PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Board Votes to Maintain Assessment Rates for Banks and Thrifts

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today voted to keep the assessment rates charged to insured banks and savings associations for the Deposit Insurance Fund (DIF) unchanged for 2008. The existing assessment rate schedule is 5 to 43 basis points per year; most institutions will be charged a rate between 5 and 7 basis points.

The decision to leave rates unchanged this year is consistent with the Board's objective to increase the reserve ratio to the Designated Reserve Ratio (DRR) of 1.25 percent before the end of 2009. The fund stood at 1.22 percent of estimated insured deposits at year-end 2007, up from 1.21 percent at the end of 2006. According to FDIC staff, with expected insured deposit growth of between 3 and 4 percent in 2008 and 2009, the fund could reach the Board's DRR objective of 1.25 percent at the end of 2008 or early in 2009 under the existing rate schedule.

"There are significant uncertainties regarding our projections, and given the challenges facing the banking industry and the likelihood of more bank failures, I believe preparedness should be our overriding concern," said Sheila C. Bair, FDIC Chairman. "Because we are anticipating more difficult times, it would be prudent to continue to build the deposit insurance fund at the pace allowed by the current rates and the remaining credits. As we build up the insurance fund, banks and thrifts should be taking steps to bolster their capital and reserves.

"We will closely monitor the progress of the fund along with the condition of the banking industry. As the fund reaches the 1.25 percent target, I expect the Board to consider reducing rates to a maintenance level."

The use of the one-time credits provided by the Federal Deposit Insurance Reform Act of 2005 limited assessment revenue for the DIF in 2007. Assessment revenue in 2008 will rise as credits are used up, helping to raise the reserve ratio toward the Board's DRR target of 1.25 percent.

In a separate action, the Board adopted – and is seeking public comment on – a proposed rule on dividends to replace the temporary rule that will expire at the end of 2008. The FDIC Board must pay dividends to insured institutions when the fund's reserve ratio exceeds 1.35 percent, unless the Board chooses to suspend them if certain conditions are met.

For information about Deposit Insurance Assessments, visit the FDIC's Web site at http://www.fdic.gov/deposit/insurance/assessments/index.html.