

Press Releases

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OTS 09-066 - Thrift Industry Posts Another Break-Even Quarter

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Washington, D.C. — The U.S. thrift industry broke even for the second consecutive quarter in the third quarter of 2009, the Office of Thrift Supervision (OTS) reported today.

The industry's profit of \$1.3 billion for the third quarter, or 0.49 percent of average assets – a significant improvement from the losses of 2008 and early 2009. However, \$1.1 billion of the third quarter profit resulted from a non-operating gain at one thrift. Without that gain, the industry's net income would have been \$200 million – essentially breaking even.

Third quarter earnings were buoyed by higher net interest margins and other factors, but continued to be dampened by an additional \$4.9 billion in loan loss provisions. The increase in loan loss provisions, which remained at near-record levels, reflected increases in delinquent loans and other problem assets – a direct result of the continued housing market downturn and rising unemployment.

"We see some encouraging signs, but we also see signs that give us pause," said OTS Acting Director John E. Bowman. "We will continue to expect that the thrift industry remain vigilant in case the economic recovery is prolonged."

The industry's financial fundamentals continued to be stable, which will help the industry to weather the economic downturn.

In other highlights:

- Capital continued to be solid, with 95.8 percent of all thrifts, holding 95.9 percent of industry assets, exceeding "well-capitalized" regulatory standards.
- Profitability, as measured by return on average assets, was 0.49 percent in the third quarter, an improvement from a negative 0.03 percent in the previous quarter and from a negative 1.48 percent in the third quarter a year ago.
- Troubled assets (noncurrent loans and repossessed assets) were 3.63 percent of assets at the end of the third quarter, up from 3.5 percent at the end of the previous quarter and from 2.4 percent a year ago.
- The number of problem thrifts – with composite examination ratings of 4 or 5 – was 43, up from 40 in the previous quarter and 23 one year ago.
- At the end of the third quarter, the OTS supervised 780 thrifts with assets of \$1.07 trillion, as well as 452 holding company enterprises with approximately \$5.5 trillion in U.S. domiciled consolidated assets.

More details, as well as charts and selected indicators, are available on the OTS website at <http://www.ots.treas.gov>.