

IV. FDIC Budget and Spending

CORPORATE OPERATING BUDGET

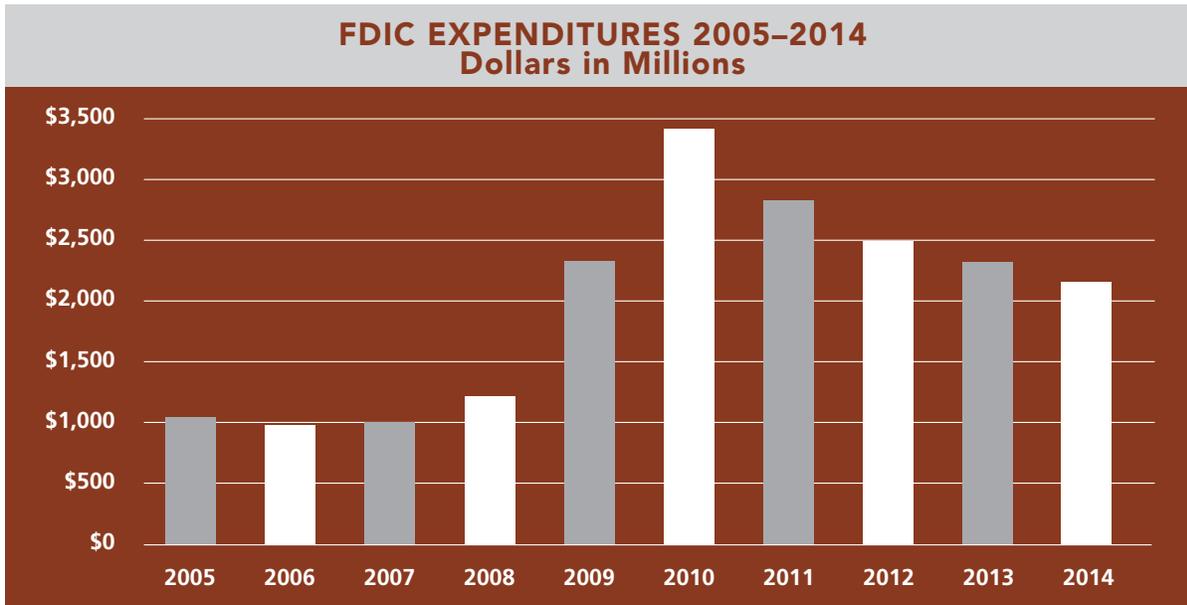
The FDIC segregates its corporate operating budget and expenses into two discrete components: ongoing operations and receivership funding. The receivership funding component represents expenses resulting from financial institution failures and is, therefore, largely driven by external forces, while the ongoing operations component accounts for all other operating expenses and tends to be more controllable and estimable. Over the past decade, the FDIC's expenditures have varied in response to workload. From 2008-2010, expenditures rose substantially, largely due to increasing resolution and receivership activity and the oversight of more problem institutions. Since 2010 these activities and their associated expenditures have been gradually declining.

Corporate operating expenses totaled \$2.1 billion in 2014, including \$1.6 billion in ongoing operations and \$0.5 billion in receivership funding. This represented approximately 91 percent of the approved budget for ongoing operations and 86 percent of the approved budget for receivership funding for the year.⁵

In December 2014, the Board of Directors approved a 2015 Corporate Operating Budget of approximately \$2.3 billion, consisting of \$1.8 billion for ongoing operations and \$0.5 billion for receivership funding. The ongoing operations budget for 2015 is approximately \$2 million (0.1 percent) higher than it was for 2014, while the receivership funding budget is \$75 million (13 percent) lower than it was for 2014.

As in prior years, the 2015 budget was formulated primarily on the basis of an analysis of projected workload for each of the Corporation's three major business lines and its major program support functions. The most significant factor contributing to the decrease in the Corporate Operating Budget is the improving health of the industry and the resulting reduction in failure-related workload. Although savings in this area are being realized, the 2015 receivership funding budget allows for resources for contractor support as well as non-permanent staffing for DRR, the Legal Division, and other organizations, should workload in these areas require an immediate response.

