68	0.73	0.68	0.69	0.73	0.69
Noncurrent Loans	($)	1.01	0.89		0.86	0.93	0.86	0.93	0.99	0.93
% of Total Assets	(%)	0.64	0.56		0.55	0.58	0.54	0.56	0.60	0.56
Noncurrent Loans as a % of Loan Type:										
1-4 Family Mortgages	(%)	0.87	0.68		0.68	0.71	0.67	0.73	0.77	0.73
Multifamily Loans	(%)	1.35	1.46		0.78	0.67	1.04	0.51	0.57	0.51
Commercial Loans	(%)	1.16	1.24		0.67	0.97	1.26	0.94	1.10	0.94
Consumer Loans	(%)	0.84	0.93		1.10	0.90	0.77	0.78	0.89	0.78
1-4 FAMILY MORTGAGE LOAN ACTIVITY:										
Originations	($)	28.14	38.41		39.81	69.54	32.57	33.68	16.59	17.10
Purchases	($)	10.25	12.24		15.49	31.81	12.90	15.97	8.38	7.59
Sales	($)	20.55	29.96		34.10	72.25	32.22	38.65	19.34	19.31
Loans Outstanding (3)	($)	77.74	80.77		80.95	82.06	80.87	81.97	81.66	81.97
Loans Outstanding / Total Assets	(%)	49.43	51.07		51.59	50.59	51.48	49.39	49.66	49.39

(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 / September 1999

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

CENTRAL REGION

	JUNE 1998 ($)	JUNE 1998 % OF TOTAL ASSETS	MARCH 1999 ($)	MARCH 1999 % OF TOTAL ASSETS	JUNE 1999 ($)	JUNE 1999 % OF TOTAL ASSETS
TOTAL ASSETS	157.07	100.00	164.42	100.00	165.97	100.00
1-4 Family Mortgages	80.87	51.48	81.66	49.66	81.97	49.39
Mortgage Pool Securities	14.28	9.09	15.59	9.48	14.76	8.89
Multifamily Mortgages	5.53	3.52	5.69	3.46	5.80	3.50
Nonresidential Mortgages	5.12	3.26	5.40	3.29	5.38	3.24
Construction Loans	2.68	1.70	3.21	1.95	3.40	2.05
Land Loans	0.94	0.60	1.13	0.68	1.10	0.66
Commercial Loans	3.14	2.00	3.96	2.41	4.23	2.55
Consumer Loans	13.84	8.81	17.36	10.56	18.26	11.00
Cash and Noninterest-Earning Deposits	2.24	1.42	2.12	1.29	2.85	1.72
Investment Securities	20.35	12.95	18.59	11.31	18.47	11.13
Mortgage Derivatives	7.92	5.04	7.25	4.41	6.82	4.11
Repossessed Assets, Net	0.21	0.13	0.21	0.13	0.21	0.13
Real Estate Held for Investment	0.13	0.08	0.09	0.05	0.08	0.05
Office Premises & Equipment	1.75	1.11	1.77	1.08	1.79	1.08
Other Assets	6.98	4.45	8.65	5.26	8.66	5.22
Less: Contra Assets & Valuation Allowances	0.97	0.62	0.99	0.60	1.00	0.60
TOTAL LIABILITIES AND CAPITAL	157.07	100.00	164.42	100.00	165.97	100.00
Total Deposits	110.45	70.32	109.75	66.75	109.82	66.17
Deposits < or = to $100,000	91.27	58.11	89.19	54.24	89.48	53.91
Deposits > $100,000	19.18	12.21	20.56	12.51	20.34	12.26
Escrows	1.78	1.13	1.92	1.17	2.13	1.28
Total Borrowings	27.90	17.76	34.91	21.23	36.83	22.19
Advances from FHLB	20.03	12.75	25.23	15.35	27.50	16.57
Reverse Repurchase Agreements	4.63	2.95	7.84	4.77	5.27	3.18
Other Borrowings	3.24	2.06	1.83	1.11	4.06	2.44
Other Liabilities	2.38	1.51	2.87	1.74	2.17	1.31
EQUITY CAPITAL	14.56	9.27	14.98	9.11	15.03	9.06

