

Press Releases

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OTS 02-27 - OTS Reports Record Quarterly Earnings, Profitability for Thrift Industry

Office of Thrift Supervision

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For further information

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OTS Reports Record Quarterly Earnings, Profitability for Thrift Industry

WASHINGTON - The Office of Thrift Supervision today reported record thrift industry quarterly earnings of \$3 billion for the first quarter of 2002. "This marks the sixth consecutive quarter of earnings growth and the fourth consecutive quarter of record earnings," said OTS Director James E. Gilleran. "While these figures reflect the favorable mortgage interest rate environment, they also demonstrate the health of the thrift industry and the value of the thrift charter."

Industry earnings for the first quarter of 2002 were up 41 percent from the first quarter of 2001. Profitability, as measured by return on average assets, hit a record 1.23 percent in the first quarter. Gilleran credits this rise to positive mortgage loan servicing fee income, lower noninterest expense and expansion of net interest margin.

Gilleran reported that thrift industry assets climbed to \$998 billion from \$978 billion at the end of 2001. The number of institutions supervised by OTS fell to 1,007 at the end of the first quarter from 1,019 in the prior quarter.

OTS reports that industry capital measures are well in excess of minimum requirements, with increases in every category in the first quarter. The industry's average equity capital ratio grew to 8.72 percent from 8.13 percent in the prior quarter and 8.05 percent in the first quarter a year ago. Gilleran reports that, "More than 98 percent of the industry exceeded well-capitalized standards, and well-capitalized thrifts held 99.9 percent of industry assets."

One-to-four family mortgage originations and sales in 2002 eclipsed the industry's record pace of 2001, when originations totaled \$398 billion and sales totaled \$403 billion. OTS reports industry figures of \$97 billion for originations and \$118 billion for sales in the first quarter of 2002 compared to \$74 billion and \$60 billion respectively in March 2001.

The number of problem thrifts remains low, with a slight increase, from 16 to 19, in the number of institutions with CAMELS ratings of 4 or 5. Of the 71 thrifts rated 3, 90 percent were well capitalized, providing some cushion to address their problems.

Based on preliminary interest rate risk figures, the number of thrifts with lower risk increased from 71 to 73 percent and thrifts with higher risk fell from seven to six percent.

A copy of OTS's first quarter 2002 Thrift Industry Data Report is posted on the agency's web site: www.ots.treas.gov.

Thrift Industry Highlights Q1 2002 - (Dated 05/29/2002) - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2002-27a.pdf>

Thrift Industry Charts Q1 2002 - (Dated 05/29/2002) - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2002-27b.pdf>

Selected Indicators Q1 2002 - (Dated 05/29/2002) - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2002-27c.pdf>

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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.