Federal Deposit Insurance Corporation
2000 Program Performance Report

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CHAIRMAN'S STATEMENT

The year 2000 was another successful year for the Federal Deposit Insurance Corporation (FDIC). As has been the case since FDIC's inception in 1933, not one cent of insured deposits was lost by depositors due to the failure of insured institutions. Furthermore, in all seven of the insured depository failures occurring in 2000, consumers had access to their funds within three calendar days. In addition, 95 percent of the assets of failed institutions were marketed within 90 days after failure.

FDIC examiners initiated 2,568 safety and soundness examinations during 2000. In addition, staff conducted 614 bank outreach and education programs, focusing on risk areas, such as emerging technology, credit risk, and agricultural and subprime lending. Deposit insurance outreach education seminars attended by representatives of more than 900 banks also were held in each region and, based on an effectiveness assessment survey, were rated as being highly informative.

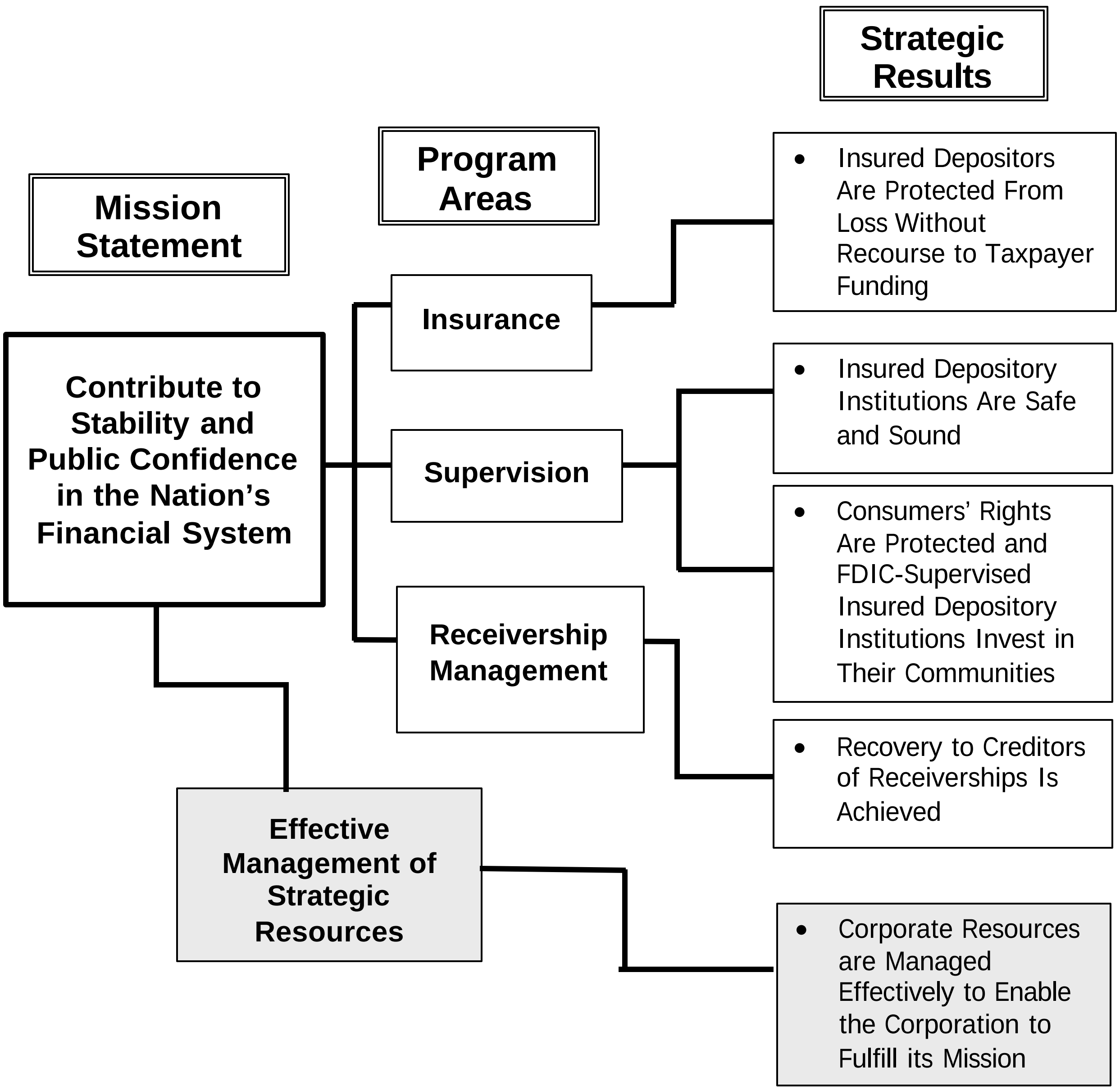
Also in 2000, the FDIC worked to provide consumer protection information and requirements to consumers and the industry. At the same time, our examiners conducted 2,257 compliance and Community Reinvestment Act (CRA) examinations of FDIC-supervised institutions to assess compliance with consumer protection and fair lending laws and regulations, as well as the CRA. At year-end 2000, 96 percent of FDIC-supervised institutions were rated satisfactory or better for compliance with consumer protection laws and regulations and 99 percent for performance under the CRA. In addition, FDIC responded to 6,736 written inquiries and more than 91,000 telephone calls from consumers on consumer rights issues.

In 2000, the FDIC also implemented many of the initiatives articulated in the Strategic Plan on Diversity, such as providing diversity awareness training to 95 percent of FDIC staff and creating a mentoring program.

Finally, in accordance with the Report Consolidation Act of 2000, the FDIC completed an assessment of the reliability of the performance data contained in this report. No material inadequacies were found and the data is considered to be complete and reliable.

Donna A. Tanoue
Chairman

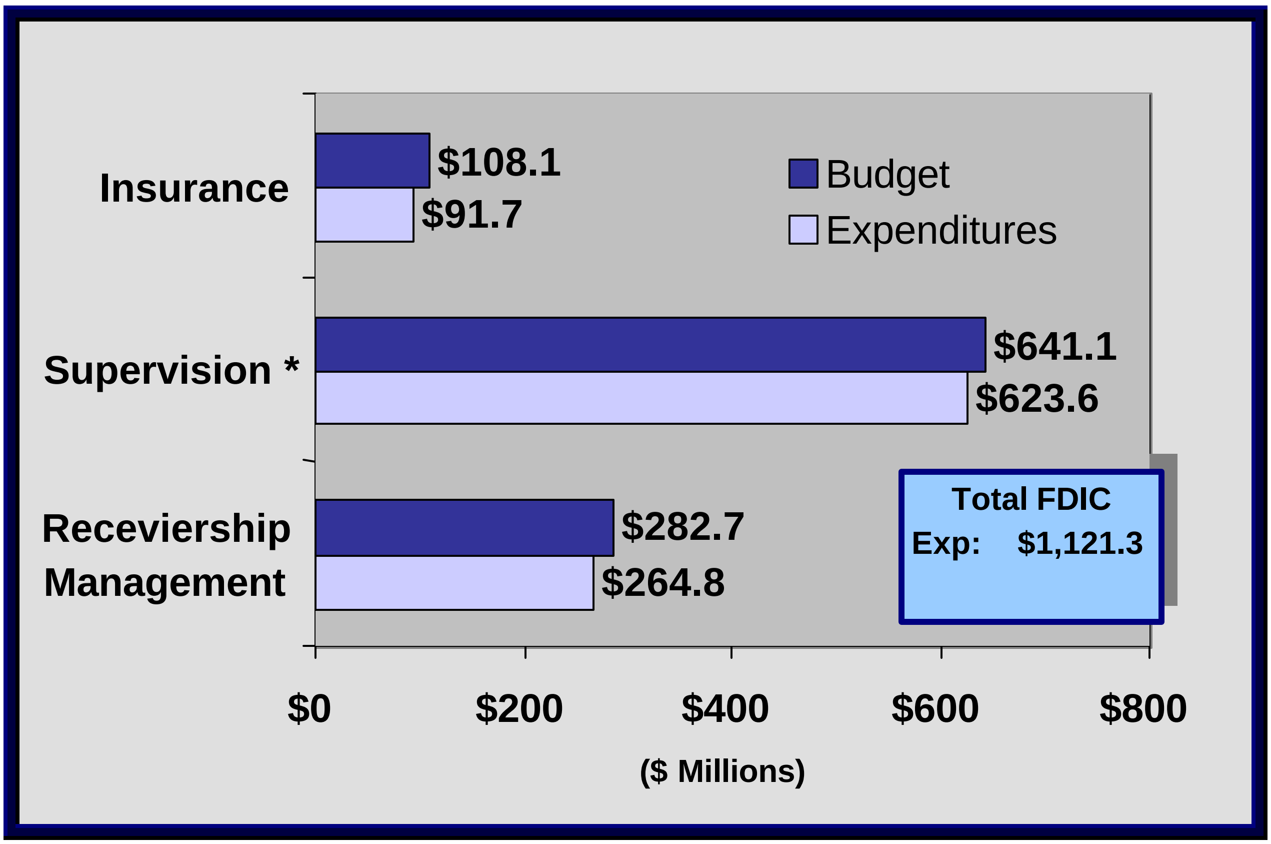
The following diagram depicts FDIC's major Program Areas and the associated Strategic Result that each Program is designed to achieve.



Note: The Mission Statement shown above is an abbreviated form of the FDIC's official Mission Statement.

BUDGET AND EXPENDITURES BY PROGRAM AREA[1]

Calendar Year 2000



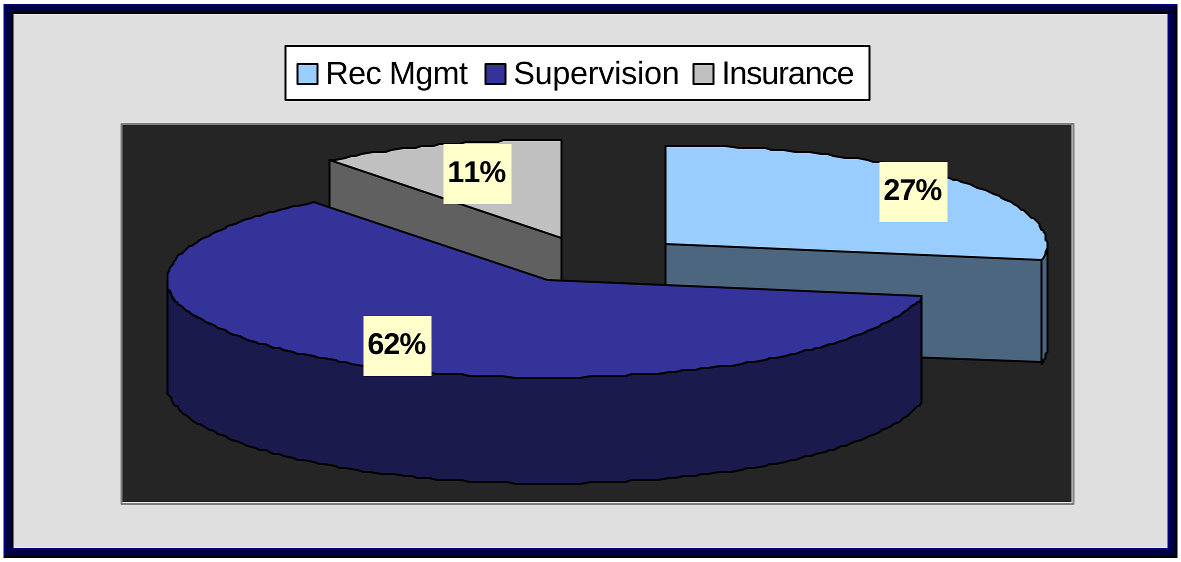
* INCLUDES SUPERVISORY ACTIVITIES FOR INSURANCE PURPOSES.

[1] The budget figures represented in this Performance Report reflect the Board-approved budget and the final allocation of expenditures to corporate programs and related goals.

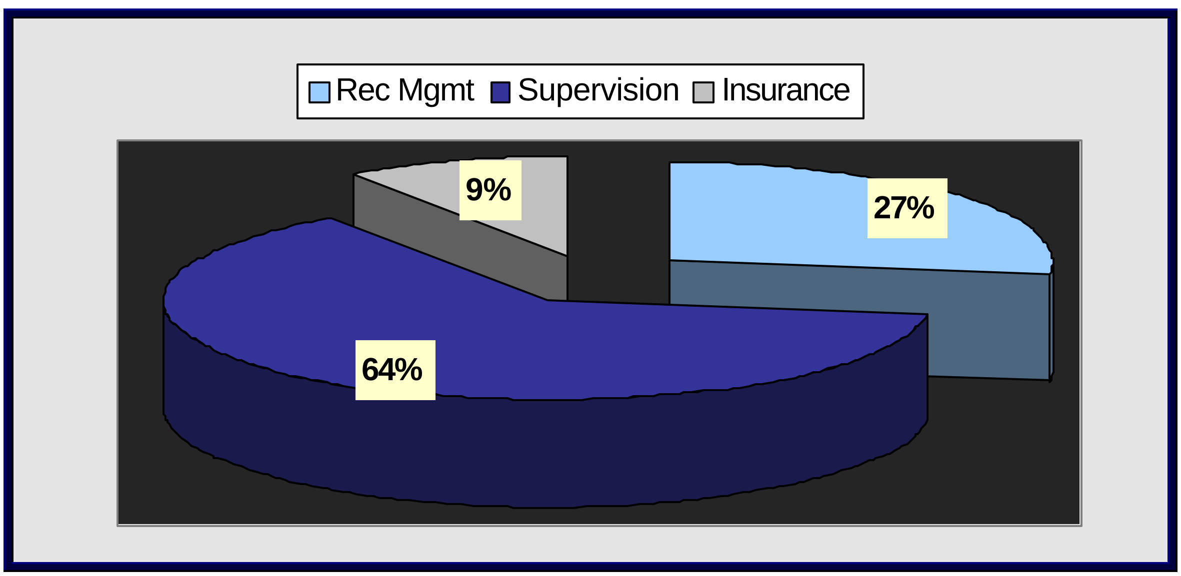
BUDGET AND EXPENDITURE BY PROGRAM

Calendar Year 2000

Budget Distribution



Expenditure Distribution



EXECUTIVE SUMMARY

Below, by Program Area, are the major performance results attained by the FDIC during 2000.

Program Area	Major 2000 Performance Results
Insurance	• Depositors had access to their funds within 3 calendar days of the failure in 7 of 7 insured depository institution failures • Economic trends and emerging risks were identified, monitored and addressed through the publication of surveys, guidance and reports including the following: ▪ Survey on Real Estate Trends ▪ Report on Underwriting Practices ▪ Semi-Annual Report on Economic Conditions and Emerging Risks in Banking • Conducted 614 risk-targeted outreach efforts on key issues including, ▪ Emerging technology risks, ▪ Credit risk, ▪ Agricultural lending, and ▪ Sub prime lending. • 100% or 663 SCOR[1] exceptions reviewed • 100% GMS[1] exceptions were reviewed covering 656 institutions, and • 348 or 100% LIDI[2] analyses were completed • Forums on deposit insurance held in each Region • Conducted survey designed to rate effectiveness of deposit insurance outreach efforts; the results for 2 key criteria based on a 1 through 5 scale with a "5" rating indicating a positive response were as follows: ▪ Seminars are beneficial [for me]=4.39 out of 5 ▪ Seminars increased [my] knowledge of Deposit Insurance rules=4.58 out of 5 • Reserve ratio was maintained at or above the statutory mandated ratio or 1.25% • FDIC represented U.S. as member of Financial Stability Forum's Working Group on deposit insurance • FDIC provided technical assistance to 12 foreign nations on deposit insurance, financial institution resolution, bank supervision, and provided information/training to approximately 100 groups of visitors from over 40 countries

[2] See Glossary of Terms on pages 60 and 61 for definitions of SCOR, GMS, and LIDI.

