PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Reports Third Quarter 2005 Results for Insurance Funds

The Federal Deposit Insurance Corporation (FDIC) announced that the Bank Insurance Fund (BIF) increased by a modest $240 million during the third quarter of 2005 (0.7 percent) to $35.3 billion, while the Savings Association Insurance Fund (SAIF) increased by $110 million (0.9 percent) to $13.0 billion. For the year-to-date, the BIF and SAIF grew by $547 million (1.6 percent) and $319 million (2.5 percent), respectively.

"The insurance funds continue to grow, but there are uncertainties that the FDIC is keeping an eye on," said Art Murton, Director of the Division of Insurance and Research. "The biggest concern that we have is the rate at which insured deposits are increasing, and to a lesser extent, the potential impact that the hurricanes may have on the loan portfolios of banks and thrifts."

The designated reserve ratios (DRR) for both funds remained above the statutorily required limit of 1.25 percent, however, if insured deposit growth continues to increase in line with recent historical average rates, it is likely that the funds' reserve ratios will trend lower going forward. As of June 30, 2005, BIF's and SAIF's reserve ratios were 1.26 percent and 1.32 percent, respectively. (Estimated insured deposit data as of September 30, 2005, are not yet available.)

The estimated losses from probable bank and thrift failures at the end of the third quarter remain at or near historically low levels for both funds. Despite the impact of Hurricane Katrina on Gulf Coast financial institutions, the FDIC cannot reasonably assess any additional risk to the insurance funds at this time. There remains substantial uncertainty on the credit quality of the affected banks' loan portfolio, as well as the mitigating effects associated with expected insurance proceeds and government assistance.

The BIF and SAIF investment portfolios' combined book values increased $1.3 billion, or 2.94 percent, to $46.5 billion for the year-to-date. Moreover, through September 30, 2005, the BIF portfolio's yield increased by 10 basis points, rising to 4.76 percent, while the SAIF portfolio's yield increased by 16 basis points, rising to 4.85 percent. The increase in portfolio yields can be attributed to new investments in an environment of rising overnight and Treasury yields.

For the nine months ending September 30, 2005, operating- and investment-related expenses ran below budget by 10 percent and 13 percent, respectively. The variance with respect to the operating budget expenses was primarily the result of limited resolutions and receivership activities in the receivership funding component of the operating budget through the third quarter.

Attachment:

http://www.fdic.gov/about/strategic/corporate/index.html