Federal Deposit
Insurance Corporation

Deputy to the Chairman and Chief Financial Officer

May 23, 2024

MEMORANDUM TO: The Board of Directors

FROM: E. Marshall Gentry
Deputy to the Chairman
and Chief Financial Officer

SUBJECT: First Quarter 2024 CFO Report to the Board

The attached report highlights the FDIC's financial activities and results for the quarter ended March 31, 2024.

Executive Summary

- During the first quarter of 2024, the Deposit Insurance Fund (DIF) balance increased to $125.3 billion as of March 31, 2024, up $3.5 billion from the December 31, 2023 balance of $121.8 billion. The quarterly increase was primarily due to $2.0 billion in assessment revenue and a reduction in the provision for insurance losses of $1.2 billion. The negative provision for insurance losses primarily resulted from a net decrease in estimated losses for the Silicon Valley Bank (SVB) and Signature Bank resolutions due to valuation updates and asset adjustments.

- The reserve ratio—the fund balance relative to insured deposits—increased by two basis points in the first quarter to 1.17 percent.

- Through March 31, 2024, overall FDIC Operating Budget expenditures were below the year-to-date budget by about $71.6 million, or ten percent. This was due to underspending of $78.2 million in the Ongoing Operations budget component, with spending below 90 percent of the YTD budget in every non-salary expense category. Receivership Funding expenditures exceeded the YTD budget by $7.6 million (13 percent), largely due to 2023 expenses recorded in 2024 related to the three large regional bank failures.

I. Financial Results (See pages 7 – 8 for detailed data and charts.)

Deposit Insurance Fund

- For the first quarter of 2024, the DIF's comprehensive income totaled $3.5 billion compared to a comprehensive loss of $12.1 billion for the same period last year. The year-over-year change of $15.6 billion was primarily due to a $17.6 billion decrease in provision for insurance losses, partially offset by a $2.4 billion decrease in U. S. Treasury securities market valuation adjustments and a $1.3 billion decrease in assessment revenue.

- The provision for insurance losses was negative $1.2 billion for the first quarter of 2024, primarily resulting from a net decrease in estimated losses resulting from the coverage of uninsured deposits pursuant to two separate systemic risk determinations for SVB and Signature Bank, which by law must be recovered through a special assessment. Both the receivable for the special assessment and assessment revenue were reduced as a result of the decrease in estimated losses.

- Assessment revenue was $2.0 billion for the first quarter of 2024, compared to $3.3 billion for the same period last year. The $1.3 billion decrease was primarily due to the $1.2 billion net decrease to the estimated losses associated with the protection of uninsured depositors mentioned above.

Assessments

- During March, the DIF recognized assessment revenue of $3.3 billion for the estimate of first quarter 2024 insurance coverage. Additionally, the DIF recognized a $44 million adjustment for lower-than-estimated collections for the fourth quarter 2023 insurance coverage, which decreased assessment revenue.

- On March 29, 2024, the FDIC collected $3.2 billion in DIF assessments for fourth quarter 2024 insurance coverage.

II. Investment Results (See pages 9 – 10 for detailed data and charts.)

DIF Investment Portfolio

- On March 31, 2024, the total liquidity (also total market value) of the DIF investment portfolio stood at $71.08 billion, up $47.24 billion from its December 31, 2023, balance of $23.84 billion. During the quarter, resolution-related outlays and operating expenses were less than deposit insurance assessment collections, interest revenue and receivership dividends.

- On March 31, 2024, the DIF investment portfolio's yield was 5.377 percent, up 72 basis points from its 4.659 percent yield on December 31, 2023.

- In accordance with the approved first quarter 2024 DIF portfolio investment strategy, staff invested in overnight securities only.

III. <u>Budget Results</u> (See pages 11 – 12 for detailed data.)

Approved Budget Modifications

The 2024 Budget Resolution delegated to the Chief Financial Officer (CFO) the authority to make certain modifications to the 2024 FDIC Operating Budget. The following budget reallocations were approved by the CFO during the first quarter in accordance with the authority delegated by the Board of Directors:

- The CFO approved the transfer of a total of $10 million ($750,000 in January from the budget of the Legal Division, $4.25 million in February from the Corporate Unassigned contingency reserve, and an additional $5 million in March from the Corporate Unassigned contingency reserve) to the budget of the Office of the Appointive Director to pay for expenses expected to be incurred in connection with the independent third-party review of the FDIC's workplace culture being conducted for the Special Review Committee established by the Board in December 2023.
- In February, the CFO approved the transfer of $1.1 million from the Corporate University (CU) Salaries and Compensation budget to its Outside Services-Personnel budget for the acquisition of contract support for the delivery of anti-harassment training to all FDIC employees.

There were no budget adjustments in the Receivership Funding budget component in the first quarter.

At the end of the first quarter, the Corporate Unassigned contingency reserve in the Ongoing Operations budget component had a balance of $20.75 million and the Corporate Unassigned contingency reserve in the Receivership Funding budget component had a balance of $126 million.

Approved Staffing Modifications

The 2024 Budget Resolution delegated to the CFO the authority to modify approved 2024 staffing authorizations for divisions and offices, as long as those modifications did not increase the total approved Ongoing Operations or Receivership Funding components of the 2024 FDIC Operating Budget.

The CFO approved the following adjustments to 2024 staffing authorizations during the first quarter:

- In February, the CFO approved an increase of one permanent position in CU for an additional Personnel Psychologist to support the delivery of anti-harassment training to all FDIC employees and to address a projected long-term increase in workload related to continued enhancement of the training evaluation program, with an emphasis on improved measurement capabilities. This increased CU's 2024 staffing authorization to 87.
- In February and March, following a span-of-control analysis conducted annually by the Division of Finance, the CFO approved net increases to the 2024 staffing authorizations of the Division of Depositor and Consumer Protection (DCP) and the Division of Risk Management Supervision (RMS) to maintain effective first-line supervision of field examination staff in both divisions. This included four non-permanent Supervisory Examiner (SE) positions in DCP and 10 SE positions (five permanent and five non-permanent) in RMS. These changes increased the 2024 staffing authorizations of RMS and DCP to 2,812 and 916, respectively.

Subsequent to these adjustments, authorized 2024 staffing for the FDIC totaled 6,832 positions (6,492 permanent and 340 non-permanent), a net increase of 15 positions.

