

Message from the Chief Financial Officer



I am pleased to present the Federal Deposit Insurance Corporation's (FDIC) *2014 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 23 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 execution of sound financial management and in providing reliable financial data.

During 2014, the FDIC continued to rebuild the DIF following the most recent banking crisis. Since the end of 2009, when the DIF was negative \$20.9 billion, the DIF increased by \$83.7 billion to a record \$62.8 billion at the end of 2014. This increase is primarily due to \$57.9 billion in cumulative assessment revenue and a \$23.4 billion cumulative decrease in the provision for insurance losses.

FINANCIAL RESULTS FOR 2014

For 2014, DIF comprehensive income totaled \$15.6 billion, an increase of \$1.4 billion over the 2013 comprehensive income of \$14.2 billion. This increase is primarily due to a negative \$8.3 billion in provision for insurance losses in 2014 compared to a negative \$5.7 billion in 2013. Assessment revenue was \$8.7 billion in 2014 as compared to \$9.7 billion in 2013, a decrease of \$1.0 billion. Interest on U.S. Treasury obligations totaled \$282 million as compared to \$103 million in 2013; at the end of 2014, the yield to maturity on the DIF portfolio was 0.70%.

In April 2014, we closed the last of our three temporary offices which were originally opened in 2009 and 2010 to deal with the banking crisis. At the height of the banking crisis, the FDIC full-time equivalent employees peaked at 8,241. At the end of 2014, we had 6,631 employees, a 20% reduction in overall staffing. While we have reduced staffing and project further reductions in 2015, we will maintain a workforce ready to carry out the mission of the FDIC and to handle any future bank failures.

In 2014, there were 18 bank failures, down markedly from the peak of 157 in 2010, and the lowest number since 25 failures occurred at the beginning of the crisis in 2008. As bank failures decline further, we will continue to manage risks, especially as they pertain to our goal of rebuilding the DIF. We will remain focused on sound financial management techniques, and maintain our enterprise-wide risk management and internal control program.

Sincerely,

A handwritten signature in dark ink that reads "Steven O. App". The signature is written in a cursive, slightly slanted style.

Steven O. App