Program Area	Major 2000 Performance Results
Supervision Safety and Soundness	• Initiated 2,568 safety and soundness examinations • Between January 1st and 5th, FDIC contacted all FDIC-supervised institutions (5,762), 139 service providers, and 11 software vendors twice to determine if any Y2K-related problems were being encountered • On average, after receipt in the Regional Office, safety and soundness examination reports were completed, processed and mailed to institutions in 44 days or less
Supervision Consumer Rights	• Started 2,257 Compliance and CRA examinations • Held forums on financial literacy and predatory lending each Region • Assessed the quality of predatory lending practices forums via formal and informal surveys; results showed that forum participants' knowledge increased because of forum attendance • On average, compliance examination reports were completed, processed and mailed to institutions in 29 days after receipt in the Regional Office
Receivership Management	• FDIC contacted a total of 2,601 qualified and interested bidders in its effort to market failed institution assets to all interested parties • 95% of failed institutions' assets were marketed within 90 days of resolution • 102 non-asset defensive litigation cases were resolved • 156 receiverships were terminated
Effective Management of Strategic Resources	• Completed 12 studies and analyses during 2000 on major public policy issues • Implemented a contingency plan to enable FDIC to respond quickly to multiple, simultaneous failures • As part of the implementation of the Corporate Diversity Strategic Plan, accomplishments included ▪ Providing diversity awareness training to 95% of FDIC staff ▪ Created a Mentoring Program, a Career Management Program, and a Corporate LifeWorks Program ▪ Developed new guidelines and instructions to ensure that merit promotion panels more fully represent the workforce • Management closed 203 audit conditions, 100% of which were closed before the estimated completion date • Conducted 24 targeted IT security risk assessments • Updated virus software resulted in a drastic reduction in virus incidents (i.e., those viruses that have penetrated FDIC's security wall) during last 6 months of 2000

In accordance with Section 232.8 of OMB Circular No. A-11, Part 2, the FDIC reports that there were no situations in 2000 where actual performance had an adverse effect on FDIC's activities or programs. In addition, 2000 performance was considered in the development of FDIC's 2001 Annual Performance Goals.

In accordance with OMB memorandum dated January 23, 1998, the FDIC reports that the Office of Inspector General will independently publish its 2000 Program Performance Report in its March Semiannual Report.

INSURANCE PROGRAM SUMMARY

The FDIC was established to insure bank and savings association deposits. This role of insurer helps promote the stability of the financial system by guaranteeing the timely funding of insured deposits and the consequent faith in the U.S. banking system in times of stress. In executing the Insurance Program, the FDIC continually evaluates how changes in the economy, the financial markets and the banking system affect the adequacy and the viability of the deposit insurance funds. In addition, the FDIC contributes to U.S. leadership on global deposit insurance issues to support international financial stability.

When a bank or savings association fails, the FDIC fulfills this role as insurer by paying insured depositors with either direct payment or arranging for the transfer of the insured deposits to an assuming institution. Promoting industry and consumer awareness also helps the FDIC protect depositors at banks and savings associations of all sizes. The FDIC reviews whether insured depository institutions make accurate disclosures regarding insured and uninsured products. The FDIC makes deposit insurance information available to the industry and consumers through various media, including the Internet, pamphlets, educational material and training.

To protect the viability of the deposit insurance funds, the FDIC identifies risks to insured depository institutions and institution applicants for deposit insurance. The FDIC analyzes domestic and international economic, financial and banking developments and communicates pertinent information to the industry and its supervisors. The FDIC monitors insured institutions' efforts to appropriately manage risks through on-site examinations and off-site reviews. Off-site reviews are also an integral part of the Supervision Program where they are used to facilitate pre-examination planning and to determine if examinations are needed outside of the regular schedule.

As the insurer, the FDIC, by statute, has special examination authority for all insured depository institutions. Should the FDIC identify significant emerging risks or have serious concerns relative to non-FDIC supervised insured depository institutions, the FDIC and the institution's primary federal supervisor[3] work in conjunction to resolve them. These cooperative efforts may include having the FDIC perform or participate in the safety and soundness examination of the institution with the concurrence of the institution's primary federal supervisor or the FDIC's Board of Directors.

The FDIC maintains sufficient deposit insurance fund balances by collecting risk-based insurance premiums from insured depository institutions and through prudent fund investment strategies. Finally, the FDIC provides financial data on insured depository institutions to the public through publications, publicly available automated systems, the Internet and through other media.

[3] The terms "primary federal supervisor" and "federal banking agencies" are synonymous and include, along with the FDIC, the following federal agencies: the Board of Governors of the Federal Reserve System (FRB), the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS).

INSURANCE PROGRAM		
Strategic Result	**Strategic Goals**	**2000 Annual Performance Goals**
Insured depositors are protected from loss without recourse to taxpayer funding	Customers of failed insured depository institutions have timely access to insured funds and services	Insured deposits are transferred to successor insured depository institution or depository payouts are begun within three days of institution failure
	Deposit insurance funds remain viable	Economic trends and emerging risks in banking are identified, monitored and addressed appropriately 100% of supervisory concerns noted during off-site reviews of insured depository institutions are resolved without further action or are referred for examination or other supervisory action Assessment rate schedules and risk classifications correspond with relative risk rankings of insured depository institutions, subject to statutory constraints Any significant increases in insurance fund exposures are identified
	Consumers know what funds are insured	Effectively conduct deposit insurance outreach nationwide
	U.S. leadership on deposit insurance is provided to ensure support for international financial stability	Assess how the FDIC can best contribute to U.S. leadership on global deposit insurance issues through 1) technical assistance, 2) research and scholarship and 3) enhanced coordination and communication

APG 1	Insured Deposits are Transferred to Successor Insured Depository Institution or Depositor Payouts are Begun Within Three Days of Institution Failure
Indicator	NUMBER OF DAYS FROM INSTITUTION FAILURE
Target	THREE DAYS
Contact	Jim Wigand, Deputy Director, DRR A.J. Felton, Deputy Director, DRR
2000 Results	The target has been achieved for all institution failures occurring in 2000.
Public Benefit	Providing depositors with prompt access to deposits is a primary contributor to preserving public trust in both the FDIC and in the nation's financial system.
Goal Status in 2001	The goal has been revised to read as follows: "The FDIC is prepared to deal with all financial institution closings and emerging issues."

2000 Results:

Failed Institution Name	Fail Date	Depositor Access Date	Met 3 Day Goal
Hartford-Carlisle SB	01/14	01/15	yes
Mutual Federal SB	03/10	03/13	yes
Monument Nat'l Bank	06/02	06/05	yes
Town & Country Bank	07/14	07/15	yes
Bank of Falkner	09/29	09/30	yes
Bank of Honolulu	10/13	10/14	yes
Nat'l St.Bank (Metropolis)	12/14	12/15	yes

<table>
<tr><td>APG 2</td><td>Economic Trends and Emerging Risks in Banking are Identified, Monitored and Addressed Appropriately</td></tr>
<tr><td>Indicators</td><td>1. Feedback from examiners and the industry on emerging risks and trends identified and communicated
2. Reports are issued and briefings are prepared and presented</td></tr>
<tr><td>Targets</td><td>1. Establish and conduct surveys and to develop baseline data.
2. a) Quarterly reports are issued on a timely basis,
b) Semi-annual briefings are delivered as scheduled</td></tr>
<tr><td>Contact</td><td>Jack Taylor, Operations and Control Acting Section Chief, DOI
Teresa Koechel, Assistant Director of Administration, DOS
George Hanc, Associate Director, Research Branch, DRS</td></tr>
<tr><td>2000 Results</td><td>Surveys
All recurring survey schedules were met for 2000 as follows:
▪ Survey of Real Estate Trends was conducted in January and July; national reports were published in March and September and regional reports were distributed internally and published on the FDIC website
▪ Report on Underwriting Practices was published in April and October. The national report was completed on schedule and the eight regional reports were distributed internally and published on the FDIC website.

Publication Survey: (formerly Regional Outlook Survey) The publication survey was not completed as scheduled by December 31, 2000. At mid-year, the survey development was slowed due to time spent considering expanding the purpose of the survey and subsequently was further delayed due to budgetary constraints. The expected completion date of the survey has been revised to December 31, 2001.

Reports and Guidance
All 2000 semi-annual and quarterly reports and briefings were released and delivered on schedule.
▪ Semi-annual Report on Economic Conditions and Emerging Risks in Banking: April and October briefings were held
▪ Regional Outlook : published in March, June, September, and December
▪ Regional Commentary: 19 published on the Web
▪ Updates: 30 published on the Web
▪ Bank Trends: 1 published on the Web
▪ Real Estate Data System: updated January, April, and October
▪ Financial Institution Letters: 44 issued

Risk Analysis Projects
An interagency project was initiated with the Federal Reserve Board and the Office of the Comptroller of the Currency to link shared national credit information with market-based information on default expectations. As a result, an interagency group, the Credit Risk Task Force, was established to meet regularly to explore methods to enhance the analysis and reporting of higher-risk industry exposures. The task force will report on higher-risk industry exposures semiannually to senior management of the participating agencies.</td></tr>
</table>

APG 2	Economic Trends and Emerging Risks in Banking are Identified, Monitored and Addressed Appropriately
2000 Results • (cont'd)	Offsite risk monitoring efforts continued to focus on subprime lending, emerging technologies, and fraud detection. The FDIC, along with other federal banking agencies, continued to prepare expanded examination guidance that will provide a more specific definition of subprime lending for bank examination purposes. In addition, a new in-depth training program for examiners for detecting fraud was developed and implemented. In early 2000, a proposal was developed to formalize FDIC participation in agricultural and rural issues that would include enhanced monitoring of individual institutions and assessment of systemic risk in the agricultural sector. A survey for supervisory staff to assess current and prospective financial conditions of agriculture borrowers and banks was completed and the results were analyzed. **Outreach Efforts** In 2000, FDIC conducted 614 outreach efforts on key issues including emerging technology risks, measurement and management of credit risk in the modern global marketplace, banking risks in the "new economy", agriculture lending, subprime lending, international risks, deposit insurance reform and fraud detection. **Offsite Monitoring Systems** Statistical CAMELS Off-site Ratings (SCOR): SCOR was updated to include the use of pre-tax income instead of net income, which more accurately tracks the condition of those banks which are "Subchapter S" corporations. Trends in SCOR ratings have been tracked and analyzed and a memorandum summarizing these trends has been delivered to the FDIC's Financial Risk Committee. Growth Monitoring System (GMS): A new system of weighting was developed for the GMS enabling users to analyze the reasons for the forecasts produced by the GMS model. In addition, a number of variants of GMS were developed during the course of the year. These were back-tested to determine their success in identifying downgrades among banks and thrifts. As a result of these tests, modifications to the GMS were made and the new version became operational in September 2000, 6 months ahead of schedule. Real Estate Stress Test: Forecasts from the real estate stress test were distributed to and discussed with the other federal banking agencies. A draft paper entitled "The Vulnerability of Banks and Thrifts to a Real Estate Crisis" was completed. In addition, the subsequent performance of those banks that were previously identified as vulnerable to real estate problems is being reviewed. Agricultural Stress Test Model: The model was developed at the request of DOS and the FDIC Investment Advisory Group.

APG 2	Economic Trends and Emerging Risks in Banking are Identified, Monitored and Addressed Appropriately
Public Benefit	By proactively identifying, monitoring and addressing emerging risks in banking and economic trends, the FDIC is able to provide pertinent information to the industry and bank examiners with the intended result of protecting insured depositors from loss.
Goal Status in 2001	This goal has been revised to read as follows: "Identify and address risks to the insurance funds."

APG 3	100% of Supervisory Concerns Noted During Off-site Reviews of Insured Depository Institutions are Resolved Without Further Action or are Referred for Examination or Other Supervisory Action
Indicator	Concerns identified during off-site reviews
Target	100% of identified concerns are resolved or referred
Contact	Teresa Koechel, Assistant Director of Administration, DOS
2000 Results	100% of identified concerns were resolved or referred. During 2000, SCOR[1], the offsite-monitoring model identified 663 exceptions that required Regional Office review. Of the 129 institutions identified as a supervisory concern, 122 of those were examined in 2000 or had examinations planned for 2000 or 2001. Thirty of these received CAMELS composite downgrades. The seven remaining SCOR exceptions received off-site monitoring. As of June 30, 2000 reporting period, a new, more prospective GMS[1] model was implemented. The new GMS model utilizes statistical techniques similar to the SCOR[1] model and compares asset and loan growth with the growth in equity and non-core funding. During 2000, GMS identified 656 institutions as exceptions. Of these exceptions, 67 institutions were identified as having growth warranting supervisory concern; 61 institutions had had examinations in 2000 or had examinations planed for 2000 or 2001, with 14 institutions receiving CAMELS composite downgrades. The remaining six institutions were monitored off-site. During 2000, analyses of all Large Insured Depository Institutions (LIDIs)[1] were completed in compliance with program requirements. Case Managers performed 348 analyses on companies that had $10 billion or more in total assets. As of year-end 2000, there were 89 such companies with total aggregate total assets of $5.8 trillion.
Public Benefit	The public directly benefited from the FDIC's performance relative to this goal. Resolution of supervisory concerns noted during off-site reviews of insured depository institutions helps ensure the continued viability of the deposit insurance funds; a viable and adequate insurance fund precludes recourse to taxpayer funding to protect insured depositors.
Goal Status in 2001	This goal was consolidated as an indicator under the 2001 goal that reads as follows: "Identify and address risks to the Insurance funds."

[1] See Glossary of Terms on pages 60 and 61 for definitions of SCOR, GMS, and LIDI.

APG 4	Assessment rate schedules and risk classifications correspond with relative risk rankings of insured depository institutions, subject to statutory constraints
Indicator	1. Modifications to the Risk Related Premium System 2. The reserve balance to insured deposits
Target	1. Modifications are made according to schedule 2. Maintain designated reserve ratio of 1.25%
Contact	Fred Carns, Associate Director, Assessments Branch, DOI
2000 Results	The designated reserve ratio is at or above the statutorily mandated 1.25%. Modifications to the Risk Related Premium System (RRPS) were made as described below: ▪ To address risky practices through the RRPS, FDIC continued developing and testing supplemental screens for use in the review process for assigning premiums as well for addressing any deficiencies in risk management among the flagged institutions. The new offsite screens and procedures were implemented during the reconcilement process for the January 1, 2000, assessment period The screens that were implemented focus on rapid growth, high loan yields, high concentrations in potentially risky lines of business, and substantial changes in business mix. The banking industry was informed of the enhancements to the RRPS via a Financial Institutions Letter (FIL-7-2000) dated February 4, 2000. For the second semiannual assessment period of 2000, the FDIC added a new criterion to the screens to identify institutions with high derivatives activity and continued to use the supplemental screens to flag institutions for review during the reconcilement process. For the first semiannual assessment period of 2001, the FDIC decided to incorporate growth scores from the new Growth Monitoring System (GMS) into the supplementary screening process. This change was discussed with other agencies before the reconcilement period began in October 2000. ▪ The conversion of RRPS's databases from Datacom to DB2 was completed and the new DB2 databases were populated. Documentation of the new databases was completed. This included physical and logical data diagrams and a thorough and accurate data dictionary. Access to the new DB2 databases is now available through DART, the ad-hoc query tool. Also, the front-end design work to convert the mainframe screens to web-based screens was completed. The new web-based screens fit seamlessly into Corporation's Vision/Information Workstation and improves the efficiency of completing a Case Manager's RRPS tasks. The new version was put into production and run parallel with the existing RRPS prior to year-end 2000 and will become the system of record in 2001.

APG 4	Assessment rate schedules and risk classifications correspond with relative risk rankings of insured depository institutions, subject to statutory constraints
Indicator	1. Modifications to the Risk Related Premium System 2. The reserve balance to insured deposits
Target	1. Modifications are made according to schedule 2. Maintain designated reserve ratio of 1.25%
2000 Results cont'd	▪ During 2000, the FDIC continued evaluating proposals to order to simplify the definition of the assessment base[4] and address the possibilities of manipulation. Staff drafted an advance notice of proposed rule making with regards to simplifying the assessment base definition.
Public Benefit	The aim of this goal is to ensure that the deposit insurance system is administered appropriately and reserves remain at or above the statutorily mandated level of 1.25%. The public benefits from this work because adequate reserves are available in case of bank or savings association failure and insured depositors are therefore protected from loss.
Goal Status in 2001	This goal was consolidated as an indicator under the 2001 goal that reads as follows: "Maintain and improve the deposit insurance system."

[4] See Glossary of Terms on page 60 for a definition of the term "assessment base."