Spending Variances

Significant spending variances by major expense category and division/office are discussed below. Significant spending variances for the quarter ending March 31, 2024, are defined as those that either (1) exceeded the Year to Date (YTD) budget for a major expense category or division/office by more than $5 million and represented more than three percent of the major expense category or total division/office budget; or (2) were under the YTD budget for a major expense category or division/office by more than $15 million and represented more than 15 percent of the major expense category or total division/office budget.

Significant Spending Variances by Major Expense Category

<u>Ongoing Operations</u>

Overall spending for the Ongoing Operations budget component totaled $78.2 million, or 13 percent, below budget through the first quarter of 2024. There was a significant spending variance in one major expense category:

- Spending in the Outside Services – Personnel expense category was under budget by $20.0 million, or 20 percent. The variance was largely attributable to underspending in the following organizations:

    - The Division of Information Technology (DIT) underspent its YTD budget by $9.2 million ($4.6 million for continuing operations and $4.6 million for one-time initiatives). The underspending for continuing operations resulted from expenses for data center operations that were incurred but not recognized in March. The underspending for one-time initiatives was the result of delays in project starts and contractor onboarding.

    - The Office of the Appointive Director underspent its YTD budget by approximately $3.7 million. Although work by an outside law firm on the independent third-party review of sexual harassment and workplace culture at the FDIC was well underway, invoices had not yet been submitted for the work performed as of the end of the first quarter.

    - The Legal Division underspent its YTD budget by $1.9 million because of lower-than-projected expenses for outside counsel, due largely to slower-than-projected proceedings in one major litigation matter.

    - The Division of Administration (DOA) underspent its YTD budget by $1.8 million, largely due to challenges in onboarding contractors and schedule delays for facilities-related IT projects, in particular the Building Management System Cybersecurity Review for the San Francisco Regional Office. The underspending also reflected lower-than-expected requirements for contractor support for human resources operations and implementation of the electronic Official Personnel Folder initiative.

<u>Receivership Funding</u>

The Receivership Funding component of the 2024 FDIC Operating Budget includes funding for expenses that are incurred in conjunction with institution failures and the management and disposition of the assets and liabilities of the ensuing receiverships, except for salary and benefits expenses for permanent employees assigned to the receivership management function and other expenses required to ensure readiness without regard to whether failures occur.

There were significant spending variances in two major expense categories within this budget component through the end of the first quarter:

- Spending in the Outside Services – Personnel expense category exceeded the YTD budget by $5.4 million, or 13 percent. The variance was largely attributable to the Division of Resolutions and Receiverships (DRR), which overspent its YTD budget by $11.3 million because 2023 loan servicing expenses (primarily for the Signature Bridge Bank receivership) were recorded in 2024. This overspending was partially offset by underspending of $3.9 million for outside counsel in the Legal Division due to litigation delays and underspending for contract support in DIT, CISR and DOA.

- Spending in the Other Expenses category exceeded the YTD budget by $12.7 million, or 2,547 percent. This was attributable to overspending of $12.7 million by DRR, primarily because 2023 rent expenses for the Signature Bridge Bank and First Republic receiverships were recorded in 2024.

<u>Office of the Inspector General</u>

There were no significant spending variances through the first quarter in the Office of Inspector General (OIG) budget component.

Significant Spending Variances by Division/Office[1]

There were three organizations with significant spending variances through the end of first quarter:

- DIT underspent its YTD budget by $22.9 million, or 19 percent, including $19.8 million in its Ongoing Operation budget and $3.1 million in its Receivership Funding budget. The biggest contributors to the underspending in the Ongoing Operations budget component were underspending of $9.2 million in the Outside Services - Personnel expense category, as explained above; underspending of $6.1 million in the Equipment expense category due to project delays and lower-than-forecasted monthly expenses for cloud services; and underspending of $3.5 million in the Salaries and Compensation expense category due to a high number of vacancies in budgeted positions. Underspending in the Receivership Funding budget component included $1.7 million in the Equipment expense category and $1.3 million in the Outside Services-Personnel expense category because of lower-than-projected expenses related to the 2023 failures.

- DOA underspent its YTD budget by $15.1 million, or 17 percent, primarily due to underspending in the Ongoing Operations budget component. This resulted from underspending of $7.3 million in the Buildings and Leased Space expense category, largely due to delayed capital improvements projects; $3.4 million in the Equipment expense category, largely due to delays in awarding contracts for library subscriptions and supply chain delays in receiving furniture for Field Office Modernization projects; and $1.8 million in the Outside Services - Personnel expense category, as explained above.

- DRR overspent its YTD budget by $8.3 million, or 11 percent. This was the net result of overspending of $16.9 million in the Receivership Funding budget component, partially offset by underspending of $8.6 million in the Ongoing Operations budget component. The overspending in the Receivership Funding budget component included $11.3 million in the Outside Services-Personnel expense category and $12.7 million in the Other Expenses category, as explained above. Underspending in the Ongoing Operations budget

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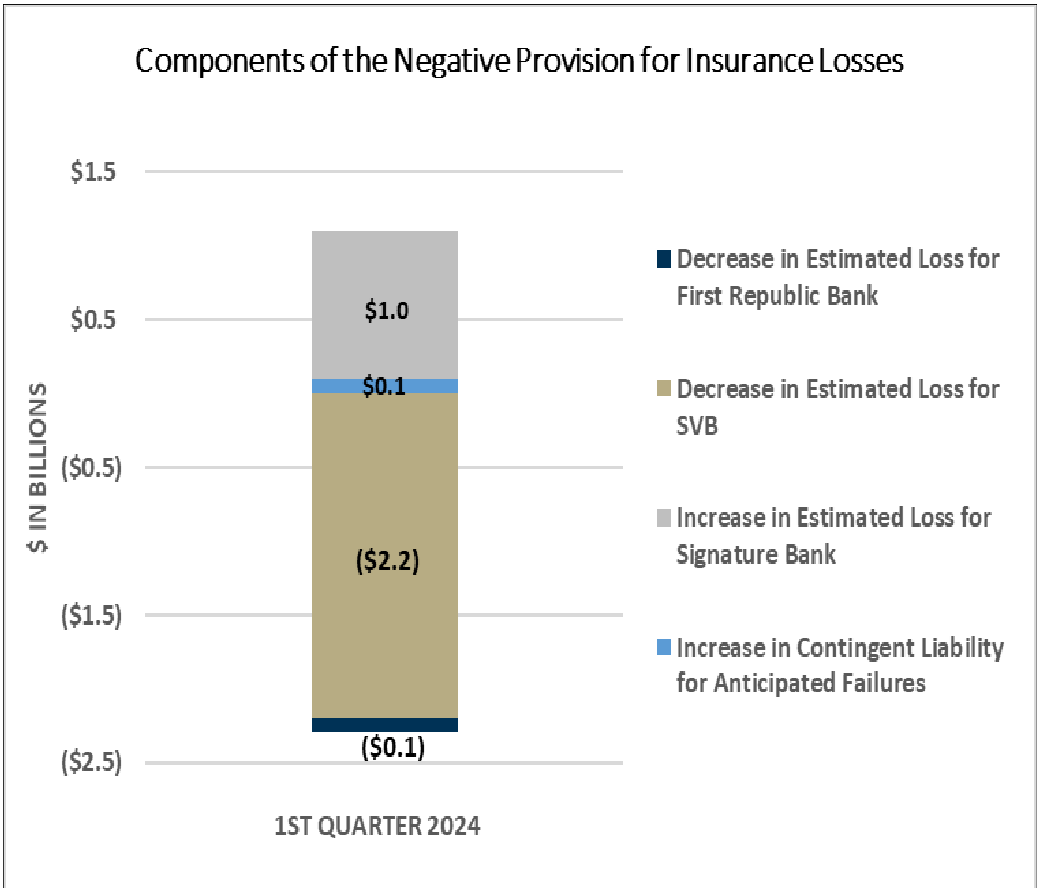
[1]Information on division/office variances reflects variances in the FDIC Operating Budget and does not include variances related to approved multi-year investment projects.

