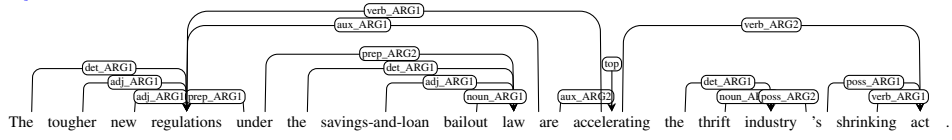


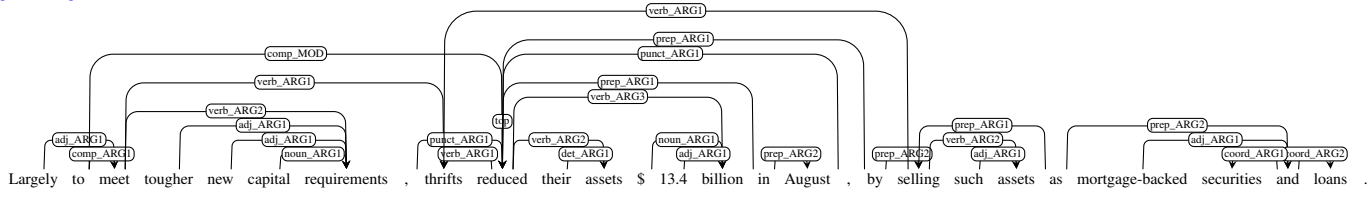
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[21293001]



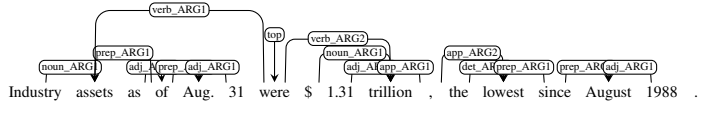
The tougher new regulations under the savings-and-loan bailout law are accelerating the thrift industry's shrinking act .

[21293002]



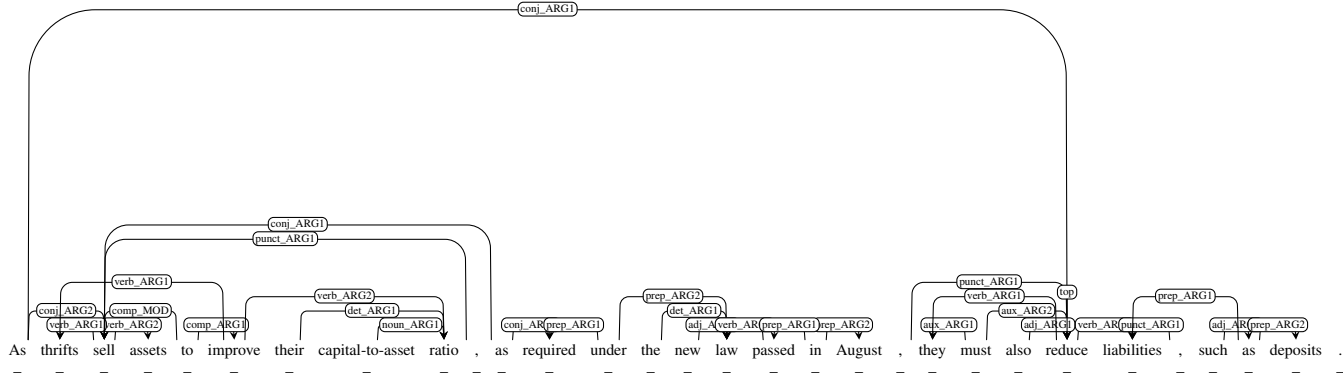
Largely to meet tougher new capital requirements, thrifts reduced their assets \$ 13.4 billion in August, by selling such assets as mortgage-backed securities and loans .

[21293003]



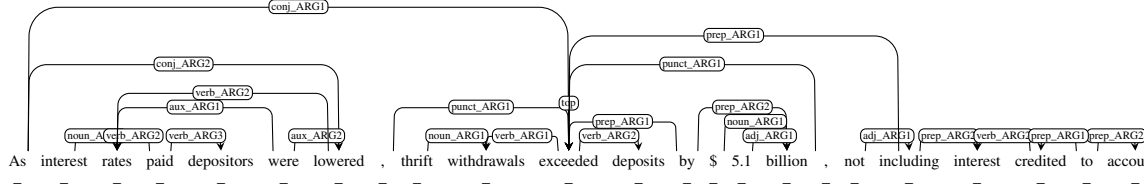
Industry assets as of Aug. 31 were \$ 1.31 trillion, the lowest since August 1988 .

