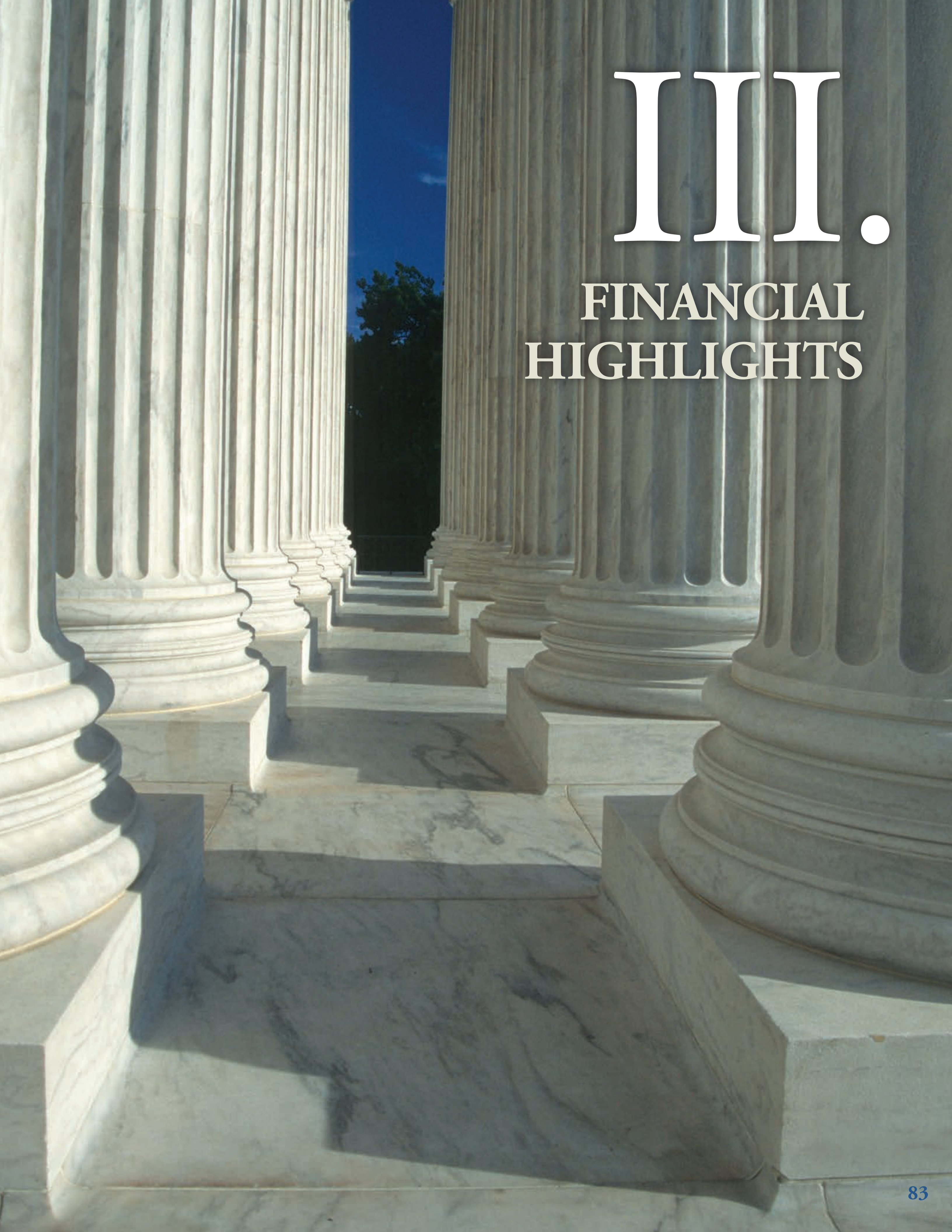
III.

FINANCIAL HIGHLIGHTS



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In its role as deposit insurer of financial institutions, the FDIC promotes the safety and soundness of insured depository institutions (IDIs). The following financial highlights address the performance of the Deposit Insurance Fund.

DEPOSIT INSURANCE FUND PERFORMANCE

The DIF balance was $92.7 billion at December 31, 2017, compared to $83.2 billion at year-end 2016. Assessment revenue, including assessment surcharges on large banks, drove the growth in the DIF. Comprehensive income totaled $9.6 billion for 2017, compared to comprehensive income of $10.6 billion during 2016, a $975 million year-over-year decrease.

