

## Press Releases

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**OTS 01-37 - Q1 2001 - OTS Reports Highest Quarterly Earnings Since March 2000; 1-4 Family Mortgage Originations Near Record Level**

### Office of Thrift Supervision

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For further information

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## **OTS Reports Highest Quarterly Earnings Since March 2000; 1-4 Family Mortgage Originations Near Record Level**

WASHINGTON - Earnings for the nation's thrift industry jumped 12 percent in the first quarter of 2001 to \$2.16 billion, the Office of Thrift Supervision (OTS) reported today. In its First Quarter 2001 Thrift Industry Data Report, OTS said that earnings were the highest since the first quarter of 2000 when they stood at \$2.23 billion. Earnings were at \$1.93 billion at the end of last quarter.

OTS Director Ellen Seidman attributed the strong first quarter numbers in part to the near record levels of 1-4 family mortgage originations. "These mortgage originations rose sharply in the first quarter to \$74.3 billion, up 34 percent from \$55.3 billion in the fourth quarter," she said. "The dramatic increase during the quarter was fueled by declining interest rates." The record, \$81.5 billion, was set during the fourth quarter of 1998.

On their quarterly Thrift Financial Reports, the industry reported assets of \$953 billion, up nearly three percent for the quarter.

The return on average assets (ROA), a key indicator for the industry, was 0.92 percent in the first quarter, up from 0.84 percent in the fourth quarter. "The improvement in ROA was driven by the growth in net interest margin, up nine basis points," said Ms. Seidman.

The percent of troubled assets for the thrift industry, which include noncurrent loans and repossessed assets, stood at 0.62 percent at the end of the quarter, near the record low of 0.58 set last year, and 98 percent of the thrift industry met well-capitalized standards. Only four thrifts were less than adequately capitalized, and each of them has an OTS-approved capital plan in place.

Other highlights from the report include:

- The number of thrift institutions regulated by OTS was 1,059 at the end of the first quarter, down nine from the previous quarter. During the period, 17 thrifts left OTS

supervision, mostly due to charter conversions and acquisitions, and there were eight new entrants, including five start-up charters.

- The number of problem thrifts - those with the two lowest examination ratings, 4 and 5 - decreased by one to 14, or 1.3 percent of the industry. Assets of these problem thrifts totaled \$5 billion, a drop of \$2 billion from the previous quarter and only 0.5 percent of all thrift assets.
- Noncurrent loans - loans past due 90 days or more - showed some slight deterioration in the first quarter, but are at still relatively low levels. Most of the deterioration came in the commercial, construction and land, and nonresidential sectors which together constitute 10 percent of industry assets.
- Thrift loan portfolios grew two percent during the first quarter compared to 1.4 percent during the first quarter of 2000. The 1-4 family mortgage loan portfolio, which constitutes nearly half of total industry assets, grew from \$448 to \$458 billion during the first quarter, an annual growth rate of nine percent.

A copy of the first quarter 2001 Thrift Industry Data Report is available on the OTS web page, <http://www.ots.treas.gov>.

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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](http://www.ots.treas.gov).