[21293004]



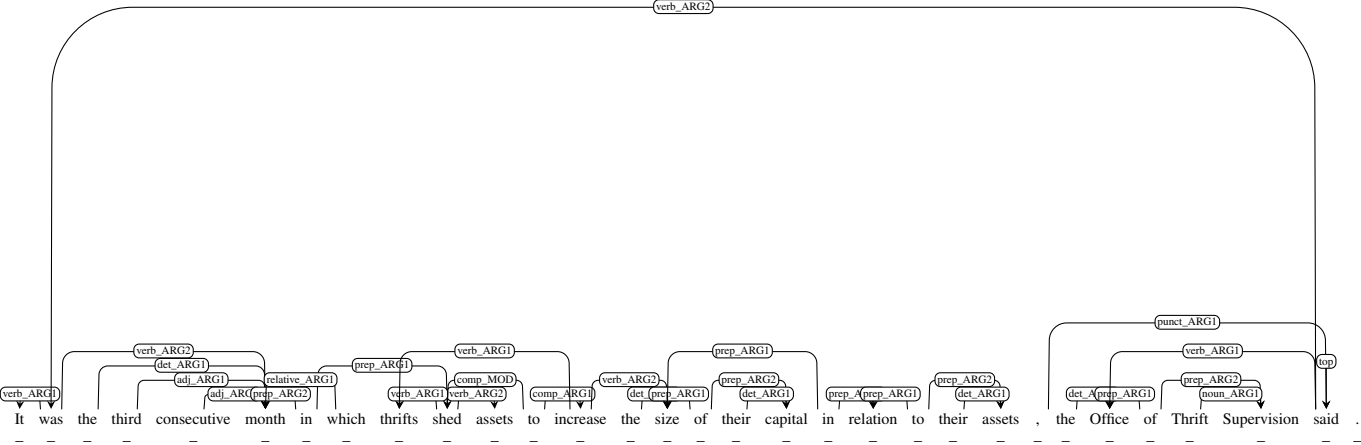
As thrifts sell assets to improve their capital-to-asset ratio, as required under the new law passed in August, they must also reduce liabilities, such as deposits .

[21293005]



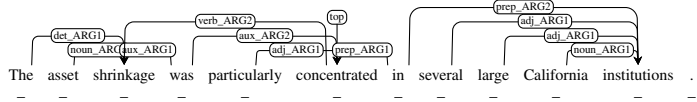
As interest rates paid depositors were lowered, thrift withdrawals exceeded deposits by \$ 5.1 billion, not including interest credited to accounts .

[21293006]



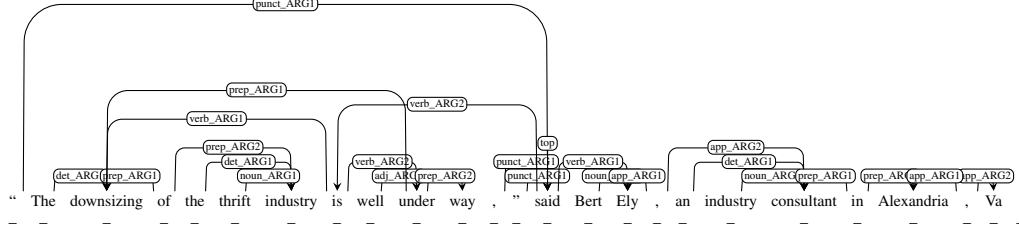
It was the third consecutive month in which thrifts shed assets to increase the size of their capital in relation to their assets, the Office of Thrift Supervision said .

[21293007]



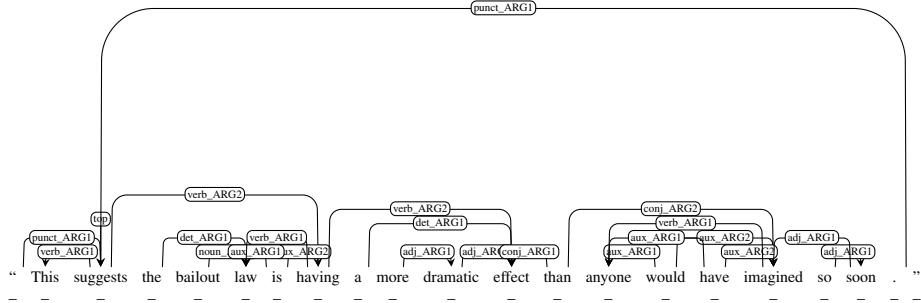
The asset shrinkage was particularly concentrated in several large California institutions .

[21293008]



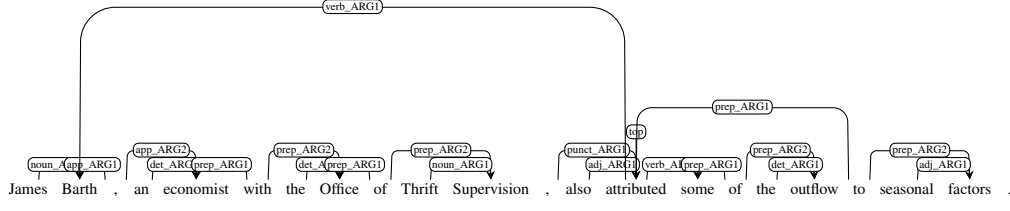
" The downsizing of the thrift industry is well under way , " said Bert Ely , an industry consultant in Alexandria , Va .

[21293009]



" This suggests the bailout law is having a more dramatic effect than anyone would have imagined so soon . "

[21293010]



James Barth , an economist with the Office of Thrift Supervision , also attributed some of the outflow to seasonal factors .

[21293011]

