



PRESS RELEASE

Federal Deposit Insurance Corporation

FOR IMMEDIATE RELEASE
December 5, 2006

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

The Federal Deposit Insurance Corporation (FDIC) today announced that the Deposit Insurance Fund (DIF) earned \$1.4 billion in comprehensive income during the first three quarters of 2006, increasing the fund balance to \$50.0 billion as of September 30, 2006. This \$1.4 billion compares favorably to the \$866 million in comprehensive income earned for the same period in 2005, before the FDIC merged the Bank Insurance Fund and Savings Association Insurance Fund. The increase is primarily due to a one-time adjustment to income of \$345 million for the recognition of exit fees earned, an increase of \$97 million in interest earned on U.S. Treasury obligations, and a decrease of \$134 million in the unrealized loss on available-for-sale (AFS) securities, offset by a modest decline in the negative provision for insurance losses of \$40 million.

The DIF reported an unrealized loss on AFS securities of \$152 million for the first three quarters of 2006 compared to an unrealized loss of \$286 million for the same period last year. This significantly lower unrealized loss during the first three quarters of 2006 primarily resulted from: (1) a smaller total market value of AFS securities, and (2) a lower average duration for the AFS securities held in the DIF's investment portfolio.

The DIF investment portfolio's yield-to-maturity increased by 6 basis points during the first three quarters of 2006, rising to 4.88 percent as of September 30, 2006, from 4.82 percent as of December 31, 2005. While the securities that were purchased during the period had slightly lower yields than maturing securities, this was more than offset by the contribution of higher yielding overnight investments.

For the nine months ending September 30, 2006, Corporate Operating and Investment Budget related expenditures of \$695 million and \$20 million were below budget by 10 percent and 14 percent, respectively. Corporate Operating Budget expenditures were lower than expected as a result of limited resolutions and receivership activities through the third quarter.

A more comprehensive analysis of the Corporation's financial statements, investments, and budget for the first three quarters of 2006 is available on the FDIC's Web site at <http://www.fdic.gov/about/strategic/corporate/index.html>.



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.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-109-2006