

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to present the FDIC's 2015 Annual Report (also referred to as the Performance and Accountability Report). The report covers financial and program performance information, and summarizes our successes for the year. The FDIC takes pride in providing

timely, reliable, and meaningful information to its many stakeholders.

For 24 consecutive years, the U.S. Government Accountability Office (GAO) has issued unmodified (unqualified) audit opinions for the two funds administered by the FDIC: the Deposit Insurance Fund (DIF) and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). We take pride in our responsibility and demonstrate discipline and accountability as stewards of these funds. We remain proactive in the execution of sound financial management and in providing reliable financial data.

The DIF balance (the net worth of the Fund) rose to a record \$72.6 billion as of December 31, 2015, an increase of \$9.8 billion over the year-end 2014 balance of \$62.8 billion. The Fund balance increase was primarily due to assessment revenue and reductions in estimated losses for current and prior year bank failures.

FINANCIAL AND PROGRAM RESULTS FOR 2015

For 2015, DIF comprehensive income totaled \$9.8 billion, a decrease of \$5.8 billion over the 2014 comprehensive income of \$15.6 billion. This decrease was primarily due to a \$6.0 billion difference in the provision for insurance losses -- a negative \$2.3 billion in 2015 compared to a negative \$8.3 billion in 2014.

Assessment revenue was \$8.8 billion in 2015 and \$8.7 billion in 2014. Interest on U.S. Treasury obligations totaled \$423 million as compared to \$282 million in 2014; at the end of 2015, the yield to maturity on the DIF portfolio was 0.94 percent.

In 2015, the FDIC continued its efforts to reduce operating costs and prudently manage the funds that it administers. The FDIC Operating Budget for 2015 totaled approximately \$2.3 billion, which represented a decrease of \$73 million (3 percent) from 2014. Actual 2015 spending totaled approximately \$2.1 billion. On December 15, 2015, the FDIC Board of Directors approved a 2016 Corporate Operating Budget totaling \$2.2 billion, down \$108 million (5 percent) from the 2015 budget. Including 2016, the annual operating budget has declined for six consecutive years, consistent with a steadily declining workload.

The FDIC continues to reduce staffing levels, as conditions in the banking industry improve and the FDIC requires fewer resources. The FDIC's authorized full-time equivalent staffing dropped in 2015 from 7,200 to 6,886, a 4 percent reduction. In 2016, we project further reductions in the overall workforce. However, we will maintain a workforce capable of handling our supervision, insurance, and resolution functions.

In 2015, eight banks failed, down from 18 in 2014. Even though the number of bank failures is relatively low, we will continue to prudently manage the risks to the DIF, including interest rate, fiscal, and global economic risks. We will remain focused on sound financial management techniques, and maintain our enterprise-wide risk management and internal control program.

Sincerely,

A handwritten signature in blue ink that reads "Steven O. App". The signature is written in a cursive, professional style.

Steven O. App