APG 5	Any significant increases in insurance fund exposures are identified
Indicators	1. Losses projected minus losses actually incurred 2. Evaluation of loss reserve process
Targets	1. The differential between actual losses and projected losses is reasonable based on current conditions 2. Evaluation conducted quarterly
Contact	Fred Carns, Associate Director, Assessments Branch, DOI John O'Keefe, Chief, Economic Analysis and Statistics Branch , DRS
2000 Results	The differences between actual losses and projected losses in 2000 were reasonable based on current conditions. The FDIC continuously evaluates the deposit insurance system and the reserve process. On March 7, 2000, in a speech before the Independent Community Bankers of America, FDIC Chairman Donna Tanoue announced that the FDIC would undertake a comprehensive review of the U.S. deposit insurance system, focusing on three fundamental areas: 1) The processes for pricing risks, 2) Funding insurance losses, and 3) Setting coverage limits. On April 25, 2000, the FDIC held a Deposit Insurance Roundtable with bankers, their trade group representatives, consumer group representatives, and industry experts. As part of the comprehensive review, the FDIC developed and published a Deposit Insurance Options Paper describing various ways in which improvements might be made to the deposit insurance system. The paper, which focuses on the three above-cited areas, was published in hard copy and sent to interested parties as a FIL[5] to all banks and was placed on FDIC's website, along with survey questions related to each of the options. Comments received are being considered as FDIC develops recommendations for the next congressional session in 2001. In addition, eight separate studies/papers on insurance funding and coverage were drafted and are being considered as recommendations are being developed. The FDIC held discussions with academics and other outside experts and retained the risk-management consulting firm of Oliver, Wyman & Company (Oliver, Wyman) to provide a more explicit "market perspective" on deposit insurance pricing and fund exposure. As a part of Oliver, Wyman's framework for thinking about deposit insurance pricing and risk, they developed a model to identify the FDIC's cumulative loss distribution. In September, the model was delivered to the FDIC for its use. The FDIC's Financial Risk Committee's (FRC) quarterly meetings to set the contingent loss reserve were held in January, April and July. Bank and thrift failure projections over the next two years were prepared and updated each quarter of 2000.

[5] FIL = Financial Institution Letter.

APG 5	Any significant increases in insurance fund exposures are identified
Indicators	1. Losses projected minus losses actually incurred 2. Evaluation of loss reserve process
Targets	1. The differential between actual losses and projected losses is reasonable based on current conditions 2. Evaluation conducted quarterly
2000 Results (cont'd)	In addition, statistical information used to determine the FDIC's contingent loss reserve on possible failures was also produced and is being updated quarterly. A review the usefulness of the current 2-year loss rate methodology was completed and, in addition, an alternative method, which explicitly considers high-cost failures, unanticipated failures or failures that occur due to sudden deterioration in condition that is not fraud related was developed.
Public Benefit	By identifying any significant increases in insurance fund exposure, the FDIC is able to evaluate reserve process and make adjustments accordingly to provide for losses to the insurance funds and maintain the viability of the deposit insurance funds.
Goal Status in 2001	This goal was consolidated as an indicator under the 2001 goal that reads as follows: "Identify and address risks to the Insurance funds."

APG 6	Effectively conduct deposit insurance outreach nationwide
Indicator 1 of 3	(1) Number of Regions that scheduled deposit insurance education seminars
Target	At least one deposit insurance seminar is held in each Region during the year
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA

2000 Results

Indicator #1: The FDIC achieved its target of holding at least 1 deposit insurance seminar in each of its 8 Regions during the year. As shown below, DCA and the Legal Division, separately or together achieved the following results:

<table>
<tr><th rowspan="2">Sponsor</th><th colspan="3">Number of</th></tr>
<tr><th>Seminars</th><th>Attendees</th><th>Banks Represented</th></tr>
<tr><td>FDIC</td><td>24</td><td>1,095</td><td>506</td></tr>
<tr><td>State Trade Associations</td><td>13</td><td rowspan="4">1,654</td><td rowspan="4">484</td></tr>
<tr><td>ABA Events</td><td>3</td></tr>
<tr><td>Ohio State Auditors</td><td>1</td></tr>
<tr><td>Single Bank</td><td>1</td></tr>
<tr><td>Total</td><td>42</td><td>2,749</td><td>990</td></tr>
</table>

Twenty-four of the 42 sessions were part of a National Deposit Insurance Seminar Series sponsored by the FDIC. The Seminars were open to all FDIC-insured institutions.

Public Benefit (Indicator #1)

One of the many ways that the FDIC promotes financial stability is by providing leadership and training to insured institutions on deposit insurance.

Goal Status in 2001

This goal has been revised to read as follows: "Financial institution staff is better prepared to educate consumers."

APG 6	Effectively conduct deposit insurance outreach nationwide
Indicators 2 & 3 of 3	2. Percentage of seminar participants who rate the seminar satisfactory or higher 3. Percentage of seminar participants who pass deposit insurance test
Target	Establish baseline data
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA

2000 Results

Indicator #2: This target was achieved. The FDIC used a participant evaluation form to determine whether participants found the seminars beneficial. Using a scale of 1 to 5, with a "5" rating signifying that attendees strongly believed that the seminars were beneficial, the majority of attendees rated the seminars as "4" or better. Results for this indicator is presented in the table below.

Indicator #3: For the third indicator, FDIC revised its methodology to better assess seminar participants' understanding of deposit insurance rules. The FDIC used the participant evaluation form to determine whether attendees believed the seminars increased their knowledge of deposit insurance rules. Using a scale of 1 to 5, with "5" indicating that attendees strongly believed that their knowledge of deposit insurance rules increased as a result of attending the seminar, the vast majority of attendees assigned a rating of "4" or better. The result for this Indicator is shown below:

	Measure of Effectiveness	Scale (1 through 5)	Weighted Average Score	Range	
				High	Low
Indicator 2	Seminars Are Beneficial	5 is "Strongly Agree"	**4.39**	4.69	4.23
Indicator 3	Seminars Increased Knowledge of Deposit Insurance Rules	5 is "Excellent"	**4.58**	4.65	3.8

To better measure the extent to which participants increase their knowledge of deposit insurance rules as a result of attending a seminar, the FDIC developed an instrument (a deposit insurance test) to gauge seminar participants' understanding of seminar material. The instrument asks participants to respond to commonly asked questions about deposit insurance rules. This tool will be refined, as appropriate, during 2001 and will enable the FDIC to establish baseline data from which to measure and assess the quality and effectiveness of future deposit outreach efforts.

Public Benefit (Indicator 2 & 3)

The FDIC provides deposit insurance education to financial institution employees, enabling these employees to better inform consumers of the deposit insurance rules.

Goal Status in 2001

Goal revised as follows: "Financial institution staff is better prepared to educate consumers."

APG 7	Assess how the FDIC can best contribute to U.S. leadership on global deposit insurance issues through 1) technical assistance, 2) research and scholarship and 3) enhanced coordination and communication
Indicator	Achieve milestones as established in January 2000
Target	Implementation of recommendations related to technical assistance, research and scholarship, and coordination and communication
Contact	Chris Blair, Financial Economist, Research Branch, DRS

2000 Results	This goal was met. The FDIC contributed to U.S. leadership on global deposit insurance leadership issues as follows:
	• Represented the United States as a member of the Financial Stability Forum (FSF) Working Group on Deposit Insurance. In this context, the FDIC,
	  • Chaired and staffed the Research Committee that provides research support for the Working Group. The Working Group's formal report was presented to the FSF in March 2000 at which time the Working Group was charged with the development of guidance on deposit insurance issues.
	  • In conjunction with the its efforts to support the FSF, the FDIC participated in three seminars on deposit insurance, which provided information on designing a deposit insurance system to interested parties in Latin America, Central and Eastern Europe, and Asia. A fourth seminar brought together deposit insurers and academics to focus on issues related to deposit insurance guidance.
	• Through the Office of the Vice Chairman, the FDIC's Technical Assistance Program provided in-country assistance to twelve foreign nations and the Association of Supervisors of Banks of the Americas on a variety of issues relating to deposit insurance and Financial Institution resolution and bank supervision.
	• Through the Foreign Visitors Program, approximately 100 groups of visitors from more than 40 countries met with FDIC officials and obtained information and/or training about the U.S. banking system, FDIC's supervisory, deposit insurance, and resolution and receivership roles.
	• The FDIC's participation as a standing member of the U.S. delegation for the US/Japan and US/China financial sector dialogues continued in 2000 and will continue in 2001. The FDIC's participation in these bilateral talks is aimed at providing expertise on deposit insurance, supervisory, and resolution and receivership issues to these important world economies

Public Benefit	The public has benefited from the FDIC's participation in the FSF's efforts to study and disseminate information on deposit insurance. FDIC's provision of information and assistance on deposit insurance through its technical assistance programs are designed to assist countries develop effective deposit insurance systems and contribute to global financial stability. These efforts will continue through 2001; guidance should be released by the FSF by year-end.
Goal Status in 2001	Goal revised as follows: "Increase global awareness and knowledge of deposit insurance issues."

SUPERVISION PROGRAM: SAFETY & SOUNDNESS
PROGRAM SUMMARY

The FDIC supervises 5,616[6] FDIC-insured state-chartered commercial banks that are not members of the Federal Reserve System, described as, state nonmember banks. This includes state-chartered commercial banks, state-licensed insured branches of foreign banks, and state-chartered savings banks. The FDIC also has examination authority and back-up enforcement authority for state member banks that are supervised by the FRB, national banks that are supervised by the OCC and savings associations that are supervised by the OTS.

As supervisor, the FDIC performs safety and soundness examinations of FDIC-supervised institutions to assess overall financial condition, management practices and policies and compliance with applicable laws and regulations. The FDIC also assesses internal control systems, and procedures normally performed in completing this assessment may disclose the presence of fraud or insider abuse. During the past year, the FDIC also assessed Year 2000 problems and the adequacy of management systems in place to identify and control risks.

The FDIC utilizes off-site reviews to facilitate pre-examination planning and to determine if examinations are needed outside of the regular schedule. The FDIC off-site review process includes reviewing SCOR and GMS exceptions and performing LIDI reviews on large insured depository institutions with consolidated company assets over $10 billion. These reviews monitor risks and changes in financial conditions of insured institutions. The annual performance goal related to these off-site review processes, historically included in the Supervision Program, is now part of the Insurance Program.

The FDIC's assessment of industry trends, risks and safe and sound management practices are communicated to the public through written documents, industry seminars and the *Internet* thus promoting market discipline of insured depository institutions. Risks to FDIC-supervised insured depository institutions identified during an examination are communicated to the institution's management and the Board of Directors. Risks identified during the examination of institutions are also integrated into the supervisory process.

The FDIC also monitors expansion of FDIC-supervised insured depository institutions into the insured depository institution system. Institutions applying for expansion of existing activities or locations must be well capitalized, possess a qualified management team, be capable of operating in a safe and sound manner, and be compliant with applicable laws and regulations.

In the event weaknesses are detected through the examination process, the FDIC takes appropriate action. For insured depository institutions identified as having significant weaknesses or those that are operating in a deteriorated financial condition, the FDIC may oversee the re-capitalization, merger, closure or other resolution of the institution. Otherwise, the FDIC may issue a formal or informal enforcement action, under which the institution is required to operate; to address the weakness identified.

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[6] As of 12/31/00.

SUPERVISION – SAFETY AND SOUNDNESS		
Strategic Result	**Strategic Goals**	**2000 Annual Performance Goals**
Insured depository institutions are safe and sound	Insured depository institutions appropriately manage risk	On-site safety and soundness examinations on FDIC-supervised insured depository institutions are initiated in accordance with statutory requirements, FDIC policy, state agreements or as otherwise needed Financial data provided to the public on insured depository institutions is maintained and enhanced Through a combination of on-site assessments and off-site contacts, monitor FDIC-supervised insured depository institutions, and those service providers and software vendors that the FDIC is responsible for examining, as they enter the new millennium to determine what, if any, Y2K-related problems they may be experiencing. Appropriate follow-up taken on all Y2K-related problems
	Problem insured depository institutions are recapitalized, merged, closed or otherwise resolved	Prompt supervisory actions are taken to address problems identified during the FDIC examination of institutions identified as problem insured depository institutions. FDIC-supervised insured depository institution compliance with formal and informal enforcement actions is monitored

APG 1	On-site safety and soundness examinations on FDIC-supervised insured depository institutions are initiated in accordance with statutory requirements, FDIC policy, and state agreements or as otherwise needed
Indicator	Percentage of required statutory examinations initiated.
Target	100% of statutorily required examinations initiated
Contact	Teresa Koechel, Assistant Director of Administration, DOS
2000 Results	During the year 2000, the FDIC initiated 2,568 safety and soundness examinations. At the end of the fourth quarter of 2000, there were 82 FDIC-supervised institutions that had not had an onsite safety and soundness examination initiated in accordance with statutory requirements. Of these 82 examination delinquencies, • 8 were "managed delinquencies"[7] • 8 were delinquent for an FDIC examination for reasons such as asset growth or capital changes that triggered a more frequent examination interval. These 8 are all scheduled for an examination by April 2001. • 66 institutions were due for examination by state regulatory agencies under the alternating examination program. Three of these were "managed delinquencies", and will not be examined. All the rest have been scheduled for examination in 2001. Finally, there were 77 examinations that were due to be performed on behalf of state regulatory authorities in accordance with state agreements. These call for examinations more frequently that is required statutorily. None of these 77 was delinquent for an examination under statutory requirements.
Public Benefit	The public has benefited by the on-site safety and soundness examinations of FDIC-supervised institutions. By initiating 2,568 examinations directly and working through agreements to share examination responsibility with state regulatory authorities, the FDIC has assessed the overall financial condition, management policies and practices and compliance with applicable regulations and laws for the 5,616-supervised financial institutions as of 12-31-2000[8]. In sum, FDIC supervision of these institutions helps assess the level of risks to the deposit insurance funds and therefore helps to ensure the viability of the deposit insurance funds. In turn, this contributes to the stability and public confidence in our nation's banking system.
Goal Status in 2001	This goal has been revised to read as follows: "Conduct on-site safety and soundness examinations to assess an FDIC-supervised insured depository institution's overall financial condition, management practices and policies, and compliance with applicable regulations."

[7] See the Glossary of Terms on page 61 for a definition of the term "managed delinquencies."
[8] 4th Quarter 2000 FDIC Banking Profile.

APG 2	Financial data provided to the public on insured depository institutions is maintained and enhanced
Indicators	1. Adherence to publication schedule and schedule for update of system data. 2. Release of database enhancements 3. Identify alternatives for collecting user satisfaction data 4. Number of hits and URLs on the Institution Directory System
Targets	1. Publication of periodicals and Internet publications in accordance with established timeframes 2. Implementation of financial information database enhancements in accordance with established timeframes 3. Alternatives identified by December 31, 2000 4. Continue to build time series data on usage to evaluate user satisfaction
Contact	Donald Inscoe, Associate Director, Statistics Branch, DRS
2000 Results	• Target #1, met: The publication schedules for the Quarterly Banking Profile and QBP Graph Book were met. • Target #2 and #3, met: Analytical and enhancement work was completed to ensure that publications and systems applications could accommodate the March 2001 Call Report changes. • Target #4, met: During the fourth quarter, the Institution Directory System (IDS) delivered approximately 934,519 pages to 78,975 unique users. Statistics on Depository Institutions (SDI) delivered 20,412 pages to 2,220 users. FDIC expects that SDI usage will increase, as the product gets better known.
Public Benefit	IDS is a web-based system that resides on the "ID" website. The website allows the public to easily locate FDIC-insured institutions, including those institutions that have merged or failed. Within the ID website, users can analyze the performance and condition of individual FDIC-insured institutions. SDI is an advanced feature of ID that allows the public to analyze the banking industry in-depth. Within SDI, users can choose from 24 predefined financial reports or create a custom report to analyze FDIC-insured institutions and Bank Holding Companies (BHC's). Institutions and BHCs can be analyzed individually or within groups. Users can select from industry standard peer groups or can create their own "custom peer groups" of insured institutions and BHC's. SDI also provides users with the ability to download large amounts (up to 2.5MB) of data on insured institutions and BHC's. It is important to note that ID/SDI is the only Internet site that offers the public such extensive and flexible access to data on federally insured institutions. The SDI has received positive response, both from within the FDIC and externally.
Goal Status in 2001	This goal was revised and moved to the Effective Management of Strategic Resources area. This work is now reflected in the following goal: "Provide Congress, and the public critical and timely information and analysis on the financial condition of the banking industry."

