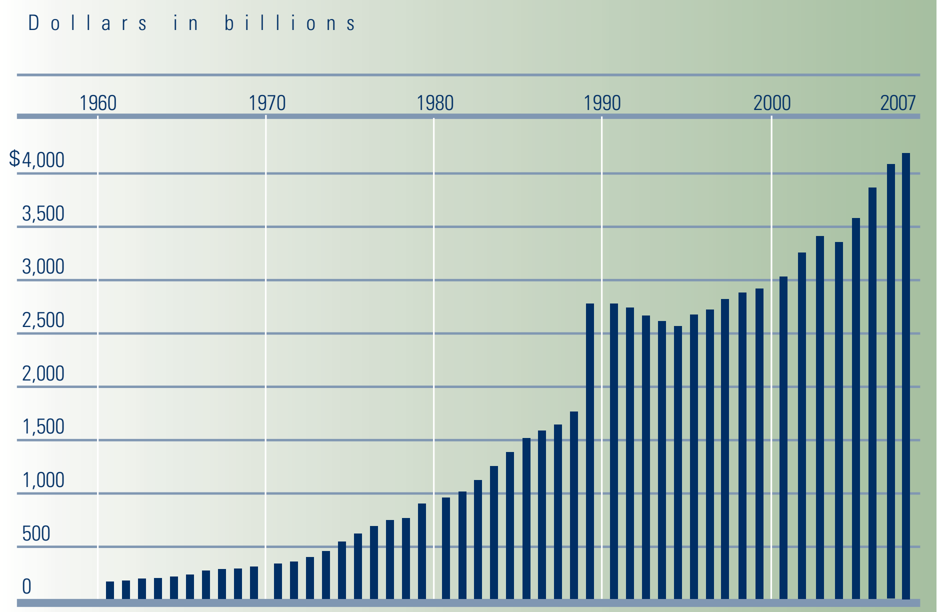
Deposit Insurance Fund Performance

The FDIC administers the Deposit Insurance Fund (DIF) and the FSLIC Resolution Fund (FRF), which fulfills the obligations of the former Federal Savings and Loan Insurance Corporation (FSLIC) and the former Resolution Trust Corporation (RTC). The following summarizes the condition of the DIF. (See the accompanying tables on FDIC-Insured Deposits and Insurance Fund Reserve Ratios on the following page.)

For the twelve months ending December, 31, 2007, DIF's comprehensive income totaled $2.2 billion compared to $1.6 billion for the previous year, an increase of 38 percent. Excluding the recognition of exit fees earned of $345 million (a one-time adjustment) from the 2006 results, comprehensive income rose by $1.02 billion, or 84 percent, from a year ago. This year-over-year increase was primarily due to a $611 million increase in assessment revenue, a $299 million increase in interest revenue, a $298 million decrease in the unrealized loss on AFS securities, offset by a $42 million increase in operating expenses and a $147 million increase in the provision for insurance losses.

FDIC-DIF Insured Deposits (estimated 1960-2007)•



• All amounts are year-end except 2007 is at 9/30/07.

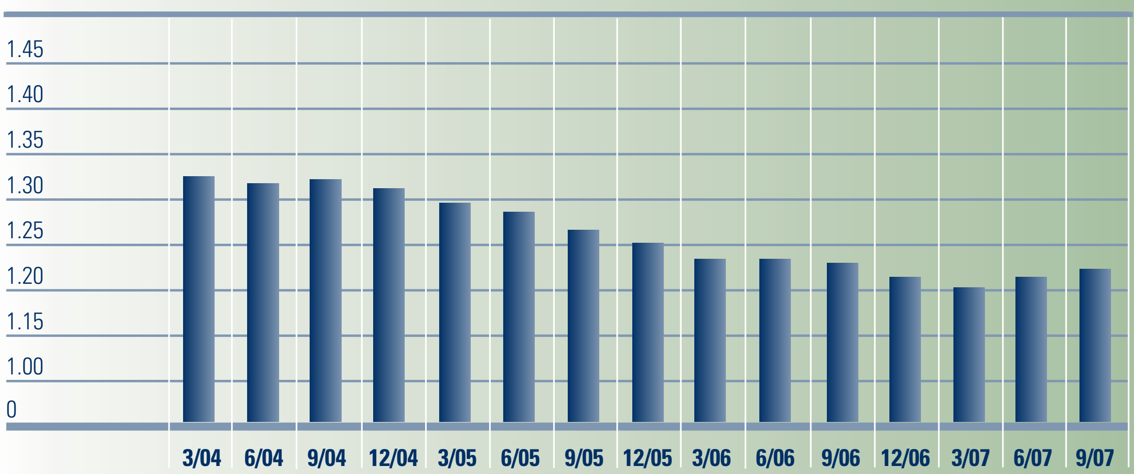
From 1989 through 2005, amounts represent the sum of separate Bank Insurance Fund and Savings Association Insurance Fund amounts.

