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## CHAPTER THREE PERFORMANCE RESULTS SUMMARY

### Summary of 2008 Performance Results by Program

The FDIC successfully achieved 48 of the 50 annual performance targets established in its 2008 Annual Performance Plan. One performance target was not achieved. It involved maintaining the insurance fund reserve ratio at a certain level. One performance target was not applicable. It related to on-site examinations or off-site analyses on supervised banks intending to operate under Basel II but capital regulations were not implemented yet. There were no instances in which 2008 performance had a material adverse effect on successful achievement of the FDIC's mission or its strategic goals and objectives regarding its major program responsibilities.

Key accomplishments by program are highlighted in the table below:

Program Area	Performance Results
<b>Insurance</b>	<ul style="list-style-type: none"><li>• Adopted a Restoration Plan in October 2008 to restore the DIF reserve ratio to 1.15 percent within five years as required by the Federal Deposit Insurance Reform Act of 2005.</li><li>• Issued an interim rule establishing the Temporary Liquidity Guarantee Program (TLGP) to avoid or mitigate serious adverse effects on economic conditions and financial stability.</li><li>• Completed substantial modifications to the agency's information systems in order to implement statutory and regulatory changes to risk-based premiums and to track insurance assessment credit use and availability for each insured institution.</li><li>• Issued a Notice of Proposed Rulemaking (NPR) on Assessments proposing improvements to the risk-based pricing regulations that were adopted to implement deposit insurance reform legislation.</li><li>• Proposed improvements included adding various financial ratios to the Large Bank method used to determine premium rates for large institutions and adjusting all institutions' premium rates for unsecured debt and for significant reliance on brokered deposits or secured liabilities.</li><li>• Completed reviews of the recent accuracy of the contingent loss reserves.</li></ul>

Program Area	Performance Results <i>(continued)</i>
<b>Insurance (continued)</b>	<ul style="list-style-type: none"> <li>• Developed a final rule to implement the dividend requirements of the Reform Act.</li> <li>• Researched and analyzed emerging risks and trends in the banking sector, financial markets, and the overall economy to identify issues affecting the banking industry and the deposit insurance fund.</li> <li>• Formed a consumer research section to analyze consumer-related issues, including but not limited to fair lending, credit access for consumers and small businesses, financial services, and home mortgage finance.</li> <li>• Completed risk assessments for all large insured depository institutions and followed up on all identified concerns through off-site review and analysis.</li> <li>• Conducted numerous outreach activities to bankers, trade groups, community groups, other regulators, and foreign visitors addressing economic and banking risk analysis.</li> <li>• Developed a proactive risk identification process to provide earlier identification of trends, practices, or products that may pose high risk to insured institutions.</li> <li>• Published economic and banking information and analyses through the <i>FDIC Quarterly</i>, <i>FDIC Quarterly Banking Profile (QBP)</i>, and the Center for Financial Research <i>Working Papers</i>.</li> <li>• Championed the importance of financial education and highlighted the success of its <i>Money Smart</i> program as a means of promoting healthy economic and banking growth in the Americas.</li> <li>• Provided technical assistance to the central banks, bank supervisors and deposit insurers of six countries in 2008. A highlight of this year's programs was an invitation by the government of El Salvador to have the FDIC help launch El Salvador's national campaign on financial education.</li> <li>• Hosted 66 individual visits with a total of 497 foreign visitors from over 32 countries. Foreign visitors were increasingly interested in discussing U.S. banking conditions, the FDIC's role in the current crisis, and measures that have been taken in response to the crisis. Lastly, 162 foreign students from 17 countries received training in examinations, financial institutions analysis, loan analysis, examination management, information technology examination, and anti-money laundering and counter-terrorism financing.</li> </ul>

