FDIC Federal Deposit Insurance Corporation

Deputy to the Chairman and Chief Financial Officer

August 30, 2023

MEMORANDUM TO: The Board of Directors

FROM: Bret D. Edwards
Deputy to the Chairman
and Chief Financial Officer

SUBJECT: Second Quarter 2023 CFO Report to the Board

The attached report highlights the FDIC's financial activities and results for the quarter ended June 30, 2023.

Executive Summary

- During the second quarter of 2023, the Deposit Insurance Fund (DIF) balance increased to \$117.0 billion as of June 30, 2023, up \$897 million from the March 31, 2023 balance of \$116.1 billion. The quarterly increase was primarily due to assessment revenue of \$3.1 billion partially offset by an increase in the provision for insurance losses of \$2.0 billion. The increase in provision for insurance losses represents the difference between the First Republic Bank's initial loss estimate recorded as of May 2023, and the related contingent liability for anticipated failures at March 2023.

- Insured deposits increased by 0.8 percent during the second quarter and more than offset the growth of the DIF balance. As a result, the reserve ratio fell by one basis point to 1.10 percent.

- During the second quarter of 2023, the FDIC was named receiver for one failed institution, First Republic Bank. The assets at inception for First Republic totaled approximately \$230 billion. The corporate cash outlay during the second quarter for this institution was \$10.0 billion. The cost estimate for the sale of First Republic to JP Morgan Chase Bank has been revised from the original estimate of \$13.0 billion to approximately \$15.6 billion, primarily due to an increase in the amount of liabilities assumed by the acquirer. Loss estimates are periodically adjusted as assets are sold, liabilities are satisfied, and receivership expenses are incurred.

- Through June 30, 2023, overall FDIC Operating Budget expenditures were below the year-to-date budget by about \$201 million, or 15 percent. This variance reflects underspending of \$131 million (12 percent) in the Ongoing Operations budget component and \$72 million (31 percent) in the Receivership Funding budget component. Ongoing Operations expenditures were at or below 85 percent of the YTD budget in every non-salary expense category. Receivership Funding expenditures were under the YTD budget primarily due to delays in the payment of settlement expenses associated with the failures of Silicon Valley Bank and Signature Bank in March and First Republic Bank in May.

I. **<u>Financial Results</u>** (See pages 9 –10 or detailed data and charts.)

Deposit Insurance Fund

- For the first half of 2023, the DIF's comprehensive loss totaled $11.3 billion compared to comprehensive income of $1.3 billion for the same period last year. This $12.6 billion year-over-year change was primarily due to an $18.4 billion increase in provision for insurance losses, partially offset by a $2.4 billion increase in assessment revenue and a $4.2 billion increase in market valuation adjustments on U.S. Treasury (UST) securities. Because of securities sales that took place in the first half of 2023, the DIF recognized net realized losses of $1.6 billion. As a result of these sales and the removal of those realized losses, the DIF carried a $2.0 billion unrealized gain on its investment portfolio as of June 30, 2023.

- The provision for insurance losses totaled $18.4 billion for the first six months of 2023, primarily resulting from the $18.3 billion estimated losses to the DIF recorded for the three failures that occurred in the first half of 2023.

- The year-over-year increase in assessment revenue was largely attributable to a 2 basis point increase in assessment rates beginning with first quarter 2023 insurance coverage as mandated by the amended restoration plan.

- In March 2023, the DIF recorded a special assessments receivable totaling $15.8 billion for a systemic risk exception covering the uninsured deposits for the Silicon Valley Bank and Signature Bank failures. Per a notice of proposed rulemaking (NPR) issued in May 2023, the assessment base for the special assessments will be equal to an insured depository institution's (IDI) estimated uninsured deposits, reported as of December 31, 2022, adjusted to exclude the first $5 billion in estimated uninsured deposits from the IDI. The NPR also proposes that this special assessment will be collected at an annual rate of approximately 12.5 basis points, over eight quarterly assessment periods beginning with the first quarterly assessment period of 2024. A final rule on this special assessment is expected later this year.

Assessments

- During June, the DIF recognized assessment revenue of $3.2 billion for the estimate of second quarter 2023 insurance coverage. Additionally, the DIF recognized a $104 million adjustment for lower-than-estimated collections for the first quarter 2023 insurance coverage, which decreased assessment revenue.

- On June 30, 2023, the FDIC collected $3.1 billion in DIF assessments for first quarter 2023 insurance coverage.