	JUNE 1998 ($)	JUNE 1998 % OF AVERAGE ASSETS(*)	MARCH 1999 ($)	MARCH 1999 % OF AVERAGE ASSETS(*)	JUNE 1999 ($)	JUNE 1999 % OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	2.80	7.16	2.80	6.90	2.82	6.86
Interest Expense	1.68	4.29	1.62	3.98	1.61	3.91
Net Interest Income	1.12	2.87	1.18	2.92	1.21	2.94
Loss Provisions-Interest Bearing Assets	0.12	0.32	0.10	0.24	0.11	0.26
Noninterest Income	0.58	1.49	0.58	1.43	0.63	1.53
Mortgage Loan Servicing Fees	0.03	0.07	0.00	0.00	0.05	0.12
Other Fees and Charges	0.19	0.49	0.21	0.52	0.21	0.50
Other Noninterest Income	0.37	0.94	0.37	0.91	0.37	0.90
Noninterest Expense	0.99	2.54	0.95	2.35	1.02	2.48
G&A Expense	0.95	2.42	0.92	2.26	0.97	2.37
Goodwill Expense	0.04	0.11	0.03	0.08	0.04	0.10
Loss Provis.-Nonint. Bearing Assets	0.00	0.01	0.01	0.01	0.01	0.01
Income Before Taxes & Extraord. Items	0.59	1.50	0.71	1.76	0.71	1.73
Income Taxes	0.20	0.51	0.26	0.64	0.25	0.61
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.39	0.98	0.45	1.12	0.46	1.12

* 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.
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Office of Thrift Supervision / September 1999

