



# **Fourth Quarter 2009 Thrift Industry Report Graphs and Tables**

February 24, 2010



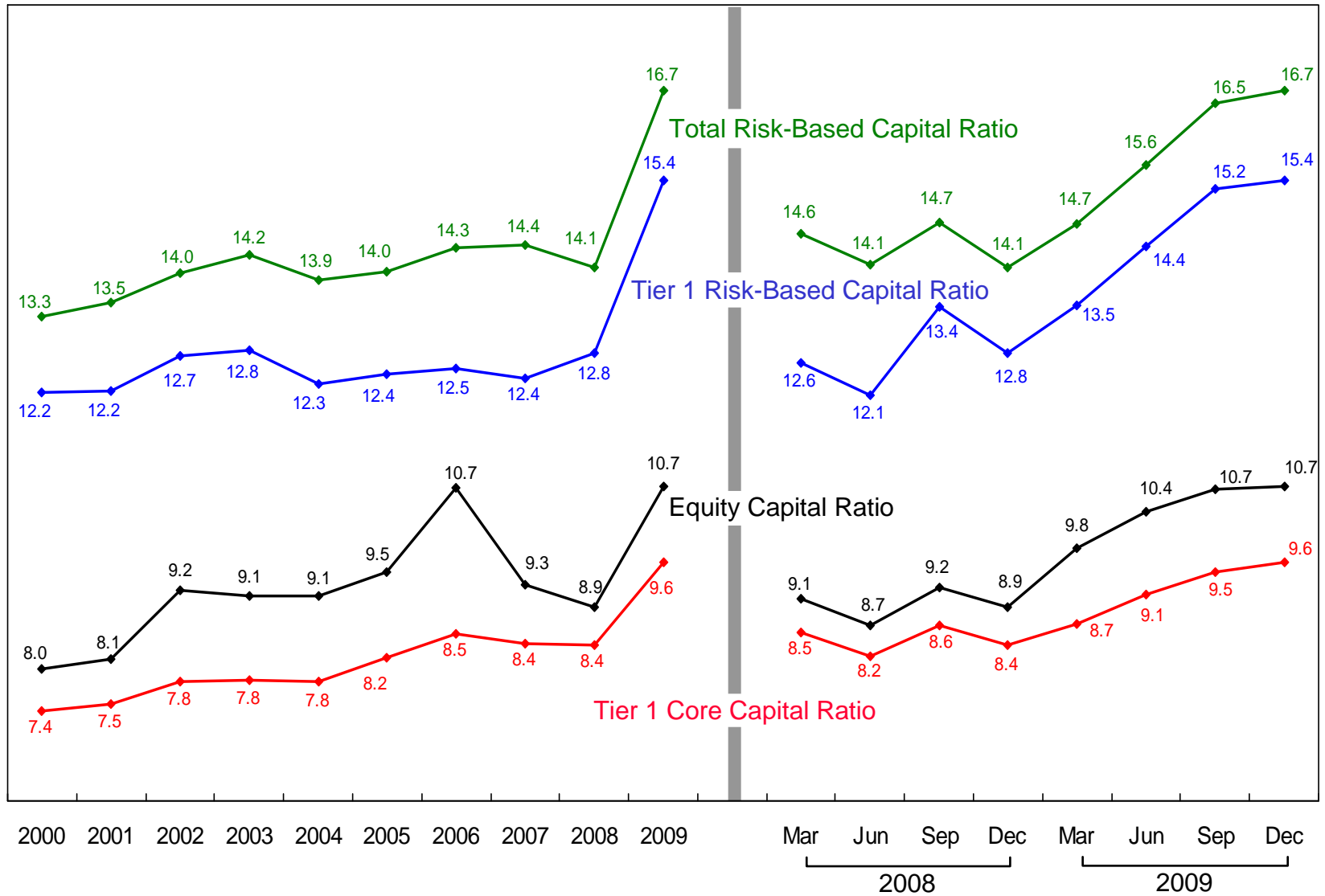
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# SUMMARY

