

## Press Releases

---

February 19, 2003

### OTS 03-05 - Thrifts Earn Record \$11.8 Billion In 2002; Thrift Assets Grow To \$1 Trillion

#### Office of Thrift Supervision

FOR RELEASE at 3:00 P.M. EST

For further information

Wednesday, February 19, 2003

Contact: Sam Eskenazi

OTS 03-05

202/906-6677

---

### Thrifts Earn Record \$11.8 Billion In 2002; Thrift Assets Grow To \$1 Trillion

WASHINGTON - The thrift industry had back-to-back record-setting earnings years, the Office of Thrift Supervision reported today.

"Last year was the best year in thrift industry history," OTS Director James E. Gilleran said, "with earnings reaching \$11.8 billion in 2002, following record earnings of \$10.2 billion in 2001."

Fourth quarter earnings of \$3.0 billion were the second best reported after the \$3.1 billion record set in the year's first quarter.

Annual profitability, as measured by the return on assets, broke a 56-year-old record of 1.20 percent set in 1946 as it reached 1.21 percent in 2002. Return on assets for the fourth quarter was 1.20 percent.

Thrift assets topped \$1 trillion in 2002, up from \$978 billion a year ago. The last time thrift industry assets surpassed \$1 trillion was in 1990.

"These last few years have generally been great years to be in the thrift business," said Mr. Gilleran. "Present indications are that the industry will achieve favorable results in the first quarter of 2003 aided by the current low interest rate environment, which has led to record refinancing."

While there has been an increase in troubled assets for thrifts from 0.70 to 0.75 percent of total assets between 2001 and 2002, the number of problem thrifts decreased from 16 to 14, and those thrifts had just \$2.6 billion in assets, approximately 0.3 percent of total industry assets.

"Although the thrift industry as a whole continued to maintain excellent asset quality throughout the year," Mr. Gilleran said, "there were fourth quarter increases in delinquencies

among certain loan types, especially real estate loans for 1-4 family homes." Troubled loans in that category ticked up to 0.93 percent at the end of the year, up from 0.81 percent at the end of 2001 and 0.79 percent at the end of the third quarter. One-to-four family mortgage loans represent nearly 48 percent of the industry's total assets.

Mr. Gilleran reported that at the end of 2002, 99 percent of all thrifts holding 99.9 percent of industry assets exceeded well-capitalized standards. Only two small thrifts were less than adequately capitalized at year-end. The number of thrifts at the end of the year stood at 974, down from 1,019 a year earlier. The reduction was due primarily to mergers and acquisitions. There was one thrift failure in 2002. It was due to fraud at an institution with \$51.6 million in assets.

Other highlights of the report include:

- The number of three-rated thrifts remained at 72 from a year ago, but the assets of those thrifts climbed from \$26 billion to \$41 billion.
- Thrift 1-4 family mortgage originations set records for the year at \$472 billion, and for the fourth quarter at \$160 billion, both records, as a new wave of mortgage refinancing activity jumped to an estimated 45 percent of all 1-4 family mortgage originations for the year and 55 percent in the fourth quarter, and sales of new and existing homes remained at or near record levels.
- The equity capital ratio for the industry was 9.2 percent at the end of 2002, a new record.

OTS will report on the fourth quarter interest rate risk of the thrift industry in mid-March. The risk level at the end of the third quarter improved to a record low.

The fourth quarter 2002 thrift industry report, including charts and tables, is posted on the OTS web site: [www.ots.treas.gov](http://www.ots.treas.gov).

Thrift Industry Highlights - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2003-05a.pdf>

Thrift Industry Charts - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2003-05b.pdf>

Thrift Industry Selected Indicators - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2003-05c.pdf>

###

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](http://www.ots.treas.gov).