



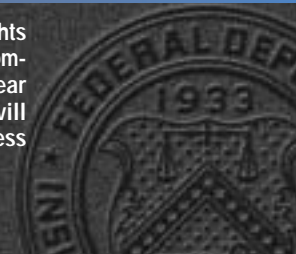
Letter to Stakeholders

4th quarter
2003



Happy New Year! This is our seventh Letter to Stakeholders and highlights our 4th quarter activities and year-end financial statistics. I am proud of our accomplishments in the past year and have high expectations for 2004. We begin the year with a new member of our Board of Directors, Tom Curry. I believe that FDIC will benefit from having Tom "on Board". As always, I invite you to follow our progress on the web at: www.fdic.gov.

Don Powell
Chairman



Our Priorities

Stability

- Board approved maintaining the existing BIF and SAIF assessment rate schedule for the first semi-annual period of 2004.
- Preliminary estimates show BIF growth to \$33.8 billion and SAIF to \$12.2 billion at year-end 2003 (subject to change and GAO audit). The year-end BIF contingent liability for anticipated failures fell to \$178 million. BIF and SAIF reserves have declined steadily over the past 15 months as a result of overall favorable trends in the bank and thrift industries and improvement in the financial condition of a few large institutions.
- Published with other members of the federal Interagency Task Force on Fair Lending, a new brochure that alerts consumers to borrowing pitfalls and high-cost home loans and provides tips for getting the best financing possible.

Sound Policy

- Formed the FDIC Center for Financial Research to engage the academic community by sponsoring research projects on key issues and developments affecting the banking industry, the role of banks in the economy, risk management issues, regulatory policy, and related topics of importance to the FDIC's mission of promoting financial stability.
- Hosted a research conference, sponsored jointly by the Journal of Financial Services Research, on banking and finance. Speakers included Nobel Laureate Daniel Kahneman of Princeton and Raghuram Rajan of the University of Chicago and the International Monetary Fund.
- Released a comprehensive paper to better estimate the ultimate impact of proposed Basel II Capital Accord on domestic bank capital levels. Concluded that regulators can expect large percentage reductions in risk-based capital requirements and during most of a typical economic cycle, risk-based capital requirements for Basel II banks would be far below levels currently needed to comply with statutory capital minimums. Further analysis showed extremely wide cyclical swings in capital requirements for wholesale lending and further widening in core capital requirements between U.S. banks and foreign banks.
- Hosted, in association with the SW Graduate School of Banking Foundation and Southern Methodist University's Cox School of Business, a symposium on lessons learned from bank failures. The symposium served as a forum for academics, regulators, bankers, and industry leaders to debate the causes and costs of bank failures.

Stewardship

- Thomas J. Curry was confirmed by the U. S. Senate to be a member of the Board of Directors of the FDIC. The FDIC Board will now operate at full strength with five members for the first time in five years.
- Named Michael E. Bartell as FDIC's Chief Information Officer and Director of the Division of Information Resources Management.
- Signed a *Money Smart* Alliance agreement with Arkansas making this financial education curriculum available to all 11th and 12th grade students. Arkansas is the first state to promote a statewide financial education program in its school system.
- Received the Service to America Business and Commerce medal for *Money Smart* from the Partnership for Public Service.
- Board of Directors approved a 2004 FDIC operating budget of \$1.1 billion which was lower than the comparable 2003 budget and an investment spending budget of \$115 million.

Our Key Indices *Most Current Data* ▼

Insurance	BIF		SAIF		Both Funds	
	Q3 2002	Q3 2003	Q3 2002	Q3 2003	Q3 2002	Q3 2003
Updated quarterly (\$ billions)						
# Insured Inst.	8,189	8,058	1,244	1,194	9,433	9,252
\$ Insured Inst.	\$ 7,197	\$ 7,769	\$ 1,086	\$ 1,187	\$ 8,283	\$ 8,956
Insured Deposits	\$ 2,513	\$ 2,548	\$ 833	\$ 868	\$ 3,346	\$ 3,416
Fund Balances	\$ 31.4	\$ 33.5	\$ 11.6	\$ 12.2	\$ 43.0	\$ 45.7
Reserve Ratios	% 1.25	% 1.31	% 1.39	% 1.40	% 1.28	% 1.34

Supervision

YTD	12/31/2002	12/31/2003
Total Number of FDIC Supervised Institutions	5,390	5,340
Bank Examinations:		
Safety and Soundness	2,534	2,421
Compliance and CRA	1,820	1,919
Insurance and Other Applications Approved	2,757	2,832
Formal and Informal Enforcement Actions	448	523

Receiverships

YTD (\$ millions)	BIF		SAIF		Both Funds	
	Q4 2002	Q4 2003	Q4 2002	Q4 2003	Q4 2002	Q4 2003
Total Receiverships	37	31	3	2	40	33
Assets in Liquidation	\$ 657	\$ 347	\$ 397	\$ 334	\$ 1,054	\$ 681
Collections	\$ 1,610	\$ 1,573	\$ 134	\$ 55	\$ 1,744	\$ 1,628
Dividends Paid	\$ 1,054	\$ 1,009	\$ 919	\$ 3	\$ 1,973	\$ 1,012

Income

YTD (\$ millions)	BIF		SAIF		Both Funds	
	Q3 2003	Q4 2003	Q3 2003	Q4 2003	Q3 2003	Q4 2003
Assessment Income	\$ 60	\$ 80	\$ 11	\$ 15	\$ 71	\$ 95
Interest	\$ 1,153	\$ 1,530	\$ 400	\$ 532	\$ 1,553	\$ 2,062
Comprehensive Income	\$ 1,412	\$ 1,732	\$ 439	\$ 493	\$ 1,851	\$ 2,225

Resources

(\$ millions)	Budget/Expenditures				On Board Staff	
	Total	Ongoing Operations	Recvrship Funding	Major Investment Funding	Q4 2003	Target Y/E 2003
Annual Budget	\$ 1,113	\$ 985	\$ 75	\$ 53	5,329	5,568
YTD Expended	\$ 1,035	\$ 969	\$ 39	\$ 27		

▼ Financial data is unaudited
• Data as of December 27, 2003