MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to present the FDIC's *2022 Annual Report*, which covers financial and program performance information and summarizes our successes for the year.

For 31 consecutive years, the U.S. Government Accountability Office has issued unmodified audit opinions for the two funds administered by the FDIC: the Deposit Insurance Fund (DIF) and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). We take pride in our accomplishments and continue to consistently demonstrate discipline and accountability as stewards of these funds. We remain proactive in the execution of sound financial management by providing reliable and timely financial data to enhance decision-making and employing tools and strategies to improve the effectiveness and efficiency of our financial management operations and reporting.

2022 FINANCIAL AND PROGRAM RESULTS

The banking industry's financial condition and performance remained stable in 2022 amidst economic uncertainty, and no insured financial institutions failed. The DIF balance rose to a record $128.2 billion as of December 31, 2022, compared to the year-end 2021 balance of $123.1 billion. The increase was primarily due to assessment revenue, offset by unrealized losses in the investment portfolio and a small increase in expenses. The contingent liability for anticipated failures increased to $31 million as of December 31, 2022, compared to $21 million as of December 31, 2021.

The DIF U.S. Treasury securities investment portfolio balance was $122.4 billion as of December 31, 2022, an increase of $7.8 billion over the year-end 2021 portfolio balance of $114.6 billion. Interest revenue totaled $1.2 billion for 2022, compared to nearly $1 billion for 2021 – a $293 million increase resulting from rising interest rates. Additionally, the DIF balance reflects an unrealized loss on U.S. Treasury securities of $2.8 billion in 2022, compared to an unrealized loss of $1.2 billion in 2021.

FDIC expenditures increased slightly compared to 2021. Spending totaled $1.92 billion—approximately $340 million (or 15.0 percent) less than the 2022 FDIC Operating Budget of $2.26 billion and $50 million (or 2.7 percent) more than 2021 spending of $1.87 billion. Underspending in 2022 was largely driven by a stable banking sector with no failures during the year, limited travel for bank exams during the first three quarters as a result of the pandemic, and delays in facilities and IT modernization efforts. The FDIC Board of Directors recently approved a 2023 FDIC Operating Budget totaling $2.41 billion, up $146.7 million (or 6.5 percent) from the 2022 budget. The FDIC's authorized full-time equivalent staffing rose from 5,853 in 2021 to 6,090 in 2022, a 4.0 percent increase. Authorized staffing for 2023 is 6,310 full-time equivalent positions, 220 positions (or approximately 3.6 percent) higher than 2022.

During 2022, the FDIC completed an agency-wide effort to raise risk awareness and continued to mature the Enterprise Risk Management (ERM) Program and associated Risk Profile and Risk Inventory. The FDIC also enhanced contract administration and oversight management controls and increased independent testing of contract invoices and compliance with FDIC acquisition policies. In 2023, we will continue to strengthen acquisition-related controls, expand internal control testing efforts, and mature our supply chain risk management program.

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

Sincerely,

Bret D. Edwards