

## **DIF Restoration Plan Semiannual Update**

Last Updated: December 14, 2021

Due solely to extraordinary, unprecedented insured deposit growth during the first half of 2020, the Deposit Insurance Fund's (DIF) reserve ratio fell below the statutory minimum of 1.35% in 2020. During this time the DIF balance grew steadily to \$121.9 billion, the highest level ever.

As required by statute, the FDIC implemented a Restoration Plan last year. The Plan requires staff to monitor deposit trends, potential losses, and other factors that affect the reserve ratio; and to update the Board at least semiannually on its analysis and projections for the fund balance and reserve ratio. Today, we heard the second such semiannual update of 2021.

As noted in the update the growth in insured deposits normalized in the second and third quarter of 2021 as economic activity improved and the pandemic associated fiscal payments have largely ended.

Although some uncertainty remains, the overall economic outlook has strengthened relative to when the Plan was first adopted and the banking system appears better positioned.

As both deposit trends and potential losses are difficult to predict, staff will continue to monitor these and other factors. I appreciate all the work staff has done and their continuing close attention to these matters.