

***SUPPLEMENT TO THE PRESENTATION TO
THE HOUSE COMMITTEE
ON FINANCIAL INSTITUTIONS***

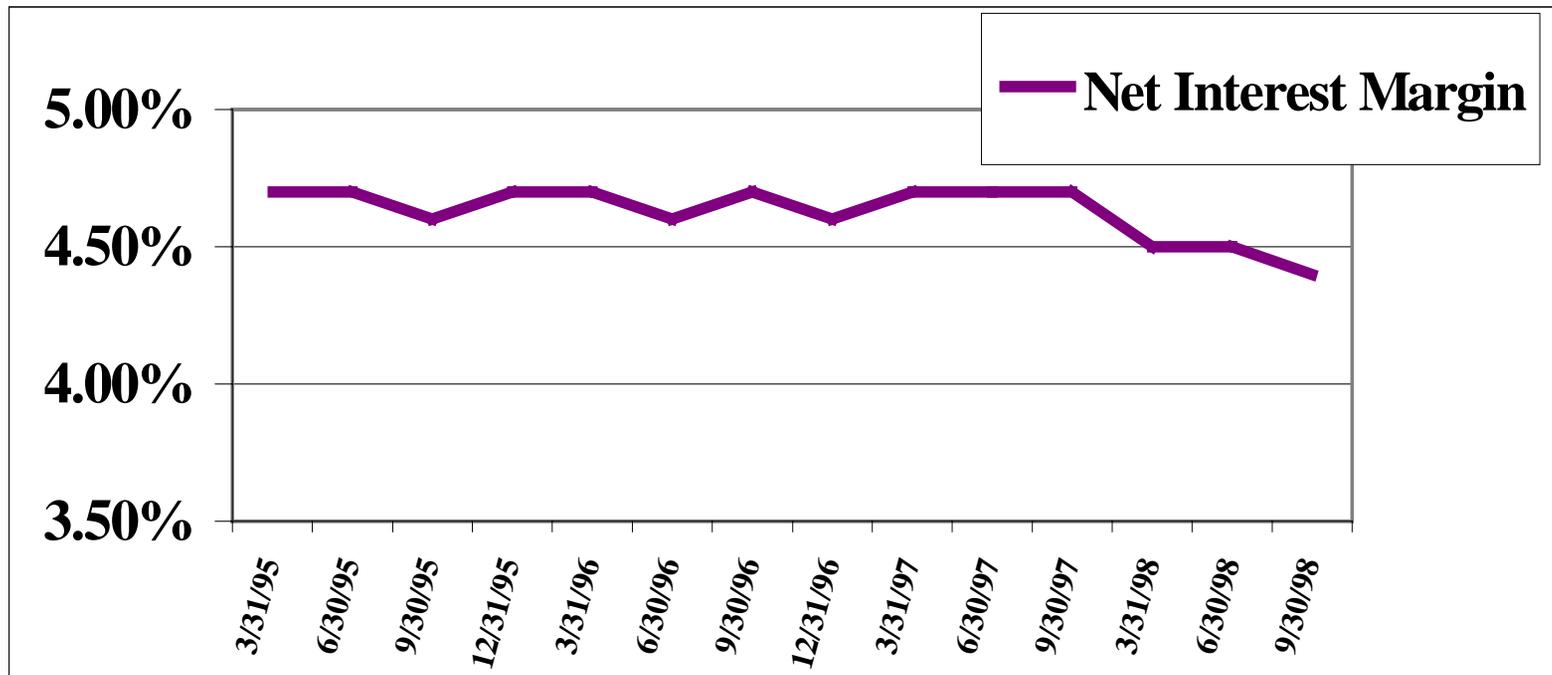
**OVERVIEW OF THE
TEXAS DEPARTMENT OF BANKING**

