# PRESS RELEASE

Federal Deposit Insurance Corporation

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## FDIC REPORTS THIRD 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 $944 million for the nine months ending September 30, 2002, compared to $859 million for the same period last year. Although net income declined by $341 million compared to last year, unrealized gains on available-for-sale securities increased by $426 million. The decline in net income primarily resulted from lower earnings on U.S. Treasury obligations and higher estimated losses for anticipated bank failure and litigation activity. As of September 30, 2002, the fund balance was $31.4 billion, up from $30.4 billion at year-end 2001.

BIF's reserve ratio increased from 1.23 percent at March 31, 2002 (as amended), to 1.26 percent at June 30, 2002, just slightly above the statutorily mandated designated reserve ratio of 1.25 percent. This increase resulted from a second quarter 2002 increase in the fund balance of $490 million, or 1.6 percent, and a decrease in the estimated insured deposits of $3 billion, or 0.1 percent.

The Savings Association Insurance Fund (SAIF) reported comprehensive income of $651 million compared to $56 million for the same period last year. The increase in comprehensive income over the prior period was primarily due to SAIF experiencing higher estimated losses in 2001 for actual and expected thrift failures. The SAIF had a fund balance of $11.6 billion as of September 30, 2002, up from $10.9 billion at year-end 2001.

Eight BIF-insured banks failed during the first nine 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 $400 million to the Resolution Funding Corporation (REFCORP) during the quarter, bringing total payments to REFCORP to $4.1 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 19 percent, or $48 million, to $200 million during the previous 12 months.

The figures the FDIC reported are unaudited.

Attachment: http://www.fdic.gov/about/strategic/corporate/index.html