

Press Releases

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OTS 10-041 - Despite Continuing Challenges, U.S. Thrift Industry Reports Profit for Fourth Consecutive Quarter

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CONTACT:

William Ruberry
(202) 906-6677

Washington, D.C. — The U.S. thrift industry reported a profit of \$1.49 billion in the second quarter 2010, the fourth consecutive quarterly profit for the industry, the Office of Thrift Supervision (OTS) reported today.

However, thrifts continued to face challenges from delinquent loans, while the number of problem thrifts continued to inch upward as the overall number of thrifts and thrift assets declined.

The second quarter profit was down from \$1.72 billion in the previous quarter, but up from a loss of \$94 million in the second quarter one year earlier.

"The thrift industry has clearly improved from the height of the recession but has certainly not recovered in full," noted OTS Acting Director John E. Bowman. "The performance of the industry reflects the state of the overall economy and the stresses from high unemployment, weakness in the housing market and the spread of weakness to the commercial real estate market."

Managers of thrift institutions continued to prepare for challenges ahead by adding \$2.3 billion in provisions for loan losses and by maintaining solid capital levels.

In other highlights:

- At the end of the second quarter, 93.4 percent of the industry reported capital exceeding "well-capitalized" regulatory standards. Only 16 thrifts were less than adequately capitalized.
- Profitability, as measured by return on average assets, was 0.64 percent in the second quarter, down from 0.73 percent in the previous quarter, but up from a negative 0.03 percent in the second quarter a year earlier.
- Troubled assets (noncurrent loans and repossessed assets) fell to 3.21 percent of assets at the end of the second quarter, from 3.28 percent at the end of the previous quarter and from 3.5 percent one year earlier.

- The number of problem thrifts – with composite examination ratings of 4 or 5 – increased to 54 thrifts at the end of the second quarter, from 50 thrifts at the end of the previous quarter and from 40 thrifts a year earlier.
- At the end of the second quarter, the OTS supervised 753 thrift institutions with assets of \$931.2 billion, as well as 441 holding company enterprises with approximately \$4.1 trillion in U.S. domiciled consolidated assets. At the end of the previous quarter, the OTS supervised 757 thrift institutions with assets of \$949.8 billion.

More details, as well as charts and selected indicators, are available on the OTS website at www.ots.treas.gov.