Federal Financial Institutions Examination Council

ANNUAL REPORT
2021

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency
State Liaison Committee
Members of the Council
Members as of December 31, 2021

Todd M. Harper,
FFIEC Chairman,
Chairman, National Credit Union Administration

Michael J. Hsu,
FFIEC Vice Chairman,
Acting Comptroller of the Currency, Office of the Comptroller of the Currency

Rohit Chopra,
Director, Consumer Financial Protection Bureau

Thomas C. Fite,
Chairman,
State Liaison Committee, Director, Indiana Department of Financial Institutions

Jelena McWilliams,
Chairman, Federal Deposit Insurance Corporation

Vacant,
Governor, Board of Governors of the Federal Reserve System
Letter of Transmittal
March 24, 2022

The President of the Senate  
The Speaker of the House of Representatives


Respectfully,

Todd M. Harper  
Chairman

Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, State Liaison Committee
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ACSSS</td>
<td>American Council of State Savings Supervisors</td>
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<td>ALG</td>
<td>Agency Liaison Group</td>
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<td>AML</td>
<td>Anti-Money Laundering</td>
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<td>APR</td>
<td>Annual Percentage Rate</td>
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<tr>
<td>APRWIN</td>
<td>Annual Percentage Rate Calculation Program for Windows</td>
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<tr>
<td>APY</td>
<td>Annual Percentage Yield</td>
</tr>
<tr>
<td>APYWIN</td>
<td>Annual Percentage Yield Calculation Program for Windows</td>
</tr>
<tr>
<td>ASC</td>
<td>Appraisal Subcommittee</td>
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<td>BHC</td>
<td>Bank Holding Company</td>
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<tr>
<td>BSA</td>
<td>Bank Secrecy Act</td>
</tr>
<tr>
<td>Call Report</td>
<td>Consolidated Reports of Condition and Income</td>
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<tr>
<td>CARES Act</td>
<td>Coronavirus Aid, Relief, and Economic Security Act</td>
</tr>
<tr>
<td>CCIWG</td>
<td>Cybersecurity and Critical Infrastructure Working Group</td>
</tr>
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<td>CDR</td>
<td>Central Data Repository</td>
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<td>CECL</td>
<td>Current Expected Credit Losses</td>
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<td>CFPB</td>
<td>Consumer Financial Protection Bureau</td>
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<td>Council</td>
<td>Federal Financial Institutions Examination Council</td>
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<tr>
<td>COVID-19</td>
<td>Coronavirus Disease 2019</td>
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<td>CRA</td>
<td>Community Reinvestment Act</td>
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<td>CSBS</td>
<td>Conference of State Bank Supervisors</td>
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<td>Dodd-Frank Act</td>
<td>Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010</td>
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<td>EEO</td>
<td>Examiner Education Office</td>
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<td>EGRPRA</td>
<td>Economic Growth and Regulatory Paperwork Reduction Act of 1996</td>
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<td>EGRRCAPA</td>
<td>Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018</td>
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<td>FCA</td>
<td>Farm Credit Administration</td>
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<td>FDIC</td>
<td>Federal Deposit Insurance Corporation</td>
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<td>FFIEC</td>
<td>Federal Financial Institutions Examination Council</td>
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<td>FHC</td>
<td>Financial Holding Company</td>
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<td>FHFA</td>
<td>Federal Housing Finance Agency</td>
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<td>FinCEN</td>
<td>Financial Crimes Enforcement Network</td>
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<td>FIRIRCA</td>
<td>Financial Institutions Regulatory and Interest Rate Control Act of 1978</td>
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<td>FIRREA</td>
<td>Financial Institutions Reform, Recovery, and Enforcement Act of 1989</td>
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<td>FRB</td>
<td>Board of Governors of the Federal Reserve System</td>
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<td>FSOC</td>
<td>Financial Stability Oversight Council</td>
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<td>HMDA</td>
<td>Home Mortgage Disclosure Act of 1975</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>LAG</td>
<td>Legal Advisory Group</td>
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<td>LIBOR</td>
<td>London Interbank Offered Rate</td>
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<td>NASCUS</td>
<td>National Association of State Credit Union Supervisors</td>
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<td>NCUA</td>
<td>National Credit Union Administration</td>
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<td>OCC</td>
<td>Office of the Comptroller of the Currency</td>
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<td>PRA</td>
<td>Paperwork Reduction Act of 1995</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
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<td>SLC</td>
<td>State Liaison Committee</td>
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<td>Savings and Loan Holding Company</td>
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<td>Task Force on Supervision</td>
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<td>Task Force on Surveillance Systems</td>
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<td>UBPR</td>
<td>Uniform Bank Performance Report</td>
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Message from the FFIEC Chairman
I am honored to represent the National Credit Union Administration on and currently lead the Federal Financial Institutions Examination Council. So, on behalf of the Council, I am pleased to present our 2021 FFIEC Annual Report, which reviews the Council’s activities and those of its task forces and its working groups.

Throughout the last year, the Council’s member agencies continued to collaboratively address common issues affecting our regulated entities and the consumers they serve. Even before becoming the Council’s Chair in April 2021, my regulatory philosophy has been that effective financial institutions’ regulators need to be:

• fair and forward-looking;
• innovative, inclusive, and independent;
• risk-focused and ready to act expeditiously when problems are identified at financial institutions; and
• engaged appropriately with all stakeholders to develop effective regulation and efficient supervision.

This regulatory philosophy aligns with the work of the Council in promoting uniformity in the regulation, reporting, and supervision of financial institutions.

During 2021, the Council continued its work related to ensuring a smooth transition away from the LIBOR, strengthening the financial sector’s cybersecurity infrastructure, and supporting examiner education. Additionally, we prioritized two other matters. First, we renewed our focus on appraisal system regulatory governance, infrastructure, equity, and quality. Second, we broadly examined economic equity and justice within the banking system.

In its second year, the COVID-19 pandemic continued to inform our discussions and virtual examination processes. And, the Council notably maintained its focus on the supervisory areas of cybersecurity and updated chapters in the Council’s examination manual on the Bank Secrecy Act and anti-money laundering. We also introduced new communications tools and began work to modernize the Council’s website.

Cybersecurity

With respect to cybersecurity, the Council continued coordinating on supervisory matters and emerging technology issues. A new examination booklet expanded industry guidance to assess the risk profile and adequacy of an entity’s information technology architecture, infrastructure, and operations. Additionally, new guidance on authentication and access to financial institution services and systems provided financial institutions with examples of effective authentication and access risk-management principles and practices for customers, employees, and third parties accessing digital banking services and information systems.

Bank Secrecy Act/Anti-Money Laundering

The Council also undertook several updates to its Bank Secrecy Act/Anti Money Laundering Examination Manual resulting from the Anti-Money Laundering Act of 2020. In close collaboration with the U.S. Department of the Treasury’s Financial Crimes Enforcement Network, the Council added new and revised manual content addressing the customer identification program, currency transaction reporting, and independent automated teller machine operators, among other topics. The updates furthered transparency into the examination process and supported risk-focused examination
work. The revisions also clarified the distinction between mandatory regulatory requirements and considerations outlined in guidance or supervisory expectations.

**Pandemic Response**

The COVID-19 pandemic’s continuing economic fallout heightened the Council’s attention on matters of safety and soundness, capital, and liquidity, as well as consumer financial protection. With the potential for increased financial stress in households, financial institutions of all sizes should expect increased credit risks and greater defaults going forward.

Financial institutions should additionally continue working with customers experiencing financial difficulties. For borrowers facing financial hardship, a prudently underwritten and appropriately managed loan modification, consistent with consumer financial protection laws and safe-and-sound lending practices, is often a win for the borrower, a win for the financial institution, and a win for communities and our economy.

The Council’s federal member agencies largely continued operating remotely during 2021, and the Council successfully delivered all examiner education training virtually. The Council also sponsored two industry outreach events, including a webinar on ransomware in the financial sector. This session highlighted current ransomware trends and best practices in cyber preparedness and operational resilience.

Moreover, the Council and its task forces regularly discussed the pandemic and shared its related effects on the supervision of financial institutions. We also informally considered priorities for returning to on-site examinations, such as the need to review internal controls.

**Economic Equity and Justice**

The COVID-19 pandemic has exacerbated the inequities present in communities of color and in rural and underserved communities. That is why one of my goals in leading the Council is to advance access to safe, affordable, and equitable financial services for all communities. Accordingly, economic equity and justice is one of the Council’s current priorities.

In that regard, the Council is assessing its education programs related to this issue. The Council has also evaluated the supervisory standards used to evaluate the performance of minority depository institutions and other banking entities focused on serving low-income communities. Additionally, we continued to explore ways to strengthen examination programs related to fair lending and consumer financial protection.

Ultimately, we must ensure that all consumers have comparable levels of protection and fair and equal access to safe, fair, and affordable products and services, regardless of their financial provider of choice.

**Conclusion**

Looking forward to 2022, the Council will continue to focus on long-standing projects and priorities like LIBOR, cybersecurity, and examiner education. We will also continue to review appraisal regulatory structure issues and oversight, including rooting out bias. We additionally will continue to address matters of economic equity and justice within the financial system. And, we will make progress on modernizing the Council’s website.

In sum, I would like to thank my fellow principals, the Council’s dedicated staff, and the many staff of the Council’s member agencies serving on numerous task forces and working groups. Your significant knowledge and collective experiences contribute significantly to the success of the Council. I look forward to continued collaborations with all the member agencies and state regulators to address the Council’s ongoing priorities.
Overview of Council Operations
The Federal Financial Institutions Examination Council (FFIEC or Council) was established on March 10, 1979, pursuant to title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRIRCA), Public Law 95-630. The purpose of title X, cited as the Federal Financial Institutions Examination Council Act of 1978, was to create a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the constituent agencies, and to make recommendations to promote uniformity in the supervision of financial institutions. The Council is responsible for developing uniform reporting systems for federally supervised financial institutions, their holding companies, and the nonfinancial institution subsidiaries of those institutions and holding companies. It conducts schools for examiners employed by the five federal member agencies represented on the Council and makes those schools available to employees of state agencies that supervise financial institutions.

To encourage the application of uniform examination principles and standards by the state and federal supervisory authorities, the Council established, in accordance with the requirement of FIRIRCA, the State Liaison Committee (SLC).

Membership, Organization, and Administration of the Council

Members of the Council

By statute, the Council has six voting members. The most recent revision to the membership occurred in 2010 through a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Thus, since 2011 the Council Members are

- a member of the Board of Governors of the Federal Reserve System (FRB), appointed by the Chair of the Board;
- the Chairman of the Federal Deposit Insurance Corporation (FDIC);
- the Chairman of the National Credit Union Administration (NCUA);
- the Comptroller of the Currency of the Office of the Comptroller of the Currency (OCC);
- the Director of the Consumer Financial Protection Bureau (CFPB); and
- the Chairman of the State Liaison Committee (SLC).

Interagency Task Forces and Liaisons

Six staff task forces effectively administer the full spectrum of projects in the Council’s functional areas, including but not limited to researching future enhancements for reporting, examiner training products, and examiner guidance. The task forces are each composed of six senior officials, one drawn from each of the five federal member agencies and one drawn from the SLC. Each is tasked with one of the following subject matters

- consumer compliance
- examiner education
- information sharing
- reports
- supervision
- surveillance systems

The Council also has a Legal Advisory Group (LAG), composed of the general or chief counsel from each of the member entities, to provide advice and other support on legal matters of interest to the Council. The task forces and the LAG provide research and develop analytical papers and proposals on the issues that the Council addresses. In addition, the Council has an Agency Liaison Group (ALG), composed of senior officials responsible for coordinating the FFIEC work of their respective members’ staff.

Administration of the Council

The Chairmanship of the Council rotates among the federal members for two-year terms in the following order: OCC, FRB, FDIC, CFPB, and NCUA. The Council holds regular meetings at least twice a year. Other Council meetings may be convened whenever called by the Chairman or four or more Council members. Most of the Council’s funds are derived from assessments on its five federal member agencies. Additionally, it receives tuition fees from non-FFIEC member agency attendees to cover some of the costs associated with its examiner education program. The Council also receives
funding from the U.S. Department of Housing and Urban Development for collecting, processing, and reporting data under the Home Mortgage Disclosure Act of 1975 (HMDA).

The FRB provides administrative, budget, and accounting services to the Council. The Council is supported by a small, full-time administrative staff in its operations office and in its examiner education program, which are located at the FDIC’s L. William Seidman Center in Arlington, Virginia. Each Council staff is detailed (some permanently) from one of the five federal member agencies represented on the Council.

A Brief Statutory History of the Council

The Financial Institutions Regulatory and Interest Rate Control Act of 1978

Upon passage of FIRIRCA, the constituent agencies each designated personnel to study title X, analyze the agencies’ responsibilities, and prepare recommendations for performing the required duties. The heads of the constituent agencies, acting through the Interagency Coordinating Committee, then established a task force composed of representatives from each agency to develop the necessary mechanism to establish the Council. The task force prepared option papers and legal opinions for the Council on organization structure, rules of operation, funding, priorities, and other necessary matters pertinent to the establishment of a functioning Council. The Council organized and held its first meeting on March 16, 1979. At the first meeting of the Council, the organizations were represented by John G. Heimann, Comptroller of the Currency; Irvine H. Sprague, Chairman of the FDIC; J. Charles Partee, Governor of the FRB; Robert H. McKinney, Chairman of the Federal Home Loan Bank Board (Bank Board); and Lawrence Connell, Administrator of the NCUA.

The Housing and Community Development Act of 1980

The Council was given additional statutory responsibilities by section 340 of the Housing and Community Development Act of 1980, Public Law 96-399. Among these responsibilities are the implementation of a system to facilitate public access to data that depository institutions must disclose under the HMDA and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989

In 1989, the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) abolished the Bank Board and established the Office of Thrift Supervision (OTS). Accordingly, the Director of the OTS assumed the Council seat previously held by the Bank Board representative.

Title XI of FIRREA established the Appraisal Subcommittee (ASC) within the Council. The ASC’s mission statement is “to provide federal oversight of State appraiser regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.” The ASC Board consists of seven individuals appointed by the heads of the five federal regulatory agencies represented on the Council and the Federal Housing Finance Agency and the U.S. Department of Housing and Urban Development. The ASC is largely autonomous and performs its duties independently of the direct supervision and oversight of the Council. The Council’s responsibilities with respect to the ASC include (1) selection of the chairman of the ASC, (2) approval of any adjustment of the amount of the ASC’s annual registry fee for appraisers that exceeds the statutorily defined amount, (3) approval of any determination by the ASC to waive any certification or licensing requirement based on a scarcity of appraisers in connection with federally related transactions within a state, and (4) approval of any proposal by the ASC to grant extensions to states to comply with new regulations governing establishment of appraisal management company registration and supervision systems.

The Economic Growth and Regulatory Paperwork Reduction Act of 1996

The Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) requires that not less frequently than once every 10 years, the Council and each appropriate federal banking agency
represented on the Council (the OCC, FDIC, and FRB) shall conduct a review of all regulations prescribed by the Council or by any such appropriate federal banking agency, respectively, in order to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions.