II. **<u>Investment Results</u>** (See pages 11 – 12 for detailed data and charts.)

DIF Investment Portfolio

- On June 30, 2023, the total liquidity (also total market value) of the DIF investment portfolio stood at $79.05 billion, down $21.14 billion from its March 31, 2023, balance of $100.19 billion. During the quarter, resolution-related outlays and operating expenses exceeded deposit insurance assessment collections, interest revenue, and receivership dividends.

- On June 30, 2023, the DIF investment portfolio's yield was 4.046 percent, up 88 basis points from its 3.163 percent yield on March 31, 2023.

- In accordance with the approved second quarter 2023 DIF portfolio investment strategy, staff Invested in overnight securities only.

- Staff sold nine conventional Treasury securities with a total par value of $8.5 billion and a realized gain of $95.7 million.

III. <u>Budget Results</u> (See pages 13– 14 for detailed data.)

Approved Budget Modifications

The 2023 Budget Resolution delegated to the Chief Financial Officer (CFO) and selected other officials the authority to make certain modifications to the 2023 FDIC Operating Budget. The following budget reallocations were approved by the CFO during the second quarter in accordance with the authority delegated by the Board of Directors:

- In June, in conjunction with a periodic review by the Division of Finance (DOF), adjustments were made to align the Salaries and Compensation budgets of individual divisions and offices with their projected salaries and benefits expenses. These adjustments resulted in no net change to the Salaries and Compensation budget at the corporate level, as increases for individual divisions and offices with shortfalls were fully offset by reductions to division and office budgets with excess funding.

- In June, in conjunction with the corporate-wide mid-year budget review, the following adjustments were made to the Ongoing Operations budgets of multiple divisions and offices, with no net change to the total budget for that budget component:

    - An increase of $5,492,976 in the budget for the Division of Resolutions and Receiverships (DRR). This included an increase of $281,100 in the Salaries and Compensation expense category for performance awards to recognize exceptional staff and management efforts responding to the three recent large bank failures; an increase of $56,424 in the Buildings expense category to enhance readiness within the environmental work stream; and an increase of $5,155,452 in the Outside Services – Personnel expense category to provide additional funding for digital assets/crypto advisory services, initial software configuration costs for the Joint Venture Transaction Program, and contractor teams available to ensure readiness and provide pre-resolution services.

    - An increase of $1,049,635 in the budget of the Office of Minority and Women Inclusion (OMWI). This included increases of $979,147 in the Outside Services – Personnel expense category to provide additional funding for the DEIA Strategic Plan, DEIA-related training development, and speaker's fees; $54,000 in the Equipment expense category to provide funding for access to a new online learning platform; and $16,488 in the Other Expenses expense category to add funding for food services for the Chairman's Diversity Advisory Council events.

    - An increase of $261,300 in the budget of the Division of Complex Institution Supervision and Resolution (CISR) to provide additional funding for performance awards to recognize exceptional staff and management efforts responding to the three recent large bank failures.

    - An increase of $229,542 in the budget for the Office of Risk Management and Internal Controls (ORMIC). This included increases of $20,171 in the Salaries and Compensation expense category for performance awards to recognize efforts related to the recent large bank failures; $204,371 in the Outside Services –

Other expense category to provide additional funding for the Corporate Insurance Program; and $5,000 in the Other Expenses expense category to add funding for the reimbursement of employee professional membership fees.

- An increase of $96,000 in the Salaries and Compensation budget of the DOF to provide additional funding for overtime and employee awards associated with the three recent large bank failures.

- An increase of $10,000 in the budget of the Office of Ombudsman (OO) to provide additional funding for conference registration fees and other onsite engagements.

- A net decrease of $6,170,742 in the budget of the Division of Risk Management Supervision (RMS). RMS's budget in the Travel expense category was reduced by $6,358,742 in budget authority that was not used during the first half of the year. This reduction was partially offset by an increase of $188,000 in RMS's Salaries and Compensation expense category to provide additional funding for performance awards to recognize the contributions of staff and managers to the heightened monitoring of insured institutions with elevated risk profiles following the three recent large bank failures.

- A net decrease of $560,000 in the budget of the Legal Division. This included a decrease of $570,000 in the Outside Services-Personnel expense category to reflect delays in resolving pending litigation, and an increase of $10,000 in the Salaries and Compensation expense category to provide additional awards funding to recognize the efforts of employees related to the three recent large bank failures.

- A decrease of $300,000 in the Outside Services–Personnel budget of the Division of Insurance and Research (DIR) to reflect changes in projected 2023 contract expenses.