component was primarily in the Salaries and Compensation expense category due to vacancies in budgeted positions.

Fund Financial Results

($ in Millions)

Balance Sheet	Deposit Insurance Fund				
	Mar-24	Dec-23	Quarterly Change	Mar-23	Year-Over-Year Change
Cash and cash equivalents	$ 61,042	$ 4,873	$ 56,169	$ 18,088	$ 42,954
Investment in U.S. Treasury securities	9,953	18,929	(8,976)	81,717	(71,764)
Assessments receivable	3,293	3,236	57	3,187	106
Special assessments receivable	19,179	20,423	(1,244)	15,776	3,403
Interest receivable on investments and other assets, net	109	146	(37)	416	(307)
Receivables from resolutions, net	55,521	97,778	(42,257)	86,590	(31,069)
Property and equipment, net	315	319	(4)	361	(46)
Operating lease right-of-use assets	79	81	(2)	85	(6)
Total Assets	$ 149,491	$ 145,785	$ 3,706	$ 206,220	$ (56,729)
Accounts payable and other liabilities	536	410	126	270	266
Operating lease liabilities	99	102	3	105	(6)
Liabilities due to resolutions	22,503	22,513	(10)	75,828	(53,325)
Postretirement benefit liability	256	256	0	232	24
Contingent liability for anticipated failures	797	726	71	13,713	(12,916)
Contingent liability for litigation losses	0	0	0	1	(1)
Total Liabilities	$ 24,191	$ 24,007	$ 184	$ 90,149	$ (65,958)
FYI: Unrealized gain (loss) on U.S. Treasury securities, net	(10)	(30)	20	(535)	525
FYI: Unrealized postretirement benefit (loss) gain	10	10	0	27	(17)
Fund Balance	$ 125,300	$ 121,778	$ 3,522	$ 116,071	$ 9,229



During the first quarter 2024, the total estimated losses for the three large regional bank failures in 2023 decreased by $1.3 billion to $39.1 billion as of March 31, 2024.

Fund Financial Results - continued

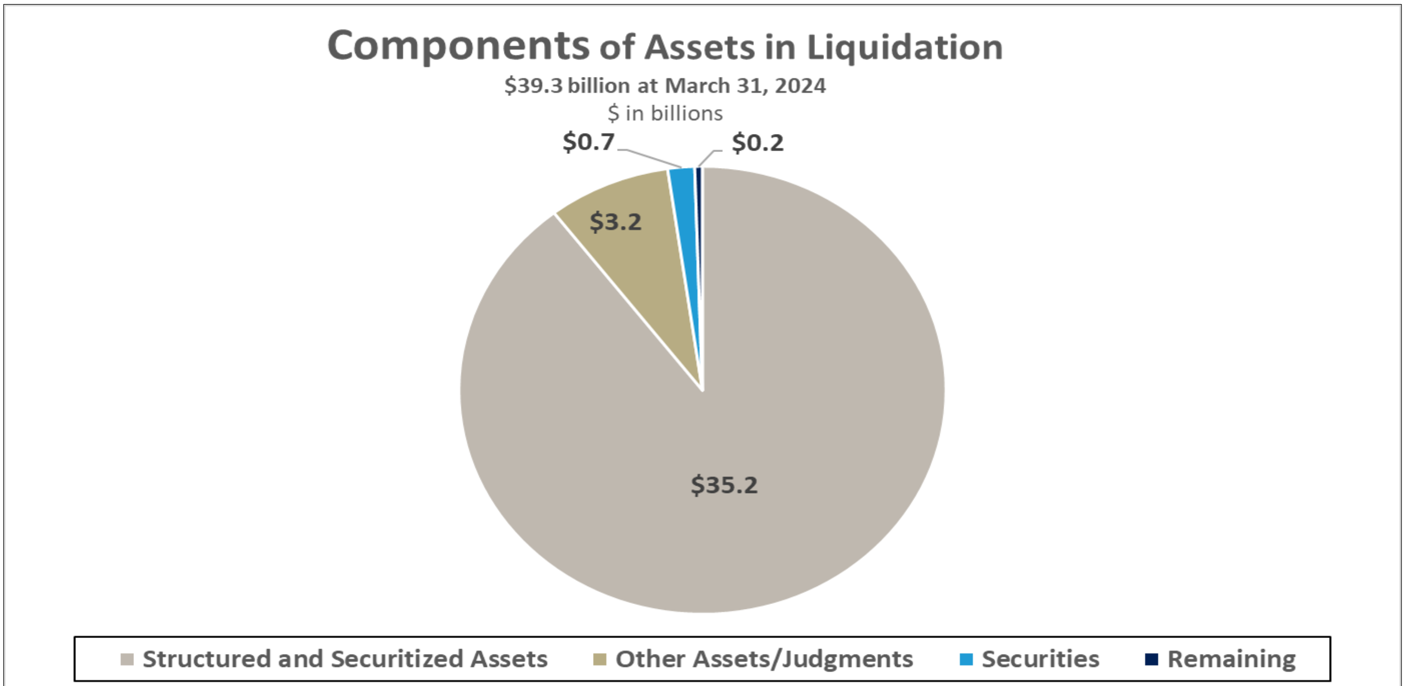
($ in Millions)