Additional responsibility was given to the Council by the EGRPRA to submit reports to Congress on the regulatory reviews that the appropriate federal banking agencies conduct in accordance with EGRPRA. Although not required, the NCUA elects to participate in the decennial review process. The CFPB is required to complete a review of each significant rule five years after it takes effect, in a process separate from EGRPRA.

**The Financial Services Regulatory Relief Act of 2006**

Congress passed the Financial Services Regulatory Relief Act of 2006 that provided for the election of a Chairman for the SLC from among the five SLC members and for the addition of the SLC Chairman as a voting member of the Council in October 2006.

**The Secure and Fair Enforcement for Mortgage Licensing Act of 2008**

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008, enacted as title V of the Housing and Economic Recovery Act of 2008, established the responsibility for the federal banking agencies, through the Council and in conjunction with the Farm Credit Administration, to develop and maintain a system for registering employees of depository institutions and certain of their subsidiaries’ loan originators with the Nationwide Mortgage Licensing System and Registry. On July 21, 2011, pursuant to the Dodd-Frank Act, the authority for rulemaking and the development and maintenance of the licensing system generally was transferred to the CFPB.

**The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010**

In 2010, Congress enacted the Dodd-Frank Act, providing for the addition of the Director of the CFPB as a voting member of the Council, effective July 2011. The Director of the former OTS was removed from the Council, and the agency’s functions were transferred to the OCC, FRB, FDIC, and CFPB.
Record of Council Activities
This section provides a chronological record of the official actions taken by the FFIEC during 2021, pursuant to the FIRIRCA, as amended, and the HMDA, as amended.

**January 28, 2021**

*Action.* Approved the issuance of the Council’s annual interagency awards.

*Explanation.* The Council has a non-monetary interagency awards program that recognizes staff of the FFIEC members who have provided outstanding service to the Council on interagency projects and programs during the previous year.

**January 28, 2021**

*Action.* Approved the Central Data Repository (CDR) Steering Committee’s Task Order #14.

*Explanation.* The Council is required to approve task orders that exceed a specific dollar amount. Task Order #14 provides funding for CDR enhancements to improve processing and publication of Consolidated Reports of Condition and Income (Call Report) and Uniform Bank Performance Report (UBPR) data.

**January 28, 2021**

*Action.* Approved re-appointment of SLC member, Thomas C. Fite, Director, Indiana Department of Financial Institutions.

*Explanation.* The Council appoints two of the SLC members. The remaining three members are designated by the Conference of State Bank Supervisors (CSBS), the American Council of State Savings Supervisors (ACSSS), and the National Association of State Credit Union Supervisors (NASCUS). Mr. Fite’s first full term on the SLC concluded on April 30, 2021. The Council approved a second full two-year term from May 1, 2021, through April 30, 2023.

**March 4, 2021**

*Action.* Approved the appointment of six task force chairs.

*Explanation.* The chairs for all six standing task forces are approved annually and are drawn from management and staff of the FFIEC members. Their terms run April 1, 2021, through March 31, 2022.

**March 4, 2021**

*Action.* Approved the Council’s 2020 annual report to Congress.

*Explanation.* The legislation establishing the Council requires that, not later than April 1 of each year, the Council publish an annual report covering its activities during the preceding year.

**March 31, 2021**

*Action.* Approved the revised FFIEC Rules of Operation, Section 3.14 Transaction of Business by Circulation of Written Items (Notational Voting).

*Explanation.* Council approval was sought to amend this provision to clarify the language to continue to allow for abstentions while diminishing the legal ambiguity as to the effect of abstentions.

**September 20, 2021**

*Action.* Approved the CDR Contract Extension.

*Explanation.* Council approval was sought to extend the period of performance for the existing CDR contract by 24 months from July 16, 2022, to July 15, 2024. The extension recommendation was unanimously approved by the CDR Steering Committee and requested through the Task Force on Reports.

**November 3, 2021**

*Action.* Approved the replacement of the Chairman for the Task Force on Surveillance Systems (TFSS).

*Explanation.* The Council approves changes to the task force chairs should the need arise at any time during the term.

**December 3, 2021**

*Action.* Approved the 2022 Council budget.

*Explanation.* The Council is required to approve the annual budget that funds the Council’s staff, programs, and activities.
State Liaison Committee
The SLC consists of five representatives from state regulatory agencies that supervise financial institutions. The representatives are appointed for two-year terms. An SLC member’s two-year term may be extended by the appointing organization for an additional, consecutive two-year term. The Council elects two of the five members of the SLC. The ACSSS, the CSBS, and the NASCUS each designate a member. The members of the SLC serve as an important conduit to their state colleagues and represent state supervisory interests before the Council. Each year, the SLC elects one of its members to serve as chairman for 12 months, commencing May 1.

The five members serving on the SLC in 2021 were

- Thomas C. Fite  
  *SLC Chairman*  
  Director, Indiana Department of Financial Institutions

- Kevin Allard  
  *Superintendent, Ohio Division of Financial Institutions*

- Melanie Hall  
  *Commissioner, Montana Division of Banking and Financial Institutions*

- Susannah Marshall  
  *Commissioner, Arkansas State Bank Department*

- Steve Pleger  
  *Senior Deputy Commissioner, Georgia Department of Banking and Finance*

The SLC is represented on the Council’s task forces and working groups by state supervisors from around the country. The CSBS provides staff support to the SLC representatives and serves as the primary liaison to the FFIEC staff for all administrative matters.

In connection with its role on the Council, the SLC meets before each Council meeting to discuss the agenda, task force projects, and topics of interest that may come before the Council. The SLC met virtually throughout 2021. Representatives from the FFIEC Executive Secretary’s office participated in these informal briefings. Such meetings allow the SLC members to bring a focused and impactful dialogue to the Council meetings, reflecting the diverse views from regulators nationwide.

State regulators, represented by the SLC, charter approximately 3,930 banks with $8 trillion assets under supervision and approximately 1,993 credit unions with $1 trillion assets under supervision. In addition to commercial banks and credit unions, state regulators supervise other depository and nondepository institutions, including savings banks, savings and loan institutions, bankers’ banks, credit card banks, industrial loan companies, foreign banking organizations, mortgage companies, mortgage servicers, money service businesses, nondepository trust companies, debt collectors, consumer finance companies, credit reporting agencies, and other nondepository entities.
Activities of the Interagency Staff Task Forces
The Task Force on Consumer Compliance (TFCC) promotes policy coordination, a common supervisory approach, and uniform enforcement of consumer protection laws and regulations. The TFCC identifies and analyzes emerging consumer compliance issues and develops proposed policies and procedures to foster consistency among the FFIEC members. The TFCC also reviews legislation, regulations, and policies at the state and federal level that may have a bearing on the consumer compliance supervision responsibilities of the FFIEC members.

The TFCC meets monthly to address and resolve common issues in consumer compliance supervision. The TFCC has three standing subcommittees:

- Home Mortgage Disclosure Act (HMDA) and Community Reinvestment Act (CRA) Data Collection Subcommittee,
- CRA Subcommittee,
- Census and Geocoder Subcommittee.

The HMDA/CRA Data Collection Subcommittee oversees FFIEC projects and programs involving HMDA and CRA data collection and dissemination. This work includes interfacing with the vendor agencies—CFPB for HMDA data and FRB for CRA data—to ensure the efficient collection, processing, and publication of data and the provision of associated data products, tools, and guidance. The TFCC provides direction to the HMDA/CRA Data Collection Subcommittee for the development and implementation of any related HMDA/CRA processing projects.

The CRA Subcommittee is intended to serve the TFCC as the staff vehicle for drafting CRA examination procedures and coordinating any FFIEC training efforts.

The TFCC established the Census and Geocoder Subcommittee in 2021 to oversee operation and maintenance of the FFIEC-provided census and geocoder products.

In addition to these subcommittees, the TFCC has developed, and makes available, via its webpage, certain tools to access census information, geocode addresses, and calculate annual percentage rates (APR), Military Annual Percentage Rates (MAPR), and annual percentage yields (APY).

2021 Initiatives

HMDA/CRA Data Collection Subcommittee

The HMDA/CRA Data Collection Subcommittee achievements in 2021 include the successful annual collection and publication of 2020 HMDA data, as well as ongoing collection of 2021 quarterly data.

In June 2021, the TFCC approved a press release announcing the availability of 2020 HMDA data, including the National Loan-Level Dataset Snapshot, the Dynamic National Loan-Level Dataset, the Aggregate and Disclosure Reports, and custom datasets and summary tables from the Data Browser.

In March 2021, some members of the Subcommittee participated in the HMDA Tech Sprint. This collaborative, transparent event brought together a variety of stakeholders for the purpose of using advanced technology to develop solutions for challenging issues faced by the member agencies and the people they serve. The HMDA Tech Sprint highlighted the shared program and technology to a wide group of collaborators and promoted innovative use of the HMDA data and platform.

Additionally, the HMDA Operations team reported a number of technical improvements to the platform that resulted in a budget savings for 2021 and 2022. HMDA Operations also provided ongoing support to agencies through reports, data investigations, and analysis.

A Guide to HMDA Reporting: Getting it Right!

On March 29, 2021, the FFIEC released the 2021 version of A Guide to HMDA Reporting: Getting It Right!
Examination Procedures
In October 2021, the TFCC approved the revised interagency Regulation Z examination procedures. The TFCC updated the Truth in Lending Act (TILA) examination procedures to revise qualified mortgage-related examination procedures to align with recent rule changes.

FFIEC Federal Computational Tools
In 2018, the TFCC and the FFIEC approved a plan for the FFIEC to fund and develop new calculation tools to replace the APY for Windows (known as APYWIN), and the APR for Windows (known as APRWIN), which consumer compliance examiners and industry stakeholders use to calculate APY or APR in support of compliance with certain consumer protection rules.

In 2019, staff from each of the FFIEC members worked with technology staff from the FRB to build in-house interagency, web-based solutions to support calculation of APR, APY, and MAPR disclosures.

On April 16, 2020, the FFIEC, on behalf of its members, released the Federal Disclosure Computational Tools, including the APR Computational Tool and the APY Computational Tool.

In March of 2021, the FFIEC members reviewed, prioritized, and recommended potential enhancements to the Federal Disclosure Computational Tools. The TFCC agreed to implement several of the recommended enhancements. The FRB will be analyzing, designing, developing, testing, and implementing these enhancements in 2022.

FFIEC Consumer Compliance Conference
In 2021, the TFCC continued to collaborate with the Task Force on Examiner Education (TFEE) and the FFIEC Examiner Education Office (EEO) to develop, plan, and deliver the Consumer Compliance Conference. The conference covered supervisory updates and emerging issues in consumer compliance for experienced examiners.

The FFIEC has offered this conference annually since 2013. In 2021, the conference was held virtually, which allowed more people to attend. The two most well attended sessions included the topics of emerging risks and supervisory themes for artificial intelligence and machine learning, and unfair or deceptive acts or practices (UDAP)/unfair, deceptive, or abusive acts or practices (UDAAP). Attendance reached nearly 300 at each of these two sessions.
Task Force on Examiner Education

The TFEE oversees the FFIEC’s examiner education program on behalf of the Council. The TFEE promotes interagency education through timely, cost-efficient, state-of-the-art training programs for federal and state examiners and member agency staff. The TFEE develops programs on its own initiative and in response to requests from the Council, Council task forces, and suggestions brought forth by the EEO staff. The EEO also maintains development groups that have been established to provide ongoing content guidance for classes and conferences. Development group members consist of FFIEC member subject matter experts designated by their TFEE members. Development group members help the EEO ensure the course content is relevant, current, and meets the agencies’ examiner training needs.

Each fall, EEO staff establishes a training schedule based on demand from the FFIEC members and state financial institution regulators, which is then approved by the TFEE. The EEO staff schedules, delivers, and evaluates training programs throughout the year.

2021 Initiatives
The TFEE continues to ensure that the FFIEC’s examiner education programs meet the needs of agency personnel, are cost-effective, and are widely available. The TFEE meets monthly with the EEO staff to discuss emerging topics, review feedback from each course and conference, and develop a framework for future courses and conferences. The solid partnership between the TFEE members and the EEO staff promotes open and regular communication that continues to result in high-quality, well-received training.

2021 New Curriculum Offerings
The FFIEC offered the inaugural Financial Institution Accounting Specialists Conference in 2021. The event, previously hosted by one of the FFIEC member agencies and delivered on an interagency basis, identifies and discusses emerging accounting and auditing issues and describes the current accounting treatment for various transactions. The EEO is pleased to add this annual conference to the Examiner Education curriculum.

The EEO staff also developed and piloted the Model Lab for Asset Liability Management (Model Lab). The Model Lab is an advanced course focusing on proper development and use of asset liability management models, controls, and key assumptions. Participants are provided with the opportunity to develop hands-on experience with an actual model to demonstrate and practice concepts. Topics include prepayments, deposits, stochastic simulation, valuation, assumptions, as well as model mechanics. In addition, an industry expert discusses modeling and current conditions that can have an effect on assumptions and outputs. Although designed for in-person delivery, the Model Lab pilot and two subsequent classes were delivered virtually in 2021.

Impact of COVID-19 Pandemic on Examiner Education
The TFEE continued to offer training and education programs despite ongoing restrictions on travel and the ability to conduct in-person events as a result of the COVID-19 pandemic. In 2021, the TFEE successfully delivered all examiner education programming virtually. The programming included 45 sessions of 11 course programs; 116 FFIEC Examiner Exchange Program events for all 13 scheduled conferences, 4 Quarterly Series, and 1 standalone event offering. Additionally, two FFIEC Industry Outreach Program events and three self-study courses were delivered virtually.

Alternative Delivery
The FFIEC built on pre-pandemic efforts to explore and expand alternative delivery methods for examiner education programming in an effort to provide more opportunities for examiners to participate remotely.
Virtual Delivery - Courses
In 2021, EEO staff successfully delivered 45 sessions of 11 course programs virtually. (See figure 1 on page 16.)


In 2020, the FFIEC converted two existing in-person courses to virtual delivery. Following successful pilots of the revised delivery method for these programs in 2020, all sessions of (1) Advanced Commercial Credit Analysis and (2) Structured Finance: Investment Analysis & Risk Management were delivered virtually in 2021.

Finally, while not considered an open-enrollment course offering, the Information Technology (IT) Symposium, hosted by the EEO, was delivered virtually in 2021 in collaboration with the Task Force on Supervision’s (TFOS) IT Subcommittee. The symposium is conducted on an as-needed basis and provides a forum for senior IT examiners to discuss significant, current, or emerging issues related to IT, with consult from external subject matter experts, and to develop recommendations for institutions, service providers, and/or examiners to address identified issues.

