PRESS RELEASE

Federal Deposit Insurance Corporation

FOR IMMEDIATE RELEASE
August 7, 2002

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FDIC REPORTS SECOND QUARTER 2002 FINANCIAL RESULTS FOR BANK AND THRIFT INSURANCE FUNDS

The Federal Deposit Insurance Corporation (FDIC) today announced that the Bank Insurance Fund (BIF) reported comprehensive income (net income plus current period unrealized gains/losses on available-for-sale securities) of $748 million for the first six months of 2002, compared to $706 million for the same period last year. As of June 30, 2002, the fund balance was $31.2 billion, up from $30.4 billion at year-end 2001. BIF revenues totaled $914 million for the first six months of 2002, including $868 million in interest on investments in U.S. Treasury obligations and $36 million in deposit insurance assessments.

The BIF's reserve ratio fell from 1.26 percent at December 31, 2001 to 1.24 percent at March 31, 2002, as a result of an increase in estimated insured deposits of $75 billion, or 3.1 percent. This is the first time since 1995 that the reserve ratio has fallen below the designated reserve ratio (DRR) of 1.25 percent. The deposit growth in the first quarter resulted primarily from a reporting change in the quarterly Call Reports that provide the source data for estimating insured deposits. The reporting change, which was effective with the March 31 Call Report, required banks to report the amount of uninsured deposits so that a better estimate of insured deposits could be calculated.

The Savings Association Insurance Fund (SAIF) reported comprehensive income of $388 million compared to $33 million for the same period last year. The increase in comprehensive income was due to the fluctuation in the loss reserves for anticipated failures of insured institutions during the first half of 2002 compared to last year. In 2002, the estimated losses declined by $89 million due to an improvement in the financial condition of a few troubled thrifts. In 2001, estimated losses increased primarily as a result of the failure of Superior Bank, FSB, on July 27, 2001. The SAIF had a fund balance of $11.3 billion as of June 30, 2002, up from $10.9 billion at year-end 2001.

Seven BIF-insured banks failed during the first six months of 2002 with total assets at failure of $2.4 billion. One SAIF-insured thrift failed during the same period with total assets at failure of $50 million.

The FSLIC Resolution Fund-Resolution Trust Corporation (FRF-RTC) made a payment of $375 million to the Resolution Funding Corporation (REFCORP) during the quarter, bringing total payments to REFCORP to $3.7 billion since April 2000.

The proceeds were used by REFCORP to pay interest on bonds that were issued to fund early RTC thrift resolutions. Any such payments by FRF-RTC benefit the U.S. Treasury, which would otherwise be obligated to pay the interest on the bonds.

FRF assets in liquidation were reduced by 15 percent, or $38 million, to $219 million during the previous 12 months.

The figures the FDIC reported are unaudited.