Fourth Quarter 2007 Index of Charts

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OTS PERSONNEL
1999 - 2007

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OTS OPERATIONS
1999 – 2007

Source: FY 2008 Approved OTS Budget.
*In 2001, OTS changed from a calendar year to a fiscal year basis ending September 30, and FY 2001 only included 9 months.
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SUMMARY

- The current weakness in the U.S. housing sector resulted in an earnings issue for thrifts – not a capital issue.

- In the fourth quarter…
  - Thrifts incurred $4.1 billion in goodwill write-downs.
  - One thrift reported a restructuring charge of $2.2 billion.
  - Thrifts added a record $5.1 billion in loan loss provisions.

- The result of these goodwill and restructuring charges and additional loan loss provisions was a quarterly net loss of $5.2 billion and ROA of a negative 1.38%.

- The industry continues to report strong capital and 99% of all thrifts – holding 99.8% of industry assets – exceed “well-capitalized” regulatory standards.
The equity capital ratio for thrifts reached a record high of 10.80% in June 2007 and a record low of 2.76% in December 1984.
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## ROA ANALYSIS

<table>
<thead>
<tr>
<th>(Percent of Average Assets)</th>
<th>Quarter</th>
<th>ROA Impact ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec '07</td>
<td>Sep '07</td>
</tr>
<tr>
<td>Net Interest Income (Margin)</td>
<td>2.61</td>
<td>2.60</td>
</tr>
<tr>
<td>Loan Loss Provisions</td>
<td>1.35</td>
<td>0.92</td>
</tr>
<tr>
<td>Total Fee Income</td>
<td>1.15</td>
<td>1.18</td>
</tr>
<tr>
<td>Mortgage Loan Servicing Fees &amp; Amort.</td>
<td>-0.01</td>
<td>0.08</td>
</tr>
<tr>
<td>Mortgage Loan Servicing Fees</td>
<td>0.24</td>
<td>0.25</td>
</tr>
<tr>
<td>Servicing Amortization &amp; Adjustments</td>
<td>-0.25</td>
<td>-0.17</td>
</tr>
<tr>
<td>Other Fees and Charges</td>
<td>1.16</td>
<td>1.10</td>
</tr>
<tr>
<td>Other Noninterest Income (Loss)</td>
<td>-0.51</td>
<td>0.12</td>
</tr>
<tr>
<td>Sale of Assets Held For Sale</td>
<td>-0.58</td>
<td>-0.01</td>
</tr>
<tr>
<td>LOCOM Adjustments to AHFS</td>
<td>-0.08</td>
<td>-0.09</td>
</tr>
<tr>
<td>Trading Assets (Realized &amp; Unrealized)</td>
<td>-0.13</td>
<td>-0.12</td>
</tr>
<tr>
<td>Other</td>
<td>0.34</td>
<td>0.34</td>
</tr>
<tr>
<td>Noninterest Expense</td>
<td>3.72</td>
<td>2.75</td>
</tr>
<tr>
<td>Goodwill Amortization &amp; Charges</td>
<td>1.07</td>
<td>0.27</td>
</tr>
<tr>
<td>Taxes</td>
<td>-0.44</td>
<td>0.04</td>
</tr>
<tr>
<td>Net Income (ROA)</td>
<td>-1.38</td>
<td>0.17</td>
</tr>
</tbody>
</table>

¹ Negative values reduced ROA.
Data are annualized. Numbers may not sum due to rounding.
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Data for the third quarter 1996 include the SAIF special assessment expense, which amounted to an aggregate $2.1 billion net of taxes. Excluding the special assessment, net income was $6.8 billion and ROA was 0.89%.
DECOMPOSITION OF FOURTH QUARTER LOSS

- $5.2 billion reported net loss (negative 1.38% ROA reported)
- $4.1 billion goodwill write-down (negative 1.06% ROA impact)
- $2.2 billion restructuring charge (negative 0.57% ROA impact)
- $5.1 billion loan loss provisions (negative 1.32% ROA impact)
Loan Loss Provisions and Net Charge-Offs (Percent of Average Assets Annualized)

- Loan Loss Provisions
- Net Charge-Offs

1990: 0.60
1991: 0.51
1992: 0.49
1993: 0.46
1994: 0.27
1995: 0.23
1996: 0.28
1997: 0.26
1998: 0.20
1999: 0.19
2000: 0.27
2001: 0.29
2002: 0.21
2003: 0.22
2004: 0.21
2005: 0.25
2006: 0.25
2007: 0.75

December 2006: 0.15
March 2007: 0.45
June 2007: 0.33
September 2007: 0.38
December 2007: 0.22

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Loss Coverage Ratio = ALLL plus capital to total loans and leases.
Reserve Ratio = ALLL to total loans and leases.
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## ASSETS AND LIABILITIES COMPOSITION