Virtual Delivery – FFIEC Examiner Exchange Program
In 2021, the EEO successfully delivered 116 FFIEC Examiner Exchange training events for all 12 regularly scheduled conferences, 1 new conference, 4 Quarterly Series, and 1 standalone event covering the newly released Architecture, Infrastructure, and Operations booklet (AIO booklet). (See figure 2 on page 17.)
Virtual Delivery – FFIEC Industry Outreach Program

Two events were delivered via the FFIEC Industry Outreach Program. These events are generally limited to entities regulated by FFIEC member agencies and state regulators represented by the SLC, and may be offered to the public. The topics of the two FFIEC Industry Outreach events held in 2021 were (1) an overview of the new AIO booklet and (2) the new FFIEC Authentication Guidance. (See figure 3 on page 18.)

Self-Study Programs

Currently, the EEO offers three self-study courses. The Basic International Banking Self-Study course is available to both the public and the FFIEC member staff. The Fraud Identification Training Self-Study course and the Real Estate Appraisal Review Self-Study course are both available to examiners and bankers through collaboration with the CSBS. A total of 61 attendees participated in these self-study courses. (See figure 4 on page 18.)
Cybersecurity

Cybersecurity is a standing topic covered in several training programs for many years. In 2021, efforts were taken to ensure that the IT Conference, the Asset & Wealth Management Forum, Financial Crimes Seminar, and the Supervisory Updates & Emerging Issues for Community Financial Institutions programs included either FFIEC member subject matter experts or industry experts on cybersecurity as speakers. This effort is made to ensure that attendees remain informed of the latest developments in this rapidly changing area.

Annual Specialists Conferences

In addition to the classes and conferences designed to meet the needs of generalist commissioned examiners, the Examiner Education curriculum also includes several annual specialists conferences designed to address important emerging topics and regulatory updates. These conferences provide FFIEC member subject matter experts with access to knowledgeable and informative speakers, including FFIEC member senior-level officials, policymakers, and industry experts.

Educational InfoBases

The TFEE implements and annually approves the maintenance of two InfoBases: (1) the Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) InfoBase and (2) the IT Examination Handbook InfoBase. These two InfoBases are online products that centralize and facilitate prompt access to examination procedures, agency resources, and reference materials on topics of interest to both financial institution regulators and the industry. The electronic delivery medium enables the content to be readily updated as needed in coordination with TFOS working groups and subcommittees.

The BSA/AML InfoBase contains the BSA/AML Examination Manual, agency resources, regulations and guidance, a glossary, and reference materials. The InfoBase content is updated on an as-needed basis. The BSA/AML InfoBase can be found at https://bsaaml.ffiec.gov/.

The IT Examination Handbook InfoBase contains the current set of IT booklets, IT work programs, laws, regulations and guidance, a glossary, and reference materials. The InfoBase content is updated on an as-needed basis. The IT Examination Handbook InfoBase can be found at https://ithandbook.ffiec.gov/.

Continuing Education Credits

Several FFIEC courses are assessed and approved annually for continuing education credits, evidencing the high-quality content of the Examiner Education programming. Accreditation of Examiner Education training events provides examiners the opportunity to maintain their certifications, as they would by attending industry-sponsored training, while still being able to hear from subject matter experts.
experts on topics of interest to examiners. Through a collaborative relationship with the FDIC, the program sponsor, a number of classes and conferences are reviewed and approved for Continuing Professional Education credits, which are required for those examiners who are Certified Public Accountants. Other Examiner Education accreditations are also available to examiners with industry-recognized designations, such as Certified AML Specialist, Certified Fraud Examiner, Certified Regulatory Compliance Manager, Certified Trust and Financial Advisor, and Chartered Financial Analyst. Examiner Education classes enable examiners to better perform their examination duties as well as meet their greater professional development needs.

Facilities
The FFIEC rents office space and classrooms at the FDIC’s L. William Seidman Center in Arlington, Virginia. This facility offers convenient access to two auditoriums, numerous classrooms, and lodging facilities for examiners. Regional sessions are provided on an as-needed basis as requested.

Course Catalogue and Schedule and Contact Information
The course catalogue and schedule, as well as contact information, are available online at https://www.ffiec.gov/exam/default.htm.
Task Force on Information Sharing

The Task Force on Information Sharing (TFIS) promotes and facilitates the sharing (collection, exchange, and access) of electronic information among the FFIEC members in support of the supervision, regulation, and deposit insurance responsibilities of financial institution regulators. The TFIS provides a forum for FFIEC members to discuss and address issues affecting the quality, consistency, efficiency, and security of interagency information sharing. Provided all TFIS members agree, the Council has delegated to the TFIS the authority to facilitate among the FFIEC members the sharing of electronic information to supervise, regulate, or insure depository institutions.

To the extent possible, the members build on each other’s information databases to minimize duplication of effort and promote consistency. In accordance with each member’s policy, the members participate in a program to share electronic versions of their examination and inspection reports, and other communications with financial institutions.

The members also provide each other with access to their regulated entities’ structure, financial data, and supervisory information. The TFIS maintains the “Data Exchange Summary,” which lists the data files exchanged among the FFIEC members critical to information sharing.

The TFIS has working groups to address data sharing and interagency reconciliation of financial institution structure data. In addition, the TFIS receives demonstrations and reports on agency, financial industry, and other Council initiatives pertaining to technology development (including the production and development status of the interagency CDR).

2021 Initiatives

Interconnection Security Agreement (ISA)

The ISA documents the development, management, operation, and security of the five-way interconnection using the Connect:Direct facility for the exchange of financial, supervisory, and structure data by and between the FFIEC member agencies. The ISA is maintained by the TFIS. The ISA, dated June 5, 2020, is effective for a period of three years.

Data Sharing

The TFIS’s Technology Working Group (TWG) meets monthly to develop technological solutions that enhance data sharing and to coordinate the automated transfer of data files between the FFIEC members. The group tracks weekly developments to provide timely resolutions of data exchange issues.

The TWG continues to develop necessary links and processes to exchange electronic documents and develop an inventory of future technology projects.

Structure Data Reconciliation

Structure data are nonfinancial in nature and encompass the financial institution’s profile, including, but not limited to, its charter type, holding company information, address, and contact information. These nonfinancial data are used in FDIC, FRB, and OCC databases for business analyses, processing, and reporting purposes. As a result, the accuracy and consistency of these data must be ensured. The Structure Data Reconciliation Working Group (SDRWG) compares and reconciles data discrepancies between the FDIC, FRB, and OCC databases quarterly to ensure their reliability. The SDRWG’s quarterly efforts have greatly resolved structure data discrepancies among the members.
Coordination with Other Interagency Information-Sharing Entities

The TFIS continues to coordinate with interagency information-sharing entities, including the Financial Stability Oversight Council (FSOC). These coordination efforts enable the TFIS to keep apprised of emerging issues and to monitor progress on projects, such as the Global Legal Entity Identifier initiative and those identified by the FSOC Data Committee.
The law establishing the Council and defining its functions requires the Council to develop uniform reporting systems for federally supervised financial institutions and their holding companies and subsidiaries. To meet this objective, the Council established the Task Force on Reports (TFOR). The TFOR helps to develop interagency uniformity in the reporting of periodic information that is needed for effective supervision and other public policy purposes. As a consequence, the TFOR is concerned with issues such as the review and implementation of proposed revisions to reporting requirements; the development and interpretation of reporting instructions, including responding to inquiries about the instructions from reporting institutions and the public; the application of accounting standards to specific transactions; the development and application of processing standards; the monitoring of data quality; and the assessment of reporting burden. The TFOR also is responsible for any special projects related to these subjects that the Council may assign. In addition, the TFOR works with other organizations, including the Securities and Exchange Commission (SEC), the Financial Accounting Standards Board, and the American Institute of Certified Public Accountants.

To help the TFOR carry out its responsibilities, working groups are organized as needed to handle specialized or technical accounting, reporting, instructional, and processing matters. In this regard, the TFOR has established a CDR Steering Committee to make business decisions needed to ensure the continued success of the CDR system, monitor its ongoing performance, and report on its status. The CDR is a secure, shared application for collecting, managing, validating, and distributing data reported in the quarterly Call Reports filed by insured banks and savings associations and the FDIC’s annual Summary of Deposits (SOD) survey submitted by insured institutions with branch offices. The CDR also processes and distributes the UBPR under the oversight of the TFSS.

2021 Initiatives

Banking Agencies’ Response to COVID-19 - Temporary Change in Measurement Date for Total Consolidated Assets Related to Certain Total Asset Thresholds in the Call Reports

The banking agencies promulgated an interim final rule that implemented adjustments to the measurement date for certain total asset thresholds that trigger additional reporting requirements in all three versions of the Call Report due to institutions’ asset growth in 2020 related to participation in various COVID-19 related stimulus activities. The banking agencies focused on total asset thresholds set at $10 billion or less, as these thresholds could impact a significant number of smaller community institutions. For example, the interim final rule allowed institutions that temporarily exceeded the $10 billion total asset threshold to use the community bank leverage ratio framework through December 31, 2021, provided they meet the other qualifying criteria for this framework. These revisions also retained FFIEC 051 eligibility and asset thresholds for reporting additional data items that were effective for the quarterly Call Report submissions for the calendar year 2021 only.

The TFOR prepared the instructions for the temporary adjustment to the measurement date for total consolidated assets related to certain asset thresholds in the Call Reports and posted them to each FFIEC Call Report web page to help institutions better understand the proposed revisions. The Call Report forms were updated to identify which line items were impacted by these revisions as of the March 31, 2021, report date.

In the first quarter of 2021, the TFOR finalized the revisions that were originally proposed in November 2020. On February 18, 2021, the final 30-day Paperwork Reduction Act (PRA) Federal Register notice addressing the temporary change to the measurement date for total consolidated assets for certain thresholds in the Call Reports was published.
On February 19, 2021, a financial institution letter (FIL) was distributed to institutions that file a Call Report announcing that the agencies were moving forward with these revisions.

Call Reports and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002) Revisions Related to Brokered Deposits and Sweep Deposits and Assessment-Related Call Report Revision

On May 24, 2021, a final PRA notice for revisions to the Call Report and the FFIEC 002 was published by the banking agencies in the Federal Register. A FIL was issued on May 25, 2021, notifying institutions that the agencies were moving forward with the proposed changes, but with certain modifications. All three banking agencies received approval from the Office of Management and Budget (OMB) for these revisions to the Call Report and the FFIEC 002.

The reporting revisions were the result of the following final rules:

- Net Stable Funding Ratio \(^1\) – published February 11, 2021;
- Brokered Deposits and Interest Rate Restrictions \(^2\) – published January 22, 2021; and
- Assessments, Amendments to Address the Temporary Deposit Insurance Assessment Effects of the Optional Regulatory Capital Transitions for Implementing the Current Expected Credit Losses (CECL) Methodology \(^3\) – published February 25, 2021.

The banking agencies’ subject matter experts, in consultation with TFOR representatives, developed the proposed revisions to the Call Reports and the FFIEC 002, along with related draft instructional revisions that were subsequently incorporated into the instruction books, as appropriate.

Revisions to the Country Exposure Report for U.S. Branches and Agencies of Foreign Banks (FFIEC 019)

On May 7, 2021, the TFOR published an initial 60-day PRA Federal Register notice for a proposed revision to the FFIEC 019. The banking agencies proposed to revise the FFIEC 019 by removing the five-country limit on the reporting of gross claims on foreign nations to which the U.S. branch or agency of a foreign bank has its largest total exposures of at least $20 million with a proposed effective date as of the March 31, 2022, report date.

To help institutions better understand these proposed revisions, the TFOR prepared and posted draft redlined report forms and instructions to the FFIEC 019 webpage on the FFIEC website.

On August 18, 2021, a final 30-day PRA Federal Register notice was published indicating that the agencies were moving forward with the revision as proposed. The OMB approved this revision and a three-year extension on September 21, 2021. The revision takes effect for the March 31, 2022, report date.


Section 604 of the Financial Services Regulatory Relief Act of 2006 requires the banking agencies to perform within one year of enactment and every five years thereafter, the review of information collected in the Call Reports (statutorily mandated full review) to “reduce or eliminate any requirement to file information or schedules under paragraph (3) (other than information or schedules that are otherwise required by law)” if the agencies determine that “the continued collection of such information or schedules is no longer necessary or appropriate.” The 2022 statutorily mandated full review is comprised of three surveys that began in June 2021 with the final survey being completed in March 2022. Participants in the surveys are Call Report users from each FFIEC member. The statutorily mandated full review concludes with a report to the Council due December 31, 2022.

In the final rule \(^4\) implementing section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), the agencies stated that they “are committed to exploring further burden reduction and are actively evaluating further revisions to the FFIEC 051 Call Report (filed by smaller institutions), consistent with the guiding principles developed by the FFIEC.” In February 2020, after conducting further outreach with banks and bank trade associations, the agencies began collect-

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1. 12 C.F.R. pt. 50 (OCC); 12 C.F.R. pt. 249 (Board); 12 C.F.R. pt. 329 (FDIC)
2. 12 C.F.R. pts. 303 and 337 (FDIC)
3. 12 C.F.R. pt. 327 (FDIC)
4. 84 FR 29040, June 21, 2019
ing feedback from their internal users of the Call Reports. This work was temporarily paused while agency resources were diverted to focus on regulatory reporting revisions related to COVID-19 and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). As discussions on the statutorily mandated full review process started in 2021, the TFOR determined that the review of potential areas for additional reductions in regulatory reporting burden in the FFIEC 051 Call Report would be incorporated in the statutorily mandated full review process.

Any revisions to the Call Reports resulting from this review would go through the PRA process that would include a 60-day initial PRA Federal Register notice and a final 30-day PRA Federal Register notice to be published by the end of 2022.

Central Data Repository

Throughout 2021, the CDR Steering Committee implemented a number of enhancements to improve Call Report and UBPR functionality. These enhancements included improvements to the usability of the CDR Public Data Distribution website and processes related to metadata management and Call Report analysis. In addition, enhancements included key updates to the UBPR User Guide and UBPR web page functionality that enabled users to select and customize their preferred UBPR line items.

In June 2021, CDR enhancements to support the collection and publication of the FDIC’s SOD data series were completed. The enhancements involved integration of structure data (non-financial data) with FDIC’s Structure Information Management System (SIMS), improvements on data quality and web security controls, additions to data exchange to improve the SOD publication process, and changes that provided analysts proactive flexibility in keeping CDR and SIMS branch records in sync.

Instructional Guidance

A TFOR working group conducted monthly interagency conference calls during 2021 to discuss instructional matters pertaining to FFIEC reports and related accounting issues to reach uniform interagency positions on these issues.
Task Force on Supervision

The TFOS coordinates and oversees matters relating to safety-and-soundness supervision and examination of depository institutions. It provides a forum for Council members to promote quality, consistency, and effectiveness in examination and other supervisory practices. While significant issues and recommendations are referred to the Council for consideration and action, the Council has delegated to the TFOS the authority to make certain decisions and recommendations, provided that no TFOS member dissents or requests review by the Council. Meetings are held monthly to address and resolve common supervisory issues. The TFOS also maintains supervisory communication protocols to be used in emergencies. These protocols, established by the TFOS, are periodically tested through exercises with TFOS members and key supervisory personnel.