Assessment revenue was $10.6 billion for 2017, compared to $10.0 billion for 2016. The combination of a higher assessment base, assessment surcharges on larger institutions, and lower regular assessment rates for all IDIs resulted in the net increase in assessment revenue of $608 million.

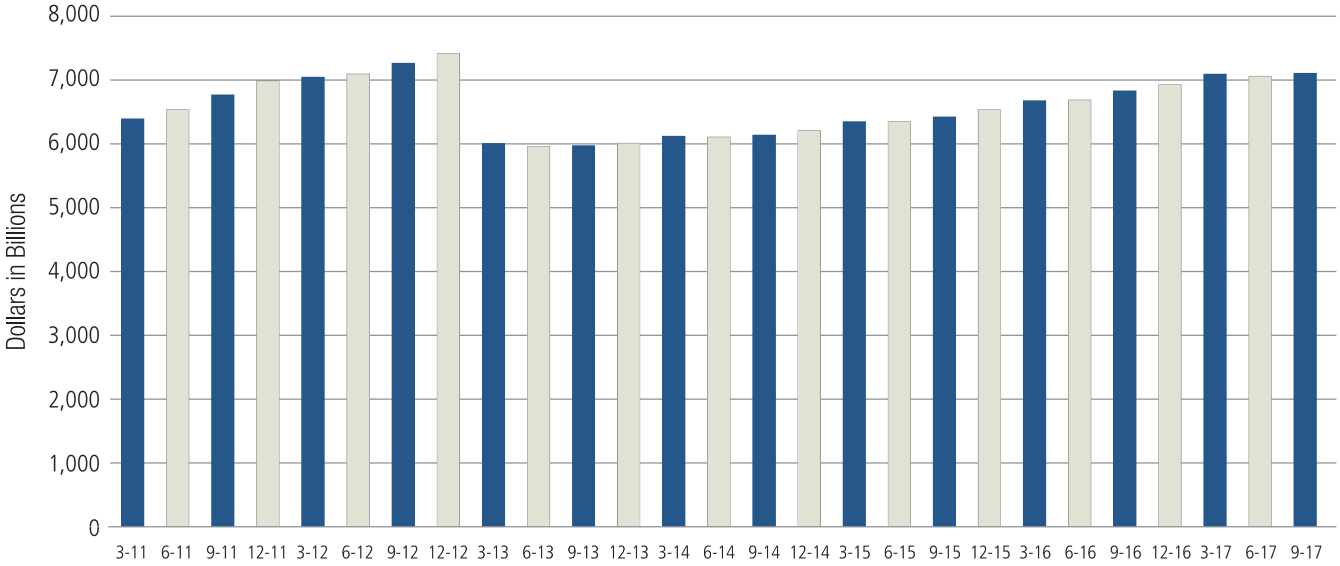
The DIF's interest revenue on U.S. Treasury securities for 2017 was $1.1 billion, compared to interest revenue of $671 million in 2016. The $386 million year-over-year increase resulted from a combination of factors: (1) the Federal Reserve increased the federal funds target rate, resulting in an increase in the average overnight investment interest rate; (2) higher yields on new long-term investments purchased as older long-term investments matured; and (3) steady growth in the investment portfolio balance.

The provision for insurance losses was negative $183 million for 2017, compared to negative $1.6 billion for 2016. The negative provision for 2017 primarily resulted from a $969 million decrease to the estimated losses for prior year failures offset by a $718 million increase for higher-than-anticipated estimated losses for current year failures, as compared to the contingent liability at year-end 2016. The 2016 negative provision was almost fully attributable to reductions in estimated losses for prior year failures. The $969 million decrease in the estimated losses for prior year failures was primarily attributable to (1) a decrease in receivership shared-loss liability cost estimates of $420 million primarily due to lower-than-anticipated losses on covered assets, reductions in shared-loss cost estimates from the early termination of shared-loss agreements (SLAs) during the year, and unanticipated recoveries from SLAs where the commercial loss coverage has expired but the recovery period remains active; (2) $383 million of unanticipated recoveries received, or expected to be received, by receiverships from tax refunds, litigation settlements, and professional liability claims; and (3) a $124 million decrease in receivership contingent legal and representation and warranty liabilities, as well as projected future receivership expenses.

During 2017, the DIF recognized an unrealized loss on U.S. Treasury securities of $500 million, while in 2016 there was an unrealized gain of $29 million. The unrealized loss in 2017 was the result of yields rising dramatically across all maturity sectors of the Treasury yield curve, resulting in declines in the securities' market values relative to their book values.