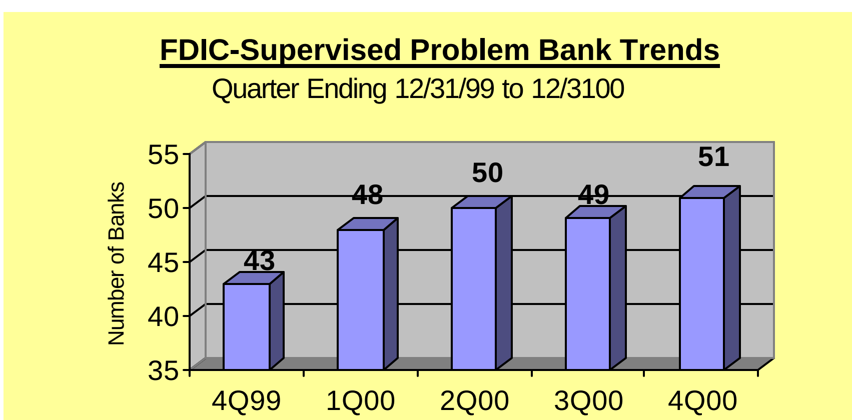
APG 3	Through a combination of on-site assessments and off-site contacts, monitor FDIC-supervised insured depository institutions, and those service providers and software vendors that the FDIC is responsible for examining, as they enter the new millennium to determine what, if any, Y2K-related problems they may be experiencing. Appropriate follow-up taken on all Y2K-related problems
Indicators	1. Contact made with all FDIC-supervised institutions 2. All Y2K-related issues are resolved.
Targets	1. January 1-5, 2000 2. June 30, 2000
Contact	Teresa Koechel, Assistant Director of Administration, DOS

2000 Results	DOS accomplished all components of this goal in the first quarter of 2000 by doing the following:
	
	• Monitored all FDIC-supervised financial institutions, and those servicers and software vendors that the FDIC is responsible for examining, as they entered the new millennium to determine if any Y2K-related problems were encountered.
	• Between January 1st and January 5th, DOS examiners contacted every institution twice to ascertain their status. The status of each institution was determined to be "Green," "Yellow", or "Red" depending on the nature or extent of the Y2K problems being encountered.
	• DOS contacted 5,762 (100%) FDIC-supervised financial institutions, 139 (100%) service providers, and 11 (100%) software vendors. None were experiencing disruptions and all were assigned a "Green" status.
	  ◦ A "Green" status was assigned to institutions that were operating normally.
	  ◦ A "Yellow" status was assigned to institutions that experienced disruptions or deterioration in financial condition resulting from Y2K-related events, but had implemented effective contingency plans.
	  ◦ A "Red" status was assigned to institutions that experienced disruptions or deterioration in financial condition that threatened data integrity and/or the viability of the institution.
	• The FDIC coordinated its contacts and disclosures with parallel efforts by other federal and state financial institution regulatory authorities and with the President's Council on Year 2000.
	• DOS made a second contact with each FDIC-supervised financial institution, service provider and software vendor on January 5th and 6th. None were experiencing disruptions and all were again assigned a "Green" status[9].

[9] Since no FDIC-supervised financial institution, service provider or software vendors experienced problems; the second target of ensuring that all Y2K-related issues are resolved by June 30, 2000 is not applicable.

APG 3	Through a combination of on-site assessments and off-site contacts, monitor FDIC-supervised insured depository institutions, and those service providers and software vendors that the FDIC is responsible for examining, as they enter the new millennium to determine what, if any, Y2K-related problems they may be experiencing. Appropriate follow-up taken on all Y2K-related problems
Indicators	1. Contact made with all FDIC-supervised institutions 2. All Y2K-related issues are resolved.
Targets	1. January 1-5, 2000 2. June 30, 2000
Public Benefit	By January 5th, the FDIC was able to publicly report on the Y2K status of all FDIC insured institutions, servicers and Software vendors. The FDIC's expedient public disclosure Y2K activities and status of insured financial institutions directly contributed immensely to the stability and maintenance of confidence in our nations' financial system.
Goal Status in 2001	This goal has been discontinued. It was a one-time goal and has been accomplished as reported.

APG 4 (Continued)	Prompt supervisory actions are taken to address problems identified during the FDIC examination of institutions identified as problem insured depository institutions. FDIC-supervised insured depository institution compliance with formal and informal enforcement actions is monitored
Indicators (Continued)	1. Number of days from time examination report is received by the Regional Office, processed and mailed to the institution 2. Number of months from last examination until a follow-up examination is conducted
Targets	1. 45-day average 2. Follow-up examination conducted within 12 months
Contact	Teresa Koechel, Assistant Director of Administration, DOS
2000 Results	The first target was met. On average, during 2000, FDIC-supervised examination reports were processed and mailed to the institution within 44 days of receipt of the report in the Regional Office, within the target. During the 4th quarter; however, the average time for processing and mailing examination reports to problem institutions was 49 days. Delays encountered were primarily due to the following: ▪ Processing of reports by or coordination on findings of joint examinations with state or other federal regulators; ▪ Additional time necessary for legal review, and ▪ Preparation and issuance of enforcement actions. In all cases, reports were processed and mailed to the institutions within 90 days of completion. As shown below, as of December 31, 2000, there were 51 FDIC-supervised institutions designated as problem institutions (composite rating of 4 or 5), an increase of 8 from December 31, 1999. Thirty-seven institutions were removed from problem status in 2000, mainly due to composite CAMELS rating upgrades, mergers and consolidations, and sales. 29 problem institutions were added.



APG 4 (Continued)	Prompt supervisory actions are taken to address problems identified during the FDIC examination of institutions identified as problem insured depository institutions. FDIC-supervised insured depository institution compliance with formal and informal enforcement actions is monitored
Indicators (Continued)	1. Number of days from time examination report is received by the Regional Office, processed and mailed to the institution 2. Number of months from last examination until a follow-up examination is conducted
Targets	1. 45-day average 2. Follow-up examination conducted within 12 months
Contact	Teresa Koechel, Assistant Director of Administration, DOS
2000 Results (cont'd)	All problem institutions as of year-end 2000 had a follow-up examination conducted within 12 months of the completion of previous examination thus meeting the second target. As of December 31, 2000, there were no problem institutions that were delinquent for an examination under statutory requirements. Compliance with enforcement actions was monitored for all problem banks via offsite monitoring, correspondence with institutions, coordination with state and federal regulatory counterparts, and by full scope on-site examinations. Additionally, during the year, the Internal Control and Review Section conducted four reviews of the Regional Offices. Specifically, during the fourth quarter, a sample of the New York Region's institutions with formal and informal enforcement actions in place was taken to assess the Region's implementation and follow-up procedures with regards to corrective actions. Review findings were positive with no significant deficiencies noted within the Region's enforcement action programs.
Public Benefit	The FDIC's success in taking prompt supervisory actions to address problems identified during FDIC examinations of problem insured financial institutions has helped to ensure that insured financial institutions remain safe and sound. The FDIC's success in diligently monitoring insured institutions' compliance with formal and informal enforcement actions directly contributes to the maintenance of the safety and soundness of the nation's insured depository institutions.
Goal Status in 2001	This goal will be retained with no change in 2001.

<u>SUPERVISION PROGRAM: CONSUMER RIGHTS</u>

PROGRAM SUMMARY

The FDIC engages in a variety of activities related to consumer protection and fair lending. The FDIC:

1) Provides consumers with access to easily understood information about their rights and the disclosures due them under consumer protection and fair lending laws and

2) Examines FDIC-supervised insured depository institutions to determine their compliance with consumer protection and fair lending laws, and evaluate these institutions' performance under the Community Reinvestment Act of 1977 (CRA).

The FDIC provides information about consumer protection, fair lending, and deposit insurance to help consumers understand their rights. Moreover, insured depository institutions are provided with updated information regarding consumer laws and regulations to help them better understand and comply with the laws.

The FDIC also conducts outreach activities for community groups and insured depository institutions in order to promote community lending. Through community outreach efforts and technical assistance, the FDIC encourages lenders to work with members of their local communities in meeting the communities' credit needs.

The compliance examination process determines FDIC-supervised insured depository institution compliance with consumer protection, CRA and fair lending laws and regulations. In addition to the examination process, the FDIC investigates consumer complaints of unfair or deceptive practices by insured depository institutions. Non-compliance with consumer laws can result in civil liability and negative publicity as well as formal or informal actions by the FDIC to correct the identified violations.

An institution's compliance with consumer protection, CRA, and fair lending laws may be considered in any institution's application for entry or expansion within the insured depository institution industry.

SUPERVISION PROGRAM – CONSUMER RIGHTS		
Strategic Result	**Strategic Goals**	**2000 Annual Performance Goals**
Consumers' rights are protected and FDIC-supervised insured depository institutions invest in their communities	Consumers have access to easily understood information about their rights and the disclosures due them under consumer protection and fair lending laws	Effectively respond to written and telephone complaints and inquiries related to deposit insurance and consumer protection laws within specified timeframes Effective outreach, technical assistance and training are provided on topics related to the Community Reinvestment Act (CRA) and community development
	FDIC-supervised insured depository institutions comply with consumer protection, CRA and fair lending laws	Compliance and CRA examinations are initiated in accordance with FDIC policy Prompt supervisory actions are taken on all institutions rated 4 and 5 for compliance to address problems identified during compliance examinations; compliance with those actions is monitored

APG 1	Effectively respond to written and telephone complaints and inquiries related to deposit insurance and consumer protection laws within specified timeframes
Indicators	1. Percent of responses to complaints and inquiries made in a timely manner 2. Trend in delinquencies 3. Quality of responses is monitored through internal control reviews
Targets	1. 100% of responses are made in accordance with policy 2. Zero delinquencies 3. No material exceptions noted
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA

2000 Results

Written Complaints and Inquiries

The first target of responding to complaints and inquiries in a timely manner was achieved (see "Target" vs. "Actual" Average Response Times in table below). Average response times are consistently within timeframes established in FDIC policy.

The second target of zero delinquencies was not met; however, this had no effect on overall program performance. Delinquencies exist for several reasons. Some complaints are complex and require lengthy investigation (including on-site visits), some financial institutions are not as responsive as need be, and correspondence volume sometimes peaks and exceeds our short-term response capability.

	Year-to-Date		
	Consumer Complaints	Inquiries From	
		Consumers	Financial Inst.
Total Received	4,479	2,047	210
Target Average Response Time	60 Days	15 Days	15 Days
Actual Average Response Time	38 Days	8 Days	10 Days
% of Responses Not Meeting Target	19%	11%	19%
% of Responses Delinquent	3%	4%	5%

FDIC's policy has been to answer written consumer complaints within an average of 60 days. We monitor response activity to ensure that responses, on average, are completed within that time. Those requiring 120 days or more are considered delinquent. For consumer and financial inquiries, our policy has been to respond within an average of 15 days. Inquiries requiring 30 days or more are considered delinquent.

For 2000, the FDIC's policy has been refined to establish response targets that reflect the level of complexity that can arise when responding to correspondence. Enhanced management reporting will accompany this change in 2001.

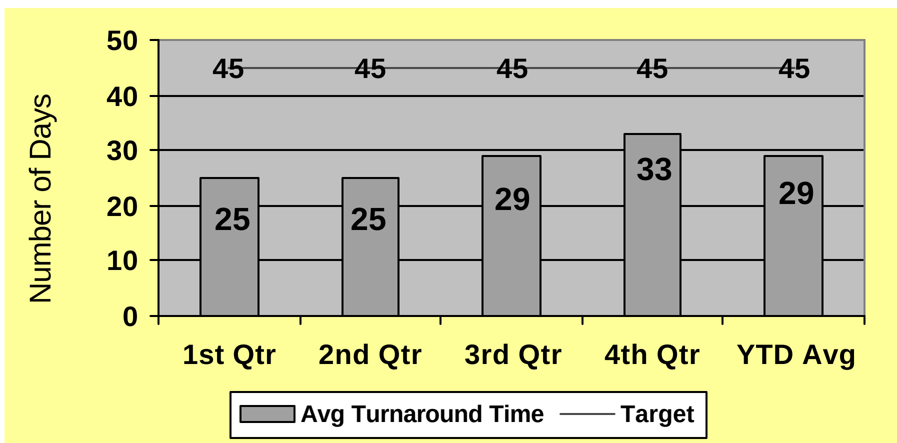
APG 1	Effectively respond to written and telephone complaints and inquiries related to deposit insurance and consumer protection laws within specified timeframes
Indicators	1. Percent of responses to complaints and inquiries made in a timely manner 2. Trend in delinquencies 3. Quality of responses is monitored through internal control reviews
Targets	1. 100% of responses are made in accordance with policy 2. Zero delinquencies 3. No material exceptions noted
2000 Results cont'd	**Telephone Complaints and Inquiries** Callers who indicated they wanted to speak with a FDIC representative were able to do so in far less than the 120-second target. The 2000 abandoned call rate of 1.13% was significantly better than the 4% target. This is due to the fact that, Call Center staff was able to respond to calls in an average of 21 seconds or less. **Quality of Responses** The third target relating to internal control reviews was achieved. An internal control review was conducted of the Dallas Regional Office during the first quarter. The Dallas review noted no material exceptions related to the quality of responses to complaints and inquiries.
Public Benefit (Indicators #1, 2, 3)	By providing accurate responses to complaints and inquiries in a timely manner, consumers are provided information regarding their rights and disclosures due them under consumer protection and fair lending laws. This helps the FDIC promote the protection of consumers' rights.
Goal Status in 2001	This goal has been revised to read as follows: "Effectively respond to written complaints and inquiries related to deposit insurance and consumer protection laws."

APG 2	Effective outreach, technical assistance and training are provided on topics related to the Community Reinvestment Act (CRA) and community development
Indicator 1 of 2	1) Number of forums held in each Region related to financial literacy and predatory lending
Target	1) One pilot forum on financial literacy and predatory lending held in each Region
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA
2000 Results (cont'd)	DCA achieved the target of holding at least 1 forum on financial literacy and predatory lending in each of its 8 Regions. From financial literacy forums, each Region developed at least 1 financial literacy program that was implemented in 2000. DCA also conducted the following outreach activities to promote community development partnerships between financial institutions, local and federal government agencies, and community organizations: ▪ 56 speaking engagements attended by 3,288 participants; ▪ 78 conferences, meetings or focus groups attended by 2,371 participants; ▪ 10 training activities attended by approximately 586 participants.
Public Benefit (Indicator #1)	The public forums that DCA conducted throughout the country heightened public awareness about abusive lending tactics and stressed the importance of understanding basic financial services.
Goal Status in 2001	This goal has been revised to read as follows: "Effective outreach, technical assistance, and training are provided on topics related to the Community Reinvestment Act (CRA), fair lending, and community development."

APG 2	Effective outreach, technical assistance and training are provided on topics related to the Community Reinvestment Act (CRA) and community development
Indicator 2 of 2	2) Survey forum participants to ascertain their knowledge of predatory lending practices and whether they are better informed about such practices at the conclusion of the forums.
Target	2) Establish baseline data
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA
2000 Results	The target of establishing baseline data was substantially achieved. The target audience for the predatory lending forums changed during the year, but the forums continued and survey data was gathered. During the year, FDIC concluded that the forums would be more productive if staff focused on collecting and sharing information related to predatory lending with the financial industry and community-based organizations rather than conducting training seminars for the public. The new format made complete achievement of the goal unattainable. Overall, formal and informal survey results indicated that most forum participants felt their knowledge of these practices increased as a result of attending a forum. In response to the need for public education, the FDIC, as part of an interagency effort, began developing a brochure to help consumers make informed loan decisions. Consumer and community organizations will test the brochure in 2001 to determine its effectiveness for the target audience.
Public Benefit (Indicator #2)	Increased knowledge among banks and community organization staff about CRA and community development will assist in promoting collaborative strategies to combat predatory lending practices. Many of the predatory lending forums conducted by the Regions resulted in the creation of diverse collaborations or working groups to further share information or pursue constructive anti-predatory lending strategies. For example, the FDIC assembled banks, local government officials, state regulators, and community groups to seek solutions to predatory lending problems in South Carolina. The assembled group agreed to form a coalition to heighten awareness about abusive lending tactics with the state's Consumer Affairs Department taking the lead role.
Revised Goal in 2001	The indicators and targets are revised in 2001 to specifically relate to an FDIC national financial education initiative to be undertaken in cooperation with the Department of Labor, through the Welfare-to-Work and Work Force Investment Act programs.

APG 3	Compliance and CRA examinations are initiated in accordance with FDIC policy
Indicators	1. Percent of projected examinations started 2. Trend of delinquent examination starts
Targets	1. 100% of projected examinations started 2. Zero delinquencies
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA
2000 Results	During 2000, the FDIC started 2,257 compliance and CRA examinations. In addition, FDIC substantially achieved the target of having zero delinquencies. As of December 31, 2000, the delinquencies were as follows: • There were 3 institutions for which an examination was not started within examination frequency guidelines, and • Each of these was a new institution that was visited during the past year. They are scheduled for examination during the first quarter of 2001. • 7 managed delinquencies[10]
Public Benefit	Achievement of this goal indicates that FDIC conducts compliance and CRA examinations in a timely manner. An effective examination program is directly related to the FDIC's role in protecting consumers' rights and encouraging FDIC-supervised institutions to invest in their communities.
Goal Status in 2001	This goal has been revised to read as follows: "Conduct comprehensive and compliance only examinations in accordance with FDIC examination frequency policy."