Income Statement (year-to-date)	Deposit Insurance Fund				
	Mar-24	Dec-23	Quarterly Change	Mar-23	Year-Over-Year Change
Assessments	$ 2,004	$ 33,188		$ 3,306	$ (1,302)
Interest on U.S. Treasury securities	795	2,736		661	134
Return of unclaimed insured deposits	1	17		14	(13)
Other revenue	32	55		3	29
Total Revenue	$ 2,832	$ 35,996		$ 3,984	$ (1,152)
Operating expenses	564	2,126		508	56
Provision for insurance losses	(1,235)	40,951		16,402	(17,637)
Insurance and other expenses	1	6		5	(4)
Realized loss on sale of investments	0	2,292		1,666	(1,666)
Total Expenses and Losses	$ (670)	$ 45,375		$ 18,581	$ (19,251)
Net Income	$ 3,502	$ (9,379)		$ (14,597)	$ 18,099
Unrealized gain (loss) on U.S. Treasury securities, net	20	2,956		2,450	(2,430)
Unrealized postretirement benefit gain (loss)	0	(17)		0	0
Comprehensive Income (Loss)	$ 3,522	$ (6,440)		$ (12,147)	$ 15,669

Receivership Selected Statistics March 2024 vs. March 2023

	DIF		
($ in millions)	**Mar-24**	**Mar-23**	***Change***
Total Receiverships	65	127	(62)
Assets in Liquidation	$ 39,277	27,741[1]	$ 11,536
YTD Collections	$ 44,103	$ 14	$ 44,089
YTD Dividend/Other Pmts - Cash	$ 43,593	$ 40,039	$ 3,554

[1] Does not include all of the assets retained by the SVB and Signature Bank receiverships until further analysis can be completed on various asset types.



Deposit Insurance Fund Portfolio Summary (Dollar Values in Millions)			
	3/31/24	12/31/23	Change
Par Value	$71,060	$23,935	$47,125
Amortized Cost	$71,022	$23,861	$47,161
Total Market Value (including accrued interest)	$71,081	$23,843	$47,238
Primary Reserve [1]	$71,081	$23,843	$47,238
Primary Reserve % of Total Portfolio	100.0%	100.0%	0.0%
Yield-to-Maturity	5.377%	4.659%	0.718%
Weighted Average Maturity (in years)	0.02	0.21	-0.19
Effective Duration (in years)			
Total Portfolio	0.02	0.20	-0.18
Available-for-Sale Securities [2]	0.17	0.25	-0.08

[1] Primary Reserve is the total market value (including accrued interest) of overnight investments, all available-for-sale securities, and held-to-maturity securities maturing within three months.

[2] Excludes any overnight investments.

Summary of Other Corporate Investment Portfolios (Dollar Values in Millions)			
	3/31/24	12/31/23	Change
FRF-FSLIC			
Book Value [4]	$957	$944	$13
Yield-to-Maturity	5.39%	5.42%	-0.03%
Weighted Average Maturity	overnight	overnight	no change

[4] Due to the current short-term nature of this portfolio, its respective Par, Book, and Market Values are identical for reporting purposes.

National Liquidation Fund (NLF) Investment Portfolio Summary (Dollar Values in Millions)			
	3/31/24	12/31/23	Change
Book Value [5]	$7,234	$6,472	$762
Effective Annual Yield	5.39%	5.42%	-0.03%
Weighted Average Maturity (in days)	1	1	0

[5] Due to the short-term nature of the NLF portfolio, its Book and Market Values are identical for reporting purposes.

Investment Strategies

DEPOSIT INSURANCE FUND	**Strategy for the 1st Quarter 2024**
	Purchase short- term Treasury Securities with maturities between 6-months and 1-year based on shape and slope of the yield curve.
	Strategy for the 2nd Quarter 2024
	Purchase short- term Treasury Securities with maturities between 6-months and 1-year based on shape and slope of the yield curve.
NATIONAL LIQUIDATION FUND	**Strategy for the 1st Quarter 2024**
	Maintain a minimum balance of $0.25 billion in the FHLBNY overnight account. Invest excess funds in Government MMFs and agency discount notes of less than 6-month maturities.
	Strategy for the 2nd Quarter 2024
	Maintain a minimum balance of $0.25 billion in the FHLBNY overnight account. Invest excess funds in Government MMFs and agency discount notes of less than 6-month maturities.

Executive Summary of 2024 Budget and Expenditures by Budget Component and Major Expense Category Through March 31, 2024 (Dollars in Thousands)					
Major Expense Category	**Annual Budget**	**YTD Budget**	**YTD Expenditures**	**% of YTD Budget Used**	**YTD Variance**
FDIC Operating Budget					
Ongoing Operations					
Salaries & Compensation	$ 1,707,948	$ 427,424	$ 392,524	92%	$ (34,900)
Outside Services - Personnel	436,881	100,321	80,335	80%	(19,986)
Travel	70,461	17,264	14,338	83%	(2,927)
Buildings	142,318	25,851	18,468	71%	(7,383)
Equipment	168,342	41,345	30,817	75%	(10,528)
Outside Services - Other	19,022	4,942	2,995	61%	(1,947)
Other Expenses	16,025	5,266	4,697	89%	(569)
Total Ongoing Operations *	**$ 2,560,997**	**$ 622,413**	**$ 544,175**	**87%**	**$ (78,238)**
Receivership Funding					
Salaries & Compensation	$ 43,504	$ 10,888	$ 3,502	32%	$ 304.40
Outside Services - Personnel	285,408	40,317	45,758	113%	5,441
Travel	4,305	1,073	400	37%	(673)
Buildings	949	236	37	16%	(199)
Equipment	13,399	3,562	1,335	37%	(2,227)
Outside Services - Other	362	90	86	95%	(4)
Other Expenses	2,074	518	13,206	2547%	12,687
Total Receivership Funding *	**$ 350,000**	**$ 56,684**	**$ 64,324**	**113%**	**$ 7,639**
Office of Inspector General					
Salaries & Compensation	$ 44,471	$ 12,195	$ 12,129	99%	$ (67)
Outside Services - Personnel	1,787	447	142	32%	(304)
Travel	985	246	172	70%	(75)
Buildings	0	0	2		2
Equipment	2,674	668	200	30%	(468)
Outside Services - Other	40	10	1	8%	(9)
Other Expenses	581	145	82	56%	(63)
Total Office of Inspector General *	**$ 50,537**	**$ 13,712**	**$ 12,728**	**93%**	**$ (984)**
Total FDIC Operating Budget *	**$ 2,961,535**	**$ 692,809**	**$ 621,227**	**90%**	**$ (71,582)**

* Totals may not foot due to rounding.

