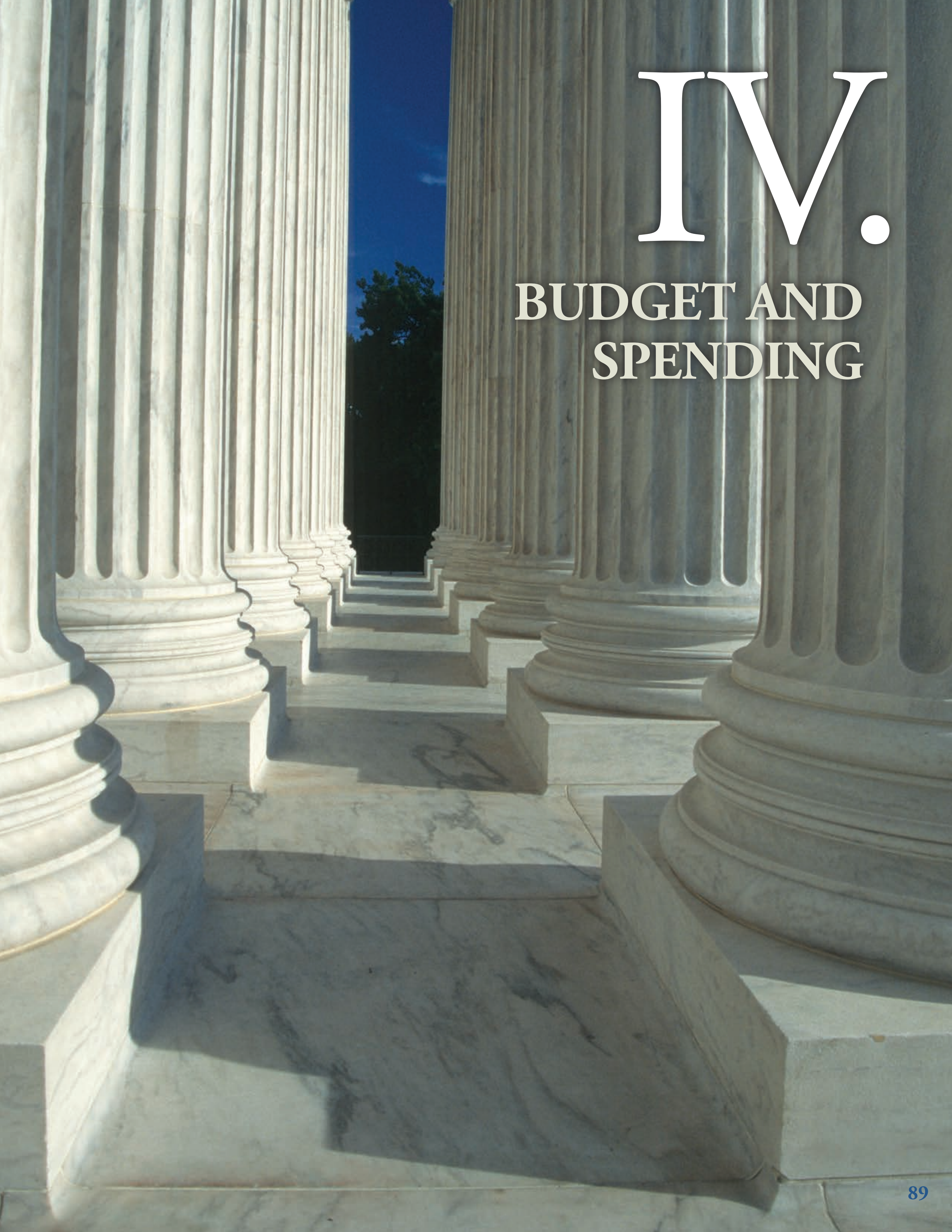
IV.

