



October 28, 2005

MEMORANDUM TO: The Board of Directors

FROM: Steven O. App
 Deputy to the Chairman and
 Chief Financial Officer

 Fred Selby
 Director, Division of Finance

SUBJECT: Third Quarter 2005 CFO Report to the Board

The attached report highlights the Corporation's financial activities and results for the nine-month period ending September 30, 2005.

Executive Summary

- Overall, the deposit insurance funds remained financially sound and exhibited healthy earnings during the first three quarters of 2005. Additionally, estimated losses from probable failures at the end of the third quarter remain at or near historically low levels for both deposit insurance funds. As of June 30, 2005, BIF's and SAIF's reserve ratios were 1.26 percent and 1.32 percent, respectively. (Estimated insured deposits data as of September 30, 2005, are not yet available.)
- There remains substantial uncertainty about the effects of Hurricane Katrina on the deposit insurance fund balances. The economic dislocations as well as the adverse effects on collateral values and the repayment capacity of borrowers resulting from the hurricane may stress the balance sheets of several institutions in the region. Staff continues to evaluate a range of possible outcomes for economic damage, insurance proceeds, and government assistance. At this point, the FDIC cannot reasonably assess the impact of the additional risk to the insurance funds.
- The BIF and SAIF portfolios' combined book values increased \$1.329 billion, or 2.94 percent, for the year-to-date. Moreover, through September 30, 2005, the BIF portfolio's yield increased by 10 basis points, rising to 4.76 percent, while the SAIF portfolio's yield increased by 16 basis points, rising to 4.85 percent.
- For the nine months ending September 30, 2005, operating- and investment-related expenses ran below budget by 10 percent and 13 percent, respectively. The variance with respect to the operating budget expenses was primarily the result of limited resolutions and receivership activities in the Receivership Funding component of the operating budget through the third quarter.

The following is an assessment of each of the three major finance areas: financial statements, investments, and budget.

Trends and Outlook	
Financial Results	Comments
I. Financial Statements	<ul style="list-style-type: none"> • Deposit insurance fund reserve ratios remain above the 1.25 percent designated reserve ratio (DRR); however, if estimated insured deposits continue to increase in line with recent growth rates, it is likely that the funds' reserve ratios will trend lower absent higher deposit insurance assessments. If deposit insurance reform had already been enacted, the combined reserve ratio for BIF and SAIF would have been 1.29 percent as of June 30, 2005 (this assumes that the current SAIF escrow funds are included in the combined fund, as the proposed legislation would allow). • BIF's fund balance increased by a modest \$240 million during the third quarter of 2005 (by approximately 0.7 percent) to \$35.3 billion while SAIF's fund balance increased by \$110 million (0.9 percent) to \$13.0 billion. As noted above, these rates of fund growth may not be sufficient to offset the growth in BIF's and SAIF's estimated insured deposits, thus resulting in lower reserve ratios in the future. • BIF's and SAIF's OPEX coverage ratios (Interest Revenue/Operating Expenses), which had generally been on the decline since 2001, have modestly increased during the first nine months of 2005 and may increase further going forward with the potential for generally steady-to-higher investment portfolio interest revenue and steady-to-lower operating expenses.
II. Investments	<ul style="list-style-type: none"> • As highlighted in the Executive Summary, during the first nine months of 2005, the BIF portfolio's yield increased by 10 basis points, rising to 4.76 percent, while the SAIF portfolio's yield increased by 16 basis points, rising to 4.85 percent. Expectations are for Treasury market yields to rise modestly, which should lead to increased interest revenue over the long run. However, over the next 12 months, \$6.2 billion par value of BIF securities yielding 4.61 percent and \$1.9 billion par value of SAIF securities yielding 4.37 percent will mature. Absent significant increases in Treasury market yields, the BIF portfolio's yield will likely decline over the next 12 months and the SAIF portfolio's yield will likely level off.
III. Budget	<ul style="list-style-type: none"> • Approximately \$716 million was spent in the Ongoing Operations component of the Corporate Operating Budget, which was \$29 million (4 percent) below the budget for the nine months ending September 30, 2005. This was \$26 million higher than the \$690 million spent for the nine months ending September 30, 2004. Much of this increase is due to the \$22 million paid for separation incentives in 2005.

Trends and Outlook	
Financial Results	Comments
Overall	<ul style="list-style-type: none"> • During the first three quarters of 2005, the deposit insurance fund balance sheets and income statements continue to show solid results. • Both insurance funds continue to experience strong cash flows. • Both the bank and thrift industries are projected to remain relatively healthy for the remainder of 2005. • In the absence of a deceleration in the recent growth rate of estimated insured deposits, the BIF reserve ratio may fall below the designated reserve ratio, perhaps before the end of 2005.

