



2009
ANNUAL
REPORT



Federal Deposit Insurance Corporation
550 17th Street, NW Washington, DC 20429

Office of the Chairman

June 30, 2010

Dear Sir/Madam,

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 (FDIC) is pleased to submit its *2009 Annual Report* (also referred to as the *Performance and Accountability Report*), which includes the audited financial statements of the Deposit Insurance Fund (DIF) 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, except for a material weakness in internal controls related to estimating losses to the DIF from resolution transactions involving loss-share agreements, which was identified by the U.S. Government Accountability Office (GAO). GAO also identified information technology issues that aggregated to a significant deficiency. During the fourth quarter of 2009 and in early 2010, we increased resources in these areas and instituted improvements in our control environment which, in conjunction with additional control enhancements to be completed in the second quarter of 2010, will significantly reduce the risks outlined in GAO's audit report. We are committed to maintaining effective internal controls corporate-wide in 2010.

Sincerely,

Sheila C. Bair
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

Message from the Chairman • Sheila C. Bair	5
Message from the Chief Financial Officer • Steven O. App	11
In Memoriam • L. William Seidman	13
I. Management’s Discussion and Analysis	14
The Year in Review	14
Insurance	14
Supervision and Consumer Protection	25
Resolutions and Receiverships	43
Effective Management of Strategic Resources	47
II. Financial Highlights	52
Deposit Insurance Fund Performance	52
Investment Spending	54
III. Performance Results Summary	56
Summary of 2009 Performance Results by Program	56
2009 Budget and Expenditures by Program	59
Performance Results by Program and Strategic Goal	60
Prior Years’ Performance Results	66
Program Evaluation	73
IV. Financial Statements and Notes	74
Deposit Insurance Fund (DIF)	74
FSLIC Resolution Fund (FRF)	104
Government Accountability Office’s Audit Opinion	117
Management’s Response	134
Overview of the Industry	137
V. Management Control	140
Enterprise Risk Management	140
Material Weaknesses	141
Management Report on Final Actions	141
VI. Appendices	144
A. Key Statistics	144
B. More About the FDIC	166
C. Office of Inspector General’s Assessment of the Management and Performance Challenges Facing the FDIC	176