- A net reduction of $108,711 in the budget of the Office of Communications (OCOM), which included the realignment of funds among expense categories, as well as a decrease in the Outside Services-Personnel expense category due to the deferred acquisition of Digital Design Support Services.

- Realignments among major expense categories in the budgets of the Division of Information Technology (DIT), the Division of Administration (DOA), the Office of the Chief Information Officer, and the Executive Offices, with no net change to the total budget of each organization.

- No funds were allocated during the second quarter from the Corporate Unassigned contingency reserve for the Ongoing Operations budget. The balance in that reserve remains $15 million.

- The Board of Directors in May approved an increase of $750 million in the Receivership Funding budget component. During June, in accordance with the Board resolution approving that increase, the CFO approved the reprogramming of those funds to reflect updated estimates of the expenses expected to be incurred in each division during 2023, as follows:

  - An increase of $2,493,818 in the Legal Division's Receivership Funding budget, including $2,000,000 in the Outside Services-Personnel expense category for increased litigation costs, $470,000 in the Travel expense category for failure-related travel, and $23,818 in the Salaries and Compensation expense category for overtime associated with the three recent large bank failures.

  - An increase of $2,347 in the Salaries and Compensation expense category of ORMIC's Receivership Funding budget to provide funding for overtime expenses related to the three recent large bank failures.

- An increase of $1,395 in the Outside Services-Personnel expense category of OCOM's Receivership Funding budget for expenses incurred for internet support services in connection with the three recent large bank failures.

- A reduction of $2,497,560 in DRR's Receivership Funding budget, where those funds had originally been budgeted, to offset the increases itemized above.

Approved Staffing Modifications

The 2023 Budget Resolution delegated to the CFO the authority to modify approved 2023 staffing authorizations for divisions and offices, as long as those modifications do not increase the total approved 2023 FDIC Operating Budget.

- In April, the CFO approved the following modifications to 2023 staffing authorizations:

  - An increase of 20 non-permanent positions in DRR to bring back into the workforce retirees who possess skills and experience that is needed immediately to assist with both the workload associated with increased failure activity and the training of newly hired staff. As a result, DRR's 2023 total staffing authorization increased from 355 to 375 (355 permanent, 20 non-permanent).

  - An increase of one permanent Administrative Assistant position to assist with administrative workload in the Office of the Chief Operating Officer. The total staffing authorization of the Executive Offices increased from 30 to 31 permanent positions.

  - An increase of 19 permanent positions in DOA, mainly to support improvements to acquisition and contract oversight strategy and governance to address numerous audit finding and recommendations. The increase also included one position for DOA's Administrative Services Group, which provides support to DOA, CU, and several executive and executive support offices. As a result, DOA's 2023 authorized staffing level increased from 415 (414 permanent, 1 non-permanent) positions to 434 (433 permanent, 1 non-permanent) positions.

  - An increase of one non-permanent Product Manager position in RMS to represent the FDIC in the interagency project to develop a replacement for the Examination Tool Suite (with the Federal Reserve Board of Governors and Conference of State Bank Supervisors). As a result, RMS's total staffing authorized increased from 2,681 to 2,682 (2,554 permanent, 128 non-permanent).

- In May, the CFO approved the following modifications to 2023 staffing authorizations:

  - An increase of one permanent position in RMS to restore the previously abolished position of Associate Director of Technology Services in the Operations Branch to enhance managerial oversight of mission-critical technology projects. As a result, RMS's total staffing authorization increased from 2,682 to 2,683 (2,555 permanent, 128 non-permanent).

  - An increase of three non-permanent Consumer Affairs Specialists and one non-permanent Senior Consumer Affairs Specialist in the Division of Depositor and Consumer Protection's (DCP) National Center for Consumer and Depositor Assistance to address a substantial growth in the volume of deposit insurance inquiries and consumer complaints. These changes increased total authorized staffing in DCP from 874 to 878 positions (868 permanent and 10 non-permanent).

Subsequent to these second quarter adjustments, authorized 2023 FDIC staffing totaled 6,374 (6,197 permanent and 177 non-permanent) positions.

Spending Variances

Significant spending variances by major expense category and division/office are discussed below. Significant spending variances for the quarter ending June 30, 2023, are defined as those that either (1) exceeded the YTD budget for a major expense category or division/office by more than $2 million and represented more than three percent of the major expense category or total division/office budget; or (2) were under the YTD budget for a major expense category or division/office by more than $10 million and represented more than 10 percent of the major expense category or total division/office budget.

