

Press Releases

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OTS 96-36 - Fiechter Reports One-Time Restructuring Gains Boost Thrifts' First Quarter

Office of Thrift Supervision

News Release

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ONE-TIME RESTRUCTURING GAINS BOOST THRIFTS' FIRST QUARTER

WASHINGTON, D.C., June 3, 1996 -- The nation's thrift industry's total profits in the first quarter rose to \$1.8 billion compared with \$1.3 billion in the fourth quarter of 1995 and \$1.2 billion a year ago, the Office of Thrift Supervision (OTS) reported today.

The sharp increase was attributed primarily to one-time restructuring gains, OTS Acting Director Jonathan Fiechter reported.

The earnings in the quarter were a record, with a return on assets (ROA) of 96 basis points. Core earnings, which do not include one-time restructuring gains and charges to income, remained consistent with the level over the past four years, Fiechter said. Core ROA was 79 basis points, up from 71 in the previous quarter. Median ROA was 76 basis points in the first quarter, up from 73 basis points the prior quarter.

Deposits at OTS-regulated thrifts who are members of the Savings Association Insurance Fund (SAIF) fell by more than \$8 billion. Thrifts' higher deposit insurance premiums -- a difference of 23 cents per \$100 of deposits over premiums charged banks -- is prompting thrift managers to find alternatives to SAIF-insured deposits to fund loans, and is shrinking the deposit base that funds the interest payments on the Financing Corporation (FICO) bonds, Fiechter said.

The ratio of thrifts' assets funded by deposits fell to an all-time low of 69.2 percent in the first quarter.

The industry's equity capital climbed to a new high of 8.08 percent of total assets in the first quarter, up from 8.02 percent in the fourth quarter. As of March 31, 97 percent of the 1,416 OTS-regulated institutions met or exceeded the highest regulatory capital standard -- "well capitalized."

On a less positive note, thrifts reported increases in troubled assets, which rose by \$143.8 million to \$9.7 billion, or 1.26 percent of total assets, in the first quarter. The major component of thrift troubled assets, noncurrent single-family mortgage loans, rose to their highest level since mid-1994. Noncurrent single family mortgage loans stood at 1.36 percent of all such loans at March 31. Noncurrent consumer loans also rose to 0.80 percent of all consumer loans as of March 31.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.