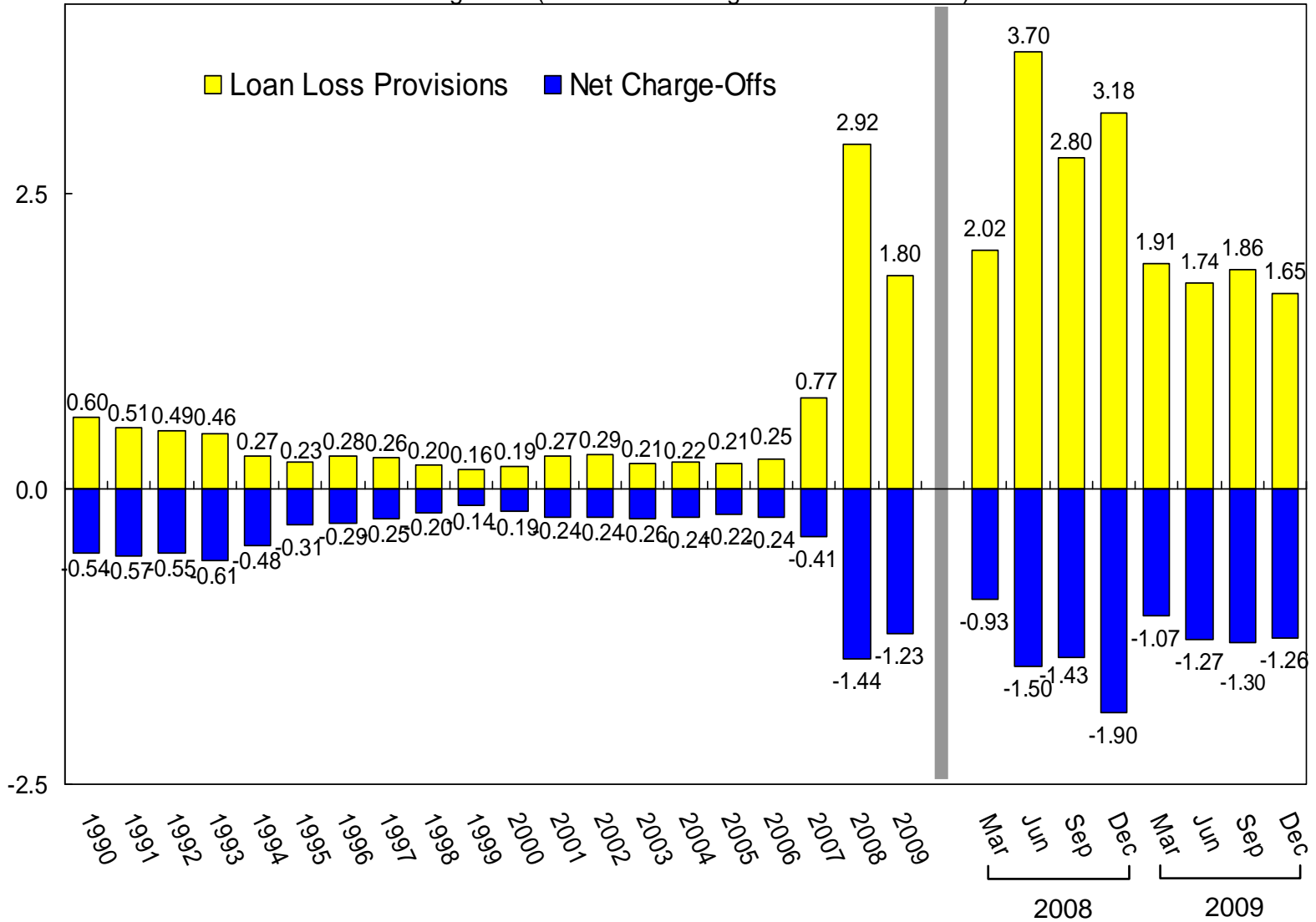
- The thrift industry reported a profit of \$505 million (ROA of 0.22%) for the fourth quarter. This was the second consecutive profitable quarter for the industry.
- The year 2009 ended with breakeven results of \$29 million as profits in the last-half of the year offset losses in the first two quarters.
- Though trending down from very high levels in 2008, loan loss provisions remained at elevated levels through 2009 and in the fourth quarter.
  - The industry added \$3.9 billion (1.65% of average assets) to loan loss provisions in the fourth quarter – the eighth highest on record.
- The need for loss provisions in upcoming quarters will largely depend on trends in employment, home prices, and the commercial real estate markets.
- Thrift fundamentals – capital, “core” earnings, and reserves, remain solid.
  - 96.9% of all thrifts – holding 98.0% of industry assets – exceed “well-capitalized” regulatory standards.

# CAPITAL RATIOS

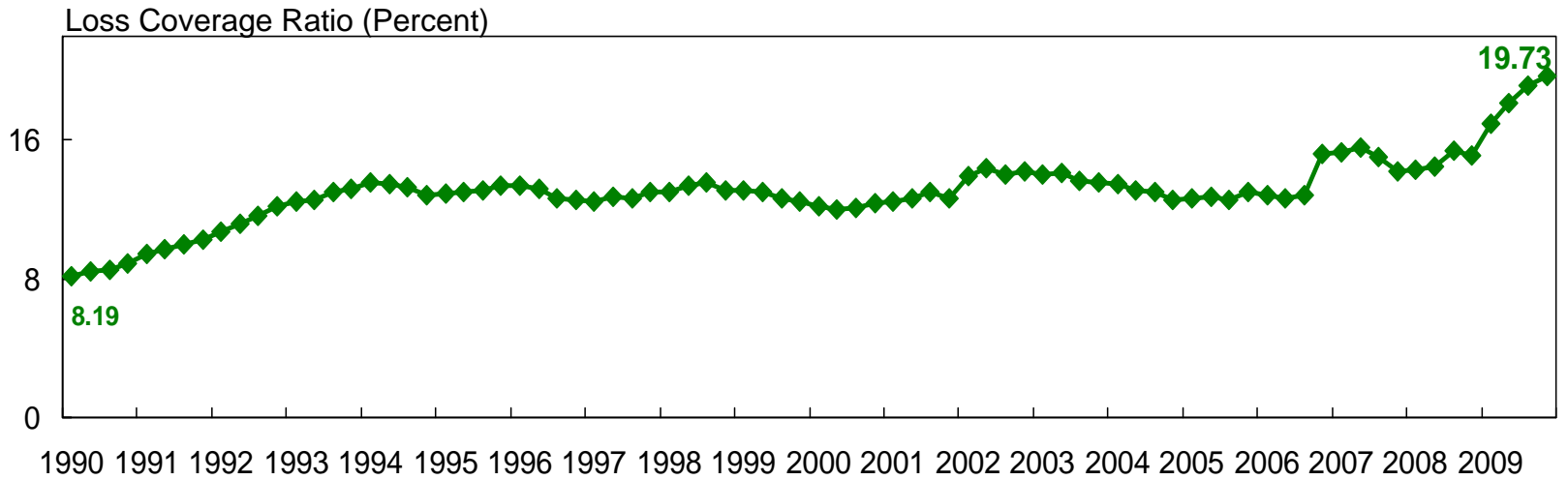
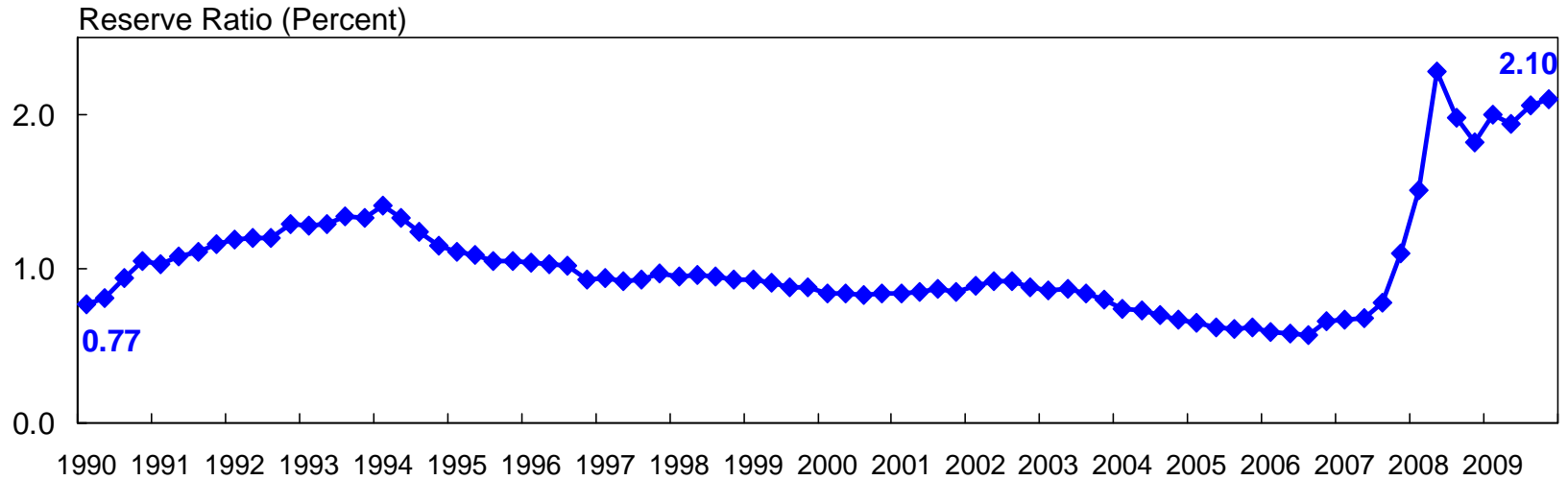