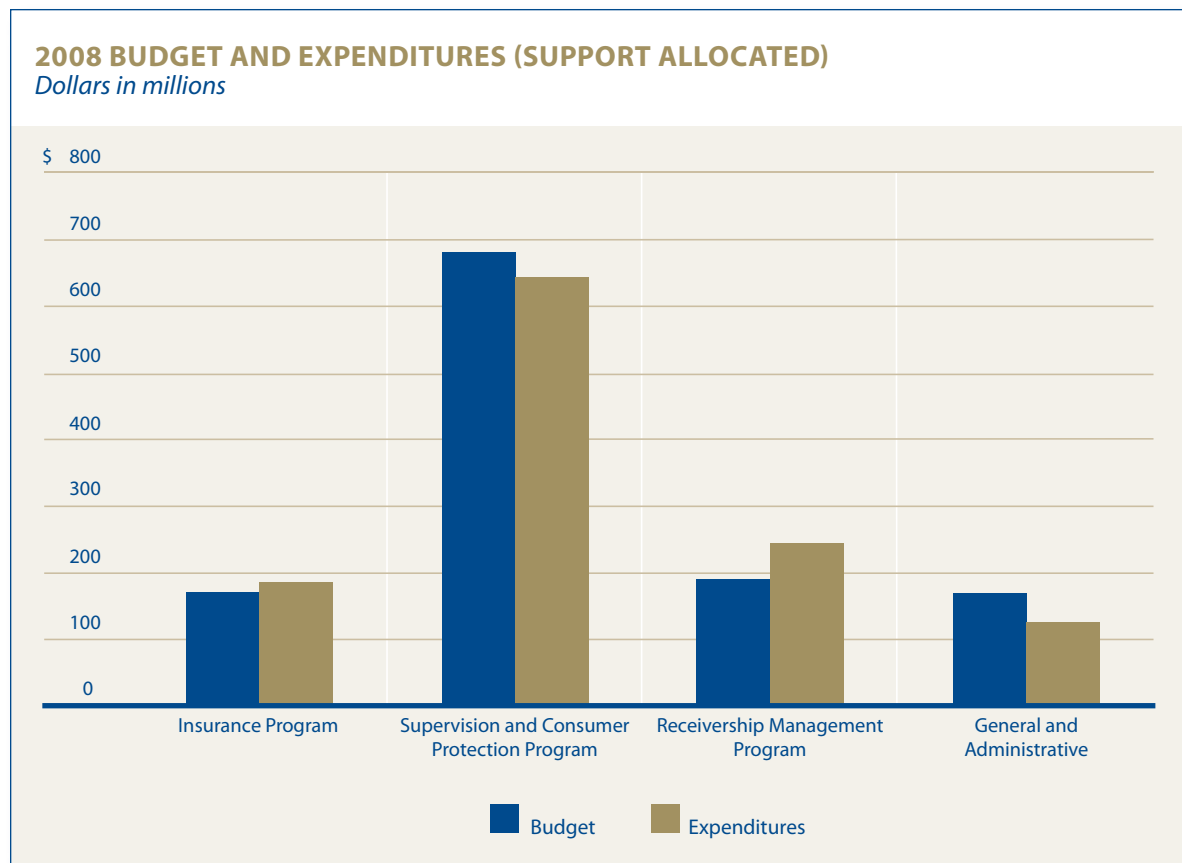
Program Area	Performance Results <i>(continued)</i>
<b>Supervision and Consumer Protection</b>	<ul style="list-style-type: none"> <li>• Conducted 2,416 safety and soundness examinations, including required follow-up examinations of problem institutions, within prescribed time frames.</li> <li>• Conducted 1,826 compliance and Community Reinvestment Act examinations, including required follow-up examinations of problem institutions, within prescribed time frames.</li> <li>• Conducted 2,551 Bank Secrecy Act examinations, including required follow-up examinations and visitations.</li> <li>• Conducted 2,577 IT examinations of financial institutions and technology service providers.</li> <li>• Published Notice of Proposed Rulemaking for Basel II Standardized Approach and final guidance on the supervisory review process (Pillar 2) for banks using the advances approaches of Basel II. Staff continued other analytical and preparatory activities related to the implementation of these new capital regulations.</li> <li>• No FDIC-supervised institutions currently intend to operate under Basel II.</li> <li>• Among other releases, issued five Financial Institution Letters (FILs) providing guidance on (1) managing commercial real estate concentrations; (2) liquidity risk management; (3) managing third-party risk; (4) the importance of developing and implementing policies and procedures for acquiring, holding, and disposing of other real estate; and (5) reminding institutions that if, for risk management purposes, they decide to reduce or suspend home equity lines of credit, they must comply with certain legal requirements. In addition, 12 Disaster Guidance FILs were issued.</li> <li>• Reviewed outstanding Bank Secrecy Act/Anti-Money Laundering (BSA/AML) guidance and issued industry notification regarding the importance of an effective independent review of the BSA/AML compliance program. Concurrently, and as a complement to the industry notification, issued examiner guidance to clarify the BSA/AML examination planning and transaction testing processes. Also, issued examiner guidance relative to work paper documentation expectations.</li> <li>• Completed a review of the effectiveness of the 2007 instructions issued regarding the handling of repeat violations during the internal review and control audits.</li> <li>• Conducted over 400 outreach and technical assistance events for bankers and community groups to promote awareness of community investment opportunities, access to capital, knowledge-sharing between the public and private sectors, and wealth-building opportunities for families.</li> <li>• Continued to disseminate the award-winning <i>Money Smart</i> financial education curriculum in multiple languages, adding 202 <i>Money Smart</i> Alliance members; contacting over 500 schools, school systems and related entities regarding the availability of the curriculum; and reaching approximately 120,200 individuals through train-the-trainer sessions and the self-paced computer-based instruction.</li> </ul>
<b>Receivership Management</b>	<ul style="list-style-type: none"> <li>• Successfully closed 25 failed institutions and ensured customers had access to insured deposits within one business day.</li> <li>• Adopted a final rule requiring the largest insured depository institutions to adopt mechanisms that would, in the event of the institution's failure: (1) provide the FDIC with standard deposit account and other customer information; and (2) allow the placement and release of holds on liability accounts, including deposits. This functionality is required to be in place no later than February 18, 2010.</li> <li>• Reached the 18-month mark in 2008 for one institution that failed in 2007. A decision was made to close 80 percent of the claims for all claims areas.</li> </ul>

## 2008 Budget and Expenditures by Program

*(Excluding Investments)*

The FDIC budget for 2008 totaled \$1.217 billion. Excluding \$170 million for Corporate General and Administrative expenditures, budget amounts were allocated to corporate programs and related goals as follows: \$173 million, or 14.2 percent, to the Insurance program; \$683 million, or 56.1 percent, to the Supervision and Consumer Protection program; and \$191 million, or 15.7 percent, to the Receivership Management program.

Actual expenditures for the year totaled \$1.205 billion. Excluding \$129 million for Corporate General and Administrative expenditures, actual expenditures were allocated to programs as follows: \$186 million, or 15.4 percent, to the Insurance program; \$644 million, or 53.4 percent, to the Supervision and Consumer Protection program; and \$246 million, or 20.4 percent, to the Receivership Management program.



