



Second Quarter 2009 Thrift Industry Report Graphs and Tables

August 26, 2009



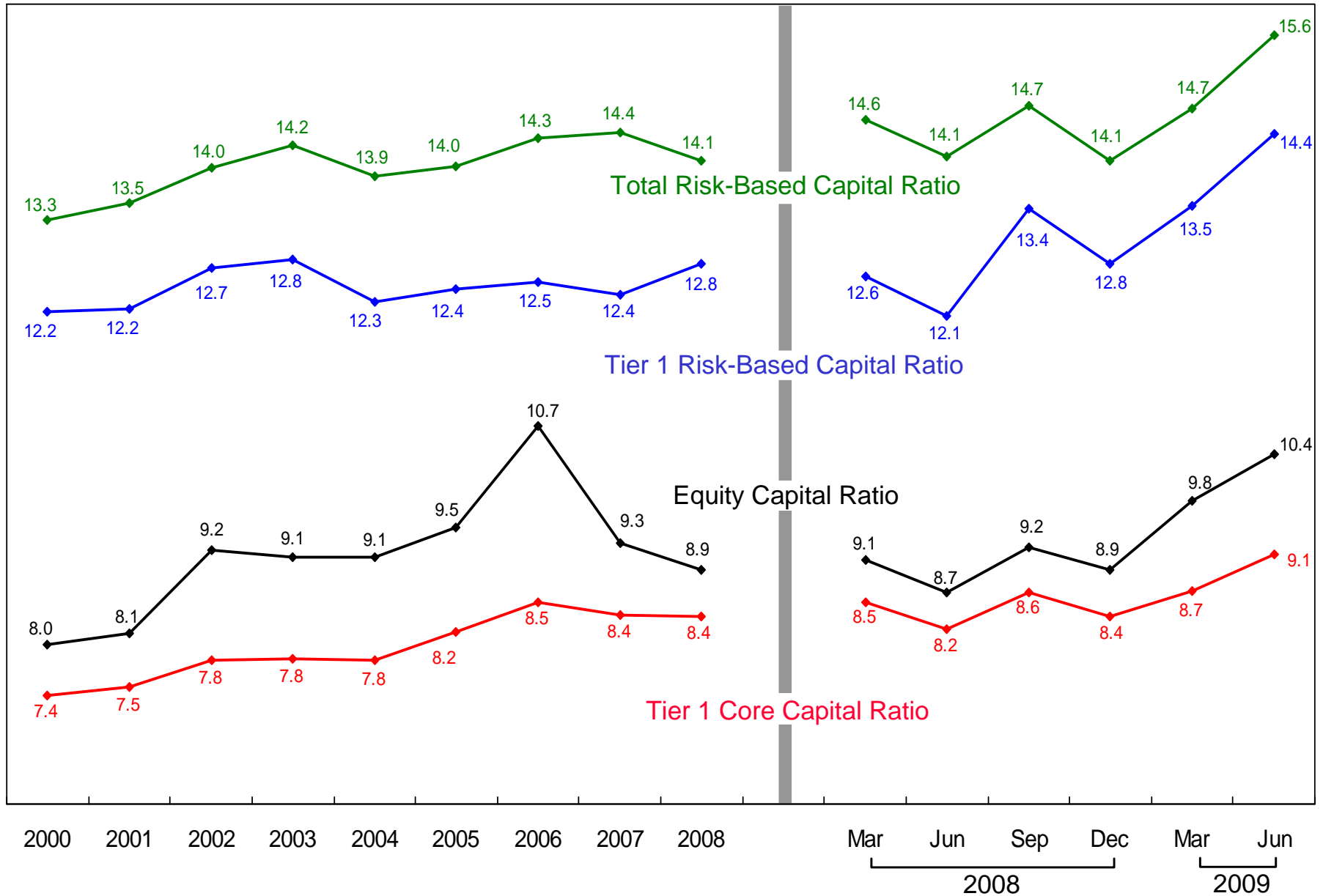
Second Quarter 2009 Index of Charts

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SUMMARY

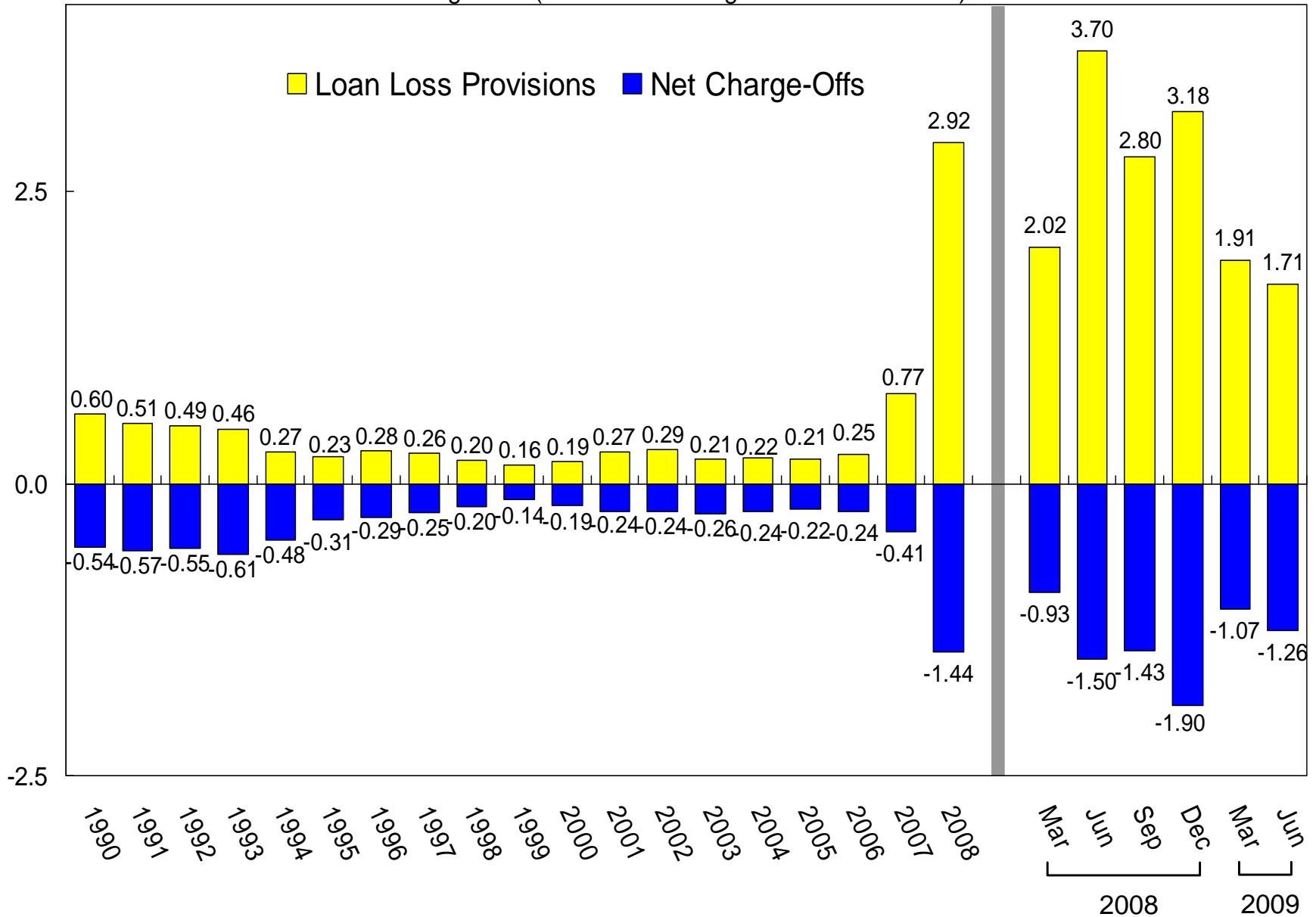
- The industry reported a slight profit of \$4 million for the second quarter – the first quarterly profit since the third quarter of 2007.
 - The quarterly profit was after an estimated after-tax FDIC special assessment expense of \$325 million.
- Elevated levels of loan loss provisions continue to dampen industry earnings.
 - The industry added \$4.7 billion (1.71% of average assets) to loan loss provisions in the second quarter – the sixth highest on record.
 - The second quarter loan loss provision expense was exceeded only by those amounts in the preceding five quarters.
 - The most recent six-quarter average loss provision expense-to-average assets ratio was 2.55%. This compares to the eight-year 2000-2007 ratio of 0.30%.
- Higher than average loss provisioning is expected to continue until home prices firm, the inventory of unsold homes appreciably declines, and the employment outlook begins to brighten.
- Thrift fundamentals – capital, “core” earnings, and reserves, remain solid.
 - 96.2% of all thrifts – holding 95.9% of industry assets – exceed “well-capitalized” regulatory standards.