# LOAN LOSS PROVISIONS AND NET CHARGE-OFFS

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			2009	2008	ROA Impact <sup>1</sup>		
	Dec '09	Sep '09	Dec '08			Dec '09 Sep '09	Dec '09 Dec '08	2009 2008
<b>Net Interest Income (Margin)</b>	3.00	3.11	2.68	3.02	2.82	<b>-0.11</b>	0.32	0.20
<b>Loan Loss Provisions</b>	1.65	1.86	3.18	1.80	2.92	0.21	1.53	1.12
Total Fee Income	1.40	1.24	1.01	1.24	1.23	0.16	0.39	0.01
Mortgage Loan Servicing Fees & Amort.	0.12	0.13	-0.01	0.13	0.12	<b>-0.01</b>	0.13	0.01
Mortgage Loan Servicing Fees	0.17	0.21	0.12	0.19	0.21	<b>-0.04</b>	<b>0.05</b>	<b>-0.02</b>
Servicing Amortization & Adjustments	-0.05	-0.08	-0.13	-0.06	-0.10	0.03	0.08	0.04
Other Fees and Charges	1.28	1.11	1.02	1.11	1.11	0.17	0.26	0.00
Other Noninterest Income (Loss)	0.55	0.43	0.34	0.35	0.15	0.12	0.21	0.20
Sale of Assets Held For Sale	0.02	0.34	0.14	0.21	0.06	<b>-0.32</b>	<b>-0.12</b>	0.15
LOCOM Adjustments to AHFS	0.00	-0.02	-0.03	-0.01	-0.02	0.02	0.03	0.01
Gains (Losses) on Financial Assets								
Carried at Fair Value	0.38	0.23	0.12	0.15	0.10	0.15	0.26	0.05
Other	0.15	-0.11	0.11	-0.01	0.01	0.26	0.04	<b>-0.02</b>
<b>Noninterest Expense</b>	<b>2.87</b>	<b>2.10</b>	<b>3.04</b>	<b>2.56</b>	<b>2.87</b>	<b>-0.77</b>	0.17	0.31
Goodwill Amortization & Charges	0.07	0.05	0.18	0.06	0.11	<b>-0.02</b>	0.11	0.05
Taxes	0.21	0.35	-0.37	0.24	-0.42	0.14	<b>-0.58</b>	<b>-0.66</b>
Net Income (ROA)	0.22	0.46	-1.82	0.00	-1.17	<b>-0.24</b>	2.04	1.17