BUDGET AND SPENDING



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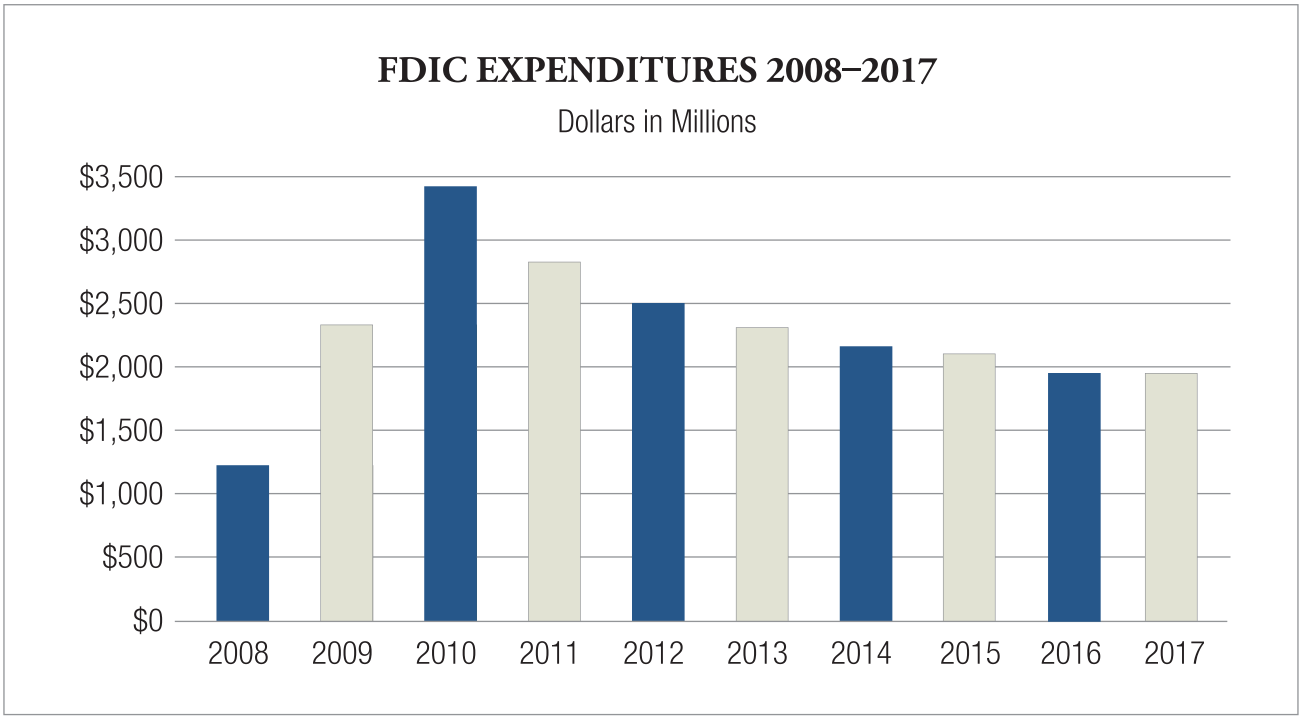
FDIC OPERATING BUDGET

The FDIC segregates its corporate operating budget and expenses into three discrete components: ongoing operations, receivership funding, and the Office of Inspector General (OIG). The receivership funding component represents expenses resulting from financial institution failures and is, therefore, largely driven by external forces and is less controllable and estimable. FDIC operating expenditures totaled $1.9 billion in 2017, including $1.7 billion in ongoing operations, $221 million in receivership funding, and $35 million for the OIG. This represented approximately 92 percent of the approved budget for ongoing operations, 74 percent of the approved budget for receivership funding, and 95 percent of the approved budget for the OIG for the year.

The approved 2018 FDIC Operating Budget of approximately $2.1 billion consists of $1.8 billion for ongoing operations, $225 million for receivership funding, and $40 million for the OIG. The level of approved ongoing operations budget for 2018 is approximately $6 million (0.3 percent) higher than the 2017 ongoing operations budget, while the approved receivership funding budget is $75 million (25 percent) lower than the 2017 receivership funding budget. The 2018 OIG budget is $3 million (9 percent) higher than the 2017 OIG budget.

