



Letter to Stakeholders

1st quarter
2003



This is my fourth Letter to Stakeholders. We have set the stage for 2003 with new priorities: **Stability** of the industry and the insurance funds, **Sound Policy** positions supported by substantive research and led by comprehensive deposit insurance reform legislation, and **Stewardship** of the Corporation and insurance funds to ensure we do our job in the most efficient and effective manner possible. For added information, I encourage you to visit our website at www.fdic.gov.

Don Powell
Chairman



Our Priorities

Stability

- Established an FDIC Risk Analysis Center to rapidly identify, quantify and respond to existing and emerging risks to the deposit insurance funds.
- Announced new and updated corporate governance initiatives allowing Bank Directors to participate in regular meetings between examiners and bank officers, a "Director's Corner" on the FDIC website, and expansion of its "Director's College" program.
- Hosted a *Consumer Balance Sheet Roundtable* featuring experts from government, Wall Street and academia debating the current state of consumer finances and the outlook for consumer credit quality.
- Published a Chinese language version of *Money Smart* highlighting navigation of the banking process.
- Reached agreement with FFIEC partners to build/implement a new internet-based Central Data Repository for Call Reporting and other regulatory reports using the XBRL data standard.

Sound Policy

- Comprehensive deposit insurance reform legislation passed the House of Representatives by a vote of 411 to 11.
- Chairman Powell hosted symposium on *The Future of Financial Regulation: Structural Reform or Status Quo?* highlighting apparent disconnects between industry and regulators, convergence and consolidation of the financial services industry, and the potential regulatory reorganization.
- Chairman Powell testified before the House Financial Services Committee and FDIC initiated a series of public papers to demystify Basel II capital regulations in recognition that regulatory changes under consideration are not widely understood.
- Improved how the FDIC provides analysis and data to bankers, policy-makers, and the public by revamping its three flagship publications: *FDIC Outlook*, *FDIC Quarterly Banking Profile* and *FDIC Banking Review*, and by launching *FDIC State Profiles*, an internet-only publication with localized banking data and economic information for every state.

Stewardship

- Realigned FDIC executive positions and created two senior management pay bands supporting pay for performance programs.
- Received unqualified opinions on 2002 financial statements and published the *FDIC Annual Report* in record time of 90 days. FDIC vows to deliver the 2003 report by February 15, 2004.
- Established the FDIC Corporate University to better develop employees to keep pace with the banking industry, learn more about the FDIC, sharpen job skills, and enhance leadership expertise.
- Named Richard A. Brown as the FDIC's Chief Economist and Robert F. Storch as the FDIC's Chief Accountant.

Our Key Indices Most Current Data

| Insurance | BIF | | SAIF | | Both Funds | |
|---------------------------------|----------|----------|----------|----------|------------|----------|
| | Q4 2001 | Q4 2002 | Q4 2001 | Q4 2002 | Q4 2001 | Q4 2002 |
| Updated quarterly (\$ billions) | | | | | | |
| # Insured Inst. | 8,344 | 8,143 | 1,287 | 1,229 | 9,631 | 9,372 |
| \$ Insured Inst. | \$ 6,866 | \$ 7,346 | \$ 1,012 | \$ 1,100 | \$ 7,878 | \$ 8,446 |
| Insured Deposits | \$ 2,410 | \$ 2,527 | \$ 801 | \$ 860 | \$ 3,211 | \$ 3,387 |
| Fund Balances | \$ 30.4 | \$ 32.1 | \$ 10.9 | \$ 11.7 | \$ 41.3 | \$ 43.8 |
| Reserve Ratios | % 1.26 | % 1.27 | % 1.36 | % 1.37 | % 1.29 | % 1.29 |

Supervision

| YTD | 3/31/2002 | 3/31/2003 |
|--|-----------|-----------|
| Total Number of FDIC Supervised Institutions | 5,454 | 5,354 |
| Bank Examinations: | | |
| Safety and Soundness | 682 | 628 |
| Compliance and CRA | 464 | 459 |
| Insurance and Other Applications Approved | 633 | 631 |
| Formal and Informal Enforcement Actions | 122 | 83 |

Receiverships

| YTD (\$ millions) | BIF | | SAIF | | Both Funds | |
|-----------------------|----------|----------|---------|---------|------------|----------|
| | Q1 2002 | Q1 2003 | Q1 2002 | Q1 2003 | Q1 2002 | Q1 2003 |
| Total Receiverships | 42 | 37 | 3 | 3 | 45 | 40 |
| Assets in Liquidation | \$ 1,665 | \$ 1,141 | \$ 188 | \$ 397 | \$ 1,853 | \$ 1,538 |
| Collections | \$ 420 | \$ 800 | \$ 26 | \$ 3 | \$ 446 | \$ 803 |
| Dividends Paid | \$ 35 | \$ 56 | \$ 523 | \$ 0 | \$ 558 | \$ 56 |

Income

| YTD (\$ millions) | BIF | | SAIF | | Both Funds | |
|----------------------|----------|---------|---------|---------|------------|---------|
| | Q4 2002 | Q1 2003 | Q4 2002 | Q1 2003 | Q4 2002 | Q1 2003 |
| Assessment Income | \$ 84 | \$ 19 | \$ 24 | \$ 4 | \$ 108 | \$ 23 |
| Interest | \$ 1,692 | \$ 376 | \$ 564 | \$ 130 | \$ 2,256 | \$ 506 |
| Comprehensive Income | \$ 1,611 | \$ 332 | \$ 812 | \$ 159 | \$ 2,423 | \$ 491 |

Resources

| (\$ millions) | Budget/Expenditures | | | | On Board Staff | |
|---------------|---------------------|--------------------|------------------|--------------------------|----------------|-----------------|
| | Total | Ongoing Operations | Recvrshp Funding | Major Investment Funding | Q1 2003 | Target Y/E 2003 |
| Annual Budget | \$ 1,112 | \$ 985 | \$ 75 | \$ 52 | 5,388 | 5,561 |
| YTD Expended | \$ 227 | \$ 213 | \$ 13 | \$ 1 | | |

- Financial data is unaudited
- Data as of March 22, 2003

