



NEWS RELEASE

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FDIC INSURANCE FUND POSTS MODEST GAIN IN 1987

The Federal Deposit Insurance Corporation insurance fund grew by \$48.5 million during calendar year 1987 despite a record number of insured bank failures, according to unaudited year-end financial data presented today to the FDIC Board of Directors.

At the end of 1987, the banking industry's insurance fund stood at \$18.3 billion, up modestly from the \$18.25 billion reported at the end of 1986. Preliminary data indicate the ratio of insurance fund assets to insured deposits was 1.10 percent. The FDIC had dealt with 184 bank failures and provided financial assistance to 19 insured banks compared to 138 banks failures and seven assistance transactions during 1986.

Stanley J. Poling, director of the FDIC's Division of Accounting and Corporate Services, told the Board of Directors total revenues for the year were \$3.3 billion. Mr. Poling said administrative operating expenses amounted to \$202 million while liquidation expenses and insurance losses totaled \$3.1 billion, almost all of which represented an addition to the FDIC's allowance for losses on assets acquired from failed banks for liquidation.

Mr. Poling said that financial results, awaiting completion of an audit by the General Accounting Office, were as predicted throughout the year -- at a break-even level to modest gain for the year.

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The fact that 1987 results were positive is encouraging in view of the record number of bank failures and assistance transactions, which included the full cost of the First City Bancorporation, Houston, Texas, assistance transaction, the second largest in the history of FDIC. Furthermore, new approaches to handling bank failures during 1987 enabled the FDIC to maintain its cash and U.S. Treasury investments at \$16.1 billion, down only slightly from year-end 1986.

The Division of Liquidation's portfolio of assets acquired from failed institutions remained at approximately \$11.5 billion, the same level as 1986, Mr. Poling said. Aggressive management of the liquidation portfolio and efforts to maintain assets of failed banks in private hands were responsible for this stability.

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FEDERAL DEPOSIT INSURANCE CORPORATION
NET ASSESSMENT INCOME CREDIT COMPUTATION
Calendar Year 1987
(In Thousands)

Gross Assessment Income - C.Y. 1987		\$1,691,647
Less Net Losses and Expenses:		
- Carry-Over from C.Y. 1986	\$2,589,359	
- 1987 Expenses		
● Administrative	202,381	
● Merger Assistance	5,779	
● Provision for Insurance Losses	3,038,518	
● Lending Costs	13	
Total Losses & Expenses		<u>5,836,050</u>
Excess of Losses and Expenses Over Gross Assessment Income		4,144,403
Assessment Credit Adjustment - Prior Year		<u>(1,022)</u>
Net Excess of Losses and Expenses Over Gross Assessment Income - C.Y. 1987		<u>\$4,143,381</u>

FEDERAL DEPOSIT INSURANCE CORPORATION
COMPARATIVE FINANCIAL INFORMATION (in \$Billions)

RESULTS OF OPERATIONS	For Year Ending 12/31/85	For Year Ending 12/31/86	For Year Ending 12/31/87 ¹
Income	3.385	3.301	3.316
Operations Expense	.179	.180	.202
Liquidation/Insurance Losses and Expenses	1.778	2.825	3.065
Net Income	1.428	.296	.049
Beginning Fund	16.529	17.957	18.253
Ending Fund	17.957	18.253	18.302

¹Unaudited

FEDERAL DEPOSIT INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
FOR CALENDAR YEARS
1985, 1986 & 1987
(In Thousands)

ASSETS	<u>1985</u>	<u>1986</u>	<u>(Unaudited)</u> <u>1987</u>
Cash	\$ 23,186	\$ 42,477	\$ 18,499
Investment in U.S. Treasury obligations	15,841,869	16,602,959	16,088,874
Accrued interest receivable on investments and other assets	499,229	503,557	464,292
Certificates, notes and other receivables from insured banks	590,254	735,390	557,638
Net receivable from assistance to an insured bank	2,712,842	1,854,691	1,664,515
Net receivables from failures of insured banks	2,358,554	2,617,542	3,549,268
Property and buildings	47,164	51,010	73,438
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TOTAL ASSETS	\$22,073,088	\$22,407,626	\$22,426,524
LIABILITIES AND THE DEPOSIT INSURANCE FUND			
Accounts payable, accrued liabilities and other	\$ 80,649	\$ 266,708	\$ 1,296,488
Liabilities incurred in assistance to insured banks	3,442,752	3,034,108	2,623,472
Liabilities incurred from failures of insured banks	578,367	847,242	204,122
Estimated losses Corporate litigations	14,340	6,251	600
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TOTAL LIABILITIES	4,116,108	4,154,309	4,124,682
DEPOSIT INSURANCE FUND	17,956,990	18,253,317	18,301,842
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TOTAL LIABILITIES AND THE DEPOSIT INSURANCE FUND	\$22,073,088	\$22,407,626	\$22,426,524
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FEDERAL DEPOSIT INSURANCE CORPORATION
STATEMENTS OF INCOME AND THE DEPOSIT INSURANCE FUND
FOR CALENDAR YEARS
1985, 1986 & 1987
(In Thousands)

INCOME	<u>1985</u>	<u>1986</u>	<u>(Unaudited)</u> <u>1987</u>
Gross assessments earned	\$ 1,434,578	\$ 1,587,375	\$ 1,697,208
Provision for assessment credits	1,081	70,473	1,250
NET ASSESSMENTS EARNED	1,433,497	1,516,902	1,695,958
Interest on U.S. Treasury obligations	1,599,745	1,634,415	1,534,937
Other income	352,203	149,744	84,922
TOTAL INCOME	3,385,445	3,301,061	3,315,817
EXPENSES AND LOSSES			
Administrative operating expenses	179,209	180,267	202,381
Merger assistance losses and expenses	199,377	(86,043)	20,256
Provision for insurance losses	1,568,992	2,868,660	2,996,923
Nonrecoverable insurance expenses	10,356	41,850	47,732
TOTAL EXPENSES AND LOSSES	1,957,934	3,004,734	3,267,292
NET INCOME (LOSS)	1,427,511	296,327	48,525
DEPOSIT INSURANCE FUND - JANUARY 1	16,529,479	17,956,990	18,253,317
DEPOSIT INSURANCE FUND - DECEMBER 31	\$17,956,990	\$18,253,317	\$18,301,842