2024 ANNUAL PERFORMANCE PLAN

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CHAIRMAN'S MESSAGE

I am pleased to present the Federal Deposit Insurance Corporation's 2024 Annual Performance Plan. In accordance with the requirements of the Government Performance and Results Act (GPRA), as subsequently amended by the GPRA Modernization Act, it outlines the FDIC's annual performance goals and targets for this year. The FDIC has successfully fulfilled its mission of maintaining stability and public confidence in the U.S. financial system for over 90 years. The importance of the FDIC's mission was reaffirmed in 2023, when the FDIC took prompt action to manage the orderly resolution of five banks, including three large regional banks.

The FDIC's success in fulfilling its mission has been primarily attributable to the dedication and hard work of its employees. Those employees deserve a workplace that makes each employee feel safe, valued, and respected. In response to recent news reports of sexual harassment within the FDIC, we are in the process of implementing a multi-faceted Action Plan, developed with input from our staff, to address identified workplace issues and ensure a safe, fair, and inclusive workplace. Additionally, the FDIC Board of Directors has established a Special Committee, led by Director Jonathan McKernan and Board Member Michael J. Hsu, Acting Comptroller of the Currency, to oversee an independent third-party review of our workplace culture by a respected outside law firm. The insights and recommendations from that review will be integrated into the Action Plan, as appropriate.

As of December 31, 2023, the FDIC insured more than 725 million accounts with more than $10.62 trillion in depositor funds at 4,596 institutions across the nation. The banking system continues to show resilience after a period of liquidity stress in early 2023 and ongoing economic and geopolitical uncertainties. The banking industry's overall asset quality metrics remain favorable, liquidity is stable, and although net income declined modestly in 2023, it remains well above levels reported before the pandemic. However, continuing inflationary pressures, volatility in market interest rates, and deterioration in the industry's commercial real estate portfolio contribute to an uncertain economic outlook that could pose significant downside risks to the banking industry. These issues, together with funding and earnings pressures, will be matters of close ongoing supervisory attention by the FDIC in 2024.

This annual performance plan identifies key areas of emphasis for the FDIC in 2024. These include enhanced prudential oversight of banks, particularly with respect to the management of capital, liquidity, and interest rate risks; implementation of supervisory changes in response to the lessons learned from bank failures in 2023; and initial collection of a special assessment to recover losses to the Deposit Insurance Fund (DIF) associated with the systemic risk determinations made in connection with two of the 2023 bank failures. The FDIC will also advance rulemaking activities to strengthen capital requirements for large U.S. banking organizations through implementation of the Basel III framework, complete rulemaking to require large and complex financial institutions to hold long-term debt to facilitate their resolution in the event of financial distress, and begin planning for the implementation of the strengthened and modernized rule adopted last year to better achieve the objectives of the Community Reinvestment Act. Finally, the FDIC will continue to analyze the potential impact that emerging financial risks, such as crypto-related activities and climate change, could have on the safety and soundness of insured depository institutions (IDIs) and will pay increased attention to cybersecurity and other technology-related risks to IDIs.

The FDIC has been a symbol of trust for depositors in FDIC-insured financial institutions since 1933 and will carry that mission forward in 2024.

Martin J. Gruenberg
Chairman

MISSION, VISION, AND VALUES

MISSION

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system by:

- Insuring deposits,
- Examining and supervising financial institutions for safety and soundness and consumer protection,
- Making large, complex financial institutions resolvable, and
- Managing receiverships.

VISION

The FDIC is a recognized leader in promoting sound public policies; addressing risks in the nation's financial system; and carrying out its insurance, supervisory, consumer protection, resolution planning, and receivership management responsibilities.

VALUES

The FDIC and its employees have a tradition of distinguished public service. Six core values guide us in accomplishing our mission:

Integrity	We adhere to the highest ethical and professional standards.
Competence	We are a highly skilled, dedicated, and diverse workforce that is empowered to achieve outstanding results.
Teamwork	We communicate and collaborate effectively with one another and with other regulatory agencies.
Effectiveness	We respond quickly and successfully to risks in insured depository institutions and the financial system.
Accountability	We are accountable to each other and to our stakeholders to operate in a financially responsible and operationally effective manner.
Fairness	We respect individual viewpoints and treat one another and our stakeholders with impartiality, dignity, and trust.

CREATING A SAFE, FAIR, AND INCLUSIVE WORK ENVIRONMENT

In November 2023, there were media reports about sexual harassment and misconduct at the FDIC. There is no higher priority at the FDIC than ensuring that every person at the agency feels safe, valued, and respected. The FDIC is bringing all resources of the agency to bear to address the problems that the reports identified. To that end, the FDIC published in December 2023 an Action Plan for a Safe, Fair, and Inclusive Work Environment. The Action Plan is available on the FDIC's public website at https://www.fdic.gov/about/diversity/pdf/action-plan-12-4-23-v1.pdf.

The Action Plan is organized around eight action areas:

- Support for Victims and Survivors;
- Prompt Investigation, Identification, and Correction of Current Problems;
- Repercussions for Harassers;
- Leadership Accountability;
- Policies, Procedures, and Operations Review and Enhancement;
- Training Programs;
- Communication and Outreach Strategy; and
- Cultural Transformation.

Within each action area, the FDIC identified specific initiatives to be pursued, each with a target completion date to faciltate ongoing monitoring of the progress being made in implementation of the plan. Most initiatives are projected to be completed in 2024.

Additionally, the FDIC Board established a Special Review Committee to direct and oversee an independent, third-party review of the FDIC's workplace and culture. The review will focus on reports of sexual harassment and misconduct, as well as assessing the FDIC's workplace culture, including any practices that might discourage or deter the reporting of, or appropriate resonses to, complaints of sexual harassment and misconduct. After the review is completed, its findings and recommendations will be integrated into the Action Plan, as appropriate.

PROGRAM DESCRIPTIONS AND ANNUAL PERFORMANCE GOALS

I. INSURANCE

II. SUPERVISION

a. Risk Management

b. Consumer Compliance and Consumer Affairs

c. Resolution Planning

III. RECEIVERSHIP MANAGEMENT

I. INSURANCE PROGRAM

Program Overview

Strategic Goal 1: FDIC-insured deposits are protected from loss without recourse to taxpayer funding.

Strategic Objective 1.1: The FDIC provides customers of failed insured depository institutions timely access to insured funds and financial services.

> **Annual Performance Goal 1.1-1 (page 13)** Respond promptly to all IDI failures and related emerging issues.

Strategic Objective 1.2: The FDIC promptly identifies and responds to potential risks to the DIF.

> **Annual Performance Goal 1.2-1 (page 15)** Disseminate data and analyses on issues and risks affecting the financial services industry to bankers, supervisors, the public, and other stakeholders on an ongoing basis.

Strategic Objective 1.3: The FDIC maintains a strong and adequately financed DIF.

> **Annual Performance Goal 1.3-1 (page 17)** Monitor the status of the DIF reserve ratio and analyze the factors that affect fund growth. Adjust assessment rates, as necessary, to achieve a DIF reserve ratio of at least 1.35 percent by September 30, 2028.
>
> **Annual Performance Goal 1.3-2 (page 19)** Expand and strengthen the FDIC's participation and leadership role in supporting robust and effective deposit insurance programs, resolution strategies, and banking systems worldwide.
>
> **Annual Performance Goal 1.3-3 (page 21)** Ensure timely consideration and efficient processing of de novo deposit insurance applications.

Strategic Objective 1.4: The FDIC resolves failed IDIs in the manner least costly to the DIF.

> **Annual Performance Goal 1.4-1 (page 22)** Market failing IDIs to a targeted pool of qualified and interested potential bidders.

Strategic Objective 1.5: The FDIC provides the public and IDIs access to clear and accurate information about federal deposit insurance coverage.

> **Annual Performance Goal 1.5-1 (page 24)** Provide educational information to IDIs and their customers to help them understand the rules for determining the amount of insurance coverage on deposit accounts.

Insurance Program Overview

One way the FDIC maintains stability and public confidence in the nation's financial system is by providing deposit insurance. Through its industry- and consumer-awareness programs, the FDIC seeks to increase public awareness and understanding of deposit insurance rules and coverage. The FDIC takes steps to ensure that no person or organization makes false or misleading representations about deposit insurance, uses the FDIC's name or logo in a manner that would imply that an uninsured financial product is insured or guaranteed by the FDIC, or knowingly misrepresents the extent or manner of deposit insurance. In addition, the FDIC (and other federal regulatory agencies) ensure that insured depository institutions (IDIs) accurately disclose products that are not insured by the FDIC. The FDIC also routinely provides depositors and financial institution staff with information regarding the insurance rules and limits that apply to specific types of deposit accounts. As of December 31, 2023, the FDIC insured more than 725 million accounts with more than $10.62 trillion in depositor funds at 4,596 institutions across the nation.

Before a prospective IDI can open for business, it must apply to the FDIC for federal deposit insurance. The FDIC evaluates each applicant's potential risk to the DIF by assessing the adequacy of its proposed capital, future earnings potential, and the general character of its management. Before granting access to the federal deposit insurance system, the FDIC also considers the applicant's plans for serving the deposit and lending needs of the community that the applicant plans to serve and obtains input from other regulatory authorities.

When an IDI fails and the FDIC is appointed as receiver, the FDIC ensures that the institution's customers have prompt access to their insured deposits and other services. If an acquiring bank does not assume all of the failed institution's deposits, the FDIC also typically provides access to a portion of uninsured deposits based on the expected return on the disposition of the assets of the failed institution. To keep pace with the evolving banking industry and maintain its readiness to protect insured depositors, the FDIC prepares and maintains contingency plans to respond promptly to a variety of IDI failure scenarios.

The DIF balance was $121.8 billion as of December 31, 2023, $6.4 billion below the balance reported on December 31, 2022. The DIF reserve ratio, or the ratio of the fund balance to estimated insured deposits, stood at 1.15 percent as of December 31, 2023. The decline in the DIF balance was primarily driven by $18 billion in loss provision expenses associated with the failure of three large regional banks in early 2023. This amount does not include the cost of protecting uninsured deposits pursuant to the systemic risk determination made in connection with the two bank failures that occurred in March 2023, as the FDIC is required by statute to recover those losses through one or more specal assessments. In November 2023, the FDIC Board adopted a final rule implementing the special assessment. The first collection for the special assessment will occur in June 2024. Under the final rule, the FDIC anticipated that the special assessment would be collected at an annual rate of approximately 13.4 basis points over eight quarterly assessment periods, beginning with the first quarterly assessment period of 2024. However, the special assessment amount and collection period may change as the result of periodic adjustments to the estimated loss pursuant to the systemic risk determination. Adjustments may be made as assets are sold, liabilities are satisfied, and receivership expenses are incurred, and if there are corrective amendments to the amount of uninsured deposits reported for the December 31, 2022, reporting period. Two additional institutions failed in the second half of 2023 at an estimated cost to the DIF of $69 million.

The DIF continues to operate under the Restoration Plan adopted in September 2020, following extraordinary growth in insured deposits, and later amended in October 2022, to restore the DIF reserve ratio to at least 1.35 percent within eight years, as required by statute.[1] While the DIF balance declined in 2023, the FDIC's most recent semiannual update concluded that the reserve ratio remains on track to reach the statutory minimum ahead of the deadline, although the precise timing is unknown and depends on a number of factors, including insured deposit growth and future bank failures. In 2023, insured deposits grew by 3.6 percent, below the long-term average rate of 4.5 percent.[2] The number of problem banks was 52 as of December 31, 2023, well within historical levels.

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[1] 12 U.S.C. 1817(b)(3)(B) and (E)

[2] Long-term average rate based on data from 2000 to 2019.

The table below depicts the strategic goal, strategic objectives, and annual performance goals for the Insurance Program.

