PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC REPORTS YEAR-END 1999 FINANCIAL RESULTS FOR BANK AND THRIFT INSURANCE FUNDS

The Federal Deposit Insurance Corporation (FDIC) today reported that the Bank Insurance Fund (BIF) had a comprehensive loss (net income plus unrealized loss on available-for-sale securities) of $198 million for calendar year 1999. At December 31, 1999, the fund balance was $29.4 billion, down from $29.6 billion at year-end 1998, primarily due to unanticipated losses recognized on 1999 bank failures. It was the first annual loss reported by the BIF since 1991. BIF revenues totaled $1.8 billion for the year, including $1.7 billion in interest on investments in U.S. Treasury obligations and $33 million in deposit insurance assessments.

"The loss to the BIF was primarily the result of an uptick in unanticipated and high-cost bank failures," said FDIC Chairman Donna Tanoue. "It would be premature to speculate whether the experience of 1999 marks the beginning of a period of higher losses to the fund. We are, however, concerned about the elevated risk profiles in a small group of the banks that we insure and, in particular, their aggressive appetite for revenue growth, weaker loan underwriting, and deficiencies in internal controls."

The Savings Association Insurance Fund (SAIF) reported comprehensive income of $441 million compared to $472 million for the same period last year. At December 31, 1999, the fund balance was $10.3 billion, up from $9.8 billion at year-end 1998. The SAIF revenues totaled $601 million for the year, including $586 million in interest on investments in U.S. Treasury obligations and $15 million in deposit insurance assessments.

Seven BIF-insured banks failed during the year, with total assets at failure of $1.4 billion. One SAIF-insured thrift failed during the same period, with assets at failure of $63 million.

The FSLIC Resolution Fund (FRF) returned $4.2 billion in appropriated funds to the U.S. Treasury during 1999. The RTC Completion Act requires the FDIC to return any funds that were advanced to the RTC by the U.S. Treasury but not needed to satisfy the obligations of the RTC. FRF assets in liquidation were reduced by 52 percent, or $543 million, to $509 million during the previous 12 months.

The figures the FDIC reported are unaudited.