Executive Summary of 2024 Budget and Expenditures by Division/Office Through March 31, 2024 (Dollars in Thousands)

Division/Office	Annual Budget	YTD Budget	YTD Expenditures	% of YTD Budget Used	YTD Variance
FDIC Operating Budget					
Risk Management Supervision	$ 705,795	$ 176,641	$ 164,492	93%	$ (12,149)
Information Technology	475,689	118,070	95,166	81%	(22,904)
Administration	410,351	90,040	74,958	83%	(15,082)
Depositor & Consumer Protection	240,274	59,593	56,106	94%	(3,487)
Legal	220,963	55,304	45,564	82%	(9,740)
Resolutions & Receiverships	297,935	74,581	82,924	111%	8,343
Complex Institution Supervision & Resolution	126,132	32,701	27,618	84%	(5,083)
Insurance & Research	70,634	17,181	15,661	91%	(1,520)
Inspector General	50,537	13,712	12,728	93%	(984)
Chief Information Security Officer	54,878	12,844	12,833	100%	(11)
Executive Support [1]	47,247	12,224	8,844	72%	(3,380)
Finance	46,066	11,450	10,777	94%	(673)
Corporate University - Corporate	30,758	7,337	7,194	98%	(143)
Executive Offices [2]	26,264	8,416	4,092	49%	(4,324)
Risk Management & Internal Control	11,723	2,714	2,271	84%	(443)
Corporate Unassigned [3]	146,289	0	0	0%	0
Total FDIC Operating Budget [4]	**$ 2,961,535**	**$ 692,809**	**$ 621,227**	**90%**	**$ (71,582)**

1) Executive Support includes the Offices of Minority and Women Inclusion, Communications, Ombudsman, Legislative Affairs, and Financial Institution Adjudication.
2) Executive Offices include the offices of the Chairman, Vice Chairman, Appointive Director, Deputy to the Chairman and Chief Operating Officer, Deputy to the Chairman and Chief Financial Officer, Deputy to the Chairman for Policy, Deputy to the Chairman for External Affairs, Deputy to the Chairman for Financial Stability, and Chief Information Officer/Chief Privacy Officer.
3) This includes a $20.75 million contingency reserve in the Ongoing Operations budget component and a $125.5 million contingency reserve in the Receivership Funding budget component to meet unanticipated budget requirements that may arise during the year.
4) Totals may not foot due to rounding.

I. **Financial Results** (See pages 7 – 8 for detailed data and charts.)

Deposit Insurance Fund

- For the first quarter of 2024, the DIF's comprehensive income totaled $3.5 billion compared to a comprehensive loss of $12.1 billion for the same period last year. The year-over-year change of $15.6 billion was primarily due to a $17.6 billion decrease in provision for insurance losses, partially offset by a $2.4 billion decrease in U. S. Treasury securities market valuation adjustments and a $1.3 billion decrease in assessment revenue.

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- Assessment revenue was $2.0 billion for the first quarter of 2024, compared to $3.3 billion for the same period last year. The $1.3 billion decrease was primarily due to the $1.2 billion net decrease to the estimated losses associated with the protection of uninsured depositors mentioned above.

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Significant spending variances by major expense category and division/office are discussed below. Significant spending variances for the quarter ending March 31, 2024, are defined as those that either (1) exceeded the Year to Date (YTD) budget for a major expense category or division/office by more than $5 million and represented more than three percent of the major expense category or total division/office budget; or (2) were under the YTD budget for a major expense category or division/office by more than $15 million and represented more than 15 percent of the major expense category or total division/office budget.

Significant Spending Variances by Major Expense Category

Ongoing Operations

Overall spending for the Ongoing Operations budget component totaled $78.2 million, or 13 percent, below budget through the first quarter of 2024. There was a significant spending variance in one major expense category:

- Spending in the Outside Services – Personnel expense category was under budget by $20.0 million, or 20 percent. The variance was largely attributable to underspending in the following organizations:

  - The Division of Information Technology (DIT) underspent its YTD budget by $9.2 million ($4.6 million for continuing operations and $4.6 million for one-time initiatives). The underspending for continuing operations resulted from expenses for data center operations that were incurred but not recognized in March. The underspending for one-time initiatives was the result of delays in project starts and contractor onboarding.

  - The Office of the Appointive Director underspent its YTD budget by approximately $3.7 million. Although work by an outside law firm on the independent third-party review of sexual harassment and workplace culture at the FDIC was well underway, invoices had not yet been submitted for the work performed as of the end of the first quarter.

  - The Legal Division underspent its YTD budget by $1.9 million because of lower-than-projected expenses for outside counsel, due largely to slower-than-projected proceedings in one major litigation matter.

  - The Division of Administration (DOA) underspent its YTD budget by $1.8 million, largely due to challenges in onboarding contractors and schedule delays for facilities-related IT projects, in particular the Building Management System Cybersecurity Review for the San Francisco Regional Office. The underspending also reflected lower-than-expected requirements for contractor support for human resources operations and implementation of the electronic Official Personnel Folder initiative.

Receivership Funding

The Receivership Funding component of the 2024 FDIC Operating Budget includes funding for expenses that are incurred in conjunction with institution failures and the management and disposition of the assets and liabilities of the ensuing receiverships, except for salary and benefits expenses for permanent employees assigned to the receivership management function and other expenses required to ensure readiness without regard to whether failures occur.

There were significant spending variances in two major expense categories within this budget component through the end of the first quarter:

- Spending in the Outside Services – Personnel expense category exceeded the YTD budget by $5.4 million, or 13 percent. The variance was largely attributable to the Division of Resolutions and Receiverships (DRR), which overspent its YTD budget by $11.3 million because 2023 loan servicing expenses (primarily for the Signature Bridge Bank receivership) were recorded in 2024. This overspending was partially offset by underspending of $3.9 million for outside counsel in the Legal Division due to litigation delays and underspending for contract support in DIT, CISR and DOA.

