



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-142-87 (8-12-87)

FDIC INSURANCE FUND POSTS MODEST MID-YEAR GAIN

The Federal Deposit Insurance Corporation insurance fund grew by about \$164 million during the first half of 1987 despite a record number of insured bank failures, according to unaudited mid-year financial data presented today to the FDIC Board of Directors.

At the end of the first half of 1987, the banking industry's insurance fund stood at \$18.4 billion. The FDIC had dealt with 96 bank failures and provided financial assistance to four insured banks compared to 66 bank failures and one assistance transaction during the first half of 1986.

Stanley J. Poling, director of the FDIC's Division of Accounting and Corporate Services, told the Board of Directors total revenues at June 30 stood at \$1.7 billion. Poling said administrative operating expenses amounted to \$95 million while liquidation expenses and insurance losses totaled \$1.4 billion, almost all of which represented an addition to the FDIC's allowance for losses.

Poling said that if the rate of bank failures experienced during the first half of the year continues through December and the FDIC's corporate assets continue to increase, the insurance fund will end the year at a break-even level or post a modest gain over the \$18.2 billion total for year-end 1986.

-more-

The positive mid-year results are largely due to strong collections by the Division of Liquidation, more use of financial assistance transactions and use of the new "whole bank" purchase and assumption transactions, Poling said. "Together, these activities have stabilized our liquidation portfolio," he commented.

The Division of Liquidation held approximately 175,000 assets in its failed bank portfolio on June 30, 1987, down from 192,000 assets at year-end 1986, Poling said. The book value of these assets remained relatively stable at \$10.9 billion. *

###