The TFOS has one subcommittee and two permanent working groups. It also establishes ad-hoc working groups to handle individual projects and assignments, as needed.

- The IT Subcommittee serves as a forum to address information technology policy issues as they relate to financial institutions and their technology service providers. The IT Subcommittee develops and maintains the IT Examination Handbook, which consists of a series of topical booklets addressing issues such as information security, management, and audits. This resource is available through an InfoBase on the FFIEC website. In conjunction with the TFEE, the IT Subcommittee sponsors an annual IT Conference for examiners and periodically holds symposia on emerging information technology and related risks. The IT Subcommittee regularly coordinates with the TFOS’s Cybersecurity and Critical Infrastructure Working Group (CCIWG) in situations where supervisory issues overlap.

- The CCIWG was formed in June 2013 in response to the increasing sophistication and volume of cyber threats that pose significant risks to financial institutions and their service providers. The CCIWG promotes coordination across the FFIEC members on cybersecurity and critical infrastructure issues, including the development and maintenance of the Cybersecurity Assessment Tool. The CCIWG’s coordination efforts include ongoing communications with the intelligence community, law enforcement, and homeland security agencies. The CCIWG also serves as a forum to build on existing efforts to support and strengthen the activities of other interagency and private sector groups that promote financial services sector cybersecurity and critical infrastructure security and resilience.

- The BSA/AML Working Group seeks to enhance coordination of BSA/AML training, guidance, and policy. Working group coordination includes continuing communication between representatives from federal and state banking authorities, and the U.S. Department of the Treasury Financial Crimes Enforcement Network (FinCEN), and periodically with other federal agencies that have BSA supervision and examination responsibilities. The group’s responsibilities include maintaining the BSA/AML Examination Manual, available through an InfoBase on the FFIEC website.

2021 Initiatives

Pandemic Event Response

As FFIEC members continued to respond to the pandemic event both individually and on an interagency basis outside the auspices of the FFIEC, the TFOS regularly discussed COVID-19-related supervision matters to promote best practices and consistent application of examination policies.
Cybersecurity Priorities

In 2021, the TFOS continued work on key cybersecurity areas, including risk management and oversight, threat intelligence and collaboration, cybersecurity controls, external dependency management, and cyber incident management and resilience. Ransomware and cyber supply chain risks were areas of increased focus in 2021.

Cybersecurity Webinar

In recognition of National Critical Infrastructure Protection Month, on November 18, 2021, the TFOS hosted an Industry Outreach webinar on ransomware in the financial sector. The webinar covered topics highlighting current ransomware trends, best practices in cyber preparedness and operational resilience, updated FFIEC guidance, and an overview of FinCEN analysis of recent ransomware-related incidents.

Information Technology

The IT Subcommittee continued to coordinate on IT supervisory matters, emerging technology issues, and updates to the IT Examination Handbook, which supports the FFIEC members’ supervisory programs and provides guidance to examiners. The IT Subcommittee’s Handbook Working Group continues to update the IT Examination Handbook booklets.

On June 30, 2021, the FFIEC issued the AIO booklet of the IT Examination Handbook which focuses on design of technology and business structure to enable secure and resilient operations and delivery of customer services. On August 11, 2021, the FFIEC issued guidance addressing authentication and access to financial institution services and systems. The FFIEC conducted two Industry Outreach webinar events on the AIO booklet and the Authentication Guidance in November 2021.

Information Technology Outreach

In August 2021, the IT Subcommittee sponsored its annual IT Conference for examiners using a virtual format. The conference highlighted current and emerging technology issues affecting insured financial institutions and their service providers. Over 530 examiners attended each of the 9 presentations. The conference included presentations on a range of topics including, authentication controls, third-party cyber risks, cloud computing, digital currencies, zero trust architecture, and data aggregation.

Information Technology Symposium

In November 2021, the IT Subcommittee sponsored a two-week symposium focused on the benefits and challenges of financial institutions implementing zero trust architectures. The symposium included presentations from experts in the technology, financial services, and regulatory sectors. After the presentations, a core team of participants from the FFIEC members developed recommendations for the next steps (e.g., development of examiner guidance).

Bank Secrecy Act/Anti-Money Laundering

Throughout 2021, the BSA/AML Working Group continued to coordinate BSA/AML training, guidance, and policy. The working group published updates to the BSA/AML Examination Manual in February, June, and December. The working group sponsored its 15th Advanced BSA/AML Specialists Conference in June 2021, which included presentations on a range of topics, such as human trafficking, illicit finance trends, cannabis-related businesses, Office of Foreign Assets Control sanction regulations, and money service businesses.

The Anti-Money Laundering Act of 2020 (AML Act) was passed as part of the National Defense Authorization Act, effective January 1, 2021. The AML Act significantly amends the BSA for the first time since the 2001 Patriot Act. The BSA/AML Working Group continues to work with the FinCEN and the federal banking agencies on implementing the various aspects of the AML Act.

Reference Rate Communication Effort

The TFOS authorized a project in June 2018 to coordinate communication efforts to raise awareness and educate examiners and financial institutions on the potential discontinuance of the London Interbank Offered Rate (LIBOR) and its impact on financial products and the institutions. On October 20, 2021, the agencies issued an interagency statement that provided clarification on the meaning of new LIBOR contracts, considerations
for due diligence on alternative reference rates, and expectations for fallback language.

**Common Authentication Solution Project**

In March 2018, the FFIEC issued a press release discussing the members’ plans to focus on four areas of meaningful supervisory burden reduction: improving communication between examination staff and the institutions; leveraging technology to reduce the on-site portion of the examination; tailoring examinations based on risk; and improving electronic file transfer systems to exchange information between institutions and examination staff. In early 2020, the TFOS followed through with the plan by asking the FFIEC member chief information officers to identify a solution for improving electronic file transfer systems. Institution personnel have to authenticate to regulator file exchange systems in different ways, for example, bankers may have multiple “tokens,” usernames/passwords, websites, and processes. A Common Technology Working Group (CTWG) was formed to explore possibilities to reduce burden for institutions when working with the regulatory agencies. The working group evaluated best-fit technologies and approaches to standardize solutions across the FFIEC members and presented options for the TFOS members. On January 22, 2021, the TFOS approved the recommended solution by the CTWG and TFOS members committed to recommend to their individual member agency senior leadership to adopt Login.gov as their agency’s authentication system—at a time deemed appropriate by the individual member agency.
The TFSS oversees the development and implementation of uniform interagency surveillance and monitoring systems. It provides a forum for the members to discuss best practices to be used in those systems and to consider the development of new financial analysis tools. The TFSS’s principal objective is to develop and produce the UBPR. UBPRs present financial data of individual financial institutions and peer group statistics for current and historical periods. These reports are important tools for completing supervisory evaluations of a financial institution’s condition and performance as well as for planning onsite examinations. The federal and state banking agencies also use the data from these reports in their automated monitoring systems to identify potential or emerging risks in insured financial institutions.

A UBPR is produced for each insured bank and savings association in the United States that is supervised by the FRB, FDIC, or OCC. While the UBPR is principally designed to meet the examination and surveillance needs of the federal and state banking agencies, the TFSS also makes the UBPR available to financial institutions and the public through a website, https://cdr.ffiec.gov/public/ManageFacsimiles.aspx.

The TFSS has established three working groups to assist with carrying out its responsibilities. The Content Working Group (CWG) reviews the content of the UBPR and makes recommendations to the TFSS for potential enhancements. The Supplementary Analysis Working Group provides a forum for exchanging information about various analytical tools and datasets currently used at the respective agencies. Once the tools and datasets are identified, the group explores the potential for them to be shared, maintained, or further developed under the purview of the TFSS to enhance the UBPR or to create a new FFIEC analytical tool. The Technology Working Group explores ways to improve the UBPR’s usability, including the development of various presentation options (i.e., graphs, charts).

### 2021 Initiatives

**Content Working Group**

The CWG completed an updated version of the UBPR five-year review plan. The plan will review many of the UBPR pages over the next five years with the review beginning in 2022. The CWG proposed, the task force approved, and the UBPR Coordinators implemented the addition of one new ratio to the UBPR (3-year non-owner occupied commercial real estate growth rate). Additionally, the UBPR Coordinators made minor UBPR formula changes necessitated by changes to the June 2021 Call Report and to improve the accuracy of six UBPR line items related to government guaranteed loans and leases. Lastly, a multi-year project commenced in 2020 continues whereby all UBPR concepts within the CDR system will be reviewed to ensure all data fields are accurate and consistent with data used in agency downstream systems and other internal reports. This will ensure all data fields are consistently identified within the CDR system.

**Supplementary Analysis Working Group**

No projects were implemented in 2021. Ongoing discussions about analytical tools at the various agencies continue to occur.

**Technology Working Group**

The Technology Working Group implemented three CDR-user functionality enhancements with the approval of the TFSS. The first enhancement created a new UBPR page named “My UBPR,” which allows users to create their own content page from existing UBPR ratios. The second enhancement allows a user to access an online user’s guide feature—that currently exists for the UBPR—on the Custom Peer Report. The third enhancement allows a user to choose a report based on the OCC charter number.
Lastly, the TFSS recently proposed three new UBPR enhancements to be implemented in 2022 by the CDR Steering Committee. Two of the proposed enhancements will fix functionality issues on the UBPR Fiduciary Services pages and the List of Banks in Peer Group report. The third enhancement would allow concepts not directly used on the UBPR to be added to the bulk data files. Currently, the bulk data files only allow users to download all UBPR concepts used directly on the UBPR into other formats such as Excel.

UBPR Production and Delivery

During 2021, UBPRs as of December 31, 2020; March 31, 2021; June 30, 2021; and September 30, 2021, were produced and delivered to federal and state banking agencies. Additionally, the UBPR section of the FFIEC delivered the same data to financial institutions and the public. The TFSS strives to deliver the most up-to-date UBPR data to all users. Thus, the data for the current quarter are updated nightly and the data for previous quarters are updated regularly. Frequent updating also allows the UBPR to remain synchronized with new Call Report data as it is being submitted by financial institutions.

UBPR Information on the FFIEC Website

UBPR Availability

To provide broad industry and public access to information about the financial condition of insured financial institutions, the TFSS publishes UBPR data for each institution shortly after the underlying Call Report is filed in the CDR. The UBPR is frequently refreshed to reflect amendments to underlying Call Report data and to incorporate any content-based changes agreed to by the TFSS. The online UBPR is a dynamic report that is closely synchronized with the underlying Call Report. UBPR reports can be accessed at https://cdr.ffiec.gov/public/ManageFacsimiles.aspx.

Other UBPR Reports

Web-based statistical reports supporting UBPR analysis are available and updated nightly for the current quarter and regularly for previous quarters.

These reports (1) provide bank management with a quick one-page summary of a bank’s financial condition; (2) summarize the performance of all UBPR peer groups (determined by size, location, and business line); (3) detail the distribution of UBPR performance ratios for financial institutions in each of the peer groups; (4) list the individual financial institutions included in each peer group; and (5) compare a financial institution to the performance of a user-defined custom peer group.

Custom Peer Group Tool

The Custom Peer Group Tool allows industry professionals, regulators, and the public to create and save custom peer groups based on financial and geographical criteria. The tool can then display all UBPR pages with peer group statistics and percentile rankings derived from the custom peer group. The Custom Peer Group Tool can recompute the entire UBPR using a custom peer group of up to 2,000 financial institutions and deliver the results within seconds.

Bulk Data Download

The UBPR database within the CDR, which contains all data appearing on report pages for all financial institutions, may be downloaded as either a delimited file or in XBRL format. The service is free, and downloads are typically fast. The bulk data download feature can be accessed at https://cdr.ffiec.gov/public/PWS/DownloadBulkData.aspx.

Additional information about the UBPR, including status, descriptions of changes, and the UBPR User’s Guide, can be found at www.ffiec.gov/UBPR.htm. The site also provides access to the reports described above. For questions about the UBPR, contact support by calling 1-888-237-3111 or emailing cdr.help@cdr.ffiec.gov.
The Federal Financial Institution Regulatory Agencies and their Supervised Institutions
The FRB, FDIC, OCC, and NCUA have primary federal supervisory jurisdiction over 10,013 domestically chartered banks, savings associations, and federally insured credit unions. On December 31, 2021, these financial institutions held total assets of more than $28.4 trillion. The FRB has primary federal supervisory responsibility for commercial bank holding companies (BHCs) and for savings and loan holding companies (SLHCs).

Three banking agencies on the Council have authority to oversee the operations of U.S. branches and agencies of foreign banks. The International Banking Act of 1978 (IBA) authorizes the OCC to license federal branches and agencies of foreign banks and authorizes the FRB to approve applications for both federal and state branches and agencies. Prior to the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), foreign banks could establish federal and state branches that accepted retail deposits and were insured by the FDIC. However, after FDICIA, foreign banks that wish to operate entities in the U.S. that accept retail deposits must organize under separate insured U.S. subsidiaries. Existing insured retail branches may continue to operate as branches. The IBA also authorizes those U.S. offices of foreign banks to many provisions of the Federal Reserve Act of 1913. The IBA gives primary examining authority to the OCC for federal branches and agencies and to the FRB in conjunction with state authorities for state branches and agencies. The FDIC also has authority, along with the OCC and FRB, as appropriate, over those few remaining insured branches of foreign banks. The IBA also gives the FRB residual examining authority over all U.S. banking operations of foreign banks.

The Dodd-Frank Act provides statutory authority to the CFPB to conduct examinations of insured depository entities with total assets over $10 billion and their affiliates (in addition to certain nonbank entities) to ensure consumer financial products and services conform to certain federal consumer financial laws.
The Federal Reserve System was established in 1913. It is headed by a seven-member Board of Governors (Board). Each member is appointed by the President, with the advice and consent of the Senate, for a 14-year term, unless completing an unexpired term of a departing member. Subject to confirmation by the Senate, the President selects one Board member to serve a four-year term as Chair and two members to serve as Vice Chairs; one serves in the absence of the Chair and the other is designated as Vice Chair for Supervision. The Chair also serves as a voting member of the FSOC. One member of the Board serves as the Board’s representative to the FFIEC.

The Board’s activities most relevant to the work of the FFIEC are the following:

• overseeing the quality and efficiency of the examination and supervision function of the 12 Federal Reserve Banks;

• developing, issuing, implementing, and communicating regulations, supervisory policies, and guidance, and taking appropriate enforcement actions applicable to those organizations that are within the Board’s supervisory oversight authority;

• approving or denying applications for mergers, acquisitions, and changes in control by state member banks, SLHCs, and BHCs (including financial holding companies (FHCs)); applications for foreign operations of member banks and Edge Act and agreement corporations; and applications by foreign banks to establish or acquire U.S. banks and to establish U.S. branches, agencies, or representative offices; and

• supervising and regulating

— state member banks (i.e., state-chartered banks that are members of the Federal Reserve System);

— BHCs and SLHCs, including FHCs;

— Edge Act and agreement corporations; select non-bank financial firms;

— international operations of banking organizations headquartered in the United States and the domestic activities of foreign banking organizations, in conjunction with the responsible licensing authorities; as well as

— nonbank financial firms designated as systemically important by FSOC.