Source: Commercial Bank Call Reports and Thrift Financial Reports.

The $611 million increase in assessment revenue resulted from significant changes to the risk-based assessment system beginning in 2007 (see footnote 7 to DIF's financial statements for a detailed explanation). For 2007, DIF recognized $643 million in assessment revenue representing $3.7 billion in gross premiums due from insured depository institutions net of $3.1 billion in assessment credits used. Assessment revenue increased from $94 million in the first quarter to $245 million in the fourth quarter.

The increased revenue each quarter primarily resulted from a reduction in the assessment credits used by financial institutions to offset gross assessments. This trend toward higher assessment income is expected to continue as institutions deplete their available credits. Of the $4.7 billion in one-time assessment credits granted, $1.6 billion (34 percent) remained as of December 31, 2007.

Deposit Insurance Fund Reserve Ratios (Fund Balances as a Percent of Estimated Insured Deposits)



Prior to 2007, amounts represent the sum of separate Bank Insurance Fund and Savings Association Insurance Fund amounts.

Selected Statistics Deposit Insurance Fund

Dollars in millions

	For the years ended December 31		
	2007	2006	2005
Financial Results			
Revenue	**$ 3,196**	$ 2,644	$ 2,421
Operating Expenses	**993**	951	966
Insurance and Other Expenses (includes provision for loss)	**98**	(46)	(156)
Net Income	**2,105**	1,739	1,611
Comprehensive Income	**2,248**	1,569	1,090
Insurance Fund Balance	**$ 52,413**	$ 50,165	$ 48,597
Fund as a Percentage of Insured Deposits (Reserve Ratio)	**1.22%**▼	1.21%	1.25%
Selected Statistics			
Total DIF-Member Institutions●	**8,560** ▼	8,680	8,833
Problem Institutions	**65** ▼	50	52
Total Assets of Problem Institutions	**$ 18,515** ▼	$ 8,265	$ 6,607
Institution Failures	**3**	0	0
Total Assets of Current Year Failed Institutions	**$ 2,345**	$ 0	$ 0
Number of Active Failed Institution Receiverships	**22**	25	27

▼ As of September 30, 2007.

● Commercial banks and savings institutions. Does not include U.S. branches of foreign banks. For 2005, amounts represent sum of separate BIF and SAIF amounts.

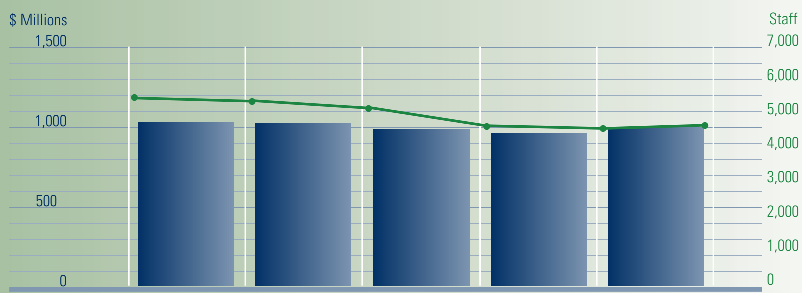
Corporate Operating Budget Spending

The FDIC has had an exceptional record of controlling operating costs over the past five years, and 2007 was no exception. Corporate Operating Budget spending totaled $1,002 million in 2007, including $981.8 million for ongoing operations and $19.7 million for receivership funding. During the five-year period from 2003 through 2007, the FDIC's annual Corporate Operating Budget spending declined from $1,008 million to $1,002 million, a reduction of $6 million, or 0.6 percent, despite the effects of inflation on the FDIC's costs. That reduction was primarily attributable to significant reductions in staffing as well as a steady reduction in resolutions and receivership activities resulting from the historically low number of bank failures.

