PRESS RELEASE

Federal Deposit Insurance Corporation ● Each Depositor insured to at least $250,000

August 9, 1994

BANK INSURANCE FUND INCREASED TO $17.5 BILLION AT MID-YEAR 1994, ACCORDING TO PRELIMINARY REPORT

FOR IMMEDIATE RELEASE

The FDIC announced today that preliminary data show a balance for the Bank Insurance Fund (BIF) of $17.5 billion as of June 30, 1994, up 34 percent from the year-end 1993 balance of $13.1 billion. This is near the fund's all-time high mark of $18.3 billion, set at year-end 1987.

The latest figures indicate that the BIF at mid-year had an estimated 92 cents in reserve for every $100 of insured deposits, which reflects continued progress toward the congressional mandate of $1.25 for every $100 of insured deposits. The fund is continuing to quickly and steadily improve from deficits earlier in the 1990s -- the first since the FDIC began operations in 1934 -- that were caused by record levels of bank failures in the late 1980s.

The following factors contributed to the improved condition of the BIF at mid-year 1994:

- The lowest level of bank failures after six months since mid-year 1981. Only five banks with $559 million in assets and $26 million in estimated losses to the Bank Insurance Fund were closed during the first half of 1994. Last year at that time, 23 banks with $2.6 billion in assets and $411 million in estimated losses had been closed. (At the previous low in mid-year 1981, four banks with $87 million in assets had closed, at a cost to the Fund of $6 million.)

- Reduced reserves for future bank failures. The continued improvement in the health of the banking industry allowed the BIF to reduce the liability it had previously established for the estimated cost of anticipated bank failures, to $1.9 billion from the year-end 1993 reserve of $3 billion.

FDIC Chairman Andrew C. Hove, Jr., said: "After responding to hundreds of bank failures in the late 1980s at a cost of many billions of dollars -- clearly the worst period for the industry since the Great Depression -- the FDIC is rapidly approaching our statutory mandate to recapitalize the Bank Insurance Fund. Most important, not a penny of taxpayers' money has been required to strengthen the Bank Insurance Fund."

The FDIC also administers the Savings Association Insurance Fund (SAIF), which primarily protects depositors of thrift institutions. The SAIF balance also continues to build. At mid-year 1994, the SAIF balance was $1.7 billion, a 42 percent increase over the $1.2 billion balance at year-end 1993. The SAIF, which also is mandated by Congress to reach reserves of $1.25 for every $100 of insured deposits, at mid-year 1994 had an estimated 24 cents per $100.