



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC REPORTS THIRD QUARTER EARNINGS FOR BANK AND THRIFT INSURANCE FUNDS

FOR IMMEDIATE RELEASE

The Bank Insurance Fund (BIF) reported a comprehensive loss (net loss plus unrealized loss on available-for-sale securities) of \$113 million for the first nine months of 1999. At September 30, 1999, the fund balance decreased to \$29.5 billion, down from \$29.6 billion at year-end 1998. The overall year-to-date decrease in the fund balance was primarily attributable to recognizing estimated losses of \$917 million for the resolution of current and prior year bank failures. The BIF revenues totaled \$1.4 billion for the first nine months of 1999, including \$1.3 billion in interest on investments in U.S. Treasury obligations and \$25 million in deposit insurance assessments.

The Savings Association Insurance Fund (SAIF) revenues totaled \$442 million for the first nine months of 1999, including \$432 million in interest on investments in U.S. Treasury obligations and \$10 million in deposit insurance assessments. The SAIF reported comprehensive income of \$365 million compared to \$363 million for the same period last year. The SAIF had an unrestricted fund balance of \$9.2 billion and \$978 million in the restricted Special Reserve. On November 12, 1999, President Clinton signed the Gramm-Leach-Bliley Act of 1999, which eliminated the SAIF Special Reserve upon enactment. SAIF's total fund balance is now unrestricted.

"Despite the losses to the BIF, the FDIC's insurance funds will be entering the new millennium from a position of strength," said FDIC Chairman Donna Tanoue. "The insurance funds remain above the congressionally mandated reserve ratios and have combined reserves of almost \$40 billion."



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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Five BIF-insured banks failed during the first nine months, with total assets at failure of \$1.2 billion. One SAIF-insured thrift failed during the same period, with assets at failure of \$63 million.

The FSLIC Resolution Fund (FRF) returned \$3.7 billion in appropriated funds to the U.S. Treasury in the third quarter, pursuant to the RTC Completion Act. The RTC Completion Act required the FDIC to return to the U.S. Treasury any funds that were transferred to the Resolution Trust Corporation (RTC) pursuant to the Act but not needed to satisfy obligations of the RTC. FRF assets in liquidation were reduced by 64 percent, or \$1.0 billion, to \$591 million during the previous 12 months.

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