PRESS RELEASE
Federal Deposit Insurance Corporation

November 26, 1996

FDIC MAINTAINS BIF PREMIUM RATES, ANNOUNCES $500 REFUND

Reflecting the continued good health of both the banking industry and the Bank Insurance Fund (BIF), the FDIC Board of Directors voted today to maintain BIF premiums at their current low levels for the first six months of 1997.

Under the existing rate schedule in effect since January of 1996, institutions in the lowest risk category will continue to pay no premiums during the first half of 1997. A total of 9,538, or 94.4 percent of all BIF-insured institutions, are in the lowest risk category.

Other institutions will pay across a range of rates, with those in the highest risk category (of which there were only 18) paying 27 cents for every $100 of their BIF-assessable deposits. The average annual assessment rate for all 10,099 BIF-insured institutions will be less than two-tenths of a cent (.17 of a cent) per $100 of BIF-assessable deposits.

The FDIC estimates that if this 0-to-27 cent range of insurance rates were to remain in effect throughout 1997, it would add $43 million in revenues to the BIF. Given the continuation of low insurance losses and moderate deposit growth, revenue from the 0-to-27 cent rate schedule is expected to be enough to maintain the BIF's statutorily-mandated designated reserve ratio (DRR) target of 1.25 percent ($1.25 in reserves for every $100 of estimated insured deposits). The BIF reserve ratio stood at 1.32 percent as of June 30, 1996.

In a related development, the FDIC Board today agreed to refund $500, plus interest, to institutions in the lowest risk category that paid the $2,000 minimum assessment formerly required by law. The refund is expected to go to about 8,700 institutions and will include about $6 in interest. Excluded are BIF-member Oakar institutions who were assessed for the SAIF fund and thus not charged the $2,000 minimum. (An Oakar institution is a member of one insurance fund that owns deposits assessed by the other fund.)

The money is being refunded for two reasons: (1) the Deposit Insurance Funds Act of 1996, enacted September 30, eliminated the minimum assessment, and (2) the FDIC Board concluded that the revenue generated by the fourth-quarter payment was not necessary to maintain the BIF's 1.25 percent target DRR.

The Board also announced the rates that insured institutions are expected to pay to service debt on Financing Corporation (FICO) bonds for the first half of next year. For the first six months of 1997, BIF members are expected to pay .64 cents for each $100 of assessed deposits and SAIF members are expected to pay 3.2 cents on each $100 of deposits. The rates will be finalized in early December after bank and thrift industry data for the third quarter are available.

Invoices for the FICO payments are expected to be mailed to institutions along with regular BIF and SAIF insurance billings on December 11, with payments to be collected electronically by the FDIC on January 2.