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

<sup>1</sup> 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)	2009	Avg. 2000- 2008	Year								
			2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating Income Components:											
Net Interest Income (Margin)	3.02	2.82	2.82	2.69	2.73	2.81	2.89	2.90	3.06	2.89	2.63
Total Fee Income	1.23	0.96	1.23	1.22	1.15	1.22	1.03	0.87	0.47	0.64	0.81
Total Operating Income	4.25	3.78	4.05	3.91	3.88	4.03	3.92	3.77	3.53	3.53	3.44
Total Operating Expense	2.55	2.44	2.76	2.54	2.54	2.45	2.52	2.40	2.32	2.30	2.10
<b>Net Operating Income before Taxes and Provisions</b>	<b>1.70</b>	<b>1.35</b>	<b>1.29</b>	<b>1.37</b>	<b>1.34</b>	<b>1.58</b>	<b>1.40</b>	<b>1.37</b>	<b>1.21</b>	<b>1.23</b>	<b>1.34</b>
Loan Loss Provision Expense	1.80	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	9.60	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	15.35	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	16.70	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)	10.74	9.09	8.93	9.26	10.72	9.45	9.08	9.09	9.18	8.13	7.99
<b>Tangible Common Equity Capital Ratios</b>											
<b>(Percent of Tangible Assets)</b>	<b>9.16</b>	<b>7.05</b>	<b>7.16</b>	<b>7.16</b>	<b>7.56</b>	<b>7.34</b>	<b>7.16</b>	<b>7.10</b>	<b>7.16</b>	<b>6.33</b>	<b>6.47</b>
<b>(Percent of Risk-Weighted Assets)</b>	<b>14.74</b>	<b>11.07</b>	<b>10.88</b>	<b>10.72</b>	<b>11.32</b>	<b>11.35</b>	<b>11.32</b>	<b>11.54</b>	<b>11.61</b>	<b>10.25</b>	<b>10.60</b>
Loss Reserves:											
<b>ALLL Balance (Percent to Total Assets)</b>	<b>1.28</b>	<b>0.64</b>	<b>1.22</b>	<b>0.78</b>	<b>0.48</b>	<b>0.47</b>	<b>0.51</b>	<b>0.57</b>	<b>0.60</b>	<b>0.58</b>	<b>0.58</b>

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

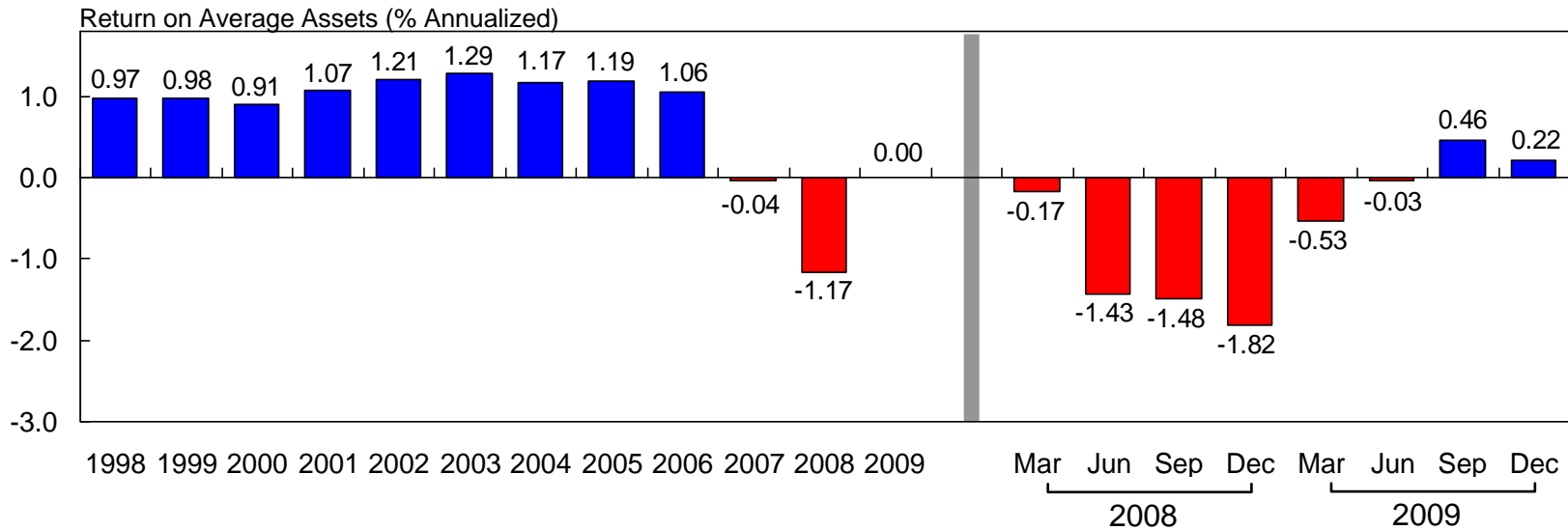
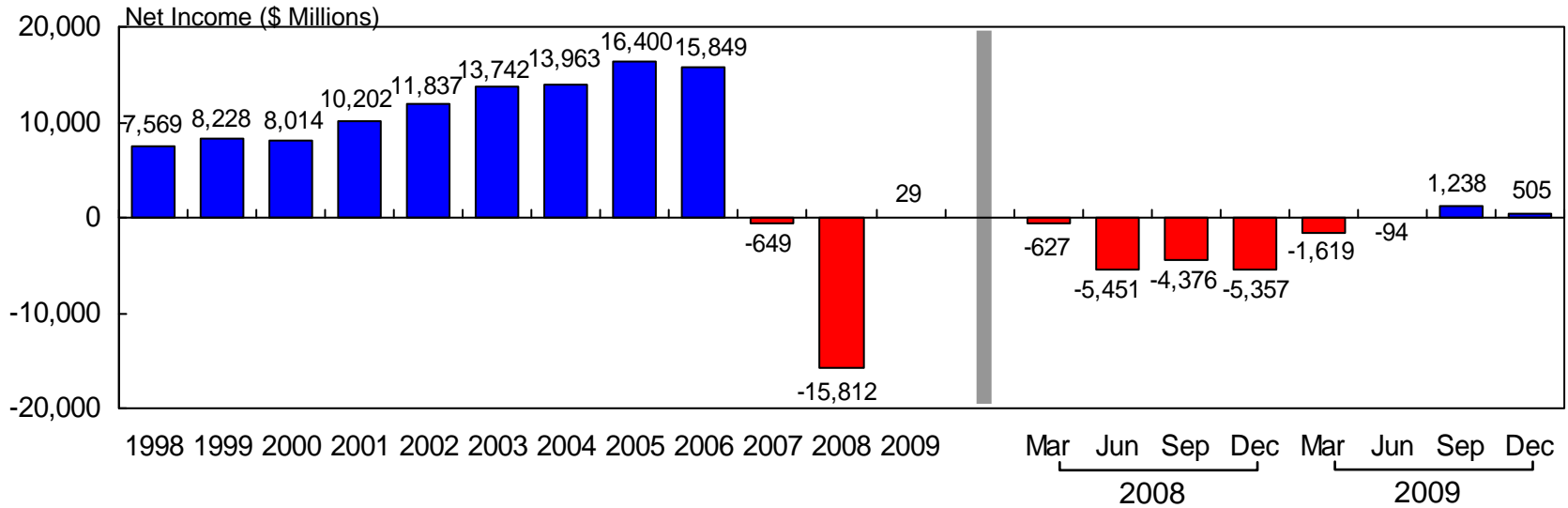
Tangible Common Equity Capital is Common Stock, Retained Earnings, and Accumulated Other Comprehensive Income (Losses) less all Intangible Assets.

