



# **First Quarter 2008 Thrift Industry Report**

## **Graphs and Tables**

May 27, 2008



## First Quarter 2008 Index of Charts

● Summary	1
● Fourth Quarter 2007 Restatement	2
● Capital Ratios	3
● Loan Loss Provisions and Net Charge-Offs	4
● Reserve and Loss Coverage Ratios	5
● ROA Analysis	6
● Earnings and Profitability	7
● Assets and Liabilities Composition	8
● 1-4 Family Originations, Purchases, and Sales	9
● Troubled Assets	10
● Noncurrent Loans - Five Quarters	11
● Number of Problem Thrifts	12

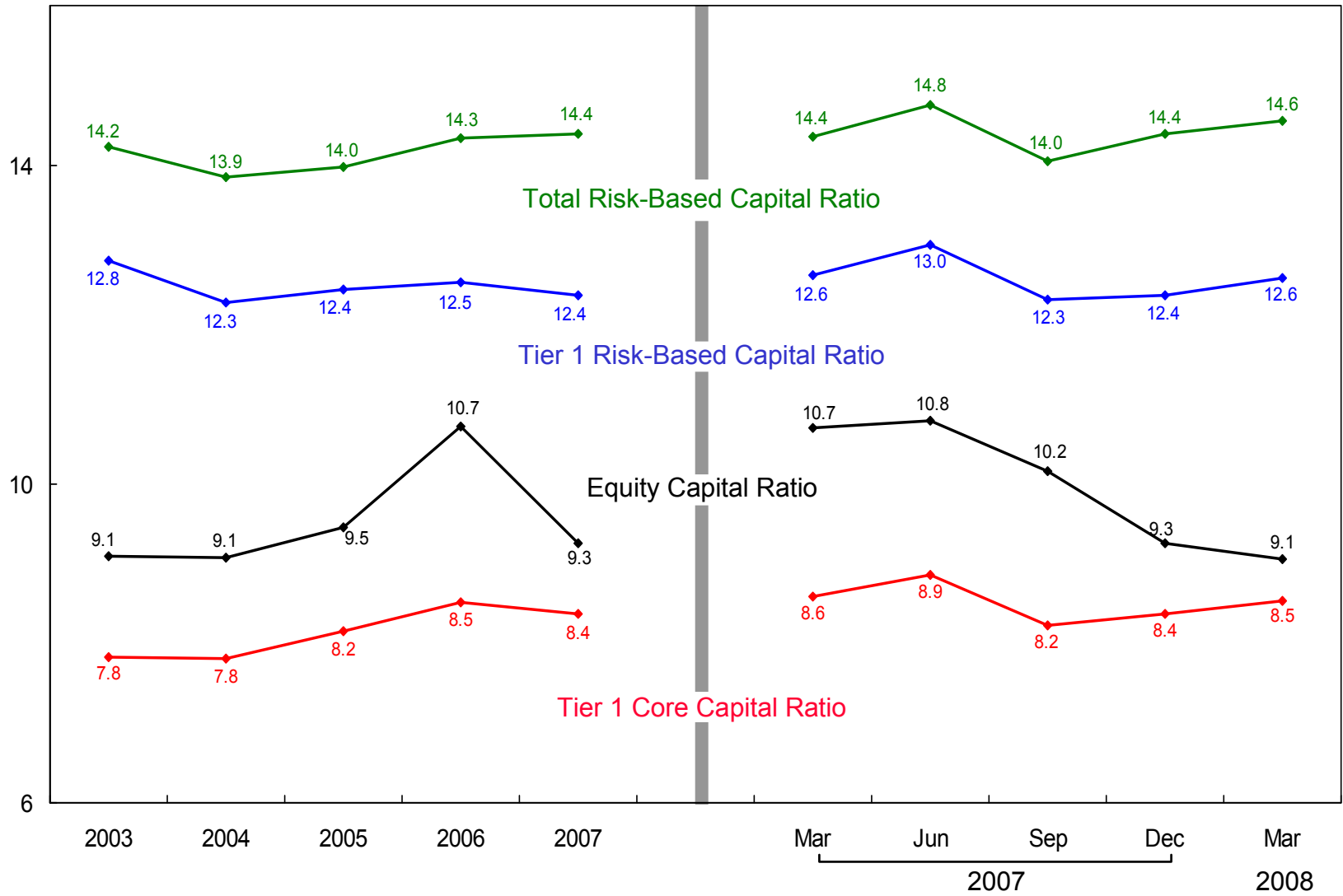
## SUMMARY

- Thrifts significantly bolstered the cushion for loan losses by adding a record \$7.6 billion in loan loss provisions in the first quarter.
- The record loan loss provisions increased thrifts' loan loss reserve ratio to an all-time high of 1.51%.
- These large provisions resulted in a quarterly net loss of \$617 million and ROA of a negative 0.16%.
- 98.2% of all thrifts – holding 99.6% of industry assets – exceed “well-capitalized” regulatory standards.