CAPITAL RATIOS

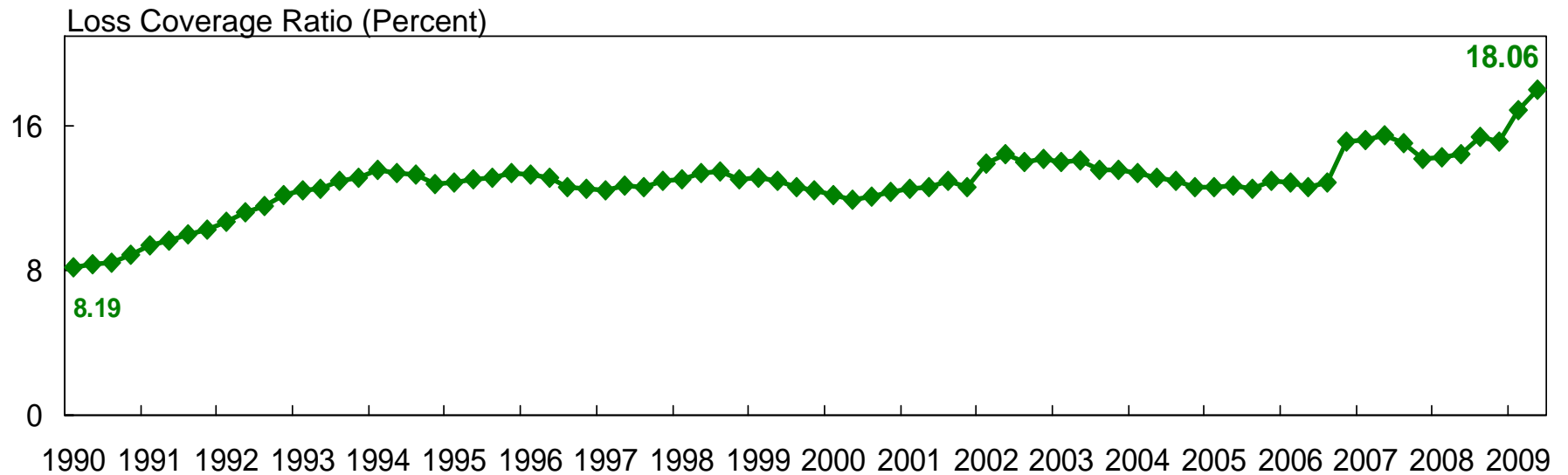
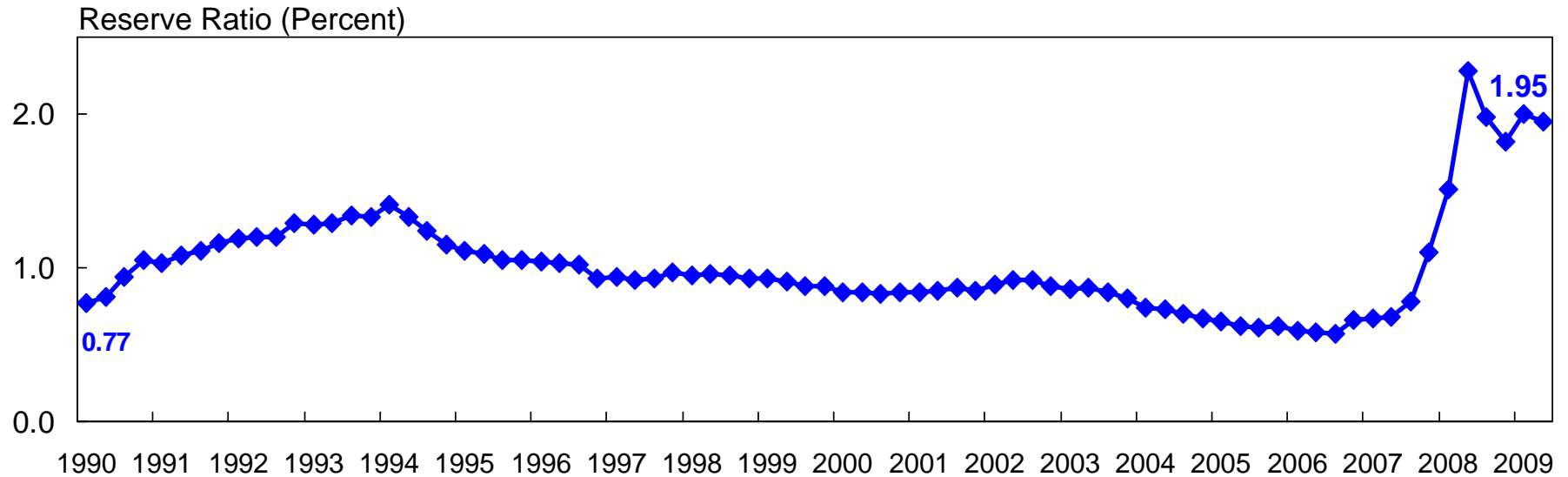