## Performance Results by Program and Strategic Goal

<b>2008 INSURANCE PROGRAM RESULTS</b>				
<i>Strategic Goal: Insured depositors are protected from loss without recourse to taxpayer funding.</i>				
#	Annual Performance Goal	Indicator	Target	Results
1	Respond promptly to all financial institution closings and emerging issues.	<p>Number of business days after an institution failure that depositors have access to insured funds either through transfer of deposits to the successor insured depository institution or depositor payout.</p> <p>Insured depositor losses resulting from a financial institution failure.</p> <p>Enhancement of FDIC capabilities to make a deposit insurance determination for a large-bank failure.</p>	<p>Depositors have access to insured funds within one business day if the failure occurs on a Friday.</p> <p>Depositors have access to insured funds within two business days if the failure occurs on any other day of the week.</p> <p>There are no depositor losses on insured deposits.</p> <p>No appropriated funds are required to pay insured depositors.</p> <p>Complete rulemaking on Large-Bank Deposit Insurance Determination Modernization.</p>	<p>Achieved. See pg. 45.</p> <p>Achieved. See pg. 45.</p> <p>Achieved. See pg. 45.</p> <p>Achieved. See pg. 45.</p> <p>Achieved. See pg. 59.</p>

## 2008 INSURANCE PROGRAM RESULTS *(continued)*

#	Annual Performance Goal	Indicator	Target	Results
2	Identify and address risks to the Deposit Insurance Fund (DIF).	Insurance risks posed by insured depository institutions.	Assess the insurance risks in all insured depository institutions and adopt appropriate strategies.	Achieved. See pg. 58.
		Concerns referred for examination or other action.	Identify and follow up on all material issues raised through off-site review and analysis.	Achieved. See pg. 58.
		Emerging risks to the DIF.	Identify and analyze existing and emerging areas of risk, including non-traditional and subprime mortgage lending, declines in housing market values, mortgage-related derivatives/collateralized debt obligations (CDOs), hedge fund ownership of insured institutions, commercial real estate lending, international risk, and other financial innovations.	Achieved. See pgs. 36-37, 58.
			Address potential risks from cross-border banking instability through coordinated review of critical issues and, where appropriate, negotiate agreements with key authorities.	Achieved. See pg. 31.
3	Disseminate data and analyses on issues and risks affecting the financial services industry to bankers, supervisors, the public and other stakeholders.	Scope and timeliness of information dissemination on identified or potential issues and risks.	Disseminate results of research and analyses in a timely manner through regular publications, ad hoc reports and other means.	Achieved. See pg. 58.
			Undertake industry outreach activities to inform bankers and other stakeholders about current trends, concerns and other available FDIC resources.	Achieved. See pg. 58.

2008 INSURANCE PROGRAM RESULTS <i>(continued)</i>				
#	Annual Performance Goal	Indicator	Target	Results
4	Maintain and improve the deposit insurance system.	Implementation of deposit insurance reform.	Review the effectiveness of the new pricing regulations that were adopted to implement the reform legislation.	Achieved. See pg. 57.
			Enhance the additional risk measures used to adjust assessment rates for large institutions.	Achieved. See pg. 27.
		Loss reserves.	Develop a final rule on a permanent dividend system.	Achieved. See pg. 58.
			Ensure the effectiveness of the reserving methodology by applying sophisticated analytical techniques to review variances between projected losses and actual losses, and by adjusting the methodology accordingly.	Achieved. See pg. 57.
		Fund adequacy.	Set assessment rates to maintain the insurance fund reserve ratio between 1.15 and 1.50 percent of estimated insured deposits.	Not Achieved. See pg. 26.
5	Provide educational information to insured depository institutions and their customers to help them understand the rules for determining the amount of insurance coverage on deposit accounts.	Timeliness of responses to insurance coverage inquiries.	Respond to 90 percent of inquiries from consumers and bankers about FDIC deposit insurance coverage within time frames established by policy.	Achieved. See pg. 43.
			Conduct at least three sets of Deposit Insurance Seminar Series for bankers.	Achieved. See pg. 43.
			Assess the feasibility of (and, if feasible, define the requirements for) a consolidated Electronic Deposit Insurance Estimator (EDIE) application for bankers and consumers (to be developed in 2009).	Achieved. See pg. 43.
		Educational initiatives and outreach events for consumers and bankers.	Conduct outreach events and activities to support a deposit insurance education program that features FDIC 75 <sup>th</sup> anniversary theme.	Achieved. See pg. 43.

## 2008 INSURANCE PROGRAM RESULTS *(continued)*

#	Annual Performance Goal	Indicator	Target	Results
6	Expand and strengthen the FDIC's participation and leadership role in providing technical guidance, training, consulting services and information to international governmental banking and deposit insurance organizations.	Scope of information sharing and assistance available to international governmental bank regulatory and deposit insurance entities.	<p>Undertake outreach activities to inform and train foreign bank regulators and deposit insurers.</p> <p>Foster strong relationships with international banking regulators and associations that promote sound banking supervision and regulation, failure resolution and deposit insurance practices.</p>	<p>Achieved. See pg. 58.</p> <p>Achieved. See pgs. 30-31.</p>