## FOURTH QUARTER 2007 RESTATEMENT

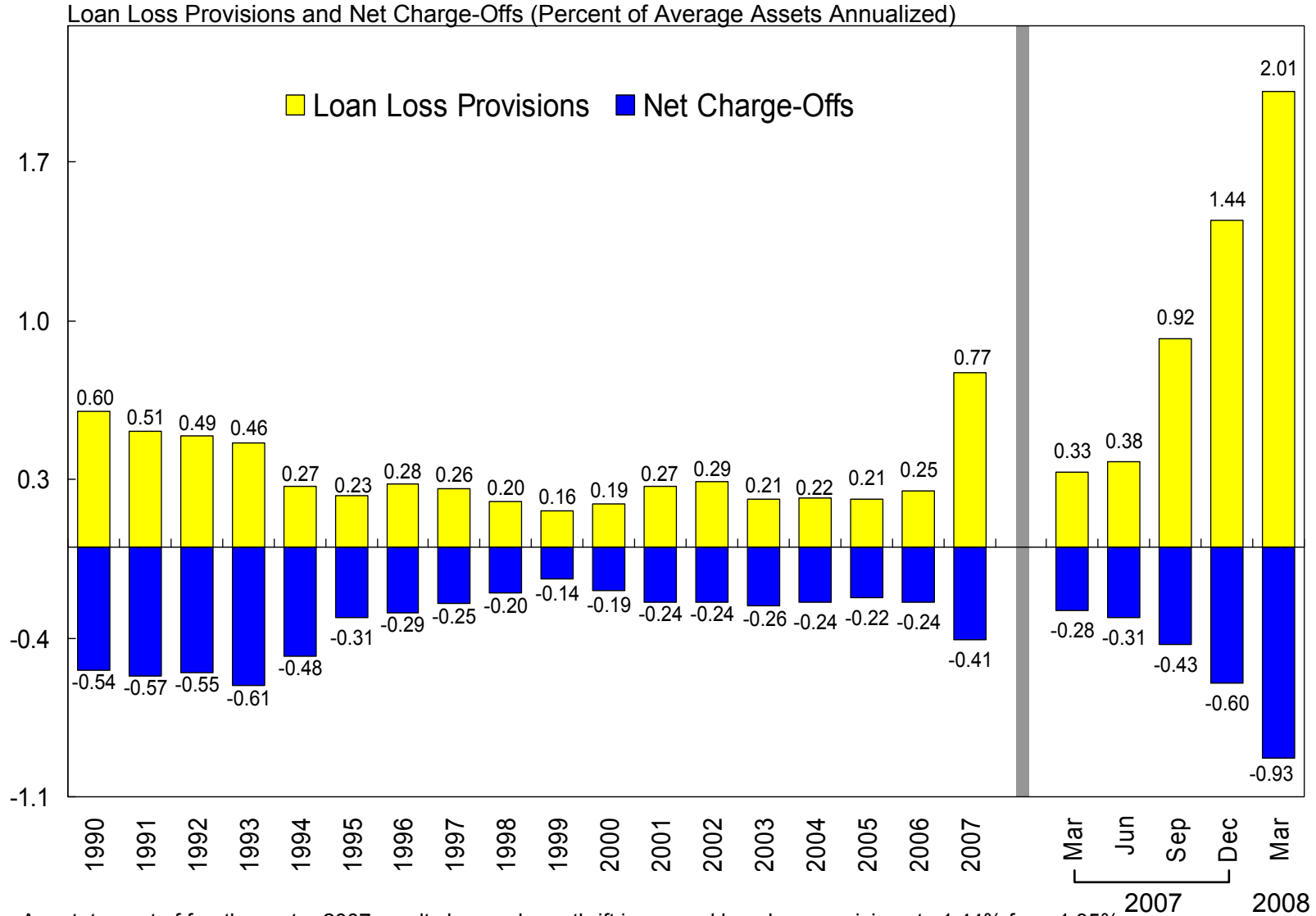
- One large thrift restated its fourth quarter 2007 results. Major impacts of this restatement for the thrift include:
  - Goodwill of \$3.3 billion written off
  - Net income reduced by \$3.5 billion
  - Assets reduced by \$3.5 billion
  - Equity capital reduced by \$3.5 billion

