PRESS RELEASE

Federal Deposit Insurance Corporation

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November 12, 1997

FDIC REPORTS CONTINUED GROWTH IN BANK AND THRIFT INSURANCE FUNDS

FOR IMMEDIATE RELEASE

The Bank Insurance Fund (BIF) earned $1.1 billion for the first three quarters of 1997, surpassing the $653 million earned for the same period last year, the FDIC reported today. The BIF's balance now stands at $28 billion.

Earnings for the Savings Association Insurance Fund (SAIF) were $365 million in the first nine months of 1997, bringing the fund's balance to $9.3 billion. The SAIF's net income dropped from $869 million earned in the same period last year, due to the sharp decline in the SAIF's assessment rates after its capitalization in October 1996.

The continuing low level of bank and thrift failures contributed to the funds' strong results. No failures have occurred so far this year, compared to five BIF-insured bank failures and one SAIF-insured thrift failure in 1996. The BIF's earnings were also helped by the decreased losses expected for assets in liquidation.

The principal assets for both funds were cash, investments in U.S. Treasury obligations, and accrued interest on these obligations, which account for 95.1 percent of the BIF's total assets and 97.4 percent of the SAIF's.

The FDIC also reported on the status of the FSLIC Resolution Fund (FRF), which manages assets and liabilities inherited from the Federal Savings and Loan Insurance Corporation (FSLIC) and – since January 1, 1996 – from the Resolution Trust Corporation (RTC).

FRF earnings totaled nearly $1.5 billion for the first nine months of the year. Federal Financing Bank (FFB) borrowings for the FRF were reduced to $1.4 billion, down 70 percent from the $4.6 billion owed on December 31, 1996. The FFB liability made up most of the liabilities transferred from the former RTC.

Last Updated 07/14/1999