

Office of Thrift Supervision Annual Report

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OTS & the Thrift Charter

The OTS supervises a national thrift industry that is built on the bedrock of the American dream of homeownership — supplying affordable home financing for Americans from all walks of life.

The industry has a long history dating back to 1831 with the establishment of the first savings association, the Oxford Provident Building Association, which made home loans and offered savings accounts. Today, the charter is a vibrant, sophisticated model for running a retail financial services business.

Home mortgages remain a staple of the thrift industry. However, the array of financial products and services offered by many institutions and their holding companies paints a modern-day portrait of great diversification within the industry based on size, complexity and business strategy.

Three unique advantages of the federal thrift charter foster this diversification:

Preemption

The federal thrift charter operates under a comprehensive framework of federal regulations that supersede state and local laws on lending and deposit taking activities. This provides a uniform national standard for lending and deposit taking, thereby reducing regulatory burden and increasing the efficiency of operations at thrift institutions. This authority supports the



delivery of low-cost credit and other services to the public, while maintaining consumer protections and promoting the safety and soundness of federal thrifts and the nation's financial industry.

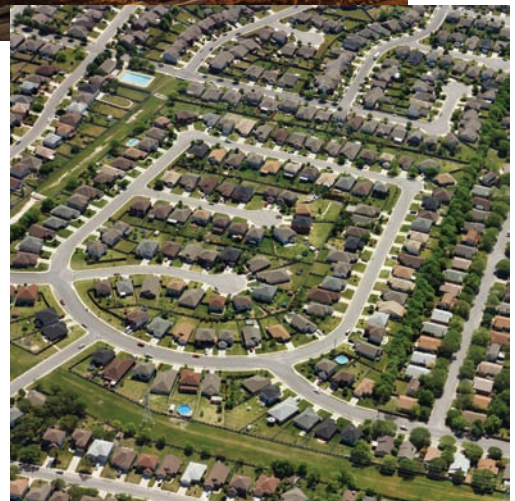
Branching

Federal thrifts enjoy the distinctive ability to establish branches nationwide, seamlessly and without restriction, under a single charter and a single regulator.

Single Regulator

Savings and loan holding companies, and their thrift subsidiaries and affiliates, operate under the consolidated supervision of a single federal regulator, the OTS.

The thrift charter is employed by some of the largest financial enterprises in the world, as well as small, one-office savings associations. Financial institutions from across the nation and a number of international financial firms have found that the thrift charter and the experienced, responsive workforce of the OTS provide an ideal framework for conducting retail banking operations and related financial services activities. The charter enables these institutions to meet the needs of their customers and to innovate effectively, compete and prosper in today's fast-paced financial marketplace ■



Today, the charter is a vibrant, sophisticated model for running a retail financial services business.