PRESS RELEASE

Federal Deposit Insurance Corporation

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Media Contact:
David Barr (202) 898-6992

FDIC Reports Year-End 2004 Financial Results for Bank and Thrift Insurance Funds

The Federal Deposit Insurance Corporation (FDIC) today announced that the Corporation has received its 13th consecutive set of unqualified audit opinions on the financial statements of the three funds that it manages. The audit report, issued by the Government Accountability Office (GAO), FDIC's external auditor, also concluded that the Corporation had made substantial progress in addressing issues related to information systems security such that, for the first time in several years, information systems security was not cited as a reportable condition.

The Bank Insurance Fund (BIF) reported comprehensive income (net income plus current period unrealized gains/losses on available-for-sale securities) of $1 billion for the year ending December 31, 2004, compared to $1.7 billion for the same period a year earlier, a 41 percent decrease. The reduction in year-over-year comprehensive income for BIF was primarily due to a significantly smaller negative provision for insurance losses and a larger current period unrealized loss on available-for-sale securities. BIF's negative provision for insurance losses was $269 million in 2004 compared to $931 million in 2003. BIF's current period net unrealized loss on available-for-sale securities was $112 million in 2004 compared to current period net unrealized losses of $10 million in 2003. As of December 31, 2004, BIF's fund balance was $34.8 billion, including $690 million in net unrealized gains on available-for-sale securities, up from $33.8 billion at year-end 2003.

The SAIF reported comprehensive income of $480 million for the year ending December 31, 2004, compared to $493 million for the same period a year earlier. Like the BIF, the SAIF reported a smaller negative provision for insurance losses and larger current period net unrealized losses on available-for-sale securities during 2004 compared to 2003. As of December 31, 2004, the SAIF fund balance was $12.7 billion, including $238 million in net unrealized gains on available-for-sale securities, up from $12.2 billion at year-end 2003.

The contingent liability for anticipated failures declined from $178 million to $8 million for BIF, and from $3 million to $2 million for SAIF, for the year. BIF and SAIF reserves for future failures now stand at historically low levels given the current and projected health of the banking and thrift industries.

"Overall, the deposit insurance funds remain sound and financially healthy," stated Chief Financial Officer Steve App. "The reductions in the year-over-year comprehensive income, especially in the BIF, are predominantly due to smaller reversals of the insurance funds' contingent liabilities for future failures that were built up in years prior to 2002. By definition, further reductions in these estimated amounts will not add materially to the comprehensive income or fund balance for either insurance fund going forward."

Three BIF-insured banks failed during 2004 with total assets at failure of $151 million and one SAIF-insured thrift failed with total assets at failure of $15 million.

The FSLIC Resolution Fund (FRF) reported comprehensive income of $116 million for the year ending December 31, 2004.