PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC REPORT SHOWS SUBPRIME MORTGAGE LOAN PERFORMANCE AFFECTED BY RECESSION

The incidence of significant repayment difficulties among subprime mortgage borrowers is increasing, according to the Federal Deposit Insurance Corporation. Delinquencies on FHA-insured mortgages, which often exhibit characteristics similar to those of subprime mortgages, have risen sharply over the last two years. In addition, analysis of subprime mortgage pools shows that loans originated in 2000 are exhibiting higher delinquency rates than loans made in other years at a comparable point in the life cycle (vintage analysis).

Entry by FDIC-insured institutions into subprime lending as a targeted line of business was largely a phenomenon of the 1990s. Many of these programs are now being recession-tested for the first time.

These findings were released today in ***FYI***, an e-mail bulletin covering FDIC analysis of emerging issues in banking and the economy. ***FYI*** is available on the FDIC web site at www.fdic.gov, where those interested in receiving each issue electronically may subscribe. A copy of ***FYI*** is attached.

Attachment: February 7, 2002, FYI