LOAN LOSS PROVISIONS AND NET CHARGE-OFFS

Loan Loss Provisions and Net Charge-Offs (Percent of Average Assets Annualized)



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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ROA ANALYSIS

| (Percent of Average Assets) | Quarter | | | ROA Impact ¹ | |
|--|---------|---------|---------|-------------------------|--------------------|
| | Jun '09 | Mar '09 | Jun '08 | Jun '09 Mar '09 | Jun '09 Jun '08 |
| Net Interest Income (Margin) | 3.04 | 2.94 | 2.91 | 0.10 | 0.13 |
| Loan Loss Provisions | 1.71 | 1.91 | 3.70 | 0.20 | 1.99 |
| Total Fee Income | 1.28 | 1.05 | 1.56 | 0.23 | -0.28 |
| Mortgage Loan Servicing Fees & Amort. | 0.18 | 0.08 | 0.39 | 0.10 | -0.21 |
| Mortgage Loan Servicing Fees | 0.20 | 0.16 | 0.28 | 0.04 | -0.08 |
| Servicing Amortization & Adjustments | -0.02 | -0.08 | 0.12 | 0.06 | -0.14 |
| Other Fees and Charges | 1.10 | 0.97 | 1.17 | 0.13 | -0.07 |
| Other Noninterest Income | 0.26 | 0.21 | -0.19 | 0.05 | 0.45 |
| Sale of Assets Held For Sale | 0.32 | 0.73 | -0.03 | -0.41 | 0.35 |
| LOCOM Adjustments to AHFS | -0.01 | -0.03 | -0.04 | 0.02 | 0.03 |
| Trading Assets (Realized & Unrealized) | 0.04 | -0.04 | -0.24 | 0.08 | 0.28 |
| Other | -0.08 | -0.46 | 0.11 | 0.38 | -0.19 |
| Noninterest Expense | 2.72 | 2.57 | 2.80 | -0.15 | 0.08 |
| Goodwill Amortization & Charges | 0.05 | 0.08 | 0.05 | 0.03 | 0.00 |
| Taxes | 0.16 | 0.24 | -0.81 | 0.08 | -0.97 |
| Net Income (ROA) | 0.00 | -0.53 | -1.43 | 0.53 | 1.43 |

Restatement of first quarter 2009 results by one large thrift increased losses by \$1.6 billion and lowered first quarter ROA by 51 basis points. Sale of Assets Held for Sale consists of Sale of Available-for-Sale Securities, Sale of Loans and Leases Held for Sale, and Sale of Other Assets Held for Sale

¹ Negative values reduced ROA.

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

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FINANCIAL FUNDAMENTALS

| (Percent of Average Assets Unless Noted) | YTD 2009 | Avg. 2000- 2008 | Year | | | | | | | | |
|---|--------------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Operating Income Components: | | | | | | | | | | | |
| Net Interest Income (Margin) | 2.99 | 2.82 | 2.82 | 2.69 | 2.73 | 2.81 | 2.89 | 2.90 | 3.06 | 2.89 | 2.63 |
| Total Fee Income | 1.17 | 0.96 | 1.23 | 1.22 | 1.15 | 1.22 | 1.03 | 0.87 | 0.47 | 0.64 | 0.81 |
| Total Operating Income | 4.16 | 3.78 | 4.05 | 3.91 | 3.88 | 4.03 | 3.92 | 3.77 | 3.53 | 3.53 | 3.44 |
| Total Operating Expense | 2.57 | 2.44 | 2.76 | 2.54 | 2.54 | 2.45 | 2.52 | 2.40 | 2.32 | 2.30 | 2.10 |
| Net Operating Income before Taxes and Provisions | 1.59 | 1.35 | 1.29 | 1.37 | 1.34 | 1.58 | 1.40 | 1.37 | 1.21 | 1.23 | 1.34 |
| Loan Loss Provision Expense | 1.82 | 0.59 | 2.92 | 0.77 | 0.25 | 0.21 | 0.22 | 0.21 | 0.29 | 0.27 | 0.19 |
| Capital Measures: | | | | | | | | | | | |
| Tier 1 Core Capital Ratio | 9.12 | 7.96 | 8.35 | 8.36 | 8.52 | 8.15 | 7.80 | 7.82 | 7.80 | 7.46 | 7.36 |
| Tier 1 Risk Based Capital Ratio | 14.38 | 12.46 | 12.75 | 12.36 | 12.52 | 12.43 | 12.28 | 12.80 | 12.70 | 12.19 | 12.15 |
| Total Risk Based Capital Ratio | 15.61 | 13.96 | 14.05 | 14.39 | 14.33 | 13.98 | 13.85 | 14.23 | 13.96 | 13.51 | 13.30 |
| Equity Capital (Percent to Total Assets) | 10.37 | 9.09 | 8.93 | 9.26 | 10.72 | 9.45 | 9.08 | 9.09 | 9.18 | 8.13 | 7.99 |
| Tangible Common Equity Capital Ratios (Percent of Tangible Assets) | 8.73 | 7.05 | 7.16 | 7.16 | 7.56 | 7.34 | 7.16 | 7.10 | 7.16 | 6.33 | 6.47 |
| (Percent of Risk-Weighted Assets) | 13.90 | 11.07 | 10.88 | 10.72 | 11.32 | 11.35 | 11.32 | 11.54 | 11.61 | 10.25 | 10.60 |
| Loss Reserves: | | | | | | | | | | | |
| ALLL Balance (Percent to Total Assets) | 1.25 | 0.64 | 1.22 | 0.78 | 0.48 | 0.47 | 0.51 | 0.57 | 0.60 | 0.58 | 0.58 |