Strategic Goal	Strategic Objectives	Annual Performance Goals
FDIC-insured deposits are protected from loss without recourse to taxpayer funding.	The FDIC provides customers of failed insured depository institutions (IDIs) timely access to insured funds and financial services.	Respond promptly to all IDI failures and related emerging issues. (1.1-1)
	The FDIC promptly identifies and responds to potential risks to the DIF.	Disseminate data and analyses on issues and risks affecting the financial services industry to bankers, supervisors, the public, and other stakeholders on an ongoing basis. (1.2-1)
	The FDIC maintains a strong and adequately financed DIF.	Monitor the status of the DIF reserve ratio and analyze the factors that affect fund growth. Adjust assessment rates, as necessary, to achieve a DIF reserve ratio of at least 1.35 percent by September 30, 2028. (1.3-1)
		Expand and strengthen the FDIC's participation and leadership role in supporting robust and effective deposit insurance programs, resolution strategies, and banking systems worldwide. (1.3-2)
		Ensure timely consideration and efficient processing of *de novo* deposit insurance applications. (1.3-3)
	The FDIC resolves failed IDIs in the manner least costly to the DIF.	Market failing IDIs to a targeted pool of qualified and interested potential bidders. (1.4-1)

	The FDIC provides the public and IDIs access to clear and accurate information about federal deposit insurance coverage.	Provide educational information to IDIs and their customers to help them understand the rules for determining the amount of insurance coverage on deposit accounts. (1.5-1)

STRATEGIC GOAL 1:

FDIC-insured deposits are protected from loss without recourse to taxpayer funding.

STRATEGIC OBJECTIVE 1.1

The FDIC provides customers of failed IDIs timely access to insured funds and financial services.

Annual Performance Goal 1.1-1

Respond promptly to all IDI failures and related emerging issues.

Indicators and Targets

1. Number of business days after an IDI failure that depositors first have access to insured funds
    - Depositors have access to insured funds within one business day if the failure occurs on a Friday.
    - Depositors have access to insured funds within two business days if the failure occurs on any other day of the week.
2. Insured depositor losses resulting from an IDI failure
    - Depositors do not incur any losses on insured deposits.
    - No appropriated funds are required to pay insured depositors.

Means and Strategies

Operational Processes (initiatives and strategies): In typical cases, when an IDI is identified as one that could potentially fail, the FDIC develops an operational plan to handle its resolution. The resolution process begins with an assessment of the IDI's assets and liabilities. An information package is prepared as a marketing tool for qualified bidders that are interested in acquiring the failing IDI. After conducting due diligence, bidders submit bids that are evaluated and compared to the cost of liquidation to determine the least-costly resolution.

If the federal or state chartering authority chooses to close the institution, the FDIC is named receiver, allowing it to take control of the failed IDI and, if necessary, determine which deposits are insured.

If a buyer is found, the FDIC works with the assuming institution to transfer purchased assets, along with either all deposits or only insured deposits, as quickly as possible. If a buyer is not found during the resolution process, insured balances are disbursed directly to the depositors of the failed IDI and all assets remain in the receivership. In either case, the insured depositors are provided access to their deposit accounts within one or two business days.

Human Resources (staffing and training): For 2024, the FDIC's Division of Resolutions and Receiverships has authorized staffing of 426 permanent employees dedicated to handling the failure of IDIs and the management of ensuing receiverships. This permanent workforce is currently supplemented by non-permanent employees to handle temporarily elevated workload levels. The number of open receiverships continues to decline, but the volume of assets under management increased substantially as a result of the bank failures in the spring of 2023.

Information Technology: Technology is critical to making deposit insurance determinations and payments efficiently. The FDIC uses the Claims Administration System (CAS) to identify depositors' insured and uninsured funds in failing IDIs. For every failing IDI, CAS is used prior to failure to estimate the amount of uninsured deposits for use in the least-cost test. When an insured deposit transaction or a payout is the least-costly resolution, CAS is also used to determine the amount of insured deposits. CAS is the system of record for the deposits of the failed IDI and subsequent claims processing and tracking.

Verification and Validation

If insured deposits are transferred to an assuming IDI, the number of business days before depositors have access to their insured funds is verified by comparing the date of failure to the date that the assuming IDI opens for business and makes insured funds available to the failed IDI's depositors. For a deposit payout, the measure of the number of business days to funds availability is verified by comparing the date of failure with the date that insured funds are disbursed to depositors.

2023 Performance Results

The FDIC successfully met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicators and targets are unchanged for 2024.

STRATEGIC OBJECTIVE 1.2

The FDIC promptly identifies and responds to potential risks to the DIF.

Annual Performance Goal 1.2-1

Disseminate data and analyses on issues and risks affecting the financial services industry to bankers, supervisors, the public, and other stakeholders on an ongoing basis.

Indicator and Targets

1. Scope and timeliness of information dissemination on identified or potential issues and risks
    - Disseminate results of research and analyses in a timely manner through regular publications, ad hoc reports, and other means.
    - Undertake industry outreach activities, as needed, to inform bankers and other stakeholders about current trends, concerns, available resources, and FDIC performance metrics.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC maintains a robust and comprehensive research and publications program that focuses on issues and topics of importance to the banking industry. Much of this research is conducted in collaboration with the academic community through the FDIC's Center for Financial Research (CFR). Research findings are disseminated through meetings of the Advisory Committee on Community Banking (CBAC) and the Advisory Committee on Economic Inclusion (ComE-IN), CFR Working Papers,

FDIC Staff Studies, articles in professional journals and other publications, and presentations at conferences and other events. The FDIC also disseminates information and analyses on industry risks through periodic reports and publications (e.g., the *FDIC Quarterly Banking Profile* and the *FDIC Quarterly*), Financial Institution Letters, participation in industry events, and other outreach activities.

The FDIC conducts outreach sessions several times each year across the country. In addition, FDIC employees regularly attend conferences and meet with industry analysts and trade groups to exchange views and analyses. FDIC employees also present Directors' College outreach sessions to bank board members. During these sessions, FDIC employees share information with bank directors on current risks, new regulations, and emerging issues. Local FDIC offices nationwide also conduct banker roundtable events that provide opportunities for bankers to receive information and raise questions about laws, regulations, or emerging risks.

Human Resources (staffing and training): The FDIC employs economists, financial analysts, and other staff members who monitor risks within the banking industry and communicate those risks to FDIC management, other regulators, the industry, the public, and other stakeholders through a variety of mediums. In addition, FDIC managers, examiners, and other staff located throughout the country conduct banker outreach sessions as a collateral duty.

Information Technology: The FDIC's public website (https://www.fdic.gov) is a centralized source for FDIC research and analysis on potential areas of risk that is available to the industry, the public, and other regulators. Databases and reports provide comprehensive financial and structural information about every FDIC-insured institution. These data assets are freely available, including through open-source formatted downloads and modern data retrieval methods such as application programming interfaces, to provide easy access to financial institution information for all users of the data, including financial institutions, bank regulators, and the public.

Verification and Validation

Timely analyses of banking industry risks are included in regular publications or issued as ad hoc reports. Industry outreach activities aimed at the banking community and industry trade groups promote discussion of current trends and concerns and inform bankers about available FDIC resources. Publications and outreach events are documented through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicator and targets are unchanged for 2024.

STRATEGIC OBJECTIVE 1.3

The FDIC maintains a strong and adequately financed DIF.

Annual Performance Goal 1.3-1

Monitor the status of the DIF reserve ratio and analyze the factors that affect fund growth. Adjust assessment rates, as necessary, to achieve a DIF reserve ratio of at least 1.35 percent by September 30, 2028.

Indicators and Targets

1. Updated fund balance projections and recommended changes to assessment rates
   - Provide updated fund balance projections to the FDIC Board of Directors semiannually.
   - Recommend changes to deposit insurance assessment rates to the FDIC Board of Directors, as necessary.

2. Progress updates and adjustments to the Restoration Plan
   - Provide progress reports to the FDIC Board of Directors semiannually, in accordance with the Restoration Plan.
   - Implement the special assessment to recover the costs incurred by the DIF due to the systemic risk exceptions made to protect uninsured deposits in banks that failed in March 2023.
   - Collect the special assessment beginning with the first quarterly assessment period in 2024 (January 1 to March 31).

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC's Financial Risk Committee (FRC) recommends to the Chief Financial Officer a DIF contingent loss reserve for anticipated failures of open banks. The FRC regularly reviews adverse events to identify lessons or implications for monitoring and addressing risks in these banks and consults with the other federal banking agencies in its deliberations. The FDIC also maintains and, as necessary, enhances models that forecast failures, failure resolution costs, assessment revenue, investment revenue, operating expenses, and insured deposit growth in order to update the outlook for the insurance fund balance and reserve ratio. The FDIC also considers the effects of monetary policy, economic growth, and the personal savings rate on the banking industry and insured deposits. The FDIC continues to enhance the techniques and methodologies used to analyze the nature of risk exposure, including scenario analysis and stress testing.

Human Resources (staffing and training): FDIC staff perform the analytical work associated with deposit insurance pricing and the analysis of fund adequacy.

Information Technology: The Risk-Related Premium System (RRPS) calculates the assessment rates that financial institutions are assessed for deposit insurance. The FDIC evaluates whether updates to RRPS are necessary to ensure accurate pricing and information are included in institution invoices.

Verification and Validation

A security review of RRPS is conducted annually to ensure that the system identifies higher-risk institutions and appropriately assesses higher insurance premiums. In addition, the Government Accountability Office reviews annually the methodology used to determine the contingent loss reserve.

2023 Performance Results

The FDIC successfully met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicators and targets have been updated for 2024.

Annual Performance Goal 1.3-2

Expand and strengthen the FDIC's participation and leadership role in supporting robust and effective deposit insurance programs, resolution strategies, and banking systems worldwide.

Indicator and Targets

1. Activities to expand and strengthen the FDIC's engagement with strategically important foreign jurisdictions and its participation in and leadership of key international organizations and associations
    - Engage with strategically important jurisdictions and organizations on international financial safety net issues.
    - Provide training and technical assistance to promote sound deposit insurance and effective bank supervision and resolution practices.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC provides technical guidance, training, and information to international banking, deposit insurance, and resolution organizations.

This is achieved through the FDIC's relationships with international financial institutions and regulatory agencies, and its leadership roles and participation in the International Association of Deposit Insurers (IADI), the Financial Stability Board (FSB), and the Association of Supervisors of Banks of the Americas (ASBA). The FDIC also supports visits and provides training and technical assistance for foreign counterparts in order to strengthen financial institution supervision and regulation.

The FDIC provides leadership on the executive boards and several committees of IADI and ASBA. In 2024, the Deputy to the Chairman for Financial Stability will serve as the FDIC representative on IADI's Executive Council and as the chair of the Training and Technical Assistance Council Committee. The FDIC also chairs IADI's Capacity Building Technical Committee.

In 2024, the FDIC will continue to serve as the representative for the North America region on the ASBA Board of Directors.

Human Resources (staffing and training): Available resources include FDIC staff dedicated to promoting the adoption of sound bank supervision, resolution, and deposit insurance principles and coordinating the FDIC's global outreach and technical assistance programs, supplemented by subject matter experts across the FDIC. In 2024, training will expand the FDIC's staff expertise in evaluating the compliance of deposit insurance systems with IADI's Core Principles.

Information Technology: Information about the FDIC's international programs, such as technical assistance, foreign visitors, and international leadership development programs, as well as associations with international bodies, including IADI and ASBA, is communicated through the FDIC's public website (https://www.fdic.gov).

Verification and Validation

Progress in meeting this annual goal is reported through established management reporting processes. Quarterly reports document trends in the number of foreign visitors, foreign officials trained, technical assistance missions, and FDIC participation and leadership in key international organizations.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and its associated performance indicator and targets have been updated for 2024.

Annual Performance Goal 1.3-3

Ensure timely consideration and efficient processing of *de novo* deposit insurance applications.

Indicator and Target

1. Timeliness of review of draft community bank deposit insurance applications
    - Provide feedback on 75 percent of draft community bank deposit insurance applications no later than 60 days after receipt to facilitate the ultimate submission of a formal application.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC seeks to ensure its application process is clear and efficient and that deposit insurance applications are considered in a timely manner and are evaluated in accordance with statutory factors. Proposed depository institutions apply for federal deposit insurance by filing an Interagency Charter and Federal Deposit Insurance Application with the appropriate FDIC regional office.

Applicants have the option of submitting a draft application in advance of a formal filing. The draft review process is designed to be collaborative. The FDIC engages in a dialogue with the organizers and provides feedback that may occur in stages.
The FDIC attempts to provide interim feedback to the organizers no later than 30 days after receiving a draft proposal, and to communicate overall feedback within 60 days of receipt.

The timeframe may vary depending on the attributes of a given proposal and may extend beyond the 60-day goal if modifications to the draft proposal are submitted (the 60-day target timeframe re-starts upon receipt of a modified proposal).