Significant Spending Variances by Major Expense Category

<u>Ongoing Operations</u>

Overall spending for the Ongoing Operations budget component was $130.8 million, or 12 percent, below budget through the second quarter of 2023. There were significant spending variances in four major expense categories:

- Spending in the Outside Services – Personnel expense category was under budget by $27.0 million, or 15 percent. The variance was largely attributable to underspending in the following divisions and offices:

    - DIT underspent its YTD budget by $10.7 million ($6.4 million for continuing operations and $4.3 million for non-recurring initiatives). Underspending was principally related to delays in awarding a major services contract, lower-than-projected spending on application enhancements, delays in contractor onboarding, and contractor turnover. Underspending on initiatives resulted primarily from late starts and contract delays for various projects. In conjunction with the mid-year budget review process, DIT reallocated unused funds among projects to address projected funding shortfalls for some projects and to fund some new project starts.

    - DOA underspent its YTD budget by $4.9 million largely due to lower-than-budgeted spending for HR operations support and delays in starting the Predictive Maintenance initiative and the Headquarters cybersecurity assessment project.

    - The Office of Communications (OCOM) underspent its year-to-date budget by roughly $4.0 million. This was mainly due to $3.7 million in underspending on the Deposit Insurance Awareness Campaign, which was delayed to adapt the campaign strategy to address increased public attention to deposit insurance after the three large bank failures in March and May.

    - The Office of Chief Information Security Officer (OCISO) underspent its YTD budget by $2.2 million due to higher-than-anticipated contractor turnover.

- Spending in the Travel expense category was under budget by $17.9 million, or 45 percent, due to underspending across the FDIC as post-pandemic travel increased more slowly than anticipated.

- Spending in the Buildings and Leased Space expense category was under budget by $17.4 million, or 31 percent, primarily due to delayed starts to planned projects in Headquarters (HQ), the San Francisco Regional Office, and field offices; and a delay in awarding the HQ moving and storage contract.

- Spending in the Equipment category was under budget by $26.3 million, or 30 percent. DIT underspent its budget by $18.0 million, primarily due to delays in executing hardware and software maintenance contracts and misalignment of the budget for subscription and software maintenance contract renewals. DOA underspent its budget by $6.9 million, primarily due to delays in Field Office modernization projects, the extension of HQ office space move timelines, and a delay in execution of a nationwide furniture contract.

Receivership Funding

The Receivership Funding component of the 2023 FDIC Operating Budget includes funding for expenses that are incurred in conjunction with institution failures and the management and disposition of the assets and liabilities of the ensuing receiverships, except for salary and benefits expenses for permanent employees assigned to the receivership management function and other expenses required to ensure readiness without regard to whether failures occur.

There were significant spending variances in two major expense categories through the end of the second quarter:

- Spending in the Outside Services – Personnel category was under-budget by $19.6 million, or 17 percent. DRR's $6.0 million variance was driven primarily by the timing of sales of retained assets, which are expected to increase in the second half of the year as large retained asset sale transactions occur. CISR's $4.6 million variance was due to lower-than-anticipated pricing on its franchise marketing contract, and the Legal Division's $6.0 million variance was due to lower-than-projected spending on one major litigation matter.

- Spending in the Other Expenses category was under budget by $50.2 million, or 47 percent, primarily due to delays in finalizing settlement expenses for payroll, leave entitlement, and other administrative expenses for the three large bank failures that occurred in the first half of the year.

Office of the Inspector General

There were no significant spending variances through the second quarter in the Office of Inspector General (OIG) budget component.

Significant Spending Variances by Division/Office[1]

There were four organizations with significant spending variances through the end of second quarter:

- DIT underspent its YTD budget by $36.3 million, or 16 percent, primarily due to underspending in the Outside Services – Personnel and Equipment expense categories in its Ongoing Operations budget, as detailed above.

- DOA underspent its YTD budget by $31.7 million, or 18 percent, primarily due to underspending in the Outside Services – Personnel, Buildings and Leased Space, and Equipment expense categories of its Ongoing Operations budget, as detailed above.

- The Legal Division underspent its YTD budget by $11.7 million, or 14 percent, primarily due to underspending of $4.2 million in the Salaries and Compensation expense category of its Ongoing Operations budget due to a

[1]Information on division/office variances reflects variances in the FDIC Operating Budget and does not include variances related to approved multi-year investment projects.

large number of vacancies in budgeted positions and $6.1 million in the Outside Services – Personnel expense category of its Receivership Funding budget, as detailed above.

