

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to present the FDIC's 2019 *Annual Report*, which covers financial and program performance information and summarizes our successes for the year.

For 28 consecutive years, the U.S. Government Accountability Office has issued unmodified 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 accomplishments and continue to consistently demonstrate discipline and accountability as stewards of these funds. We remain proactive in the execution of sound financial management and in providing reliable and timely financial data to enhance decision-making.

2019 FINANCIAL AND PROGRAM RESULTS

The DIF balance rose to a record \$110.3 billion as of December 31, 2019, compared to the year-end 2018 balance of \$102.6 billion. The Fund balance increase was primarily due to assessment revenue, earnings on investments, and reductions in losses from prior year failures. Four insured financial institutions failed in 2019, with total assets of \$209 million.

The DIF U.S. Treasury securities investment portfolio balance was \$100.1 billion as of December 31, 2019, an increase of \$7.4 billion over the year-end 2018 portfolio balance of \$92.7 billion. Interest revenue on DIF investments was \$2.1 billion for 2019, compared to \$1.6 billion for 2018.

In 2019, the FDIC continued to reduce operating costs. The FDIC Operating Budget for 2019 totaled approximately \$2.04 billion—a decrease of \$49 million (2.3 percent) from 2018. Actual 2019 spending totaled approximately \$1.86 billion. The FDIC Board of Directors recently approved a 2020 FDIC Operating Budget totaling \$2.02 billion, down \$26 million (1.3 percent) from the 2019 budget. Including 2020, the annual operating budget has declined for ten consecutive years, consistent with a steadily declining workload.

The FDIC also continues to reduce staffing levels as internal resource needs are realigned to reflect banking industry changes and conditions. The FDIC's authorized full-time equivalent staffing dropped from 6,083 in 2018 to 5,915 in 2019, a 2.8 percent reduction. Authorized staffing for 2020 is 5,755 full-time equivalent positions, a 2.7 percent reduction from 2019.

The FDIC continued to implement its enterprise risk management (ERM) program in 2019 by communicating a risk appetite statement to all employees, developing a corporate risk profile and risk inventory, and initiating an ERM training program. We will continue to enhance the ERM program in 2020 through regional office outreach and by further integrating the program into the FDIC's strategic planning and budgeting processes.

I appreciate the FDIC professionals who plan, execute, and account for the agency's resources. Their commitment to ensuring sound financial management provides the foundation for our strong stewardship and ensures reliable financial information is available to our stakeholders.

Sincerely,

Bret D. Edwards