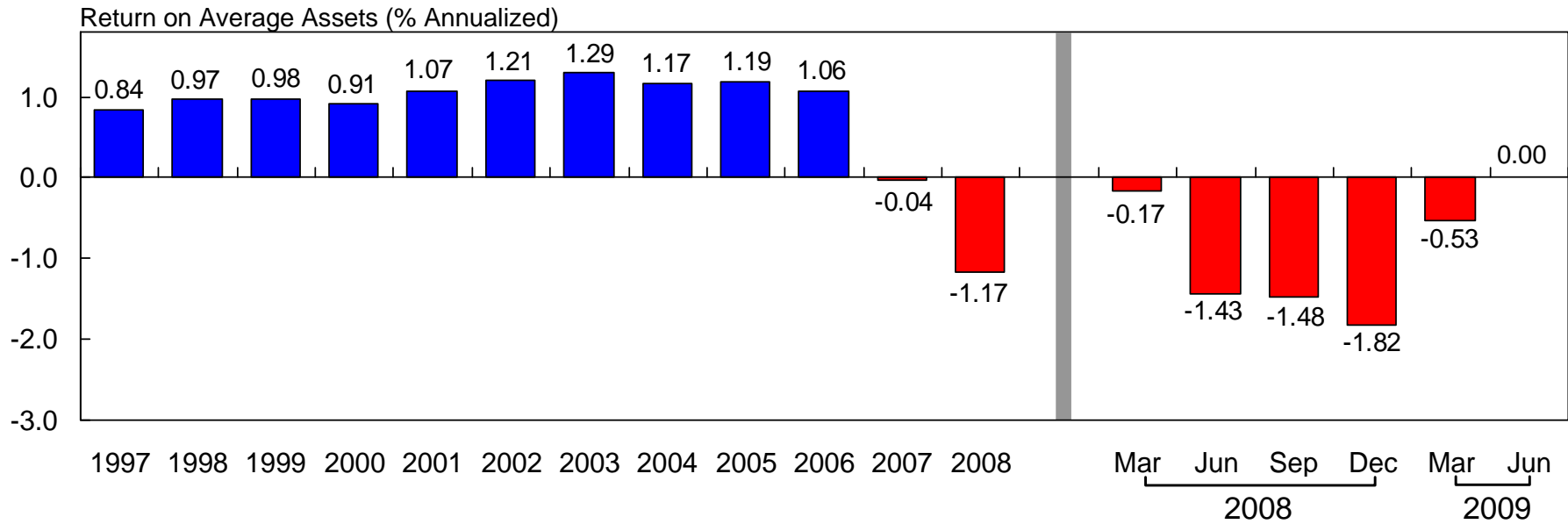
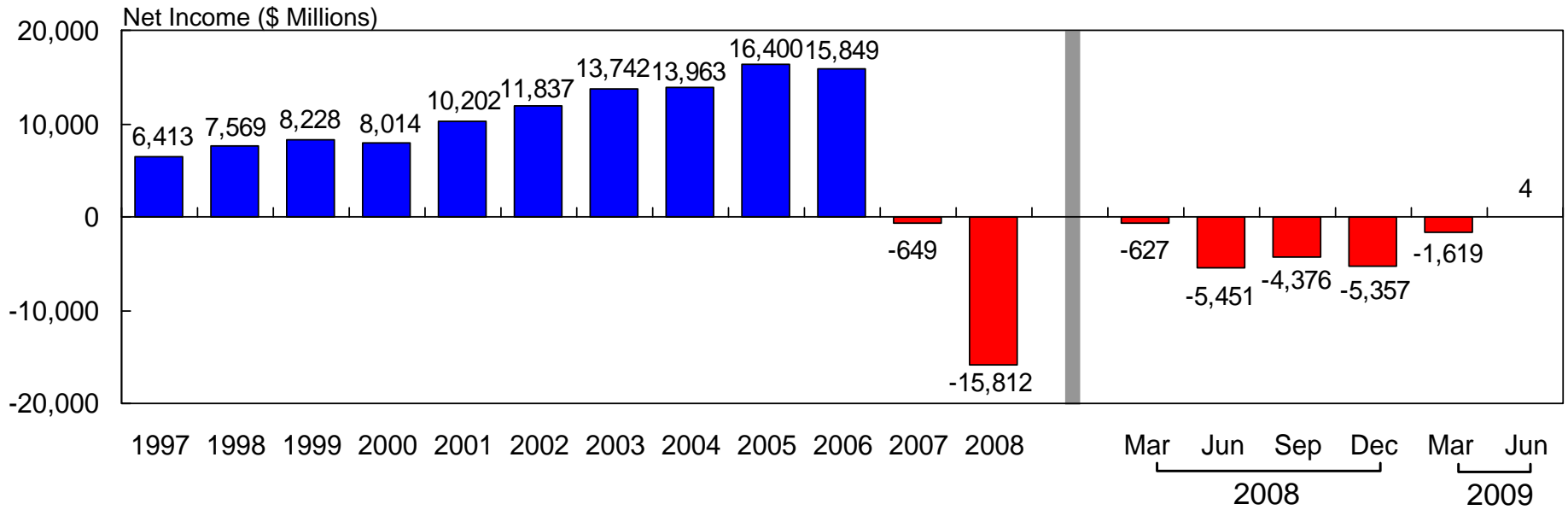
Total Operating Expense is Noninterest Expense excluding Goodwill Expense.

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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EARNINGS AND PROFITABILITY



Restatement of first quarter 2009 results by one large thrift increased losses by \$1.6 billion and lowered first quarter ROA by 51 basis points.
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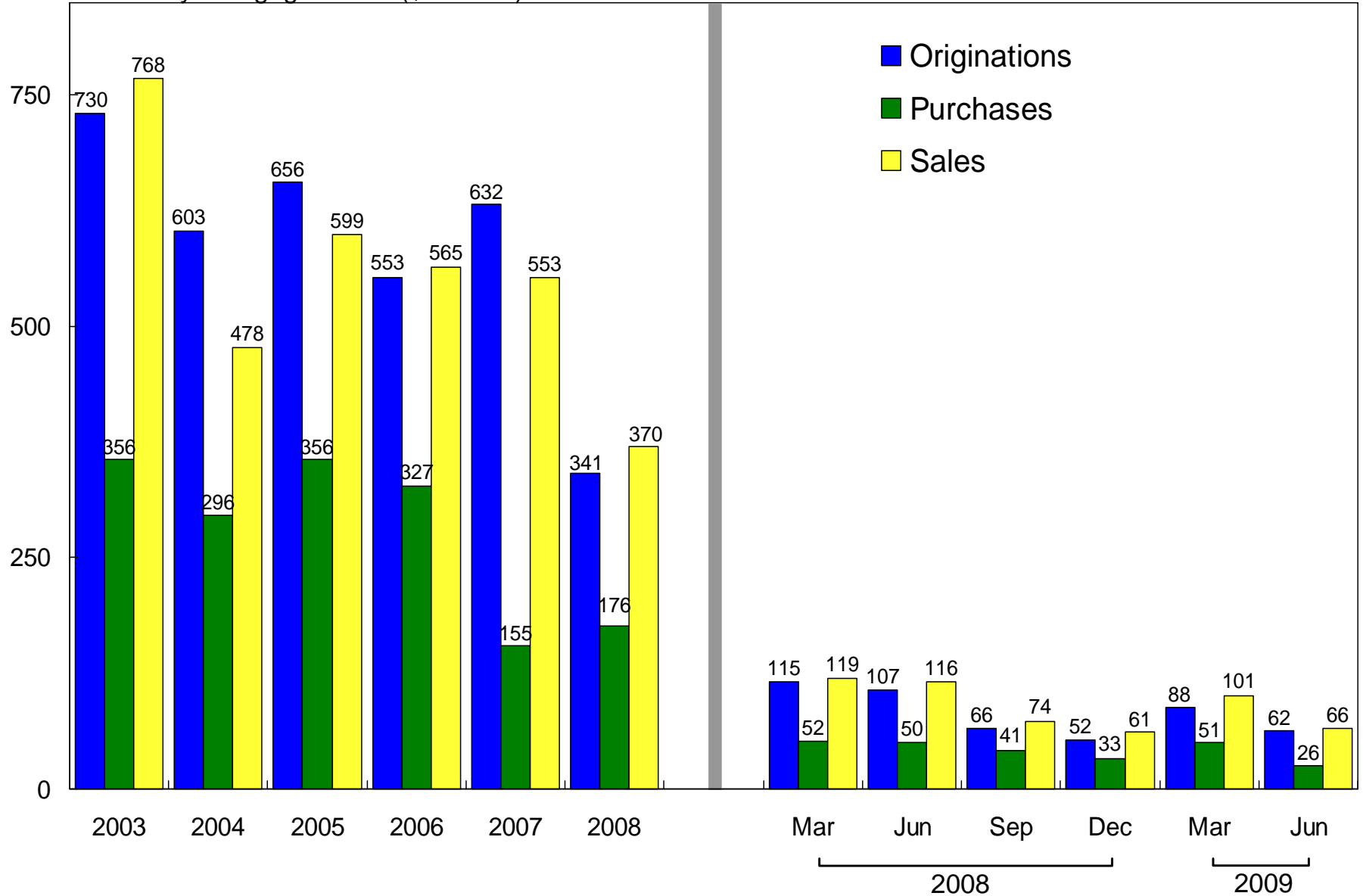
ASSETS AND LIABILITIES COMPOSITION