[10] See Glossary of Terms and page 61 for a definition of the term "managed delinquencies."

APG 4	Prompt supervisory actions are taken on all institutions rated 4 and 5 for compliance to address problems identified during compliance examinations; compliance with those actions is monitored
Indicator 1 of 2	1. Number of days from the time the examination report is received by the Regional Office, processed and mailed to the institution
Target	1. 45-day average
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA
2000 Results	• The target was met. As shown below, the average turnaround time of 29 days for issuing a final examination report to the institution was significantly better than the established target of 45 days. **Turnaround Time for Issuing Final Examination Reports** 
Public Benefit (Indicator #1)	Timely review of the examination report is an important part of an effective examination process. An effective examination program is directly related to the FDIC's role in protecting consumers' rights and in encouraging FDIC-supervised institutions to invest in their communities.
Goal Status in 2001	This goal was revised and is as follows for 2001: "Prompt supervisory actions are taken and monitored on all institutions rated 4 or 5 for compliance."

APG 4	Prompt supervisory actions are taken on all institutions rated 4 and 5 for compliance to address problems identified during compliance examinations; compliance with those actions is monitored
Indicator 2 of 2	2. Number of months from the date of a formal enforcement action until a follow-up examination activity is conducted
Target	2. Follow-up examination conducted within 12 months
Contact	Gary Bowser, Financial Management Analyst, DCA Kathy Duffy, Financial Management Analyst, DCA
2000 Results	FDIC achieved the target of conducting a follow-up examination within 12 months for all 4 and 5 rated institutions. There are no delinquent examinations associated with institutions rated 4 or 5 for compliance. At year-end, there were 6 formal enforcement actions outstanding against 5 institutions. Three of the formal actions were issued within the preceding 12 months; consequently, follow-up examinations were not yet due. The remaining 3 were issued more than 12 months prior to the end of the year and follow-up examinations were conducted within the required time.
Public Benefit (Indicator #2)	Some financial institutions need to improve their compliance with consumer protection laws. FDIC examination reports identify weaknesses, violations of laws or policies, and necessary corrective actions. During timely follow-up examinations, examiners determine if institutions under a formal enforcement action have improved in their adherence to these laws or policies. The result is that consumers' rights are better protected.
Goal Status in 2001	This goal has been revised to read as follows: "Prompt supervisory actions are taken and monitored on all institutions rated 4 or 5 for compliance."

RECEIVERSHIP MANAGEMENT PROGRAM

PROGRAM SUMMARY

The Receivership Management Program is designed to ensure that the claims of creditors are satisfied consistent with applicable law and the resources of individual receivership estates. The FDIC resolves failing insured institutions in the least costly manner. The FDIC is proactive in identifying troubled insured depository institutions and begins its resolution efforts, such as valuing assets and identifying potential purchasers of these institutions, before the institutions fail. At failure, the FDIC is appointed receiver and succeeds to the rights, powers, and privileges of the insured depository institution and its stockholders, officers and directors. Once the FDIC is appointed as receiver for any insured depository institution, the FDIC assumes the responsibility to marshal the institution's assets for the benefit of the creditors. The FDIC, acting as receiver, assumes responsibility to the creditors of the receivership to recover for them, as quickly as it can, the maximum amount possible on their claims. As the FDIC is the largest creditor after fulfilling its obligations as deposit insurer, this also allows the FDIC to maintain the viability of the deposit insurance funds.

The FDIC immediately works to identify and notify potential creditors of the failed depository institution of the failure and the process for submitting claims against the receivership. In accordance with priorities mandated by statute and applicable regulations, the FDIC reviews all claims and provides those creditors with valid claims; receivership certificates entitling them to a share in the receivership to the extent funds are available.

In order to fulfill its responsibilities to creditors of the failed institution, the FDIC as receiver manages and sells the assets through a variety of strategies and identifies and collects monies due to the receivership. In addition, the receiver may have valid claims against former directors, officers, professionals, and other parties who may have caused harm to the institution. Funds collected through the management and sale of assets, and through the pursuit of valid claims, are distributed according to the requirements of law.

To ensure that each new receivership is managed effectively toward an orderly and timely termination, the FDIC has an active receivership oversight program. The purpose of this program is to foster an efficient and responsible business approach to receivership management. This business approach focuses on the economic of each receivership, through the establishment of unique business plans, the monitoring of performance, and timely termination.

RECEIVERSHIP MANAGEMENT PROGRAM		
Strategic Result	**Strategic Goals**	**2000 Annual Performance Goals**
Recovery to creditors of receiverships is achieved	Failing insured depository institutions are resolved in the least-costly manner in accordance with law	Market to all known qualified and interested potential assuming institutions
	Receivership assets are managed and marketed to maximize net return	Market 80% of a failed institutions assets to franchise and non-franchise investors within 90 days of resolution
	Professional liability and other claims of the receivership are pursued in a fair and cost effective manner	Investigations are conducted into all potential professional liability claim areas in all failed insured depository institutions, and a decision to close or pursue each claim will be made within 18 months after the failure date in 80% of all investigations
	Receivership claims and other liabilities are resolved in a fair and cost effective manner	Achieve a 35% reduction in the number of active receiverships in 2000 50% of the non-asset defensive litigation cases in inventory as of January 1, 2000 are resolved through negotiated settlement or completed litigation

APG 1	Market to all known qualified and interested potential assuming institutions
Indicator	List of qualified and interested bidders
Target	100% of all known qualified and interested bidders
Contact	Jim Wigand, Deputy Director, DRR A.J. Felton, Deputy Director, DRR
2000 Results	For each failure, 100% of the known potential bidders qualified to acquire these institutions were contacted. For calendar year 2000, results by quarter are shown below: FOURTH QUARTER: There were 2 financial institution failures during this quarter. FDIC contacted all 234 qualified bidders for Bank of Honolulu and each of the 443 qualified bidders for National State Bank of Metropolis. THIRD QUARTER: There were 2 financial institution failures during the 3rd quarter. FDIC contacted all 343 qualified and interested bidders for Town and Country Bank and each of the 452 qualified and interested bidders for The Bank of Falkner. SECOND QUARTER: There was 1 financial institution failure in the 2nd quarter. FDIC contacted each of the 335 qualified and interested bidders related to this failure, the Monument National Bank. FIRST QUARTER: There were 2 financial institution failures in the 1st quarter. FDIC contacted all 409 qualified and interested bidders for Hartford Carlisle Savings Bank and all 385 qualified and interested bidders for Mutual Federal Savings Bank.
Public Benefit	The FDIC believes that competition is a key factor in our ability to resolve failing institutions in the least costly manner by maximizing the value received for failed institution deposits and assets. Contacting all known qualified bidders regarding an acquisition opportunity maximizes competition and thus increases the possibility that the FDIC obtains greater recoveries.
Goal Status in 2001	This goal has been revised to read as follows: “Market failing institutions to all known qualified and interested potential bidders.”

APG 2	Market 80% of a failed institution's assets to franchise and non-franchise investors within 90 days of resolution
Indicator	Percent of asset book value marketed within 90 days of resolution
Target	80% of book value at resolution
Contact	Jim Wigand, Deputy Director, DRR A.J. Felton, Deputy Director, DRR
2000 Results	The goal has been exceeded for all institution failures occurring in 2000.

Institution Failures in 2000

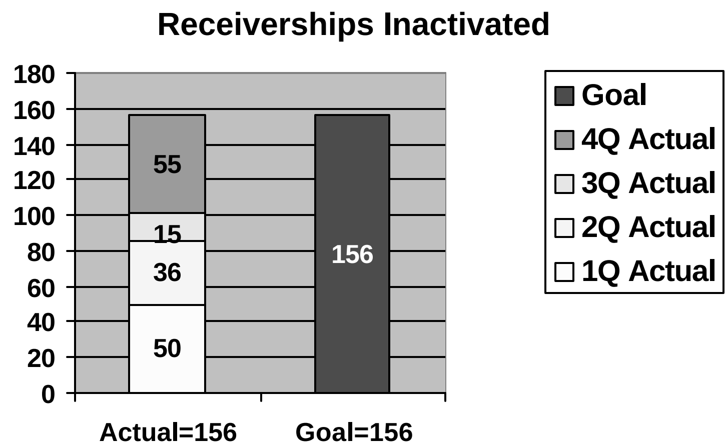
Showing Percent of Assets Marketed Within 90 Days

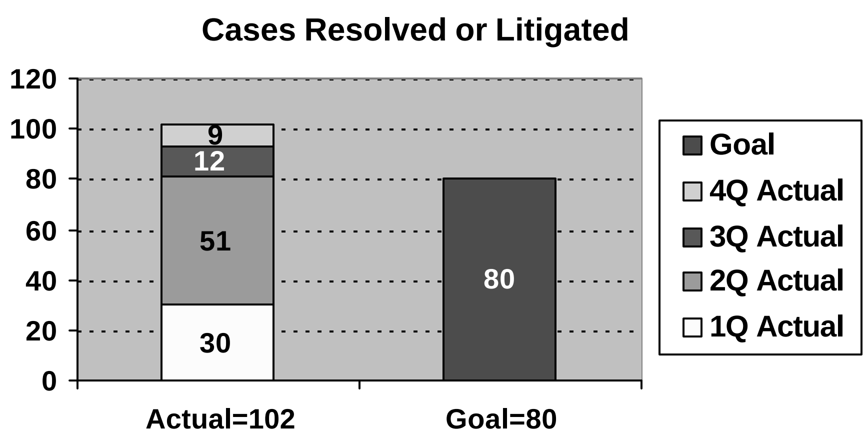
	Book Value of Assets ($ millions)		
Failed Insitution Name	**BV at Failure**	**BV Marketed in 90 Days**	**Percent of BV Marketed Within 90 Days**
Hartford-Carlisle	$96.1	$96.1	100%
Mutual Federal SB	29.1	29.1	100%
Monument Nat'l Bank	10.4	10.3	99%
Town & Country Bank	21.4	21.4	100%
Bank of Falkner	65	55	85%
Bank of Honolulu	65.5	60.9	93%
Nat'l St. Bank (Metropolis)	76.6	73.5	96%
Grand Total	**$364.1**	**$346.3**	**95%**

Public Benefit	Historic experience has shown that timely marketing of failed institution assets at or shortly after resolution allows the FDIC to maximize its net return while minimizing disruption to borrowers in the local community.
Goal Status in 2001	The indicator and target were retained under a revised 2001 goal, which describes a closer connection to the strategic goal. The 2001 goal is: The FDIC values, manages, and markets assets of failed institutions and their subsidiaries in a timely manner to maximize net return.

APG 3	Investigations are conducted into all potential professional liability claim areas in all failed insured depository institutions, and a decision to close or pursue each claim will be made within 18 months after the failure date in 80% of all investigations
Indicator	Percent of claims decided within 18 months and number of investigations
Target	80% of the investigations of claims
Contact	Richard Osterman, Assistant General Counsel, Legal Division J.P. Monahan, Litigation Support Technician, Legal Division
2000 Results	During 2000, a decision as to whether or not to close or pursue claims within 18 months was applicable to 4 failed institutions. In each of the 4 cases, a decision was made in 80% or more of the claims investigations. Specific results attained are as follows: • In 3 of the 4 institutions, for 100% of the claims, a decision as to whether or not to pursue was made within 18 months. • For 1 institution, a decision as to whether or not to pursue was made within 18 months for 81% of the claims.
Public Benefit	The goal of the professional liability program is to hold accountable those who actions cause losses to failed financial institutions. Where appropriate, the FDIC, either through the courts or through referral to appropriate financial regulatory agency for possible enforcement action, pursues meritorious claims The existence of this program enhances overall industry awareness of and commitment to maintaining ethical professional standards.
Goal Status in 2001	This goal has been revised to read as follows: "Investigations are conducted into all potential professional liability claim areas in all failed insured depository institutions."

APG 4	Achieve a 35% reduction in the number of active receiverships in 2000
Indicator	Number of receiverships terminated
Target	35% reduction in the number of active receiverships
Contact	Gail Patelunas, Deputy Director, DRR A.J. Felton, Deputy Director, DRR
2000 Results	The 156 receiverships inactivated in 2000 represent 100% of the targeted 156 receiverships slated for termination. (chart below)
Public Benefit	Prompt inactivation of receivership operations preserves value for the uninsured depositors and other receivership claimants by reducing overhead and other holding costs. The public benefits from appropriate oversight and prompt receivership inactivation as costs related to the failed institution affairs are properly managed.
Goal Status in 2001	This goal was consolidated as an indicator under a 2001 goal that reads as follows: "FDIC, as receiver, manages the receivership estate and its subsidiaries toward an orderly termination."



APG 5	50% of the non-asset defensive litigation cases in inventory as of January 1, 2000 are resolved through negotiated settlement or completed litigation
Indicator	Number of non-asset defensive litigation cases resolved
Target	50% of cases in inventory or 80 cases
Contact	Gail Patelunas, Deputy Director, DRR A.J. Felton, Deputy Director, DRR
2000 Results	The 102 non-asset defensive litigation cases (NADL) resolved in 2000 represent 128% of the targeted 80 cases. 
Public Benefit	By resolving non-asset defensive litigation matters, a barrier for inactivating receivership is removed. In turn, by inactivating receiverships, FDIC's overhead and other holding costs associated with the operation and maintenance of active receiverships is reduced.
Goal Status in 2001	This goal was discontinued at the Corporate level, but will continue to be monitored at the Division level.

MANAGEMENT OF STRATEGIC RESOURCES

A number of key resources are essential to the achievement of the FDIC's mission. The FDIC has established as its *basic operating principle* that it will effectively manage these critical resources in order to accomplish the Program-specific [11] annual performance goals set forth earlier in this Report. To that end, the FDIC will pursue the following over the next year:

- Maintain and disseminate reliable information;
- Utilize information technology to support the Corporation's strategic direction and annual performance objectives;
- Maintain a professional, efficient and highly skilled workforce;
- Maintain a strong program of internal controls and risk management.

The strategic result to be realized from effective management of these strategic resources will be that FDIC resources are effectively managed.

[11] Program-specific Annual Performance Goals are those cited within the Insurance, Supervision (Safety and Soundness and Consumer Rights), Receivership Management Program Area.

EFFECTIVE MANAGEMENT OF STRATEGIC RESOURCES		
Operating Principle [Strategic Result]	**Resource Goals**	**2000 Annual Performance Goals**
Corporate resources are managed effectively to enable the Corporation to fulfill its mission	Sufficient and reliable information is maintained and disseminated	Economic analysis is conducted of, and reports are produced on, major public policy issues (e.g., industry consolidation, financial modernization and globalization) facing the Corporation and the industry The components of FDIC's core business processes and the interconnections among them are identified and evaluated to improve processes and respond to the changing financial industry
	Information technology is provided to support the Corporation's strategic direction and annual performance objectives	*The annual goal related to information technology (information systems security) is classified below as an internal control initiative for 2000.*
	The FDIC's workforce is professional, efficient and highly skilled	A Corporate strategy is developed to ensure that a new generation of managers and senior professionals is prepared to assume future leadership positions within the Corporation The Corporate diversity strategic plan is implemented according to schedules as published in the plan
	The FDIC has a strong internal control and risk management program	Weaknesses are identified, resolved on or before the estimated completion date and are not repeated FDIC's Corporate-wide information resources security program is strengthened

APG 1	Economic analysis is conducted of, and reports are produced on, major public policy issues (e.g., industry consolidation, financial modernization and globalization) facing the Corporation and the industry
Indicator	Analyses and studies are conducted on relevant public policy issues and are disseminated in the FDIC Banking Review, the FDIC's Division of Research and Statistics (DRS) Working Paper Series, unpublished internal reports and memoranda or by other appropriate means
Target	Analyses and studies are completed and results have been detailed in final written form on all relevant public policy issues as assigned by the FDIC's Chairman or requested by the Congress. Additional self-generated studies on other relevant public policy issues that are of compelling interest to the Corporation are completed
Contact	George Hanc, Associate Director, Research Branch, DRS
2000 Results	DRS completed or has undertaken the following 11 studies and analyses during 2000: ***Economic Functions and Risks of Securitization Conduits***. Completed an adaptation of an earlier study on the economic functions and risks of securitization conduits for publication in a book on the role of securitization in the capital markets. The study describes the economic function of securitization conduits, as well as risks encountered by these institutions during the past several years. This study was completed in the fourth quarter, 2000. ***The Use of Market Variables in Failure Prediction Models***. Completed a second draft of a paper on the use of market variables in failure prediction models, and presented the paper at the 2000 meetings of the Financial Management Association (FMA). This revision involves an in-depth look at market variables as potential additions to standard financial ratios in failure prediction models designed to predict bank and thrift failures. The paper is currently being revised for publication as FDIC working paper. Also underway is a study of whether stock prices, returns, and other market-related variables can be used to anticipate downgrades in CAMELS ratings. The study will become an FDIC working paper in 2001. Following completion, the working paper will be presented at various conferences and targeted for publication in an academic journal. ***The Extent To Which Stock Prices, Returns, And Other Market-Related Variables Can Be Used To Predict a Change In A Bank's CAMEL Rating***. Continued work on a study of the extent to which stock prices, returns, and other market-related variables can be used to predict a change in a bank's CAMEL rating. This study will become an FDIC working paper in 2001. Following completion, the working paper will be presented at various conferences and targeted for publication in an academic journal. ***Failures with Low Loss Rates*****.** This Study reviewed all failures from 1994–1999 and identified seven post-FDICIA[12] failures with loss rates that were negative or very small when indirect expenses are excluded.