As in prior years, the 2018 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 program support functions. The most significant factor contributing to the decrease in the FDIC Operating Budget is the improving health of the industry and the resultant reduction in failure related workload. Although savings in this area are being realized, the 2018 receivership funding budget provides 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.

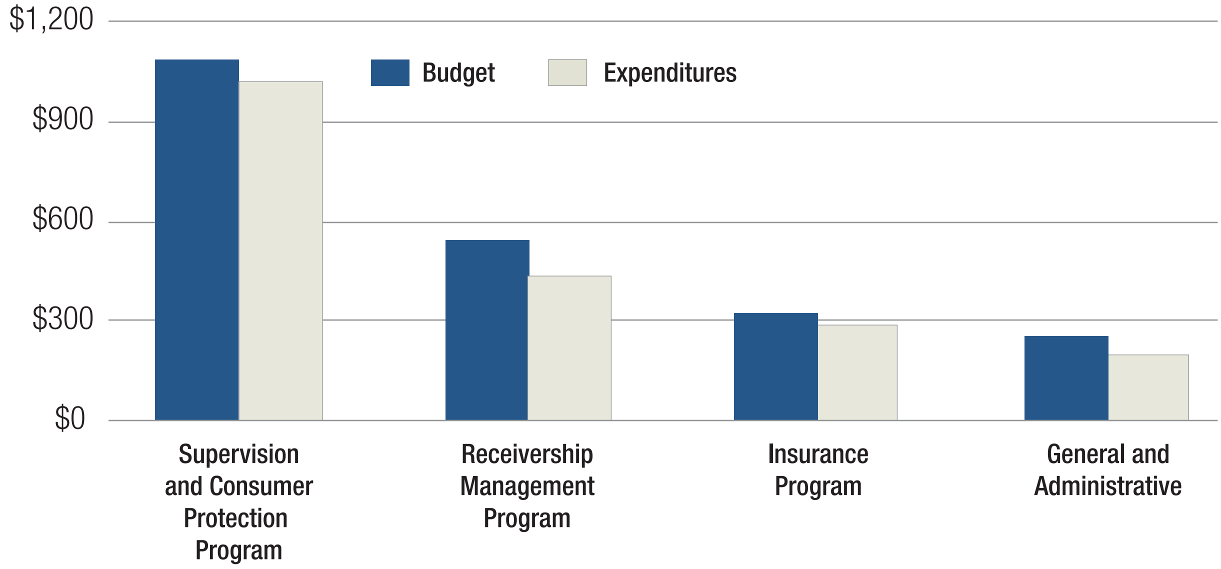


The FDIC's Strategic Plan and Annual Performance Plan provide the basis for annual planning and budgeting for needed resources. The 2017 aggregate budget (for ongoing operations, receivership funding, OIG, and investment spending) was $2.2 billion, while actual expenditures for the year were $1.9 billion, about $18 million less than 2016 expenditures.

Over the past decade the FDIC's expenditures have varied in response to workload. During the last several years, expenditures have fallen, largely due to decreasing resolution and receivership activity. To a lesser extent decreased expenses have resulted from supervision-related costs associated with the oversight of fewer troubled institutions.

2017 BUDGET AND EXPENDITURES BY PROGRAM

(including Allocated Support)
Dollars in Millions



2017 BUDGET AND EXPENDITURES BY PROGRAM

(Excluding Investments)

The FDIC budget for 2017 totaled approximately $2.2 billion. Budget amounts were allocated as follows: $1.06 billion or 49 percent, to the Supervision and Consumer Protection program; $529 million or 24 percent, to the Receivership Management program; $317 million, or 15 percent, to the Insurance program; and $252 million, or 12 percent, to Corporate General and Administrative expenditures.

Actual expenditures for the year totaled $1.9 billion. Actual expenditures amounts were allocated as follows: $1.0 billion, or 52 percent, to the Supervision and Consumer Protection program; $430 million, or 22 percent, to the Receivership Management program; $291 million, or 15 percent, to the Insurance program; and $201 million, or 10 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. It has 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 2008-2017 investment spending totaled $124 million, and is estimated at $8 million for 2018.