

Press Releases

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OTS 09-029 - Loss Narrows as Thrift Industry Rebounds in First Quarter of 2009

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Washington, D.C. — The U.S. thrift industry rebounded in the first quarter of 2009, reporting a loss of \$47 million — the best performance since September 2007, the Office of Thrift Supervision (OTS) reported today.

“We are seeing encouraging signs in the performance of the thrift industry,” said Acting Director John E. Bowman. “Although it’s too early to say we’ve hit bottom or that the industry’s troubles are behind us, fundamentals such as solid capital, strong levels of loan loss reserves and improving operating income give the industry a solid platform for the future.”

During the quarter, 74 percent of thrifts were profitable, up from 65 percent in the fourth quarter of 2008. The improved profitability reflected lower loan-loss provisions of \$5.8 billion in the quarter, down from \$9.3 billion in the previous quarter. Although loan loss provisions declined, they remained elevated and were the fifth highest on record.

In a sign that significant challenges remain for the industry, troubled assets rose during the quarter and the number of problem thrifts continued to creep upward.

In other highlights:

- Capital remained solid, with 96.5 percent of all thrifts, holding 95.8 percent of industry assets, exceeding “well-capitalized” regulatory standards.
- Profitability, as measured by return on average assets, was a negative 0.02 percent in the first quarter, an improvement from the negative 1.82 percent in the previous quarter and the negative 0.17 percent in the first quarter a year ago.
- The number of problem thrifts — those with composite examination ratings of 4 or 5 — was 31, up from 26 in the previous quarter.
- At the end of the first quarter of 2009, the OTS supervised 801 thrifts with assets of \$1.23 trillion, as well as 463 holding company enterprises with about \$5.0 trillion in U.S. domiciled consolidated assets.

More details, as well as charts and selected indicators, are available at <http://www.ots.treas.gov/?p=IndustryPerformance>.