I. Corporate Fund Financial Statement Results (See pages 8 - 9 for detailed data and charts.)

BIF

- For the nine months ending September 30, 2005, BIF's comprehensive income was \$547 million compared to \$685 million for the same nine-month period last year. This year-over-year decrease of \$138 million is due to a larger unrealized loss on available-for-sale securities of \$136 million that was augmented by a slight decrease in net income of \$2 million. The BIF balance stood at \$35.3 billion as of September 30, 2005.
- For the nine months ending September 30, 2005, BIF's provision for insurance losses was a negative \$117 million. This decline can be attributed primarily to a downward adjustment to the estimated allowance for losses for four failed bank receiverships.
- The BIF contingent liability for future failures stands at \$4 million as of September 30, 2005, approximately \$4 million less than at the beginning of 2005. This reduction is a result of fewer institutions on the contingent loss reserve list.

SAIF

- Although BIF's comprehensive income declined by 20 percent compared to the same nine-month period last year, SAIF's comprehensive income grew by 13 percent or \$36 million. This increase of \$36 million is the result of an \$80 million increase in net income that was partially offset by a larger unrealized loss on AFS securities of \$44 million. The increase in SAIF's net income primarily resulted from an increase in interest revenue on U.S. Treasury obligations of \$33 million and a reduction in the provision for estimated insurance losses of \$47 million. The SAIF fund balance stood at \$13.0 billion at September 30, 2005.
- The SAIF contingent liability for future failures stands at \$1 million for the quarter ending September 30, 2005, which is a decrease of \$1 million from the \$2 million level at December 31, 2004. Similar to the BIF, this decrease is due primarily to a reduction of the number of institutions on the contingent loss reserve list.

FRF

- During the quarter ending September 30, 2005, there were three Goodwill settlements totaling \$8.7 million and one Guarini settlement for \$28.1 million.
- During the third quarter, the FRF received \$42.8 million in tax benefit recoveries from FSLIC assistance agreements. Year-to-date tax benefit recoveries as of September 30, 2005 totaled \$44.1 million.

II. Investments Results and Prospective Strategies (See pages 10 – 11 for detailed data and charts.)

BIF

- During the first nine months of 2005, the book value of the BIF investment portfolio increased by \$826 million or 2.49 percent—from \$33.231 billion on December 31, 2004, to \$34.057 billion on September 30, 2005.
- The BIF investment portfolio's return for the first nine months of 2005 was 1.46 percent, approximately 51 basis points higher than the return of the benchmark, the Merrill Lynch 1 – 10 Year U.S. Treasury Index, which earned 0.95 percent during the first nine months of 2005. The strong performance relative to the benchmark can be attributed to two factors. Approximately 19 percent of the BIF investment portfolio consists of Treasury Inflation-Protected Securities (TIPS), and TIPS outperformed conventional Treasury securities during this period. The second factor is that during this period, about 4 percent of the portfolio was invested in overnight investments. While overnight investments do not yield as much as longer-term securities, in a rising rate environment, the longer-term securities experience price declines, so for this period on a total return basis, overnight investments outperformed the longer-maturity conventional Treasury securities included in the Merrill Lynch 1 – 10 Year U.S. Treasury Index. In fact, for this period, overnight investments also outperformed TIPS.
- During the third quarter of 2005, staff purchased new securities with a total par value of \$1.680 billion, a weighted average maturity (WAM) of 3.34 years, a weighted average modified duration of 3.05 years, and a weighted average yield to maturity (YTM) of 4.10 percent. At the end of the quarter, the effective duration of the BIF portfolio was 2.43 years.

SAIF

- During the first nine months of 2005, the book value of the SAIF investment portfolio increased by \$503 million or 4.20 percent—from \$11.962 billion on December 31, 2004, to \$12.465 billion on September 30, 2005.
- The SAIF investment portfolio's return for the first nine months of 2005 was 1.36 percent, approximately 41 basis points higher than the return of the benchmark, the Merrill Lynch 1 – 10 Year U.S. Treasury Index, which earned 0.95 percent during same period. As with BIF, the SAIF investment portfolio's strong performance relative to the benchmark can be attributed to the same two factors, the portfolio's TIPS and its relatively high amounts of overnight investments, both of which on a total return basis outperformed the longer-maturity conventional Treasury securities included in the Merrill Lynch 1 – 10 Year U.S. Treasury Index.

- During the third quarter of 2005, staff purchased new securities for the SAIF portfolio with a total par value of \$480.0 million, a WAM of 3.48 years, a weighted average modified duration of 3.17 years, and a weighted average YTM of 4.11 percent. At the end of the quarter, the effective duration of the SAIF portfolio was 2.54 years.