<b>2008 SUPERVISION AND CONSUMER PROTECTION PROGRAM RESULTS</b>				
<i>Strategic Goal: FDIC-supervised institutions are safe and sound.</i>				
<b>#</b>	<b>Annual Performance Goal</b>	<b>Indicator</b>	<b>Target</b>	<b>Results</b>
1	Conduct on-site risk management examinations to assess the overall financial condition, management practices and policies, and compliance with applicable laws and regulations of FDIC-supervised depository institutions.	Percentage of required examinations conducted in accordance with statutory requirements and FDIC policy.	One hundred percent of required risk management examinations are conducted on schedule.	Achieved. See pg. 32.
2	Take prompt and effective supervisory action to address problems identified during the FDIC examination of FDIC-supervised institutions that receive a composite Uniform Financial Institutions Rating of "4" or "5" (problem institution). Monitor FDIC-supervised insured depository institutions' compliance with formal and informal enforcement actions.	Percentage of follow-up examinations of problem institutions conducted within required time frames.	One hundred percent of follow-up examinations are conducted within 12 months of completion of the prior examination.	Achieved. See pg. 32.
3	Assist in protecting the infrastructure of the U.S. banking system against terrorist financing, money laundering and other financial crimes.	Percentage of required examinations conducted in accordance with statutory requirements and FDIC policy.	One hundred percent of required Bank Secrecy Act examinations are conducted on schedule.	Achieved. See pg. 32.
4	More closely align regulatory capital with risk in large or multinational banks while maintaining capital at prudential levels.	Preliminary results of Basel II Parallel Run.	Conduct analyses of early results of the new capital regime as information becomes available.	Achieved. See pg. 36.
		Changes to Basel II Capital Framework.	Develop options for refining Basel II that are responsive to lessons learned from the 2007-2008 market turmoil.	Achieved. See pg. 36.

## 2008 SUPERVISION AND CONSUMER PROTECTION PROGRAM RESULTS *(continued)*

#	Annual Performance Goal	Indicator	Target	Results
5	More closely align regulatory capital with risk in banks not subject to Basel II capital rules while maintaining capital at prudential levels.	Development of a revised capital framework proposal for institutions not subject to Basel II.	Finalize a regulatory capital framework based on the Basel II "Standardized Approach" as an option for U.S. banks not required to use the new advanced approaches.	Achieved See pg. 36.
6	Ensure that FDIC-supervised institutions that plan to operate under the new Basel II Capital Accord are well positioned to respond to new capital requirements.	Percentage of on-site examinations or off-site analyses performed.	Performed on-site examinations or off-site analyses of all FDIC-supervised banks that have indicated a possible intention to operate under Basel II to ensure that they are effectively working toward meeting required qualification standards.	Not Applicable. See pg. 59.
7	Reduce regulatory burden on the banking industry while maintaining appropriate consumer protection and safety and soundness safeguards.	Completion of analysis of regulatory burden associated with the BSA/AML examination process.	Complete and evaluate options for refining the current risk-focused approach used in the conduct of BSA/AML examinations to reduce the burden they impose on FDIC-supervised institutions.	Achieved. See pg. 34.
<i>Strategic Goal: Consumers' rights are protected and FDIC-supervised institutions invest in their communities.</i>				
8	Conduct CRA and compliance examinations in accordance with the FDIC's examination frequency policy.	Percentage of examinations conducted in accordance with required time frames.	One hundred percent of required examinations are conducted within time frames established by FDIC policy.	Achieved. See pg. 32.
9	Take prompt and effective supervisory action to monitor and address problems identified during compliance examinations of FDIC-supervised institutions that receive a "4" or "5" rating for compliance with consumer protection and fair lending laws.	Percentage of follow-up examinations or related activities conducted within required time frames.	One hundred percent of follow-up examinations or related activities are conducted within 12 months from the date of a formal enforcement action to confirm that the institution is in compliance with the enforcement action.	Achieved. See pg. 32.
10	Determine the need for changes in current FDIC practices for following up on significant violations of consumer compliance laws and regulations identified during examinations of banks for compliance with consumer protection and fair lending laws.	Implementation review of new practices instituted in 2007.	Complete a review of the effectiveness of the 2007 instructions issued on the handling of repeat instances of significant violations identified during compliance examinations.	Achieved. See pg. 59.

2008 SUPERVISION AND CONSUMER PROTECTION PROGRAM RESULTS <i>(continued)</i>				
#	Annual Performance Goal	Indicator	Target	Results
11	Scrutinize evolving consumer products, analyze their current or potential impact on consumers and identify potentially harmful or illegal practices. Promptly institute a supervisory response program across FDIC-supervised institutions when such practices are identified.	Establishment of supervisory response programs to address potential risks posed by new consumer products.	Revise the FDIC's system for identifying, reviewing and addressing potentially harmful or illegal practices associated with evolving consumer products.  Develop and implement new supervisory response programs across all FDIC-supervised institutions to address potential risks posed by new consumer products.	Achieved. See pg. 38.  Achieved. See pg. 38.
12	Effectively investigate and respond to consumer complaints about FDIC-supervised financial institutions.	Timely responses to written complaints and inquiries.	Responses are provided to 90 percent of written complaints and inquiries within time frames established by policy.	Achieved. See pg. 43.
13	Provide effective outreach related to CRA, fair lending, and community development.	Number of outreach activities conducted, including technical assistance activities.  Expanded access to high quality financial education through the <i>Money Smart</i> curriculum.  Scope and timeliness of dissemination of the results of the unbanked survey.  Support for expanded foreclosure prevention efforts for consumers at risk of foreclosure (in partnership with NeighborWorks® America and other organizations).	Conduct 125 technical assistance (examination support) efforts or banker/community outreach activities related to CRA, fair lending, and community development.  Release a "Young Adult" version of the <i>Money Smart</i> curriculum.  Distribute at least 10,000 copies of the "Young Adult" version of <i>Money Smart</i> .  Analysis of survey results is disseminated within six months of completion of the survey through regular publications, ad hoc reports and other means.  Provide technical assistance, support and consumer outreach activities in all six FDIC regions to at least eight local NeighborWorks® America affiliates or local coalitions that are providing foreclosure mitigation counseling in high need areas.	Achieved. See pg. 59.  Achieved. See pgs. 43-44.  Achieved. See pg. 43.  Achieved. See pgs. 40-41.  Achieved. See pg. 39.