# CAPITAL RATIOS



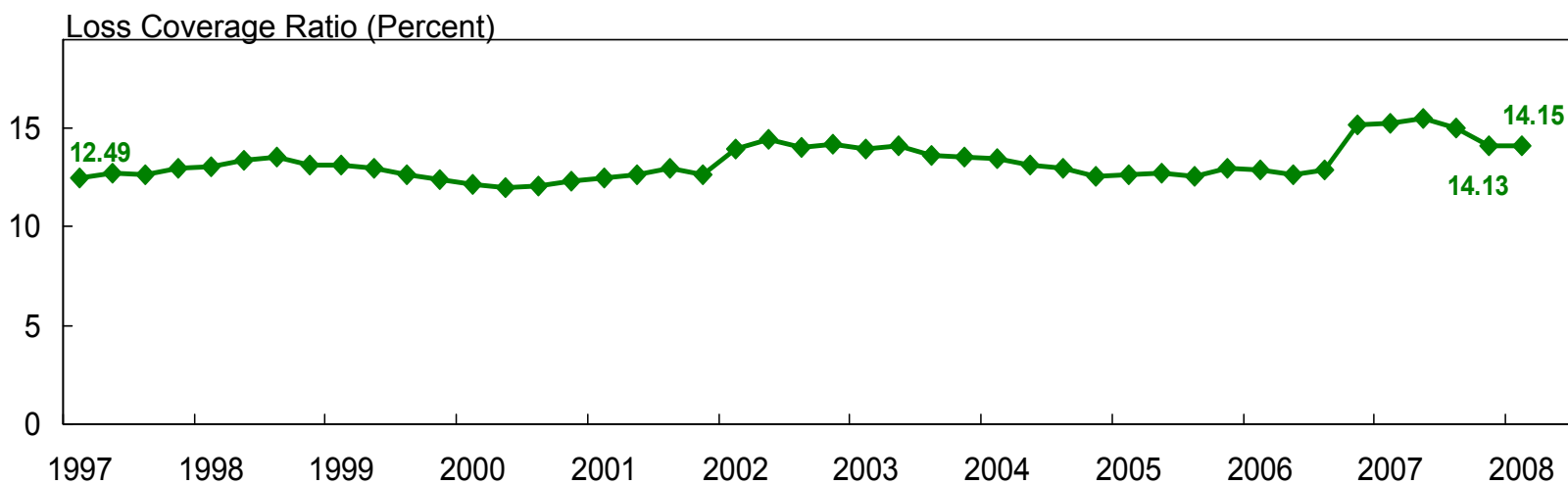
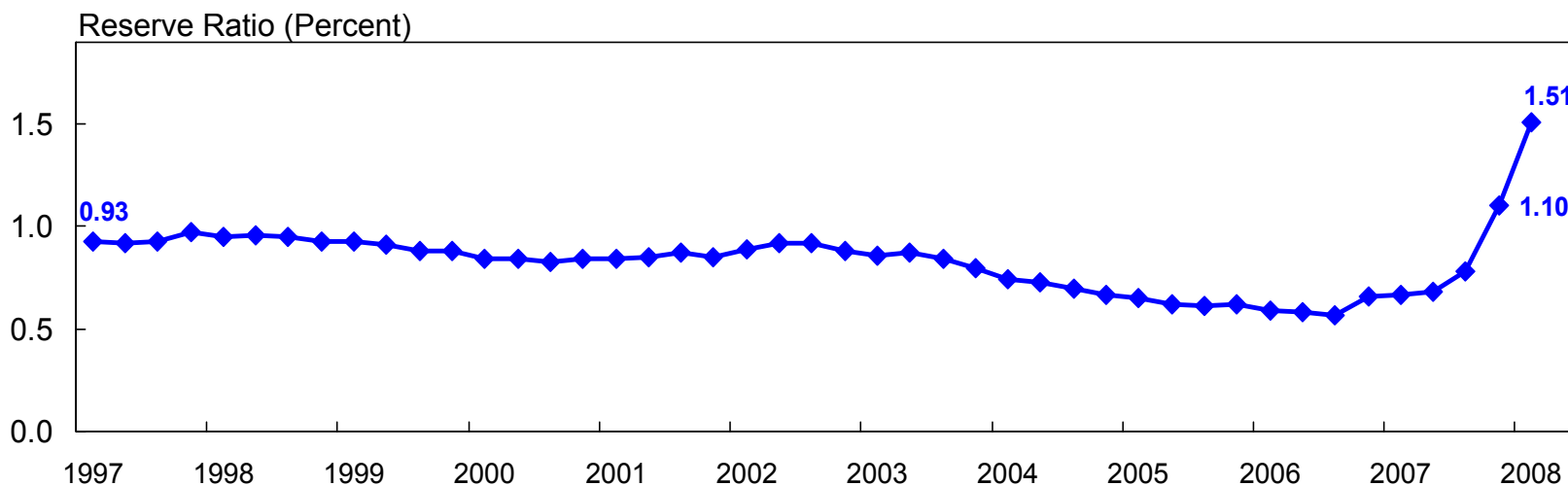
A restatement of fourth quarter 2007 results by one large thrift reduced equity capital to 9.26% from 9.46%.  
Office of Thrift Supervision / May 2008

# LOAN LOSS PROVISIONS AND NET CHARGE-OFFS



A restatement of fourth quarter 2007 results by one large thrift increased loan loss provisions to 1.44% from 1.35%.  
Office of Thrift Supervision / May 2008

# RESERVE AND LOSS COVERAGE RATIOS



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

Reserve Ratio = ALLL to total loans and leases.

A restatement of fourth quarter 2007 results by one large thrift increased the loss coverage ratio to 14.13 from 14.07 and the reserve ratio to 1.10 from 1.07.