Human Resources (staffing and training): Available resources include case managers, who evaluate applications; application subject matter experts in each regional office and in Washington, who are available to provide any needed support; managers and supervisors in regional offices and Washington; and legal advisors.

Information Technology: Information about the FDIC's deposit insurance application processes is available on the FDIC's public website at *https://www.fdic.gov/transparency/bankapplications.html*.

Verification and Validation

Progress in meeting the goal is reported through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and its associated performance indicator and target are unchanged for 2024.

STRATEGIC OBJECTIVE 1.4

The FDIC resolves failed IDIs in the manner least costly to the DIF.

Annual Performance Goal 1.4-1

Market failing IDIs to a targeted pool of qualified and interested potential bidders.

Indicator and Target

1. Scope of qualified and interested bidders solicited
    - Contact a targeted pool of qualified and interested bidders.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC markets the deposits and assets of failing IDIs to a targeted pool of qualified and interested potential bidders to encourage as much competition as possible. An inventory is maintained of qualified financial institutions that may be interested in bidding for a failing institution. When preparing a list of potential bidders for a failing IDI, consideration is given to the institution's geographic location, competitive environment, minority-owned status, financial condition, asset size, capital level, and regulatory ratings. Insured deposit acquisitions must be made by another IDI, while assets and other liabilities may be offered to other bidders. An IDI's primary federal regulator may add or exclude an IDI from the bidder's list and must approve the selecton of the winning bidder. Potential bidders are given the opportunity to perform due diligence to assess the failing IDI's assets and liabilities before determining whether to submit bids.

Human Resources (staffing and training): The marketing of failing IDIs is carried out primarily by existing FDIC personnel. Staffing requirements are continually assessed within the context of current and projected workload to ensure that the FDIC is appropriately staffed. The FDIC may utilize contractor support, non-permanent employees, and employees temporarily assigned from other divisions to meet heightened workload demands and mission responsibilities in this area.

Information Technology: The Resolution Information Tracking Application (RITA) provides a comprehensive source of information for the marketing and sale of failing IDIs, including managing bid list criteria for each prospective resolution transaction and the list of qualified potential bidders. In addition to other data, RITA contains information on the valuation, marketing strategies, and sale of assets to an acquirer at the time of resolution.

Verification and Validation

Progress in meeting this annual performance goal is tracked in RITA and reported through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and its associated performance indicator and target are unchanged for 2024.

STRATEGIC OBJECTIVE 1.5

The FDIC provides the public and IDIs access to clear and accurate information about federal deposit insurance coverage.

Annual Performance Goal 1.5-1

Provide educational information to IDIs and their customers to help them understand the rules for determining the amount of insurance coverage on deposit accounts.

Indicators and Targets

1. Timeliness of responses to deposit insurance coverage inquiries
    - Respond within two weeks to 95 percent of written inquiries from consumers and bankers about FDIC deposit insurance coverage.
2. Initiatives to increase public awareness of deposit insurance coverage changes
    - Conduct at least four virtual or in-person seminars for bankers on deposit insurance coverage.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC uses various methods to educate IDI employees and depositors about deposit insurance coverage.

The FDIC administers a public education program that includes developing and distributing a wide range of written materials, videos, electronic calculators, and other tools to help consumers and bank employees understand how deposit insurance works. In addition, the FDIC provides training to and conducts seminars for bank employees and encourages the dissemination of educational information through the banking industry and the media.

The FDIC also:

- Operates a Contact Center[3] to answer questions about FDIC deposit insurance coverage. The FDIC Contact Center is staffed by contractors who are trained to provide answers to many different questions about deposit insurance coverage. Complex or unique issues, or those requiring additional analysis and review, are referred by the Contact Center to FDIC subject matter experts in the Deposit Insurance (DI) section of the National Center for Consumer and Depositor Assistance (NCDA), who specialize in deposit insurance issues and can research the issues and respond appropriately.
- Maintains educational and informational resources on its public website at https://www.fdic.gov/resources/deposit-insurance.
- Publishes articles on deposit insurance coverage in the *FDIC Consumer News* (a monthly newsletter for consumers published by the FDIC).
- Works to raise public awareness of deposit insurance coverage through the national and regional news media, including social media.

[3] FDIC's toll-free phone number is 877-ASK-FDIC, and the Information and Support Center is available at https://www.fdic.gov/contact/.

In 2024, the FDIC will implement a new regulation adopted by its Board of Directors in December 2023, on the official FDIC sign and advertising statement that clarified rules regarding false advertising, misrepresentation about deposit insurance, and misuse of the FDIC name or logo.

The FDIC will also continue its national "Know Your Risk, Protect Your Money" campaign to increase public awareness of deposit insurance and how it protects depositors' money in the event of a bank failure.

Human Resources (staffing and training): The FDIC has a dedicated staff of specialists and contractors who respond to telephone and written inquiries from consumers and bankers about deposit insurance coverage. The FDIC Contact Center is also supported by a dedicated staff of subject matter experts who provide responses to inquiries about complex deposit insurance issues.

Information Technology: The FDIC tracks the receipt of, and response to, written inquiries through the Enterprise Public Inquiry and Complaint System (EPIC). The FDIC also provides the Electronic Deposit Insurance Estimator (EDIE), which consumers and bankers can use to estimate deposit insurance coverage, on its public website (https://edie.fdic.gov/index.html).

Verification and Validation

Progress in meeting the performance targets for this goal will be tracked through EPIC and established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicators and targets are unchanged for 2024.

II. SUPERVISION PROGRAM

Program Overview

Strategic Goal 2: FDIC-insured institutions are safe and sound.

Strategic Objective 2.1: The FDIC exercises its statutory authority, in cooperation with other primary federal regulators and state agencies, to promote safe and sound practices at FDIC-insured depository institutions, including appropriate risk management.

Annual Performance Goal 2.1-1 (page 42) Conduct on-site risk management examinations to assess the overall financial condition, management practices and policies, and compliance with applicable laws and regulations of FDIC-supervised depository institutions. When problems are identified, promptly implement appropriate corrective programs and follow up to determine whether identified problems are corrected and take other actions as appropriate.

Annual Performance Goal 2.1-2 (page 45) Assist in protecting the infrastructure of the U.S. banking system against terrorist financing, money laundering, and other financial crimes.

Annual Performance Goal 2.1-3 (page 46) Ensure that risk-based capital standards sufficiently capture risk, remain robust, and promote banks' resilience under stress.

Annual Performance Goal 2.1-4 (page 48) Implement strategies to promote enhanced cybersecurity and business continuity within the banking industry.

Annual Performance Goal 2.1-5 (page 50) Update rules, regulations, and other guidance to promote the safety and soundness of the financial system.

Annual Performance Goal 2.1-6 (page 54) Increase engagement and collaboration to preserve and promote FDIC-insured minority depository institutions (MDIs) and mission-driven institutions.

Strategic Goal 3: FDIC-supervised institutions are compliant with federal consumer protection laws, including fair lending laws, and the Community Reinvestment Act (CRA).

Strategic Objective 3.1: The FDIC supervises institutions for compliance with applicable federal consumer protection laws, including fair lending laws; the law against unfair and deceptive practices; and the CRA.

Annual Performance Goal 3.1-1 (page 57) Conduct on-site CRA and consumer compliance examinations to assess compliance with applicable laws and regulations by FDIC- supervised institutions. When violations are identified, promptly implement appropriate corrective programs/actions and follow up until identified problems are fully corrected.

Strategic Objective 3.2: The FDIC provides clear and accessible information to consumers about their rights under federal consumer protection and fair lending laws and regulations, including applicable disclosures.

Annual Performance Goal 3.2-1 (page 59) Effectively investigate and respond to written consumer complaints and inquiries about FDIC-supervised financial institutions.

Strategic Objective 3.3: The FDIC encourages IDIs to offer affordable checking and savings accounts and loan products that meet the needs of consumers.

Annual Performance Goal 3.3-1 (page 61) Promote economic inclusion and access to responsible financial services through supervisory, research, policy, and consumer/community affairs initiatives.

Strategic Goal 4: **Large, complex financial institutions are resolvable in an orderly manner.**

Strategic Objective 4.1: Large, complex financial institutions are resolvable under the bankruptcy code or, for covered IDIs, the FDI Act, as applicable.

Annual Performance Goal 4.1-1 (page 65) Identify and address risks in LCFIs, including those designated as systemically important.

Strategic Objective 4.2: In the event of the failure of a large, complex financial institution, the FDIC carries out the resolution in an orderly manner in accordance with statutory mandates.

Annual Performance Goal 4.2-1 (page 68) Continue to build the FDIC's operational readiness to administer the resolution of LCFIs, including those designated as systemically important.

Supervision Program Overview

Another way the FDIC promotes stability and public confidence in the nation's financial system is through its Supervision Program, which promotes the safety and soundness of IDIs, protects consumers, and promotes community development and investment initiatives by FDIC-supervised institutions.

Risk Management

The FDIC is the primary federal regulator for state-chartered banks and savings associations that are not members of the Federal Reserve System, generally known as state nonmember banks and state-chartered savings associations. This includes state-licensed insured branches of foreign banks. As insurer, the FDIC also has special back-up examination authority for state member banks that are supervised by the Board of Governors of the Federal Reserve System (FRB) and national banks and federal savings associations that are supervised by the Office of the Comptroller of the Currency (OCC), including the largest, global systemically important banks (GSIBs). The FDIC's roles as insurer and primary regulator are complementary, and many activities undertaken by the FDIC support both the insurance and supervision programs. The FDIC monitors and evaluates the potential risks at all insured institutions, including those for which it is not the primary federal regulator, through examinations, off-site monitoring tools, participation in examinations conducted by other federal regulators, and inter-divisional risk monitoring activities.

As the primary federal regulator of all insured state nonmember banks and state-chartered savings associations, the FDIC performs periodic risk management examinations to assess institutions' overall financial condition, risk management policies and practices, and compliance with applicable laws and regulations. The FDIC also performs Anti-Money Laundering (AML) / Countering the Financing of Terrorism (CFT) and information technology (IT) reviews at each risk management examination and, when applicable, conducts reviews of trust, registered transfer agent, municipal securities dealer, and government security dealer activities.

Through the examination process, the FDIC also assesses the adequacy of an institution's management and effectiveness of its internal control systems in identifying and controlling risks and how well an institution is managing the risks associated with its particular business model. Banks engaged in traditional, non-complex activities receive periodic, point-in-time safety and soundness examinations that are carried out over a few weeks, while those engaged in novel or more complex activities and those with complex operations are subject to continuous safety-and-soundness examinations carried out through targeted reviews during the course of an examination cycle.

Approximately 98 percent of all FDIC-supervised institutions are examined under the point-in-time examination process. Risk management point-in-time examinations are conducted every 12 to 18 months, generally on an alternating basis with the appropriate state banking authority. Risk management continuous examinations are conducted throughout an annual examination cycle by a dedicated team of examiners working jointly with the appropriate state banking department. The examination team produces examination findings throughout the cycle after the completion of various targeted reviews of specific risk areas and a roll-up report of examination at the end of the annual examination cycle.

The findings of examinations are shared with an institution's management and Board of Directors in the Report of Examination. If unsafe or unsound practices or conditions or breaches of fiduciary duty are identified through the examination process, the FDIC promptly takes appropriate supervisory action. Formal and informal enforcement actions may be taken to address an institution's unsafe or unsound practices or conditions, as well as an individual's actionable misconduct. These enforcement actions remain in place until the condition is remedied and the FDIC determines that the enforcement action may be amended or terminated.

The FDIC uses off-site monitoring programs to supplement and guide the examination process. Off-site monitoring programs can provide an early indication that an institution's risk profile may be changing. The FDIC has developed a number of off-site monitoring tools using key data from institutions' quarterly Reports of Condition and Income (i.e., Call Reports) to identify institutions that are experiencing rapid loan growth or reporting unusual levels or trends in problem loans, investment activities, funding strategies, earnings structure, or capital levels that merit further review.

Off-site monitoring for banks with total assets greater than $10 billion includes the quarterly Large Insured Depository Institution (LIDI) Program, which remains the primary instrument for off-site monitoring of the largest institutions supervised by the FDIC. The LIDI Program provides a comprehensive process to standardize data capture and reporting for large and complex institutions nationwide, allowing for quantitative and qualitative risk analysis. In 2023, the LIDI Program covered 118 institutions with total assets of $4.4 trillion.