Numbers may not sum due to rounding.

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# EARNINGS AND PROFITABILITY



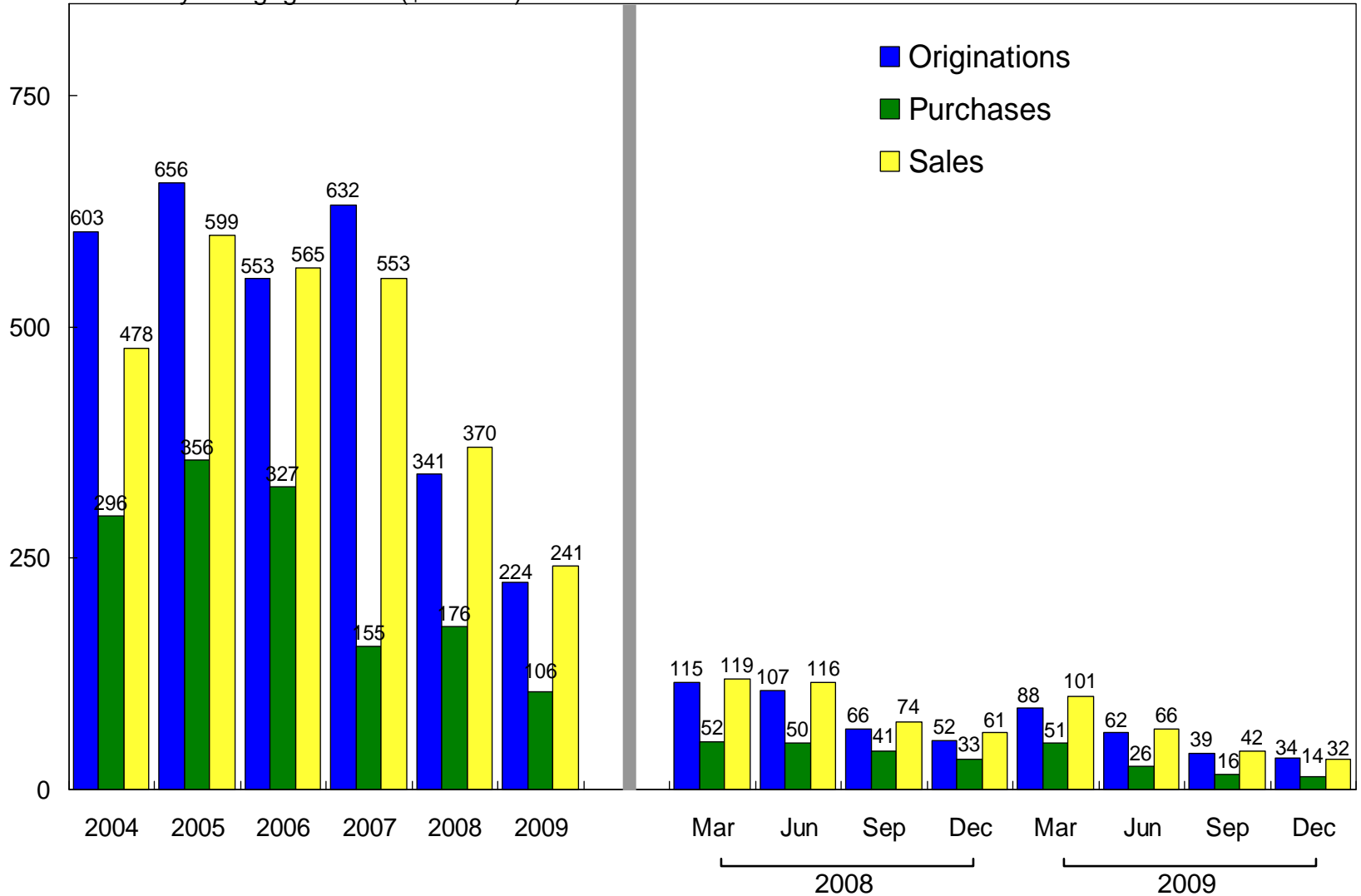
# ASSETS AND LIABILITIES COMPOSITION

	Dec 2009		Sep 2009		Dec 2008		\$ Growth Rates	
	\$ Bil	% TA	\$ Bil	% TA	\$ Bil	% TA	Dec '09	Dec '09
							Sep '09	Dec '08
							% Ann.	%
Total Assets	941.7	100.0	1,069.9	100.0	1,197.3	100.0	(47.9)	(21.3)
<b>Total Loans</b>	<b>582.5</b>	<b>61.9</b>	<b>679.4</b>	<b>63.5</b>	<b>812.4</b>	<b>67.9</b>	<b>(57.0)</b>	<b>(28.3)</b>
1-4 Family Mortgage Loans	333.9	35.5	419.4	39.2	521.9	43.6	(81.5)	(36.0)
Home Equity Lines of Credit	45.7	4.9	53.0	5.0	64.5	5.4	(54.9)	(29.1)
Construction & Land Loans	24.8	2.6	30.2	2.8	42.1	3.5	(70.9)	(41.0)
Multifamily Loans	31.1	3.3	33.9	3.2	33.6	2.8	(32.9)	(7.4)
Nonresidential Loans	68.2	7.2	70.4	6.6	71.1	5.9	(12.6)	(4.1)
Commercial Loans / Small Business	51.0	5.4	51.6	4.8	62.7	5.2	(5.1)	(18.7)
Consumer Loans	73.5	7.8	73.9	6.9	81.0	6.8	(2.1)	(9.3)
Allowance for Loan and Lease Losses	(12.1)	(1.1)	(13.8)	(1.3)	(14.6)	(1.2)	(49.3)	(17.5)
Repossessed Assets	4.6	0.5	5.1	0.5	4.0	0.3	(39.9)	15.3
