

Southeast Region

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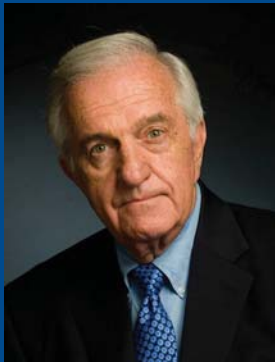
Applications:
Kathryn Haney
404-888-8466
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Number of thrifts:
195

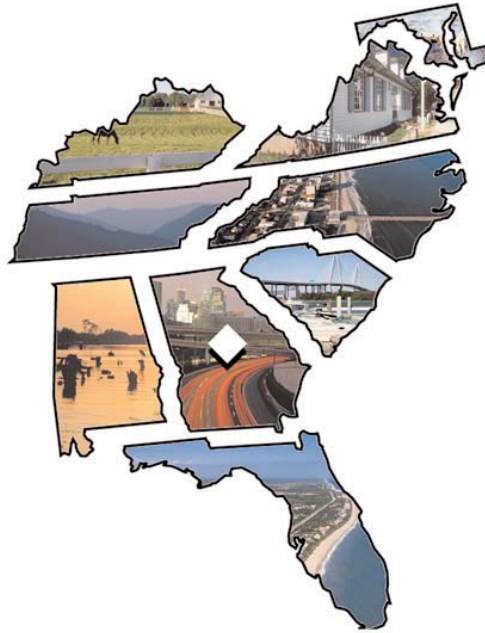
Total thrift assets:
\$183.7 billion

Number of employees:
151

**Number of new
employees in
FY 2008: 11**



John E. Ryan
Regional Director



After enjoying a decade of rapid expansion and favorable economic conditions, thrift institutions in the Southeast Region were challenged in FY 2008 by the slowing growth and disruption in the financial markets that affected the broader national economy.

Although conditions varied markedly within the states composing the Southeast Region, the entire region experienced a degree of contraction in housing, ranging from moderate to severe. This trend hurt loan performance and resulted in significant declines in profitability throughout the region.

The pronounced slowdown in housing activity hit particularly hard in markets that previously benefited from strong home price appreciation and housing growth, such as in Florida, other coastal regions and rapidly developing metropolitan areas. Unprecedented instability in the financial markets

compounded these challenges, putting further stress on the region's institutions. Other events, such as the drought affecting many agricultural areas in the Southeast, contributed to the difficulties.

Fortunately, the OTS Southeast Region entered this difficult period with the resources and experience necessary to manage these risks. The OTS staff in the Southeast Region is a seasoned group of professionals with a depth of experience that brings an enlightened and mature perspective on problems confronting the industry. OTS regional leaders have always emphasized the need for regular and effective communication with industry managers. The region worked closely with the industry during the year to identify troublesome trends and to collaborate to develop effective responses.

Experience counts. The majority of the regional staff has worked through previous economic cycles and downturns in real estate markets. The staff includes 26 employees with more than 30 years each of federal service, including the Regional Director, John Ryan, with more than 45 years of experience in supervising financial institutions.

While the wealth of experience has brought value to the examination process, the region has also strengthened its resources by adding new examiners. In the past three years, the region has hired a large number of new examiners, including 41 in 2006 and 2007. These entry-level examiners have not only provided valuable support to the region's cadre of more experienced examiners, but have also prepared the examination staff for the challenges ahead. The experience that new examiners gain during this current period of stress in the industry equips them well for the demands of the future.

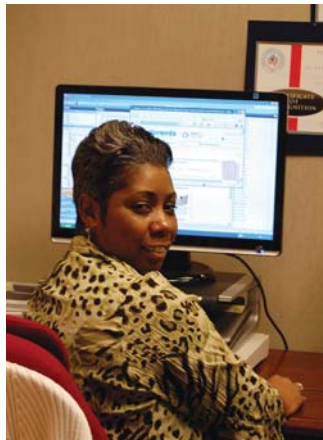
Thrift institutions in the Southeast Region specialize in nearly all aspects of housing finance, from acquisition-and-development loans to multifamily housing loans, single family constructions loans, first mortgage loans, home equity loans and home improvement loans. The industry's focus on providing home financing has been a vital contributor to growth and stability in the housing markets of the region. However, this emphasis has also resulted in a disproportionate impact on OTS-regulated thrifts from the declines in residential real estate values and loan performance during fiscal 2008, particularly in loan portfolios related to land development and construction in previously high growth areas.

In response to the current strain on the industry, the Southeast Region has expanded the scope of risk-focused examinations, shortened timeframes between examinations in many cases and conducted more frequent targeted examinations and field visits. Despite the challenges facing the industry, the vast majority of institutions in the region remain fundamentally sound and well-capitalized, reflecting prudent diversification and lending strategies, sound capital planning and effective risk management practices.

In addition to examining and supervising institutions and holding companies, the Southeast Region continues to sponsor a variety of outreach events to inform the industry and foster open lines of communication. In FY 2008, the region hosted annual Financial Managers seminars in Atlanta and Baltimore, as well as a conference in Atlanta for thrift directors. These

events addressed a broad array of topics essential to effective planning and management in the current environment, including accounting, capital markets, consumer compliance, information technology and safety-and-soundness matters.

The region also held town meetings, where thrift executives and senior regional staff members shared information and candidly discussed concerns. Officials in the region were involved in numerous community events, conferences and schools, including instructing at the American Bankers Association's compliance schools, other trade association seminars and the Graduate School of Banking. The region also



participated on regulatory panels in a variety of forums.

In what as been a challenging year, the OTS Southeast Region takes pride in its service to the thrift industry and local communities, and the positive relationships the regional staff continues to enjoy with all of its constituents ■

