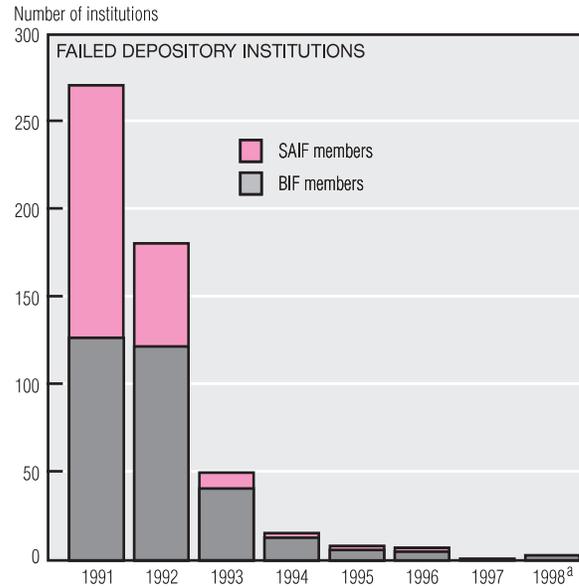
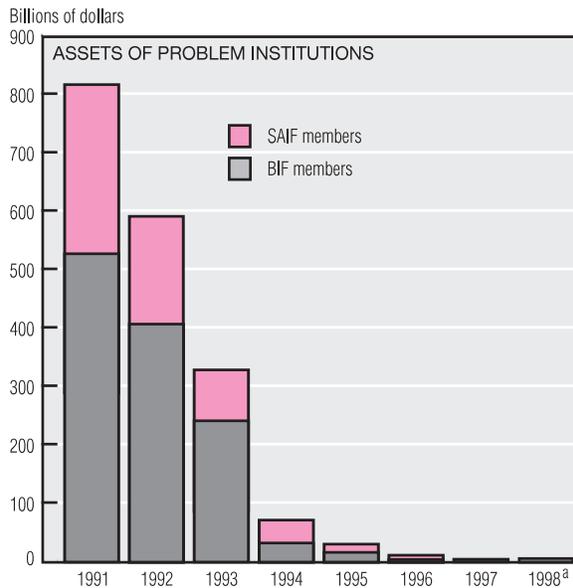
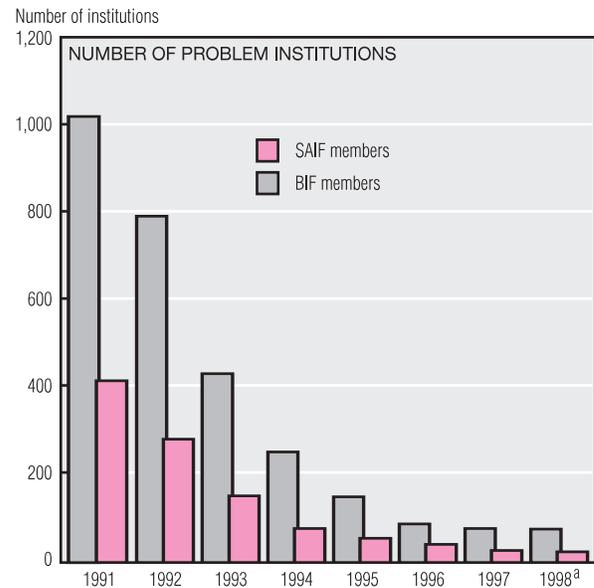
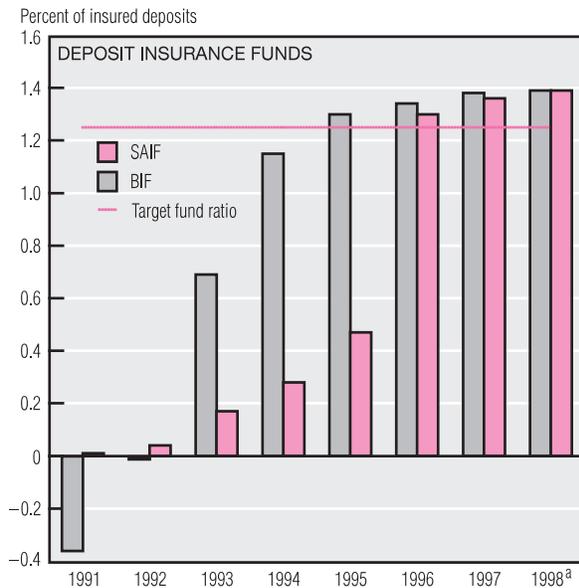


# Federal Deposit Insurance



a. Data are through 1998:IIIQ.

NOTE: All data are for FDIC-insured banks and savings associations.

SOURCE: Federal Deposit Insurance Corporation, *Quarterly Banking Profile*, September 1998.

Buoyed by the strong performance of the depository institutions sector in the mid-to-late 1990s, the Federal Deposit Insurance Corporation's bank insurance fund (BIF) and savings association insurance fund (SAIF) continued to grow during the first nine months of 1998. At the end of the third quarter, reserves of the BIF and SAIF stood at 1.41% and 1.39% of insured deposits, respectively, well in excess of the 1.25% target fund

ratio mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The high reserves in BIF and SAIF mean that well-capitalized banks and savings associations with satisfactory examination ratings will not be assessed deposit insurance premiums for 1998. This group of institutions includes nearly 95% of BIF members and more than 92% of SAIF members. Despite this, the funds are likely to grow as the in-

vestment income from the reserves of BIF and SAIF is likely to exceed expenses for the next several years.

Given the small and declining number of problem banks and savings associations, the number of depository institution failures is likely to remain low in the foreseeable future. Moreover, the relatively small asset size of these problem institutions suggests that any failures that do arise will cause only modest losses to the funds.