## 2008 SUPERVISION AND CONSUMER PROTECTION PROGRAM RESULTS *(continued)*

#	Annual Performance Goal	Indicator	Target	Results
14	Continue to expand the FDIC's national leadership role in development and implementation of programs and strategies to encourage and promote broader economic inclusion within the nation's banking system.	Results of pilot small-dollar lending program conducted by participating financial institutions.	Analyze quarterly data submitted by participating institutions to identify early trends and potential best practices.	Achieved. See pg. 40.
		Degree of success achieved in bringing the unbanked/underserved into the financial mainstream through the Alliance for Economic Inclusion.	Open 27,000 new bank accounts.	Achieved. See pg. 38.
			Initiate new small-dollar loan products in 32 financial institutions.	Achieved. See pg. 38.
			Initiate remittance products in 32 financial institutions.	Achieved. See pg. 38.
			Reach 18,000 consumers through financial education initiatives.	Achieved. See pg. 38.

<b>2008 RECEIVERSHIP MANAGEMENT PROGRAM RESULTS</b>				
<i>Strategic Goal: Recovery to creditors of receiverships is achieved.</i>				
#	Annual Performance Goal	Indicator	Target	Results
1	Market failing institutions to all known qualified and interested potential bidders.	Scope of qualified and interested bidders solicited.	Contact all known qualified and interested bidders.	Achieved. See pg. 45.
2	Value, manage, and market assets of failed institutions and their subsidiaries in a timely manner to maximize net return.	Percentage of failed institution's assets marketed.	Ninety percent of the book value of a failed institution's marketable assets are marketed within 90 days of failure.	Achieved. See pg. 45.
3	Manage the receivership estate and its subsidiaries toward an orderly termination.	Timely termination of new receiverships.	Terminate all receiverships within 90 days of the resolution of all impediments.	Achieved. See pg. 48.
4	Conduct investigations into all potential professional liability claim areas for all failed insured depository institutions and decide as promptly as possible to close or pursue each claim, considering the size and complexity of the institution.	Percentage of investigated claim areas for which a decision has been made to close or pursue the claim.	For 80 percent of all claim areas, a decision is made to close or pursue claims within 18 months of the failure date.	Achieved. See pg. 59.

## Prior Years' Performance Results

Refer to the respective full Annual Report of prior years for more information on performance results for those years. (Shaded area indicates no such target existed for that respective year.)

<b>INSURANCE PROGRAM RESULTS</b>			
<i>Strategic Goal: Insured depositors are protected from loss without recourse to taxpayer funding.</i>			
<b>Annual Performance Goals and Targets</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>1. Respond promptly to all financial institution closings and emerging issues.</b>			
<ul style="list-style-type: none"> <li>Provide access to insured funds in one business day if the failure occurs on a Friday.</li> </ul>	Achieved.	Not Applicable. No Failures.	Not Applicable. No Failures.
<ul style="list-style-type: none"> <li>Provide access to insured funds in two business days if the failure occurs on any other day of the week.</li> </ul>	Achieved.	Not Applicable. No Failures.	Not Applicable. No Failures.
<ul style="list-style-type: none"> <li>Review comments received in response to the Advance Notice of Proposed Rulemaking on Large-Bank Deposit Insurance Determination Modernization.</li> </ul>	Achieved.	Achieved.	
<b>2. Identify and address risks to the Deposit Insurance Fund.</b>			
<ul style="list-style-type: none"> <li>Assess the insurance risks in 100 percent of insured depository institutions and adopt appropriate strategies.</li> </ul>	Achieved.	Achieved.	Achieved.
<ul style="list-style-type: none"> <li>Identify and follow up on 100 percent of material issues raised through off-site review and analysis.</li> </ul>	Achieved.	Achieved.	
<ul style="list-style-type: none"> <li>Identify and review the emerging areas of risk, including mortgage lending, hedge funds, commercial real estate lending, derivatives, money laundering, illicit financial transactions and the international operations of insured depository institutions.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Address potential risks from cross-border banking instability through coordinated review of critical issues and, where appropriate, agreements with key authorities.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Identify and follow up on 100 percent of referrals.</li> </ul>			Achieved.
<b>3. Maintain sufficient and reliable information on insured depository institutions.</b>			
<ul style="list-style-type: none"> <li>Implement a modernized Call Reporting process during the second Call Reporting period in 2005.</li> </ul>			Not Achieved.