- DRR underspent its YTD budget by $61.3 million, or 27 percent, including $4.6 million in its Ongoing Operations budget and $56.7 million in its Receivership Funding budget. The biggest contributor to the underspending in the Ongoing Operations budget component was lower-than-budgeted spending of $2.3 million in the Salaries and Compensation expense category due to vacancies in budgeted positions. The underspending in the Receivership Funding budget component included $6.0 million in the Outside Services-Personnel expense category, and $50.0 million in the Other Expenses category, as detailed above.

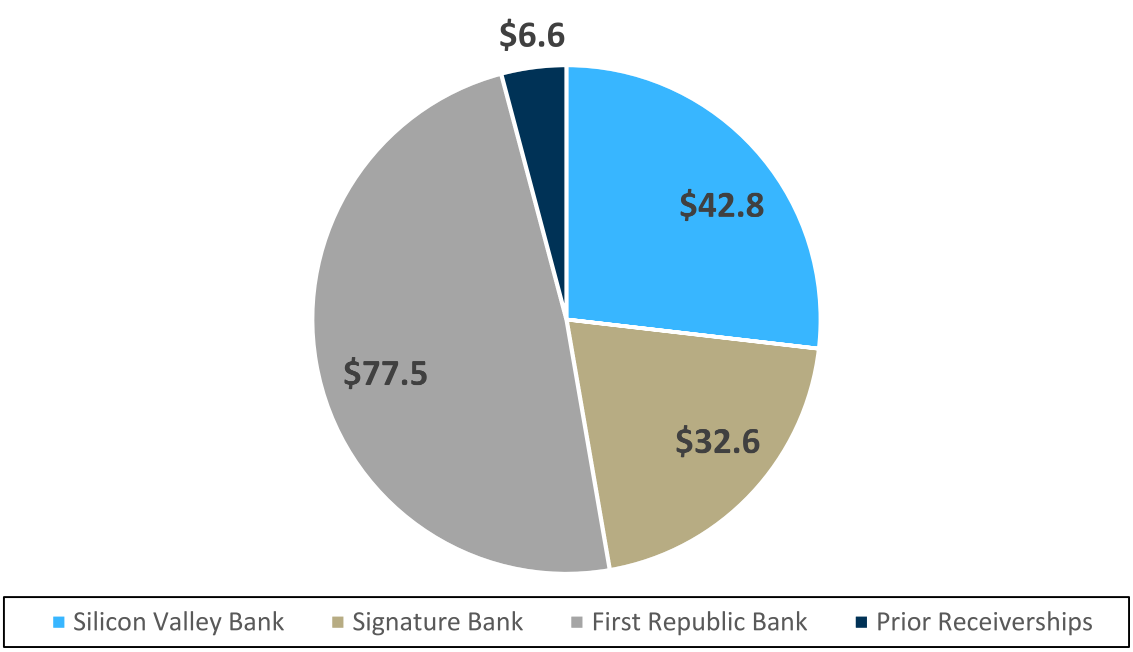
Fund Financial Results

($ in Millions)

Balance Sheet	Deposit Insurance Fund Jun-23	Mar-23	Quarterly Change	Jun-22	Year-Over-Year Change
Cash and cash equivalents	$ 25,353	$ 18,088	$ 7,265	$ 6,694	$ 18,659
Investment in U.S. Treasury securities	53,459	81,717	(28,258)	114,574	(61,115)
Assessments receivable	3,231	3,187	44	1,968	1,263
Special assessments receivable	15,776	15,776	0	0	15,776
Interest receivable on investments and other assets, net	286	416	(130)	792	(506)
Receivables from resolutions, net	159,468	86,590	72,878	733	158,735
Property and equipment, net	366	361	5	348	18
Operating lease right-of-use assets	81	85	(4)	73	8
Total Assets	$ 258,020	$ 206,220	$ 51,800	$ 125,182	$ 132,838
Accounts payable and other liabilities	256	270	(14)	248	8
Operating lease liabilities	101	105	(4)	77	24
Liabilities due to resolutions	140,242	75,828	64,414	1	140,241
Postretirement benefit liability	232	232	0	332	(100)
Contingent liability for anticipated failures	220	13,713	(13,493)	66	154
Contingent liability for litigation losses	1	1	0	0	1
Total Liabilities	$ 141,052	$ 90,149	$ 50,903	$ 724	$ 140,328
FYI: Unrealized gain (loss) on U.S. Treasury securities, net	(1,007)	(535)	(472)	(2,382)	1,375
FYI: Unrealized postretirement benefit (loss) gain	27	27	0	(83)	110
Fund Balance	$ 116,968	$ 116,071	$ 897	$ 124,458	$ (7,490)

