



FEDERAL DEPOSIT INSURANCE CORPORATION

550 17th Street NW, Washington, DC 20429

OFFICE OF THE CHAIRMAN

February 14, 2019

Dear Sir/Madam,

The Federal Deposit Insurance Corporation (FDIC) is pleased to submit its *2018 Annual Report* (also referred to as the *Performance and Accountability Report*), which includes the audited financial statements of the Deposit Insurance Fund and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund. This report is produced in accordance with:

- ◆ Section 17(a) of the Federal Deposit Insurance Act,
- ◆ the Chief Financial Officers Act of 1990, Public Law 101-576,
- ◆ the Government Performance and Results Act of 1993 (as amended) and the GPRA Modernization Act of 2010,
- ◆ Section 5 (as amended) of the Inspector General Act of 1978,
- ◆ the Reports Consolidation Act of 2000, and
- ◆ the Fraud Reduction and Data Analytics Act of 2015.

In accordance with the Reports Consolidation Act of 2000, the FDIC assessed the reliability of the performance data contained in this report. We found no material inadequacies, and the data are considered to be complete and reliable.

Based on internal management evaluations, and in conjunction with the results of independent financial statement audits, we can provide reasonable assurance that the objectives of Section 2 (internal controls) and Section 4 (financial management systems) of the Federal Managers' Financial Integrity Act of 1982 have been achieved, and that the FDIC has no material weaknesses. We are committed to maintaining effective internal controls corporate-wide in 2019.

Sincerely,

Jelena McWilliams
Chairman

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

TABLE OF CONTENTS

Mission, Vision, and Values	4
Message from the Chairman	5
Message from the Chief Financial Officer	9
FDIC Senior Leaders	10
I. Management’s Discussion and Analysis	11
The Year in Review	13
Overview	13
Deposit Insurance	13
Supervision	14
Supervision Policy	20
Financial Technology	26
Community Banking Initiatives	28
Activities Related to Systemically Important Financial Institutions	34
Depositor and Consumer Protection	39
Receivership Management	46
Enhancing the FDIC’s IT Security	49
Minority and Women Inclusion	51
International Outreach	54
Effective Management of Strategic Resources	55
II. Performance Results Summary	59
Summary of 2018 Performance Results by Program	61
Performance Results by Program and Strategic Goal	63
Prior Years’ Performance Results	69
III. Financial Highlights	83
Deposit Insurance Fund Performance	85
IV. Budget and Spending	89
FDIC Operating Budget	91
2018 Budget and Expenditures by Program	92
Investment Spending	93
V. Financial Section	95
Deposit Insurance Fund	96
FSLIC Resolution Fund	112
Government Accountability Office Auditor’s Report	119
Management’s Report on Internal Control Over Financial Reporting	124
Management’s Response to the Auditor’s Report	125
VI. Risk Management and Internal Controls	127
Fraud Reduction and Data Analytics Act of 2015	129
Management Report on Final Actions	130
VII. Appendices	133
A. Key Statistics	135
B. More About the FDIC	148
C. Office of Inspector General’s Assessment of the Management and Performance Challenges Facing the FDIC	157
D. Acronyms and Initialisms	189

MISSION, VISION, AND VALUES

MISSION

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system by:

- ◆ Insuring deposits,
- ◆ Examining and supervising financial institutions for safety and soundness and consumer protection,
- ◆ Making large and complex financial institutions resolvable, and
- ◆ Managing receiverships.

VISION

The FDIC is a recognized leader in promoting sound public policies; addressing risks in the nation's financial system; and carrying out its insurance, supervisory, consumer protection, resolution planning, and receivership management responsibilities.

VALUES

The FDIC and its employees have a tradition of distinguished public service. Six core values guide us in accomplishing our mission:

- | | |
|-----------------------|--|
| Integrity | We adhere to the highest ethical and professional standards. |
| Competence | We are a highly skilled, dedicated, and diverse workforce that is empowered to achieve outstanding results. |
| Teamwork | We communicate and collaborate effectively with one another and with other regulatory agencies. |
| Effectiveness | We respond quickly and successfully to risks in insured depository institutions and the financial system. |
| Accountability | We are accountable to each other and to our stakeholders to operate in a financially responsible and operationally effective manner. |
| Fairness | We respect individual viewpoints and treat one another and our stakeholders with impartiality, dignity, and trust. |

