

Press Releases

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OTS 10-007 - Thrift Industry Breaks Even in 2009

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Washington, D.C. — U.S. thrift industry earnings showed signs of stabilizing in 2009 as the industry posted a profit of \$505 million in the fourth quarter and essentially broke even for the year, the Office of Thrift Supervision (OTS) reported today.

The industry reported net income of \$29 million in 2009, its first positive annual net income since 2006. The industry had net losses of \$15.9 billion in 2008 and \$649 million in 2007. In 2009, profits in the final two quarters offset losses in the first two quarters.

"Although we are encouraged that industry performance has moved in a positive direction, unemployment is still running high and home prices are still down in many parts of the country," said OTS Acting Director John E. Bowman. "Too many people continue to struggle to pay their mortgages, too many people are underwater in their mortgages and financial institutions continue to deal with high levels of loan delinquencies and foreclosures."

The industry continued to prepare for future asset quality challenges by building its provisions for loan losses in the fourth quarter of 2009, adding \$3.9 billion, or 1.65 percent of average assets. That was the eighth highest level on record, though down from higher levels in 2008 and earlier in 2009.

The industry also continued to maintain a solid capital cushion, with equity capital of 10.7 percent of assets at the end of 2009, up from 8.9 percent a year earlier.

In other highlights:

- At the end of the fourth quarter, 96.9 percent of the industry exceeded "well-capitalized" regulatory standards and 19 thrifts were less than adequately capitalized.
- Profitability, as measured by return on average assets, was flat (zero percent) in 2009, an improvement from a negative 1.17 percent in 2008 and a negative 0.04 percent in 2007. In the fourth quarter of 2009, profitability was 0.22 percent, up from a negative 1.82 percent in the fourth quarter a year earlier, but down from 0.46 percent in the third quarter.
- Troubled assets (noncurrent loans and repossessed assets) fell to 3.25 percent of assets in the fourth quarter from 3.65 percent in the previous quarter, but up from 2.54 percent one year earlier.

- The number of problem thrifts – with composite examination ratings of 4 or 5 – was 43, unchanged from the previous quarter and up from 26 one year earlier.
- At the end of 2009, the OTS supervised 765 thrifts with assets of \$941.7 billion, as well as 446 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 www.ots.treas.gov.