Components of the Receivables from resolutions, net as of June 30, 2023

$ in billions



Fund Financial Results - continued

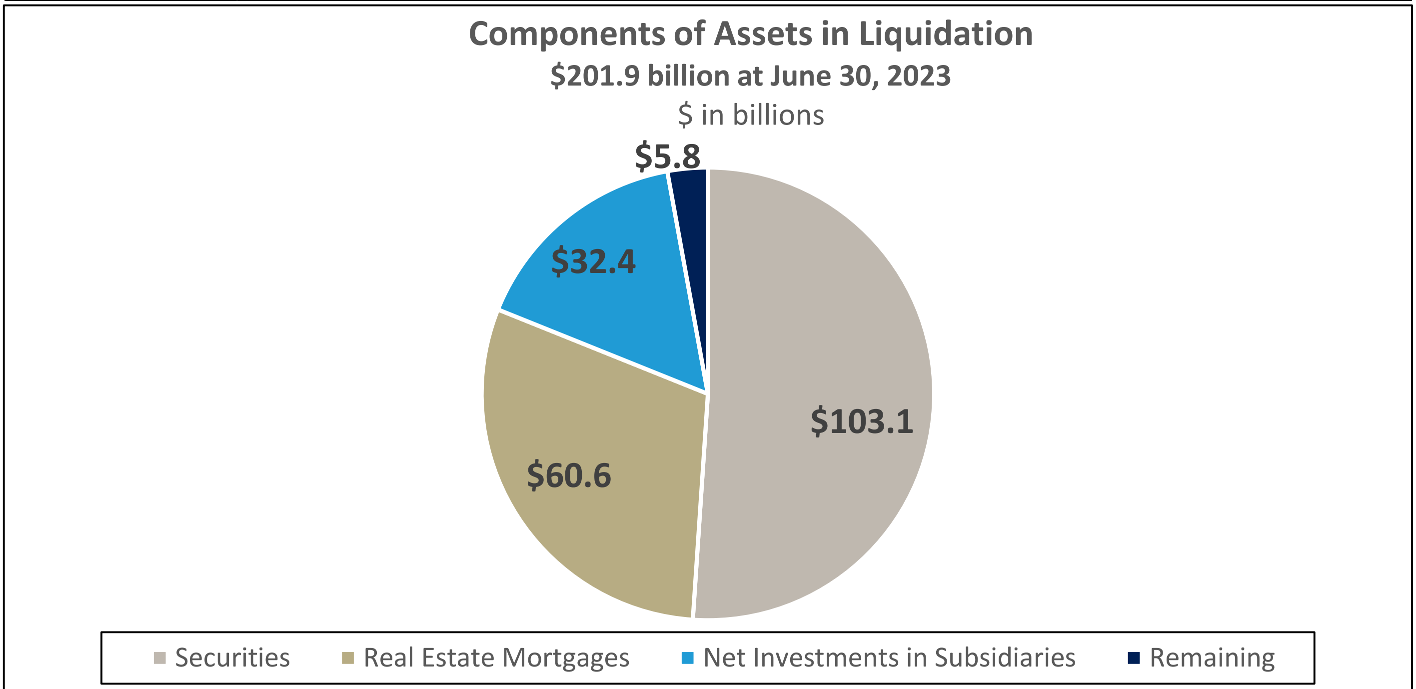
($ in Millions)

	Jun-23	Mar-23	Quarterly Change	Jun-22	Year-Over-Year Change
Assessments	$ 6,433	$ 3,306	3,127	$ 4,024	$ 2,409
Interest on U.S. Treasury securities	1,334	661	673	416	918
Return of unclaimed insured deposits	15	14	1	32	(17)
Other revenue	5	3	2	5	0
Total Revenue	$ 7,787	$ 3,984	$ 3,803	$ 4,477	$ 3,310
Operating expenses	1,005	508	497	912	93
Provision for insurance losses	18,435	16,402	2,033	14	18,421
Insurance and other expenses	5	5	0	1	4
Realized loss on sale of investments	1,570	1,666	(96)	0	1,570
Total Expenses and Losses	$ 21,015	$ 18,581	$ 2,434	$ 927	$ 20,088
Net Income	$ (13,228)	$ (14,597)	$ 1,369	$ 3,550	$ (16,778)
Unrealized gain (loss) on U.S. Treasury securities, net	1,978	2,450	(472)	(2,233)	4,211
Unrealized postretirement benefit gain (loss)	0	0	0	0	0
Comprehensive Income	$ (11,250)	$ (12,147)	$ 897	$ 1,317	$ (12,567)

