



PRESS RELEASE

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

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FDIC Board Announces Projected Deposit Insurance Fund Losses, Income, and Reserve Ratios for the Restoration Plan

The Federal Deposit Insurance Corporation (FDIC) today updated its loss, income, and reserve ratio projections for the Deposit Insurance Fund (DIF) over the next several years. The projected cost of FDIC-insured institution failures for the five-year period from 2011 through 2015 is \$19 billion, compared to estimated losses of \$23 billion for banks that failed in 2010 alone. While these loss projections are subject to considerable uncertainty, under these projections and current assessment rates, the fund should reach 1.15 percent of estimated insured deposits in 2018.

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires that the fund reserve ratio reach 1.35 percent by September 30, 2020. A future rulemaking will implement the requirement in Dodd-Frank that the FDIC offset the effect of increasing the reserve ratio from 1.15 percent to 1.35 percent on institutions with assets of less than \$10 billion.

After seven consecutive quarters of negative balances, the DIF became positive in the second quarter of 2011, standing at \$3.9 billion at June 30. The DIF balance has increased for six quarters in a row, following seven quarters of decline. Cumulatively, the DIF balance has risen by almost \$25 billion from its negative \$20.9 billion low point at the end of 2009.

"The assessment that the insurance fund remains on the path to recovery and on track to meet the goals established by Congress is welcome news," said Acting Chairman Martin J. Gruenberg. "As we seek to stay on track, it's important to always be mindful of the challenges we face and ongoing risks to the insurance fund."



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.

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