PRESS RELEASE

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

FOR IMMEDIATE RELEASE
February 27, 2009

Media Contact:
David Barr (202) 898-6992
dbarr@fdic.gov

FDIC Extends Restoration Plan; Imposes Special Assessment

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today voted to amend the restoration plan for the Deposit Insurance Fund (DIF). The Board also took action to ensure the continued strength of the insurance fund by imposing a special assessment on insured institutions of 20 basis points, implementing changes to the risk-based assessment system, and setting rates beginning the second quarter of 2009.

"Deposit insurance remains a good value," said FDIC Chairman Sheila Bair. "Public confidence in the FDIC guarantee has helped assure a stable source of funding for banks in these troubled times."

Under the restoration plan approved last October, the Board set a rate schedule to raise the DIF reserve ratio to 1.15 percent within five years. Today's action extends the restoration plan horizon to seven years in recognition of the current significant strains on banks and the financial system and the likelihood of a severe recession.

The amended restoration plan was accompanied by a final rule that sets assessment rates and makes adjustments that improve how the assessment system differentiates for risk. Currently, most banks are in the best risk category and pay anywhere from 12 cents per $100 of deposits to 14 cents per $100 for insurance. Under the final rule, banks in this category will pay initial base rates ranging from 12 cents per $100 to 16 cents per $100 on an annual basis, beginning on April 1, 2009.

The Board adopted an interim rule imposing a 20 basis point emergency special assessment on the industry on June 30, 2009. The assessment is to be collected on September 30, 2009. The interim rule would also permit the Board to impose an emergency special assessment after June 30, 2009, of up to 10 basis points if necessary to maintain public confidence in federal deposit insurance. Comments on the

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-30-2009

interim rule on special assessments are due no later than 30 days after publication in the Federal Register.

Changes to the assessment system include higher rates for institutions that rely significantly on secured liabilities, which may increase the FDIC's loss in the event of failure without providing additional assessment revenue. Under the final rule, assessments will be higher for institutions that rely significantly on brokered deposits but, for well-managed and well-capitalized institutions, only when accompanied by rapid asset growth. Brokered deposits combined with rapid asset growth have played a role in a number of costly failures, including some recent ones. The final rule also would provide incentives in the form of a reduction in assessment rates for institutions to hold long-term unsecured debt and, for smaller institutions, high levels of Tier 1 capital.

Throughout the FDIC's 75-year history, no depositor has ever lost a penny of insured deposits. While deposits insured by the FDIC are backed by the full faith and credit of the United States Government, the FDIC is funded not with taxpayer money but with deposit insurance premiums imposed on banks. Though the FDIC has the authority to borrow from the Treasury Department to meet its obligations, it has never done so to cover losses.

Finally, the Board voted to modify the debt guarantee component of the Temporary Liquidity Guarantee Program to allow participating entities, with the FDIC's permission, to issue mandatory convertible debt. This change would provide institutions additional options for raising capital and reducing the concentration of FDIC-guaranteed debt maturing in mid-2012.