Mortgage Backed Securities	140.8	15.0	137.1	12.8	166.3	13.9	10.9	(15.3)
<b>Cash and Liquid Investments</b>	<b>104.8</b>	<b>11.1</b>	<b>115.6</b>	<b>10.8</b>	<b>101.3</b>	<b>8.5</b>	<b>(37.2)</b>	<b>3.5</b>
Other Investment Securities	49.5	5.3	68.0	6.4	38.6	3.2	(108.9)	28.2
<b>Total Liabilities and Capital</b>	<b>941.7</b>	<b>100.0</b>	<b>1,069.9</b>	<b>100.0</b>	<b>1,197.3</b>	<b>100.0</b>	<b>(47.9)</b>	<b>(21.3)</b>
Total Liabilities	840.6	89.3	955.4	89.3	1,090.3	91.1	(48.1)	(22.9)
<b>Total Deposits and Escrows</b>	<b>658.9</b>	<b>70.0</b>	<b>698.6</b>	<b>65.3</b>	<b>732.2</b>	<b>61.2</b>	<b>(22.7)</b>	<b>(10.0)</b>
FHLBank Advances	89.1	9.5	130.4	12.2	209.8	17.5	(126.7)	(57.5)
Other Borrowings	77.0	8.2	109.5	10.2	127.2	10.6	(118.8)	(39.5)
Other Liabilities	15.9	1.7	17.5	1.6	21.2	1.8	(36.7)	(25.2)
<b>Equity Capital</b>	<b>101.1</b>	<b>10.7</b>	<b>114.5</b>	<b>10.7</b>	<b>106.9</b>	<b>8.9</b>	<b>(46.7)</b>	<b>(5.4)</b>

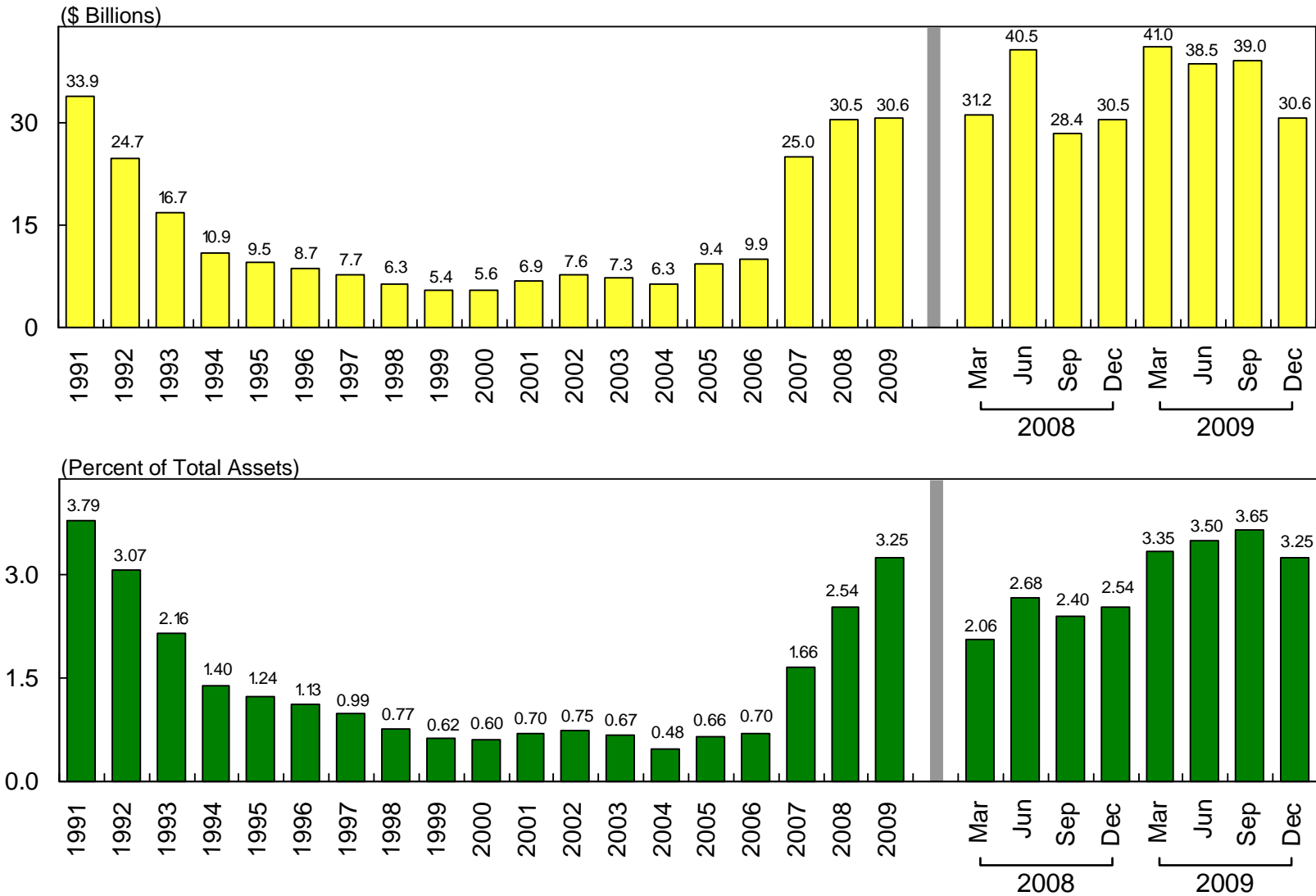
Numbers may not sum due to rounding.  
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# 1-4 FAMILY ORIGINATIONS, PURCHASES, AND SALES