By

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Commissioner**

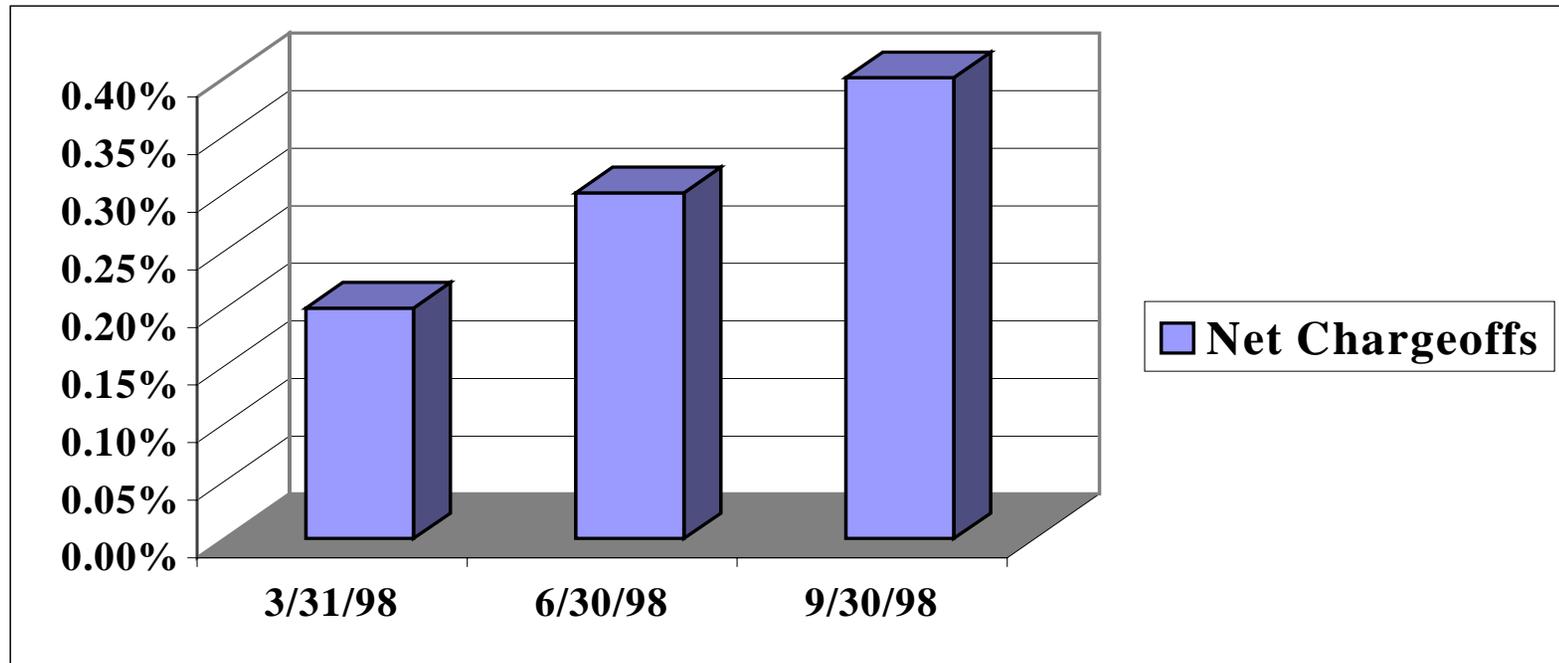
February 15, 1999

NARROWED MARGINS . . .