Office of Thrift Supervision / May 2008

## ROA ANALYSIS

(Percent of Average Assets)	Quarter			ROA Impact <sup>1</sup>	
	Mar '08	Dec '07	Mar '07	Mar '08 Dec '07	Mar '08 Mar '07
Net Interest Income (Margin)	2.76	2.61	2.77	0.15	-0.01
<b>Loan Loss Provisions</b>	<b>2.01</b>	<b>1.44</b>	<b>0.33</b>	<b>-0.57</b>	<b>-1.68</b>
Total Fee Income	1.11	1.15	1.11	-0.04	0.00
Mortgage Loan Servicing Fees & Amort.	-0.04	-0.01	0.05	-0.03	-0.09
Mortgage Loan Servicing Fees	0.25	0.24	0.23	0.01	0.02
Servicing Amortization & Adjustments	-0.29	-0.25	-0.18	-0.04	-0.11
Other Fees and Charges	1.15	1.16	1.06	-0.01	0.09
Other Noninterest Income (Loss)	0.60	-0.51	0.39	1.11	0.21
<b>Sale of Assets Held For Sale</b>	<b>0.13</b>	<b>-0.58</b>	<b>0.29</b>	<b>0.71</b>	<b>-0.16</b>
LOCOM Adjustments to AHFS	-0.05	-0.08	-0.06	0.03	0.01
<b>Trading Assets (Realized &amp; Unrealized)</b>	<b>0.41</b>	<b>-0.13</b>	<b>0.02</b>	<b>0.54</b>	<b>0.39</b>
Other	0.11	0.34	0.17	-0.23	-0.06
Noninterest Expense	2.77	4.59	2.46	1.82	-0.31
<b>Goodwill Amortization &amp; Charges</b>	<b>0.06</b>	<b>1.94</b>	<b>0.05</b>	<b>1.88</b>	<b>-0.01</b>
Taxes	-0.14	-0.47	0.52	-0.33	0.66
Net Income (ROA)	-0.16	-2.31	0.97	2.15	-1.13

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

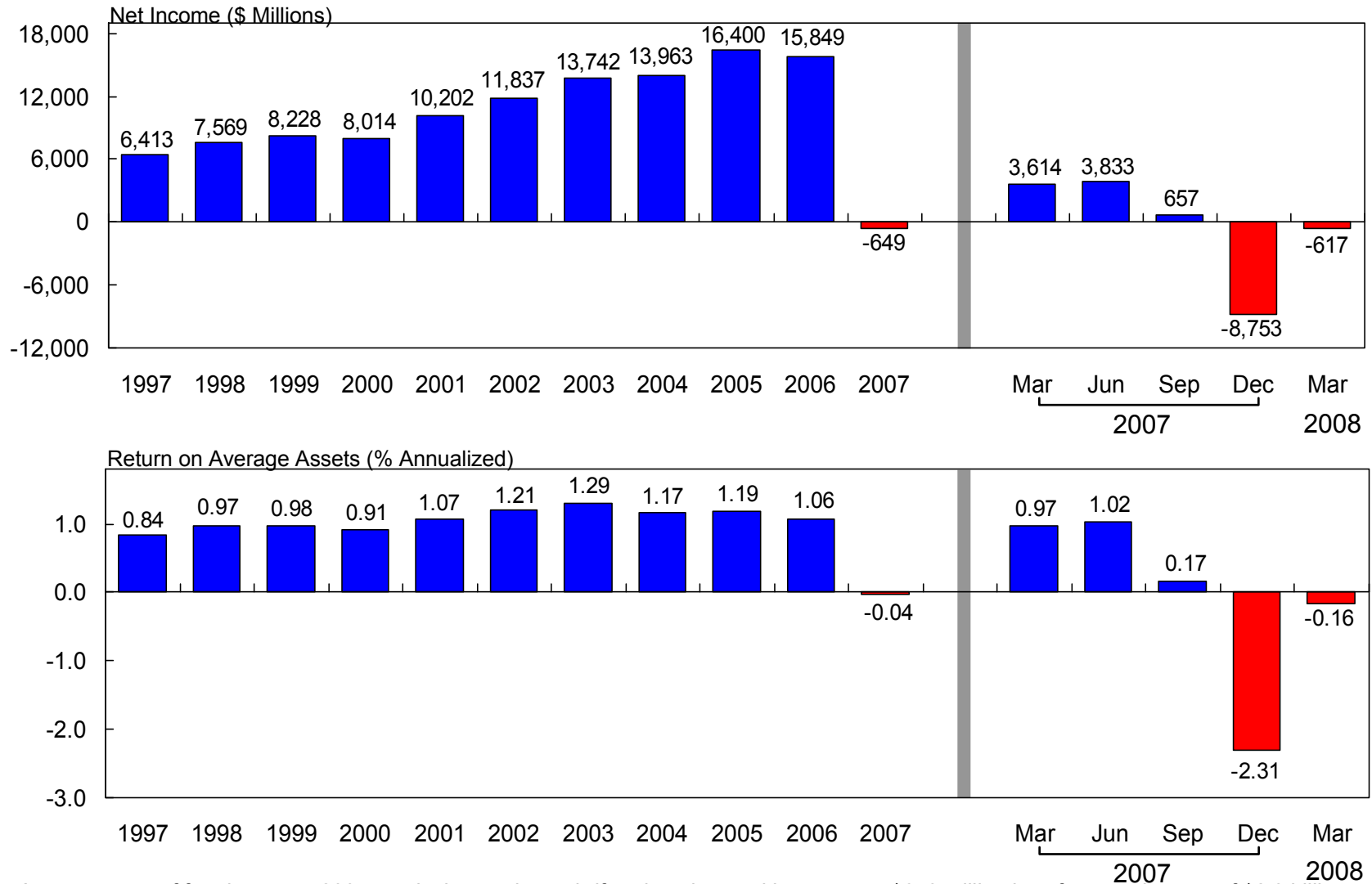
Data are annualized. Numbers may not sum due to rounding.