The Treasury Market

- Conventional Treasury yields increased dramatically across all maturity sectors during the third quarter of 2005. Three- and six-month Treasury bill yields were up 42 and 59 basis points, respectively, largely reflecting increases in the federal funds target rate. The two-year note yield, which is also sensitive to actual as well as anticipated changes in the federal funds rate, was up 54 basis points. Intermediate- to longer-maturity Treasury security yields also increased over the course of the third quarter, although yield movements were fairly volatile, reflecting a number of technical and fundamental factors. The five-year Treasury note's yield increased by 49 basis points, while the ten-year Treasury's yield was up 41 basis points. The Treasury yield curve continued to flatten during the third quarter, with the spread between two- and ten-year securities at just 15 basis points, lower than the 28 basis point spread at the end of second quarter of 2005, and substantially below its five-year average of 157 basis points.
- Interestingly, during the third quarter, real yields on shorter-maturity TIPS declined while real yields on intermediate-maturity TIPS increased only modestly, supporting the contention that much of the nominal yield increases on shorter-maturity conventional Treasury securities reflects expectations for higher inflation over the short-run, while longer-term inflation expectations remain relatively well contained. For instance, the real yield on the TIPS with just over two years to maturity declined by 27 basis points, while the nine-year TIPS real yield increased by 11 basis points.

Prospective Strategies

- The current investment strategies provide the flexibility to purchase a wide range of different Treasury securities with varying maturities, depending on Treasury market conditions and developments during the fourth quarter of 2005. During the fourth quarter, the BIF portfolio primary reserve target floor remains at \$8 billion; for the SAIF portfolio, the respective amount is \$2.5 billion.
- Similar to the third quarter investment strategies, if higher yields become available—either as a result of an upward shift in the yield curve or because of significant price volatility—the fourth quarter strategies provide the flexibility to purchase comparatively higher-yielding, longer-maturity Treasury securities.

III. Budget Results (See pages 12-13 for detailed data.)

Note: Significant spending variances for the nine months ending September 30, 2005, are defined as those that exceed the YTD budget by \$1 million and represent more than two percent of a budget category or the total budget for a division/office, or those that are under the YTD budget by more than \$2 million and represent more than four percent of a budget category or the total budget for a division/office.

Significant Spending Variances by Major Expense Category

Ongoing Operations

There were three Major Expense Categories in which a significant spending variance occurred through the third quarter in the Ongoing Operations component of the Corporate Operating Budget:

- Outside Services-Personnel expenditures were \$7 million, or seven percent, less than budgeted, primarily due to lower-than-anticipated general services required for the resolution and receivership program, delays in spending for new training courses that were planned for development, and reduced maintenance costs for the Central Data Repository due to a delay in the originally planned implementation date.
- Equipment expenditures were \$7 million, or 24 percent, less than budgeted, primarily due to a delay in the purchase of a mainframe processor and related software and telecommunications equipment.
- Outside Services-Other expenditures were \$2 million, or 22 percent, less than budgeted, primarily due to personal property insurance costs that will not be paid until later in the year. In addition, payments for telecommunications services are being delayed due to discrepancies found in billings.

Receivership Funding

There were three Major Expense Categories in which a significant spending variance occurred through the third quarter in the Receivership Funding component of the Corporate Operating Budget:

- Salaries expenditures were \$3 million, or nearly 100 percent, less than budgeted, because there was almost no overtime work performed due to the low resolution activity through the third quarter.
- Outside Services-Personnel expenditures were \$40 million, or 86 percent, less than budgeted, because there was less resolution activity than budgeted through the third quarter.
- Travel expenditures were \$3 million, or 82 percent, less than budgeted, because there was less resolution activity than budgeted through the third quarter.

Significant Spending Variances by Division/Office¹

There were six organizations that had a significant spending variance through the third quarter:

- The Division of Resolutions and Receiverships spent \$44 million, or 43 percent, less than budgeted. This was largely because expenses for resolution activities were substantially lower than budgeted for contractual services, travel, and overtime through the third quarter.
- The Legal Division spent \$11 million, or 15 percent, less than budgeted. This was primarily because outside counsel services were about \$10 million lower than budgeted through the third quarter in the Receivership Funding portion of the Legal Division's budget due to less-than-budgeted resolution and receivership management workload.
- The Division of Information Technology (DIT) spent \$9 million, or 7 percent, less than budgeted through the third quarter in its combined Corporate Operating (\$3.1 million or 3 percent under) and Investment (\$5.9 million or 38 percent under) Budgets. In the Corporate Operating Budget, DIT spent \$6.4 million less than budgeted in the equipment category, primarily due the delays in purchasing mainframe and IT communication items. This was largely offset by overspending in Outside Services – Personnel category due to the early startup of contract consolidation that was not funded in the current year. The Investment Budget spending variance was due to lower-than-estimated spending to date for the Infrastructure Modernization and New Financial Environment projects. A detailed quarterly report on the status of those projects is provided separately to the Board by the Capital Investment Review Committee.
- The Division of Administration spent \$8 million, or 5 percent, less than budgeted. The under spending variances were \$5.4 million, \$1.5 million, and \$1.5 million for the Ongoing Operations component, Receivership Funding component, and Investment projects, respectively. The spending variance in Ongoing Operations was primarily due to a delay in the payment of personal property insurance costs (they will be paid later in the year), planned contracted services that were delayed and are now expected to be incurred and paid in the fourth quarter, and field office build-outs that were completed at significantly lower than projected costs.
- The Division of Insurance and Research spent \$3 million, or 10 percent, less than budgeted. This was largely due to reduced maintenance costs for the Central Data Repository due to a delay in the originally planned implementation date.
- The Corporate University spent \$2 million, or 23 percent, less than budgeted. This was largely because of delays in spending for new training courses that were planned for development.