The three large regional bank failures in early 2023 highlighted a number of risks within the current banking environment that require increased supervisory attention. These include rapid growth, interest rate risk management, unrealized losses on loans and securities, concentrations of uninsured deposits, and potential liquidity risks. In addition, those failures underlined the importance of promptly escalating issues when banks are not responsive to supervisory concerns and, when necessary, compelling banks to comply with reasonable supervisory direction to address those issues. In 2024, the FDIC expects to continue its efforts to address the risks and risk management principles highlighted in 2023 and the lessons learned from the 2023 bank failures.

In that regard, the FDIC completed a comprehensive review of the LIDI Program during 2023 and implemented changes to refine its risk focus for the growing number of large institutions. The FDIC will implement further updates in 2024. Like its predecessor, the updated program, called LIDI-RADAR (Risk Assessment: Direction, Analysis, Reporting), focuses on institutions' potential vulnerabilities to asset, funding, and operational stresses, and evaluates the risk posed by a large institution to the DIF. Planned 2024 updates will incorporate lessons learned from the failure of three regional banks in 2023, heighten the focus on key risks, and more effectively link off-site monitoring with supervisory actions, adjustments to insurance assessments, and resolution planning readiness. The changes will also improve the risk-focused approach used in allocating resources to higher-risk institutions and will implement framework changes intended to make emerging risks more transparent.

In its supervisory role, the FDIC also acts on applications from IDIs to undertake certain transactions or engage in new or expanded business activities. In reviewing these applications, the FDIC evaluates the statutory factors relevant to each application.

Generally, depending on the type of application, these factors may pertain to capital adequacy, management, financial resources, convenience and the needs of the community to be served, and the risk to the DIF. Consistent with the relevant statutory factors, the FDIC's evaluations also consider an institution's compliance with consumer protection and fair lending laws and regulations, as well as performance under the Community Reinvestment Act (CRA).

Large, Complex Financial Institutions (LCFIs)

As both an extension of its supervision responsibilities and pursuant to its statutory role as a resolution authority, the FDIC is responsible for monitoring and assessing risks posed by, and planning for the resolution of, LCFIs under authority derived from the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and the Federal Deposit Insurance Act (FDI Act). The FDIC considers LCFIs to be those IDIs with over $100 billion in total assets, as well as other systemically important financial companies designated by the Financial Stability Oversight Council (FSOC).

In carrying out these responsibilities, the FDIC performs the following tasks:

- Identifies and evaluates risks to U.S. financial stability related to the potential failure of an LCFI, and assesses the efforts of LCFIs to mitigate those risks, including acting as primary federal supervisor for those state-chartered LCFIs that are not members of the Federal Reserve System.
- Assesses resolution plans submitted by certain LCFIs to reorganize or liquidate under the U.S. Bankruptcy Code in the event of material financial distress or failure.
- Prepares to conduct an orderly liquidation of such institutions, if necessary, under the applicable resolution regime.

Ongoing risk analysis and monitoring is conducted by resident FDIC teams at certain LCFIs and off-site analytical teams composed of quantitative experts and complex financial institution specialists with resolution and supervision backgrounds. The resident on-site teams perform firm-specific independent analyses focused on key and emerging risks that increase, or may potentially increase, the vulnerability of the firm.

The FDIC's off-site teams develop holistic views of key and emerging risks throughout the LCFI portfolio and the financial industry by analyzing industry and market conditions and trends and participating in supervisory examinations to support individual institution monitoring and the consideration of broader policy issues.

The FDIC has implemented, and continues to expand, its off-site monitoring capabilities for LCFIs. It maintains an individual risk profile and risk assessment for each LCFI (including large foreign banking organizations) that is based on an evaluation of key metrics that serve as important indicators of overall firm-specific risk. This risk assessment supports the identification of emerging and outsized risks within individual firms and the prioritization of supervisory and monitoring activities.

The FDIC also engages in resolution planning for IDIs. For large, complex IDIs, resolution planning is conducted pursuant to Section 360.10 of the FDIC Rules and Regulations (the "IDI rule"). The IDI rule requires covered IDIs to submit resolution plans that would allow the FDIC, as receiver, to resolve the institution under the FDI Act in an orderly manner that enables prompt access to insured deposits, maximizes the return from the sale or disposition of the failed IDI's assets, and minimizes losses realized by creditors (including the DIF) in the resolution.

In addition, the FDIC is jointly responsible with the FRB for reviewing the resolution plans filed by bank holding companies (BHCs) and FSOC-designated non-bank financial companies under Section 165(d) of the Dodd-Frank Act to ensure that each provides a plan for the reorganization or liquidation of the firm under the U.S. Bankruptcy Code in a manner that substantially mitigates the risk that the failure of the firm would have serious adverse effects on financial stability in the United States. Each resolution plan, commonly known as a "living will," submitted under Section 165(d) must present a credible strategy for the firm's rapid and orderly resolution under the Code in the event of its material financial distress or failure.

Under Title II of the Dodd-Frank Act, the FDIC may also be called upon to carry out the orderly liquidation of a financial company whose material financial distress or failure is determined to pose systemic risk to U.S. financial stability, whether the financial company is a GSIB, a Systemically Important Financial Market Utility (SIFMU), or any other type of financial company that may pose such a risk. However, the invocation of the FDIC's orderly liquidation authority may only occur in circumstances when it is determined that resolution under the U.S. Bankruptcy Code (or other applicable resolution framework) would threaten U.S. financial stability. The FDIC pursues planning and operational readiness initiatives on an ongoing basis to bolster its ability to administer the resolution of LCFIs using the applicable authority under the FDI Act or Title II of the Dodd-Frank Act.

In 2024, the FDIC will pursue rulemaking to strengthen resolution planning requirements for IDIs and to require large banks to maintain long-term debt to improve financial stability and facilitate their resolution in the event of failure. The FDIC will also provide guidance to help certain large bank holding companies further develop their Dodd-Frank Act Title I resolution plans.

Consumer Compliance and Consumer Affairs

The FDIC's consumer compliance examination program promotes compliance with federal consumer protection laws, fair lending statutes (e.g., the Equal Credit Opportunity Act and the Fair Housing Act), the CRA, and the regulations that implement these laws. The purpose of consumer compliance examinations is to assess the quality of an FDIC-supervised IDI's compliance management system, review an institution's compliance with relevant laws and regulations, and initiate effective supervisory action when elements of an institution's compliance management system are deficient and/or violations are found. To promote the most effective and efficient use of resources, the consumer compliance examination program focuses on the activities and products that pose the greatest potential risk of consumer harm or otherwise require increased supervisory attention.

In addition to its examination program, the FDIC investigates consumer complaints about FDIC-supervised IDIs regarding consumer protection and fair lending issues. Through its investigation of, and response to, those complaints and inquiries, the FDIC attempts to help consumers better understand their rights under federal consumer protection and fair lending laws. The FDIC uses surveys to monitor consumers' satisfaction with its responses to complaints and inquiries.

Cybersecurity

Cybersecurity remains an ongoing concern for the financial services sector because of the reliance on IT not only in bank operations, but also as an interface with customers. The frequency and sophistication of cyberattacks continues to increase, and the financial services sector is a prime target. In response, financial institutions and their service providers are continually challenged to assess the quickly changing risks and to allocate adequate resources to mitigate those risks to an acceptable level.

The FDIC monitors cybersecurity issues on a regular basis, through on-site examinations of insured institutions, participation in the Financial and Banking Information Infrastructure Committee (FBIIC), threat monitoring (through its membership in the Financial Services Information Sharing and Analysis Center), and examination of services delivered to IDIs by certain service providers.

The FDIC, along with the other members of the Federal Financial Institutions Examination Council (FFIEC),[4] maintain the *FFIEC IT Examination Handbook*, which provides examination guidelines and procedures to equip examiners to evaluate risk management practices related to information technology and operations. The FDIC, in concert with other agencies, also assesses cybersecurity risk management practices horizontally at LCFIs and service providers to help institutions mitigate the level of risk in the financial system.

[4] See Appendix D for more information about the FFIEC, its members, and its functions.

Technology and Innovation

The FDIC continues to leverage technology to improve the efficiency and effectiveness of its supervision efforts and reduce the compliance burden for institutions, especially community banks, without sacrificing the quality of the FDIC's supervision program. For example, the FDIC continues to seek ways to improve the receipt and review of imaged loan files and to tailor examination request lists. During 2023, the FDIC began exploring the potential for viewing imaged loan files at service providers rather than requiring institutions to send imaged loan files to the FDIC. This effort will continue in 2024. This project, if successful, will make it easier for institutions with imaged loan files to fulfill pre-examination request lists.

The FDIC is additionally implementing comprehensive plans to modernize its existing technology for managing the supervision program through its Risk Management Supervision Business Process Modernization (RMS BPM) initiative, which will transform the current disjointed application-centric environment into one that is process-centric and significantly more user-friendly. Through this program, the FDIC will increase supervision efficiency and effectiveness for internal and external stakeholders by streamlining and automating processes; providing greater ability to leverage robust analytics for informed decision-making; and reducing the time users need to move between systems and manually enter information. In 2024, the FDIC will also complete the deployment of its new FOCUS application (Framework for Oversight of Compliance and CRA Activities User Suite) that supports its consumer compliance examination program.

Emerging Issues

Each of the FDIC's supervisory programs is alert to potential emerging issues and the risks they could pose to IDIs. In light of the failures of three large regional banks in early 2023, the FDIC is adapting and updating its monitoring programs to enhance identification of emerging issues and to address regulatory concerns regarding areas of heightened risk, including interest rate risk, funding risk, and rapid growth. As part of this effort, the FDIC is exploring automated methods for collecting key monitoring data directly from institutions' core service providers.

There are several additional areas of priority focus in 2024:

- Implementing responses to the lessons learned from the failures of three large regional banks in early 2023;
- Reviewing the capital, liquidity, resolution plan, and potentially other rules to address the lessons learned from recent events;
- Beginning development of training and interagency examination procedures for examiners and bankers on the new CRA rule;
- Revisiting the regulatory framework and process used by the bank regulatory agencies to review proposed bank mergers to consider their effectiveness in meeting statutory requirements, such as competitive factors, the convenience and needs of the community, and financial stability;
- Continuing to assess the potential safety and soundness, consumer protection, resolution, and financial stability risks posed by fintech activities and by digital asset or crypto-related activities at IDIs, and providing appropriate supervisory feedback;
- Finalizing and implementing the Basel III capital rules to strengthen the regulatory capital framework for large banking organizations in coordination with other federal regulators;
- Implementing changes to the FDIC signage, advertising, and misrepresentation rules to keep pace with changes in the financial services marketplace and to clarify for consumers when they are engaged in transactions with an FDIC-insured institution and with an FDIC-insured product; and
- Continuing to engage with the interagency initiative to address concerns about discrimination in home mortgage appraisals, including implementing the recommendations described in the Property Appraisal and Valuation and Equity (PAVE) Action Plan.[5]

[5] The PAVE Action Plan was developed by the Interagency Task Force on Property Appraisal and Valuation Equity, which includes 13 federal agencies and offices, including the FDIC. The Action Plan is available at https://pave.hud.gov/sites/pave.hud.gov/files/documents/PAVEActionPlan.pdf.

The following table depicts the strategic goal, strategic objective, and annual performance goals for the Risk Management component of the Supervision Program.

Strategic Goal	Strategic Objective	Annual Performance Goals
FDIC-insured institutions are safe and sound.	The FDIC exercises its statutory authority, in cooperation with other primary federal regulators and state agencies, to promote safe and sound practices at FDIC-insured depository institutions, including appropriate risk management.	Conduct on-site risk management examinations to assess the overall financial condition, management practices and policies, and compliance with applicable laws and regulations of FDIC-supervised depository institutions. When problems are identified, promptly implement appropriate corrective programs and follow up to determine whether identified problems are corrected and take other actions as appropriate. (2.1-1)
		Assist in protecting the infrastructure of the U.S. banking system against terrorist financing, money laundering, and other financial crimes. (2.1-2)
		Ensure that risk-based capital standards sufficiently capture risk, remain robust, and promote banks' resilience under stress. (2.1-3)
		Implement strategies to promote enhanced cybersecurity and business continuity within the banking industry. (2.1-4)
		Update rules, regulations, and other guidance to promote the safety and soundness of the financial system. (2.1-5)
		Increase engagement and collaboration to preserve and

		promote FDIC-insured minority depository institutions (MDIs) and mission-driven institutions. (2.1-6)

The following table depicts the strategic goal, strategic objectives, and annual performance goals for the Consumer Compliance and Consumer Affairs components of the Supervision Program.