| | Jun 2009 | | Mar 2009 | | Jun 2008 | | Growth Rates | |
|--|----------------|--------------|----------------|--------------|----------------|--------------|---------------|---------------|
| | \$ Bil | % TA | \$ Bil | % TA | \$ Bil | % TA | Jun '09 | Jun '09 |
| | | | | | | | Mar '09 | Jun '08 |
| | | | | | | | % Ann. | % |
| Total Assets | 1,097.9 | 100.0 | 1,224.5 | 100.0 | 1,511.9 | 100.0 | (41.4) | (27.4) |
| Total Loans | 711.4 | 64.8 | 812.6 | 66.4 | 1,090.3 | 72.1 | (49.8) | (34.8) |
| 1-4 Family Mortgage Loans | 437.7 | 39.9 | 528.5 | 43.2 | 749.1 | 49.5 | (68.7) | (41.6) |
| Home Equity Lines of Credit | 54.2 | 4.9 | 65.6 | 5.4 | 119.7 | 7.9 | (69.2) | (54.7) |
| Construction & Land Loans | 36.4 | 3.3 | 39.5 | 3.2 | 51.7 | 3.4 | (31.2) | (29.6) |
| Multifamily Loans | 34.8 | 3.2 | 34.6 | 2.8 | 64.9 | 4.3 | 2.4 | (46.4) |
| Nonresidential Loans | 71.4 | 6.5 | 71.4 | 5.8 | 77.4 | 5.1 | 0.2 | (7.8) |
| Commercial Loans / Small Business | 59.9 | 5.5 | 63.6 | 5.2 | 59.1 | 3.9 | (23.2) | 1.5 |
| Consumer Loans | 71.2 | 6.5 | 75.1 | 6.1 | 88.0 | 5.8 | (20.6) | (19.1) |
| Allowance for Loan and Lease Losses | (13.7) | (1.3) | (16.0) | (1.3) | (24.4) | (1.6) | (58.7) | (44.0) |
| Repossessed Assets | 4.5 | 0.4 | 4.2 | 0.3 | 5.1 | 0.3 | 30.3 | (10.1) |
| Mortgage Backed Securities | 142.7 | 13.0 | 151.8 | 12.4 | 199.1 | 13.2 | (24.0) | (28.3) |
| Cash and Liquid Investments | 100.1 | 9.1 | 110.4 | 9.0 | 75.2 | 5.0 | (37.5) | 33.1 |
| Other Investment Securities | 70.1 | 6.4 | 68.7 | 5.6 | 49.2 | 3.3 | 8.4 | 42.4 |
| Total Liabilities and Capital | 1,097.9 | 100.0 | 1,224.5 | 100.0 | 1,511.9 | 100.0 | (41.4) | (27.4) |
| Total Liabilities | 984.1 | 89.6 | 1,104.6 | 90.2 | 1,381.1 | 91.3 | (43.6) | (28.7) |
| Total Deposits and Escrows | 721.8 | 65.7 | 752.4 | 61.4 | 929.2 | 61.5 | (16.3) | (22.3) |
| FHLBank Advances | 140.7 | 12.8 | 195.2 | 15.9 | 298.0 | 19.7 | (111.8) | (52.8) |
| Other Borrowings | 105.3 | 9.6 | 134.7 | 11.0 | 122.8 | 8.1 | (87.3) | (14.2) |
| Other Liabilities | 17.1 | 1.6 | 23.1 | 1.9 | 31.1 | 2.1 | (103.3) | (45.0) |
| Equity Capital | 113.9 | 10.4 | 120.0 | 9.8 | 130.8 | 8.7 | (20.3) | (13.0) |