¹ Information on division/office variances reflects variances in both the Corporate Operating and Investment Budgets.

FDIC CFO REPORT TO THE BOARD – Third Quarter 2005

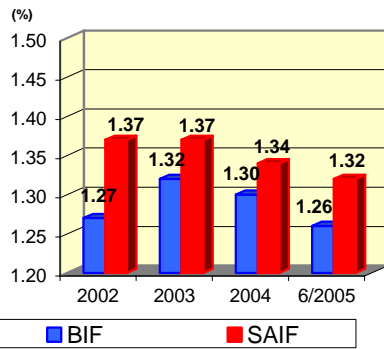
Fund Financial Results

(\$ in millions – All data is unaudited)

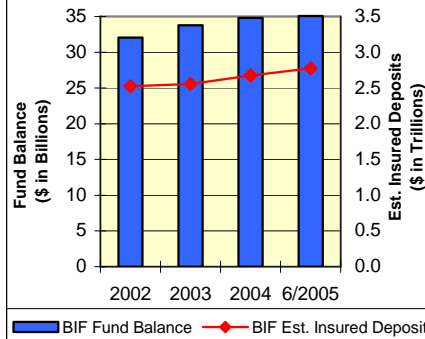
Balance Sheet

	BIF		SAIF	
	Sep-05	Dec-04	Sep-05	Dec-04
Cash & cash equivalents - unrestricted	\$ 1,286	\$ 1,822	\$ 332	\$ 644
Cash & other assets - restricted for SAIF member exit fees	na	na	338	328
Investment in US Treasury obligations, net:	33,243	32,108	12,302	11,556
Interest receivable on investments and other assets, net	587	602	206	201
Receivables from resolutions, net	287	375	233	347
Property, buildings and other capitalized assets, net	376	357	na	na
Total Assets	\$ 35,779	\$ 35,264	\$ 13,411	\$ 13,076
Accounts payable and other liabilities	240	269	33	26
Contingent Liabilities: future failures	4	8	1	2
Contingent Liabilities: litigation losses & other	201	200	0	0
SAIF member exit fees & investment proceeds held in escrow	na	na	338	328
Total Liabilities	\$ 445	\$ 477	\$ 372	\$ 356
FYI: Unrealized gain on available-for-sale securities	474	690	168	238
FUND BALANCE	\$ 35,334	\$ 34,787	\$ 13,039	\$ 12,720

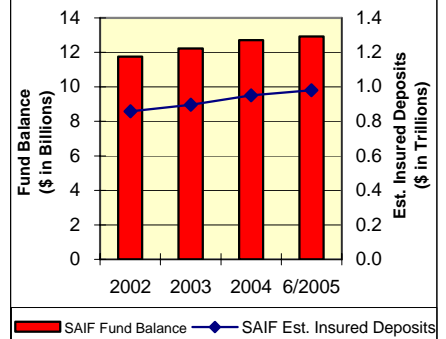
BIF and SAIF Reserve Ratio



BIF Fund Balance and Estimated Insured Deposits



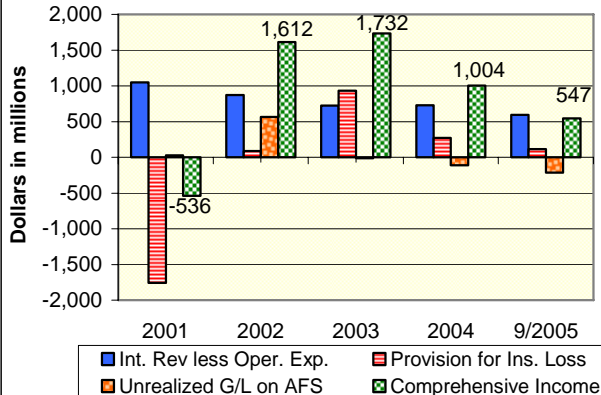
SAIF Fund Balance and Estimated Insured Deposits