<b>INSURANCE PROGRAM RESULTS</b> <i>(continued)</i>			
<b>Annual Performance Goals and Targets</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>4. Disseminate data and analyses on issues and risks affecting the financial services industry to bankers, supervisors, the public and other stakeholders.</b>			
<ul style="list-style-type: none"> <li>Results of research and analyses are disseminated in a timely manner through regular publications, ad hoc reports and other means.</li> </ul>	Achieved.	Achieved.	Achieved.
<ul style="list-style-type: none"> <li>Industry outreach activities are undertaken to inform bankers and other stakeholders about current trends, concerns and other available FDIC resources.</li> </ul>	Achieved.	Achieved.	Achieved.
<b>5. Maintain and improve the deposit insurance system.</b>			
<ul style="list-style-type: none"> <li>Implement the new deposit insurance pricing system.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Complete and issue guidance on the pricing of deposit insurance for large banks.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Publish an ANPR seeking comment on a permanent dividend system.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Develop and implement an assessment credit and dividends system and a new deposit insurance pricing system.</li> </ul>		Achieved.	
<ul style="list-style-type: none"> <li>Implement deposit insurance reform legislation in accordance with statutorily prescribed time frames.</li> </ul>		Achieved.	Not Applicable. Legislation enacted Feb. 8, 2006.
<ul style="list-style-type: none"> <li>Provide information and analysis to Congressional committees in support of deposit insurance reform legislation.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>Obtain legislative support for a proposed assessment credit and rebate system and a new deposit insurance pricing system.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>Enhance the effectiveness of the reserving methodology by applying sophisticated analytical techniques to review variances between projected losses and actual losses, and by adjusting the methodology accordingly.</li> </ul>	Achieved.	Achieved.	Achieved.
<ul style="list-style-type: none"> <li>Set assessment rates to maintain the insurance fund reserve ratio between 1.15 and 1.50 percent of estimated insured deposits.</li> </ul>	Achieved.	Achieved.	
<ul style="list-style-type: none"> <li>Set assessment rates to maintain the insurance funds at the designated reserve ratio (DRR), or return them to the DRR if they fall below it, as required by statute.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>When deposit insurance reform legislation is enacted, promulgate rules and regulations establishing criteria for replenishing the Deposit Insurance Fund when it falls below the low end of the range.</li> </ul>			Not Applicable. Legislation enacted Feb. 8, 2006.
<ul style="list-style-type: none"> <li>Enhance the working prototype of the integrated fund model for financial risk management.</li> </ul>			Achieved.

## INSURANCE PROGRAM RESULTS *(continued)*

Annual Performance Goals and Targets	2007	2006	2005
<b>6. Provide educational information to insured depository institutions and their customers to help them understand the rules for determining the amount of insurance coverage on deposit accounts.</b>			
<ul style="list-style-type: none"> <li>Publish a comprehensive and authoritative resource guide for bankers, attorneys, financial advisors and similar professionals on the FDIC's rules and requirements for deposit insurance coverage of revocable and irrevocable trust accounts.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Conduct a series of national teleconferences for insured financial institutions to address current questions and issues relating to FDIC insurance coverage of deposit accounts.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Update <i>Insuring Your Deposits</i> (basic deposit insurance brochure for consumers), <i>Your Insured Deposit</i> (comprehensive deposit insurance brochure), and EDIE (Electronic Deposit Insurance Estimator) on the FDIC Web site to reflect changes resulting from enactment of deposit insurance legislation.</li> </ul>		Achieved.	
<ul style="list-style-type: none"> <li>Update the consumer version of EDIE (Electronic Deposit Insurance Estimator) located on the FDIC's Web site.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>Develop and make available to the public an updated Spanish language version of EDIE reflecting deposit insurance reform.</li> </ul>		Achieved.	
<ul style="list-style-type: none"> <li>Develop and make available to the public a Spanish language version of the FDIC's 30-minute video on deposit insurance coverage.</li> </ul>		Achieved.	
<ul style="list-style-type: none"> <li>Respond to 90 percent of inquiries from consumers and bankers about FDIC deposit insurance coverage within time frames established by policy.</li> </ul>	Achieved.	Achieved.	
<ul style="list-style-type: none"> <li>Respond to 90 percent of written inquiries within time frames established by policy.</li> </ul>		Achieved.	
<b>7. Expand and strengthen the FDIC's leadership role in providing technical guidance, training, consulting services and information to international governmental banking and deposit insurance organizations.</b>			
<ul style="list-style-type: none"> <li>Undertake global outreach activities to inform and train foreign bank regulators and deposit insurers.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Foster strong relationships with international banking regulators and associations that promote sound banking policies in order to provide leadership and guidance in global banking supervision and regulations, failure resolution and deposit insurance.</li> </ul>	Achieved.		



<b>SUPERVISION AND CONSUMER PROTECTION PROGRAM RESULTS</b>			
<i>Strategic Goal: FDIC-supervised institutions are safe and sound.</i>			
<b>Annual Performance Goals and Targets</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>1. Conduct on-site risk management examinations to assess the overall financial condition, management practices and policies, and compliance with applicable laws and regulations of FDIC-supervised depository institutions.</b>			
<ul style="list-style-type: none"> <li>One hundred percent of required risk management examinations (including reviews of information technology (IT) and Bank Secrecy Act (BSA) compliance) are conducted on schedule.</li> </ul>	Achieved.	Achieved.	Achieved.
<b>2. Take prompt and effective supervisory action to address issues identified during the FDIC examination of FDIC-supervised institutions that receive a composite Uniform Financial Institutions Rating of "4" or "5" (problem institution). Monitor FDIC-supervised insured depository institutions' compliance with formal and informal enforcement actions.</b>			
<ul style="list-style-type: none"> <li>One hundred percent of follow-up examinations are conducted within 12 months of completion of the prior examination.</li> </ul>	Achieved.	Achieved.	Achieved.
<b>3. Increase regulatory knowledge to keep abreast of current issues related to money laundering and terrorist financing.</b>			
<ul style="list-style-type: none"> <li>An additional 10 percent (at least 10 percent for year 2006) of BSA/AML subject-matter experts nationwide are certified under the Association of Certified Anti-Money Laundering Specialists certification program.</li> </ul>	Achieved.	Achieved.	
<b>4. Increase industry and regulatory awareness of emerging/high-risk areas.</b>			
<ul style="list-style-type: none"> <li>The number of trained BSA/AML subject-matter experts increased to 300.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>Advanced training is completed for all BSA/AML subject-matter experts.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>At least one outreach session per region.</li> </ul>			Achieved.
<b>5. More closely align regulatory capital with risk in large or multinational banks while maintaining capital at prudential levels.</b>			
<ul style="list-style-type: none"> <li>Further develop the Basel II framework to ensure that it does not result in a substantial reduction in risk-based capital requirements or significant competitive inequities among different classes of banks. Consider alternative approaches for implementing the Basel Capital Accord.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Participate in the continuing analysis of the projected results of the new capital regime.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Promote international cooperation on the adoption of supplemental capital measures in countries that will be operating under Basel II.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Publish a Notice of Proposed Rulemaking (NPR).</li> </ul>		Achieved.	
<ul style="list-style-type: none"> <li>Participate in the continuing analysis of the projected results of the new capital regime.</li> </ul>		Achieved.	

