

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

March 2, 2006

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,
- the Government Performance and Results Act of 1993,
- the provisions of Section 5 (as amended) of the Inspector General Act of 1978, and
- the Reports Consolidation Act of 2000,

the Federal Deposit Insurance Corporation is pleased to submit its 2005 Annual Report (also referred to as the Performance and Accountability Report), which includes the audited financial statements of the Bank Insurance Fund, the Savings Association Insurance Fund, and the Federal Savings and Loan Insurance Corporation Resolution Fund.

In accordance with the Reports Consolidation Act of 2000, the FDIC completed an assessment of the reliability of the performance data contained in this report. No material inadequacies were found 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, the FDIC 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 the FDIC has no material weaknesses. The Government Accountability Office did, however, identify a number of information technology issues that aggregate to a reportable condition. All such issues will receive appropriate attention during 2006.

Sincerely,

Martin J. Gruenberg
Acting 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 Acting Chairman	4
Message from the Chief Financial Officer	6
<hr/>	
<i>I. Management's Discussion and Analysis</i>	8
The Year in Review	8
Insurance	8
Supervision and Consumer Protection	12
Receivership Management	19
Effective Management of Strategic Resources	20
<hr/>	
<i>II. Financial Highlights</i>	24
Deposit Insurance Fund Performance	24
Operating Expenses	25
Investment Spending	25
<hr/>	
<i>III. Performance Results Summary</i>	28
Summary of 2005 Performance Results by Program	28
2005 Budget and Expenditures by Program (Excluding Investments)	30
Performance Results by Program and Strategic Goal	31
Multi-Year Performance Trend	37
Program Evaluation	41
<hr/>	
<i>IV. Financial Statements and Notes</i>	42
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/>	
<i>V. Management Control</i>	102
Enterprise Risk Management	102
Material Weaknesses	103
Management Report on Final Action	103
<hr/>	
<i>VI. Appendixes</i>	106
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
