PRESS RELEASE
Federal Deposit Insurance Corporation

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# FDIC REPORTS YEAR-END 2001 AND FIRST QUARTER 2002 FINANCIAL RESULTS FOR ITS INSURANCE FUNDS

The Federal Deposit Insurance Corporation (FDIC) today announced that the Bank Insurance Fund (BIF) reported a comprehensive loss (net loss plus current period unrealized gains/losses on available-for-sale securities) of $536 million for 2001, compared to income of $1.6 billion for the same period last year. Consequently, the fund balance decreased to $30.4 billion, which in part caused the reserve ratio to fall to 1.26 percent at December 31, 2001.

The decrease in comprehensive income over the prior year was primarily attributable to a $1.8 billion increase in the contingent liability for anticipated failures, which totaled $1.9 billion at year-end. BIF revenues totaled $2.0 billion at December 31, 2001, which included $1.8 billion in interest on investments in U.S. Treasury obligations, $48 million in deposit insurance assessments, and a realized gain of $78 million on the sale of $1.5 billion of U.S. Treasury securities designated as available-for-sale.

For the first quarter 2002, BIF reported comprehensive income of $258 million, increasing the fund balance to $30.7 billion. The BIF earned $406 million in revenue during the quarter. Almost all revenue was derived from interest on investments in U.S. Treasury obligations.

The Savings Association Insurance Fund (SAIF) reported comprehensive income of $176 million in 2001 compared to $478 million for the same period last year. The decrease in comprehensive income was primarily attributable to recognizing an estimated loss for the failure of Superior Bank, FSB, Hinsdale, Illinois. SAIF revenues totaled $733 million at year-end, including $634 million in interest on investments in U.S. Treasury obligations, $35 million in deposit insurance assessments, and a realized a gain of $52 million on the sale of $795 million of U.S. Treasury securities designated as available-for-sale at December 31, 2001. SAIF reserve ratio is 1.36 percent at December 31, 2001.

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.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-51-2002**

For the first quarter 2002, SAIF reported comprehensive income of $114 million, increasing the fund balance to $11 billion. The SAIF earned $129 million in revenue during the quarter, which was primarily derived from interest on investments in U.S. Treasury obligations.

Three BIF-insured banks and one SAIF-insured thrift failed in 2001 with total assets at failure of $54 million and $2.2 billion respectively. In the first quarter of 2002, six BIF-insured banks failed with total assets at failure of $2.0 billion; no SAIF-insured thrifts failed.

The FSLIC Resolution Fund-Resolution Trust Corporation (FRF-RTC) made payments of $1.4 billion and $492 million to the Resolution Funding Corporation (REFCORP) in 2001 and the first quarter of 2002, respectively, bringing total payments to REFCORP to $3.3 billion as of March 31, 2002. The proceeds were used by REFCORP to pay the 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 23 percent, or $68 million, to $233 million over the past five quarters.

The figures the FDIC reported are unaudited.

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First Quarter 2002 -- HTML or PDF (88 Kb)
Fourth Quarter 2001 -- HTML or PDF (89 Kb)