



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Reports First Quarter 2006 Financial Results for the Deposit Insurance Fund

The Federal Deposit Insurance Corporation (FDIC) today reported that the newly created Deposit Insurance Fund (DIF) ended the first quarter 2006 with a fund balance of \$49.2 billion. The DIF was created on March 31, 2006, when the FDIC merged the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) pursuant to the provisions of the Federal Deposit Insurance Reform Act of 2005.

The DIF balance of \$49.2 billion compared to a combined BIF and SAIF balance of \$48.6 billion on December 31, 2005. This reflects an increase of approximately 1.2 percent. The DIF reported comprehensive income of \$596 million for the first quarter of 2006 compared to \$110 million for the same period in 2005. This increase of \$486 million is primarily due to the recognition of earned exit fees of \$346 million, a decrease in the unrealized loss on available-for-sale (AFS) securities of \$110 million, and a decrease in the provision for insurance losses of \$26 million.

The DIF reported an unrealized loss on its AFS securities of \$57 million for the first quarter of 2006 compared to \$167 million for the same quarter last year. This significantly lower unrealized loss resulted from a smaller increase in market yields during the first quarter of 2006, a smaller total market value of AFS securities for the first quarter of 2006, and a lower average duration for the AFS securities during the first quarter of 2006.

The DIF portfolio's yield increased by four basis points during the first quarter, rising to 4.86 percent from 4.82 percent. While the securities that were purchased during the quarter had slightly lower yields than maturing securities, this was offset by higher yielding overnight investments.

The merger of the BIF and SAIF was accounted for by combining the carrying value of each fund's assets and liabilities. The recent legislation also removed the restriction on SAIF-member exit fees held in escrow and, consequently, the funds were recognized as revenue on the DIF income statement as of March 31, 2006.

For the three months ending March 31, 2006, Corporate Operating and Investment Budget related expenditures of \$223 million and \$8 million were below budget by 12 percent and 29 percent, respectively. Corporate Operating Budget expenditures were lower than expected as a result of limited resolutions and receivership activities in the first quarter.



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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