

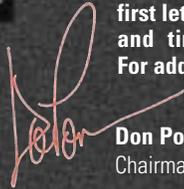


Letter to Stakeholders

3rd quarter
2002



This is our second edition of the Letter to Stakeholders. Feedback from our first letter, issued in July, was overwhelmingly positive. Thank you for your candid and timely comments. This letter highlights our 3rd quarter performance. For additional information, I encourage you to visit our Web site at: www.fdic.gov.



Don Powell
Chairman



Our Priorities

Protect the Funds

- Presented case for comprehensive deposit insurance reform in speeches, banker outreach sessions, and Capitol Hill visits.
- Chairman Powell addressed the Risk Management Association on *The Challenges of Risk Management in Today's Environment*.
- Selected designated examiners to enhance FDIC's risk monitoring of the eight largest insured institutions.
- Announced the June 30, 2002, BIF Reserve Ratio rise to 1.26% and SAIF to 1.38%.

Sound Management

- Hired Steve App, formerly Treasury Department Deputy CFO, as the FDIC Chief Financial Officer.
- Selected an Accenture/Peoplesoft business solution as the next FDIC financial management system.
- Concluded 2002 buyout/retirement incentive programs achieving a reduction of 699 staff and \$80 million projected savings in future operating costs.
- Completed YTD, 485 expedited examinations of well-managed/well-capitalized banks under \$250 million, resulting in a reduction of the average exam time on these institutions by more than 20%.
- Analyzed over 400 regulatory burden comments to help improve efficiency and support to the financial services industry.

Consumer Education

- Money Smart* outreach efforts have resulted in alliances with over 350 national and regional organizations and requests for almost 20,000 copies of the *Money Smart* curriculum.
- Showcased *Money Smart* at four national civil rights conventions and continue to finalize agreements for the program's use by these organizations.
- Addressed predatory lending in the summer 2002 publication of *FDIC Consumer News*.

Policy Leadership

- Hosted two roundtable sessions with data providers and users on enhancing public disclosure in financial institutions.
- Selected charter members of the FDIC Advisory Committee on Banking Policy.
- Sponsored a symposium entitled *The Rise of Risk Management: Basel and Beyond* to explore the evolution of risk management systems and discuss the issues regulators face.
- Hosted officials from the Peoples Bank of China and the Turkish Banking Industry with an overview of the U.S. deposit insurance/regulatory environment, and provided technical and management assistance to developing nations including Serbia.

Our Key Indices Most Current Data

Insurance						
	BIF		SAIF		Both Funds	
Updated quarterly (\$ billions)	Q2 2001	Q2 2002	Q2 2001	Q2 2002	Q2 2001	Q2 2002
# Insured Inst.	8,448	8,226	1,317	1,256	9,765	9,482
\$ Insured Inst.	\$ 6,650	\$ 6,985	\$ 994	\$ 1,063	\$ 7,644	\$ 8,048
Insured Deposits	\$ 2,383	\$ 2,483	\$ 773	\$ 820	\$ 3,156	\$ 3,303
Fund Balances	\$ 31.7	\$ 31.2	\$ 10.8	\$ 11.3	\$ 42.5	\$ 42.5
Reserve Ratios	% 1.33	% 1.26	% 1.40	% 1.38	% 1.35	% 1.29

Supervision		
YTD	9/30/2001	9/30/2002
Total Number of FDIC Supervised Institutions	5,546	5,417
Bank Examinations:		
Safety and Soundness	1,997	2,018
Compliance and CRA	1,632	1,376
Insurance and Other Applications Approved	2,054	2,030
Formal and Informal Enforcement Actions	363	307

Receiverships						
	BIF		SAIF		Both Funds	
YTD (\$ millions)	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002
Receiverships Added	3	8	1	1	4	9
Assets at Failure	\$ 54	\$ 2,415	\$ 2,300	\$ 50	\$ 2,354	\$ 2,465
Est. Cost to Funds	\$ 5	\$ 623	\$ 450	\$ 1	\$ 455	\$ 624
Non Cash Assets in Liquidation	\$ 156	\$ 991	\$ 189	\$ 421	\$ 345	\$ 1,412

Income						
	BIF		SAIF		Both Funds	
YTD (\$ millions)	Q2 2002	Q3 2002	Q2 2002	Q3 2002	Q2 2002	Q3 2002
Assessment Income	\$ 36	\$ 62	\$ 11	\$ 18	\$ 47	\$ 80
Interest	\$ 868	\$ 1,272	\$ 284	\$ 421	\$ 1,152	\$ 1,693
Comprehensive Income	\$ 748	\$ 944	\$ 388	\$ 651	\$ 1,136	\$ 1,595

Resources						
	Budget			On Board Staff		
YTD (\$ millions)	CY 2002	YTD	Expended YTD	Y/E 2001	Q3 2002	Projected Y/E 2002
Totals	\$ 1,216	\$ 928	\$ 886	6,229	5,826	5,575

▼ Financial data is unaudited
• Data as of September 21, 2002