A restatement of fourth quarter 2007 results by one large thrift increased loan loss provisions to 1.44% from 1.35%, noninterest expense to 4.59% from 3.72%, and goodwill amortization to 1.94% from 1.07%, and reduced taxes to negative 0.47% from negative 0.44%, and net income (ROA) to negative 2.31% from negative 1.38%.

Office of Thrift Supervision / May 2008



# EARNINGS AND PROFITABILITY



A restatement of fourth quarter 2007 results by one large thrift reduced annual income to a \$649 million loss from net income of \$2.8 billion and return on average assets to negative 0.04% from 0.16%. For the fourth quarter 2007, the restatement increased net losses to \$8.8 billion from \$5.2 billion and reduced return on average assets to negative 2.31% from negative 1.38%.

Office of Thrift Supervision / May 2008

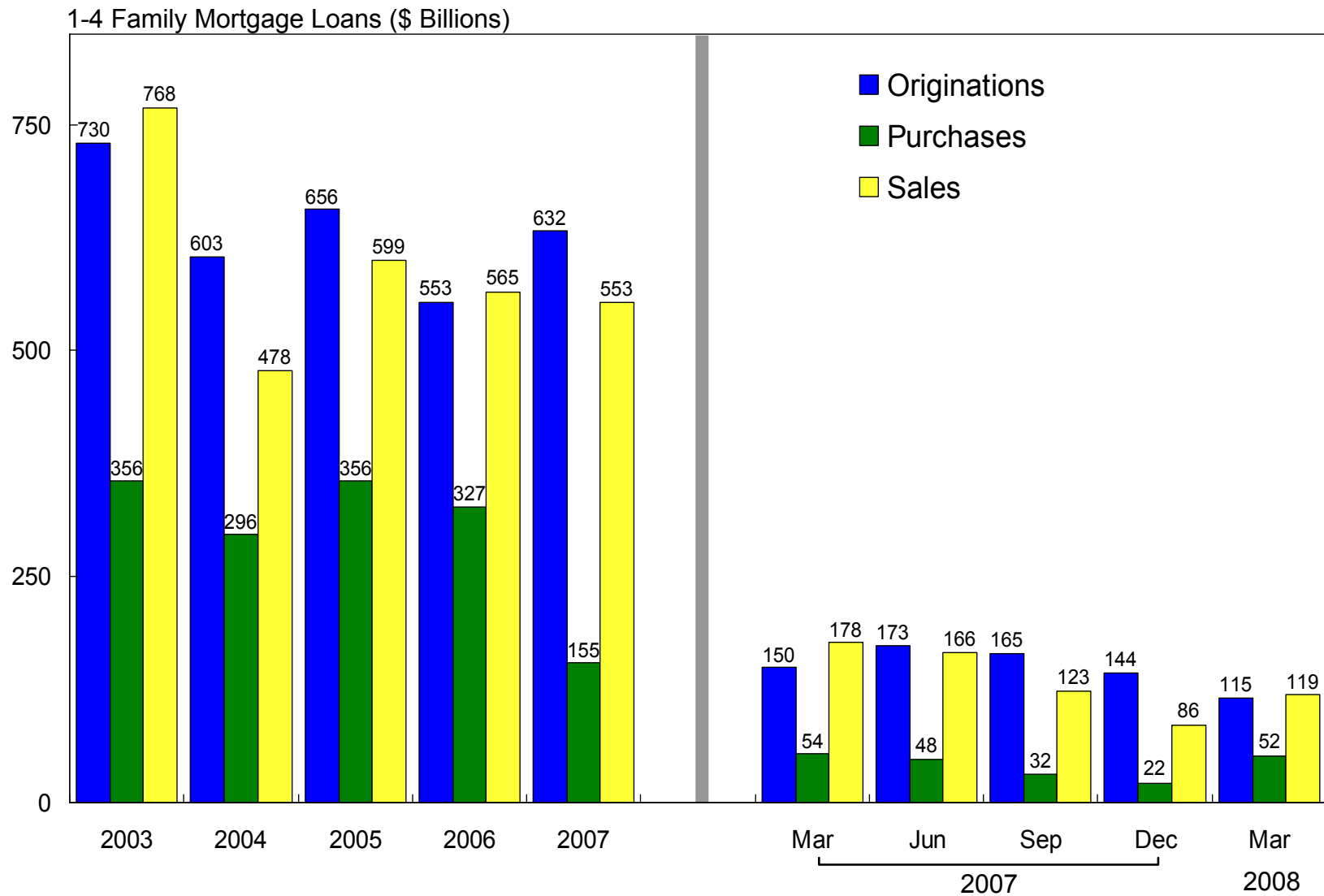
# ASSETS AND LIABILITIES COMPOSITION

	Mar 2008		Dec 2007		Mar 2007		Growth Rates	
	\$ Bil	% TA	\$ Bil	% TA	\$ Bil	% TA	Mar '08	Mar '08
							Dec '07	Mar '07
							%*	%
Total Assets	1,515.4	100.0	1,508.4	100.0	1,490.3	100.0	1.9	1.7
<b>Total Loans</b>	<b>1,084.3</b>	<b>71.6</b>	<b>1,071.0</b>	<b>71.0</b>	<b>1,092.2</b>	<b>73.3</b>	<b>5.0</b>	<b>(0.7)</b>
1-4 Family Mortgage Loans	748.0	49.4	740.8	49.1	772.0	51.8	3.9	(3.1)
Home Equity Lines of Credit	118.1	7.8	116.7	7.7	93.0	6.2	4.8	27.0
Construction & Land Loans	52.7	3.5	53.2	3.5	51.2	3.4	(3.4)	2.9
