PRESS RELEASE

Federal Deposit Insurance Corporation ● Each Depositor insured to at least $250,000

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Media Contact:
Andrew Gray (202) 898-7192
angray@fdic.gov

FDIC Adopts Assessments for Insured Institutions for 2009

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today voted to adopt a final rule increasing risk-based assessment rates uniformly by 7 basis points (7 cents for every $100 of deposits), on an annual basis, for the first quarter of 2009.

"With higher levels of bank failures, the FDIC's resolution costs have increased significantly. This assessment increase creates a path for the fund to return to its statutorily mandated level," said FDIC Chairman Sheila C. Bair. "The banking system is the bedrock of our economy and deposit insurance has played a vital role in providing stability to the system. Maintaining a strong fund positions the FDIC well to handle future challenges."

Currently, banks pay between 5 and 43 basis points of their domestic deposits for FDIC insurance. Under the final rule, risk-based rates would range between 12 and 50 basis points (annualized) for the first quarter 2009 assessment. Most institutions would be charged between 12 and 14 basis points.

In October, the FDIC also proposed changes to take effect beginning in the second quarter of 2009 that would make deposit insurance assessments fairer by requiring riskier institutions to pay a larger share. The comment period for these proposed changes ends on December 17th, and the FDIC will discuss that proposed change early next year.

The first quarter 2009 assessment rate increase adopted by the Board today, together with proposed changes that would take effect in the second quarter, would help ensure that the reserve ratio returns to at least 1.15 percent by the end of 2013. As required by law, the FDIC adopted a Restoration Plan in October that would increase the reserve ratio to the 1.15 percent threshold within five years.

The final rule will be published in the Federal Register and will take effect January 1, 2009.

Attachment: Final Rule