

In its unique role as deposit insurer of banks and savings associations, and in cooperation with the other state and federal regulatory agencies, the **Federal Deposit Insurance Corporation (FDIC)** promotes the safety and soundness of the U.S. financial system and the insured depository institutions by identifying, monitoring and addressing risks to the deposit insurance funds.

The FDIC promotes public understanding and the development of sound public policy by providing timely and accurate financial and economic information and analyses. It minimizes disruptive effects from the failure of banks and savings associations. It assures fairness in the sale of financial products and the provision of financial services.

The FDIC's long and continuing tradition of excellence in public service is supported and sustained by a highly skilled and diverse workforce that continuously monitors and responds rapidly and successfully to changes in the financial environment.

## Mission

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by the Congress that maintains the stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions, and managing receiverships.



## Vision

The FDIC is a leader in developing and implementing sound public policies, identifying and addressing new and existing risks in the nation's financial system, and effectively carrying out its insurance, supervisory, and receivership management responsibilities.

## Values

The FDIC and its employees have a long and continuing tradition of distinguished public service. Six core values guide FDIC employees as they strive to fulfill the Corporation's mission and vision:

- **Integrity**

FDIC employees adhere to the highest ethical standards in the performance of their duties and responsibilities.

- **Competence**

The FDIC maintains a highly skilled, dedicated and diverse workforce.

- **Teamwork**

FDIC employees work cooperatively with one another and with employees in other regulatory agencies to accomplish the Corporation's mission.

- **Effectiveness**

The FDIC responds quickly and successfully to identified risks in insured financial institutions and in the broader financial system.

- **Financial Stewardship**

The FDIC acts as a responsible fiduciary, consistently operating in an efficient and cost-effective manner on behalf of insured financial institutions and other stakeholders.

- **Fairness**

The FDIC treats all employees, insured financial institutions, and other stakeholders with impartiality and mutual respect.



**Federal Deposit Insurance Corporation**

550 17th St. NW Washington DC, 20429

Office of the Chairman

February 14, 2005

Sirs,

In accordance with:

- the provisions of section 17(a) of the Federal Deposit Insurance Act,
- the Chief Financial Officers Act of 1990, Public Law 101-576, and
- the Government Performance and Results Act of 1993,

the Federal Deposit Insurance Corporation is pleased to submit its 2004 Annual Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Donald E. Powell", written over a light blue background.

**Donald E. Powell**  
Chairman

---

The President of the United States  
The President of the United States Senate  
The Speaker of the United States House of Representatives

---

Message from the Chairman	4
Message from the Chief Financial Officer	6
<hr/>	
<b><i>I. Management's Discussion and Analysis</i></b>	<b>8</b>
The Year in Review	8
Insurance	8
Supervision and Consumer Protection	12
Receivership Management	19
Effective Management of Strategic Resources	20
<hr/>	
<b><i>II. Financial Highlights</i></b>	<b>24</b>
Deposit Insurance Fund Performance	24
Operating Expenses	24
Investment Spending	25
<hr/>	
<b><i>III. Performance Results Summary</i></b>	<b>28</b>
Summary of 2004 Performance Results by Program	28
2004 Budget and Expenditures by Program	30
Performance Results by Program and Strategic Goal	31
Multi-Year Performance Trend	36
Program Evaluation	41
<hr/>	
<b><i>IV. Financial Statements and Notes</i></b>	<b>42</b>
Bank Insurance Fund (BIF)	42
Savings Association Insurance Fund (SAIF)	60
FSLIC Resolution Fund (FRF)	80
GAO's Audit Opinion	94
Management's Response	99
Overview of the Industry	100
<hr/>	
<b><i>V. Management Controls</i></b>	<b>102</b>
Material Weaknesses	102
High Vulnerability Issues	103
Matters for Continued Monitoring	103
Internal Controls and Risk Management Program	105
<hr/>	
<b><i>VI. Appendixes</i></b>	<b>106</b>
A. Key Statistics	106
B. More About the FDIC	118
C. Office of Inspector General's Assessment of the Management and Performance Challenges Facing the FDIC	126

---