[12] See Glossary of Terms on page 60 for the definition of FDICIA.

APG 1	Economic analysis is conducted of, and reports are produced on, major public policy issues (e.g., industry consolidation, financial modernization and globalization) facing the Corporation and the industry
Indicator	Analyses and studies are conducted on relevant public policy issues and are disseminated in the FDIC Banking Review, the FDIC's Division of Research and Statistics (DRS) Working Paper Series, unpublished internal reports and memoranda or by other appropriate means
Target	Analyses and studies are completed and results have been detailed in final written form on all relevant public policy issues as assigned by the FDIC's Chairman or requested by the Congress. Additional self-generated studies on other relevant public policy issues that are of compelling interest to the Corporation are completed
2000 Results (cont'd)	***Deposit-Insurance Funding And Regulatory Behavior.*** This study develops a theoretical model of agency behavior under alternative insurance funding systems. The study finds those funding arrangements influence agency resource allocation decisions, and this in turn has implications for the agency's risk. The study was presented at the 2000 annual Western Economic Association meetings. In addition, the study was published in Research in Financial Services, Volume 12, 2000, edited by George Kaufman. ***The Effects of Bank Industry Consolidation on Community Reinvestment Act Business Lending.*** Work is underway on this paper which has been accepted by the Board of Governors of the Federal Reserve for a June 2001 conference, "Changing Financial Markets and Community Development." ***Bank Consolidation and the Availability of Small Business Loans from Banks.*** This staff study was completed and presented at the Small Business Administration Conference on changing market structure and its impact on small business, June 15, 2000. The paper was published in the DRS Working Paper Series in January 2001. ***International Deposit Insurance Practices.*** Three separate studies are being prepared on this subject, based on the results of the DRS survey of international deposit insurers. The first was completed during the third quarter and is scheduled for publication in the FDIC Banking Review during 2001. ***Assessing the Extent to Which Stock Prices, Returns, and other Market-related Variables Can Be Used to Predict a Change in an Institution's CAMELS Rating or the Likelihood of Failure.*** The stock return study will be published in two formal working papers by the end of 2000. Following completion, the working papers will be presented at various conferences and are expected to appear in the FDIC Banking Review and other publications. The current status of these papers is as follows: ▪ Currently revising a paper on the use of market variables in failure prediction models. This revision involves an in depth look at market variables as potential additions to standard financial ratios in failure prediction models. A completed version is scheduled for presentation at the Financial Management Association meetings in October 2001. ▪ Currently revising a second paper on the use of market variables for anticipating CAMELS rating changes. It is anticipated that this paper will be presented at several conferences in 2001 ▪ A paper on modeling prepayments of single-family mortgages in whole loan and securitization applications is underway.

APG 1	Economic analysis is conducted of, and reports are produced on, major public policy issues (e.g., industry consolidation, financial modernization and globalization) facing the Corporation and the industry
Indicator	Analyses and studies are conducted on relevant public policy issues and are disseminated in the FDIC Banking Review, the FDIC's Division of Research and Statistics (DRS) Working Paper Series, unpublished internal reports and memoranda or by other appropriate means
Target	Analyses and studies are completed and results have been detailed in final written form on all relevant public policy issues as assigned by the FDIC's Chairman or requested by the Congress. Additional self-generated studies on other relevant public policy issues that are of compelling interest to the Corporation are completed
2000 Results (cont'd)	***Reducing The Risk-Based Capital Requirement Applied To Single-Family Mortgages.*** A study was completed of issues relating to reducing the risk-based capital requirement applied to single-family mortgages. The completed analysis was circulated to FDIC management involved in assessing proposed changes in bank capital requirements. ***Catastrophe Securities and their Potential Use by the FDIC.*** This study explains how various catastrophe securities are structured; reviews the use of catastrophe securities by property casualty insurers; compares the obstacles faced by that industry to those that might be faced by the FDIC; and examines the feasibility of the FDIC using various catastrophe insurance coverage vehicles. A first draft of this paper was completed in the third quarter of 2000. DRS completed an evaluation of the ongoing performance of the models used to project the cash flows of residuals and reserve funds owned by the FDIC as part of its program to securitize assets. DRS completed the development of a modified version of the securitization models for the purpose of dealing with securitization "deals" that had paid off their bonds, but remain on the FDIC's books. The modified models were completed in the fourth quarter 2000, and integrated into FDIC's accounting systems at that time.
Public Benefit	The public is benefiting from the FDIC's continuing efforts to more expeditiously deal with failing banks based on research regarding closure methodologies and potential enhancements to failure prediction tools. History suggests that addressing problem banks expeditiously may reduce the ultimate cost of failure resolutions. The public has also received benefit from the FDIC's research the market impact of industry consolidation.
Goal Status in 2001	This goal was discontinued at the Corporate level, but will be maintained at the Division level.

APG 2	The components of FDIC's core business processes and the interconnections among them are identified and evaluated to improve processes and respond to the changing financial industry
Indicator 1 of 2	Approval of revised corporate planning process
Target	March 31, 2000
Contact	David Abercrombie, DOF
2000 Results	The integrated planning process was approved by the Senior Management Team in the second quarter of 2000. The integrated process brings together the major planning components of the FDIC, Business Planning, Budget, Staffing, Systems and Training.
Public Benefit (Indicator #1)	The revised Corporate Planning Process enhances the way FDIC does its long-term (strategic) and short-term (annual) planning. Integration of the major planning components (Planning, Staffing, and Budget, Systems and Training) will greatly assist FDIC senior mangers in creating a more efficient and effective organization. This means that the FDIC will be better able to achieve Insurance, Supervision, Receivership Management-related Strategic and Annual Goals.
Goal Status in 2001	This goal has been discontinued. It was a one-time effort that has been accomplished.

APG 2	The components of FDIC's core business processes and the interconnections among them are identified and evaluated to improve processes and respond to the changing financial industry
Indicator 2 of 2	Implement a contingency plan to enable the FDIC to respond effectively in the case of an unexpected increase in failure activity.[13]
Target	December 31, 2000
Contact	Dick Fischman, Assistant Director, DRR James Seegers, Chief, Administration, DRR Jim Wigand, Deputy Director, DRR
2000 Results	The contingency plan was substantially developed and will be fully implemented by the revised target date of June 30, 2001. The purpose of the contingency plan was to determine the staffing level and skill mix that the FDIC's DRR needed to maintain in order to respond quickly to multiple simultaneous failures of small institutions or to the failure of a large institution. Subsequent to the publication of the FDIC's 2000 Annual Performance Plan, the projects scope was expanded to include the cross training of employees in other FDIC divisions to fulfill resolution and receivership functions should the need arise. The revised target date reflects the expansion of the projects' original scope to include the Corporations' interdivisional readiness initiatives. Two new Corporate Readiness projects have been initiated to complete implementation of this overall goal. As of December 31, 2000, the 2 interdivisional projects are on schedule and interdivisional teams are being established to coordinate the cross-divisional planning and implementation efforts. The Divisions of Administration, Information Resource Management, Supervision, Compliance and Consumer Affairs, and Finance are participating in the two projects.
Public Benefit	The FDIC must be prepared to effectively respond to a significant and unexpected increase in failure activity. The Corporate Readiness Plan's initiatives provide the Corporation with adequate preparation and training to maintain the publics confidence and stability in the financial system.
Goal Status in 2001	This goal has been discontinued. It was a one-time effort that has been accomplished..

[13] The indicator was changed to provide additional clarity.

APG 3	A Corporate strategy is developed to ensure that a new generation of managers and senior professionals is prepared to assume future leadership positions within the Corporation.
Indicator	Corporate strategy and an action plan developed and approved by the Management Excellence Program Committee (MEPC).
Target	December 31, 2000
Contact	Starr Ramieh, Associate Director, Training and Consulting Services Branch, DOA
2000 Results	The target was achieved in 2000. The Corporate strategy and action plan were developed and approved by the Management Excellence Program Committee (MEPC) and presented to FDIC's Chief Financial Officer in October 2000. The MEPC began developing the strategy for leadership development in March 2000 by researching how other organizations approach leadership development. The MEPC focused on those leadership characteristics and behaviors that best serve the FDIC, and how existing FDIC programs and resources support leadership development. In 2001, leadership development will be incorporated into a broader Human Resource Strategic Plan.
Public Benefit	By strategically focusing on leadership development, FDIC will continue to strengthen and develop a group of managers and leaders capable of leading FDIC in fulfilling its mission to insure deposits, supervise financial institutions, and manage receiverships.
Goal Status in 2001	This goal has been discontinued. It was a one-time effort that has been accomplished.

APG 4	The Corporate Diversity Strategic Plan is implemented according to schedules as published in the Plan
Indicator	The published schedule for the six areas described in the Diversity Strategic Plan
Target	Implementation according to published schedules
Contact	Doris Washington, Business Planning Contact, ODEO Wilma Probst, Business Planning Contact, DOA
2000 Results	This goal was met. Specifically, over the past year, the FDIC made significant achievements in implementing the goals, strategies, and milestones articulated in its first Corporate Diversity Strategic Plan adopted in May 1999. The Plan is comprehensive in its approach and identifies six action areas : • Developing a framework for creating developmental opportunities; • Enhancing the internal and external selection process; • Addressing benefits and workplace issues; • Enhancing corporate recruitment programs; • Building commitment and awareness; and • Monitoring progress and establishing accountability. With regards to the above-cited action areas, the following was accomplished: • Diversity Awareness Training was provided to 95% of FDIC employees. • A Corporate Recruitment Office became fully operational and recruitment sources were expanded to attract and retain a diverse and highly qualified pool of candidates. • Developed new guidelines and instructions to ensure that merit promotion panels represent the Corporation's diverse workforce. • Adjusted career development training policies to allow greater employee flexibility in targeting new career paths. • Managed a Mentoring Program for employees to better their skills and expand participation in corporate programs and activities. • Established a permanent Career Management Program to assist employees in assessing and developing their career plans. More than 150 employees participated in cross-divisional details to broaden their skills and expand their career development opportunities. • Established a Corporate LifeWorks program as a one-stop resource to help employees balance the demands of work with those of their personal lives. • Administered an Organizational Assessment Survey by the Gallup organization, to obtain employee opinions about the FDIC's work environment and culture. The survey results provided baseline data and information for planning and implementing a range of programs and policy initiatives to promote FDIC as an employer of choice. • Developed systems for measuring the impact of initiatives outlined in the Diversity Strategic Plan.
Public Benefit	A well trained, diverse, highly flexible workforce permits efficient response to the Corporation’s program priorities and to changes in the banking and financial industries.

APG 4	The Corporate Diversity Strategic Plan is implemented according to schedules as published in the Plan
Indicator	The published schedule for the six areas described in the Diversity Strategic Plan
Target	Implementation according to published schedules
Goal Status in 2001	This goal was revised and is as follows for 2001: "Continue the implementation of the Corporate Diversity Strategic Plan according to schedules published in the Plan."

APG 5

Weaknesses are identified, resolved on or before the estimated completion date and are not repeated

Indicators

1. The number of Office of Inspector General and General Accounting Office audit conditions closed before the estimated completion date or the revised estimated completion date
2. The number of repeat audit conditions identified in final audit reports

Targets

1. 90%
2. The number of repeat audit conditions identified in 2000 will be less than 10 which was the number of repeat audit conditions identified in 1999

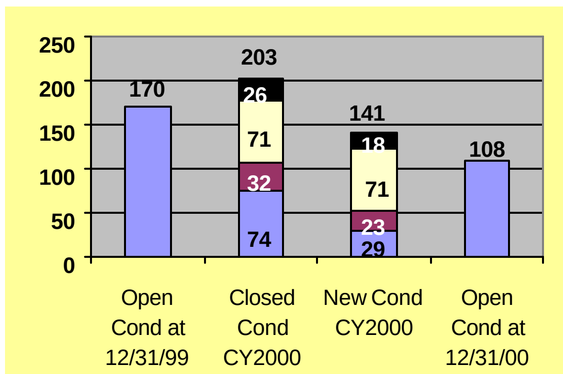
Contact

Vijay Deshpande, Director, Office of Internal Control Management

2000 Results

Audit Conditions Status for CY2000

(Number of Conditions)



KEY: ■ = 4th Quarter 2000 Activity

The FDIC has achieved the two targets as described below:

- Closed 100% of the 203 conditions (26 in the 4th Quarter) before the Estimated Completion Date (ECD) or the Revised Estimated Completion Date (RECD) thus exceeding the target of 90%.
- Of the 141 new audit conditions identified in FDIC Office of Inspector General (OIG) and General Accounting Office (GAO) reports as of December 31, 2000, 3 were repeat conditions well below the target of having less than 10 "repeat conditions."

In addition, as shown in the chart above, from December 31, 1999 to December 31, 2000, the number of open audit conditions was reduced 36% from 170 to 108.

Public Benefit

Achievement of this goal demonstrates that FDIC has a sound control environment and provides reasonable assurance that the FDIC mission is being carried out efficiently and in accordance with applicable laws. Moreover, the small number of "repeat conditions" (3 out of 141) also demonstrates that FDIC management is continuing to improve the FDIC's internal control environment.

Goal Status in 2001

This goal was revised and is as follows for 2001: "Weaknesses identified by the FDIC's OIG and the GAO are resolved on or before the estimated completion date and are not repeated."

APG 6	FDIC's Corporate-wide information resources security program is strengthened
Indicator 1 of 4	Information Systems Security: Risk assessment and independent security reviews
Target	24 reviews are conducted
Contact	Janet Roberson, Deputy Director, DIRM
2000 Results	The goal of completing 24 targeted risk assessments and independent security reviews was reached. Risks Identified During 2000 A total of 262 risks were identified during 2000. Although none of the identified risks were considered material, until they are resolved, they will be tracked through the FDIC's Internal Control Risk Information System.
Public Benefit (Indicator #1)	As part of the overall information security program, doing risk assessments and independent security reviews helps to protect the integrity and confidentiality of FDIC's data. This is evidenced by the fact that we experienced no loss or corruption of data, service disruptions, or confidentiality leaks during 2000.
Goal Status in 2001	Indicators/Targets 1 and 2 were replaced in 2001 with indicators and associated targets that reflect a broader look at FDIC's IT security program.

APG 6	FDIC's Corporate-wide information resources security program is strengthened
Indicator 2 of 4	Virus incidents (Defined as those viruses that penetrate the FDIC's security wall)
Target	Average of less than 300 incidents per month
Contact	Janet Roberson, DIRM (703) 516-5424
2000 Results	FDIC experienced an average of 1,630 virus incidents a month during 2000. For the last 6 months of the year, the average dropped below the target to 240 incidents a month. There were no serious service disruptions as a result of these virus incidents. FDIC's continual updating of anti-virus software has resulted in the detection of several new viruses such as the Shockwave viruses on servers and several varieties of "worms" on both servers and workstations. Neither of these virus types was encountered in any significant quantity.
Public Benefit (Indicator #2)	As part of FDIC's overall information security program, having current and effective anti-virus software contributes to the maintenance and protection of the integrity and confidentiality of FDIC's data as evidenced by the fact that we experienced no loss or corruption of data, service disruptions, or confidentiality leaks during 2000.
Goal Status in 2001	Indicators/Targets 1 and 2 were replaced in 2001 with indicators and associated targets that reflect a broader look at FDIC's IT security program.