⁵ The numbers in this paragraph will not agree with the DIF and FRF financial statements due to differences in how items are classified.



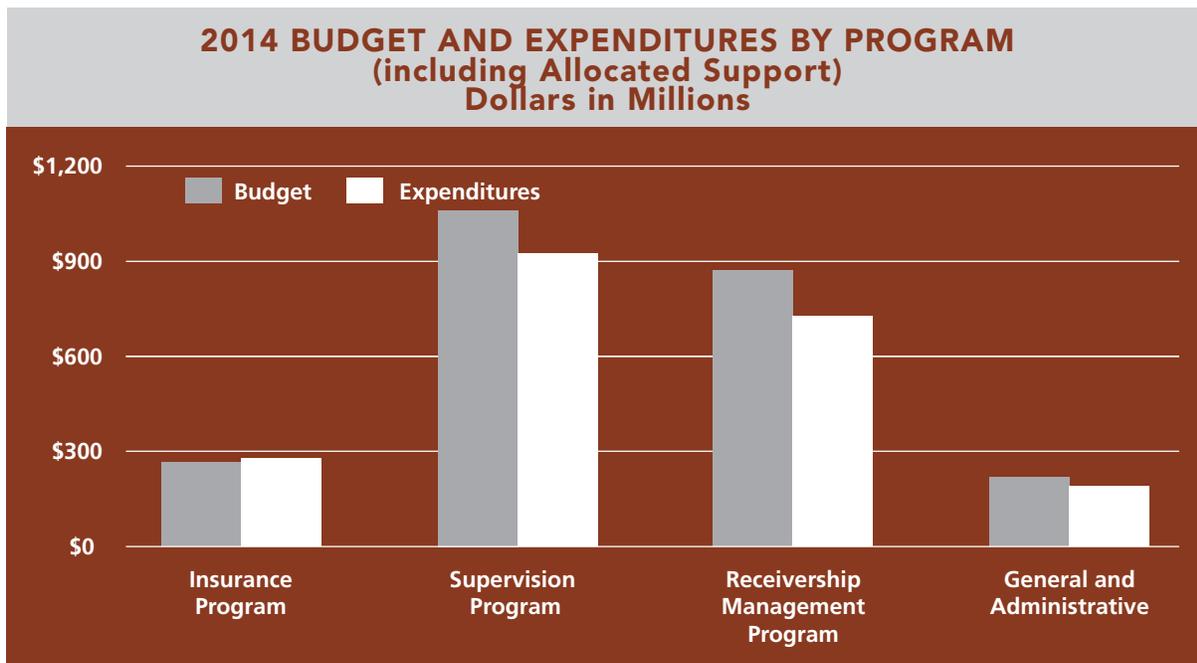
2014 BUDGET AND EXPENDITURES BY PROGRAM

(Excluding Investments)

The FDIC operating budget for 2014 totaled \$2.4 billion. Budget amounts were allocated as follows: \$264 million, or 11 percent, to the Insurance program; \$1.1 billion, or 44 percent, to the Supervision program; \$864 million, or 36 percent, to the Receivership Management program;

and \$216 million, or 9 percent, to Corporate General and Administrative expenditures.

Actual expenditures for the year totaled \$2.1 billion. Actual expenditures amounts were allocated as follows: \$273 million, or 13 percent, to the Insurance program; \$924 million, or 44 percent, to the Supervision program; and \$714 million, or 34 percent, to the Receivership Management program; and \$189 million, or 9 percent, to Corporate General and Administrative expenditures.



INVESTMENT SPENDING

The FDIC instituted a separate Investment Budget in 2003 to provide enhanced governance of major multi-year development efforts. There is a disciplined process for reviewing proposed new investment projects and managing the construction and implementation of approved projects. Proposed IT projects are carefully reviewed to ensure that they are consistent with the Corporation's enterprise architecture. The project approval and monitoring

processes also enable the FDIC to be aware of risks to the major capital investment projects and facilitate appropriate, timely intervention to address these risks throughout the development process. An investment portfolio performance review is provided to the FDIC's Board of Directors on a quarterly basis. From 2005-2014, investment spending totaled \$191 million and is estimated at \$30 million for 2015.