1 The FRB’s role as supervisor of BHCs, FHCs, and SLHCs is to review and assess the consolidated organization’s operations, risk-management systems, and capital adequacy to ensure that the holding company and its nonbank subsidiaries do not threaten the viability of the company’s depository institutions. In this role, the FRB serves as the “umbrella supervisor” of the consolidated organization. In fulfilling this role, the FRB relies, to the fullest extent possible, on information and analysis provided by the appropriate supervisory authority of the company’s depository institutions or securities or insurance subsidiaries.
Other supervisory and regulatory responsibilities of the FRB include monitoring compliance by entities under the FRB’s jurisdiction with other statutes (e.g., the AML provisions of the BSA), monitoring compliance with certain statutes that protect consumers in credit and deposit transactions, regulating margin requirements on securities transactions, and regulating transactions between banking affiliates.

Policy decisions are implemented by the FRB or under delegated authority to the Director of the Division of Supervision and Regulation, the Director of the Division of Consumer and Community Affairs, and to the 12 Federal Reserve Banks—each of which has operational responsibility within a specific geographical area. The Reserve Bank Districts are headquartered in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. Each Reserve Bank has a president (chief executive officer) who serves for five years and is appointed by the Reserve Bank’s class B and class C directors, and other executive officers who report directly to the president. Among other responsibilities, a Reserve Bank employs a staff of examiners who examine state member banks and Edge Act and agreement corporations, conduct BHC and SLHC inspections, and examine the international operations of foreign banks—whose head offices are usually located within the Reserve Bank’s District. When appropriate, examiners also visit the overseas offices of U.S. banking organizations to obtain financial and operating information to evaluate adherence to safe and sound banking practices.

National banks, which must be members of the Federal Reserve System, are chartered, regulated, and supervised by the OCC. State-chartered banks may apply to and be accepted for membership in the Federal Reserve System, after which they are subject to the supervision and regulation of the FRB, which is coordinated with the chartering state’s banking authority. Insured state-chartered banks that are not members of the Federal Reserve System are regulated and supervised by the FDIC. The FRB also has overall responsibility for the supervision of foreign banking operations, including both U.S. banks operating abroad and foreign banks operating branches within the United States.

The Dodd-Frank Act, as amended by the EGRRCPA, directs the FRB to collect assessments, fees, and other charges that are equal to the expenses incurred by the Federal Reserve to carry out its responsibilities with respect to supervision of (1) BHCs and SLHCs with assets equal to or greater than $100 billion and (2) all nonbank financial companies supervised by the FRB.
The CFPB was created in 2010 by the Dodd-Frank Act, which gave the Bureau new authorities and transferred existing authorities from other federal agencies. On July 21, 2011, the CFPB assumed these authorities. The CFPB is an independent agency that is funded principally by transfers from the FRB, up to a statutory limit. Transfers from the FRB are requested in amounts that are reasonably necessary to carry out the Bureau’s mission. Since 2014, funding caps have been adjusted annually, based on the percentage increase in the employment cost index for the total compensation for state and local government workers, which is published by the federal government. The Director of the CFPB serves on the FDIC Board of Directors and the FSOC.

The CFPB seeks to make consumer financial markets work for consumers, responsible providers, and the economy as a whole. In a market that works, consumers are treated fairly; prices, risks, and terms are clear up front so that consumers can make informed choices; and companies all play by the same consumer protection rules and compete fairly on providing quality and service. To accomplish its mission, the Bureau uses its tools to promote competition, shift market power toward consumers and law-abiding businesses, and anticipate emerging risks to consumers.

The CFPB was created to provide a single point of accountability for enforcing federal consumer financial laws and protecting consumers in the financial marketplace. The Dodd-Frank Act consolidated many of the existing consumer financial protection authorities, previously shared by seven federal agencies, under the CFPB. The Dodd-Frank Act also provided the Bureau with authorities to:

- conduct rulemaking, supervision and enforcement with respect to the federal consumer financial laws;
- handle consumer complaints and inquiries;
- promote financial education;
- research consumer behavior; and
- monitor financial markets for risks to consumers.

The CFPB has statutory authority to, among other things, conduct examinations of and require reports from entities subject to its supervisory authority. The CFPB has supervisory authority over:

- insured depository institutions and credit unions with total assets over $10 billion, and their affiliates.
- certain nondepository entities regardless of size—mortgage companies (originators, brokers, and servicers, as well as related loan modification or foreclosure relief services firms), payday lenders, and private education lenders.
- “larger participants,” as defined by rule, in consumer financial markets. To date, the CFPB has published final rules that allow it to supervise larger participants in the following markets:
— consumer reporting market (these entities have more than $7 million in annual receipts resulting from consumer reporting);

— consumer debt collection market (these entities have annual receipts of more than $10 million resulting from consumer debt collection);

— student loan servicing market (these entities have account volumes that exceed one million);

— international money transfer market (these entities have at least one million aggregate annual international money transfers); and

— auto finance market (these entities make, acquire, or refinance 10,000 or more loans or leases annually).

• certain nondepository entities that it determines are posing a risk to consumers in connection with the offering or provision of consumer financial products or services.

• service providers to any of the entities listed above, to a certain extent.

The CFPB’s supervisory and enforcement activities are conducted by the Division of Supervision, Enforcement, and Fair Lending. The Division is headquartered in Washington, D.C., with regional offices in San Francisco (West), Chicago (Midwest), New York (Northeast), and Atlanta (Southeast). Examination staff is assigned to each of the four regions.
Congress created the FDIC in 1933 to promote stability and public confidence in our nation’s banking system. The FDIC accomplishes its mission by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, making large and complex financial institutions resolvable, and managing receiverships. In its unique role as deposit insurer, the FDIC works in cooperation with other federal and state regulatory agencies to identify, monitor, and address risks to the Deposit Insurance Fund (DIF) posed by insured depository institutions.

Management of the FDIC is vested in a five-member Board of Directors. No more than three board members may be of the same political party. Three of the directors are appointed by the President, with the advice and consent of the Senate, for six-year terms. One of the three appointed directors is designated by the President as Chairman for a five-year term and another is designated as Vice Chairman. The other two board members are the Comptroller of the Currency and the Director of the CFPB. The Chairman also serves as a member of the FSOC.

Operational Structure
The FDIC’s operations are organized into three major program areas: insurance, supervision, and receivership management. A description of each of these areas follows.

Insurance
The FDIC maintains stability and public confidence in our nation’s financial system by providing deposit insurance. As insurer, the FDIC continually evaluates and effectively manages how changes in the economy, financial markets, and banking system affect the adequacy and viability of the DIF. When an insured depository institution fails, the FDIC ensures that the financial institution’s customers have timely access to their insured deposits.

The FDIC, through its Division of Insurance and Research, provides the public with a sound deposit insurance system by publishing comprehensive statistical information on banking; identifying and analyzing emerging risks; conducting research that supports deposit insurance, banking policy, and risk assessment; assessing the adequacy of the DIF; and maintaining a risk-based premium system.

The Dodd-Frank Act revised the statutory authorities governing the FDIC’s management of the DIF. As a result, the FDIC has developed a comprehensive, long-term management plan for the DIF to reduce the effects of cyclical and achieve moderate, steady assessment rates throughout economic and credit cycles, while also maintaining a positive fund balance, even during a banking crisis. The plan sets an appropriate target fund size and a strategy for setting assessment rates and dividends.

As a result of extraordinary insured deposit growth resulting from actions taken by monetary and fiscal authorities, individuals, businesses, and financial market participants in response to the pandemic, in
the first and second quarters of 2020, the DIF reserve ratio declined below the minimum of 1.35 percent. On September 15, 2020, the FDIC adopted a Restoration Plan to restore the reserve ratio to at least 1.35 percent within eight years, as required by the Federal Deposit Insurance Act (FDI Act). Under the Restoration Plan, the FDIC monitors deposit balance trends, potential losses, and other factors that affect the reserve ratio. Since the FDIC adopted the Restoration Plan, insured deposit growth decelerated, but remained above average through the first quarter of 2021, and was in line with historical average growth in the second quarter of 2021. The DIF reserve ratio was 1.27 percent as of June 30, 2021, up 2 basis points from the previous quarter.

Supervision

The FDIC has primary federal supervisory authority over insured state-chartered banks that are not members of the Federal Reserve System and for state-chartered savings associations. The FDIC’s supervisory activities for risk management and consumer protection are primarily organized into two divisions: the Division of Risk Management Supervision (RMS) and the Division of Depositor and Consumer Protection (DCP). RMS oversees the safety and soundness of FDIC-supervised institutions and carries out the FDIC’s backup examination and enforcement authorities for institutions with total assets less than $100 billion. DCP is responsible for the FDIC’s consumer protection supervisory functions, including its examination and enforcement programs for FDIC-supervised institutions with assets of $10 billion or less. Under the Dodd-Frank Act, the FDIC also retains examination and supervisory authority for several laws and regulations, including the Community Reinvestment Act, without regard to the size of an institution.

RMS and DCP are further organized into six regional offices located in Atlanta, Chicago, Dallas, Kansas City, New York, and San Francisco. There is one area office located in Boston and reporting to New York. In addition to the regional offices and area office, the FDIC maintains 79 field offices for risk management and 73 field offices for compliance.

The FDIC, through its role as deposit insurer, has backup examination and enforcement authority over all FDIC-insured institutions. Accordingly, the FDIC can examine for insurance purposes any insured financial institution, either independently or in cooperation with state or other federal supervisory authorities. The FDIC can also recommend that the appropriate federal banking agency take enforcement action against an insured institution and may do so itself if it deems necessary. The Dodd-Frank Act expanded the FDIC’s responsibilities pertaining to systemically important financial institutions (SIFIs) and non-bank financial companies designated by the FSOC.

The Division of Complex Institution Supervision and Resolution (CISR) oversees the FDIC’s systemic risk responsibilities under the Dodd-Frank Act and the FDI Act, including resolution plan reviews, resolution planning for large and complex financial institutions under the FDIC’s Orderly Liquidation Authority and the FDI Act, and promoting cross-border cooperation and coordination as part of that planning. As part of its responsibilities, CISR carries out the FDIC’s backup examination authorities for institutions with total assets of $100 billion or more.

Receivership Management

Resolutions for insured depository institutions with assets under $100 billion are handled by the FDIC’s Division of Resolutions and Receiverships (DRR). When an insured depository institution fails, the chartering authority typically appoints the FDIC as receiver. In carrying out its receivership responsibility, the FDIC employs a variety of strategies to ensure the prompt payment of deposit insurance to insured depositors and at the least costly transition to the DIF. DRR maintains personnel in the Washington, DC Headquarters Office, the FDIC’s Regional Office in Dallas, as well as various other FDIC regional offices.

CISR is responsible for leading the FDIC’s resolution planning and preparedness for large and complex financial institutions under the FDI Act and the Orderly Liquidation Authority, as applicable. As a general matter, all insolvent bank holding companies are expected to file for reorganization or liquidation under the U.S. Bankruptcy Code, just as any failed nonfinancial company would. The Orderly Liquidation Authority gives the FDIC an alternative to resolve a failing financial company when bankruptcy would have serious adverse effects on U.S. financial stability. This authority is triggered after recommendations by the appropriate federal agencies and a determination by the Secretary of the Treasury in consultation with the President. The Orderly Liquidation Authority imposes accountability on shareholders, creditors, and the management of the failed company, while mitigating systemic risk and imposing no cost on taxpayers.
The NCUA established by Congress in 1970 through section 1752a of the Federal Credit Union Act, is the independent federal agency that regulates, charters, and supervises the nation’s federal credit union system. With the backing of the full faith and credit of the United States, the NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

The NCUA has a full-time, three-member Board appointed by the President of the United States and confirmed by the Senate. No more than two Board members can be from the same political party, and each member serves a staggered six-year term. The President selects one board member to serve as the Chairman. The Chairman also serves on FSOC.

The NCUA’s mission is to provide, through regulation and supervision, a safe and sound credit union system, which promotes confidence in the national system of cooperative credit. Specifically, the NCUA’s responsibilities include:

- chartering, regulating, and supervising more than 3,100 federal credit unions in the United States and its territories;

- administering the National Credit Union Share Insurance Fund, which insures member share accounts in nearly 5,000 federal and state-chartered credit unions; and

- managing the Central Liquidity Facility, which serves as a source of emergency liquidity to the credit union system during periods of financial and economic stress.

The NCUA also has statutory authority to examine and supervise federally insured, state-chartered credit unions in coordination with state regulators.

The NCUA relies upon more than 1,100 employees to perform all the vital tasks in the agency’s examination, consumer protection, and regulatory roles, including onsite examinations and supervision of each federal credit union and selected state chartered credit unions. The agency operates a central office in Alexandria, Virginia; an Asset Management and Assistance Center, located in Austin, Texas, to liquidate credit unions and recover assets; and three regional offices.

The NCUA is funded by the credit unions it regulates and insures.
The OCC is the oldest federal bank regulatory agency, established as a bureau of the U.S. Treasury Department by the National Currency Act of 1863. It is headed by the Comptroller of the Currency, who is appointed to a five-year term by the President with the advice and consent of the Senate. The Comptroller is also a director of the FDIC and NeighborWorks America, and a member of the FSOC.

The OCC was created by Congress to charter, regulate, and supervise national banks. On July 21, 2011, pursuant to the Dodd-Frank Act, the OCC assumed supervisory responsibility for federal savings associations, as well as rulemaking authority relating to all savings associations. The OCC regulates and supervises 801 national banks and trust companies, 272 federal savings associations, and 52 federal branches and agencies of foreign banks—accounting for approximately 65 percent of the total assets of all U.S. commercial banks, savings associations, and branches of foreign banks. The OCC seeks to ensure that national banks and federal savings associations (collectively “banks”) safely and soundly manage their risks, comply with applicable laws and regulations, compete effectively with other providers of financial services, offer products and services that meet the needs of customers, and provide fair access to financial services and fair treatment of their customers.

The OCC’s mission-critical programs include

- chartering banks and issuing interpretations related to permissible banking activities;
- establishing and communicating regulations, policies, and operating guidance applicable to banks; and
- supervising the national system of banks and savings associations through on-site examinations, off-site monitoring, systemic risk analyses, and appropriate enforcement activities.

To meet its objectives, the OCC maintains a nationwide staff of bank examiners and other professional and support personnel across 91 operating locations. Headquartered in Washington, D.C., the OCC has four district offices, which are located in Chicago, Dallas, Denver, and New York. In addition, the OCC maintains a network of field offices and satellite locations in cities throughout the United States, as well as core examiner teams in the largest national banking companies.

The Comptroller receives advice on policy and operational issues from an Executive Committee comprised of senior agency officials who lead major business units.

