



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC REPORTS STRONG GROWTH IN BANK AND THRIFT INSURANCE FUNDS

FOR IMMEDIATE RELEASE

The Bank Insurance Fund (BIF) earned \$535 million in the first half of 1997, reaching a mid-year balance of \$27.4 billion, the FDIC reported today. These earnings represent a \$160 million increase over income for the same period last year. The Savings Association Insurance Fund (SAIF) balance stood at \$9.1 billion, with earnings of \$246 million for the first six months.

The continuing low level of bank and thrift failures contributed to the strong results. Only five BIF-insured banks and one SAIF-insured thrift were closed in 1996. No failures have occurred since August 1996.

The principal assets for both funds were cash, investment in U.S. Treasury obligations, and accrued interest on those obligations, accounting for 94.2 percent of the BIF's total assets and 97.3 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 Corporation (FSLIC) and - since January 1, 1996 - from the Resolution Trust Corporation (RTC).

FRF earnings totaled \$619 million for the first half of the year. Federal Financing Bank (FFB) borrowings for the FRF were reduced to \$2.3 billion, down 51 percent from the \$4.6 billion owed on December 31, 1996. These FFB borrowings made up most of the liabilities transferred from the former RTC.

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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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