- Spending in the Other Expenses category exceeded the YTD budget by $12.7 million, or 2,547 percent. This was attributable to overspending of $12.7 million by DRR, primarily because 2023 rent expenses for the Signature Bridge Bank and First Republic receiverships were recorded in 2024.

<u>Office of the Inspector General</u>

There were no significant spending variances through the first quarter in the Office of Inspector General (OIG) budget component.

Significant Spending Variances by Division/Office[1]

There were three organizations with significant spending variances through the end of first quarter:

- DIT underspent its YTD budget by $22.9 million, or 19 percent, including $19.8 million in its Ongoing Operation budget and $3.1 million in its Receivership Funding budget. The biggest contributors to the underspending in the Ongoing Operations budget component were underspending of $9.2 million in the Outside Services - Personnel expense category, as explained above; underspending of $6.1 million in the Equipment expense category due to project delays and lower-than-forecasted monthly expenses for cloud services; and underspending of $3.5 million in the Salaries and Compensation expense category due to a high number of vacancies in budgeted positions. Underspending in the Receivership Funding budget component included $1.7 million in the Equipment expense category and $1.3 million in the Outside Services-Personnel expense category because of lower-than-projected expenses related to the 2023 failures.

- DOA underspent its YTD budget by $15.1 million, or 17 percent, primarily due to underspending in the Ongoing Operations budget component. This resulted from underspending of $7.3 million in the Buildings and Leased Space expense category, largely due to delayed capital improvements projects; $3.4 million in the Equipment expense category, largely due to delays in awarding contracts for library subscriptions and supply chain delays in receiving furniture for Field Office Modernization projects; and $1.8 million in the Outside Services - Personnel expense category, as explained above.

- DRR overspent its YTD budget by $8.3 million, or 11 percent. This was the net result of overspending of $16.9 million in the Receivership Funding budget component, partially offset by underspending of $8.6 million in the Ongoing Operations budget component. The overspending in the Receivership Funding budget component included $11.3 million in the Outside Services-Personnel expense category and $12.7 million in the Other Expenses category, as explained above. Underspending in the Ongoing Operations budget

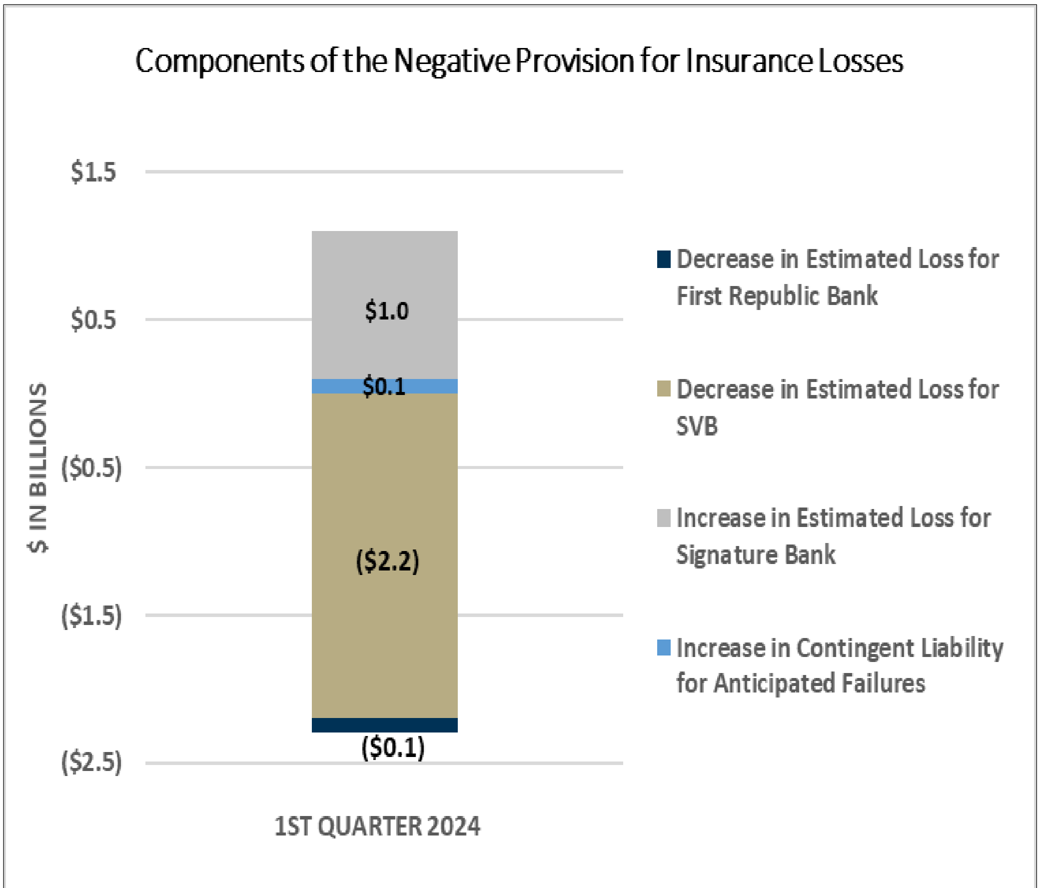
[1]Information on division/office variances reflects variances in the FDIC Operating Budget and does not include variances related to approved multi-year investment projects.

component was primarily in the Salaries and Compensation expense category due to vacancies in budgeted positions.

Fund Financial Results

($ in Millions)

Balance Sheet	Deposit Insurance Fund				
	Mar-24	Dec-23	Quarterly Change	Mar-23	Year-Over-Year Change
Cash and cash equivalents	$ 61,042	$ 4,873	$ 56,169	$ 18,088	$ 42,954
Investment in U.S. Treasury securities	9,953	18,929	(8,976)	81,717	(71,764)
Assessments receivable	3,293	3,236	57	3,187	106
Special assessments receivable	19,179	20,423	(1,244)	15,776	3,403
Interest receivable on investments and other assets, net	109	146	(37)	416	(307)
Receivables from resolutions, net	55,521	97,778	(42,257)	86,590	(31,069)
Property and equipment, net	315	319	(4)	361	(46)
Operating lease right-of-use assets	79	81	(2)	85	(6)
Total Assets	$ 149,491	$ 145,785	$ 3,706	$ 206,220	$ (56,729)
Accounts payable and other liabilities	536	410	126	270	266
Operating lease liabilities	99	102	3	105	(6)
Liabilities due to resolutions	22,503	22,513	(10)	75,828	(53,325)
Postretirement benefit liability	256	256	0	232	24
Contingent liability for anticipated failures	797	726	71	13,713	(12,916)
Contingent liability for litigation losses	0	0	0	1	(1)
Total Liabilities	$ 24,191	$ 24,007	$ 184	$ 90,149	$ (65,958)
FYI: Unrealized gain (loss) on U.S. Treasury securities, net	(10)	(30)	20	(535)	525
FYI: Unrealized postretirement benefit (loss) gain	10	10	0	27	(17)
Fund Balance	$ 125,300	$ 121,778	$ 3,522	$ 116,071	$ 9,229



During the first quarter 2024, the total estimated losses for the three large regional bank failures in 2023 decreased by $1.3 billion to $39.1 billion as of March 31, 2024.