Cost Reductions Realized through Staff Reductions

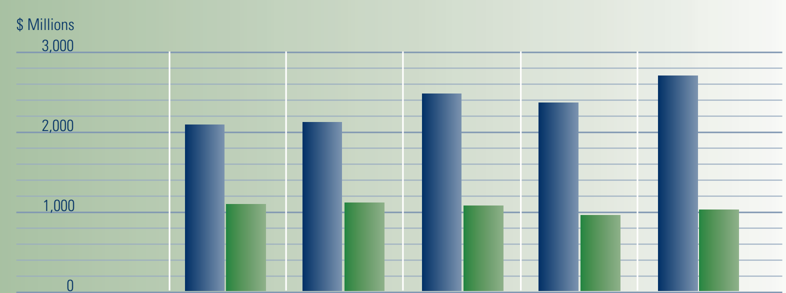
Salary and benefits costs represent more than 60 percent of the FDIC's annual Corporate Operating Budget. Because compensation costs are so significant, the FDIC has engaged in a continuing effort to realign staffing to reflect reduced workload requirements as it has moved past the banking and thrift crisis. Total FDIC staffing fell from 5,430 at the beginning of 2003 to 4,532 at year-end 2007, a 17 percent reduction over five years. As a result, aggregate spending for salaries and benefits decreased by 4 percent, from $666 million in 2003 to $639 million in 2007, despite an increase of 16.9 percent in the salaries of individual employees during this period.

FDIC Staffing and Operating Budget Spending 2003-2007



	2003	2004	2005	2006	2007
Operating Expenses	$1,008	1,004	990	973	1,002
Staff	5,311	5,078	4,514	4,476	4,532

Total Interest Revenue vs. Operating and Investment Budget Spending



	2003	2004	2005	2006	2007
Total Interest Revenue (DIF+FRF)	$2,095	2,148	2,440	2,392	2,696
Total Budget Spending	$1,035	1,112	1,052	998	1,013

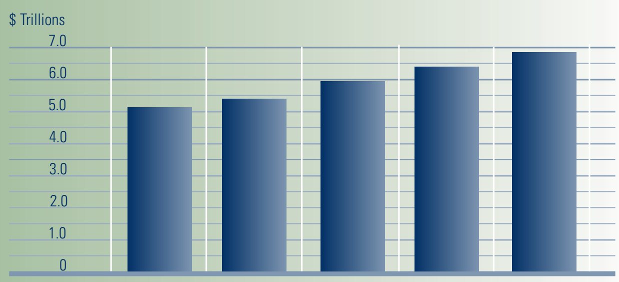
A Continuing Record of Prudent Stewardship

Two comparisons illustrate the FDIC's prudent stewardship of the funds under management (DIF and FRF) over the past five years.

The FDIC relies primarily upon interest earned on the investment of the Deposit Insurance Fund for its operations. It is notable that the Corporation has reduced its operational spending even as the interest earned on the DIF (and its predecessor funds) has increased significantly. As a result, the FDIC's annual spending has dramatically declined as a percentage of interest revenue on the DIF. The combined interest earned by the DIF and FRF grew to $2,696 million in 2007 ($2,540 million for DIF and $156 million for FRF), while combined operating and investment budget spending fell to 37.6 percent of interest revenue, down from 49.4 percent in 2003.

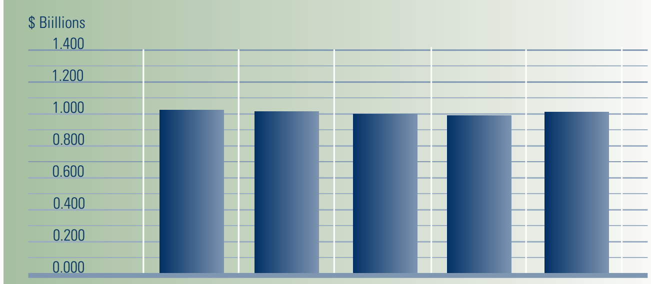
The Corporation's prudent stewardship of the DIF can also be seen when operating budget spending is compared to the growth of the industry over the past five years. The banking industry's deposit insurance assessment base rose by approximately 33 percent during this period, from $5.1 trillion in 2003 to approximately $6.8 trillion in 2007. During that same period, the FDIC's operating budget spending decreased by 0.6 percent. As a result, the FDIC's operating budget spending represented only 0.0147 percent (approximately 1.5 basis points) of the average deposit insurance assessment base in 2007, compared to 0.0198 percent (approximately 2 basis points) of the average deposit insurance assessment base in 2003.

