



MEMBER PROFILE

The Federal Deposit Insurance Corporation (FDIC)

The Federal Deposit Insurance Corporation (FDIC) preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000; by identifying, monitoring and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails. The FDIC Vision is to be a leader in developing and implementing sound public policies, identifying and addressing new and existing risks in the nation's financial system, and effectively and efficiently carrying out its insurance, supervisory, and receivership management responsibilities.

An independent agency of the federal government, the FDIC was created in 1933 in response to the thousands of bank failures that occurred in the 1920s and early 1930s. Since the start of FDIC insurance on January 1, 1934, no depositor has lost a single cent of insured funds as a result of a failure. The FDIC is managed by a five-person Board of Directors, all of whom are appointed by the President and confirmed by the Senate, with no more than three being from the same political party.

The FDIC receives no Congressional appropriations – it is funded by premiums that banks and thrift institutions pay for deposit insurance coverage and from earnings on investments in U.S. Treasury securities. With an insurance fund totaling more than \$ 45 billion as of June 30, 2008, the FDIC insures a little over 5 trillion of deposits in U.S. banks and thrifts – deposits in virtually every bank and thrift in the country.

Savings, checking and other deposit accounts, when combined, are generally insured to \$250,000 per depositor in each bank or thrift the FDIC insures. (On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.) Deposits held in different categories of ownership – such as single or joint accounts – may be separately insured. Also, the FDIC generally provides separate coverage for retirement accounts, such as individual retirement accounts (IRAs) and Keoghs, insured up to \$250,000. The FDIC insures deposits only. It does not insure securities, mutual funds or similar types of investments that banks and thrift institutions may offer.

On October 14, 2008, the FDIC announced the Temporary Liquidity Guarantee Program to strengthen confidence and encourage liquidity in the banking system.

The new program (1) guarantees newly issued senior unsecured debt of eligible institutions, including FDIC-insured banks and thrifts, as well as certain holding companies issued by participating institutions on or after October 14, 2008 and before June 30, 2009, and (2) provides full deposit insurance coverage for non-interest bearing deposit transaction accounts in FDIC-insured institutions, regardless of the dollar amount. This provision expires December 31, 2009. All eligible entities are covered under the program for the first 30 days at no cost. Prior to the end of this period, institutions may opt out of one or both parts of the program; otherwise, fees will apply for future participation. If an entity opts out, the Program's guarantees or insurance shall remain valid only for the first 30 days.

The FDIC directly examines and supervises about 5,169 banks and savings banks, more than half of the institutions in the banking system. Banks can be chartered by the states or by the federal government. Banks chartered by states also have the choice of whether to join the Federal Reserve System. The FDIC is the primary federal regulator of banks that are chartered by the states that do not join the Federal Reserve System. In addition, the FDIC is the back-up supervisor for the remaining insured banks and thrift institutions.

To protect insured depositors, the FDIC responds immediately when a bank or thrift institution fails. Institutions generally are closed by their chartering authority – the state regulator, the Office of the Comptroller of the Currency, or the Office of Thrift Supervision. The FDIC has several options for resolving institution failures, but the one most used is to sell deposits and loans of the failed institution to another institution. Customers of the failed institution automatically become customers of the assuming institution. Most of the time, the transition is seamless from the customer's point of view.

The FDIC employs about 5,000 people. It is headquartered in Washington, D.C., but conducts much of its business in six regional offices and in field offices around the country. The FDIC and its employees have a long and continuing tradition of distinguished public service. Six core values guide FDIC employees as they strive to fulfill the Corporation's mission and vision: Integrity - FDIC employees adhere to the highest ethical standards in the performance of their duties and responsibilities. Competence - The FDIC maintains a highly skilled, dedicated, and diverse workforce. Teamwork- FDIC employees work cooperatively with one another and with employees in other regulatory agencies to accomplish the Corporation's mission. Effectiveness - The FDIC responds quickly and successfully to identified risks in insured financial institutions and in the broader financial system. Financial Stewardship - The FDIC acts as a responsible fiduciary, consistently operating in an efficient and cost-effective manner on behalf of insured financial institutions and other stakeholders. Fairness - The FDIC treats all employees, insured financial institutions, and other stakeholders with impartiality and mutual respect.