Multifamily Loans	63.3	4.2	62.1	4.1	64.3	4.3	8.1	(1.6)
Nonresidential Loans	75.1	5.0	70.5	4.7	64.1	4.3	26.0	17.1
Commercial Loans / Small Business	60.3	4.0	57.0	3.8	52.1	3.5	23.7	15.9
Consumer Loans	84.9	5.6	87.5	5.8	88.4	5.9	(12.1)	(4.0)
<b>Allowance for Loan and Lease Losses</b>	<b>(16.3)</b>	<b>(1.1)</b>	<b>(11.8)</b>	<b>(0.8)</b>	<b>(7.3)</b>	<b>(0.5)</b>	<b>155.2</b>	<b>122.2</b>
Mortgage Backed Securities	202.2	13.3	207.6	13.8	184.0	12.3	(10.4)	9.9
Cash and Liquid Investments	64.0	4.2	69.7	4.6	50.0	3.4	(32.7)	27.9
Other Investment Securities	63.3	4.2	62.8	4.2	56.4	3.8	3.4	12.3
<hr/>								
Total Liabilities and Capital	1,515.4	100.0	1,508.4	100.0	1,490.3	100.0	1.9	1.7
Total Liabilities	1,378.3	91.0	1,368.7	90.7	1,330.9	89.3	2.8	3.6
Total Deposits	913.3	60.3	891.5	59.1	953.1	64.0	9.8	(4.2)
Deposits Less than Insurance Limits	555.7	36.7	540.3	35.8	576.6	38.7	11.5	(3.6)
Deposits Greater than Insurance Limits	357.6	23.6	351.2	23.3	376.6	25.3	7.3	(5.0)
Estimated Uninsured Deposits	188.9	12.5	191.2	12.7	211.5	14.2	(4.8)	(10.7)
Escrows	12.8	0.8	12.2	0.8	16.3	1.1	19.7	(21.8)
<b>FHLBank Advances</b>	<b>308.8</b>	<b>20.4</b>	<b>302.2</b>	<b>20.0</b>	<b>211.7</b>	<b>14.2</b>	<b>8.7</b>	<b>45.9</b>
Other Borrowings	119.1	7.9	140.3	9.3	129.3	8.7	(60.5)	(7.9)
Other Liabilities	37.0	2.4	34.7	2.3	36.7	2.5	26.4	0.9
<b>Equity Capital</b>	<b>137.1</b>	<b>9.0</b>	<b>139.6</b>	<b>9.3</b>	<b>159.4</b>	<b>10.7</b>	<b>(7.2)</b>	<b>(14.0)</b>