Strategic Goal	Strategic Objectives	Annual Performance Goals
FDIC-supervised institutions are compliant with federal consumer protection laws, including fair lending laws, and the Community Reinvestment Act (CRA).	The FDIC supervises institutions for compliance with applicable federal consumer protection laws, including fair lending laws; the law against unfair and deceptive practices; and the CRA.	Conduct on-site CRA and consumer compliance examinations to assess compliance with applicable laws and regulations by FDIC-supervised institutions. When violations are identified, promptly implement appropriate corrective programs/actions and follow up until identified problems are fully corrected. (3.1-1)
	The FDIC provides clear and accessible information to consumers about their rights under federal consumer protection and fair lending laws and regulations, including applicable disclosures.	Effectively investigate and respond to written consumer complaints and inquiries about FDIC-supervised financial institutions. (3.2-1)
	The FDIC encourages IDIs to offer affordable checking and savings accounts and loan products that meet the needs of consumers.	Promote economic inclusion and access to responsible financial services through supervisory, research, policy, and consumer/community affairs initiatives. (3.3-1)

The following table depicts the strategic goal, strategic objectives, and annual performance goals for the Resolution Planning component of the Supervision Program.

Strategic Goal	Strategic Objective	Annual Performance Goal
Large, complex financial institutions are resolvable in an orderly manner.	Large, complex financial institutions are resolvable under the bankruptcy code or, for covered IDIs, the FDI Act, as applicable.	Identify and address risks in LCFIs, including those designated as systemically important. (4.1-1)
	In the event of the failure of a large, complex financial institution, the FDIC carries out the resolution in an orderly manner in accordance with statutory mandates.	Continue to build the FDIC's operational readiness to administer the resolution of LCFIs, including those designated as systemically important. (4.2-1)

STRATEGIC GOAL 2:

FDIC-insured institutions are safe and sound.

STRATEGIC OBJECTIVE 2.1

The FDIC exercises its statutory authority, in cooperation with other primary federal regulators and state agencies, to promote safe and sound practices at FDIC-insured institutions, including appropriate risk management.

Annual Performance Goal 2.1-1

Conduct on-site risk management examinations to assess the overall financial condition, management practices and policies, and compliance with applicable laws and regulations of FDIC-supervised depository institutions. When problems are identified, promptly implement appropriate corrective programs and follow up to determine whether identified problems are corrected and take other actions as appropriate.

Indicators and Targets

1. Percentage of required examinations conducted in accordance with statutory requirements and FDIC policy
    - Conduct all required risk management examinations within the timeframes prescribed by statute and FDIC policy.
2. Follow-up actions on identified problems
    - For at least 90 percent of IDIs that are assigned a composite CAMELS rating of 2 and for which the examination report identifies Matters Requiring Board Attention (MRBAs), review progress reports and follow up with the institution within six months of the issuance of the examination report to determine whether all MRBAs are being addressed.

- Continue to implement appropriate actions in response to the matters identified for further study in the comprehensive reviews of the failures of Signature Bank and First Republic Bank.

Means and Strategies

Operational Processes (initiatives and strategies): Risk management examinations assess the overall financial condition, management practices and policies, and compliance with applicable laws and regulations of FDIC-supervised institutions. The FDIC performs safety and soundness, AML/CFT, and IT reviews at each risk management examination of an FDIC-supervised IDI. As applicable, the FDIC also conducts reviews of trust, registered transfer agent, municipal securities dealer, and government security dealer activities at these examinations.

In 2024, the FDIC projects that it will conduct more than 1,200 risk management examinations required under statute, FDIC policy, or agreements with state supervisors. The number of risk management examinations to be conducted during 2024 will fluctuate as the number of FDIC-supervised IDIs changes as a result of mergers, closings, newly approved charters, charter conversions, and other actions. In addition, increases in asset size or complexity, or changes to an institution's condition or capital levels may accelerate examination cycles, increase the number of required examinations, or require a shift to a continuous exam process.

The examination report communicates examination findings to the institution's management and board of directors. The report may identify financial weaknesses or risk management practices that, if left uncorrected, could result in deterioration of the institution's financial condition. In those instances, the FDIC may ask the institution to report on the corrective measures taken to address the findings. If the findings are of significant concern, the FDIC may enter into an informal or formal enforcement action to address the findings. The FDIC evaluates an institution's progress in addressing the provisions of the enforcement action by analyzing the institution's regular progress reports, conducting on-site visitation(s), or by conducting a regular examination.

Human Resources (staffing and training): In 2024, the FDIC has 1,778 authorized positions in its workforce to conduct risk management examinations. Field examiners conduct on-site examinations and visits. These positions include a variety of examiners with specialized skills, such as large bank specialists, loan review analysts, and IT examiners and specialists. The FDIC maintains a robust examiner training program, including programs for developing specialized skills.

Case managers and other regional office officials finalize reports of examination and monitor compliance with enforcement programs. The FDIC also provides ongoing training for these individuals.

Information Technology: The FDIC's Virtual Supervisory Information on the Net (ViSION) system is used to track the findings of risk management examinations and outcomes of applications. ViSION is also used to monitor all enforcement activity and other significant events at troubled institutions and to track on-site visits and follow-up examinations of institutions rated 3, 4, or 5.

As previously described, the FDIC is developing comprehensive plans to modernize its technology for managing the supervision program through its RMS BPM project. Through this project, the FDIC will replace software applications, including ViSION, with automated business processes residing on a cloud-based platform that ultimately will host end-to-end supervision processes.

Verification and Validation

The number and timing of examinations are tracked through ViSION and reported through established management reporting processes. MRBAs are also tracked through ViSION.

2023 Performance Results

The FDIC substantially met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicators and targets are substantively unchanged for 2024.

Annual Performance Goal 2.1-2

Assist in protecting the infrastructure of the U.S. banking system against terrorist financing, money laundering, and other financial crimes.

Indicator and Target

1. Percentage of required examinations conducted in accordance with statutory requirements and FDIC policy
    - Conduct all AML/CFT examinations within the timeframes prescribed by statute and FDIC policy.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC conducts AML/CFT examinations and Office of Foreign Assets Control (OFAC) reviews to assess the AML/CFT compliance programs and review OFAC compliance of FDIC-supervised institutions. These examinations and reviews cover sound risk management; compliance with the AML/CFT program requirements, recordkeeping, and reporting requirements; the ability of the institution to identify and report suspicious activities; and compliance with trade and economic sanctions. AML/CFT examinations and OFAC reviews are performed as a part of all risk management examinations of FDIC-supervised institutions. The FDIC also completes AML/CFT examinations and OFAC reviews for states that do not conduct these examinations. The FDIC follows a risk-based approach to AML/CFT examinations and OFAC reviews, which allows examiners to direct resources to those areas with the greatest potential for money laundering, terrorist financing, and other illicit financial activity risk.

Human Resources (staffing and training): More than 300 FDIC examiners are designated as AML/CFT subject matter experts. Staffing and training needs are reviewed regularly to ensure the staff resources supporting the AML/CFT examination program are adequate and that employees possess the skills and knowledge to effectively and successfully assess compliance with AML/CFT requirements and detect any emerging risks.

Information Technology: ViSION is used to track the number and timing of required AML/CFT examinations. Examiners also use the Examination Tool Suite (ETS) to update AML/CFT violation codes automatically, thereby increasing the efficiency of those examinations. As previously described, the FDIC is developing comprehensive plans to modernize its technology for managing the supervision program through its RMS BPM project.

Verification and Validation

The number and timing of AML/CFT examinations are tracked in ViSION and reported through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and its associated performance indicator and target are substantively unchanged for 2024.

Annual Performance Goal 2.1-3

Ensure that risk-based capital standards sufficiently capture risk, remain robust, and promote banks' resilience under stress.

Indicator and Target

1. U.S. implementation of internationally agreed capital standards and other capital standards for large institutions
    - Issue a final rule to implement the final Basel III standards to strengthen capital requirements applicable to large banks into the U.S. regulatory capital framework.

Means and Strategies

Operational Processes (initiatives and strategies): The Basel Committee on Banking Supervision reached a final agreement in 2017 on modifications to the Basel III international regulatory framework for the largest and most complex institutions. This final agreement would strengthen the regulatory framework for large banking organizations, including strengthening the capital requirements related to market risk, operational risk, and the risks associated with financial derivatives. In September 2022, the federal banking agencies publicly reemphasized their continued commitment to implementation of this final agreement. The proposed Basel III standards would address concerns regarding excessive variability in the measurement of risk-weighted assets (RWAs) across large internationally active banking institutions. They would enhance the market risk framework by introducing:

- A clearer boundary between the trading book and the banking book;
- An internal models approach that relies upon the use of expected shortfall models;
- Separate capital requirements for risk factors that cannot be modeled; and
- A risk-sensitive standardized approach that is designed and calibrated to be a credible fallback to the internal models approach.

The FDIC, OCC, and FRB plan to issue a final rule in 2024 to address these issues.

Human Resources (staffing and training): In 2023, the FDIC continued to increase the number of staff with capital markets expertise by adding staff resources and providing internal and external training on liquidity, funding, capital, trading activities, financial modeling, and other capital market areas. The FDIC is also developing a formal on-the-job training (OJT) program to develop higher-level proficiencies in the capital markets specialty area.

Information Technology: The FDIC will use existing technology to accomplish this annual performance goal.

Verification and Validation

Progress in meeting this annual performance goal will be tracked through periodic meetings and established management reporting processes. The update of Basel III standards will be verified through the publication of a final rule in the *Federal Register*.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and indicator are unchanged for 2024, but the associated performance target has been updated.

Annual Performance Goal 2.1-4

Implement strategies to promote enhanced cybersecurity and business continuity within the banking industry.

Indicator and Targets

1. Enhancement of cybersecurity awareness and preparedness of the banking industry
    - Continue to conduct horizontal reviews that focus on the IT risks in large, complex institutions and service providers.
    - Continue to conduct service provider examinations using the Cybersecurity Examination Program.
    - Conduct IT examinations as part of every FDIC safety and soundness examination of FDIC-insured institutions.
    - Amplify cybersecurity threat information as needed.
    - Strengthen administration of the IT examination program.

Means and Strategies

Operational Processes (initiatives and strategies): The importance of cybersecurity and business continuity management to ensure the soundness and stability of the nation's financial services sector cannot be overstated. The FDIC prioritizes this issue and adjusts its financial institution supervision and bank service provider examinations to address cybersecurity risk in light of current and emerging threats. The majority of bank service provider examinations are conducted and scheduled on an interagency basis with the OCC and FRB. They are supplemented by annual horizontal reviews that focus on key areas of risk. Following an evaluation by the FDIC and the other agencies of the cyber resilience of the financial industry's most critical service providers in 2022, the agencies conducted a horizontal assessment in 2023 of third-party risk and software supply chain security. In 2024, the agencies will review vulnerability management. In 2024, the FDIC will also focus on strengthening IT examination administration and formal assessment of the Regional Service Provider examination program to establish program-level goals, metrics, and indicators and determine whether additional resources and controls are needed to improve the effectiveness of the program.

In addition, the FDIC continues to participate with the FRB and OCC in the interagency Coordinated Cybersecurity Review Program, which allows the agencies to jointly conduct horizontal reviews of the eight largest financial institutions, focusing on the effectiveness of enterprise-wide cybersecurity governance and risk management functions. This program improves the efficiency of cybersecurity supervision of the largest financial institutions and allows the regulatory agencies to jointly focus on areas of highest risk. To support, but not replace, an institution's threat information awareness program, the FDIC amplifies communications from law enforcement, security, and intelligence agencies when the threats or vulnerabilities identified could affect a large number of financial institutions, and the threats or vulnerabilities could result in severe disruptions to banking services or unauthorized access to non-public information.

Human Resources (staffing and training): All commissioned risk management examiners have basic IT examination skills attained through the FDIC's training programs.