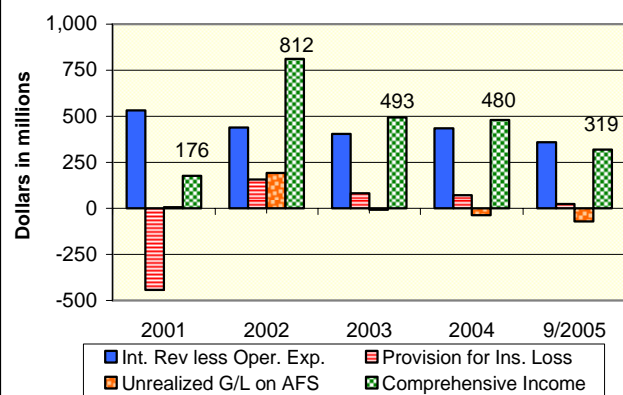
Income Statement

	BIF		SAIF	
	Sep-05	Sep-04	Sep-05	Sep-04
Assessments earned	\$ 42	\$ 67	\$ 6	\$ 7
Interest earned on investment securities	1,220	1,158	447	414
Other revenue	13	17	0	0
Total Revenue	\$ 1,275	\$ 1,242	\$ 453	\$ 421
Operating expenses (includes depreciation expense)	626	606	88	89
Provision for insurance losses	(117)	(145)	(24)	23
Other expenses	3	16	0	0
Total Expenses & Losses	\$ 512	\$ 477	\$ 64	\$ 112
Net Income	\$ 763	\$ 765	\$ 389	\$ 309
Unrealized (loss) on available-for-sale securities	(216)	(80)	(70)	(26)
YTD Comprehensive Income	\$ 547	\$ 685	\$ 319	\$ 283

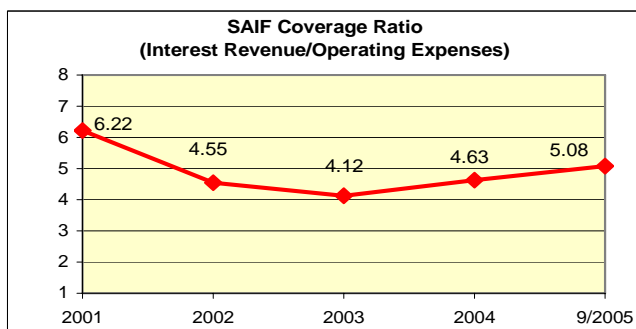
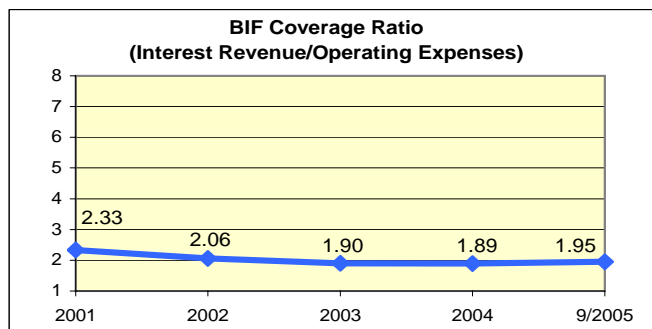
BIF Key Components Impact on Comprehensive Income



SAIF Key Components Impact on Comprehensive Income



Income Statement - (continued)

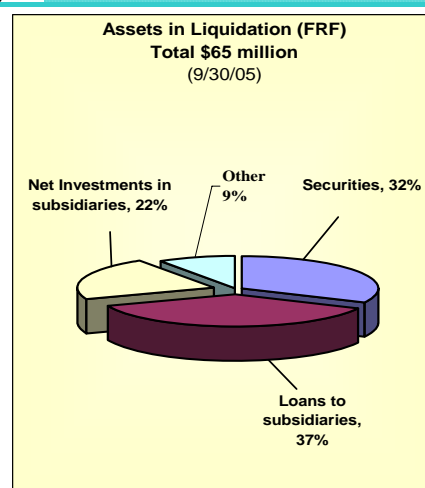
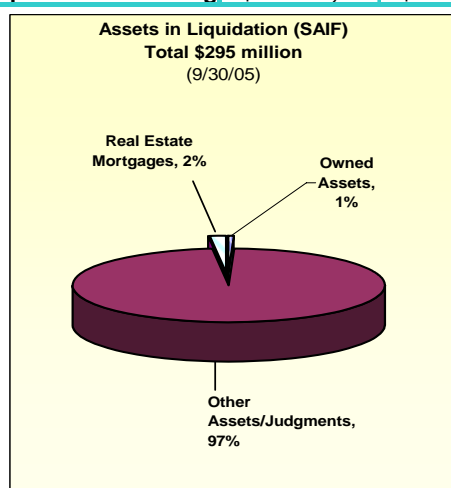
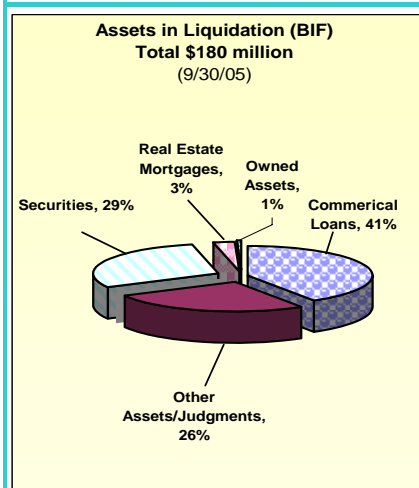


