FDIC

Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-78-2018
November 28, 2018

DEPOSIT INSURANCE FUND RESERVE RATIO EXCEEDS MINIMUM 1.35 PERCENT

Summary: On September 30, 2018, the Deposit Insurance Fund Reserve Ratio reached 1.36 percent, exceeding the statutorily required minimum reserve ratio of 1.35 percent ahead of the September 30, 2020, deadline required under the Dodd-Frank Wall Street Reform and Consumer Protection Act. FDIC regulations provide for two changes to deposit insurance assessments upon reaching the minimum: (1) surcharges on insured depository institutions with total consolidated assets of $10 billion or more (large banks) will cease; and (2) small banks will receive assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from between 1.15 percent and 1.35 percent, to be applied when the reserve ratio is at or above 1.38 percent.

Distribution:
All FDIC-Insured Institutions

Suggested Routing:
Chief Executive Officer
President
Chief Financial Officer

Related Topics:
FDIC Regulations Governing the Assessment Process, 12 CFR Part 327

Attachment:
Final Rule on Assessments (large bank pricing)
Final Rule on Assessments (surcharges)
Final Rule on Assessments (small bank pricing)
Third Quarter 2018 Quarterly Banking Profile

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Note:
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Highlights

Large Bank Surcharges

- The last quarterly surcharge will be reflected in large banks’ December 2018 assessment invoices, which cover the assessment period from July 1 through September 30.
- March 2019 assessment invoices, which cover the assessment period from October 1, 2018, through December 31, 2018, no longer will include a quarterly surcharge.

Small Bank Credits

- Small banks will receive credits for the portion of their assessments that contributed to growth in the reserve ratio between 1.15 percent and 1.35 percent.
- The FDIC estimates the aggregate amount of credits to be approximately $750 million.
- The FDIC plans to notify each small bank of its individual credit amount in January 2019 through FDIC*connect*.
- Credits automatically will be applied each quarter that the reserve ratio is at least 1.38 percent, up to the full amount of a small bank’s credit or assessment, whichever is less.

No Change to Assessment Rates

- Assessment rates, which declined for all banks when the reserve ratio first surpassed 1.15 percent in the third quarter of 2016, will remain unchanged.
- Assessment rates are scheduled to decrease when the reserve ratio exceeds 2 percent.