The OCC is funded primarily by semiannual assessments on banks, interest revenue from its investment in U.S. Treasury securities, and other fees. The OCC does not receive congressional appropriations for any of its operations.
### Assets, Liabilities, and Net Worth of U.S. Commercial Banks, Savings Institutions, and Credit Unions as of December 31, 2021

**Billions of dollars**

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
<th>National</th>
<th>State Member¹</th>
<th>State Non-member</th>
<th>U.S. Branches and Agencies of Foreign Banks⁵</th>
<th>OCC Regulated Federal Charter</th>
<th>FDIC Regulated State Charter</th>
<th>Federal Charter</th>
<th>State Charter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>28,465</td>
<td>14,747</td>
<td>4,016</td>
<td>3,933</td>
<td>2,677</td>
<td>627</td>
<td>404</td>
<td>1,040</td>
<td>1,021</td>
</tr>
<tr>
<td>Total loans and receivables (net)</td>
<td>13,212</td>
<td>6,513</td>
<td>1,546</td>
<td>2,395</td>
<td>891</td>
<td>354</td>
<td>258</td>
<td>634</td>
<td>621</td>
</tr>
<tr>
<td>Loans secured by real estate⁷</td>
<td>6,004</td>
<td>2,581</td>
<td>792</td>
<td>1,483</td>
<td>91</td>
<td>182</td>
<td>219</td>
<td>321</td>
<td>335</td>
</tr>
<tr>
<td>Consumer loans</td>
<td>2,483</td>
<td>1,239</td>
<td>168</td>
<td>346</td>
<td>-</td>
<td>122</td>
<td>7</td>
<td>315</td>
<td>286</td>
</tr>
<tr>
<td>Commercial and industrial loans</td>
<td>2,646</td>
<td>1,532</td>
<td>292</td>
<td>343</td>
<td>430</td>
<td>15</td>
<td>29</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>All other loans and lease receivables⁸</td>
<td>2,268</td>
<td>1,266</td>
<td>315</td>
<td>262</td>
<td>370</td>
<td>46</td>
<td>6</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>LESS: Allowance for loan and lease losses</td>
<td>189</td>
<td>105</td>
<td>21</td>
<td>39</td>
<td>-</td>
<td>11</td>
<td>3</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Federal funds sold and securities purchased under agreements to resell</td>
<td>860</td>
<td>501</td>
<td>76</td>
<td>20</td>
<td>259</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cash and balances due from depository institutions¹⁰</td>
<td>3,883</td>
<td>2,227</td>
<td>802</td>
<td>446</td>
<td>21</td>
<td>49</td>
<td>38</td>
<td>151</td>
<td>149</td>
</tr>
<tr>
<td>Securities and other obligations¹¹</td>
<td>6,897</td>
<td>3,862</td>
<td>1,336</td>
<td>838</td>
<td>168</td>
<td>200</td>
<td>82</td>
<td>208</td>
<td>203</td>
</tr>
<tr>
<td>U.S. government obligations¹²</td>
<td>2,068</td>
<td>1,246</td>
<td>194</td>
<td>137</td>
<td>67</td>
<td>20</td>
<td>62</td>
<td>169</td>
<td>173</td>
</tr>
<tr>
<td>Obligations of state and local governments¹³</td>
<td>437</td>
<td>179</td>
<td>81</td>
<td>151</td>
<td>-</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Other securities</td>
<td>4,392</td>
<td>2,437</td>
<td>1,061</td>
<td>550</td>
<td>101</td>
<td>174</td>
<td>13</td>
<td>32</td>
<td>24</td>
</tr>
<tr>
<td>Other assets¹⁴</td>
<td>3,613</td>
<td>1,644</td>
<td>256</td>
<td>234</td>
<td>1,338</td>
<td>24</td>
<td>24</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>25,891</td>
<td>13,293</td>
<td>3,648</td>
<td>3,501</td>
<td>2,677</td>
<td>560</td>
<td>357</td>
<td>934</td>
<td>921</td>
</tr>
<tr>
<td>Total deposits and shares¹⁵</td>
<td>22,618</td>
<td>12,114</td>
<td>3,446</td>
<td>3,306</td>
<td>1,130</td>
<td>510</td>
<td>323</td>
<td>894</td>
<td>895</td>
</tr>
<tr>
<td>Federal funds purchased and securities sold under agreements to repurchase</td>
<td>791</td>
<td>194</td>
<td>41</td>
<td>22</td>
<td>527</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other borrowings¹⁶</td>
<td>1,037</td>
<td>418</td>
<td>87</td>
<td>123</td>
<td>305</td>
<td>37</td>
<td>26</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>Other liabilities¹⁷</td>
<td>1,445</td>
<td>567</td>
<td>74</td>
<td>50</td>
<td>715</td>
<td>12</td>
<td>5</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Net worth¹⁸</td>
<td>2,574</td>
<td>1,454</td>
<td>368</td>
<td>432</td>
<td>-</td>
<td>67</td>
<td>47</td>
<td>106</td>
<td>100</td>
</tr>
<tr>
<td>Memorandum: Number of institutions reporting</td>
<td>10,013</td>
<td>793</td>
<td>704</td>
<td>2,815</td>
<td>187</td>
<td>266</td>
<td>306</td>
<td>3,100</td>
<td>1,842</td>
</tr>
</tbody>
</table>

**Note:** The tables cover institutions, including those in Puerto Rico and U.S. territories and possessions, insured by the FDIC or the NCUA. All branches and agencies of foreign banks in the United States, but excluding any in Puerto Rico and U.S. territories and possessions, are covered whether or not insured. Excludes Edge Act and agreement corporations that are not subsidiaries of U.S. commercial banks.

**Footnotes to Tables**


² Data are for federally insured natural person credit unions only.

³ Reflects fully consolidated statements of savings institutions—including stock savings banks, mutual savings banks, stock savings & loan associations, and mutual savings & loan associations that are federally chartered or that are state chartered and not federal reserve members.

⁴ Includes state member savings banks and state member cooperative banks.

⁵ These institutions are not required to file reports of income.

⁶ Includes state chartered savings associations formerly regulated by the Office of Thrift Supervision.

⁷ Includes loans secured by residential property, commercial property, farmland (including improvements), and unimproved land; and construction loans secured by real estate.

⁸ Footnotes continue on the next page
### Income and Expenses of U.S. Commercial Banks, Savings Institutions, and Credit Unions for the Twelve Months Ending December 31, 2021

Billions of dollars

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
<th>U.S. Commercial Banks¹</th>
<th>Savings Institutions¹</th>
<th>Credit Unions²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>National</td>
<td>State Member</td>
<td>State Non-member</td>
</tr>
<tr>
<td>Operating income:</td>
<td>954</td>
<td>527</td>
<td>128</td>
<td>163</td>
</tr>
<tr>
<td>Interest and fees on loans</td>
<td>517</td>
<td>259</td>
<td>59</td>
<td>114</td>
</tr>
<tr>
<td>Other interest and dividend income</td>
<td>88</td>
<td>50</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>All other operating income</td>
<td>349</td>
<td>218</td>
<td>53</td>
<td>37</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td>583</td>
<td>311</td>
<td>76</td>
<td>98</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>282</td>
<td>156</td>
<td>37</td>
<td>47</td>
</tr>
<tr>
<td>Interest on deposits and shares</td>
<td>32</td>
<td>11</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Interest on other borrowed money</td>
<td>12</td>
<td>7</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Provision for loan and lease losses</td>
<td>(30)</td>
<td>(30)</td>
<td>(1)</td>
<td>0</td>
</tr>
<tr>
<td>All other operating expenses</td>
<td>287</td>
<td>167</td>
<td>35</td>
<td>42</td>
</tr>
<tr>
<td>Net operating income</td>
<td>371</td>
<td>216</td>
<td>52</td>
<td>65</td>
</tr>
<tr>
<td>Securities gains and losses</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Income taxes</td>
<td>73</td>
<td>44</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Net income</td>
<td>299</td>
<td>173</td>
<td>41</td>
<td>51</td>
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<td>Memorandum: Number of institutions reporting</td>
<td>9,826</td>
<td>793</td>
<td>704</td>
<td>2,815</td>
</tr>
</tbody>
</table>

¹ Includes loans, except those secured by real estate, to individuals for household, family, and other personal expenditures including both installment and single payment loans. Net of unearned income on installment loans.

² Includes loans to financial institutions, for purchasing or carrying securities, to finance agricultural production and other loans to farmers (except those secured by real estate), to states and political subdivisions and public authorities, and miscellaneous types of loans.

³ Includes vault cash, cash items in process of collection, and balances with United States and foreign banks and other depository institutions (including demand and time deposits and certificates of deposit for all categories of institutions).

⁴ Includes government and corporate securities, including mortgage-backed securities and obligations of states and political subdivisions and of U.S. government agencies and corporations.

⁵ U.S. Treasury securities and securities of, and loans to, U.S. government agencies and corporations.

⁶ Securities issued by states and political subdivisions and public authorities, except for U.S. branches and agencies of foreign banks that do not report these securities separately. Loans to states and political subdivisions and public authorities are included in “All other loans and lease receivables.”

⁷ Customers’ liabilities on acceptances, real property owned, various accrual accounts, and miscellaneous assets. For U.S. branches and agencies of foreign banks, also includes net due from head office and other related institutions.

⁸ Includes demand, savings, and time deposits, (including certificates of deposit at commercial banks, U.S. branches and agencies of foreign banks, and savings banks), credit balances at U.S. agencies of foreign banks and share balances at credit unions (including certificates of deposit, NOW accounts, and share draft accounts). For U.S. commercial banks, includes deposits in foreign offices, branches in U.S. territories and possessions, and Edge Act and agreement corporation subsidiaries.

⁹ Includes interest-bearing demand notes issued to the U.S. Treasury, borrowing from Federal Reserve Banks and Federal Home Loan Banks, subordinated debt, limited life preferred stock, and other nondeposit borrowing.

¹⁰ Includes depository institutions’ own mortgage borrowing, liability for capitalized leases, liability on acceptances executed, various accrual accounts, and miscellaneous liabilities. For U.S. branches and agencies of foreign banks, also includes net amount owed to head office and other related institutions.

¹¹ Includes capital stock, surplus, capital reserves, and undivided profits.

Note: Data are rounded to nearest billion. Consequently some information may not reconcile precisely. Additionally, balances less than $500 million will show as zero. Dashes will be used for items not requiring reporting.
Appendix A:
Selected Relevant Statutes
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Excerpt from Economic Growth and Regulatory Paperwork Reduction Act of 1996 .......................... 47
Excerpt from Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ...................... 47
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NOTE: In the interest of representing the official statutory text in the U.S. Code, formatting styles have been applied throughout this section as faithfully as possible.
Selected Relevant Statutes


It is the purpose of this chapter to establish a Financial Institutions Examination Council which shall prescribe uniform principles and standards for the Federal examination of financial institutions by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and the National Credit Union Administration and make recommendations to promote uniformity in the supervision of these financial institutions. The Council’s actions shall be designed to promote consistency in such examination and to insure progressive and vigilant supervision.

Sec. 1003. (12 U.S.C. § 3302). Definitions
As used in this chapter—

(1) the term “Federal financial institutions regulatory agencies” means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration;

(2) the term “Council” means the Financial Institutions Examination Council; and

(3) the term “financial institution” means a commercial bank, a savings bank, a trust company, a savings association, a building and loan association, a homestead association, a cooperative bank, or a credit union;2


(a) Establishment; composition
There is established the Financial Institutions Examination Council which shall consist of—

(1) the Comptroller of the Currency,

(2) the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation,

(3) a Governor of the Board of Governors of the Federal Reserve System designated by the Chairman of the Board,

(4) the Director of the Consumer Financial Protection Bureau,

(5) the Chairman of the National Credit Union Administration Board; and

(6) the Chairman of the State Liaison Committee.

(b) Chairmanship
The members of the Council shall select the first chairman of the Council. Thereafter the chairmanship shall rotate among the members of the Council.

(c) Term of office
The term of the Chairman of the Council shall be two years.

(d) Designation of officers and employees
The members of the Council may, from time to time, designate other officers or employees of their respective agencies to carry out their duties on the Council.

(e) Compensation and expenses

---

2 So in original. Should be a period in this excerpt format.
Each member of the Council shall serve without additional compensation but shall be entitled to reasonable expenses incurred in carrying out his official duties as such a member.


One-fifth of the costs and expenses of the Council, including the salaries of its employees, shall be paid by each of the Federal financial institutions regulatory agencies. Annual assessments for such share shall be levied by the Council based upon its projected budget for the year, and additional assessments may be made during the year if necessary.


(a) Establishment of principles and standards

The Council shall establish uniform principles and standards and report forms for the examination of financial institutions which shall be applied by the Federal financial institutions regulatory agencies.

(b) Making recommendations regarding supervisory matters and adequacy of supervisory tools

(1) The Council shall make recommendations for uniformity in other supervisory matters, such as, but not limited to, classifying loans subject to country risk, identifying financial institutions in need of special supervisory attention, and evaluating the soundness of large loans that are shared by two or more financial institutions. In addition, the Council shall make recommendations regarding the adequacy of supervisory tools for determining the impact of holding company operations on the financial institutions within the holding company and shall consider the ability of supervisory agencies to discover possible fraud or questionable and illegal payments and practices which might occur in the operation of financial institutions or their holding companies.

(2) When a recommendation of the Council is found unacceptable by one or more of the applicable Federal financial institutions regulatory agencies, the agency or agencies shall submit to the Council, within a time period specified by the Council, a written statement of the reasons the recommendation is unacceptable.

(c) Development of uniform reporting system

The Council shall develop uniform reporting systems for federally supervised financial institutions, their holding companies, and nonfinancial institution subsidiaries of such institutions or holding companies. The authority to develop uniform reporting systems shall not restrict or amend the requirements of section 12(i) of the Securities Exchange Act of 1934.

(d) Conducting schools for examiners and assistant examiners

The Council shall conduct schools for examiners and assistant examiners employed by the Federal financial institutions regulatory agencies. Such schools shall be open to enrollment by employees of State financial institutions supervisory agencies and employees of the Federal Housing Finance Board under conditions specified by the Council.

(e) Affect on Federal regulatory agency research and development of new financial institutions supervisory agencies

Nothing in this chapter shall be construed to limit or discourage Federal regulatory agency research and development of new financial institutions supervisory methods and tools, nor to preclude the field testing of any innovation devised by any Federal regulatory agency.

(f) Annual report

Not later than April 1 of each year, the Council shall prepare an annual report covering its activities during the preceding year.

(g) Flood insurance

The Council shall consult with and assist the Federal entities for lending regulation, as such term is defined in 42 U.S.C. § 4121(a), in developing and coordinating uniform standards and requirements for use by regulated lending institutions under the national flood insurance program.


To encourage the application of uniform examination principles and standards by State and Federal
Appendix A: Selected Relevant Statutes

supervisory agencies, the Council shall establish a liaison committee composed of five representatives of State agencies which supervise financial institutions which shall meet at least twice a year with the Council. Members of the liaison committee shall receive a reasonable allowance for necessary expenses incurred in attending meetings. Members of the Liaison Committee shall elect a chairperson from among the members serving on the committee.