Statements of Cash Flows

	BIF		SAIF	
	Sep-05	Sep-04	Sep-05	Sep-04
Net Income	\$ 763	\$ 765	\$ 389	\$ 309
Amortization of U.S. Treasury obligations (unrestricted)	490	562	175	201
TIPS Inflation Adjustment	(139)	(136)	(47)	(46)
Depreciation on property and equipment	36	41	na	na
Provision for insurance losses	(117)	(133)	(24)	23
Terminations/adjustments of work-in-process accounts	0	0	na	na
Net change in operating assets and liabilities	177	157	153	(20)
Net Cash Provided by Operating Activities	\$ 1,210	\$ 1,256	\$ 646	\$ 467
Investments matured and sold	5,475	6,300	1,445	1,925
Investments purchased (includes purchase of property and equipment)	(7,221)	(8,517)	(2,445)	(2,847)
Net Cash (Used) by Investing Activities	\$ (1,746)	\$ (2,217)	\$ (1,000)	\$ (922)
Net Decrease in Cash and Cash Equivalents	(536)	(961)	(354)	(455)
Cash and Cash Equivalents at beginning of year	1,822	2,544	701	1,059
Unrestricted Cash and Cash Equivalents - Ending	na	na	\$ 331	\$ 480
Restricted Cash and Cash Equivalents - Ending	na	na	\$ 16	\$ 124
Cash and Cash Equivalents - Ending	\$ 1,286	\$ 1,583	\$ 347	\$ 604

FSLIC Resolution Fund (FRF) -

	Sep-05	Sep-04
Net (Loss)/Income	\$ (322)	\$ 138
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Provision for losses	(9)	(6)
Net change in operating assets and liabilities	54	(52)
Net Cash (Used) by Operating Activities	(277)	80
Investment in securitization-related assets acquired from receivership	0	81
Net Cash Provided by Investing Activities	0	81
Net Cash Provided by Financing Activities	419	0
Net Increase in Cash and Cash Equivalents	142	161
Cash and Cash Equivalents at beginning of year	3,501	3,279
Cash and Cash Equivalents - Ending	\$ 3,643	\$ 3,440



Corporate Investment Portfolio Summary

(Dollar Values in Millions)

	BIF			SAIF		
	9/30/05	12/31/04	Change	9/30/05	12/31/04	Change
Par Value	\$32,733	\$32,198	\$535	\$12,008	\$11,599	\$409
Book Value	\$34,057	\$33,231	\$826	\$12,465	\$11,962	\$503
Market Value	\$34,736	\$34,623	\$113	\$12,758	\$12,529	\$229
Primary Reserve ¹	\$11,591	\$12,872	(\$1,281)	\$3,530	\$3,827	(\$297)
Primary Reserve Target Floor	\$8,000	\$11,000	(\$3,000)	\$2,500	\$3,000	(\$500)
Primary Reserve % of Total Portfolio	32.8%	36.6%	(3.8%)	27.2%	30.1%	(2.9%)
Year-to-Date Total Return (Portfolio)	1.456%	2.831%	NA	1.359%	2.862%	NA
Year-to-Date Total Return (Benchmark) ²	0.951%	1.964%	NA	0.951%	1.964%	NA
Total Return Variance (in basis points)	51	87	NA	41	90	NA
Yield-to-Maturity ³	4.76%	4.66%	0.10%	4.85%	4.69%	0.16%
Weighted Average Maturity (in years)	3.11	2.98	0.13	3.20	3.22	(0.02)
Effective Duration (in years) ⁴						
Total Portfolio	2.43	2.30	0.13	2.54	2.53	0.01
Available-for-Sale Securities	1.89	2.09	(0.20)	2.04	2.27	(0.23)
Held-to-Maturity Securities	2.72	2.57	0.15	2.74	2.79	(0.05)

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

² The benchmark is the total return of the Merrill Lynch 1-10 Year U.S. Treasury Index.

³ The yield-to-maturity includes the potential yield of Treasury Inflation-Protected Securities (TIPS), which assume an average year-over-year increase in CPI of 2.2%.

