



FEDERAL DEPOSIT INSURANCE CORPORATION

550 17th Street NW, Washington, DC 20429

OFFICE OF THE CHAIRMAN

February 15, 2018

Dear Sir,

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 (as amended) and the GPRA Modernization Act of 2010,
- ◆ the provisions of Section 5 (as amended) of the Inspector General Act of 1978,
- ◆ the Reports Consolidation Act of 2000, and
- ◆ the provisions of the Fraud Reduction and Data Analytics Act of 2015,

the Federal Deposit Insurance Corporation (FDIC) is pleased to submit its *2017 Annual Report* (also referred to as the *Performance and Accountability Report*), which includes the audited financial statements of the Deposit Insurance Fund and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund.

In accordance with the Reports Consolidation Act of 2000, the FDIC assessed 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 that the FDIC has no material weaknesses. We are committed to maintaining effective internal controls corporate-wide in 2018.

Sincerely,

Martin J. Gruenberg
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	5
Message from the Chief Financial Officer	17
FDIC Senior Leaders	19
I. Management's Discussion and Analysis	21
The Year in Review	23
Overview	23
Deposit Insurance.....	23
Supervision	24
Supervision Policy.....	30
Financial Technology	32
Community Banking Initiatives.....	33
Activities Related to Systemically Important Financial Institutions	39
Depositor and Consumer Protection.....	45
Receivership Management	52
Enhancing the FDIC's IT Security.....	55
Minority and Women Inclusion.....	57
International Outreach	59
Effective Management of Strategic Resources.....	60
II. Performance Results Summary	63
Summary of 2017 Performance Results by Program.....	65
Performance Results by Program and Strategic Goal	67
Prior Years' Performance Results	73
III. Financial Highlights	83
Deposit Insurance Fund Performance	85
IV. Budget and Spending	89
FDIC Operating Budget.....	91
2017 Budget and Expenditures by Program	92
Investment Spending	93
V. Financial Section	95
Deposit Insurance Fund (DIF)	96
FSLIC Resolution Fund (FRF)	112
Government Accountability Office Auditor's Report.....	120
Management's Report on Internal Control Over Financial Reporting.....	125
Management's Response to the Auditor's Report.....	126
VI. Risk Management and Internal Controls	127
Fraud Reduction and Data Analytics Act of 2015	129
Management Report on Final Actions.....	130
VII. Appendices	133
A. Key Statistics	135
B. More About the FDIC	149
C. Implementation of Key Regulations	158
D. Office of Inspector General's Assessment of the Management and Performance Challenges Facing the FDIC.....	161
E. Acronyms	198

**INSURING DEPOSITS ♦ EXAMINING AND SUPERVISING INSTITUTIONS ♦
MAKING LARGE AND COMPLEX FINANCIAL INSTITUTIONS RESOLVABLE ♦
MANAGING RECEIVERSHIPS ♦ EDUCATING CONSUMERS**

In its unique role as deposit insurer of banks and savings associations, and in cooperation with the other state and federal regulatory agencies, the FDIC promotes the safety and soundness of the U.S. financial system and insured depository institutions by identifying, monitoring, and addressing risks to the Deposit Insurance Fund.

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 financial institutions and 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.

At the FDIC, we are working together to be the best.