	1ST Qtr	2nd Qtr	3rd Qtr	4th Qtr	2000
Avg. Incidents Per Month:	1,469	4,568	341	140	1,630

APG 6	FDIC's Corporate-wide information resources security program is strengthened
Indicator 3 of 4	Policy and pre-exit clearance for employees developed and implemented
Target	2nd Quarter 2000
Contact	Cindy Medlock, Associate Director, Personnel Services Branch, DOA
2000 Results	The target was achieved in the fourth quarter, rather than in the second quarter as scheduled. This had no effect on overall program performance. The FDIC Circular entitled, "Pre-Exit Clearance Procedures for FDIC Employees" became effective on December 29, 2000 and is available to all staff via the FDIC's Intranet. This circular establishes guidelines to ensure that proper safeguards are taken for the protection of FDIC-owned property and interests. The circular is applicable to employees who are either separating from the FDIC or who are reassigned to another FDIC organization.
Public Benefit (Indictor #3)	FDIC resources are protected, thereby allowing the FDIC to accomplish its mission of insuring deposits, supervising financial institutions, and managing receiverships.
Goal Status in 2001	Indicator/Target #3 represented a one-time effort and was accomplished as described above.

APG 6	FDIC's Corporate-wide information resources security program is strengthened
Indicator 4 of 4	Policy issues of badges and fingerprinting of contractors developed and implemented
Target	4th Quarter 2000
Contact	Michael Rubino, Associate Director, Acquisition and Corporate Services Branch (ACSB), Division of Administration
2000 Results	The target was not achieved in 2000. Based on a decision by FDIC's Division of Administration (DOA) management, this goal was broadened during the second quarter to incorporate all contractor security policy issues into one directive, including badging and fingerprinting. The directive is expected to be approved and implemented by the end of the first quarter 2001. Key actions regarding the development and implementation of policies on badging and fingerprinting of contractors were completed at the beginning of the first quarter, when policies addressing procedural changes were incorporated into the *FDIC Acquisition Policy Manual* (APM). A revised APM was distributed to Contract Specialists and Contract Oversight Managers on April 1st. In addition, during the fourth quarter, DOA and the Division of Information Resources Management (DIRM) developed procedures and databases to ensure that security policies and procedures have been followed for both on and off-site contractors. Since the implementation of the APM changes on April 1, over 2,000 background investigations have been conducted on FDIC contractors, including over 1,000 fingerprint checks.
Public Benefit	Better security policies, procedures, and controls translates into better protection of FDIC resources thereby allowing the Corporation to accomplish its mission of insuring deposits, supervising financial institutions, and managing receiverships.
Goal Status in 2001	Indicator/Target #4 is near completion and thus will be retained in 2001.

Budget and expense figures will not be separately stated for the Management of Strategic Resources area. To the extent services provided in this area constitute Program Support; these support costs have been assigned to Corporate Programs as appropriate.

GLOSSARY OF TERMS

ANNUAL PERFORMANCE GOAL
An Annual Performance Goal (APG) is a statement of achievement, which can be used in measuring how well the FDIC is meeting the relevant Corporate Strategic Goal and Objective. The Annual Performance Goal consists of a Performance Indicator and Target.

ASSESSMENT BASE
The insured deposit base of an insured institution used to calculate the insurance premiums owed to FDIC.

CAMELS
Uniform Financial Institution Rating System by which institutions are assigned a composite rating from 1 to 5. A "1" rating is the highest rating and indicates the strongest performance and risk management practices, and thus the least supervisory concern. The "5" rating is the lowest rating and indicates the weakest performance and inadequate risk management practices. The "5" rating warrants the highest degree of supervisory concern. Component factors are rated for:
C - adequacy of capital
A - quality of assets
M - capability of management
E - quality and level of earnings
L - adequacy of liquidity
S - sensitivity to market risk.

ENFORCEMENT ACTIONS (FORMAL/INFORMAL)
Agreements entered into between the FDIC and supervised financial institutions that are intended to outline necessary corrective actions related to compliance issues.

FDICIA
FDICIA stands for the Federal Deposit Insurance Corporation Improvement Act of 1991, a law designed to curtail supervisory discretion and require certain corrective actions be taken as an institution's capital ratios decline.

GMS (Growth Monitoring System)
An offsite monitoring system principally designed to identify institutions that have experienced significant growth. It serves as an early warning system of potential deterioration. GMS uses ratios developed from quarterly reports of condition and income.

INSTITUTION DIRECTORY SYSTEM
The Institution Directory (ID) provides the latest comprehensive financial profile for every FDIC-insured institution. It permits the analysis and comparison of data for individual banks or groups of banks.

LIDI (Large Insured Depository Institution)
A Large Insured Depository Institution, which is, defined as any insured depository institution with consolidated company assets exceeding $10 billion. While these companies are primarily holding companies, the program also includes unit banks and thrifts. The review of LIDIs permits review of the total company, from a top down perspective.

MANAGED DELINQUENCIES
This type of delinquency occurs when an examination is not conducted because the institution is merging out of existence, is converting to a non-FDIC-supervised charter, or is giving up its charter altogether.

NON-ASSET DEFENSIVE LITIGATION ("NADL")
NADL is litigation initiated by failed financial institution employees, creditors, shareholders or other individuals or entities formerly employed by or otherwise associated with a failed financial institution. NADL is not directly associated with a tangible asset (e.g., realty, commercial collateral) of the failed institution; however, NADL may result from disallowed receivership claims, claims against a receivership for assets that have been sold, written off or otherwise disposed of and/or the asset no longer is in direct control of the receivership or FDIC Corporate.

PREMIUM RATE CASES
Memoranda to the Board of Directors, prepared semiannually, to assist in setting Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF) rates for the ensuing assessment period.

REQUIRED EXAMINATIONS
Required examinations consist of not only those examinations that are required by statute, but those covered by agreements between the FDIC and state banking officials.

RISK-BASED PREMIUM SYSTEM
An automated menu-driven system, named RRPS (Risk Related Premium System) located on the FDIC mainframe computer. The system's primary purpose is to assign semiannual deposit assessment risk classifications to all FDIC-insured depository institutions.

SCOR
Statistical CAMELS offsite rating (SCOR). SCOR uses call report data to identify institutions likely to receive a CAMELS downgrade at the next examination. It uses statistical techniques to estimate the relationship between Call Report data and examination results.

SUBPRIME LENDING
Subprime lending refers to loan programs geared toward borrowers with blemished or limited credit histories. Subprime borrowers typically have credit histories that include payment delinquencies, and possibly more severe problems such as chargeoffs, judgments, or bankruptcy. They may also have low credit scores, high debt-to-income ratios, or meet other criteria such as incomplete credit histories. These loans have a higher risk of default than loans to prime borrowers.

SYNDICATED CREDIT MARKETS DEFINITION

Syndicated loans are essentially larger commercial credits to one borrower that are divided into pieces by a lender or a group of lenders (a “syndicate”). Each bank receives a pro-rata share of income based upon the level of participation in the credit. Syndicated loans differ slightly from loan participations—only one lender originates a participation loan.

MULTI-YEAR PERFORMANCE TREND

Depositor Payouts in Instance of Failure

Year	Annual Goal	*Results*
1997	Reopen new institution or begin depositor payouts within 3 calendar days of the institution failure.	*One financial institution failure occurred in 1997. Depositors had access to their funds within 3 calendar days.*
1998	Reopen new institution or begin depositor payouts within 3 calendar days of the institution's failure.	*Three insured depository institutions failed in 1998. Depositors of each failed insured institution had access to their funds within 3 calendar days of failure.*
1999	Insured deposits are transferred to successor insured depository institution or depositor payouts are begun within three days of insured depository institution failure.	*Depositors had access to their funds within 3 calendar days of the failure in 7 of 8 insured depository institutions that failed in 1999. The exception was the First National Bank of Keystone, Keystone, WV.*
2000	Insured deposits are transferred to successor insured depository institution or depositor payouts are begun within 3 days of institution failure.	*Depositors had access to their funds within 3 calendar days of the failure in 7 of 7 insured depository institution failures.*
2001	FDIC is prepared to deal with all financial institution closings and emerging issues.	

Risk Classifications

Year	Annual Goal	*Results*
1998	Conduct semiannual risk classifications assigned and reviewed for Board approval of BIF and SAIF premium rate cases.	*Produced and presented insurance premium rate cases to the FDIC's operating committee and to the FDIC's Board of Directors within the semiannual deadline. Staff recommended maintaining the existing assessment rate schedules of 0 to 27 basis points per year.*
1999	The Risk Based Premium System (RBPS) appropriately reflects risks to the deposit insurance funds and modifications are explored that may make the system more forward-looking.	• *Financial Risk Committee established to include a broader consideration of changes in fund exposure* • *Developed and tested "objective screens" for use in the review process for premium assignments* • *Developed procedures to re-classify screened banks with inadequate risk management practices*
2000	Assessment rate schedules and risk classifications correspond with relative risk rankings of insured institutions, subject to statutory constraints.	• *Reserve ratio was maintained at or above the statutory mandated ratio of 1.25%.* • *New RBPS[14] offsite screens developed for reviewing and re-classifying atypically high-risk institutions* • *Focus on rapid growth, high loan yields and other factors* • *Converted RBPS databases from Datacom to DB2 and completed conversion from mainframe screens to web-based screens*
2001	Maintain and improve the deposit insurance system.	

[14] RBPS = Risk Based Premium System

Risk Identification and Reporting

Year	Annual Goal	*Results*
1997	Regular reports discussing developments affecting the risk profiles of FDIC-insured institutions. Produce reports each quarter.	*In each quarter of 1997, copies of the FDIC's Regional Outlook report were distributed to the 8 regions.*
1998	Produce regular Division of Supervision and Division of Insurance reports discussing the condition of the industry and developments affecting the risk profiles of FDIC-insured institutions.	*During 1998, several analyses and reports were produced on the condition of the industry and developments affecting the risk profiles of FDIC-insured institutions including the following:* • *3 deposit insurance issue papers* • *Various Regional Outlook articles* • *four Regional Commentaries on the Web* • *Published Condition of the Funds and Assessment Analysis Report* • *The Regional Economic Conditions: Report for Examiners - - a Web-based tool* • *Published Bank Trends*
1999	Risks emerging in 1999 to insured depository institutions are identified through off-site and on-site risk identification processes and are communicated through a variety of reports to the banking industry and its supervisors.	*Risk identification processes highlighted the following risks areas and concerns:* • *Subprime lending* • *High loan-to-value lending (HLTV)* • *Acquisition, development, and construction (ADC) lending practices* • *Loan underwriting standards* • *Agricultural risks* • *Electronic banking* • *Privacy*
2000	Economic trends and emerging risks in banking are identified, monitored and addressed appropriately.	*Economic trends and emerging risks were identified, monitored and addressed through the publication of surveys, guidance, reports and performance of outreach efforts including the following:* • *Survey on Real Estate Trends* • *Report on Underwriting Practices* • *Semi-Annual Report on Economic Conditions and Emerging Risks in Banking* • *Conducted 614 risk-targeted outreach efforts on key issues including emerging technology risks, credit risk, agricultural lending and sub prime lending.*

Risk Assessments

Year	Annual Goal	*Results*
1997	Quarterly risk assessment analysis of exception report. Review 100 percent of CAEL and GMS exceptions.	*100 percent of CAEL and GMS exceptions were reviewed.*
1998	Provide quarterly risk assessment analysis by reviewing 100% of exceptions identified by CAEL and GMS.	*During 1998, reviewed 100 percent or 565 CAEL and 100 percent or 703 GMS exceptions.*
1999	For FDIC-insured depository institutions, off-site reviews are performed of all SCOR and GMS exceptions and LIDI/BIDI reviews are conducted; appropriate follow-up course of action if any, for identified supervisory concerns is determined.	• *100% or 628 SCOR exceptions reviewed* • *100% or 675 GMS exceptions reviewed* • *100% of LIDI reviews conducted* • *BIDI program was discontinued*
2000	100% of supervisory concerns noted during off-site reviews of insured depository institutions are resolved without further action or are referred for examination or other supervisory action.	• *100% or 663 SCOR exceptions reviewed* • *100% GMS exceptions reviewed covering 656 institutions* • *348 or 100% LIDI analyses were completed*
2001	Identify and address risks to the insurance funds. [15]	

[15] The indicators reported under prior year risk assessment annual goals have been consolidated into a single 2001 annual goal along with the indicators reported under prior year risk identification and reporting annual goals.

Deposit Insurance Outreach

Year	Annual Goal	Results
1999	Deposit insurance education and training are provided to insured depository institutions and the public, with special emphasis on year 2000 awareness.	*During 1999, the FDIC:* • *Participated in 52 deposit insurance outreach events* • *Conducted 37 deposit insurance seminars for depository institutions* • *Responded to approximately 125,000 deposit insurance related inquiries from consumers and bankers.*
2000	Effectively conduct deposit insurance outreach nationwide.	*Administered evaluation survey to rate effectiveness of deposit insurance outreach. On a scale of 1-5 with a "5" rating representing "highly effective", the results were as follows:[16]* • *Seminars are beneficial=4.39* • *Seminars increased knowledge of Deposit Insurance rules=4.58*
2001	Financial institution staff is better prepared to educate consumers.	

[16] Results shown above are based on 42 deposit insurance seminars held in 2000, attended by representatives of nearly 1,000 banks.

International Deposit Insurance Issues

Year	Annual Goal	*Results*
2000	Assess how the FDIC can best contribute to U.S. leadership on global deposit insurance issues through 1) technical assistance, 2) research and scholarship and 3) enhanced coordination and communication.	• *Represented the U.S. as a member of the Financial Stability Forum (FSF) Working Group on Deposit Insurance charged with developing guidance on deposit insurance* • *Through its Technical Assistance Program, the FDIC provided in-country assistance 12 foreign nations* • *FDIC, through its Foreign Visitors Program, hosted approximately 100 groups of visitors from more than 40 countries* • *Represented the U.S. as a standing member of the US/Japan and the US/China financial sector dialogues*
2001	Increase global awareness and knowledge of deposit insurance issues.	

Safety and Soundness Examinations

Year	Annual Goal	*Results*
1997	Examination frequency requirements for all institutions. Perform 3,298[17] safety and soundness examinations.	*2,719 safety and soundness examinations were started which is 91 percent of the safety and soundness examinations required for the year.*
1998	Perform 3,081[18] safety and soundness examinations.	*2,399 safety and soundness examinations were started which is 86 percent of the safety and soundness examinations required for calendar year 1998.*
1999	On-site safety and soundness examinations are performed in accordance with statutory requirements, FDIC policy and state agreements or as otherwise needed.	*Initiated 2,555, or 95% of required safety and soundness examinations*
2000	On-site safety and soundness examinations on FDIC-supervised insured depository institutions are initiated in accordance with statutory requirements, FDIC policy, state agreements, or as otherwise needed.	• *Initiated 2,568 safety and soundness examinations* • *At year-end, there were 8 delinquent exams*
2001	Conduct on-site safety and soundness examinations to assess an FDIC-supervised insured depository institution's overall financial condition, management practices and policies, and compliance with applicable regulations.	

[17] The number of safety and soundness examinations required during a given year changes as a result of mergers and acquisitions, failures, and agreements with state authorities. As such, the actual number of examinations required during the year may not match the original estimates.
[18] Ibid.

Safety and Soundness Enforcement Actions

Year	Annual Goal	*Results*
1999	Appropriate enforcement or other supervisory actions are taken to address problems identified during insured depository institution examinations. FDIC-supervised insured depository institution compliance with formal and informal enforcement actions is monitored	*The number of problem institutions increased during the year from 41 at 12/31/98, to 43 as of 12/31/99. Thirty-one institutions were removed from problem status in 1999, and 33 problem institutions were added.*
2000	Prompt supervisory actions are taken to address problems identified during the FDIC examination of institutions identified as problem insured depository institutions. FDIC-supervised insured depository institution compliance with formal and informal enforcement actions is monitored.	*On average, during 2000, FDIC-examination reports were processed and mailed to the institution within 44 days of receipt in the Regional Office. This is within the target of 45 days.*
2001	Prompt supervisory actions are taken to address problems identified during the FDIC examination of institutions identified as problem insured depository institutions. FDIC-supervised insured depository institution compliance with formal and informal enforcement actions is monitored.	