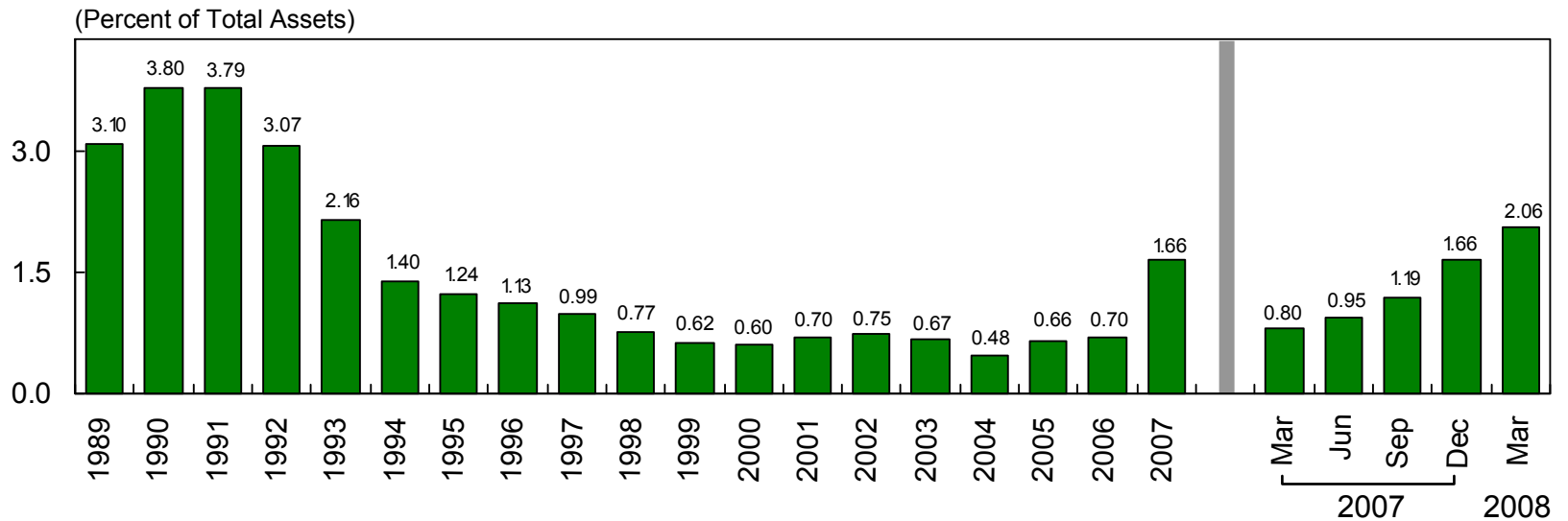
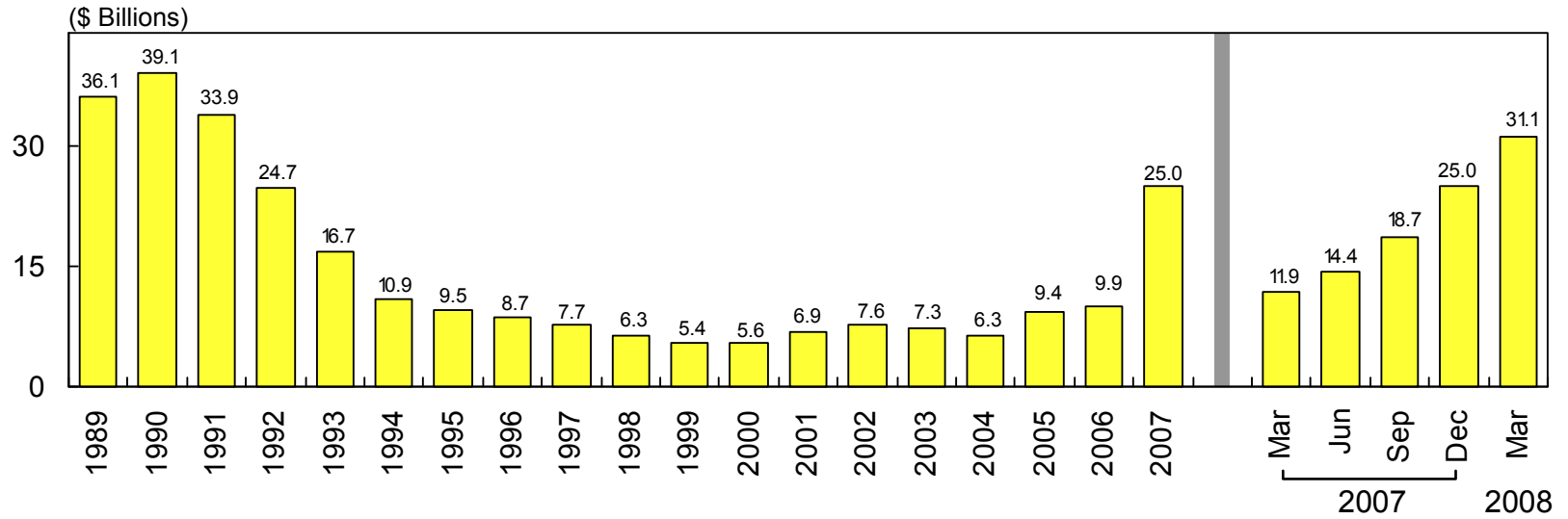
\* Annualized. Numbers may not sum due to rounding.

A restatement of fourth quarter 2007 results by one large thrift reduced assets by \$3.5 billion and equity capital by \$3.5 billion.  
Office of Thrift Supervision / May 2008

# 1-4 FAMILY ORIGINATIONS, PURCHASES, AND SALES



# TROUBLED ASSETS

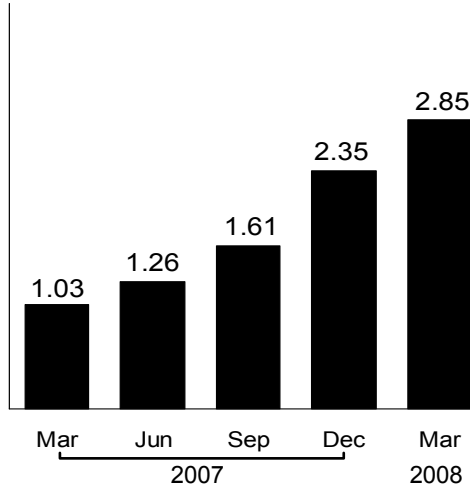


Troubled Assets include noncurrent (90 days or more past due or in nonaccrual status) loans and repossessed assets.  
Office of Thrift Supervision / May 2008