1-4 Family Mortgage Loans (\$ Billions)



# TROUBLED ASSETS

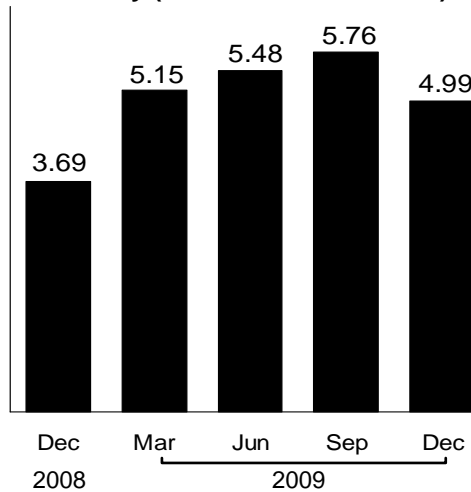


Troubled Assets include noncurrent (90 days or more past due or in nonaccrual status) loans and repossessed assets.  
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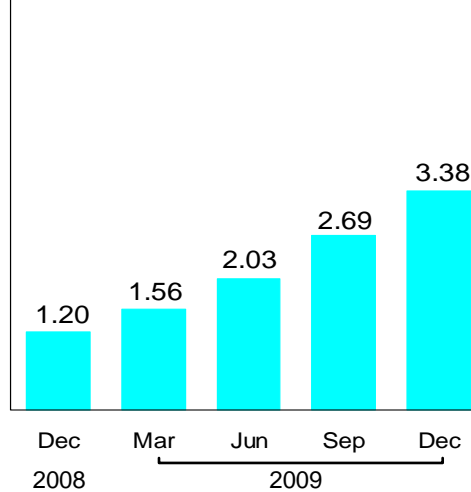
# NONCURRENT LOANS – FIVE QUARTERS

Percent of Loan Type

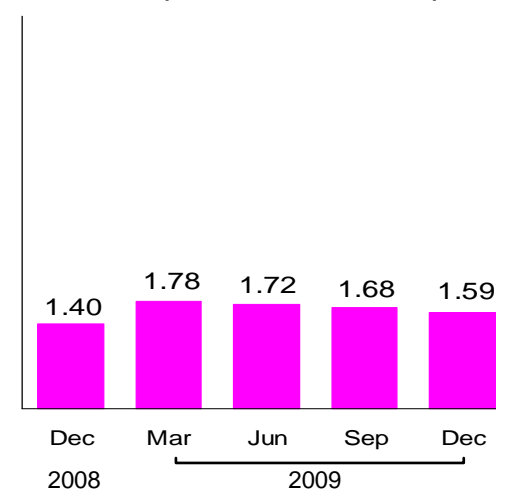
**1-4 Family (35.5% of Thrift Assets)**



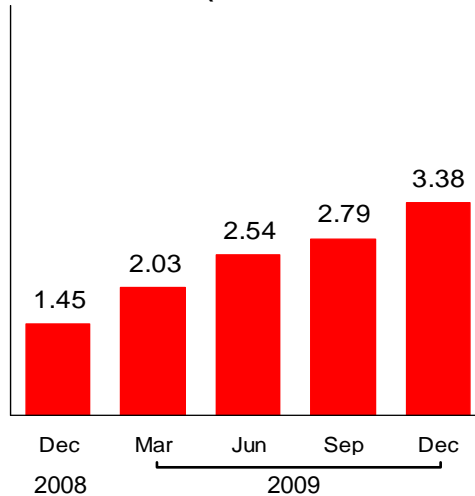
**Multifamily (3.3% of Thrift Assets)**



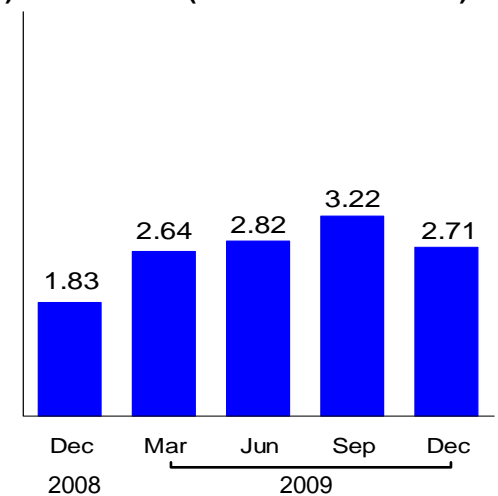
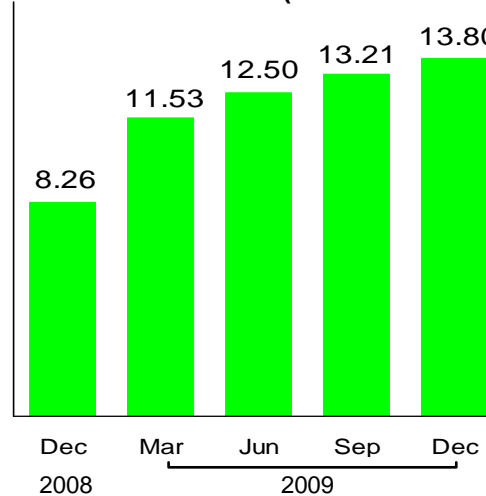
**Consumer (7.8% of Thrift Assets)**



