

Strategic Focal Points

The thrift charter has seven strategic focal points that continue to distinguish the charter and propel its success and utility to financial services firms. These focal points provide unique advantages to financial services providers currently operating under business models tailored to the charter's strengths and also offer potential opportunities to other financial services firms.

1 Consolidated Supervision

Consolidated Supervision of Savings Associations and Their Holding Companies Streamlines Regulatory Oversight

Seamless supervision of both entities minimizes regulatory duplication.

The OTS utilizes a flexible and seamless approach to its supervisory oversight. Thrift holding companies and affiliates, which range from non-complex companies with limited activities to large, internationally active conglomerates, are examined concurrently with their thrift subsidiaries. OTS examinations are supplemented by off-site monitoring.

For the most complex holding company structures, we conduct continuous supervision. We also streamline our process by coordinating our examination and supervisory efforts with other bank regulatory agencies and functional regulators of related entities, such as securities firms and insurance companies ■

2

Preemption

Unsurpassed Strength of Federal Preemption Authority

Uniform national framework under federal thrift charter permits conducting nationwide operations under a single set of federal laws and regulations for lending and deposit taking.

Federally chartered savings institutions operate under a nationwide scheme of oversight and supervision that is free from the duplication and burden of overlapping regulations by state and local governments. This nationwide lending and deposit taking authority is provided directly by federal statute and has been consistently upheld by the courts, including the U.S. Supreme Court. Pursuant to this authority, the

OTS occupies the field with respect to the oversight of the lending and deposit taking activities of federal thrifts. The OTS administers this authority to ensure maximum flexibility for thrifts to deliver low-cost credit and other services to the public, consistent with strong and appropriate consumer protections, and safe and sound banking operations ■

3

Branching

Nationwide Branching Offers Room for Growth

The thrift charter provides the freedom to establish branches across state lines without restriction or condition.

Coupled with strong federal preemption authority, the unique branching opportunities afforded federally chartered thrifts form an ideal framework for conducting a nationwide retail financial services business. Federal thrifts can grow across the nation, operating under a

single charter and a single set of regulations, and subject to oversight by a single federal regulator, the OTS. Federal thrifts have taken full advantage of this branching capability by establishing more than 10,000 branches, with nearly 40 percent of these branches across state lines ■

4

Diversity

The Flexible Framework of the Thrift Charter Appeals to a Wide Range of Business Operating Strategies

Modern business strategies venture far beyond the traditional thrift model.

The range of business activities permissible under the thrift charter span a spectrum that runs from locally focused community banks to innovative nationwide lenders, international conglomerates with Internet-based strategies, Wall Street firms that use the charter to complement their existing securities

business activities and major insurance companies. Although the thrift industry continues to be built on the foundation of American homeownership, the charter is a vibrant and innovative vehicle for conducting a financial services enterprise in today's ever-changing marketplace ■

5

Mutuality

Mutual Ownership of Thrifts Supports America's Communities

People who work together and live together can combine financial resources for a brighter economic future.

The history of the mutual form of thrift ownership is as old as the industry itself, dating to the formation in 1831 of the first savings association — the Oxford Provident Building Association. By buying shares in the association and pooling their money, association members came together to realize the dreams of homeownership that had been out of reach. Free from stockholder calls for larger returns, mutual thrifts still tend to be small, locally focused institutions that are woven into the

fabric of the communities they serve. The agency tailors its examination procedures and off-site monitoring systems to the unique characteristics and operations of these mutuals. Despite an increasing number of conversions to stock ownership, mutuals continue to play an important role in providing financial services to communities across America. Almost 40 percent of the thrifts supervised by OTS — with \$65 billion in assets — are mutually owned ■

6 Regulatory Approach

The OTS Is Dedicated to Expert, Responsive Supervision

Regulatory approach defines clear boundaries while minimizing burden.

At the OTS, we focus our regulatory approach on maintaining a thriving, safe-and-sound thrift industry that complies with applicable regulations and protects consumers. We strive to achieve that goal with a minimum of burden on the industry. We have an

expert staff that is lean, accessible and hands-on. Our business-oriented approach allows savings banks to innovate, compete and prosper, but firmly ensures that growth remains consistent with the best principles of banking and consumer protection ■

7 International

The Thrift Industry Is Part of a Global Financial Marketplace

Worldwide financial conglomerates supervised by the OTS operate in more than 100 countries.

OTS-supervised holding companies hold about \$8.5 trillion in U.S. domiciled assets. As these enterprises continue to expand their international operations, OTS officials are further extending their coordination with international regulators to ensure effective supervision with minimal regulatory overlap. In a striking sign of how well other nations regard the quality of OTS supervision, the OTS

has achieved the designation under European law as the equivalent consolidated supervisor for GE Capital Services, Ltd., AIG Inc. and Ameriprise Financial Group. With the growing globalization of financial services, the OTS works with fellow regulators across the world to gain a broad international perspective on each commonly-supervised firm's risk profile and financial performance ■