Sec. 1008. (12 U.S.C. § 3307). Administration

(a) Authority of Chairman of Council

The Chairman of the Council is authorized to carry out and to delegate the authority to carry out the internal administration of the Council, including the appointment and supervision of employees and the distribution of business among members, employees, and administrative units.

(b) Use of personnel, services, and facilities of Federal financial institutions regulatory agencies, Federal Reserve banks, and Federal Home Loan Banks.

in addition to any other authority conferred upon it by this chapter, in carrying out its functions under this chapter, the Council may utilize, with their consent and to the extent practical, the personnel, services, and facilities of the Federal financial institutions regulatory agencies, Federal Reserve banks, and Federal Home Loan Banks, with or without reimbursement therefor.

(c) Compensation, authority, and duties of officers and employees; experts and consultants

In addition, the Council may—

(1) subject to the provisions of title 5 of the United States Code relating to the competitive service, classification, and General Schedule pay rates, appoint and fix the compensation of such officers and employees as are necessary to carry out the provisions of this chapter, and to prescribe the authority and duties of such officers and employees; and

(2) obtain the services of such experts and consultants as are necessary to carry out the provisions of this chapter.


For the purpose of carrying out this chapter, the Council shall have access to all books, accounts, records, reports, files, memorandums, papers, things, and property belonging to or in use by Federal financial institutions regulatory agencies, including reports of examination of financial institutions or their holding companies from whatever source, together with workpapers and correspondence files related to such reports, whether or not a part of the report, and all without any deletions.


(a) Seminars

The Council shall develop and administer training seminars in risk management for its employees and the employees of insured financial institutions.

(b) Study of risk management training program

Not later than end of the 1-year period beginning on August 9, 1989, the Council shall—

(1) conduct a study on the feasibility and appropriateness of establishing a formalized risk management training program designed to lead to the certification of Risk Management Analysts; and

(2) report to the Congress the results of such study.


There shall be within the Council a subcommittee to be known as the “Appraisal Subcommittee”, which shall consist of the designees of the heads of the Federal financial institutions regulatory agencies, the Bureau of Consumer Financial Protection, and the Federal Housing Finance Agency. Each such designee shall be a person who has demonstrated knowledge and competence concerning the appraisal profession. At all times at least one member of the Appraisal Subcommittee shall have demonstrated knowledge and competence through licensure, certification, or professional designation within the appraisal profession.
Excerpt from Economic Growth and Regulatory Paperwork Reduction Act of 1996

Sec. 2222. (12 U.S.C. § 3311). Required review of regulations

(a) In general
Not less frequently than once every 10 years, the Council and each appropriate Federal banking agency represented on the Council shall conduct a review of all regulations prescribed by the Council or by any such appropriate Federal banking agency, respectively, in order to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions.

(b) Process
In conducting the review under subsection (a) of this section, the Council or the appropriate Federal banking agency shall—

(1) categorize the regulations described in subsection (a) of this section by type (such as consumer regulations, safety and soundness regulations, or such other designations as determined by the Council, or the appropriate Federal banking agency); and

(2) at regular intervals, provide notice and solicit public comment on a particular category or categories of regulations, requesting commentators to identify areas of the regulations that are outdated, unnecessary, or unduly burdensome.

(c) Complete review
The Council or the appropriate Federal banking agency shall ensure that the notice and comment period described in subsection (b)(2) of this section is conducted with respect to all regulations described in subsection (a) of this section not less frequently than once every 10 years.

(d) Regulatory response
The Council or the appropriate Federal banking agency shall—

(1) publish in the Federal Register identifying significant issues raised and providing comment on such issues; and

(2) eliminate unnecessary regulations to the extent that such action is appropriate.

(e) Report to Congress
Not later than 30 days after carrying out subsection (d)(1) of this section, the Council shall submit to the Congress a report, which shall include—

(1) a summary of any significant issues raised by public comments received by the Council and the appropriate Federal banking agencies under this section and the relative merits of such issues; and

(2) an analysis of whether the appropriate Federal banking agency involved is able to address the regulatory burdens associated with such issues by regulation, or whether such burdens must be addressed by legislative action.

Excerpt from Financial Institutions Reform, Recovery, and Enforcement Act of 1989


(a) In general
The Appraisal Subcommittee shall—

(1) monitor the requirements established by States—

(A) for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility; and

(B) for the registration and supervision of the operations and activities of an appraisal management company;

(2) monitor the requirements established by the Federal financial institutions regulatory agencies with respect to—

4 So in original. Should probably appear in italics font.
(A) appraisal standards for federally related transactions under their jurisdiction, and

(B) determinations as to which federally related transactions under their jurisdiction require the services of a State certified appraiser and which require the services of a State licensed appraiser;

(3) maintain a national registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions;

(4) Omitted.

(5) transmit an annual report to the Congress not later than June 15 of each year that describes the manner in which each function assigned to the Appraisal Subcommittee has been carried out during the preceding year. The report shall also detail the activities of the Appraisal Subcommittee, including the results of all audits of State appraiser regulatory agencies, and provide an accounting of disapproved actions and warnings taken in the previous year, including a description of the conditions causing the disapproval and actions taken to achieve compliance; and

(6) maintain a national registry of appraisal management companies that either are registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution.

(b) Monitoring and reviewing foundation
The Appraisal Subcommittee shall monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation.

Sec. 1104. (12 U.S.C. § 3333). Chairperson of Appraisal Subcommittee; term of Chairperson; meetings

(a) Chairperson
The Council shall select the Chairperson of the subcommittee. The term of the Chairperson shall be 2 years.

(b) Meetings; quorum; voting
The Appraisal Subcommittee shall meet in public session after notice in the Federal Register, but may close certain portions of these meetings related to personnel and review of preliminary State audit reports, at the call of the Chairperson or a majority of its members when there is business to be conducted. A majority of members of the Appraisal Subcommittee shall constitute a quorum but 2 or more members may hold hearings. Decisions of the Appraisal Subcommittee shall be made by the vote of a majority of its members. The subject matter discussed in any closed or executive session shall be described in the Federal Register notice of the meeting.

Excerpt from Home Mortgage Disclosure Act of 1975

Sec. 302. (12 U.S.C. § 2801). Congressional findings and declaration of purpose

(a) Findings of Congress
The Congress finds that some depository institutions have sometimes contributed to the decline of certain geographic areas by their failure pursuant to their chartering responsibilities to provide adequate home financing to qualified applicants on reasonable terms and conditions.

(b) Purpose of chapter
The purpose of this chapter is to provide the citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located and to assist public officials in their determination of the distribution of public sector investments in a manner designed to improve the private investment environment.

(c) Construction of chapter
Nothing in this chapter is intended to, nor shall it be construed to, encourage unsound lending practices or the allocation of credit.

* * * * *

(f) Data disclosure system; operation, etc.
The Federal Financial Institutions Examination Council, in consultation with the Secretary [of Housing and Urban Development], shall implement a system to facilitate access to data required to be disclosed under this section. Such system shall include arrangements for a central depository of data in each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas. Disclosure statements shall be made available to the public for inspection and copying at such central depository of data for all depository institutions which are required to disclose information under this section (or which are exempted pursuant to 12 U.S.C. § 2805(b) of this title) and which have a home office or branch office within such primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas.

* * * * *


(a) Commencement; scope of data and tables
Beginning with data for calendar year 1980, the Federal Financial Institutions Examination Council shall compile each year, for each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas, aggregate data by census tract for all depository institutions which are required to disclose data under 12 U.S.C. § 2803 of this title or which are exempt pursuant to 12 U.S.C. § 2805(b) of this title. The Council shall also produce tables indicating, for each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas, aggregate lending patterns for various categories of census tracts grouped according to location, age of housing stock, income level, and racial characteristics.

(b) Staff and data processing resources
The Bureau [of Consumer Financial Protection] shall provide staff and data processing resources to the Council to enable it to carry out the provisions of subsection (a) of this section.

(c) Availability to public
The data and tables required pursuant to subsection (a) of this section shall be made available to the public by no later than December 31 of the year following the calendar year on which the data is based.
Appendix B:
2021 Audit Report
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Federal Financial Institutions Examination Council Statements of Cash Flows ................................. 58  
Federal Financial Institutions Examination Council Notes to Financial Statements ......................... 59
February 24, 2022

Federal Financial Institutions Examination Council
3501 Fairfax Drive, B-7081a
Arlington, VA 22226-3550

Dear Members of the Federal Financial Institutions Examination Council:

This letter transmits the *Independent Auditors’ Report on the Financial Statements and Report on Internal Control Over Financial Reporting and on Compliance and Other Matters (Independent Auditors’ Reports)* prepared by KPMG LLP on the Federal Financial Institutions Examination Council’s (FFIEC) financial statements. We contracted with KPMG to audit the financial statements of the FFIEC as of and for the years ended December 31, 2021 and 2020.

The contract requires the audit to be performed in accordance with the auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, which is issued by the comptroller general of the United States. We reviewed and monitored the work of KPMG to ensure compliance with the contract. KPMG is responsible for the accompanying Independent Auditors’ Reports, dated February 24, 2022.

We do not express an opinion on the FFIEC’s financial statements. In addition, we do not draw conclusions on the Independent Auditors’ Reports.

Sincerely,

Mark Bialek
Inspector General

cc: Judith Dupre, Executive Secretary, FFIEC
    Frank Kressman, Chair, FFIEC Legal Advisory Group, and General Counsel, National Credit Union Administration
    Ricardo A. Aguilera, Chief Financial Officer, Board of Governors of the Federal Reserve System
Independent Auditors’ Report

The Federal Financial Institutions Examination Council:

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the Federal Financial Institutions Examination Council (the Council), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 to the financial statements, the Council has changed its method of accounting for leases as of January 1, 2020 due to the adoption of Accounting Standards Codification Topic 842, Leases, and the related amendments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,
misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended December 31, 2021, we considered the Council’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council’s financial statements as of and for the year ended December 31, 2021 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The
results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of the Other Reporting Required by Government Auditing Standards**

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council’s internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, District of Columbia
February 24, 2022
# Balance Sheets

As of December 31,

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,770,077</td>
<td>$2,288,820</td>
</tr>
<tr>
<td>Accounts receivable from member agencies</td>
<td>707,617</td>
<td>534,455</td>
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<tr>
<td>Accounts receivable from non-members agencies—net</td>
<td>3,375</td>
<td>-</td>
</tr>
<tr>
<td>Total current assets</td>
<td>2,481,769</td>
<td>2,823,275</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease real estate right-of-use-asset</td>
<td>1,347,388</td>
<td>1,681,240</td>
</tr>
<tr>
<td>Operating lease equipment right-of-use-assets</td>
<td>122,975</td>
<td>188,492</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>1,473,363</td>
<td>1,869,732</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS:</strong></td>
<td>$3,952,132</td>
<td>$4,693,007</td>
</tr>
<tr>
<td><strong>LIABILITIES AND CUMULATIVE RESULTS OF OPERATIONS</strong></td>
<td>$3,952,132</td>
<td>$4,693,007</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities payable to member agencies</td>
<td>$517,419</td>
<td>$1,072,474</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities payable to non-members agencies</td>
<td>304,998</td>
<td>301,552</td>
</tr>
<tr>
<td>Accrued annual leave</td>
<td>145,876</td>
<td>123,621</td>
</tr>
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<td>Operating lease payable</td>
<td>399,499</td>
<td>379,890</td>
</tr>
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<td>Total current liabilities</td>
<td>1,367,792</td>
<td>1,877,537</td>
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<td><strong>LONG-TERM LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease payable</td>
<td>1,090,343</td>
<td>1,489,842</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>1,090,343</td>
<td>1,489,842</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,458,135</td>
<td>3,367,379</td>
</tr>
<tr>
<td><strong>CUMULATIVE RESULTS OF OPERATIONS</strong></td>
<td>$1,493,997</td>
<td>$1,325,628</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND CUMULATIVE RESULTS OF OPERATIONS</strong></td>
<td>$3,952,132</td>
<td>$4,693,007</td>
</tr>
</tbody>
</table>

See notes to financial statements.
Federal Financial Institutions Examination Council  
Statements of Operations

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Data Repository</td>
<td>$3,520,624</td>
<td>$3,461,665</td>
</tr>
<tr>
<td>Tuition</td>
<td>3,977,213</td>
<td>3,281,809</td>
</tr>
<tr>
<td>Assessments on member agencies</td>
<td>1,598,914</td>
<td>1,529,203</td>
</tr>
<tr>
<td>Community Reinvestment Act</td>
<td>492,023</td>
<td>693,261</td>
</tr>
<tr>
<td>Uniform Bank Performance Report</td>
<td>639,145</td>
<td>614,292</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>570,270</td>
<td>594,707</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>10,798,189</strong></td>
<td><strong>10,174,937</strong></td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>4,812,039</td>
<td>4,067,152</td>
</tr>
<tr>
<td>Salaries and related benefits</td>
<td>3,329,813</td>
<td>3,252,052</td>
</tr>
<tr>
<td>Data Processing</td>
<td>1,062,293</td>
<td>1,287,968</td>
</tr>
<tr>
<td>Administration fees</td>
<td>967,506</td>
<td>914,573</td>
</tr>
<tr>
<td>Rental of office space</td>
<td>339,386</td>
<td>367,926</td>
</tr>
<tr>
<td>Travel</td>
<td>20</td>
<td>28,580</td>
</tr>
<tr>
<td>Rental and maintenance of office equipment</td>
<td>82,027</td>
<td>73,574</td>
</tr>
<tr>
<td>Other seminar expenses</td>
<td>9</td>
<td>13,117</td>
</tr>
<tr>
<td>Office and other supplies</td>
<td>23,617</td>
<td>6,728</td>
</tr>
<tr>
<td>Printing</td>
<td>4,182</td>
<td>209</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>8,928</td>
<td>1,082</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>10,629,820</strong></td>
<td><strong>10,012,961</strong></td>
</tr>
<tr>
<td><strong>RESULTS OF OPERATIONS</strong></td>
<td><strong>168,369</strong></td>
<td><strong>161,976</strong></td>
</tr>
<tr>
<td><strong>CUMULATIVE RESULTS OF OPERATIONS—Beginning of year</strong></td>
<td>1,325,628</td>
<td>1,163,652</td>
</tr>
<tr>
<td><strong>CUMULATIVE RESULTS OF OPERATIONS—End of year</strong></td>
<td><strong>$1,493,997</strong></td>
<td><strong>$1,325,628</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
### Federal Financial Institutions Examination Council
### Statements of Cash Flows

For the years ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results of operations</td>
<td>$168,369</td>
<td>$161,976</td>
</tr>
<tr>
<td>Adjustments to reconcile results of operations to net cash from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating lease assets and payables (current and non-current)</td>
<td>19,479</td>
<td>(8,416)</td>
</tr>
<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable from member agencies</td>
<td>(173,162)</td>
<td>591,271</td>
</tr>
<tr>
<td>Accounts receivable from non-member agencies</td>
<td>(3,375)</td>
<td>14,525</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities payable to member agencies</td>
<td>(555,055)</td>
<td>(479,546)</td>
</tr>
<tr>
<td>Other accounts payable and accrued liabilities payable to non-member agencies</td>
<td>3,446</td>
<td>(204,842)</td>
</tr>
<tr>
<td>Accrued annual leave</td>
<td>22,255</td>
<td>42,325</td>
</tr>
<tr>
<td>Net cash from (used in) operating activities</td>
<td>(518,043)</td>
<td>117,793</td>
</tr>
</tbody>
</table>

| NET INCREASE (DECREASE) IN CASH | (518,043) | 117,793   |

| CASH BALANCE—Beginning of year   | 2,288,820  | 2,171,527 |
| CASH BALANCE—End of year         | $1,770,777 | $2,288,820 |
1. Organization and Purpose

The Federal Financial Institutions Examination Council (the Council) was established under title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. The purpose of the Council is to prescribe uniform principles and standards for the federal examination of financial institutions and to make recommendations to promote uniformity in the supervision of these financial institutions. The Council has six voting members. The five federal agencies represented on the Council during 2021, referred to collectively as member agencies, are as follows:

- Board of Governors of the Federal Reserve System (FRB)
- Consumer Financial Protection Bureau (CFPB)
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)
- Office of the Comptroller of the Currency (OCC)

In accordance with the Financial Services Regulatory Relief Act of 2006, a rotating representative state regulator was added as a full voting member of the Council in October 2006.