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

MIDWEST REGION

		1995	1996	ADJ. 1996 (1)	1997	1998	6-MONTHS ENDED JUNE 1998	6-MONTHS ENDED JUNE 1999	3-MONTHS ENDED MAR. 1999	3-MONTHS ENDED JUNE 1999
SUMMARY DATA:										
Number of Thrifts	(#)	302	282		256	239	247	232	236	232
Total Assets	($)	124.03	124.57		91.93	95.91	89.60	99.93	98.91	99.93
Net Income	($)	1.24	1.45	1.80	0.94	0.92	0.46	0.46	0.22	0.24
Profits	($)	1.27	1.62		1.09	1.04	0.51	0.49	0.24	0.25
Losses	($)	-0.03	-0.16		-0.15	-0.12	-0.05	-0.03	-0.02	-0.01
PROFITABILITY MEASURES:										
Return on Average Assets	(%)	1.00	1.14	1.42	0.96	1.01	0.00	0.94	0.90	0.98
Median Ratio	(%)	0.77	0.46	0.81	0.85	0.78	0.83	0.73	0.75	0.75
Return on Average Equity	(%)	12.98	14.00	17.32	11.23	11.19	0.01	10.46	10.10	10.82
Median Ratio	(%)	7.89	4.77	8.18	8.17	7.33	7.96	7.27	7.25	7.13
Net Interest Income	($)	3.19	3.47		2.79	2.47	1.19	1.38	0.68	0.70
% of Average Assets	(%)	2.58	2.73		2.85	2.72	0.00	2.81	2.80	2.83
Total Fee Income	($)	0.64	0.83		0.70	0.74	0.35	0.40	0.19	0.21
% of Average Assets	(%)	0.54	0.73		0.77	0.86	0.85	0.85	0.78	0.85
G&A Expense	($)	2.46	3.22	2.69	2.10	2.13	1.04	1.16	0.58	0.57
% of Average Assets	(%)	1.99	2.54	2.12	2.15	2.35	0.00	2.36	2.40	2.33
CAPITAL MEASURES:										
Equity Capital Ratio	(%)	8.05	8.42		8.74	8.80	9.12	8.96	9.09	8.96
Tier 1 Leverage Ratio	(%)	7.46	7.71		8.34	8.38	8.71	8.60	8.70	8.60
Risk-based Capital Ratio	(%)	15.47	15.30		15.64	14.95	15.49	14.89	15.23	14.89
Thrifts by FDICIA Capital Categories:										
Well-Capitalized	(#)	297	275		248	229	241	220	226	220
Adequately Capitalized	(#)	4	7		8	10	6	12	10	12
Undercapitalized	(#)	1	0		0	0	0	0	0	0
Significantly Undercapitalized	(#)	0	0		0	0	0	0	0	0
Critically Undercapitalized	(#)	0	0		0	0	0	0	0	0
FAILED/PROBLEM THRIFTS:										
Failed Thrifts	(#)	0	0		0	0	0	0	0	0
Problem Thrifts	(#)	6	3		1	2	3	0	1	0
Problem Thrift Assets	($)	0.33	0.13		0.01	0.78	1.25	0.00	0.09	0.00
Problem Thrift Assets as a % of Total Assets	(%)	0.27	0.11		0.02	0.82	1.40	0.00	0.09	0.00
ASSET QUALITY MEASURES:										
Troubled Assets (2)	($)	1.09	1.03		0.64	0.61	0.63	0.64	0.69	0.64
% of Total Assets	(%)	0.88	0.83		0.70	0.64	0.71	0.64	0.70	0.64
Noncurrent Loans	($)	0.73	0.74		0.46	0.43	0.45	0.52	0.49	0.52
% of Total Assets	(%)	0.59	0.59		0.50	0.45	0.50	0.52	0.50	0.52
Noncurrent Loans as a % of Loan Type:										
1-4 Family Mortgages	(%)	0.95	0.97		0.69	0.61	0.65	0.82	0.75	0.82
Multifamily Loans	(%)	0.99	0.83		0.44	0.48	0.21	0.31	0.22	0.31
Commercial Loans	(%)	1.71	0.95		1.28	0.98	1.82	0.48	0.85	0.48
Consumer Loans	(%)	0.41	0.65		0.84	0.55	0.89	0.66	0.65	0.66
1-4 FAMILY MORTGAGE LOAN ACTIVITY:										
Originations	($)	16.22	21.84		19.23	31.30	13.06	14.87	7.54	7.33
Purchases	($)	11.12	14.77		11.98	18.46	7.93	5.81	3.18	2.63
Sales	($)	12.65	21.41		16.98	28.46	13.83	10.28	5.77	4.51
Loans Outstanding (3)	($)	54.47	54.11		40.59	43.40	40.34	43.67	43.18	43.67
Loans Outstanding / Total Assets	(%)	43.92	43.44		44.15	45.25	45.02	43.70	43.66	43.70

(1) Excludes the SAIF special assessment.
(2) Data after 1995 are net of specific valuation allowances.
(3) Does not include Mortgage Backed Securities.
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Office of Thrift Supervision / September 1999

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

MIDWEST REGION

	JUNE 1998 ($)	JUNE 1998 % OF TOTAL ASSETS	MARCH 1999 ($)	MARCH 1999 % OF TOTAL ASSETS	JUNE 1999 ($)	JUNE 1999 % OF TOTAL ASSETS
TOTAL ASSETS	89.60	100.00	98.91	100.00	99.93	100.00
1-4 Family Mortgages	40.34	45.02	43.18	43.66	43.67	43.70
Mortgage Pool Securities	9.52	10.62	10.59	10.71	10.52	10.53
Multifamily Mortgages	2.24	2.49	2.27	2.29	2.07	2.07
Nonresidential Mortgages	3.60	4.02	4.82	4.87	4.90	4.90
Construction Loans	4.06	4.53	5.51	5.57	5.97	5.97
Land Loans	0.62	0.69	0.92	0.93	1.00	1.00
Commercial Loans	2.28	2.54	3.41	3.45	3.31	3.31
Consumer Loans	10.20	11.38	11.20	11.32	11.80	11.81
Cash and Noninterest-Earning Deposits	1.15	1.29	1.38	1.40	1.45	1.45
Investment Securities	10.72	11.96	9.91	10.02	9.51	9.52
Mortgage Derivatives	3.49	3.90	3.50	3.53	3.53	3.53
Repossessed Assets, Net	0.18	0.20	0.20	0.20	0.12	0.12
Real Estate Held for Investment	0.04	0.04	0.03	0.03	0.03	0.03
Office Premises & Equipment	1.05	1.18	1.22	1.23	1.22	1.22
Other Assets	4.16	4.65	4.90	4.95	4.98	4.98
Less: Contra Assets & Valuation Allowances	0.56	0.62	0.61	0.62	0.62	0.62
TOTAL LIABILITIES AND CAPITAL	89.60	100.00	98.91	100.00	99.93	100.00
Total Deposits	58.89	65.72	61.48	62.16	60.81	60.85
Deposits < or = to $100,000	49.44	55.18	51.25	51.82	50.10	50.13
Deposits > $100,000	9.45	10.55	10.23	10.34	10.71	10.71
Escrows	1.88	2.10	2.09	2.12	2.05	2.05
Total Borrowings	19.35	21.59	24.94	25.21	26.74	26.76
Advances from FHLB	14.72	16.43	20.39	20.62	22.23	22.24
Reverse Repurchase Agreements	1.95	2.17	2.15	2.18	1.78	1.78
Other Borrowings	2.68	2.99	2.39	2.42	2.73	2.73
Other Liabilities	1.31	1.46	1.41	1.43	1.39	1.39
EQUITY CAPITAL	8.17	9.12	8.99	9.09	8.95	8.96