The FDIC also has 94 dedicated IT examiners; 143 risk management examiners designated as either intermediate (122) or advanced (21) IT subject matter experts based on the completion of the FDIC's IT OJT Subject Matter Expert program; and 68 specialized IT Examination Analysts, who support the IT examination process with advanced technical skills. IT policy and examination personnel at headquarters also support the IT examination function.

Information Technology: ViSION is used to schedule and track the completion of risk management examinations, and to track any related enforcement actions or significant events at institutions due to noncompliance with IT-related banking laws and regulations.

As previously described, the FDIC is developing comprehensive plans to modernize its technology for managing the supervision program through its RMS BPM project.

Verification and Validation

All IT examination activity (including service provider examinations) is tracked through FDIC systems. The number and timing of IT examinations are tracked through ViSION and reported through established management processes. Enforcement actions and the timing of required on-site visits are also tracked through ViSION.

2023 Performance Results

The FDIC met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicator are unchanged for 2024.

Annual Performance Goal 2.1-5

Update rules, regulations, and other guidance to promote the safety and soundness of the financial system.

Indicators and Targets

1. Modernization of FDIC regulations and Statements of Policy to reflect regulatory requirements and processes
    - Review and, as appropriate, amend the FDIC's regulations, Statements of Policy, and internal procedures related to financial institution mergers.

2. Revision and clarification of FDIC rules, regulations, policies, procedures, and guidance
    - Continue to assess the potential safety and soundness, consumer protection, AML/CFT, and financial stability risks of crypto-asset related activities, and provide supervisory feedback or take other actions, as appropriate, regarding crypto asset-related activities.
    - Based on lessons learned from the bank failures in early 2023, and in coordination with the OCC and FRB, recommend changes to the prudential regulation of capital, liquidity, and interest rate risk (including the capital treatment of unrealized losses).

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC has worked to strengthen the banking system by modernizing its approach to supervision and regulation. These efforts seek to enhance efficiency and transparency while maintaining the safety and soundness of the system. To have a strong financial system and strong economic growth, banks must be able to meet the needs of consumers and businesses. This requires, in turn, that regulators modernize rules as the industry evolves. Rules are also revised and updated to reflect the emergence of new areas of concern during the supervision process, such as those related to the failure of three large regional banks in early 2023. In 2024, the FDIC plans to complete an interagency review of the bank merger process and issue a proposed Statement of Policy on Bank Merger Transactions.

The FDIC has also prioritized understanding the effects of climate change on the safety and soundness of financial institutions and the stability of the financial system.[6] Climate-related financial risks include both the physical risks and transition risks associated with climate change. Even though physical risks and transition risks pose separate and distinct financial risks to the financial system, they may operate in a mutually reinforcing manner in that transition risks can increase contemporaneously with any material increase in physical risks. Climate-related financial risks also raise consumer protection risks, as both the effects of climate change and the actions that financial institutions may take to manage climate-related financial risks could potentially have a disproportionate impact on low-to-moderate income (LMI) and other underserved consumers and communities.

On October 24, 2023, the FDIC, FRB, and OCC jointly issued the final *Principles for Climate-Related Financial Risk Management for Large Financial Institutions* that provides a high-level framework for the safe and sound management of exposures to climate-related financial risks, consistent with the existing risk management framework described in existing FDIC rules and guidance. The principles are intended for large financial institutions with over $100 billion in total consolidated assets; however, the FDIC views climate-related financial risks as potentially affecting all financial institutions, regardless of size. Climate-related financial risks can affect financial institutions through a range of traditional risk types, including credit, market, and liquidity risks. The FDIC will continue to engage with banks of all sizes to better understand how climate-related financial risks may impact their businesses, and how they may better manage those risks.

Another area of focus is the rapid introduction of a variety of crypto-asset or digital-asset products into the financial system. The risks associated with these activities are novel and complex, and may involve safety and soundness, consumer protection, AML, CFT, and potentially financial stability issues. The FDIC created an interdivisional working group to assess the enumerated risks and provide advice to staff developing interagency guidance. The FDIC also asked all supervised institutions that are already engaging or are considering engaging in crypto-related activities to provide information that would allow the FDIC to engage with them regarding related risks.

[6] For additional background, see generally "Report on Climate-Related Financial Risk" Financial Stability Oversight Council (October 21, 2021) (FSOC Climate Report), https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf. Further, see "The Implications of Climate Change for Financial Stability," Financial Stability Board, (November 23, 2020), https://www.fsb.org/2020/11/the-implications-of-climate-change-for-financial-stability/.

In addition, the FDIC, FRB, and OCC issued guidance in 2023 to all insured institutions reminding them that banking activities related to crypto-related assets must be performed in a safe and sound manner and comply with applicable laws and regulations, and highlighting key liquidity risks associated with crypto-related assets.

More broadly, as it relates to emerging technology, the FDIC continues to dedicate significant resources to identifying and understanding emerging technologies and ensuring the FDIC is prepared to address the changing landscape in financial services. In 2023, the FDIC created a new Emerging Technology Section to provide examination support and lead policy development related to emerging technologies. In addition, the FDIC Tech Lab under the Chief Information Officer (CIO) provides support in evaluating the risks associated with new technologies.

The FDIC, FRB, and OCC issued updated guidance to banking organizations on the management of risks associated with third-party relationships, including relationships with financial technology-focused entities. That guidance offers the agencies' views on sound risk management principles for banking organizations when developing and implementing risk management practices for all stages in the life cycle of third-party relationships.

In October 2023, the FDIC published a Notice of Proposed Rulemaking (NPR) that would add Appendix C to the FDIC's regulation for safety and soundness standards 12 C.F.R. § 364 et seq. (Part 364). Appendix C is intended to promote strong corporate governance and risk management at FDIC-supervised institutions that have total consolidated assets of $10 billion or more. It includes corporate governance and risk management guidelines that describe both the overall obligation of boards of directors to ensure good corporate governance and the general obligations of individual directors.

Human Resources (staffing and training): The FDIC maintains dedicated staff who are experts in the development of regulation, policy, and guidance within its Division of Risk Management Supervision (RMS) and Legal Division. There are also staff who have been developing subject matter expertise in a variety of specialized areas, including climate and digital assets. These experts will work together to carry out the policy initiatives listed above.

Information Technology: Information regarding changes to FDIC rules, regulations, and guidance will be communicated through the FDIC's public website (https://www.fdic.gov).

Verification and Validation

Progress in meeting this goal will be reported through established management reporting processes.

2023 Performance Results

The FDIC met all of the performance targets for this annual performance goal in 2023 except the target to amend the FDIC's regulations, Statements of Policy, and internal procedures related to financial institution mergers. This annual performance goal and indicators are unchanged; two performance targets have been carried over and the remainder have been updated for 2024.

Annual Performance Goal 2.1-6

Increase engagement and collaboration to preserve and promote FDIC-insured minority depository institutions (MDIs) and mission-driven institutions.

Indicators and Targets

1. Enhance outreach and collaboration with FDIC-insured MDIs
    - Convene meetings of the MDI Subcommittee of the Advisory Committee on Community Banking (CBAC) to gain insight into industry needs, seek input on program operations, and share best practices.
    - Facilitate partnership opportunities between larger banks and MDIs by collaborating in outreach and training regarding the benefits of CRA modernization. Collect and publish examples of successful partnerships.

2. Preserve and encourage minority ownership of insured financial institutions
    - Promote the creation of new MDIs.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC supports five statutory goals that were established in the 1989 Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA):

- To preserve the number of MDIs;
- To preserve the minority character in cases involving the merger or acquisition of an MDI;
- To provide technical assistance to help prevent insolvency of MDIs;
- To promote and encourage creation of new MDIs; and
- To provide training, technical assistance, and educational programs for MDIs.

FDIC research shows that FDIC-insured MDIs commit a larger portion of their portfolios to minority and LMI communities than comparable non-MDIs. MDIs are often the financial lifeblood of their communities, enabling individuals and small businesses to securely build savings and obtain credit in challenging economic environments.

Many mission-driven banks are small, and building capacity and scale are critical to growing their operations and expanding services to their communities. Access to the capital markets is a common challenge for many of these institutions. The FDIC regularly works to create opportunities for FDIC-insured MDIs to build partnerships with other banks or private companies for financial support, lending, and other services, including technical assistance.

The FDIC also supports MDIs by providing these institutions with technical assistance, sponsoring banker roundtables, providing education and training, and engaging in other outreach initiatives.

In 2023, the FDIC continued to engage the MDI Subcommittee for feedback and to showcase MDI best practices, highlight the role these institutions play in their communities, and promote the visibility and benefits of mission-driven banks. The FDIC will continue to highlight successful partnerships in 2024, and develop outreach and training regarding CRA modernization that offers specific benefits to institutions that partner with MDIs and CDFIs.

The FDIC will build upon its efforts to promote new MDIs through the publication of an interactive mapping tool showing census tracts with large minority populations overlaid with MDI, community bank, and large bank branch locations. The tool can be used to identify future business opportunities for serving minority populations.

Human Resources (staffing and training): The Office of Minority and Community Development Banking includes the Director and a team based in Washington, DC. The Director reports to the Directors of the RMS and the Division of Depositor and Consumer Protection (DCP) to leverage resources and expertise in the two divisions. The Office accomplishes much of its work by leveraging field and regional resources through MDI Coordinators in each of the FDIC's six regional offices and expertise across the agency.

Information Technology: Existing technology will be used to accomplish this goal.

Verification and Validation

Progress in completing the initiatives planned for this annual performance goal will be monitored through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicators are unchanged, but the performance targets have been updated for 2024.

STRATEGIC GOAL 3:

FDIC-supervised institutions are compliant with federal consumer protection laws, including fair lending laws, and the Community Reinvestment Act (CRA).

STRATEGIC OBJECTIVE 3.1

The FDIC supervises institutions for compliance with applicable federal consumer protection laws, including fair lending laws; the law against unfair and deceptive practices; and the CRA.

Annual Performance Goal 3.1-1

Conduct on-site CRA and consumer compliance examinations to assess compliance with applicable laws and regulations by FDIC-supervised institutions. When violations are identified, promptly implement appropriate corrective programs/actions and follow up until the violations are fully corrected.

Indicators and Targets

1. Percentage of consumer compliance examinations conducted in accordance with the timeframes prescribed by FDIC policy
   - Conduct all required examinations within the timeframes established.
2. Implementation of corrective programs
   - Conduct visits and/or follow-up examinations in accordance with established FDIC processes and timeframes to determine whether institutions have implemented the requirements of any corrective program and have fully addressed identified violations.
3. Implementation of new CRA Rule
   - Develop examiner and banker awareness training on the interagency final rule to modernize and strengthen CRA regulations.
   - Begin development of interagency examination procedures on the final CRA rule.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC conducts CRA and consumer compliance examinations of FDIC-supervised institutions to determine compliance with consumer protection and fair lending laws and performance under the CRA.

The frequency of consumer compliance examinations is specified by FDIC policy. For CRA examinations, the FDIC's examination frequency policy conforms to applicable provisions of the Gramm-Leach-Bliley Act (GLBA), which establishes the CRA examination cycle for most small institutions. In 2024, the FDIC estimates that it will conduct 900 consumer compliance and/or CRA examinations. The FDIC's consumer compliance examination approach emphasizes a risk-focused scoping process to look at an institution's compliance risk management practices and the potential risk of consumer harm.

Compliance management system deficiencies and violations of laws and regulations are identified primarily through the examination process. While discussions with bank management are usually sufficient to correct these deficiencies and violations, the FDIC has broad enforcement powers to correct unsafe or unsound practices, conditions, or violations of consumer protection and fair lending laws or regulations.

The banking agencies approved a new CRA rule in October 2023, with most provisions effective at the beginning of 2026. The agencies will develop awareness training for examiners and bankers and will begin developing interagency examination procedures on the new CRA rule in 2024.

Human Resources (staffing and training): The FDIC has 479 authorized compliance examiner positions in its field examination workforce in 2024. Staffing and training needs are reviewed regularly to ensure staff resources supporting the consumer compliance supervision program are adequate to conduct a high-quality examination program and to ensure that employees possess the skills and knowledge to effectively implement this program.

Information Technology: FOCUS is used to conduct and provide management information on consumer compliance and CRA examinations, including pre-examination planning, resource planning and scheduling, and the storage of examination workpapers.

