



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

Financial Institution Letter
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LETTER TO STAKEHOLDERS

Second Quarter 2007 Edition of FDIC's Letter to Stakeholders

Summary: The FDIC has issued the attached Letter to Stakeholders, which reports on the FDIC's priorities and activities for the second quarter of 2007.

Distribution:
FDIC-Insured Institutions

Suggested Routing:
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Attachment:
Letter to Stakeholders

Contact:
Senior Accountant Karen Flynn at kflynn@fdic.gov
(703) 562-6188

Note:
FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2007/index.html.

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Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights:

Among the significant activities reported in the Letter to Stakeholders for the second quarter of 2007 are the following:

- FDIC-insured commercial banks and savings institutions reported net income of \$36.0 billion in the first quarter of 2007, slightly below the \$36.9 billion earned in the first quarter of 2006.
- Estimated insured deposits increased by \$84.4 billion in the first quarter, the second largest quarterly increase in the past five years.
- The Deposit Insurance Fund (DIF) balance increased by \$580 million (1.2%), bringing the fund balance to \$50.7 billion at the end of the first quarter.
- The DIF earned assessment income of \$94 million in the first quarter of 2007. The FDIC anticipates the DIF will reach its designated reserve ratio of 1.25% in 2009.
- The federal bank, thrift and credit union regulatory agencies issued the *Statement on Subprime Mortgage Lending* to address issues relating to certain adjustable-rate mortgage products that may result in payment shock.
- The FDIC released a new publication, *FDIC Quarterly*, which provides a single source for industry data, analysis and research.

Your feedback to the Letter to Stakeholders is encouraged, as are suggestions for improvement. For more information, visit the FDIC's Web site at www.fdic.gov.