MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to present the FDIC's *2020 Annual Report*, which covers financial and program performance information and summarizes our successes for the year.

For 29 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.

2020 FINANCIAL AND PROGRAM RESULTS

The DIF balance rose to a record $117.9 billion as of December 31, 2020, compared to the year-end 2019 balance of $110.3 billion. The Fund balance increase was primarily due to assessment revenue. Four insured financial institutions failed in 2020, with total assets of $455 million.

The DIF U.S. Treasury securities investment portfolio balance was $110.5 billion as of December 31, 2020, an increase of $10.4 billion over the year-end 2019 portfolio balance of $100.1 billion. Interest revenue on DIF investments was $1.7 billion for 2020, compared to $2.1 billion for 2019.

FDIC expenditures remained relatively unchanged in 2020 compared to 2019. Spending totaled approximately $1.87 billion—$148 million (or 7.3 percent) less than the 2020 FDIC Operating Budget of $2.02 billion and just $6 million (or 0.3 percent) more than 2019 actual spending of $1.86 billion. The FDIC Board of Directors recently approved a 2021 FDIC Operating Budget totaling $2.28 billion, up $261 million (or 12.9 percent) from the 2020 budget. This annual operating budget increase, which reverses the trend of ten consecutive years of decline, is largely due to the establishment of contingency reserves designed to ensure agency readiness to address any potential increase in supervision or resolution workload resulting from the ongoing pandemic.

The FDIC's authorized full-time equivalent staffing dropped from 5,915 in 2019 to 5,728 in 2020, a 3.2 percent reduction. Authorized staffing for 2021 is 5,793 full-time equivalent positons, 65 positions (or 1.1 percent) higher than 2020.

During 2020, the FDIC used its enterprise risk management (ERM) risk profile and risk inventory to measure and monitor risks and updated these tools to reflect the operational effects of the COVID-19 pandemic. The FDIC also conducted risk reviews, obtained regional office risk perspectives, enhanced ERM reporting capabilities, and provided ERM training. In 2021, we will continue to enhance the ERM program with active collaboration among all FDIC divisions and offices.

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