OTS 10-050 - U.S. Thrift Industry Shows Continued Stability in Third Quarter

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Washington, D.C. — The U.S. thrift industry continued to stabilize in the third quarter of 2010, the Office of Thrift Supervision (OTS) reported today.

The industry posted profits of $1.77 billion, marking the fifth consecutive quarter of profitability after losses from the fourth quarter of 2007 through the first half of 2009. Third quarter 2010 profits were up from $1.49 billion in the previous quarter and from $1.24 billion in the third quarter of 2009.

However, the number of problem thrifts remained high, troubled assets increased slightly and provisions for loan losses remained elevated, demonstrating that thrifts continued to face pressures from delinquent loans and economic forces, such as high unemployment and weakness in the markets for housing and commercial real estate.

"The performance of our nation’s thrift industry in the third quarter was mixed,” observed OTS Acting Director John E. Bowman. “The industry’s profitability was encouraging, but other indicators reminded us that economic stresses – particularly from unemployment – continued to take a toll.”

Thrift managers prepared for future pressures by adding $2.12 billion to loan loss provisions in the third quarter and maintaining strong capital.

In other highlights:

- At the end of the third quarter, 93.1 percent of the industry reported capital exceeding “well-capitalized” regulatory standards. Only seven thrifts were less than adequately capitalized.

- Profitability, as measured by return on average assets, was 0.77 percent in the third quarter, up from 0.64 percent in the previous quarter and from 0.46 percent in the third quarter a year earlier.

- Troubled assets (noncurrent loans and repossessed assets) were 3.45 percent of assets at the end of the third quarter, up from 3.35 percent at the end of the previous quarter, but down from 3.65 percent one year earlier.
The number of problem thrifts – with composite examination ratings of 4 or 5 – stood at 53 thrifts at the end of the third quarter, down from 54 thrifts at the end of the previous quarter, but up from 43 thrifts a year earlier.

At the end of the third quarter, the OTS supervised 741 thrift institutions with assets of $927.9 billion, as well as 436 holding company enterprises with approximately $4.2 trillion in U.S. domiciled consolidated assets. At the end of the previous quarter, the OTS supervised 753 thrift institutions with assets of $931.1 billion.

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