

The **Federal Deposit Insurance Corporation (FDIC)** is the independent deposit insurance agency created by Congress in 1933 to maintain stability and public confidence in the nation's banking system.

In its unique role as deposit insurer of banks and savings associations, and in cooperation with the other state and federal regulatory agencies, the 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 FDIC, an independent agency created by the Congress, contributes to 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 an organization dedicated to identifying, analyzing and addressing existing and emerging risks in order to promote stability and public confidence in the nation's financial system.

Values

The FDIC has identified seven core values that guide corporate operations. The values reflect the ideals that the FDIC expects all of its employees to strive for as they accomplish the tasks needed to fulfill the mission.

- **Financial Stewardship**

The FDIC is committed to being a responsible fiduciary in its efforts to provide insured institutions the best value for their contributions to the insurance funds.

- **Effectiveness**

The FDIC's reputation rests on its professionalism, its adherence to the highest ethical standards, and its skilled and dedicated workforce.

- **Responsiveness**

The FDIC responds rapidly, innovatively, and effectively to risks to the financial system. It works effectively with other federal and state supervisors to achieve consistency in policy and regulation. It seeks and considers information from the Congress, the financial institution industry, individuals seeking and receiving financial services, and others outside the FDIC in the development of policy. The FDIC seeks to minimize regulatory burden while fulfilling its statutory responsibilities.

- **Teamwork**

The FDIC promotes and reinforces a corporate perspective and challenges its employees to work cooperatively across internal and external organizational boundaries.

- **Fairness**

The FDIC treats everyone fairly and equitably. It exercises its responsibilities with care and impartiality, promotes a work environment that is free of discrimination and values diversity, and adheres to equal opportunity standards.

- **Service**

The FDIC's long and continuing tradition of public service is supported and sustained by a highly skilled and diverse workforce that responds rapidly and successfully to change.

- **Integrity**

The FDIC performs its work with the highest integrity, requiring the agency to be, among other things, honest and fair. The FDIC can accommodate the honest difference of opinion; it cannot accommodate the compromise of principle. Integrity is measured in terms of what is right and just, standards to which the FDIC is committed.



Federal Deposit Insurance Corporation

550 17th St. NW Washington DC, 20429

Office of the Chairman

February 13, 2004

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 2003 Annual Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Donald E. Powell".

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	8
<hr/>	
<i>I. Management's Discussion and Analysis</i>	<i>10</i>
Operations of the Corporation – The Year in Review	10
Insurance	10
Supervision and Consumer Protection	14
Receivership Management	18
Operational Efficiency and Effectiveness	19
Financial Highlights	22
Deposit Insurance Fund Performance	22
Operating Expenses	23
Investment Spending	24
<hr/>	
<i>II. Performance Results Summary</i>	<i>26</i>
Summary of 2003 Performance Results by Program	26
2003 Budget and Expenditures by Program	28
Performance Results by Program and Strategic Goal	29
Multi-Year Performance Trend	34
Program Evaluation	40
<hr/>	
<i>III. Financial Statements and Notes</i>	<i>42</i>
Bank Insurance Fund (BIF)	42
Savings Association Insurance Fund (SAIF)	62
FSLIC Resolution Fund (FRF)	84
GAO's Audit Opinion	98
Management's Response	103
Overview of the Industry	104
<hr/>	
<i>IV. Management Controls</i>	<i>106</i>
Material Weaknesses	107
High Vulnerability Issues	107
Matters for Continued Monitoring	108
Internal Controls and Risk Management Program	110
<hr/>	
<i>V. Appendixes</i>	<i>112</i>
A. Key Statistics	112
B. More About the FDIC	124
C. Office of Inspector General's Assessment of the Management and Performance Challenges Facing the FDIC	131
Glossary of Acronyms	133
<hr/>	