

Press Releases

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OTS 04-14 - Thrift Profitability Remains Strong in First Quarter

Office of Thrift Supervision

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THRIFT PROFITABILITY REMAINS STRONG IN FIRST QUARTER

WASHINGTON - The Office of Thrift Supervision (OTS) announced today that the nation's thrift industry reported another quarter of sound financial results. The industry's continued healthy performance was highlighted by strong earnings, record equity capital and solid asset growth. Asset quality also remains strong, with problem loans falling to near record lows. Industry earnings were \$3.34 billion in the first quarter of 2004, up slightly from the first quarter of 2003, and down three percent from \$3.44 billion in the fourth quarter of 2003. This marked the fifth consecutive quarter that income topped the \$3 billion mark. The industry's capital position also remains strong, rising to a record level of \$106.3 billion in the first quarter, while its equity capital ratio of 9.2 percent of assets matched the previous high at the end of 2002. Only one thrift was less than adequately capitalized at the end of the first quarter.

Industry assets increased 10.5 percent during the quarter, to \$1.16 trillion, while asset quality improved for most loan types and remained strong for all loan types over the year. Credit quality also remained strong and stable. Troubled assets, which consist of noncurrent loans and repossessed assets, decreased to 0.61 percent of assets from 0.67 percent in the prior quarter.

The number of problem thrifts -- those with composite examination ratings of 4 or 5 -- shrank by five during the year; seven problem thrifts remain on OTS's supervisory watch list. Total assets of problem thrifts declined to \$550 million at the end of the first quarter from \$2.4 billion in the first quarter one year ago, and \$636 million at year-end 2003.

Thrift Industry Highlights

Thrift Industry Charts - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2004-14a.pdf>

Thrift Industry Selected Indicators - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2004-14b.pdf>

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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's 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 visit the OTS web page at www.ots.treas.gov.