## SUPERVISION AND CONSUMER PROTECTION PROGRAM RESULTS *(continued)*

Annual Performance Goals and Targets	2007	2006	2005
<ul style="list-style-type: none"> <li>Notice of Proposed Rulemaking (NPR) and associated examination guidance for implementing the new Basel Capital Accord are published for comment.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>Quantitative Impact Study 4 is completed.</li> </ul>			Achieved.
<b>6. More closely align regulatory capital with risk in banks not subject to Basel II capital rules while maintaining capital at prudential levels.</b>			
<ul style="list-style-type: none"> <li>Complete rulemaking on Basel IA.</li> </ul>	Not Applicable.		
<ul style="list-style-type: none"> <li>Develop a Notice of Proposed Rulemaking (NPR) for public issuance.</li> </ul>		Achieved.	
<b>7. Ensure that FDIC-supervised institutions that plan to operate under the new Basel II Capital Accord are well positioned to respond to the new capital requirements.</b>			
<ul style="list-style-type: none"> <li>On-site examinations or off-site analyses are performed for all FDIC-supervised banks that intend to operate under Basel II to ensure that they are effectively working toward meeting required qualification standards.</li> </ul>	Achieved.	Achieved.	Achieved.
<b>8. Reduce regulatory burden on the banking industry while maintaining appropriate consumer protection and safety and soundness safeguards.</b>			
<ul style="list-style-type: none"> <li>Applicable provisions of the Financial Services Regulatory Relief Act of 2006 (FSRRA) are implemented in accordance with statutory requirements.</li> </ul>	Partially Achieved.		
<ul style="list-style-type: none"> <li>Support is provided to the Government Accountability Office (GAO), as requested, for studies required under FSRRA.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>State AML assessments of MSBs are incorporated into FDIC risk management examinations in states where MSB AML regulatory programs are consistent with FDIC risk management standards.</li> </ul>	Partially Achieved.		
<i>Strategic Goal: Consumers' rights are protected and FDIC-supervised institutions invest in their communities.</i>			
<b>1. Conduct CRA and compliance examinations in accordance with the FDIC's examination frequency policy.</b>			
<ul style="list-style-type: none"> <li>One hundred percent of required examinations are conducted within time frames established by FDIC policy.</li> </ul>	Achieved.	Achieved.	Achieved.
<b>2. Take prompt and effective supervisory action to monitor and address problems identified during compliance examinations of FDIC-supervised institutions that received a "4" or "5" rating for compliance with consumer protection and fair lending laws.</b>			
<ul style="list-style-type: none"> <li>One hundred percent of follow-up examinations or related activities are conducted within 12 months from the date of a formal enforcement action to confirm that the institution is in compliance with the enforcement action.</li> </ul>	Achieved.	Achieved.	Achieved.

<b>SUPERVISION AND CONSUMER PROTECTION PROGRAM RESULTS</b> <i>(continued)</i>			
<b>Annual Performance Goals and Targets</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>3. Determine the need for changes in current FDIC practices for following up on actions on significant violations of consumer compliance laws and regulations identified during examinations of banks for compliance with consumer protection and fair lending laws.</b>			
<ul style="list-style-type: none"> <li>An analysis is completed for all institutions on the prevalence and scope of repeat instances of significant violations from the previous compliance examination.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>A determination is made regarding the need for changes to current FDIC and FFIEC guidance on follow-up supervisory action on significant violations identified during compliance examinations based on the substance and level of risk posed to consumers by these repeat violations.</li> </ul>	Achieved.		
<b>4. Provide effective outreach and technical assistance on topics related to the CRA, fair lending, and community development.</b>			
<ul style="list-style-type: none"> <li>200,000 additional individuals are taught using the <i>Money Smart</i> curriculum.</li> </ul>	Achieved.	Achieved.	Achieved.
<ul style="list-style-type: none"> <li>120 school systems and government entities are contacted to make them aware of the availability of <i>Money Smart</i> as a tool to teach financial education to high school students.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>A review of existing risk management and compliance/CRA examination guidelines and practices is completed to ensure that they encourage and support the efforts of insured financial institutions to foster economic inclusion, consistent with safe and sound banking practices.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>A pilot project is conducted with banks near military installations to provide small-dollar loan alternatives to high-cost payday lending.</li> </ul>	Not Achieved.		
<ul style="list-style-type: none"> <li>Strategies are developed and implemented to encourage FDIC-supervised institutions to offer small-denomination loan programs.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>Research is conducted and findings disseminated on programs and strategies to encourage and promote broader economic inclusion within the nation's banking system.</li> </ul>	Achieved.		
<ul style="list-style-type: none"> <li>125 technical assistance (examination support) efforts or banker/community outreach activities are conducted related to CRA, fair lending, or community development.</li> </ul>	Achieved.	Achieved.	Achieved.
<ul style="list-style-type: none"> <li>200 additional members are added to the <i>Money Smart</i> Alliance.</li> </ul>			Achieved.
<ul style="list-style-type: none"> <li>20,000 additional copies of the <i>Money Smart</i> curricula are distributed.</li> </ul>			Achieved.
<b>5. Effectively meet the statutory mandate to investigate and respond to consumer complaints about FDIC-supervised financial institutions.</b>			
<ul style="list-style-type: none"> <li>Responses are provided to 90 percent of written complaints within time frames established by policy.</li> </ul>	Achieved.	Achieved.	Achieved.