The Council was given additional statutory responsibilities by section 340 of the Housing and Community Development Act of 1980, Public Law 96-399. Among these responsibilities is the implementation of a system, in consultation with the Secretary of the Department of Housing and Urban Development (HUD), to facilitate public access to data that depository institutions must disclose under the Home Mortgage Disclosure Act of 1975 (HMDA) and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was signed into law. This legislation gave the CFPB general rule-writing responsibility for federal consumer financial laws and the HMDA supervisory and enforcement authority. The CFPB, as part of these responsibilities, developed a new HMDA processing system that replaced the HMDA processing system maintained by the FRB. The Council is performing the collection and billing activity for the new HMDA processing system developed by the Bureau. The activity includes the member agencies and HUD. As a collecting entity, the Council does not recognize the transfers from member agencies as revenue nor does the Council use the collections to fund Council expenses; the funds are transferred to the CFPB.

The Council’s financial statements do not include financial data for the Council’s Appraisal Subcommittee (the Subcommittee). The Subcommittee was created pursuant to Public Law 101-73, title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Although it is a subcommittee of the Council, the Appraisal Subcommittee maintains separate financial records and administrative processes. The Council is not responsible for any debts incurred by the Appraisal Subcommittee, nor are Appraisal Subcommittee funds available for use by the Council.

Notes continue on the following page.
2. Significant Accounting Policies

**Basis of Accounting**—The Council prepares its financial statements in accordance with accounting principles generally accepted in the United States (GAAP).

**Revenues**—Assessments are made on member organizations to fund the Council’s operations based on expected cash needs and are recognized as revenue in the period in which they are assessed. Amounts over- or under-assessed due to differences between assessments and actual expenses are presented in the Council’s Statements of Operations in the “Cumulative results of operations” line item during the year and then may be used to offset or increase the next year’s assessment. Deficits in “Cumulative results of operations” can be recouped in the following year’s assessments.

The Council provides training seminars, in the Washington, D.C. area and at locations throughout the country for member organizations, other federal agencies, and state organizations. Due to COVID-19 pandemic, the Council did not conduct any in-person training in 2021. All Council training was delivered virtually in 2021. The Council recognizes revenue from member agencies for the production and distribution of the Uniform Bank Performance Reports (UBPR) through the FDIC. Tuition and UBPR revenue are adjusted at year-end to match expenses incurred as a result of providing education classes and UBPR services. For differences between revenues and expenses, member agencies are assessed an additional amount or credited a refund based on each member’s proportional cost for the examiner education and UBPR budget. The Council recognizes revenue from member agencies for expenses incurred related to the Central Data Repository (CDR) processing system, the Community Reinvestment Act (CRA) processing system, and the Geocoder and Census Product Services (Other Revenues).

**Equipment and Software**—Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from three to five years. Upon the sale or other disposition of a depreciable asset, the cost and related accumulated depreciation are removed and any gain or loss is recognized. Costs incurred to acquire software are capitalized based on the purchase price. Costs incurred during the application development stage to develop internal-use software are capitalized based on the cost of direct services and materials associated with designing, coding, installing, and testing the software. Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the software applications, which generally range from two to five years. Maintenance costs and minor replacements related to software are charged to operating expense in the year incurred. The CDR system, which consists of internally developed software projects, are recorded at cost less accumulated depreciation; unique useful lives are applied to these assets as appropriate.

**Estimates**—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include useful lives of the CDR and the HMDA processing systems previously maintained by the FRB.

**Prepaid Expenses**—The Council recognizes expenses as prepaid for costs paid in advance that will be expensed with the passage of time or upon the occurrence of a triggering event in future periods.

**Commitments and Contingencies**—Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Notes continue on the following page.
**Tax Exempt Status** — The Council is not subject to state or local income taxes, and federal law does not impose taxes on the Council’s income.

**Recently Issued Accounting Standards** — In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which supersedes the existing guidance for lease accounting, Leases (Topic 840). ASU 2016-02 requires lessees to recognize leases on their balance sheets (through right-of-use (ROU) assets and lease liabilities), and leaves lessor accounting largely unchanged. The Council adopted the provisions of Topic 842 on December 31, 2020, using the modified retrospective approach and the option presented under ASU 2018-11 to transition only active leases as of the December 31, 2020 adoption date, with a cumulative effect adjustment recorded as of that date.

The Council elected to utilize the transition package of practical expedients permitted under Topic 842, which, among other things, allowed the Council to carry forward the historical lease classification. Additionally, the Council made an accounting policy election to exempt short-term leases (with an initial term of 12 months or less) from the provisions of Topic 842, which resulted in recognition of the related lease payments on a straight-line basis over the lease term, consistent with prior treatment under Topic 840. The Council did not elect the “hindsight” practical expedient when determining the lease terms under Topic 842.

### 3. Selected Transactions with Member Agencies

<table>
<thead>
<tr>
<th>Accounts receivable:</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Governors of the Federal Reserve System</td>
<td>$162,295</td>
<td>$135,030</td>
</tr>
<tr>
<td>Consumer Financial Protection Bureau</td>
<td>42,433</td>
<td>19,626</td>
</tr>
<tr>
<td>Federal Deposit Insurance Corporation</td>
<td>289,469</td>
<td>210,345</td>
</tr>
<tr>
<td>National Credit Union Administration</td>
<td>42,433</td>
<td>19,626</td>
</tr>
<tr>
<td>Office of the Comptroller of the Currency</td>
<td>170,987</td>
<td>149,828</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$707,617</strong></td>
<td><strong>$534,455</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accounts payable and accrued liabilities:</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Governors of the Federal Reserve System</td>
<td>$416,108</td>
<td>$538,629</td>
</tr>
<tr>
<td>Consumer Financial Protection Bureau</td>
<td>148</td>
<td>10,349</td>
</tr>
<tr>
<td>Federal Deposit Insurance Corporation</td>
<td>57,896</td>
<td>263,775</td>
</tr>
<tr>
<td>National Credit Union Administration</td>
<td>500</td>
<td>39,218</td>
</tr>
<tr>
<td>Office of the Comptroller of the Currency</td>
<td>42,767</td>
<td>220,503</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$517,419</strong></td>
<td><strong>$1,072,474</strong></td>
</tr>
</tbody>
</table>

**Operations:**

- Council operating expenses reimbursed by members: $1,598,914 | $1,529,203
- FRB-provided administrative support: $967,506 | $914,573
- FRB-provided data processing: $1,062,293 | $1,287,968

**Tuition revenue:**

- Member tuition: $3,852,563 | $3,212,652

Notes continue on the following page.
Member agencies of the Council detail personnel to support Council operations. The salaries and related costs presented on the Statement of Operations represent the amounts which the Council has reimbursed member agencies. These detailed personnel are paid through the payroll systems of their respective member agency. The Council does not have any post-retirement or post-employment benefit liabilities since Council personnel are included in the plans of the member agencies.

Member agencies are not reimbursed for the costs of personnel who serve as Council members and on the various task forces and committees of the Council. The value of these contributed services is not included in the accompanying financial statements.

4. Central Data Repository

In 2003, the Council entered into an agreement with Unisys to enhance the methods and systems used to collect, validate, process, and distribute Call Report information used by member organizations, and to store this information in the CDR. The CDR was placed into service in October 2005. At that time, the Council began depreciating the CDR on a straight-line basis over its estimated useful life of 63 months. In 2009, the Council reevaluated the useful life of the CDR and decided to extend its estimated useful life by an additional 36 months based on enhanced functionality of the software. In 2013, the Council again reevaluated the useful life of the CDR and decided to extend its estimated useful life by an additional 36 months based on enhanced functionality of the software. In 2014, the Council added additional enhancements of $688,281 and extended the useful life of the asset, including the enhancements, for an additional 56 months. The Council similarly extended the period of the associated deferred revenue. The CDR asset value is $21,839,856 and is fully depreciated. The Council also pays for hosting and maintenance expenses for the CDR and recognizes the associated revenue from members.

*CDR Financial Activity* — The Council is funding the project by billing the three participating Council member agencies (FRB, FDIC, and OCC). The accounts payable and accrued liabilities related to the CDR is $281,000 and $270,000 as of December 31, 2021 and 2020, respectively.

5. Leases

In February 2021, the Council executed the option to extend for another five years an operating lease with the FDIC to secure office and classroom space. In 2018, the Council entered into operating leases for copier equipment. These leases have remaining terms of 2 to 4 years. Adoption of Topic 842 resulted in the recording of ROU assets and corresponding lease liabilities of $1,470,363 and $1,489,842, respectively as of December 31, 2021. The adoption of Topic 842 did not materially impact the Council’s net earnings and had no impact on its cash flows. The Council’s current lease arrangements expire through 2025.

The Council’s lease population include any residual value guarantees, and therefore none were considered in the calculation of the ROU and lease liability balances. The Council has leases that contain variable payments, most commonly in the form of common area maintenance charges, which are based on actual costs incurred. These variable payments were excluded from the calculation of the ROU asset and lease liability balances since they are not fixed or in-substance fixed payments.

For leases with terms greater than 12 months, the FFIEC records the related ROU assets and lease liabilities at the present value of lease payments over the lease terms. For leases with an initial term of 12 months or less (with purchase options or extension options that are not reasonably certain to be exercised), the Council does not record them on the balance sheet, but instead recognizes lease expense on a straight-line basis over the terms of the leases.

*Notes continue on the following page.*
Lease cost. The Council’s lease cost was comprised of the following components for the years ended December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease cost</td>
<td>$407,535</td>
<td>$388,076</td>
</tr>
<tr>
<td>Variable lease cost</td>
<td>13,878</td>
<td>53,424</td>
</tr>
<tr>
<td>Total lease cost</td>
<td>$421,413</td>
<td>$441,500</td>
</tr>
</tbody>
</table>

Lease commitments. The Council’s future minimum lease payments required under operating leases as of December 31, 2021 were as follows:

<table>
<thead>
<tr>
<th>Operating Leases</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
<td>405,407</td>
<td>398,650</td>
</tr>
<tr>
<td>Total lease payments</td>
<td>1,501,962</td>
<td>1,489,842</td>
</tr>
<tr>
<td>Less imputed interest</td>
<td>12,120</td>
<td>12,120</td>
</tr>
<tr>
<td>Present value of lease payments</td>
<td>1,489,842</td>
<td>1,489,842</td>
</tr>
</tbody>
</table>

In order to calculate the ROU asset and lease liability for a lease, Topic 842 requires that a lessee apply a discount rate equal to the rate implicit in the lease whenever that rate is readily determinable. The Council’s lease agreements do not provide a readily determinable implicit rate, nor is the rate available to the Council from its lessors. Therefore, as permitted under Topic 842 for non-public business entities in such situations, management estimates the Council’s risk-free rate (U.S. Treasury rate), as determined using a period comparable with that of the lease term. The risk-free rate, which is based on information available at either the implementation date of Topic 842 or at lease commencement for leases entered into subsequently, is used to discount the remaining lease payments to present value.

Additional lease information. Additional information related to the Council’s leases as of December 31, 2021 and 2020 was as follows:

<table>
<thead>
<tr>
<th>Weighted Average Remaining Lease Term</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
<td>3.82 years</td>
<td>4.78 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weighted Average Discount Rate</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
<td>0.46%</td>
<td>0.49%</td>
</tr>
</tbody>
</table>

Supplemental cash flow information. Supplemental cash flow information related to the Council’s leases during the years ended December 31, 2021 and 2020 was as follows:

| Cash paid for amounts included in measurement of lease liabilities: |
|---------------------------------------------------------------|------|------|
| Operating cash flows from operating leases                  | $405,172 | $398,678 |

6. Subsequent Events

There were no subsequent events that require adjustments to or disclosures in the financial statements as of December 31, 2021. Subsequent events were evaluated through February 24, 2022, which is the date the financial statements were available to be issued.
Appendix C: Maps of Agency Regions and Districts
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<th>Page</th>
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</thead>
<tbody>
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</tr>
<tr>
<td>Consumer Financial Protection Bureau</td>
<td>67</td>
</tr>
<tr>
<td>Federal Deposit Insurance Corporation Supervisory Regions</td>
<td>68</td>
</tr>
<tr>
<td>National Credit Union Administration</td>
<td>69</td>
</tr>
<tr>
<td>Office of the Comptroller of the Currency</td>
<td>70</td>
</tr>
</tbody>
</table>
Notes: In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii. The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.
Federal Deposit Insurance Corporation
Supervisory Regions

Note: One area office is located in Boston (reports to New York)
Office of the Comptroller of the Currency
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Organizational Listing of Personnel
December 31, 2021

Members of the Council

Todd M. Harper, Chairman
Chairman
National Credit Union Administration (NCUA)

Michael J. Hsu, Vice Chairman
Acting Comptroller of the Currency
Office of the Comptroller of the Currency (OCC)

Randal K. Quarles, (resigned 12/25/2021)
Governor
Board of Governors of the Federal Reserve System (FRB)

Jelena McWilliams
Chairman
Federal Deposit Insurance Corporation (FDIC)

Rohit Chopra
Director
Consumer Financial Protection Bureau (CFPB)

Thomas C. Fite
Chairman
State Liaison Committee (SLC)
Director
Indiana Department of Financial Institutions

State Liaison Committee

Thomas C. Fite, Chairman
Director
Indiana Department of Financial Institutions

Kevin Allard
Superintendent
Ohio Division of Financial Institutions

Melanie Hall
Commissioner
Montana Division of Banking and Financial Institutions

Council Staff Officer

Judith Dupré
Executive Secretary

Interagency Staff Groups

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