As the Assessment Base Increased . . .



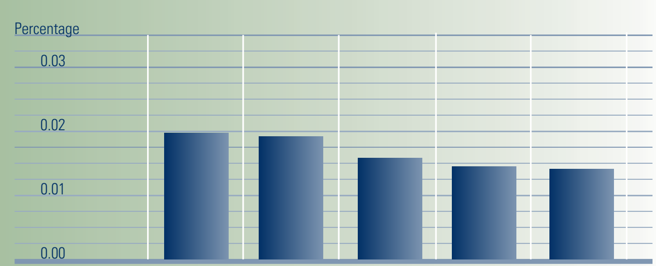
	2003	2004	2005	2006	2007
Assessment Base (Average)	$5.1	5.4	5.9	6.4	6.8

Operating Budget Spending Declined, and as a Result . . .



	2003	2004	2005	2006	2007
Operating Budget Spending	$1.008	1.004	0.990	0.973	1.002

Spending has Declined Significantly as a Percentage of the Assessment Base.



	2003	2004	2005	2006	2007
Spending per Assessment Base	0.0198%	0.0186	0.0168	0.0152	0.0147

These comparisons demonstrate the good value provided to the banking industry through the FDIC's continuing commitment to prudent stewardship of the DIF.

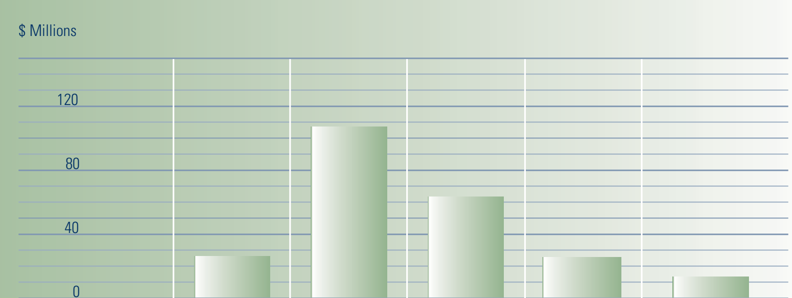
2008 Corporate Operating Budget
Although its staffing realignment was essentially completed in 2006, the FDIC will continue to emphasize control of spending in 2008 and future years. In December 2007, the Board of Directors approved a 2008 Corporate Operating Budget of approximately $1.142 billion, including $1.067 billion for ongoing operations. The approved 2008 budget is 3.1 percent higher than the 2007 Corporate Operating Budget. This limited budget increase was required for negotiated employee pay increases and included funding for a number of major new initiatives, including additional staff for risk management and compliance examinations, as well as increased funding for resolution preparedness. The Corporation realigned its spending priorities and reduced costs in other areas to address these priority initiatives while limiting the size of the overall 2008 budget increase. In 2008 and future years, the FDIC will continue to rigorously review its workload and staffing and seek operational efficiencies through continuous improvement of its business processes.

Investment Spending

The FDIC instituted a separate Investment Budget in 2003. It has a disciplined process for reviewing proposed new investment projects and managing the construction and implementation of approved projects. All of the projects in the current investment portfolio are major IT system initiatives. Proposed IT projects are carefully reviewed to ensure that they are consistent with the Corporation's enterprise architecture. The project approval and monitoring processes also enable the FDIC to be aware of risks to the major capital investment projects and facilitate appropriate, timely intervention to address these risks throughout the development process. An investment portfolio performance review is provided to the FDIC's Board of Directors quarterly.

The Corporation undertook significant capital investments during the 2003-2007 period, including construction of a major expansion of its Virginia Square facility and the implementation of 11 major new IT systems. Investment spending totaled $234 million during this period, peaking at $108 million in 2004. Spending for investment projects in 2007 totaled approximately $12 million. In 2008, investment spending is estimated to total $17 million.

Investment Spending 2003-2007



	2003	2004	2005	2006	2007
Investment Spending	$ 27	108	62	25	12