## RECEIVERSHIP MANAGEMENT PROGRAM RESULTS

*Strategic Goal: Recovery to creditors of receivership is achieved.*

Annual Performance Goals and Targets	2007	2006	2005
<b>1. Market failing institutions to all known qualified and interested potential bidders.</b>			
<ul style="list-style-type: none"> <li>Contact all known qualified and interested bidders.</li> </ul>	Achieved.	Not Applicable. No Failures.	Not Applicable. No Failures.
<b>2. Value, manage, and market assets of failed institutions and their subsidiaries in a timely manner to maximize net return.</b>			
<ul style="list-style-type: none"> <li>Ninety percent of the book value of a failed institution's marketable assets are marketed within 90 days of failure.</li> </ul>	Achieved.	Not Applicable. No Failures.	Not Applicable. No Failures.
<b>3. Manage the receivership estate and its subsidiaries toward an orderly termination.</b>			
<ul style="list-style-type: none"> <li>Terminate all receiverships within 90 days of the resolution of all impediments.</li> </ul>	Achieved.	Achieved.	
<ul style="list-style-type: none"> <li>Inactivate 75 percent of receiverships managed through the Receivership Oversight Program within three years of the failure date.</li> </ul>			Not Achieved.
<b>4. Conduct investigations into all potential professional liability claim areas in all failed insured depository institutions and decide as promptly as possible to close or pursue each claim, considering the size and complexity of the institution.</b>			
<ul style="list-style-type: none"> <li>For 80 percent of all claim areas, a decision is made to close or pursue claims within 18 months of the failure date.</li> </ul>	Not Applicable. No claims within the 18-month period.	Not Applicable. No Failures.	Achieved.

## Program Evaluation

Program evaluations are designed to improve the operational effectiveness of the FDIC's programs and ensure that objectives are met. These evaluations are often led by the Office of Enterprise Risk Management and are generally interdivisional, collaborative efforts involving management and staff from the affected program(s).

The Corporation's 2008 Annual Performance Plan contained several objectives aimed at ensuring that the FDIC would continue to address key corporate issues, including the upgrade of the FDIC's New Financial Environment (NFE), privacy, shared folders access and security, and asset management. The following are the results of the Corporation's program evaluation activities for 2008.

The FDIC is in the process of both upgrading NFE, its state-of-the-art financial management system, and changing the system platform on which it sits. The upgrade of the PeopleSoft products to release 9.0 and the change from the IBM mainframe structure with DB2 database to an individual application server structure with the Oracle database will allow the FDIC certain advances within the financial management and reporting arena. With the newer version of the PeopleSoft products, the FDIC will see increased business functionality and extended software support. Additionally, the change in platform will bring less system downtime, increased data scalability and a more sustainable environment for future enhancements and upgrades. The NFE software upgrade and platform change are expected to be completed by mid-2009.

In 2008, FDIC developed an Operational Review Program for the post-closing asset management function. Guidance was also developed for asset managers on participation loans and home equity lines of credit. This guidance ensures consistency in post-closing activities.

During 2008, the FDIC organized operations and support for major initiatives of the Temporary Liquidity Guarantee Program. The results of these initiatives were meant to strengthen market stability, improve the strength of financial institutions and enhance market liquidity. Going forward,

efforts of the FDIC will be geared toward further defining operations and controls, management reporting and administration of this new program.

The shared folders access and security initiative, started in 2008, is a corporate-wide effort to reduce the inventory of electronic folders and improve security management of the remaining folders necessary for the Corporation's ongoing work. This effort will continue in 2009.

The Corporation enhanced its methodology in 2008 to compare IT development projects objectively for those projects spending operating funds. This methodology identified preliminary business value, benefits expected from the project, and risk recognition. The Chief Information Office Council (CIO Council) used this methodology successfully for its 2009 selection process. Use of this common methodology at the CIO Council level in conjunction with what is done at the Capital Investment Review Committee level enhances the Corporation's capital planning and investment management maturity and enables the Corporation to more strategically select its IT investments.

In 2008, the FDIC, being concerned about the safety of FDIC-managed receivership and subsidiary funds, researched alternatives for its banking and investment needs for receivership-related matters. After careful review, the FDIC obtained banking services from the Federal Home Loan Bank of New York, which is able to handle critical accounts and services needed by the FDIC.

During 2008, two Post Project Reviews (PPRs) were conducted to improve the Corporation's future systems development efforts by reviewing recently implemented projects. Among the several significant reviews completed in 2008 were reviews of the Central Data Repository (CDR) and the Corporate Human Resources Information System (CHRIS) Time and Attendance project. Most significant is that the lessons learned and best practices identified in conducting the PPRs were rolled back into front end processes and requirements for future projects.

Program evaluation activities in 2009 will focus on key corporate issues, including continuing work on the Temporary Liquidity Guarantee Program and issues relating to contract management oversight and staff analysis.

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