Compliance Examinations

Year	Annual Goal	Results
1997	Conduct compliance examinations in accordance with schedule guidelines. 1,955 compliance examinations.	• *Started 1,990 compliance examinations* • *At the end of 1997, there were 515 delinquent exams*[19]
1998	Percentage of 1,610 compliance and CRA examinations according to an agreed-upon schedule	• *Started 1,989 examinations during 1998* • *At the end of 1998, there were 488 delinquent exams*[20]
1999	On-site CRA, consumer protection and Fair Lending law compliance examinations of FDIC-supervised insured depository institutions are conducted per Board policy; changes in compliance ratings of FDIC-supervised insured depository institutions are monitored.	• *Started 2,368 examinations.* • *At the end of 1999, there were zero delinquent exams*[21]
2000	Compliance and CRA examinations are initiated in accordance with FDIC policy.	• *Started 2,257 examinations* • *At the end of 2000, there were 3 delinquent exams*
2001	Conduct comprehensive and compliance-only examinations in accordance with FDIC examination frequency policy.	

[19] A large backlog of exams had existed since 1994. In late 1996, new examiners were hired and over the next 18, as these examiners became fully trained and productive, the FDIC could not conduct full scope exams. Backlog was expected to steadily decease as workforce became fully trained.

[20] Beginning in 1998, the FDIC adopted a risk-based approach to conducting exams thereby reducing the amount of time needed to complete exams.

[21] Beginning in 1999, the number of delinquencies at year-end were adjusted downward to exclude those considered as "managed delinquencies." See glossary of terms for a definition of managed delinquencies.

Compliance Enforcement Actions

Year	Annual Goal	*Results*
1997	Goal was twofold: a) Use of formal and informal enforcement actions, and b) Establish a benchmark to assess the effectiveness of formal and informal enforcement actions based upon assistance provided to banks with significant patterns of non-compliance.	• *96 enforcement actions were taken* • *Undertook efforts to identify methods to assess effectiveness of formal and informal actions.*
1998	Measure the effectiveness of formal and informal enforcement actions based upon migration of institutions of supervisory concern to satisfactory compliance and measure ratings changes after enforcement actions.	• *System of record data quality efforts resulted in the data being reported in 1999.* • *As of December 31, 1998, 10 institutions were designated as having compliance problems and rated "4".*
1999	Corrective actions are taken, if appropriate, to address problems identified during compliance examinations; bank compliance with those actions is monitored.	• *As of December 31, 1999, 9 institutions were designated as having compliance problems and rated "4". Enforcement actions were in place against all 9 institutions.*
2000	Prompt supervisory actions are taken on all institutions rated 4 and 5 for compliance to address problems identified during compliance examinations; compliance with those actions is monitored.	• *On average, during 2000, FDIC-examination reports were processed and mailed to the institution within 29 days of receipt in the Regional Office. This is well within the target of 45 days.* • *For institutions, rated "4" or "5", on average, the FDIC conducted all follow up examinations within within the targeted timeframe of 12 months from the issuance date of a formal enforcement action.*
2001	Prompt supervisory actions are taken and monitored on all institutions rated 4 or 5 for compliance.	

Consumer Complaints and Inquiries

Year	Annual Goal	*Results*
1997	Responses on complaints and inquiries. Respond within time frames established by policy.	• *Investigated and closed consumer complaints within an average of 54 days - - below target of 60 days* • *Investigated and closed consumer inquiries within an average of 15 days - - meeting the target of 15 days* • *Investigated and closed financial institution inquiries within 13 days - - below target of 15 days*
1998	Responses on complaints and inquiries provided within time frames established by policy.	• *Received nearly 3,900 consumer complaints in 1998 and responded in an average of 57 days, 3 days better than the response time target.* • *Received nearly 2,600 consumer and insured depository institution inquiries in 1998 and responded in an average of 11 days, 4 days better than the response time target.*
1999	Conduct a pilot survey in the FDIC DCA Washington Office to determine whether consumers who have received written responses from the FDIC regarding their complaints and inquiries are satisfied[22].	*A pilot customer satisfaction survey was conducted, however, baseline data were not established due to a low response rate.*

2000	Effectively respond to written complaints and inquiries related to deposit insurance and consumer protection laws within specified timeframes.	• *100% of the FDIC's responses to the 6,736 written complaints and inquiries received during 2000 were made within targeted average turnaround timeframes.*
		• *FDIC received over 119,000 telephone calls,*
		  • *Call abandonment of 1.13%, well below the target of 4% or less*
		  • *Average wait time was 21 seconds, well below the target of 120 seconds or less*
		• *Internal Control Review designed to measure the quality of responses provided by the FDIC noted no material exceptions.*

[22]This annual goal was revised in 1999 and is not what was originally published in FDIC's 1999 Annual Performance Plan.

Consumer Complaints and Inquiries
(cont'd)

Year	Annual Goal	*Results*
2001	Effectively respond to written complaints and inquiries related to deposit insurance and consumer protection laws.	

CRA Outreach

Year	Annual Goal	*Results*
2000	Effective outreach, technical assistance and training are provided on topics related to the Community Reinvestment Act (CRA) and community development.	• *One pilot forum on financial literacy and predatory lending held in each Region thus meeting target* • *Quality of forums assessed via formal and informal surveys indicating that forum participants' knowledge of predatory lending practices increased as a result of forum attendance.*
2001	Effective outreach, technical assistance, and training are provided on topics related to the CRA, fair lending and community development.	

Least-Cost Resolution

Year	Annual Goal	*Results*
2000	Market to all known qualified and interested potential assuming institutions.	*There were 7 bank failures in 2000. A total of 2,601 qualified and interested bidders were identified and each was contacted thus achieving the goal of, "market[ing][assets] to all known qualified and interested potential assuming institutions."*
2001	Market failing institutions to all known qualified and interested potential bidders.	

Asset Management

Year	Annual Goal	*Results*
2000	Market 80% of a failed institution's assets to franchise and non-franchise investors within 90 days of resolution.	*95% of failed institutions' assets were marketed within 90 days thus exceeding the target of 80%.*
2001	The FDIC values, manages, and markets assets of failed institutions and their subsidiaries in a timely manner to maximize net return.	

Professional Liability Claims

Year	Annual Goal	*Results*
1999	Investigations are Conducted Into all Potential Professional Liability Claim Areas in all Failed Insured Depository Institutions and a Decision to Close or Pursue Each Claim Will be Made Within 18 Months After the Failure Date in 80% of all Investigations[23]	*Performance goal has been met.*
2000	Investigations are conducted into all potential professional liability claim areas in all failed insured depository institutions, and a decision to close or pursue each claim will be made within 18 months after the failure date in 80% of all investigations.	*A decision to close or pursue each claim was made within 18 months after the failure date for over 80% of all investigations thus exceeding the goal of 80%.*
2001	Investigations are conducted into all potential professional liability claim areas in all failed insured depository institutions.	

Receiverships Terminations

Year	Annual Goal	*Results*
2000	Achieve a 35% reduction in the number of active receiverships in 2000.	*156 receiverships were terminated thus achieving the goal of 156.*
2001	FDIC, as receiver, manages the receivership estate and its subsidiaries toward an orderly termination.	

[23] This annual performance goal was revised from the goal published in the 1999 Annual Performance Plan. The word "investigations" replaces the last occurrence of "institutions" to more accurately capture the FDIC's workload. The original goal stated "in 80% of all *Institutions*."

Resolution of Receivership Liabilities

Year	Annual Goal	*Results*
1999	Resolve Fifty Percent (50%) of the Non-Asset Defensive Litigation Cases in Inventory as of 01/01/99 Through Negotiated Settlement or Completed Litigation	*Exceeded the goal by approximately 29%. The FDIC was able to resolve 153 Non-Asset Defensive Litigation Cases, which are approximately 64% of the beginning inventory of 238.*
2000	Resolve 50% of the non-asset defensive litigation cases in inventory as of January 1, 2000 through negotiated settlement or completed litigation.	*102 cases were resolved exceeding the target of 80 cases.*

PROGRAM EVALUATION

During 2000, the FDIC completed evaluations of activities designed to achieve the ten Strategic Objectives set forth for the Receivership Management Program Area. The program evaluation centered on each Strategic Objective and encompassed a list of issues to be evaluated, a description of the background and context of the evaluation, analysis of programs and actions to achieve the objective, evaluation methodology, and findings. The following presents the issue evaluated, and summarizes the results of the evaluation of efforts supporting the strategic objectives in the Receivership Management area.

Strategic Objective IV.1.1. Assets and Liabilities are Valued and Assessed

Issues evaluated

How are assets and liabilities valued?
What systems are used to value assets and liabilities?
How does the valuation process tie into the resolution process?

Findings

The FDIC has established a comprehensive valuation process that is invoked with every failing institution. The process is well defined in numerous procedural manuals and documentation, particularly the *Least Cost Test Manual*, *the Asset Valuation Review Manual*, and the *Standard Asset Value Estimation Manual*. These manuals include various reviews and checks to verify proper application of the valuation analysis. The valuation process allows the FDIC to minimize costs to the insurance funds by only accepting an acquirer's bid that is the least cost bid. The FDIC's asset and liability valuation process is specifically designed to assist the agency in meeting the goal of resolving failing institutions in the least-costly manner in accordance with FDICIA.

Strategic Objective IV.1.2. Failing Institutions are Marketed Broadly

Issues evaluated

- What is the process for marketing failing banks broadly?
- How is a list of potential interested bidders generated?

Findings

The FDIC has extensive experience in the development of resolution structures that will generate active and competitive bidding among the qualified bidders. Drawing on this experience, the FDIC has developed a methodology for obtaining a broad list of qualified institutions interested in acquiring a failed institution and for maintaining a list of bidders qualified to purchase assets.

The final list of bidders is compiled from lists maintained by several divisions, ensuring a wide distribution. In sum, the evaluation concluded that the FDIC is able to solicit bids from a broad list of qualified bidders, and to market failing institutions to franchise bidders, individual failed-bank bidders, and asset marketing investors.

Strategic Objective IV.2.1. Receivership Assets are Inventoried and Valued

Issues evaluated

- How does the FDIC know that all of the assets coming to the receivership are accounted for?
- How is the opening asset balance (of the original assets) valued?
- Is there an asset inventory tracking system?
- What is the process from book value at the institution to market value in the receivership?
- What subsequent valuation is performed?

Findings

The FDIC has well-organized policies and procedures in place to ensure that the assets under its control are properly inventoried and valued, and provides extensive training to staff in carrying out in these responsibilities. The FDIC has developed manuals that detail procedures for tracking assets from a failed institution's closing to the final disposition of the assets, including the *DOF Pro Forma Training Manual* and the *Conversion Manual*. In addition, the FDIC has developed the Standard Asset Value Estimation (SAVE) methodology for valuing the assets in receivership and a detailed SAVE instruction manual.

Strategic Objective IV.2.2. Effective Disposition Strategies are Executed in a Timely Manner

Issues evaluated

- How are disposition strategies developed?
- How does the FDIC mix and match different strategies?
- How does the FDIC determine that the particular strategy used is the best?
- What is the process for moving assets in the pipeline?
- Is there a time schedule specified for disposition of assets in the pipeline?
- How does the FDIC account for expenses related to disposition?

Findings

The FDIC has extensive mechanisms in place to design and execute effective disposition strategies. The FDIC has manuals that detail the procedures needed to determine which strategy to use and how to effectively execute that strategy. The agency has developed timetables for disposing of assets and has annual and quarterly goals for accomplishing the dispositions.

Furthermore, the agency has undertaken a major study to analyze the effectiveness of various asset disposition methods. Finally, the agency has internal management reviews to evaluate the effectiveness of these programs.

Strategic Objective IV.2.3. Assets are Effectively Serviced

Issues evaluated

- What type of servicing is required for particular assets?
- How does the FDIC determine whether to use in-house or outside servicing?
- What is the process to select which servicers get assigned which assets?
- What are the measures to indicate effective servicing?
- What controls are in place over servicers? How are they monitored? How are they audited?
- What is the fee structure of servicers? Are there proper incentives in the contract?

Findings

The FDIC has instituted well-defined and specific policies and procedures for servicing each of the many different types of assets under its control as receiver. Detailed manuals such as the *Asset Disposition Manual* and *Environmental Policy Manual* enumerate the servicing requirements for each type of asset. The *Acquisition Policy Manual* details requirements for issuing an asset-servicing contract; the manual also details the roles and responsibilities of the contract oversight manager. In addition, interdivisional teams develop extensive monitoring plans for major servicing contracts to ensure that the contractor performs all functions of the contract effectively and efficiently. Lastly, the FDIC has developed effectiveness measures within each type of asset servicing which monitor, on a monthly or quarterly basis, contract expenditures, reporting requirements, contractor records, and principal and interest collection goals.

Strategic Objective IV.3.1. Potential Claims and Recovery Sources are Investigated

Issues evaluated

- How are potential claims and recovery sources identified and investigated?

Findings

The FDIC follows extensive guidelines on how to conduct an investigation of a failed institution to identify potential claims and recovery sources. Every aspect of the process is extensively documented and reviewed, from pre-closing steps to preview potential claims and the discovery and preservation of sources of recovery for these claims, through the tracking of costs and recoveries. In addition, the FDIC keeps careful track of every investigation through the *Management Control Plan*, which serves to maintain a record of each investigation and keep risks in check. Risks arise from failure to maintain accurate reports and records necessary to substantiate claims.

Strategic Objective IV.3.2. Valid Claims With a Reasonable Potential for Recovery in Excess of Costs are Pursued in a Timely Manner

Issues evaluated

- How are the merits of a claim determined?
- How are the costs and recoveries estimated?
- What is the threshold for reasonable potential recovery?
- What is the case management review process to ensure the original valuation is still valid?
- What happens to other claims deemed not valid, or not reasonably recoverable?
- What process is used to ensure the overall process is effective?
- Is there an evaluative process?
- Is there a post-mortem to look, in hindsight, at the sunk costs?
- What systems are in place to track cases?

Findings

The FDIC has established an extensive and multi-layered review process by its attorneys and investigators to assess professional liability claims and pursue them. The FDIC has detailed materials in hard copy and other internal papers that document and describe how to determine if claims are valid and have a reasonable potential for recovery in excess of costs. Once such a determination is made, there are well-documented procedures to file a lawsuit and pursue the case. In addition, the FDIC utilizes two systems to track cases -- the *Case Tracking System* (contains all information pertaining to cases) and the *Legal Management Information System* (contains information about all legal matters).

Strategic Objective IV.3.3. Claims with a Public Policy Value are Pursued

Issues evaluated

- What is public policy value?
- Have any of the cases pursued had public policy implications?
- What tracking is done to ensure that claims are pursued to completion?
- At what point is pursuit terminated?

Findings

The FDIC has determined that all professional liability claims have public policy implications and are subject to the cost-effective criterion described in Strategic Objective IV.3.2. In some cases, however, the type of wrongdoing may be so egregious that the FDIC will pursue the case even if costs may not be recovered. The procedures for doing so are detailed in hard copy and other internal papers.

Strategic Objective IV.4.1. Potential Claimants are Notified

Issues evaluated

- How are potential claimants identified in the first place?
- What is the notification process?
- How much time is allowed from failure to notification of potential claimants?
- How is timeliness of the notification process monitored?
- How much time is there for notified claimants to make their claims?
- Are there any safety nets in case the notification failed?

Findings

The FDIC conducts an extensive search of a failed financial institution's books and records for all possible claimants, and has numerous notification processes targeted to notifying the different categories of potential claimants. The FDIC has materials in both hard copy (e.g. the *Closing Manual*) and electronically (e.g. course instructions) that document and describe in detail the identification and notification processes. In addition, the FDIC has established various procedures to provide back-up measures to ensure that wide and comprehensive notification takes place.

Strategic Objective IV.4.2. Asserted Claims are Reviewed and Resolved in Accordance with Applicable Law

Issues evaluated

- What is the process for reviewing asserted claims?
- What determines if an asserted claim is valid?
- What are the “close out” procedures for resolving asserted claims?

Findings

The FDIC has explicit procedures for processing claims to ensure that asserted claims are reviewed and resolved in accordance with applicable law. The FDIC has materials in the form of both hard copy (the *Closing Manual*) and software (course instructions) that document and describe in detail the specific steps to review and resolve claims. In addition to these exacting procedures, the FDIC has established various contingency procedures to ensure that all possible claims are submitted and that they are allowed or disallowed in as fair a manner as possible.

Copies of the complete Receivership Management Program Evaluation Report may be obtained from the FDIC's Public Information Center at 801 17th Street, NW, Room 100, Washington DC, 20434. Copies may be requested in person, by mail, by telephone: 800-276-6003 or 202-416-6940, by fax: 202-416-2076, or by email: publicinfo@fdic.gov.