	JUNE 1998 ($)	JUNE 1998 % OF AVERAGE ASSETS(*)	MARCH 1999 ($)	MARCH 1999 % OF AVERAGE ASSETS(*)	JUNE 1999 ($)	JUNE 1999 % OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	1.62	7.24	1.67	6.87	1.68	6.82
Interest Expense	0.99	4.42	0.99	4.08	0.98	3.99
Net Interest Income	0.63	2.82	0.68	2.80	0.70	2.83
Loss Provisions-Interest Bearing Assets	0.06	0.26	0.05	0.21	0.06	0.23
Noninterest Income	0.28	1.25	0.29	1.19	0.30	1.21
Mortgage Loan Servicing Fees	0.04	0.16	0.03	0.14	0.04	0.16
Other Fees and Charges	0.15	0.69	0.16	0.65	0.17	0.70
Other Noninterest Income	0.09	0.40	0.10	0.40	0.09	0.35
Noninterest Expense	0.54	2.42	0.60	2.46	0.59	2.41
G&A Expense	0.52	2.34	0.58	2.40	0.57	2.33
Goodwill Expense	0.01	0.05	0.01	0.05	0.01	0.05
Loss Provis.-Nonint. Bearing Assets	0.01	0.03	0.00	0.01	0.01	0.03
Income Before Taxes & Extraord. Items	0.31	1.39	0.32	1.31	0.34	1.40
Income Taxes	0.11	0.49	0.10	0.41	0.10	0.42
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	0.20	0.90	0.22	0.90	0.24	0.98

* Annualized.
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Office of Thrift Supervision / September 1999

