



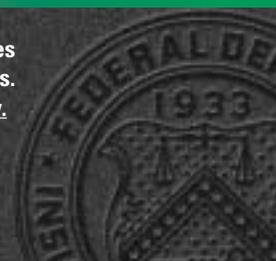
# Letter to Stakeholders

2nd quarter  
2002

## FDIC

This new quarterly report summarizes the FDIC's success in meeting our priorities over the quarter. I would appreciate receiving feedback from you on our progress. For additional information, I encourage you to visit our website at: [www.fdic.gov](http://www.fdic.gov).

**Don Powell**  
Chairman



## Our Priorities *2nd Quarter Performance*

### Protect the Funds

- Deposit insurance reform legislation, based on FDIC's recommendations, passed the House of Representatives on May 22.

### Sound Management (1st and 2nd Quarter Performance)

- Implemented an examination efficiency program – *MERIT* – to reduce by 20% the average time spent conducting exams for well managed and well capitalized institutions with assets under \$250 million.
- Reorganized to streamline the FDIC, including merging four divisions into two, estimated to save nearly 300 positions and \$35 million per year. Identified several hundred additional surplus positions and implemented a buyout program to further reduce staffing by June 30, 2003.
- Approved field management restructuring plan estimated to save \$25 million over 5 years.
- Selected new management team in merged divisions.
- Adopted "pay at risk" executive compensation program to tie pay and bonuses to achievement of corporate performance objectives.
- Kicked off regulatory burden reduction initiative. Please check: [www.fdic.gov](http://www.fdic.gov).

### Consumer Education

- Implemented adult financial education curriculum – *Money Smart* – nationwide and formed alliances with financial institutions, federal, state and local governments, and non-profit groups.
- Published Spanish language version of *Money Smart*.
- Surveyed *Money Smart* enrollees and found 94% of them report increased understanding of curriculum topics (3 on scale of 1 to 4).

### Policy Leadership

- Sponsored *Enhancing Financial Transparency* symposium on June 4, assembling key opinion leaders.
- Issued 11 FYI bulletins and expanded FYI subscriber list to 5,150.
- Conducted four banker outreach sessions.
- Inter-agency reforms expedited new supervisory guidance on accrued interest receivable and covenants in securitization documents.
- Began dialogue on federal regulatory restructuring.

### Board Actions

- Considered the outlook for the BIF and SAIF reserve ratios and maintained current assessment rates for the second half of 2002.
- Adopted a final policy statement to preserve and encourage minority ownership of banks.
- Approved new delegations of authority to better ensure continuity of operations in the event of disaster.
- Simplified delegations of authority for Resolution and Receivership business line and pushed down authority to appropriate managers.

## Our Key Indices *Most Current Data* ▼

Insurance						
Updated quarterly (\$ billions)	BIF		SAIF		Both Funds	
	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002
No. Insured Inst.	8,510	8,265	1,330	1,273	9,840	9,538
\$ Insured Inst.	\$ 6,599	\$ 6,773	\$ 981	\$ 1,059	\$ 7,580	\$ 7,832
Insured Deposits	\$ 2,372	\$ 2,483	\$ 768	\$ 810	\$ 3,140	\$ 3,293
Fund Balances	\$ 31.4	\$ 30.7	\$ 11.0	\$ 11.0	\$ 42.4	\$ 41.7
Reserve Ratios	% 1.32	% 1.24	% 1.43	% 1.36	% 1.35	% 1.27

Supervision		
YTD	6/30/2001	6/30/2002
Total Number of FDIC Supervised Institutions	5,558	5,439
Bank Examinations:		
Safety and Soundness	1,331	1,373
Compliance and CRA	1,082	927
Insurance and Other Applications Approved	1,359	1,337
Formal and Informal Enforcement Actions	193	183

Receiverships						
YTD (\$ millions)	BIF		SAIF		Both Funds	
	Q2 2001	Q2 2002	Q2 2001	Q2 2002	Q2 2001	Q2 2002
Receiverships Added	2	7	0	1	2	8
Assets at Failure	\$ 26	\$ 2,392	\$ 0	\$ 46	\$ 26	\$ 2,438
Est. Cost to Funds	\$ 0	\$ 611	\$ 0	not avail.	\$ 0	\$ 611
Non Cash Assets in Liquidation	\$ 161	\$ 1,346	\$ 3	\$ 594	\$ 164	\$ 1,940

Income						
YTD (\$ millions)	BIF		SAIF		Both Funds	
	Q1 2002	Q2 2002	Q1 2002	Q2 2002	Q1 2002	Q2 2002
Assessment Income	\$ 17	\$ 36	\$ 6	\$ 11	\$ 23	\$ 47
Interest	\$ 384	\$ 868	\$ 122	\$ 284	\$ 506	\$ 1,152
Comprehensive Income	\$ 258	\$ 748	\$ 114	\$ 388	\$ 372	\$ 1,136

Resources						
YTD (\$ millions)	Budget		Expended YTD	On Board Staff		
	CY 2002	YTD		Y/E 2001	Q2 2002	Projected Y/E 2002
Totals	\$ 1,118	\$ 542.5	\$ 564.9	6,229	6,037	5,930

▼ Financial data are unaudited