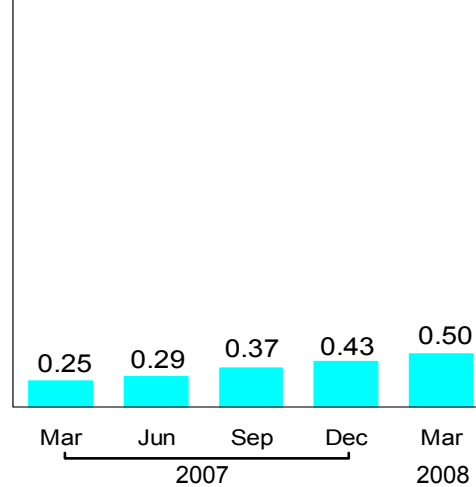
# NONCURRENT LOANS – FIVE QUARTERS

Percent of Loan Type

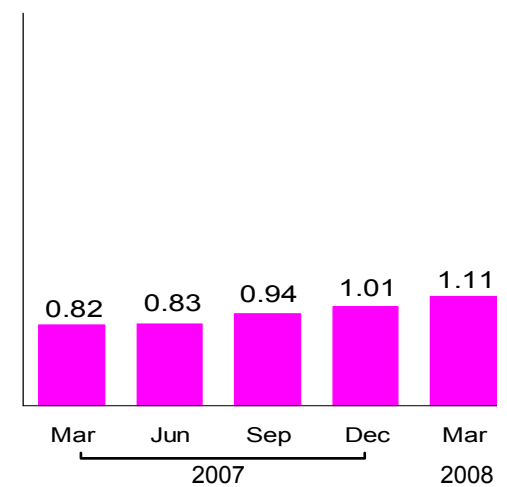
**1-4 Family (49.4% of Thrift Assets)**



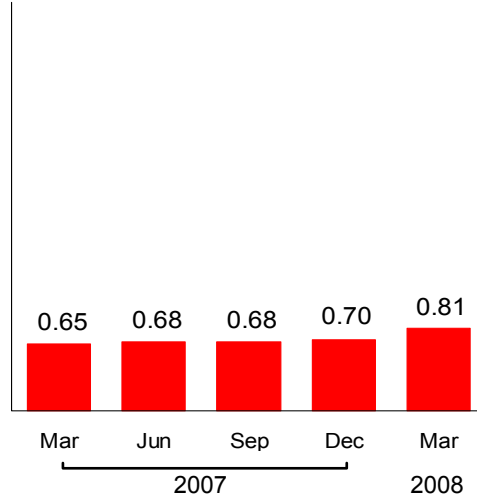
**Multifamily (4.2% of Thrift Assets)**



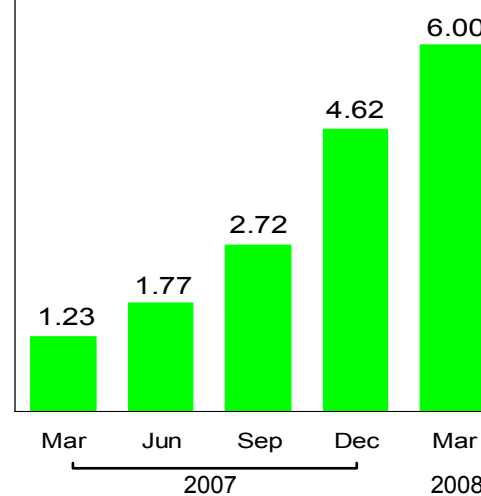
**Consumer (5.6% of Thrift Assets)**



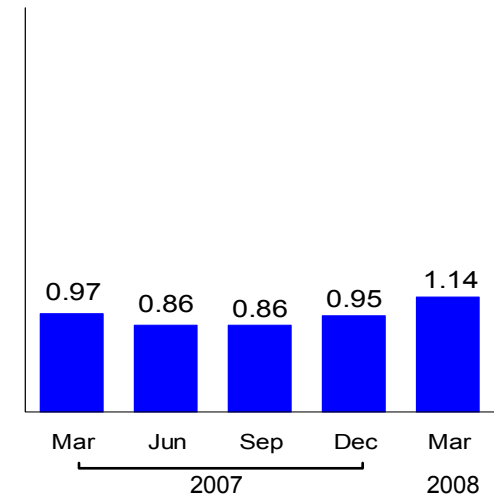
**Nonresidential (5.0% of Thrift Assets)**



**Construction & Land (3.5% of Thrift Assets)**



**Commercial (4.0% of Thrift Assets)**



# NUMBER OF PROBLEM THRIFTS

(Thriffs with CAMELS Ratings of 4 or 5)

