

2016

III.

FINANCIAL HIGHLIGHTS

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In its role as deposit insurer of financial institutions, the FDIC promotes the safety and soundness of IDIs. The following financial highlights address the performance of the Deposit Insurance Fund.

DEPOSIT INSURANCE FUND PERFORMANCE

The DIF balance was \$83.2 billion at year-end 2016, an increase of \$10.6 billion from \$72.6 billion at year-end 2015. The DIF's comprehensive income totaled \$10.6 billion for 2016 compared to comprehensive income of \$9.8 billion during 2015. The \$741 million year-over-year increase was primarily due to a \$1.2 billion increase in assessment revenue and a \$248 million increase in interest revenue, partially offset by a \$683 million lower negative provision for insurance losses.

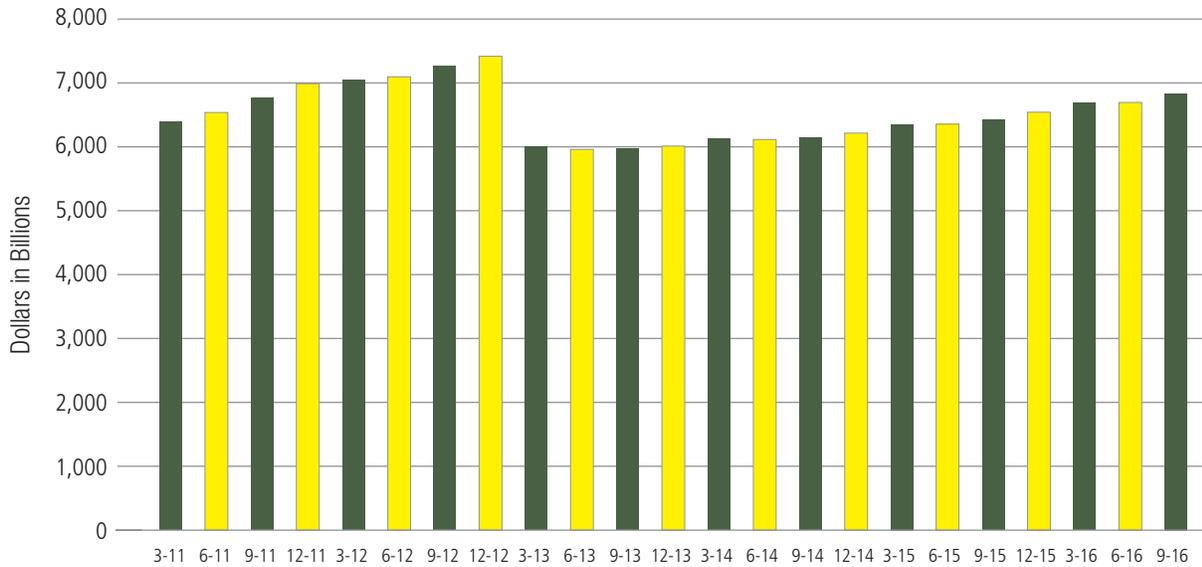
Assessment revenue was \$10.0 billion for 2016, as compared to \$8.8 billion for 2015. The combination of assessment surcharges on larger institutions and lower regular assessment rates for all IDIs resulted in the net increase in assessment revenue of \$1.2 billion.

The DIF's interest revenue on U.S. Treasury securities for 2016 was \$671 million compared to interest revenue of \$423 million in 2015. The \$248 million year-over-year increase reflects not only a larger investment portfolio balance, but also new, higher-yielding investments. The DIF's cash and U.S. Treasury investment portfolio balance was \$74.8 billion at year-end 2016, an increase of \$11.4 billion

from the year-end 2015 balance of \$63.4 billion that was primarily due to assessment collections of \$9.5 billion and recoveries from resolutions of \$3.6 billion, less operating expenses paid of \$1.7 billion and resolution disbursements of \$503 million.

The provision for insurance losses was negative \$1.6 billion for 2016, compared to negative \$2.3 billion for 2015. The negative provision for 2016 primarily resulted from a decrease of \$1.7 billion in the estimated losses for institutions that failed in current and prior years, partially offset by an increase of \$97 million in the contingent liability for anticipated failures. The \$1.7 billion decrease in the estimated losses from failures was primarily attributable to (1) unanticipated recoveries of \$545 million in litigation settlements, professional liability claims, and tax refunds by the receiverships; (2) a \$584 million decrease in the receiverships' shared-loss liability; (3) a \$406 million decrease in projected future receivership expenses and receivership legal and representation and warranty liabilities; and (4) a \$231 million decrease resulting from greater-than-anticipated collections from receiverships' asset sales and updated estimated recovery rates applied to the remaining assets in liquidation. For the receiverships' shared-loss liability, the decrease in 2016 was primarily due to both the early termination of numerous shared-loss agreements (SLAs) during the period, which resulted in lower-than-anticipated losses on covered assets, and the unanticipated recoveries from SLAs where the commercial loss coverage has expired but the recovery period remains active.

ESTIMATED DIF INSURED DEPOSITS



SOURCE: Commercial Bank Call and Thrift Financial Reports

Note: Beginning in fourth quarter 2010 through fourth quarter 2012, estimated insured deposits include the entire balance of noninterest-bearing transaction accounts.

DEPOSIT INSURANCE FUND RESERVE RATIOS



DEPOSIT INSURANCE FUND SELECTED STATISTICS

Dollars in Millions

	For the years ended December 31		
	2016	2015	2014
Financial Results			
Revenue	\$10,674	\$9,304	\$8,965
Operating Expenses	1,715	1,687	1,664
Insurance and Other Expenses (includes provision for losses)	(1,564)	(2,240)	(8,299)
Net Income	10,524	9,857	15,600
Comprehensive Income	10,561	9,820	15,589
Insurance Fund Balance	\$83,162	\$72,600	\$62,780
Fund as a Percentage of Insured Deposits (reserve ratio)	1.18% ³	1.11%	1.01%
Selected Statistics			
Total DIF-Member Institutions ¹	5,980 ³	6,182	6,509
Problem Institutions	132 ³	183	291
Total Assets of Problem Institutions	\$24,917 ³	\$46,780	\$86,712
Institution Failures	5	8	18
Total Assets of Failed Institutions in Year ²	\$277	\$6,706	\$2,914
Number of Active Failed Institution Receiverships	378	446	481

¹ Commercial banks and savings institutions. Does not include U.S. insured branches of foreign banks.

² Total Assets data are based upon the last Call Report filed by the institution prior to failure.

³ As of September 30, 2016.

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