**Nonresidential (7.2% of Thrift Assets)**



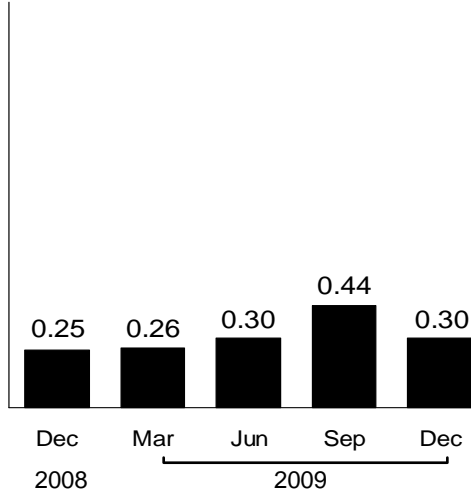
**Construction & Land (2.6% of Thrift Assets) Commercial (5.4% of Thrift Assets)**



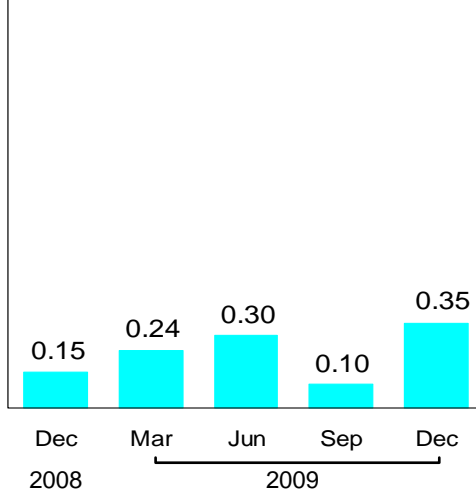
# NET CHARGE-OFFS

Percent of Loan Type

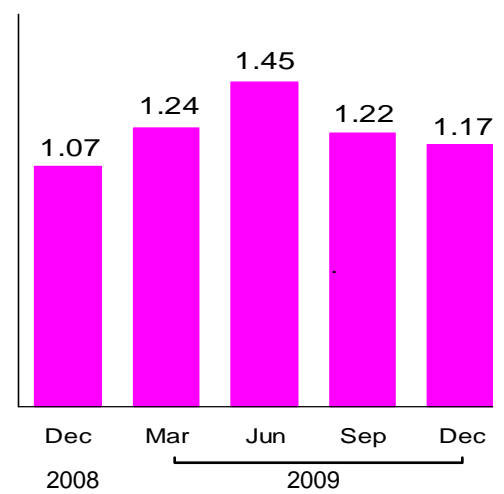
**1-4 Family (35.5% of Thrift Assets)**



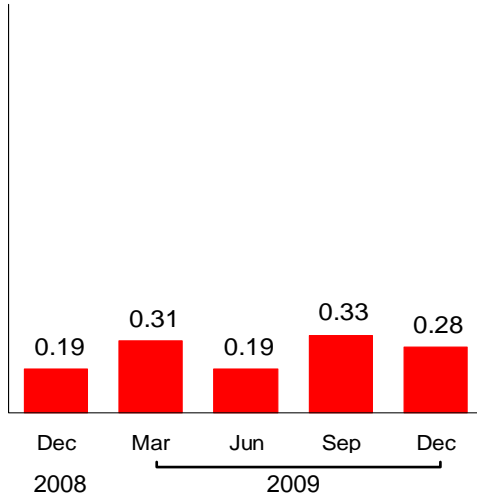
**Multifamily (3.3% of Thrift Assets)**



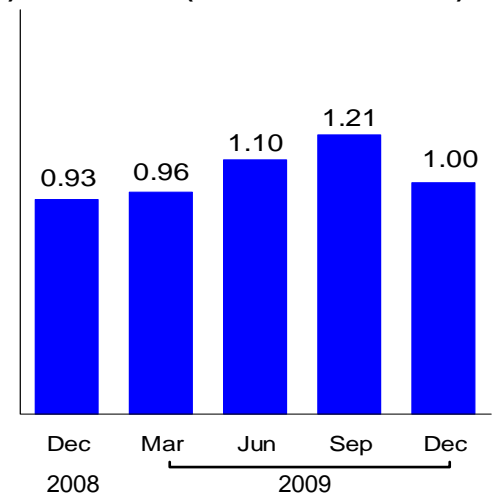
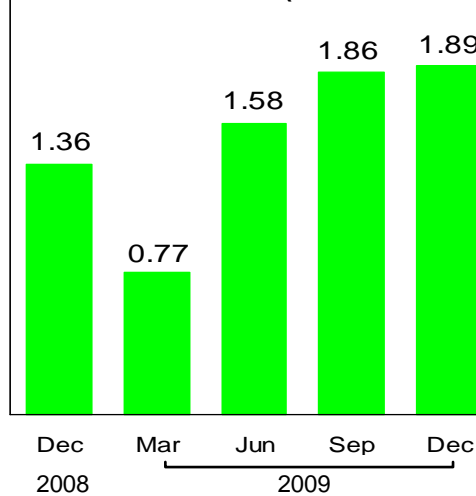
**Consumer (7.8% of Thrift Assets)**



**Nonresidential (7.2% of Thrift Assets)**



**Construction & Land (2.6% of Thrift Assets) Commercial (5.4% of Thrift Assets)**



# NUMBER OF PROBLEM THRIFTS

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

