PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Reports Year-End 2006 Financial Results for the Deposit Insurance Fund and the FSLIC Resolution Fund
Unqualified Audit Opinions on Funds' Financial Statements Issued by the Government Accountability Office

The Federal Deposit Insurance Corporation (FDIC) today announced that the Corporation has received its fifteenth consecutive set of unqualified audit opinions on the financial statements of the two funds that it manages. The Government Accountability Office (GAO), the FDIC's external auditor, also reported that no material weaknesses or significant deficiencies were identified during the periods covered by the GAO's audits with respect to either the Corporation's financial reporting or controls over its financial systems. The FDIC will continue to work with the GAO in the future to further enhance controls in the information systems security area.

The Deposit Insurance Fund (DIF) earned $1.6 billion in comprehensive income during 2006, increasing the fund balance to $50.2 billion at year-end. This $1.6 billion compares favorably to the $1.1 billion in comprehensive income earned for the same period in 2005, before the FDIC merged the Bank Insurance Fund and Savings Association Insurance Fund. Excluding $345 million in exit fees (a one-time adjustment made in conjunction with the merger of the BIF and the SAIF), comprehensive income rose by $133 million from a year ago. This year-over-year increase is primarily due to a decrease in the unrealized loss on available-for-sale securities of $348 million, which was offset by decreases in both interest earned on U.S. Treasury obligations of $101 million and the negative provision for loss of $108 million.

The FSLIC Resolution Fund (FRF) reported a net loss of $203 million in 2006 primarily due to the $411 million cost of goodwill and Guarini litigation that exceeded interest on U.S. Treasury obligations of $152 million and recovery of tax benefits of $35 million.

For the year ending December 31, 2006, Corporate Operating and Investment Budget related expenditures of $973 million and $25 million were below budget by 8 percent and 9 percent, respectively. Corporate Operating Budget expenditures were lower than expected as a result of limited resolution and receivership activities during the year.

A complete copy of FDIC's 2006 Annual Report is available on the FDIC's Web site at http://www.fdic.gov/about/strategic/report/2006annualreport/index_pdf.html