The DIF's cash, cash equivalents, and U.S. Treasury investment portfolio balance was $85.1 billion at year-end 2017, an increase of $10.3 billion from the year-end 2016 balance of $74.8 billion. This increase was primarily due to assessment collections of $10.6 billion and recoveries from resolutions of $4.0 billion, less operating expenses paid of $1.8 billion and resolution disbursements of $3.0 billion.

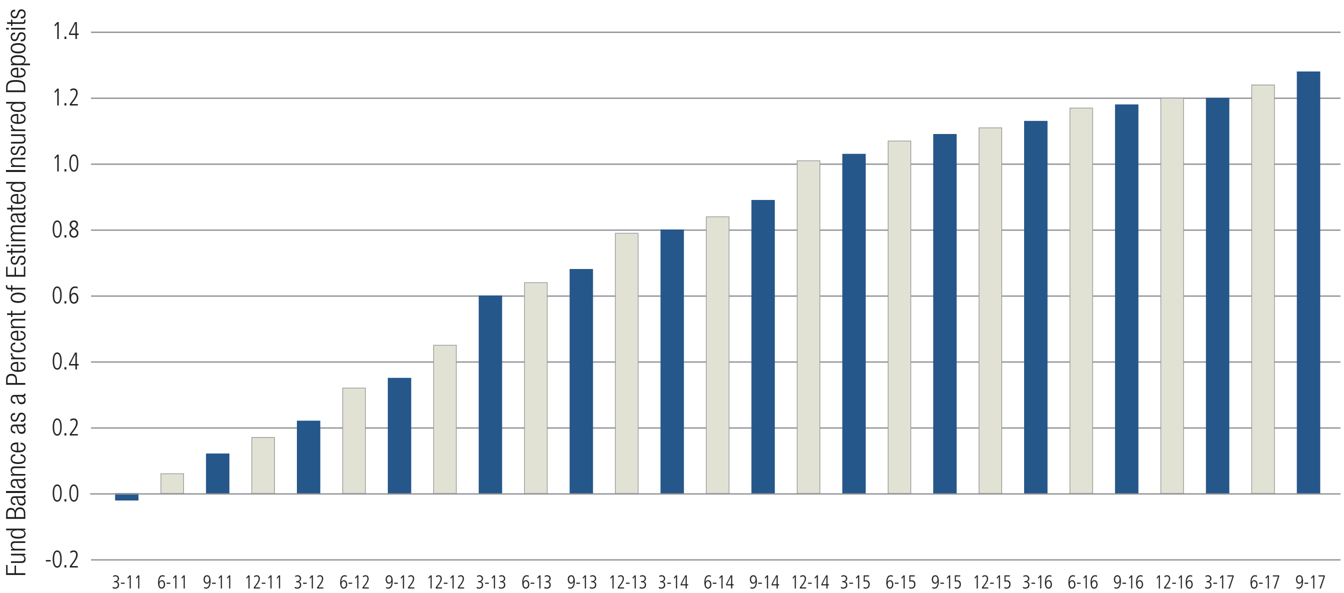
ESTIMATED DIF INSURED DEPOSITS



SOURCE: Call Reports

Note: Beginning in fourth quarter 2010 through fourth quarter 2012, estimated insured deposits include the entire balance of noninterest-bearing transaction accounts.

DEPOSIT INSURANCE FUND RESERVE RATIOS



DEPOSIT INSURANCE FUND SELECTED STATISTICS Dollars in Millions			
	For the years ended December 31		
	2017	2016	2015
Financial Results			
Revenue	$11,664	$10,674	$9,304
Operating Expenses	1,739	1,715	1,687
Insurance and Other Expenses (includes provision for losses)	(181)	(1,564)	(2,240)
Net Income	10,105	10,524	9,857
Comprehensive Income	9,586	10,561	9,820
Insurance Fund Balance	$92,747	$83,162	$72,600
Fund as a Percentage of Insured Deposits (reserve ratio)	1.28%[3]	1.20%	1.11%
Selected Statistics			
Total DIF-Member Institutions[1]	5,738[3]	5,913	6,182
Problem Institutions	104[3]	123	183
Total Assets of Problem Institutions	$16,044[3]	$27,624	$46,780
Institution Failures	8	5	8
Total Assets of Failed Institutions in Year[2]	$5,082	$277	$6,706
Number of Active Failed Institution Receiverships	338	378	446

[1] Commercial banks and savings institutions. Does not include U.S. insured branches of foreign banks.

[2] Total Assets data are based upon the last Call Report filed by the institution prior to failure.

[3] As of September 30, 2017.