PRESS RELEASE
Federal Deposit Insurance Corporation

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FDIC Reports First Quarter 2007 Financial Results for the Deposit Insurance Fund

The Federal Deposit Insurance Corporation (FDIC) today announced that the Deposit Insurance Fund (DIF) earned $580 million in comprehensive income during the first quarter of 2007, increasing the fund balance to $50.7 billion as of March 31, 2007. DIF's comprehensive income for the first quarter of 2007 was slightly lower compared to a year ago ($580 million vs. $596 million). However, if the one-time adjustment for exit fees earned of $346 million is excluded from the 2006 results, DIF's first quarter 2007 comprehensive income rose by $330 million, or 132 percent. The increase is a result of higher interest earned on investment securities of $89 million, an increase in assessments earned of $89 million, and a $138 million higher contribution to year-to-date comprehensive income from unrealized gain/loss on available-for-sale (AFS) securities, net.

DIF's assessments earned increased by $89 million to $94 million compared to a year ago. This amount is the result of netting $820 million in assessment credits estimated to be used against $914 million in estimated assessments earned. Beginning in the first quarter of 2007, the FDIC began estimating assessments earned, and establishing a corresponding receivable, because assessment premiums are now collected a quarter after the insurance coverage period (a change from the previous 'payment in advance' requirement). The FDIC has developed an estimation methodology based on institution assessment base and rate results for the prior quarter, adjusted for any known significant changes in the current quarter and a modest deposit growth factor, and available assessment credits.

Despite the increase in assessment income, DIF's reserve ratio continued to decline to 1.20 percent at the end of the first quarter. That is down from 1.21 percent at yearend. The new assessment system approved by the FDIC board last November anticipates that the DIF will reach its designated reserve ratio of 1.25 percent by mid-year 2009. During this time, the FDIC Board will regularly monitor deposit growth and the fund balance in order to track progress towards meeting the goals for the fund and to help determine appropriate premium rate levels in the future.

The DIF investment portfolio's yield-to-maturity increased by 3 basis points during the first quarter of 2007, rising to 4.92 percent as of March 31, 2007, from 4.89 percent as of December 31, 2006. 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 three months ending March 31, 2007, Corporate Operating and Investment Budget related expenditures of $229 million and $4 million were below budget by 12 percent and 31 percent, respectively. Corporate Operating Budget expenditures were lower than expected as a result of limited resolutions and receivership activities through the first quarter.

A more comprehensive analysis of the Corporation's financial statements, investments, and budget for the first quarter of 2007 is available on the FDIC's Web site at http://www.fdic.gov/about/strategic/corporate/cfo_report_1stqtr_07/index.html