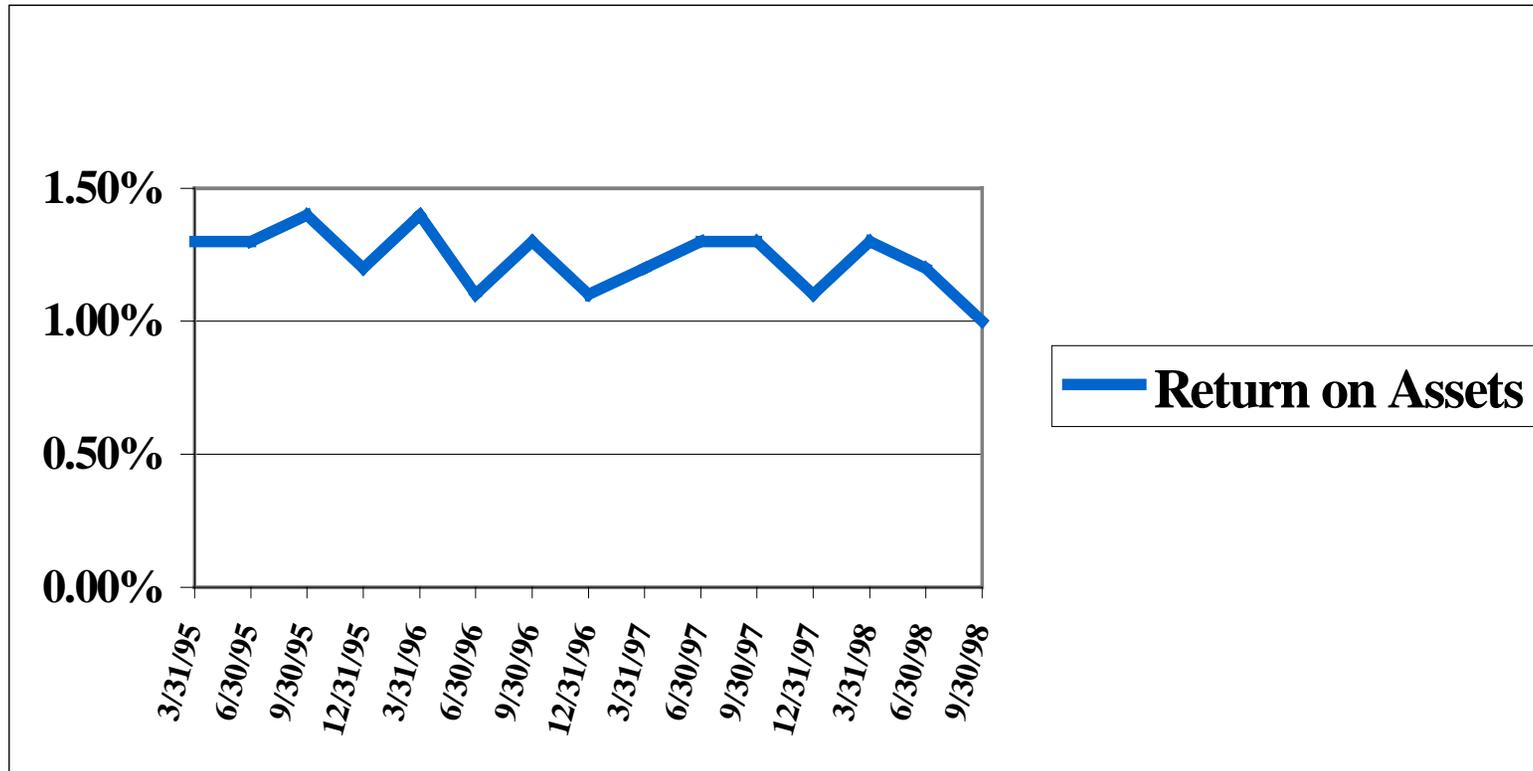
Interest Income – Interest Expense = Net Interest Margin

... AND INCREASED LOAN LOSSES ...



$(\text{Loan Losses} - \text{Recoveries}) / \text{Total Loans} = \text{Net Chargeoffs}$

... HURT BANK PROFITABILITY.



BANK RATINGS

AS OF 1/31/99

Bank Rating*	# of Banks	% of Banks
1	237	71%
2	150	27%
3	5	2%
4	1	0%
5	1	0%

***1 = Strong Condition**
5 = Near Failure

BANK FAILURES

