PRESS RELEASE

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Liquidity Risk is Focus of Winter Issue of FDIC's *Supervisory Insights*

The growing challenge related to liquidity issues in the current banking environment is highlighted in the Winter 2008 issue of ***Supervisory Insights***, released today. "The extraordinary events of this past fall shine a bright light on the increasing importance of liquidity contingency planning for financial institutions," said Sandra L. Thompson, Director, Division of Supervision and Consumer Protection. "This issue of ***Supervisory Insights*** also addresses other critical issues facing the banking industry."

"The Changing Liquidity Landscape" describes how problems on the asset side of a bank's balance sheet can develop into a liquidity run and discusses steps that institutions can take to anticipate and mitigate liquidity risks.

As the U.S. population ages and life expectancy continues to lengthen, reverse mortgages are likely to become more popular. "Reverse Mortgages: What Consumers and Lenders Should Know" looks at the evolution of this product, identifies risks for consumers and lenders, offers suggestions for managing those risks and discusses key regulatory and supervisory concerns.

Bank supervisors are responsible for determining whether a particular banking practice should be considered unfair or deceptive for purposes of Section 5 of the Federal Trade Commission Act. "Unfair and Deceptive Acts and Practices: Recent FDIC Experience" describes what factors supervisors analyze to reach this determination. Using examples from a series of recent FDIC examination consultations, this article shares the methodology used by FDIC staff to perform compliance analyses and provides tips for avoiding potential violations.

The "Accounting News" feature describes key changes that will affect accounting for mergers and acquisitions under a revised standard issued by the Financial Accounting Standards Board. These changes will apply to business combinations occurring in fiscal years beginning on or after December 15, 2008.

Supervisory Insights provides a forum for discussing how bank regulation and policy are put into practice in the field, sharing best practices and communicating about the emerging issues that bank supervisors face. The journal is available on the FDIC's Web site at http://www.fdic.gov/regulations/examinations/supervisory/insights/index.html. Suggestions for future topics and requests for permission to reprint articles should be e-mailed to supervisoryjournal@fdic.gov. Requests for print copies should be e-mailed to publicinfo@fdic.gov.