Selected Financial Data	**FSLIC Resolution Fund**				
	Jun-23	Mar-23	Quarterly Change	Jun-22	Year-Over-Year Change
Cash and cash equivalents	$ 944	$ 932	$ 12	$ 909	$ 35
Accumulated deficit	(124,525)	(124,537)	12	(124,560)	35
Total resolution equity	945	933	12	909	36
Total revenue	22	10	12	2	20
Operating expenses	0	0	0	0	0
Losses related to thrift resolutions	0	0	0	0	0
Net Income (Loss)	$ 22	$ 10	12	$ 2	$ 20

Receivership Selected Statistics June 2023 vs. June 2022

	DIF			FRF			ALL FUNDS		
($ in millions)	Jun-23	Jun-22	*Change*	Jun-23	Jun-22	*Change*	Jun-23	Jun-22	*Change*
Total Receiverships	119	175	(56)	0	0	0	119	175	(56)
Assets in Liquidation	$ 201,946	$ 57	$ 201,889	$ 0	$ 0	$ 0	$ 201,946	$ 57	$ 201,889
YTD Collections	$ 22,024	$ 94	$ 21,930	$ 0	$ 0	$ 0	$ 22,024	$ 94	$ 21,930
YTD Dividend/Other	$ 40,074	$ 193	$ 39,881	$ 0	$ 0	$ 0	$ 40,074	$ 193	$ 39,881



Deposit Insurance Fund Portfolio Summary (Dollar Values in Millions)			
	6/30/23	3/31/23	Change
Par Value	$80,909	$102,315	($21,406)
Amortized Cost	$79,776	$100,317	($20,541)
Total Market Value (including accrued interest)	$79,046	$100,188	($21,142)
Primary Reserve [1]	$79,046	$100,188	($21,142)
Primary Reserve % of Total Portfolio	100.0%	100.0%	0.0%
Yield-to-Maturity	4.046%	3.163%	0.883%
Weighted Average Maturity (in years)	1.00	1.22	-0.22
Effective Duration (in years)			
Total Portfolio	0.96	1.17	-0.21
Available-for-Sale Securities [2]	1.40	1.43	-0.03

[1] Primary Reserve is the total market value (including accrued interest) of overnight investments, all available-for-sale securities, and held-to-maturity securities maturing within three months.

[2] Excludes any overnight investments.

Summary of Other Corporate Investment Portfolios (Dollar Values in Millions)			
	6/30/23	3/31/23	Change
FRF-FSLIC			
Book Value [4]	$918	$907	$11
Yield-to-Maturity	5.19%	4.69%	0.50%
Weighted Average Maturity	overnight	overnight	no change

[4] Due to the current short-term nature of this portfolio, its respective Par, Book, and Market Values are identical for reporting purposes.

National Liquidation Fund (NLF) Investment Portfolio Summary (Dollar Values in Millions)			
	6/30/23	3/31/23	Change
Book Value [5]	$6,377	$5,301	$1,076
Effective Annual Yield	5.16%	4.73%	0.43%
Weighted Average Maturity (in days)	4	10	(6)

[5] Due to the short-term nature of the NLF portfolio, its Book and Market Values are identical for reporting purposes.

Investment Strategies	
DEPOSIT INSURANCE FUND	**Strategy for the 2nd Quarter 2023**
	Maintain a minimum balance of $8 billion in the overnight account. Excess funds will be used to purchase overnight securities only.
	Strategy for the 3rd Quarter 2023
	Maintain a minimum balance of $8 billion in the overnight account. Excess funds will be used to purchase overnight securities only.
NATIONAL LIQUIDATION FUND	**Strategy for the 2nd Quarter 2023**
	Maintain a minimum balance of $1.0 billion in the FHLBNY overnight account. Invest excess funds in Government MMFs and agency discount notes of less than 6-month maturities.
	Strategy Changes for the 3rd Quarter 2023
	Maintain a minimum balance of $0.25 billion in the FHLBNY overnight account. Invest excess funds in Government MMFs and agency discount notes of less than 6-month maturities.