Fund Financial Results - continued

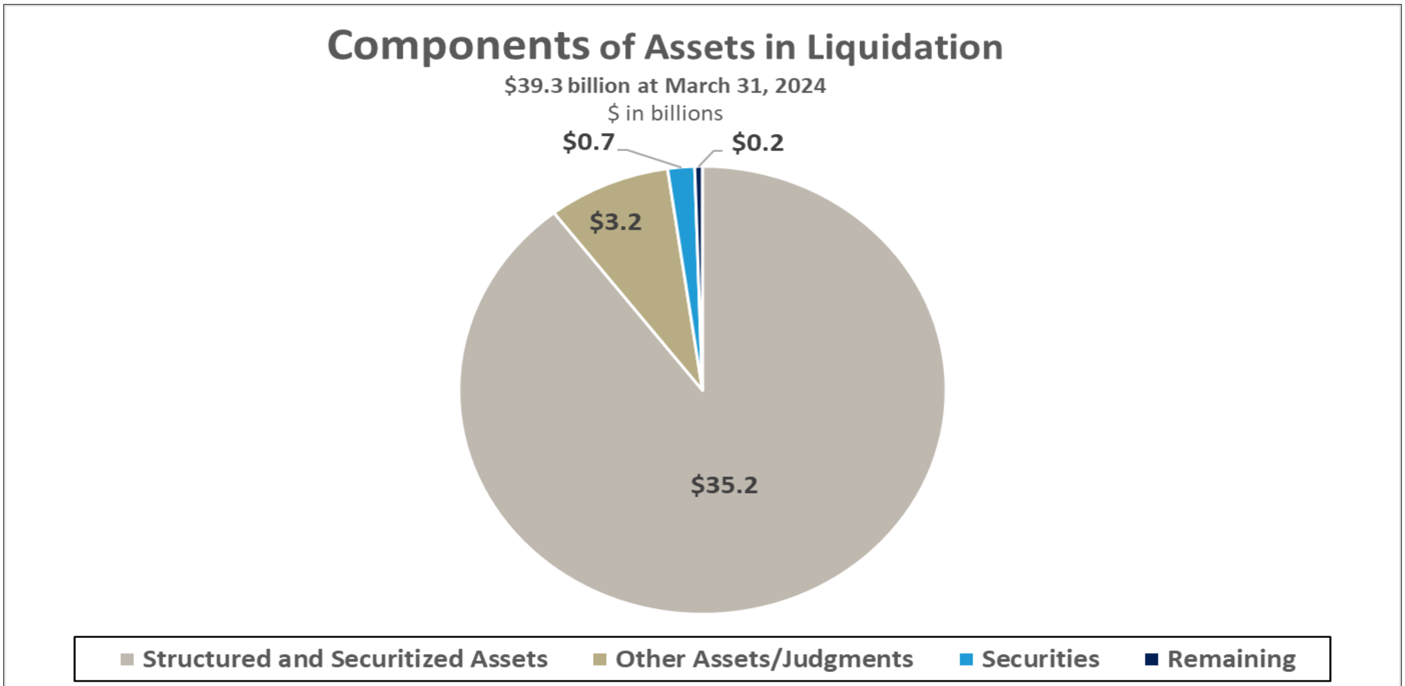
($ in Millions)

Income Statement (year-to-date)	Deposit Insurance Fund Mar-24	Dec-23	Quarterly Change	Mar-23	Year-Over-Year Change
Assessments	$ 2,004	$ 33,188		$ 3,306	$ (1,302)
Interest on U.S. Treasury securities	795	2,736		661	134
Return of unclaimed insured deposits	1	17		14	(13)
Other revenue	32	55		3	29
Total Revenue	$ 2,832	$ 35,996		$ 3,984	$ (1,152)
Operating expenses	564	2,126		508	56
Provision for insurance losses	(1,235)	40,951		16,402	(17,637)
Insurance and other expenses	1	6		5	(4)
Realized loss on sale of investments	0	2,292		1,666	(1,666)
Total Expenses and Losses	$ (670)	$ 45,375		$ 18,581	$ (19,251)
Net Income	$ 3,502	$ (9,379)		$ (14,597)	$ 18,099
Unrealized gain (loss) on U.S. Treasury securities, net	20	2,956		2,450	(2,430)
Unrealized postretirement benefit gain (loss)	0	(17)		0	0
Comprehensive Income (Loss)	$ 3,522	$ (6,440)		$ (12,147)	$ 15,669

Receivership Selected Statistics March 2024 vs. March 2023

	DIF		
($ in millions)	**Mar-24**	**Mar-23**	***Change***
Total Receiverships	65	127	(62)
Assets in Liquidation	$ 39,277	27,741[1]	$ 11,536
YTD Collections	$ 44,103	$ 14	$ 44,089
YTD Dividend/Other Pmts - Cash	$ 43,593	$ 40,039	$ 3,554

[1] Does not include all of the assets retained by the SVB and Signature Bank receiverships until further analysis can be completed on various asset types.



Deposit Insurance Fund Portfolio Summary (Dollar Values in Millions)			
	3/31/24	12/31/23	Change
Par Value	$71,060	$23,935	$47,125
Amortized Cost	$71,022	$23,861	$47,161
Total Market Value (including accrued interest)	$71,081	$23,843	$47,238
Primary Reserve [1]	$71,081	$23,843	$47,238
Primary Reserve % of Total Portfolio	100.0%	100.0%	0.0%
Yield-to-Maturity	5.377%	4.659%	0.718%
Weighted Average Maturity (in years)	0.02	0.21	-0.19
Effective Duration (in years)			
Total Portfolio	0.02	0.20	-0.18
Available-for-Sale Securities [2]	0.17	0.25	-0.08

[1] Primary Reserve is the total market value (including accrued interest) of overnight investments, all available-for-sale securities, and held-to-maturity securities maturing within three months.