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

WEST REGION

		1995	1996	ADJ. 1996 (1)	1997	1998	6-MONTHS ENDED JUNE 1998	6-MONTHS ENDED JUNE 1999	3-MONTHS ENDED MAR. 1999	3-MONTHS ENDED JUNE 1999
SUMMARY DATA:										
Number of Thrifts	(#)	128	114		102	88	96	87	89	87
Total Assets	($)	276.60	285.09		311.37	337.29	322.04	350.54	346.01	350.54
Net Income	($)	1.23	0.88	1.64	2.23	3.27	1.81	1.71	0.84	0.87
Profits	($)	1.62	1.46		2.45	3.37	1.83	1.73	0.84	0.88
Losses	($)	-0.39	-0.58		-0.22	-0.09	-0.02	-0.02	0.00	-0.02
PROFITABILITY MEASURES:										
Return on Average Assets	(%)	0.43	0.32	0.59	0.73	1.02	0.00	1.00	0.99	1.00
Median Ratio	(%)	0.46	0.38	0.63	0.77	0.78	0.84	0.75	0.76	0.79
Return on Average Equity	(%)	6.24	4.49	8.40	10.23	13.64	0.04	14.15	14.00	14.30
Median Ratio	(%)	5.94	4.41	8.25	9.56	8.72	9.18	7.98	8.82	8.07
Net Interest Income	($)	6.95	7.47		8.15	8.30	4.20	4.38	2.18	2.21
% of Average Assets	(%)	2.43	2.71		2.67	2.58	0.01	2.55	2.57	2.54
Total Fee Income	($)	0.83	1.06		1.60	1.58	0.84	1.04	0.51	0.53
% of Average Assets	(%)	0.29	0.42		0.53	0.56	0.56	0.61	0.61	0.61
G&A Expense	($)	5.16	6.68	5.50	5.78	6.16	2.86	2.79	1.44	1.36
% of Average Assets	(%)	1.80	2.42	1.99	1.89	1.92	0.00	1.63	1.69	1.56
CAPITAL MEASURES:										
Equity Capital Ratio	(%)	7.09	6.99		7.27	7.20	7.66	6.96	7.01	6.96
Tier 1 Leverage Ratio	(%)	6.51	6.52		6.66	6.43	6.73	6.48	6.35	6.48
Risk-based Capital Ratio	(%)	12.73	12.45		12.62	12.85	12.88	12.70	12.83	12.70
Thrifts by FDICIA Capital Categories:										
Well-Capitalized	(#)	112	104		100	87	93	85	87	85
Adequately Capitalized	(#)	13	10		2	1	3	2	2	2
Undercapitalized	(#)	2	0		0	0	0	0	0	0
Significantly Undercapitalized	(#)	1	0		0	0	0	0	0	0
Critically Undercapitalized	(#)	0	0		0	0	0	0	0	0
FAILED/PROBLEM THRIFTS:										
Failed Thrifts	(#)	1	1		0	0	0	0	0	0
Problem Thrifts	(#)	14	10		5	3	5	1	3	1
Problem Thrift Assets	($)	7.92	3.72		0.75	3.96	1.04	3.29	3.81	3.29
Problem Thrift Assets as a % of Total Assets	(%)	2.87	1.30		0.24	1.17	0.32	0.94	1.10	0.94
ASSET QUALITY MEASURES:										
Troubled Assets (2)	($)	4.55	3.81		3.13	2.34	2.72	1.95	2.18	1.95
% of Total Assets	(%)	1.65	1.34		1.01	0.69	0.84	0.56	0.63	0.56
Noncurrent Loans	($)	3.23	2.81		2.31	1.84	2.09	1.54	1.71	1.54
% of Total Assets	(%)	1.17	0.99		0.74	0.54	0.65	0.44	0.49	0.44
Noncurrent Loans as a % of Loan Type:										
1-4 Family Mortgages	(%)	1.68	1.42		1.12	0.83	0.99	0.67	0.78	0.67
Multifamily Loans	(%)	1.69	1.10		0.41	0.35	0.44	0.28	0.29	0.28
Commercial Loans	(%)	0.43	0.57		0.73	0.78	0.70	1.19	0.83	1.19
Consumer Loans	(%)	0.64	0.57		0.59	0.98	0.58	0.80	0.99	0.80
1-4 FAMILY MORTGAGE LOAN ACTIVITY:										
Originations	($)	39.64	45.50		57.35	104.46	47.88	52.16	25.95	26.21
Purchases	($)	7.54	14.94		22.62	27.58	16.24	10.95	5.06	5.89
Sales	($)	31.55	27.39		40.05	70.71	39.33	27.43	13.67	13.76
Loans Outstanding (3)	($)	139.15	155.92		171.06	178.51	172.71	186.04	180.47	186.04
Loans Outstanding / Total Assets	(%)	50.31	54.69		54.94	52.92	53.63	53.07	52.16	53.07

