



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Board Approves Regulation to Provide Insured Institutions with a One-Time Assessment Credit

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a regulation to implement a one-time credit of \$4.7 billion to banks and thrifts that was required under the Deposit Insurance Reform Act of 2005. The credit will be used to offset future assessments charged by the FDIC.

Under the regulation, any institution that was in existence prior to December 31, 1996, and paid insurance assessments before that date, or a successor, will be eligible for a credit. A successor is an institution resulting from a merger, consolidation, or the acquisition of 90 percent of an institution's assets and deposit liabilities.

"There is seldom an option where everybody is happy, but in the end, the FDIC sought to craft a fair rule that was very responsive to the comment letters received on the proposed rule," said FDIC Chairman Sheila C. Bair. "The system is legally grounded as well as operationally feasible and is consistent with the purpose of the one-time credit – that is, to recognize the contributions that certain institutions made to capitalize the funds."

The rule allows for an administrative process for an institution to challenge the amount of the credit that the FDIC calculates. Institutions will have 30 days after the effective date of the final rule and receipt of the Statement of One-Time Credit to advise the FDIC if they disagree with their credit amount. More than 7,300 institutions will be eligible for a credit.

Also, during the meeting, the Board approved a temporary system to provide dividends to insured institutions. The rule will sunset in two years, at which time the FDIC anticipates approving a permanent system.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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