Executive Summary of 2023 Budget and Expenditures by Budget Component and Major Expense Category Through June 30, 2023 (Dollars in Thousands)

Major Expense Category	Annual Budget	YTD Budget	YTD Expenditures	% of YTD Budget Used	YTD Variance
FDIC Operating Budget					
Ongoing Operations					
Salaries & Compensation	$1,501,707	$736,772	$697,492	95%	($39,280)
Outside Services - Personnel	384,289	182,785	155,761	85%	(27,025)
Travel	86,431	39,734	21,805	55%	(17,930)
Buildings	124,179	55,800	38,395	69%	(17,405)
Equipment	152,340	88,225	61,961	70%	(26,264)
Outside Services - Other	21,407	7,328	6,199	85%	(1,129)
Other Expenses	15,642	9,070	7,281	80%	(1,789)
Total Ongoing Operations *	**$2,285,994**	**$1,119,714**	**$988,894**	**88%**	**($130,821)**
Receivership Funding					
Salaries & Compensation	24,742	3,584	3,255	91%	(329)
Outside Services - Personnel	355,547	113,184	93,536	83%	(19,648)
Travel	3,032	1,660	1,368	82%	(292)
Buildings	405	144	84	59%	(59)
Equipment	8,611	3,170	1,743	55%	(1,427)
Outside Services - Other	1,371	370	160	43%	(211)
Other Expenses	431,291	107,966	57,753	53%	(50,213)
Total Receivership Funding *	**$825,000**	**$230,079**	**$157,899**	**69%**	**($72,179)**
Office of Inspector General					
Salaries & Compensation	41,500	21,353	21,214	99%	(139)
Outside Services - Personnel	1,484	627	366	58%	(260)
Travel	1,594	620	569	92%	(51)
Buildings	0	0	0	0%	0
Equipment	2,198	973	2,882	296%	1,909
Outside Services - Other	0	0	100		100
Other Expenses	1,309	330	797	242%	468
Total Office of Inspector General *	**$48,085**	**$23,902**	**$25,928**	**108%**	**$2,026**
Total FDIC Operating Budget *	**$3,159,079**	**$1,373,695**	**$1,172,721**	**85%**	**($200,974)**

* Totals may not foot due to rounding.

Executive Summary of 2023 Budget and Expenditures by Division/Office Through June 30, 2023 (Dollars in Thousands)

Division/Office	Annual Budget	YTD Budget	YTD Expenditures	% of YTD Budget Used	YTD Variance
FDIC Operating Budget					
Risk Management Supervision	$ 641,878	$ 312,788	$ 289,141	92%	$ (23,647)
Information Technology	438,728	223,730	187,446	84%	(36,284)
Administration	358,005	173,181	141,431	82%	(31,750)
Depositor & Consumer Protection	213,671	104,429	94,417	90%	(10,012)
Legal	173,632	84,472	72,760	86%	(11,712)
Resolutions & Receiverships	842,560	225,788	164,450	73%	(61,338)
Complex Institution Supervision & Resolution	165,303	98,037	88,365	90%	(9,672)
Insurance & Research	66,891	32,652	28,947	89%	(3,705)
Inspector General	48,085	23,902	25,928	108%	2,026
Chief Information Security Officer	53,066	25,732	22,126	86%	(3,606)
Executive Support [1]	48,244	22,429	16,188	72%	(6,241)
Finance	41,108	20,597	19,372	94%	(1,225)
Corporate University - Corporate	28,088	13,362	12,024	90%	(1,338)
Executive Offices [2]	14,773	7,225	5,122	71%	(2,103)
Risk Management & Internal Control	10,034	5,371	5,004	93%	(367)
Corporate Unassigned [3]	15,013	0	0	0%	0
Total FDIC Operating Budget [4]	**$ 3,159,079**	**$ 1,373,695**	**$ 1,172,721**	**85%**	**$ (200,974)**

1) Executive Support includes the Offices of Minority and Women Inclusion, Communications, Ombudsman, Legislative Affairs, and Financial Institution Adjudication.
2) Executive Offices include the offices of the Chairman, Vice Chairman, Independent Director, Deputy to the Chairman and Chief Operating Officer, Deputy to the Chairman and Chief Financial Officer, Deputy to the Chairman for Policy, Deputy to the Chairman for External Affairs, Deputy to the Chairman for Financial Stability, and Chief Information Officer/Chief Privacy Officer.
3) This includes a $15 million contingency reserve in the Ongoing Operations budget component to meet unanticipated budget requirements that may arise during the year.
4) Totals may not foot due to rounding.