(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 / September 1999

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

WEST REGION

	JUNE 1998 ($)	JUNE 1998 % OF TOTAL ASSETS	MARCH 1999 ($)	MARCH 1999 % OF TOTAL ASSETS	JUNE 1999 ($)	JUNE 1999 % OF TOTAL ASSETS
TOTAL ASSETS	322.04	100.00	346.01	100.00	350.54	100.00
1-4 Family Mortgages	172.71	53.63	180.47	52.16	186.04	53.07
Mortgage Pool Securities	45.28	14.06	48.71	14.08	49.07	14.00
Multifamily Mortgages	31.73	9.85	28.21	8.15	25.60	7.30
Nonresidential Mortgages	10.18	3.16	9.46	2.73	9.09	2.59
Construction Loans	1.69	0.52	1.97	0.57	2.11	0.60
Land Loans	0.59	0.18	0.68	0.20	0.71	0.20
Commercial Loans	3.24	1.01	3.29	0.95	3.21	0.92
Consumer Loans	9.12	2.83	8.31	2.40	9.27	2.64
Cash and Noninterest-Earning Deposits	3.96	1.23	3.84	1.11	3.95	1.13
Investment Securities	26.93	8.36	45.30	13.09	44.09	12.58
Mortgage Derivatives	18.88	5.86	35.93	10.38	35.13	10.02
Repossessed Assets, Net	0.63	0.20	0.48	0.14	0.41	0.12
Real Estate Held for Investment	0.19	0.06	0.15	0.04	0.16	0.05
Office Premises & Equipment	2.67	0.83	2.59	0.75	2.63	0.75
Other Assets	15.64	4.86	14.98	4.33	16.60	4.74
Less: Contra Assets & Valuation Allowances	2.51	0.78	2.44	0.71	2.40	0.69
TOTAL LIABILITIES AND CAPITAL	322.04	100.00	346.01	100.00	350.54	100.00
Total Deposits	188.17	58.43	178.41	51.56	176.28	50.29
Deposits < or = to $100,000	151.74	47.12	139.86	40.42	136.11	38.83
Deposits > $100,000	36.43	11.31	38.56	11.14	40.17	11.46
Escrows	4.19	1.30	4.10	1.18	3.82	1.09
Total Borrowings	99.24	30.82	130.48	37.71	140.65	40.12
Advances from FHLB	54.25	16.85	70.38	20.34	75.58	21.56
Reverse Repurchase Agreements	25.33	7.87	33.58	9.70	37.06	10.57
Other Borrowings	19.66	6.10	26.52	7.67	28.01	7.99
Other Liabilities	5.76	1.79	8.76	2.53	5.40	1.54
EQUITY CAPITAL	24.67	7.66	24.26	7.01	24.39	6.96

	JUNE 1998 ($)	JUNE 1998 % OF AVERAGE ASSETS(*)	MARCH 1999 ($)	MARCH 1999 % OF AVERAGE ASSETS(*)	JUNE 1999 ($)	JUNE 1999 % OF AVERAGE ASSETS(*)
INCOME AND EXPENSE DATA						
Interest Income	5.64	7.07	5.61	6.62	5.77	6.64
Interest Expense	3.53	4.42	3.43	4.05	3.57	4.10
Net Interest Income	2.12	2.65	2.18	2.57	2.21	2.54
Loss Provisions-Interest Bearing Assets	0.12	0.15	0.10	0.11	0.09	0.10
Noninterest Income	0.81	1.01	0.79	0.93	0.73	0.84
Mortgage Loan Servicing Fees	0.09	0.11	0.12	0.15	0.10	0.12
Other Fees and Charges	0.36	0.45	0.39	0.46	0.43	0.49
Other Noninterest Income	0.36	0.45	0.28	0.33	0.20	0.23
Noninterest Expense	1.53	1.92	1.50	1.77	1.42	1.63
G&A Expense	1.47	1.84	1.44	1.69	1.36	1.56
Goodwill Expense	0.05	0.07	0.05	0.06	0.05	0.06
Loss Provis.-Nonint. Bearing Assets	0.01	0.02	0.01	0.01	0.01	0.01
Income Before Taxes & Extraord. Items	1.28	1.60	1.38	1.62	1.43	1.65
Income Taxes	0.22	0.28	0.54	0.63	0.57	0.65
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	1.05	1.32	0.84	0.99	0.87	1.00

* Annualized.
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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 / September 1999