Verification and Validation

The FDIC will analyze examination-related data collected in FOCUS to determine whether the performance targets for this goal are achieved during the reporting period. Results will be reported through established management reporting processes.

2023 Performance Results

The FDIC substantially met the performance targets for the annual performance goal in 2023. This annual performance goal, two indicators, and their associated performance targets are unchanged for 2024. One performance indicator and its associated performance targets have been updated.

STRATEGIC OBJECTIVE 3.2

The FDIC provides clear and accessible information to consumers about their rights under federal consumer protection and fair lending laws and regulations, including applicable disclosures.

Annual Performance Goal 3.2-1

Effectively investigate and respond to written consumer complaints and inquiries about FDIC-supervised financial institutions.

Indicators and Targets

1. Timely responses to written consumer complaints and inquiries
   - Respond to 95 percent of written consumer complaints and inquiries within timeframes established by policy, with all complaints and inquiries receiving at least an initial acknowledgement within two weeks.

2. Public availability of information on consumer complaints
   - Publish on the FDIC's public website (https://www.fdic.gov) and regularly update metrics on requests from the public for FDIC assistance.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC has a comprehensive program to disseminate information to IDIs and the public on consumer rights under consumer protection and fair lending laws and regulations. It also operates a centralized National Center for Consumer and Depositor Assistance (NCDA) that coordinates the investigation of, and response to, consumer complaints and inquiries. For correspondence related to FDIC-supervised institutions, FDIC staff contacts the institution and reviews its actions for compliance with applicable federal consumer protection regulations before providing a response. Correspondence regarding institutions under the jurisdiction of other primary federal regulators is referred to those agencies. Target response times vary by the type of inquiry or complaint.

Human Resources (staffing and training): The NCDA is based in Kansas City, MO. NCDA staff and management work in partnership with supervisory staff in each region on consumer complaints and inquiries involving new or unusual issues or sensitive matters. The NCDA staff also includes deposit insurance specialists to answer complex consumer concerns about deposit coverage.

Information Technology: The FDIC relies on the Enterprise Public Inquiry and Complaint System (EPIC) to maintain records and process public correspondence submitted through an online portal.

Verification and Validation

The FDIC closely monitors the timeliness of its acknowledgment letters and responses through EPIC. In addition, surveys are sent to consumers who have filed consumer protection and fair lending complaints about an FDIC-supervised institution to assess their satisfaction with the FDIC's investigations and responses. Established survey research methods are used to ensure the validity and reliability of the survey instrument and results. Performance results are monitored through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and its associated performance indicator and targets are unchanged for 2024.

STRATEGIC OBJECTIVE 3.3

The FDIC encourages IDIs to offer affordable checking and savings accounts and loan products that meet the needs of consumers.

Annual Performance Goal 3.3-1

Promote economic inclusion and access to responsible financial services through supervisory, research, policy, and consumer/community affairs initiatives.

Indicator and Targets

1. Completion of planned initiatives
    - Analyze and report results of the 2023 National Survey of Unbanked and Underbanked Households.

- Analyze and report results of the FDIC Survey of Volunteer Income Tax Assistance (VITA) Providers.
- Complete identification and evaluation of outcome-based measures that could potentially demonstrate the effectiveness of economic inclusion strategies and initiatives.

Means and Strategies

Operational Processes (initiatives and strategies): In 2024, the FDIC will advance several research and consumer/community affairs initiatives to promote economic inclusion.

Research

In June 2023, the FDIC conducted the *FDIC 2023 National Survey of Unbanked and Underbanked Households*, jointly with the U.S. Census Bureau. The survey measures household participation in the banking system and provides insights into opportunities to expand and support consumers' access and use of products and services from insured depository institutions. In 2024, the FDIC will receive final data, analyze results, and publish a full report of findings. In addition, detailed data and tools to allow the public to generate custom tables and figures will be made available through the FDIC's website.

The FDIC also conducted in 2023 a survey of volunteer income tax assistance (VITA) providers. The *FDIC Survey of VITA Providers* was designed to explore the ways in which VITA providers are currently helping consumers establish banking relationships and to identify challenges that some providers may face in forming partnerships with financial institutions. The FDIC will publish a full report of findings in 2024.

Economic Inclusion Strategic Plan

The FDIC updated its multi-year Economic Inclusion Strategic Plan in 2023. The plan describes programs and initiatives to be undertaken by the FDIC to promote access by all U.S. households to affordable and sustainable products and services from IDIs so that they may establish, sustain, and benefit from banking relationships that help them create and grow a strong financial foundation.

The FDIC will publish and begin implementation of this multi-year plan in early 2024. In 2024, the FDIC will also update the plan's economic inclusion key performance indicators, establish a monitoring process and reporting tool to assess progress toward its goals, and provide training and resources to staff to facilitate consistent data tracking and collection.

How Money Smart Are You?

The FDIC administers *How Money Smart Are You?* a self-paced, web-based financial education game that aims to empower consumers to better control their finances and protect and manage their money. Since launching the tool in 2021, the FDIC has issued nearly 230,000 certificates of completion, and has established more than 68,000 individual player accounts and more than 1,100 organization accounts. In 2024, the FDIC will continue to promote *How Money Smart Are You?*, while conducting a formal evaluation to inform future updates and better understand its impact on knowledge and behavior.

In 2022, the FDIC completed development of a comprehensive update of its *Money Smart for Young Adults* (MSYA) curriculum, which was widely distributed in early 2023. The new MSYA seeks to help young adults make better financial choices early in life, contributing to a long-lasting positive impact on their financial lives. The FDIC will continue to promote the new MSYA in 2024, including in relation to safe and responsible youth account access initiatives and other youth-focused Money Smart products, such as the Guide to Organizing Reality Fairs.

Advisory Committee on Economic Inclusion (ComE-IN)

The ComE-IN will continue to support research, programs, and pilots that promote sound supervisory and public policies to improve the "appropriate engagement" of households with mainstream financial institutions. Appropriate engagement means that households are able to obtain financial products and services that are affordable, easy to understand, and not subject to unforeseen fees. The ComE-IN may make recommendations to the FDIC that require the participation and cooperation of multiple stakeholders, including other federal agencies; federal, state, and local policymakers; the financial services industry; nonprofit and philanthropic groups; and consumer groups.

During 2024, FDIC working groups will continue to facilitate partnerships and conduct outreach to expand affordable account access and build consumer awareness of mainstream banking services and opportunities for financial institutions to engage in community development. The FDIC may seek advice and recommendations on these initiatives from the ComE-IN.

Human Resources (staffing and training): This annual performance goal will be carried out principally by existing staff in the DCP. ComE-IN activities are supported by FDIC staff in several divisions.

Information Technology: Existing technology will be used to accomplish this goal. The ComE-IN's public meetings are broadcast on the FDIC public website at https://www.fdic.gov/about/comein.

Verification and Validation

Progress in achieving this annual performance goal will be monitored through established management reporting processes.

2023 Performance Results

The FDIC substantially met the performance targets for this annual performance goal in 2023. The annual performance goal and performance indicators are unchanged, but the performance targets have been updated for 2024.

STRATEGIC GOAL 4:

Large, complex financial institutions are resolvable in an orderly manner.

STRATEGIC OBJECTIVE 4.1

Large, complex financial institutions are resolvable under the bankruptcy code or, for covered IDIs, the Federal Deposit Insurance (FDI) Act, as applicable.

Annual Performance Goal 4.1-1

Identify and address risks in LCFIs, including those designated as systemically important.

Indicators and Targets

1. Compliance with the statutory and regulatory requirements under Title I of the Dodd-Frank Act
    - In collaboration with the FRB, complete review of the resolution plans submitted in July 2023 pursuant to Section 165(d) of the Dodd-Frank Act for conformance to statutory and other regulatory requirements, including testing certain capabilities the firms need to successfully implement their strategies.
    - In partnership with the FRB, complete a review of comments received in response to the NPR published in September 2023, and recommend to the FDIC Board a proposed final rule requiring LCFIs to issue long-term debt to enhance options for their resolution in the event of financial distress.
    - In partnership with the FRB, recommend to the Board proposed final guidance on resolution plans submitted pursuant to Section 165(d) of the Dodd-Frank Act by BHCs that are classified as “Triennial Full Filers.”

2. Compliance with the statutory and regulatory requirements under Section 360.10 of the FDIC Rules and Regulations (IDI rule)
    - Review resolution plans submitted pursuant to the IDI rule for conformance to regulatory requirements.
    - Implement improvements to the FDIC's review of IDI resolution plans based on the lessons learned from prior reviews and the three large regional bank failures in early 2023.
    - Recommend to the Board a proposed final rule to strengthen resolution planning requirements for IDIs.

3. Risk monitoring of LCFIs, including BHCs, and designated non-banking firms
    - Conduct ongoing risk analysis and monitoring of LCFIs to better understand and assess their structure, business activities, risk profiles, and recovery and resolution plans.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC's Division of Complex Institution Supervision and Resolution (CISR) is responsible for conducting ongoing risk monitoring reviews of all banking organizations with more than $100 billion in assets not directly supervised by the FDIC, as well as any non-bank financial companies designated as systemically important by the FSOC (i.e., designated non-bank SIFIs). The agency's ability to analyze and respond to risks in these institutions is particularly important, as they comprise a significant share of banking industry assets and deposits. In 2024, the FDIC will participate in targeted examinations and horizontal reviews conducted by the OCC and FRB covering key risks within the FDIC portfolio; prepare written analyses of the condition of each insured bank and its parent company; and prepare risk-specific reports with both firm-specific and horizontal analysis and the overall market view on key risks facing LCFIs. The FDIC will also continue to develop its capabilities related to its risk-monitoring and resolution-planning responsibilities for LCFIs, whether under the FDI Act or the Dodd-Frank Act, and will undertake several initiatives to identify and address risks in LCFIs, including those designated as systemically important.

The FDIC and FRB are jointly responsible for reviewing the resolution plans filed by BHCs and designated non-bank SIFIs to ensure that each provides a credible plan for reorganizing a firm or liquidating it through bankruptcy without triggering severe adverse consequences for the financial system or the U.S. economy. In 2024, the FDIC and FRB will implement changes, as needed, in the review process to ensure that it provides an effective and rigorous framework for meeting the agencies' responsibilities under the Dodd-Frank Act. The FDIC and the FRB will also finalize guidance proposed in September 2023 on resolution plans submitted by BHCs that are classified as "Triennial Full Filers" (typically those with more than $250 billion in assets that are not GSIBs). The agencies issued an NPR in September 2023 soliciting public comment on a proposed rule requiring large banking organizations and their IDIs to issue long-term debt to enhance options for the orderly resolution of the nation's largest and most complex banks in the event of financial distress. In 2024, in collaboration with the FRB, agency staff will review those comments and recommend to the FDIC Board a final rule requiring LCFIs to issue long-term debt to enhance options for their resolution in the event of financial distress.

The FDIC will continue to prepare in 2024 for the potential future resolution of a large IDI. This will include review and analysis of the resolution plans submitted by IDIs in December 2023. In addition, based on the lessons learned from the failure of three large regional banks in early 2023, the FDIC will identify and implement changes to ensure an effective and rigorous framework for IDI plan review and assessment and will develop proposed changes to the IDI rule to strengthen current resolution planning requirements.

The FDIC's resolution planning in 2024 will continue to focus on systemically important central counterparties (CCPs). CCPs play a critical role in the financial system—their clearing services are central to U.S. financial markets—and accordingly, the FDIC is focused on resolution outcomes that avoid or mitigate serious adverse effects on U.S. financial stability and ensure that critical services provided by CCPs remain available.

Human Resources (staffing and training): The FDIC's review of resolution plans submitted under Section 165(d) of the Dodd-Frank Act is carried out by a multidisciplinary team of personnel from various divisions with expertise across all major operational and business line functions of the covered companies, both domestically and internationally.

The FDIC's review of resolution plans submitted under the IDI Rule is carried out by multidisciplinary teams primarily consisting of commissioned examiners and resolution specialists. These teams are complemented by subject matter experts, as necessary. Training needs for each of these groups are reviewed regularly to ensure that they have the knowledge and expertise necessary to appropriately perform their assigned responsibilities. Ongoing risk monitoring of LCFIs is conducted by on-site resident teams and off-site analysts.

Information Technology: The FDIC uses existing technology to track the submission and review of the resolution plans required under Section 165(d) of the Dodd-Frank Act and Section 360.10 of the FDIC Rules and Regulations.