⁴ For each TIPS, a 60% factor is applied to its real yield duration to arrive at an estimated effective duration.

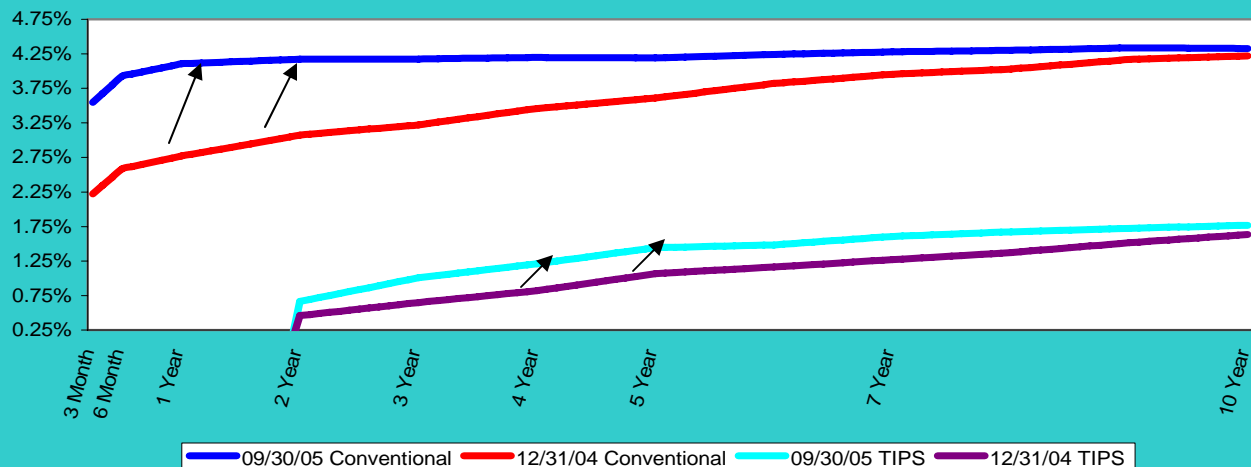
National Liquidation Fund (NLF) Investment Portfolio Summary

(Dollar Values in Millions)

	9/30/05	12/31/04	Change
Book Value ⁵	\$444	\$612	(\$168)
Yield-to-Maturity	3.85%	2.25%	1.60%
Weighted Average Maturity (in days)	15	41	(26)

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

U.S. Treasury Security Yield Curves



Approved Investment Strategy

BANK INSURANCE FUND

Current Strategy as of 3rd Quarter 2005

Maintain a \$150 million target floor overnight investment balance.

Strategically invest all available funds in excess of the target overnight investment balance, which may include purchasing conventional Treasury securities within the zero- to twelve-year maturity sector, purchasing Treasury Inflation-Protected Securities (TIPS) within the two- to ten-year maturity sector, and/or purchasing callable Treasury securities with final maturities not to exceed twelve years, subject to the following limitations:

- TIPS should not total more than \$6.5 billion (adjusted par value) by quarter end;
- Available-for-sale (AFS) securities should not total more than \$7.6 billion (par value) by quarter end; and
- All newly purchased AFS securities should have maturities of six years or less.

Moreover, staff will strive to maintain a \$8 billion target floor liquidity balance.

Strategy Changes for 4th Quarter 2005

AFS securities limit lowered from \$7.6 billion to \$7.2 billion.

SAVINGS ASSOCIATION INSURANCE FUND

Current Strategy as of 3rd Quarter 2005

Maintain a \$50 million target floor overnight investment balance.

Strategically invest all available funds in excess of the target overnight investment balance, which may include purchasing conventional Treasury securities within the zero- to twelve-year maturity sector, purchasing TIPS within the two- to ten-year maturity sector, and/or purchasing callable Treasury securities with final maturities not to exceed twelve years, subject to the following limitations:

- TIPS should not total more than \$2.4 billion (adjusted par value) by quarter end;
- AFS securities should not total more than \$2.3 billion (par value) by quarter end; and
- All newly purchased AFS securities should have maturities of six years or less.

Moreover, staff will strive to maintain a \$2.5 billion target floor liquidity balance.

Strategy Changes for 4th Quarter 2005

None

NATIONAL LIQUIDATION FUND

Current Strategy as of 3rd Quarter 2005

Maintain a \$30 million target floor overnight investment balance.

Strategically invest the remaining funds in the zero- to 12-month maturity sector.