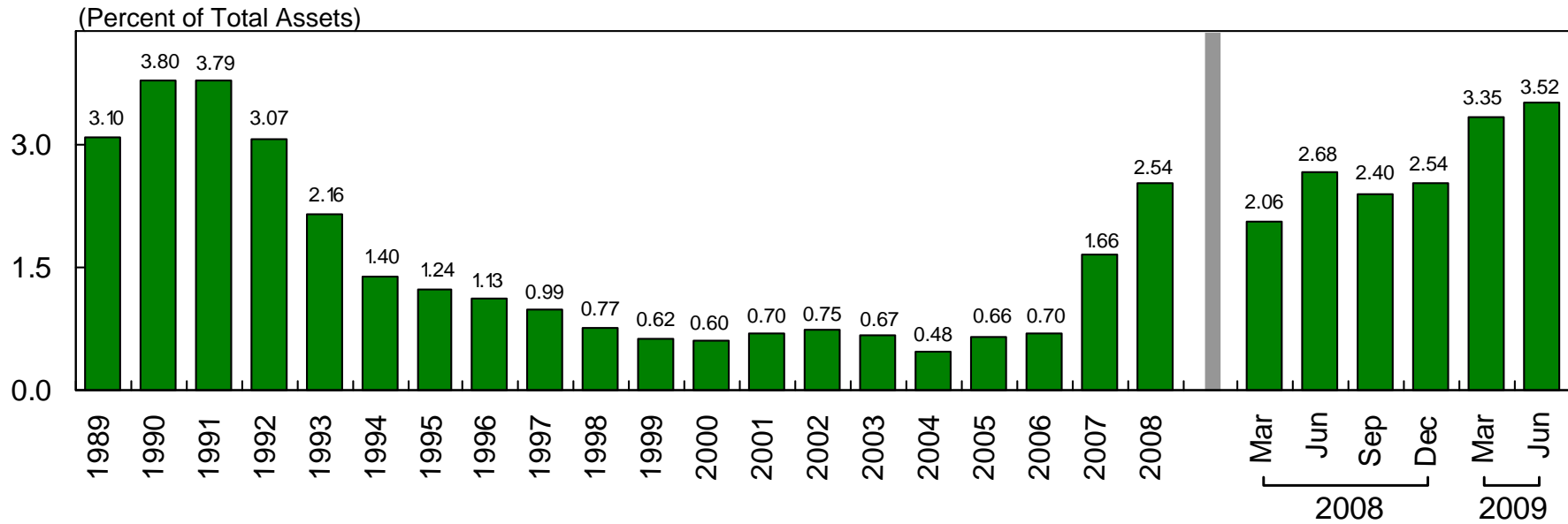
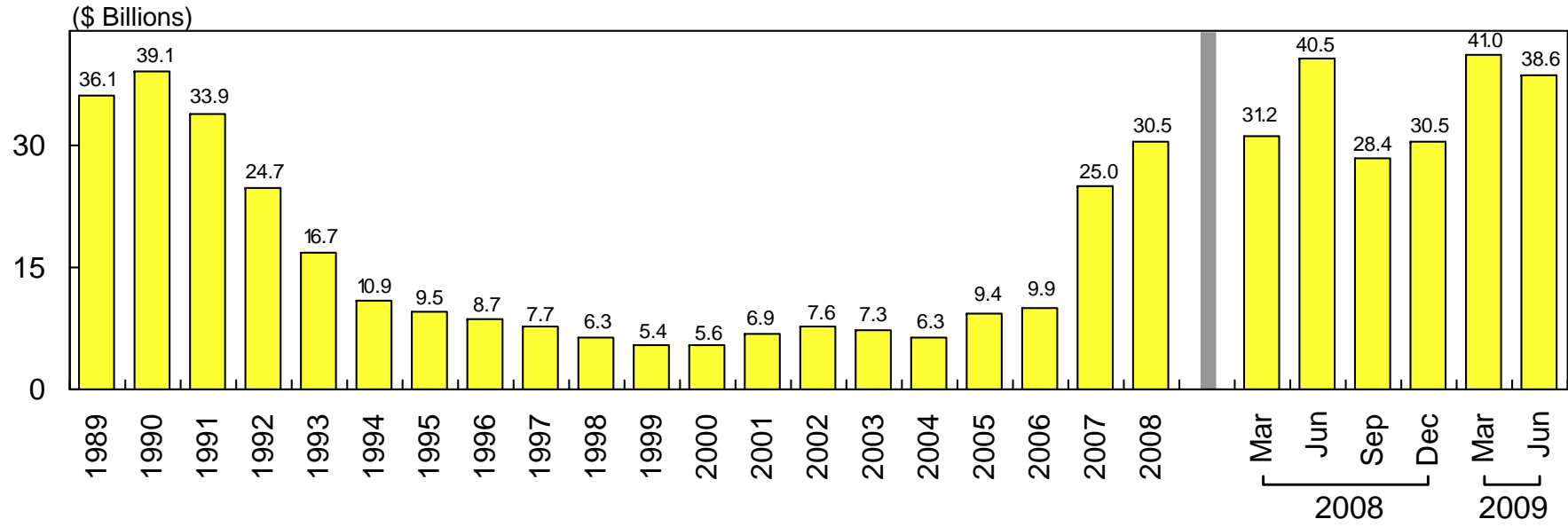
Numbers may not sum due to rounding.
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1-4 FAMILY ORIGINATIONS, PURCHASES, AND SALES

1-4 Family Mortgage Loans (\$ Billions)



TROUBLED ASSETS

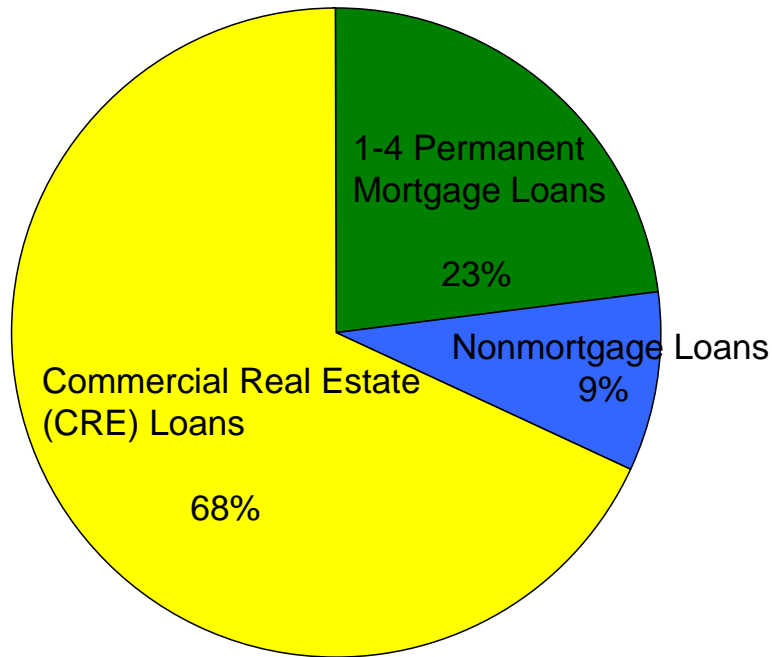


Troubled Assets include noncurrent (90 days or more past due or in nonaccrual status) loans and repossessed assets.
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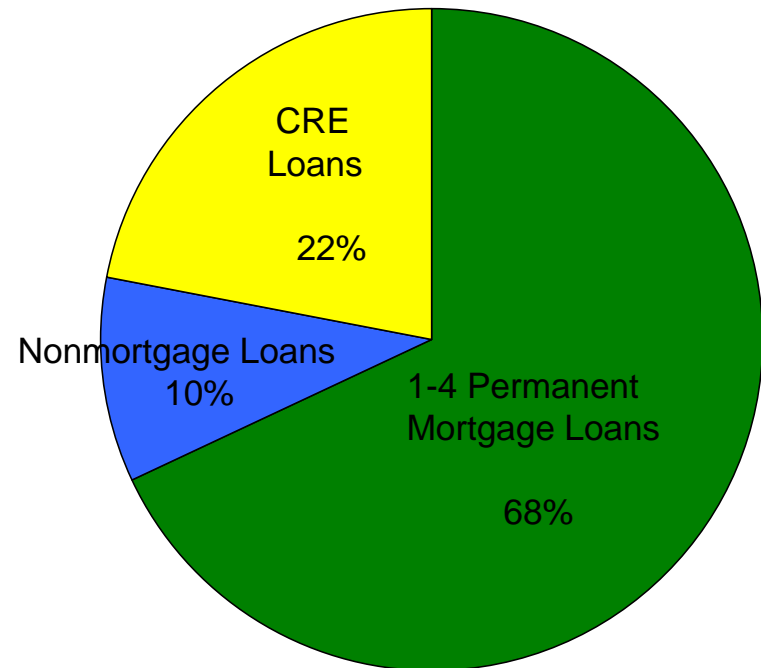
COMPARISON OF TROUBLED ASSETS

