

Press Releases

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OTS 96-16 - Thrifts Earn \$13 Billion in Fourth Quarter Amid Caution Signs

Office of Thrift Supervision

News Release

FOR RELEASE AT END OF

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For further information

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THRIFTS EARN \$1.3 BILLION IN 4th QUARTER AMID CAUTION SIGNS

WASHINGTON, D.C., March 6, 1995 -- The nation's thrift industry recorded net income of \$1.3 billion in the fourth quarter of 1995 and \$5.4 billion for all of 1995, the Office of Thrift Supervision (OTS) reported today. The industry earned \$4.3 billion in 1994.

While aggregate 1995 profits were a record, OTS Acting Director Jonathan Fiechter cautioned that thrifts' return on average assets (ROA) has settled into a range of around 70 basis points, which he described as "lackluster."

Median ROA also declined for the second straight quarter to 73 basis points, the lowest level in the past four years.

Equity capital continued to climb to a new high of 8.02 percent in the fourth quarter, breaking the previous record of 7.88 percent in the third quarter. Thrifts' capital levels are now almost double the requirement for an adequately capitalized institution. Of the 1,437 institutions at year-end, 97 percent were well capitalized. Only five institutions, with \$670 million in total assets, were below regulatory capital standards.

The industry has been building up capital in anticipation of the proposed one-time \$6 billion premium assessment to capitalize the Savings Association Insurance Fund (SAIF), Fiechter said, "which hopefully will be done while the industry is able and willing to pay."

Problem thrifts, those rated 4 or 5, declined to 41 from 49 in the third quarter and 53 institutions one year ago. Assets of problem thrifts dropped to \$11 billion from \$13 billion in the third quarter and \$30 billion a year ago.

For the first time in 15 quarters, the industry's ratio of troubled assets to total assets did not improve, remaining unchanged at 1.23 percent at the end of both the third and fourth

quarters. Non-performing single family mortgage loans and consumer loans also increased slightly for the second consecutive quarter.

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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' 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 call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.