<table>
<thead>
<tr>
<th></th>
<th>Dec 2007</th>
<th>Sep 2007</th>
<th>Dec 2006</th>
<th>Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ Bil</td>
<td>% TA</td>
<td>$ Bil</td>
<td>% TA</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,513.3</td>
<td>100.0</td>
<td>1,570.5</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,370.1</td>
<td>90.5</td>
<td>1,410.9</td>
<td>89.8</td>
</tr>
<tr>
<td><strong>Equity Capital</strong></td>
<td>143.2</td>
<td>9.5</td>
<td>159.6</td>
<td>10.2</td>
</tr>
</tbody>
</table>

| **Total Loans**       | 1,071.1  | 70.8     | 1,119.1  | 71.3         | (17.2) | 2.8 |
| **Construction & Land Loans** | 53.2 | 3.5 | 52.8 | 3.4 | 51.4 | 3.6 | 2.7 | 3.4 |
| **Construction & Land Loans** | 62.1 | 4.1 | 65.1 | 4.1 | 66.4 | 4.7 | (18.6) | (6.5) |
| **Nonresidential Loans** | 70.5 | 4.7 | 67.8 | 4.3 | 63.4 | 4.5 | 15.8 | 11.2 |
| **Commercial Loans / Small Business** | 57.0 | 3.8 | 54.5 | 3.5 | 50.9 | 3.6 | 18.4 | 12.0 |
| **Consumer Loans**    | 87.7     | 5.8      | 83.3     | 5.3          | 82.3 | 5.8 | 21.0 | 6.6 |

| **Allowance for Loan and Lease Losses** | (11.4) | (0.8) | (8.7) | (0.6) | (6.9) | (0.5) | 124.1 | 65.2 |
| **Mortgage Backed Securities** | 207.6 | 13.7 | 196.8 | 12.5 | 166.6 | 11.8 | 22.0 | 24.6 |
| **Cash and Liquid Investments** | 69.4 | 4.6 | 66.1 | 4.2 | 41.0 | 2.9 | 20.0 | 69.3 |
| **Other Investment Securities** | 62.5 | 4.1 | 71.9 | 4.6 | 53.5 | 3.8 | (52.3) | 16.8 |

| **FHLBank Advances** | 302.2 | 20.0 | 291.3 | 18.5 | 214.0 | 15.2 | 15.0 | 41.2 |
| **Other Borrowings** | 140.3 | 9.3 | 128.0 | 8.2 | 135.9 | 9.6 | 38.5 | 3.3 |
| **Other Liabilities** | 36.1 | 2.4 | 36.8 | 2.3 | 53.7 | 3.8 | (8.1) | (32.8) |

* Annualized.  **Includes escrows after 2003.
Numbers may not sum due to rounding.
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CAPITAL RATIOS

Total Risk-Based Capital Ratio

Tier 1 Risk-Based Capital Ratio

Equity Capital Ratio

Tier 1 Core Capital Ratio

2003 2004 2005 2006 2007

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1-4 FAMILY ORIGINATIONS, PURCHASES, AND SALES

1-4 Family Mortgage Loans ($ Billions)

- **Originations**
- **Purchases**
- **Sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Mar</th>
<th>Jun</th>
<th>Sep</th>
<th>Dec</th>
<th>Mar</th>
<th>Jun</th>
<th>Sep</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>143</td>
<td>83</td>
<td>85</td>
<td>85</td>
<td>150</td>
<td>104</td>
<td>112</td>
<td>123</td>
</tr>
<tr>
<td>2007</td>
<td>173</td>
<td>178</td>
<td>166</td>
<td>165</td>
<td>150</td>
<td>54</td>
<td>48</td>
<td>32</td>
</tr>
</tbody>
</table>

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Troubled Assets include noncurrent (90 days or more past due or in nonaccrual status) loans and repossessed assets. Bank and thrift regulatory reporting changes now require loans repurchased, or eligible for repurchase, from Government National Mortgage Association (GNMA) mortgage pools to be included as past due loans. Loans from GNMA pools are guaranteed by agencies of the U. S. Government.

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NUMBER OF PROBLEM THRIFTS
(Thrifts with CAMELS Ratings of 4 or 5)
NUMBER, ASSETS, AND STRUCTURE CHANGES

- At yearend 2007 OTS regulated 826 thrifts with $1.51 trillion in assets.

- Over the past three years, 56 thrifts entered OTS supervision…
  - 29 were de novo charters.
  - 27 converted from another charter.

- Also during that time, 116 thrifts left OTS supervision…
  - 34 were acquired by other OTS regulated thrifts.
  - 51 were acquired by non-OTS regulated institutions.
  - 22 converted to another charter.
  - 8 completed voluntary dissolutions.
  - 1 failed.