Message from the Chief Financial Officer

I am pleased to present the Federal Deposit Insurance Corporation's (FDIC) 2013 Annual Report (also referred to as the Performance and Accountability Report). The report covers financial and program performance information and summarizes our successes for the year. The FDIC takes pride in providing timely, reliable, and meaningful information to its many stakeholders.

For 22 consecutive years, the U.S. Government Accountability Office (GAO) has issued unmodified (unqualified) audit opinions for the two funds administered by the FDIC: the Deposit Insurance Fund (DIF) and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). We take pride in our responsibility and demonstrate discipline and accountability as stewards of these funds. We remain proactive in executing sound financial management and in providing reliable financial data.

During 2013, the FDIC continued to make significant progress in rebuilding the DIF. Since year-end 2009, the DIF balance increased by $68.1 billion to $47.2 billion as of year-end 2013. This increase in the DIF balance was primarily due to cumulative assessment revenue of $49.2 billion and a decrease in the estimated losses for both actual and anticipated bank failures of $15.1 billion.

FINANCIAL RESULTS FOR 2013

For 2013, the DIF's comprehensive income totaled $14.2 billion compared to comprehensive income of $21.1 billion during 2012. This $6.9 billion year-over-year decrease was primarily due to a $6.0 billion decrease in other revenue (which is attributable to the 2012 transfer of fees from TLGP) and a $2.7 billion decrease in assessments; partially offset by a $1.5 billion decrease in the provision for insurance losses and a $156 million net increase from the sale of Citigroup trust preferred securities (TruPS).

Assessment revenue was $9.7 billion for 2013. The decrease of $2.7 billion, from $12.4 billion in 2012, was primarily due to lower risk-based assessment rates resulting from continued improvements in banks' CAMELS ratings and financial condition. In addition, in 2013, the DIF refunded $5.9 billion in prepaid assessments to the 5,625 insured depository institutions that had remaining balances. This final payment marked the end of the prepaid assessment program, which began with the collection of $45.7 billion in prepaid assessments on December 30, 2009.

The provision for insurance losses was negative $5.7 billion for 2013, compared to negative $4.2 billion for 2012. The negative provision for 2013 primarily resulted from a reduction of $1.0 billion in the contingent liability for anticipated failures due to the improvement in the financial condition of troubled institutions and a decrease of $4.8 billion in the estimated losses for institutions that failed in prior years.

Only 24 banks failed in 2013, the fewest since the beginning of the crisis in 2008 when 25 banks failed. Failures during the crisis peaked at 157 in 2010. Even though the banking crisis has subsided, the FDIC will still emphasize effectively managing risks to the DIF, as we rebuild the Fund in the post-banking crisis environment. Financial operations will continue to be based on sound financial management techniques, which will include a strong enterprise-wide risk management and internal control program.

Sincerely,

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