December 1990 vs. June 2009

December 1990



June 2009



30%

Reserves-to-Troubled Assets

35%

166%

Reserves plus Equity-to-Troubled Assets

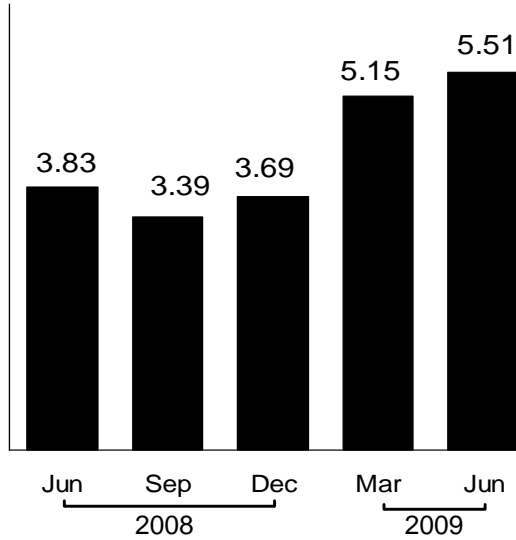
328%

Commercial Real Estate Loans consist of construction, land, multifamily, and other nonresidential mortgage loans.
 Nonmortgage loans consist of commercial & consumer loans and other repossessed assets.
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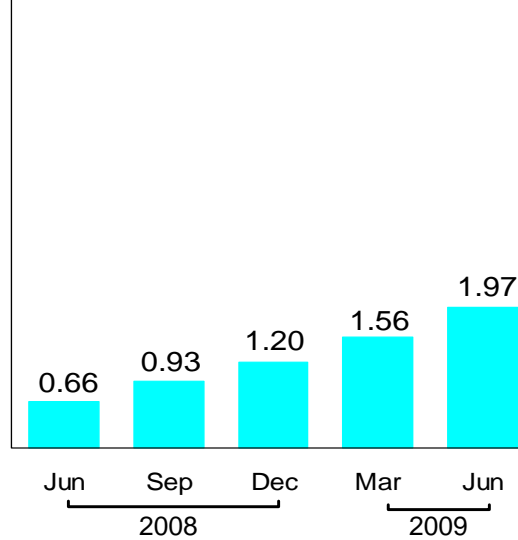
NONCURRENT LOANS – FIVE QUARTERS

Percent of Loan Type

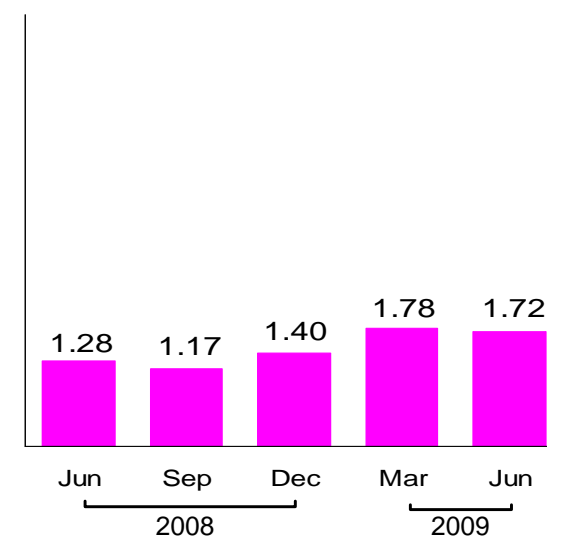
1-4 Family (39.9% of Thrift Assets)



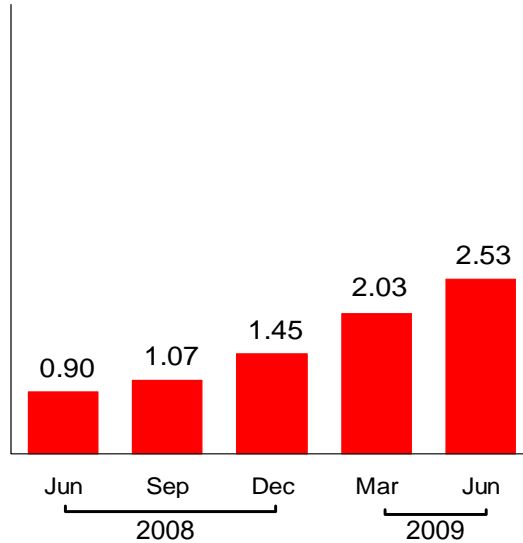
Multifamily (3.2% of Thrift Assets)



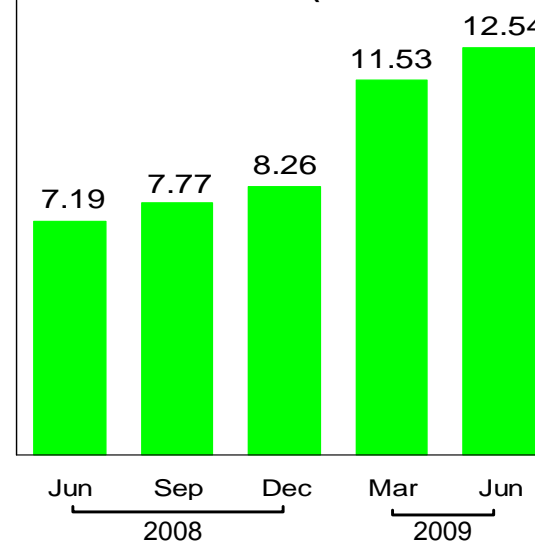
Consumer (6.5% of Thrift Assets)