Strategy Changes for 4th Quarter 2005

None

**Executive Summary of 2005 Budget and Expenditures
by Major Expense Category
Through September 30, 2005
(Dollars in Thousands)**

Major Expense Category	YTD Budget	YTD Expenditures	% of Budget Used	Variance
Corporate Operating Budget				
<i>Ongoing Operations</i>				
Salaries & Compensation	\$517,581	\$506,673	98%	(\$10,908)
Outside Services - Personnel	88,183	81,659	93%	(6,524)
Travel	33,091	32,427	98%	(664)
Buildings	58,269	57,636	99%	(633)
Equipment	29,773	22,760	76%	(7,013)
Outside Services - Other	10,272	8,041	78%	(2,231)
Other Expenses	7,272	6,381	88%	(891)
Total Ongoing Operations	\$744,441	\$715,577	96%	(\$28,864)
<i>Receivership Funding</i>				
Salaries & Compensation	\$2,565	\$9	0%	(\$2,556)
Outside Services - Personnel	46,762	6,661	14%	(40,101)
Travel	3,881	687	18%	(3,194)
Buildings	1,350	86	6%	(1,264)
Equipment	169	0	0%	(169)
Outside Services - Other	405	76	19%	(329)
Other Expenses	1,118	953	85%	(165)
Total Receivership Funding	\$56,250	\$8,472	15%	(\$47,778)
Total Corporate Operating Budget	\$800,691	\$724,049	90%	(\$76,642)
Investment Budget ¹	\$54,853	\$47,530	87%	(\$7,323)
Grand Total	\$855,544	\$771,579	90%	(\$83,965)

1) Budgets for investment projects are approved on a multi-year basis; the "Year-to-Date Budget" amount reflects the 2005 spending estimates for approved projects. Detailed quarterly reports on the status of those projects are provided separately to the Board by the Capital Investment Review Committee for all information technology projects and by DOA for the Virginia Square Phase II project.

**Executive Summary of 2005 Budget and Expenditures
by Budget Component and Division/Office
Through September 30, 2005
(Dollars in Thousands)**

Division/Office	YTD Budget	YTD Expenditures	% of Budget Used	Variance
<i>Corporate Operating Budget</i>				
Supervision & Consumer Protection	\$280,638	\$275,515	98%	(\$5,123)
Information Technology	122,018	118,957	97%	(3,061)
Administration	127,038	120,133	95%	(6,905)
Resolutions & Receiverships	100,807	56,730	56%	(44,077)
Legal	72,846	61,804	85%	(11,042)
Insurance & Research	26,400	23,490	89%	(2,910)
Finance	22,465	23,044	103%	579
Inspector General	21,650	20,554	95%	(1,096)
Corporate University	10,100	7,772	77%	(2,328)
Executive Support ¹	10,897	10,532	97%	(365)
Executive Offices ²	4,832	5,040	104%	208
Government Litigation	1,000	478	48%	(522)
Total, Corporate Operating Budget	\$800,691	\$724,049	90%	(\$76,642)
<i>Investment Budget</i> ³				
Supervision & Consumer Protection	\$116	\$17	15%	(\$99)
Information Technology	15,710	9,724	62%	(5,986)
Administration ⁴	34,965	33,454	96%	(1,511)
Resolutions & Receiverships	744	977	131%	233
Legal	55	0	0%	(55)
Insurance & Research	2,999	2,995	100%	(4)
Finance	264	363	138%	99
Total, Investment Budget ³	\$54,853	\$47,530	87%	(\$7,323)
<i>Combined Division/Office Budgets</i>				
Supervision & Consumer Protection	\$280,754	\$275,532	98%	(\$5,222)
Information Technology	137,728	128,681	93%	(9,047)
Administration ⁴	162,003	153,587	95%	(8,416)
Resolutions & Receiverships	101,551	57,707	57%	(43,844)
Legal	72,901	61,804	85%	(11,097)
Insurance & Research	29,399	26,485	90%	(2,914)
Finance	22,729	23,407	103%	678
Inspector General	21,650	20,554	95%	(1,096)
Corporate University	10,100	7,772	77%	(2,328)
Executive Support ¹	10,897	10,532	97%	(365)
Executive Offices ²	4,832	5,040	104%	208
Government Litigation	1,000	478	48%	(522)
Grand Total	\$855,544	\$771,579	90%	(\$83,965)

1) Executive Support includes the Offices of Diversity and Economic Opportunity, Public Affairs, Ombudsman, Legislative Affairs, and Enterprise Risk Management.

2) Executive Offices include the Chairman, Vice Chairman, Board of Directors, Chief Operating Officer, and Chief Financial Officer.

3) Budgets for investment projects are approved on a multi-year basis; the "Year-to-Date Budget" amount reflects the 2005 spending estimates for approved projects. Detailed quarterly reports on the status of those projects are provided separately to the Board by the Capital Investment Review Committee for all information technology projects and by DOA for the Virginia Square Phase II project.

4) The Virginia Square Phase II project, previously reported as a separate organization, is included in the totals of DOA.