[2] Excludes any overnight investments.

Summary of Other Corporate Investment Portfolios (Dollar Values in Millions)			
	3/31/24	12/31/23	Change
FRF-FSLIC			
Book Value [4]	$957	$944	$13
Yield-to-Maturity	5.39%	5.42%	-0.03%
Weighted Average Maturity	overnight	overnight	no change

[4] Due to the current short-term nature of this portfolio, its respective Par, Book, and Market Values are identical for reporting purposes.

National Liquidation Fund (NLF) Investment Portfolio Summary (Dollar Values in Millions)			
	3/31/24	12/31/23	Change
Book Value [5]	$7,234	$6,472	$762
Effective Annual Yield	5.39%	5.42%	-0.03%
Weighted Average Maturity (in days)	1	1	0

[5] Due to the short-term nature of the NLF portfolio, its Book and Market Values are identical for reporting purposes.

Investment Strategies	
DEPOSIT INSURANCE FUND	**Strategy for the 1st Quarter 2024**
	Purchase short- term Treasury Securities with maturities between 6-months and 1-year based on shape and slope of the yield curve.
	Strategy for the 2nd Quarter 2024
	Purchase short- term Treasury Securities with maturities between 6-months and 1-year based on shape and slope of the yield curve.
NATIONAL LIQUIDATION FUND	
	Strategy for the 1st Quarter 2024
	Maintain a minimum balance of $0.25 billion in the FHLBNY overnight account. Invest excess funds in Government MMFs and agency discount notes of less than 6-month maturities.
	Strategy for the 2nd Quarter 2024
	Maintain a minimum balance of $0.25 billion in the FHLBNY overnight account. Invest excess funds in Government MMFs and agency discount notes of less than 6-month maturities.

Executive Summary of 2024 Budget and Expenditures by Budget Component and Major Expense Category Through March 31, 2024 (Dollars in Thousands)

Major Expense Category	Annual Budget	YTD Budget	YTD Expenditures	% of YTD Budget Used	YTD Variance
FDIC Operating Budget					
Ongoing Operations					
Salaries & Compensation	$ 1,707,948	$ 427,424	$ 392,524	92%	$ (34,900)
Outside Services - Personnel	436,881	100,321	80,335	80%	(19,986)
Travel	70,461	17,264	14,338	83%	(2,927)
Buildings	142,318	25,851	18,468	71%	(7,383)
Equipment	168,342	41,345	30,817	75%	(10,528)
Outside Services - Other	19,022	4,942	2,995	61%	(1,947)
Other Expenses	16,025	5,266	4,697	89%	(569)
Total Ongoing Operations *	**$ 2,560,997**	**$ 622,413**	**$ 544,175**	**87%**	**$ (78,238)**
Receivership Funding					
Salaries & Compensation	$ 43,504	$ 10,888	$ 3,502	32%	$ 304.40
Outside Services - Personnel	285,408	40,317	45,758	113%	5,441
Travel	4,305	1,073	400	37%	(673)
Buildings	949	236	37	16%	(199)
Equipment	13,399	3,562	1,335	37%	(2,227)
Outside Services - Other	362	90	86	95%	(4)
Other Expenses	2,074	518	13,206	2547%	12,687
Total Receivership Funding *	**$ 350,000**	**$ 56,684**	**$ 64,324**	**113%**	**$ 7,639**
Office of Inspector General					
Salaries & Compensation	$ 44,471	$ 12,195	$ 12,129	99%	$ (67)
Outside Services - Personnel	1,787	447	142	32%	(304)
Travel	985	246	172	70%	(75)
Buildings	0	0	2		2
Equipment	2,674	668	200	30%	(468)
Outside Services - Other	40	10	1	8%	(9)
Other Expenses	581	145	82	56%	(63)
Total Office of Inspector General *	**$ 50,537**	**$ 13,712**	**$ 12,728**	**93%**	**$ (984)**
Total FDIC Operating Budget *	**$ 2,961,535**	**$ 692,809**	**$ 621,227**	**90%**	**$ (71,582)**

* Totals may not foot due to rounding.

Executive Summary of 2024 Budget and Expenditures by Division/Office Through March 31, 2024 (Dollars in Thousands)

Division/Office	Annual Budget	YTD Budget	YTD Expenditures	% of YTD Budget Used	YTD Variance
FDIC Operating Budget					
Risk Management Supervision	$ 705,795	$ 176,641	$ 164,492	93%	$ (12,149)
Information Technology	475,689	118,070	95,166	81%	(22,904)
Administration	410,351	90,040	74,958	83%	(15,082)
Depositor & Consumer Protection	240,274	59,593	56,106	94%	(3,487)
Legal	220,963	55,304	45,564	82%	(9,740)
Resolutions & Receiverships	297,935	74,581	82,924	111%	8,343
Complex Institution Supervision & Resolution	126,132	32,701	27,618	84%	(5,083)
Insurance & Research	70,634	17,181	15,661	91%	(1,520)
Inspector General	50,537	13,712	12,728	93%	(984)
Chief Information Security Officer	54,878	12,844	12,833	100%	(11)
Executive Support [1]	47,247	12,224	8,844	72%	(3,380)
Finance	46,066	11,450	10,777	94%	(673)
Corporate University - Corporate	30,758	7,337	7,194	98%	(143)
Executive Offices [2]	26,264	8,416	4,092	49%	(4,324)
Risk Management & Internal Control	11,723	2,714	2,271	84%	(443)
Corporate Unassigned [3]	146,289	0	0	0%	0
Total FDIC Operating Budget [4]	**$ 2,961,535**	**$ 692,809**	**$ 621,227**	**90%**	**$ (71,582)**

1) Executive Support includes the Offices of Minority and Women Inclusion, Communications, Ombudsman, Legislative Affairs, and Financial Institution Adjudication.
2) Executive Offices include the offices of the Chairman, Vice Chairman, Appointive Director, Deputy to the Chairman and Chief Operating Officer, Deputy to the Chairman and Chief Financial Officer, Deputy to the Chairman for Policy, Deputy to the Chairman for External Affairs, Deputy to the Chairman for Financial Stability, and Chief Information Officer/Chief Privacy Officer.
3) This includes a $20.75 million contingency reserve in the Ongoing Operations budget component and a $125.5 million contingency reserve in the Receivership Funding budget component to meet unanticipated budget requirements that may arise during the year.
4) Totals may not foot due to rounding.