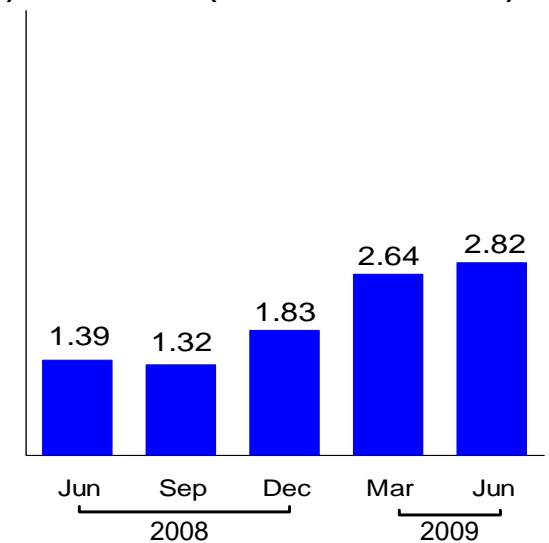
Nonresidential (6.5% of Thrift Assets)



Construction & Land (3.3% of Thrift Assets)



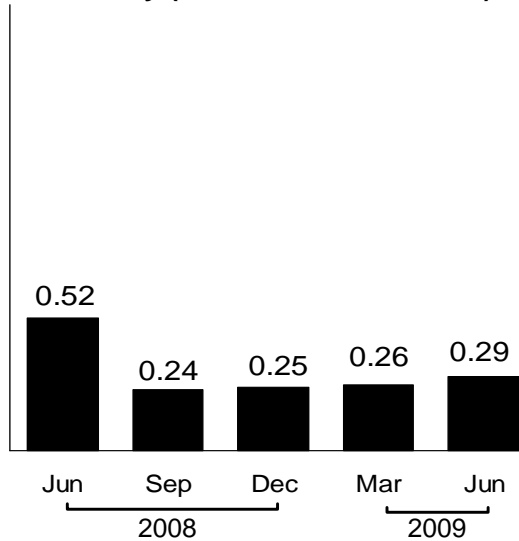
Commercial (5.5% of Thrift Assets)



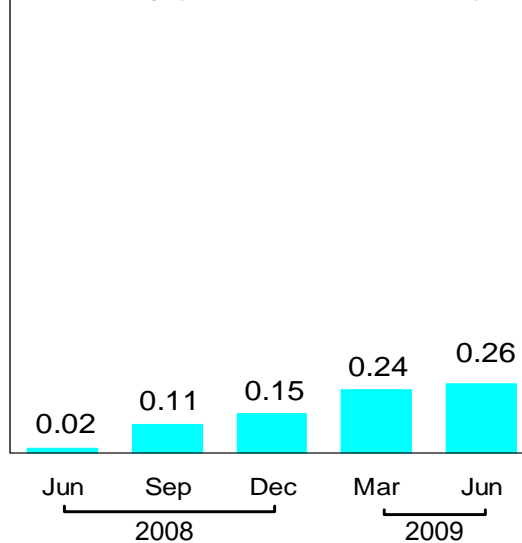
NET CHARGE-OFFS

Percent of Loan Type

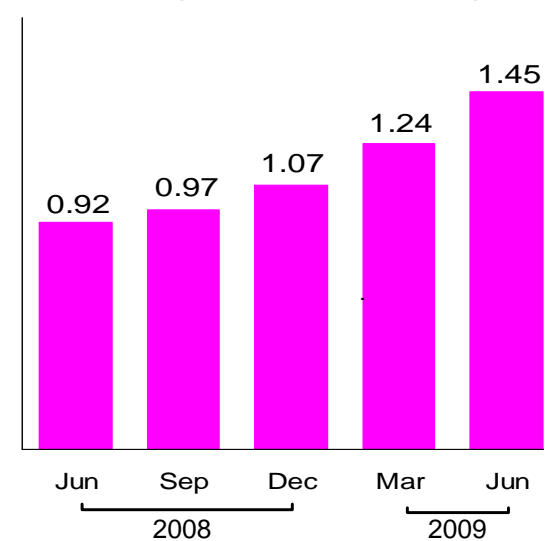
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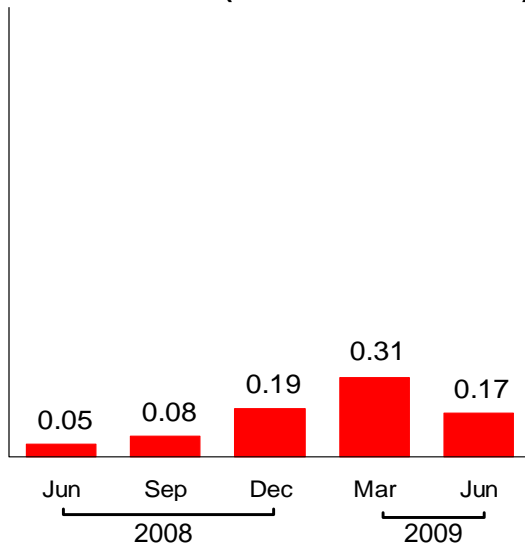
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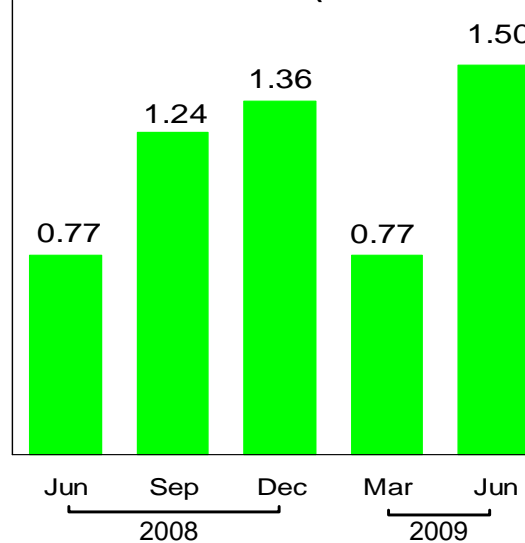
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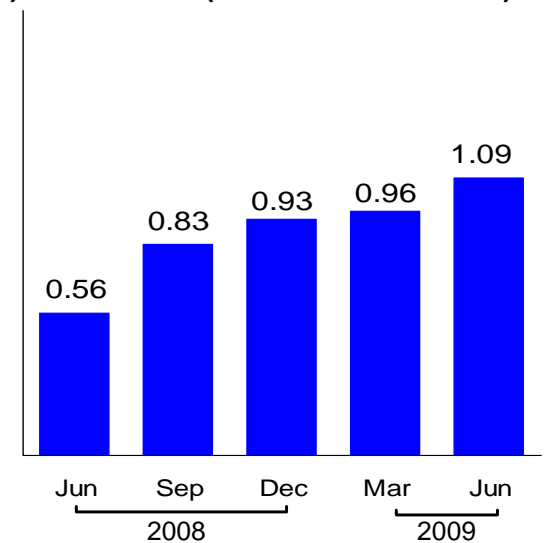
Nonresidential (6.5% of Thrift Assets)



Construction & Land (3.3% of Thrift Assets)



Commercial (5.5% of Thrift Assets)



NUMBER OF PROBLEM THRIFTS

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

