PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Board Votes to Maintain Premium Rates for Banks and Thrifts

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today voted to keep the assessment rates charged to insured banks and savings associations unchanged for the second half of 2005.

Although the FDIC anticipates continuing favorable prospects for the bank and thrift industries in the near term, it projects the reserve ratios for both its funds – the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) – to decline over the coming year due to expected insured deposit growth. Staff projected a range of possible outcomes for the reserve ratios over the next semiannual assessment period; a best estimate is that the BIF will end the year at 1.26 percent and the SAIF at 1.31 percent.

Based on preliminary information, the FDIC estimates that the BIF reserve ratio was 1.27 percent as of the first quarter, down from 1.30 percent as of December 31, 2004, because BIF-insured deposit growth outpaced growth in the fund balance. Staff preliminarily estimates that the SAIF reserve ratio was 1.33 percent as of March 31, 2005, which is down from the December 31 ratio of 1.34 percent because SAIF-insured deposit growth outpaced the growth in the fund's balance.

If staff projections regarding the decline of the BIF reserve ratio are correct, the Board of Directors will be faced with the decision in November 2005 to raise premiums on BIF-insured deposits before the Designated Reserve Ratio falls below 1.25 percent in the first half of 2006 or to wait until May 2006, after the ratio has fallen below the target.

Staff's analysis regarding the current status of the funds, the intermediate term outlook for the economy and emerging risks to banking, and recommendations for the BIF and SAIF assessment rate schedules are available on the FDIC's Web site at http://www.fdic.gov/deposit/insurance/risk/index.html.