Verification and Validation

Progress in achieving this annual performance goal will be monitored through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicators are unchanged, but the performance targets have been updated for 2024.

STRATEGIC OBJECTIVE 4.2

In the event of the failure of a large, complex financial institution, the FDIC carries out the resolution in an orderly manner in accordance with statutory mandates.

Annual Performance Goal 4.2-1

Continue to build the FDIC's operational readiness to administer the resolution of LCFIs, including those designated as systemically important.

Indicators and Targets

1. Refinement of resolution plans and strategies
    - Continue to refine plans and strategic options to ensure the FDIC's operational readiness to administer the resolution of LCFIs.
2. Continued cross-border coordination and cooperation in resolution planning
    - Continue to deepen and strengthen working relationships with key foreign jurisdictions, both on a bilateral basis and through multilateral venues.

Means and Strategies

Operational Processes (initiatives and strategies): The largest BHCs are required to prepare resolution plans under Title I of the Dodd-Frank Act. These resolution plans must demonstrate that the firm could be resolved under bankruptcy without triggering serious adverse effects on financial stability in the United States. As a backstop, for circumstances in which an orderly bankruptcy process might not be possible, Title II of the Dodd-Frank Act provides the FDIC with the Orderly Liquidation Authority (OLA) to manage the failure of the firm. This authority may only be implemented after recommendations by the appropriate federal regulatory agencies and a determination by the Secretary of the Treasury in consultation with the President. In addition, as noted above, the FDIC is continuing to develop its planning and preparedness to enhance options for the orderly resolution under the FDI Act of IDIs that are LCFIs.

Given the challenges presented in the resolution of an LCFI—especially as these companies are currently organized and operated—the FDIC initially focused its efforts on developing a resolution strategy called the single point of entry. This strategy would place the top-tier parent company of the firm into receivership, while establishing a temporary bridge financial company (BFC) to hold and manage its critical operating subsidiaries for a limited period. To operate the BFC, the FDIC would appoint a new board of directors and senior management that would be charged with managing the wind-down of the firm in a way that minimizes systemic disruption. Losses would be borne by creditors, including holders of long-term debt and equity, in accordance with the priorities established under the OLA.

The FDIC expects that the BFC and its subsidiaries would be well capitalized and in a position to borrow from customary private market sources to meet liquidity needs. However, if such funding is not immediately available, the law provides a dedicated, back-up source of liquidity—not capital—through the Orderly Liquidation Fund (OLF). The OLF would be used, if necessary, in the initial stage of resolution until private funding could be accessed.

Advance planning and cross-border coordination are essential to prepare for the orderly resolution of systemically important financial companies with significant international operations. Recognizing that such financial companies present complex cross-border legal and operational planning challenges, the FDIC works on an ongoing basis with foreign regulators to operationalize, maintain, and enhance frameworks for effective cross-border cooperation. The FDIC will continue to engage bilaterally and multilaterally in 2024 with authorities in strategically important foreign jurisdictions to further develop resolution strategies for GSIBs that are chartered or have a substantial presence in the U.S.

The FDIC, jointly with the FRB, or with the Commodity Futures Trading Commission (CFTC) or Securities and Exchange Commission (SEC), as applicable, also will convene meetings of Crisis Management Groups (CMGs) for U.S. GSIBs and CCPs and attend meetings of CMGs for non-U.S. GSIBs and CCPs with significant U.S. operations or other nexus. The FDIC will also participate in other activities intended to advance cross-border cooperation in furtherance of resolution planning by firms and authorities. The FDIC currently chairs the Financial Stability Board's Resolution Steering Group (ReSG). The FDIC is also a member of ReSG and its constituent cross-border crisis management working groups for banks, financial market infrastructures, and insurers.

Human Resources (staffing and training): This annual performance goal will be carried out by existing and newly on-boarded FDIC staff, with contractor support for certain functions. The training needs of staff are reviewed regularly to ensure that teams have the knowledge and expertise necessary to appropriately perform their assigned responsibilities.

Information Technology: Existing IT systems from the failed institution will be used in the resolution of a large, complex firm. The FDIC will continue to identify other IT needs relative to a failure of a large, complex financial institution during 2024.

Verification and Validation

The FDIC draws on its experience resolving IDIs and has devoted considerable time and resources to advance its planning for the rapid and orderly resolution of LCFIs. To evaluate the effectiveness of these planning efforts and to identify areas of further development, the FDIC holds operational exercises to validate the steps involved in carrying out a systemic resolution. In addition, the resolution strategies are presented and discussed in international venues, including CMG meetings and several other international platforms, for engagement among senior staff of supervisory and resolution authorities focused on resolution planning to continue to deepen and stengthen working relationships with key foreign jurisdictions.

2023 Performance Results

The FDIC successfully met the performance targets for this annual performance goal in 2023. This annual performance goal and its associated performance indicators and targets are substantively unchanged for 2024.

III. RECEIVERSHIP MANAGEMENT PROGRAM

Program Overview

Strategic Goal 5: **Resolutions are orderly and receiverships are managed effectively.**

Strategic Objective 5.1: The FDIC manages receiverships to maximize net return and terminates them in an orderly and timely manner.

Annual Performance Goal 5.1-1 (page 76) Value, manage, and market assets of failed IDIs and their subsidiaries in a timely manner to maximize the net return.

Annual Performance Goal 5.1-2 (page 78) Manage the receivership estate and its subsidiaries toward an orderly termination.

Strategic Objective 5.2: The FDIC manages receiverships to maximize net return and terminates them in an orderly and timely manner.

Annual Performance Goal 5.2-1 (page 80) Conduct investigations into all potential professional liability claim areas for all failed IDIs and decide as promptly as possible to close or pursue each claim, considering the size and complexity of the institution.

Receivership Management Program Overview

The FDIC promotes stability and public confidence and in the nation's financial system through its receivership management program. When an IDI fails, the FDIC is appointed receiver. In its receivership capacity, the FDIC assumes responsibility for efficiently achieving maximum recoveries from the disposition of assets from the receivership. These recoveries are then distributed to the receivership's creditors under the priorities set by law.

Prior to failure, the FDIC typically has the opportunity to analyze the assets and liablities of a failing IDI to determine its current market value. This information is used by the FDIC to market and sell the IDI in whole or in part to qualified bidders. The FDIC markets failed IDIs broadly, ensuring that all qualified bidders are given an opportunity to present bids. Bids are evaluated and compared to the estimated cost of liquidation to determine the least-costly resolution.

In the event an assuming institution cannot be found, the FDIC uses other types of resolution transactions including the following:

- Payout, where insured funds are paid directly to depositors;
- Deposit Insurance National Bank (DINB), where a temporary national bank is established with limited life to assume the insured deposits of a failed IDI and allow depositors time to move their insured accounts to other institutions; or
- Bridge Bank, where a temporary national bank is established and operated by the FDIC on an interim basis, assuming the assets and liabilities of a failed IDI until final resolution can be accomplished.

The "Recordkeeping for Timely Deposit Insurance Determination" rule (12 C.F.R. part 370 of the FDIC's Rules and Regulations) requires each IDI with two million or more deposit accounts to configure its IT system to calculate the insured and uninsured amount in each deposit account. This requirement will assist in the potential resolution of a large institution and ensure the timely payment of insured funds to depositors should that become necessary.

Any assets not purchased by an assuming institution at the time of resolution are retained in the receivership. Various strategies are then used to sell the assets as quickly and efficiently as possible consistent with statutory considerations applicable to the disposition of assets. The FDIC is statutorily required to conduct operations in a manner which: (1) maximizes the return from the sale; (2) minimizes the losses realized; (3) ensures adequate competition and fair and consistent treatment of offerors; (4) prohibits discrimination in the treatment of offerors; and (5) maximizes the preservation of the availability and affordability of residential real property for LMI individuals.[7]

Additionally, FDIC staff identifies and investigates claims against directors, officers, and other professionals, and pursues those claims on behalf of the receivership, when the claims are both meritorious and expected to be cost-effective. Potential income tax refunds can be another significant asset of the receivership, and staff focuses on maximizing refunds and expediting recovery of tax refunds from taxing authorities. The FDIC also notifies likely claimants of the failed institution and provides them with instructions for filing a timely claim in order to ensure that legitimate claims against the receivership are satisfied fairly. Valid claims are paid under the priorities set by law.[8] The FDIC terminates the failed bank receivership after the disposition of all assets, and the payment of proven claims against the receivership.

[7] 12 U.S.C. 1821(d)(13)(E).

[8] Depositor preference, 12 U.S.C 1821 (d)(11)(A).

The following table depicts the strategic goal, strategic objectives, and annual performance goals for the Receivership Management Program.

Strategic Goal	Strategic Objectives	Annual Performance Goals
Resolutions are orderly and receiverships are managed effectively.	The FDIC manages receiverships to maximize net return and terminates them in an orderly and timely manner.	Value, manage, and market assets of failed IDIs and their subsidiaries in a timely manner to maximize the net return. (5.1-1)
		Manage the receivership estate and its subsidiaries toward an orderly termination. (5.1-2)
	The FDIC investigates potential recoveries, including claims against professionals, and pursues them if deemed to be meritorious and expected to be cost-effective.	Conduct investigations into all potential professional liability claim areas for all failed IDIs and decide as promptly as possible to close or pursue each claim, considering the size and complexity of the institution. (5.2-1)

STRATEGIC GOAL 5:

Resolutions are orderly and receiverships are managed effectively.

STRATEGIC OBJECTIVE 5.1

The FDIC manages receiverships to maximize net return and terminates them in an orderly and timely manner.

Annual Performance Goal 5.1-1

Value, manage, and market assets of failed IDIs and their subsidiaries in a timely manner to maximize the net return.

Indicator and Target

1. Percentage of the assets marketed for each failed IDI
   - Market at least 90 percent of the book value of the institution's marketable assets within 90 days of the failure date for cash sales, 120 days of the date for pools of similar assets of appropriate size to bring to market for joint venture, or 180 days for assets identified for securitization.

Means and Strategies

Operational Processes (initiatives and strategies): After the resolution of a failed IDI, the FDIC collects and manages any remaining assets in a cost-effective manner to maximize recoveries and preserve value until the assets can be marketed. The FDIC typically transfers remaining assets to contracted servicers who manage such assets until those assets are marketed and sold. The FDIC uses the Standard Asset Valuation Estimation (SAVE) methodology, third-party tools, valuation contractors, and financial advisors to value most of the assets of a failed IDI and to inform the marketing and disposition plan. The failed IDI's assets are grouped into pools, and potential asset purchasers are given the opportunity to view sales information before submitting bids online.

Generally, by quickly returning the assets of a failed IDI to the private sector, the FDIC maximizes net recoveries and minimizes disruption to the local community. Most of any remaining assets are marketed within 120 days after an IDI fails.

The SAVE methodology uses standard assumptions and market information to ensure consistency in the valuation of assets. The FDIC also uses third-party tools that are widely accepted by the financial sector to develop asset valuations. The process, methodology, and assumptions used to value assets are continually reviewed and, when necessary, updated. The FDIC regularly updates and refines its marketing strategies to market assets as quickly and efficiently as possible.

Human Resources (staffing and training): For 2024, the FDIC has 426 permanent authorized positions to carry out its resolutions and receivership management functions. If resolution activities increase, the FDIC adds non-permanent staff to help with the additional workload. In 2024, the FDIC has supplemented its permanent resolutions and receivership management workforce with 126 authorized non-permanent positions to address the elevated workload associated with the three large regional bank failures in early 2023. The FDIC also supplements its workforce with contractor resources. Contractors are used, as necessary, to manage and sell the assets of failed IDIs. The FDIC has comprehensive policies, procedures, and internal controls that cover every phase of the contracting process.

Consistent with the requirements of the Dodd-Frank Act, the FDIC will continue to identify and address barriers to the participation of underrepresented groups, including minority- and women-owned businesses, law firms, and investors in FDIC contracting and asset purchase opportunities.

Information Technology: The FDIC uses technology extensively to make its asset management/servicing, sales strategies, and other business processes more efficient and to keep pace with changing market and emerging business practices.

Verification and Validation

Progress in meeting this annual performance goal is tracked through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and its associated performance indicator are unchanged for 2024.

Annual Performance Goal 5.1-2

Manage the receivership estate and its subsidiaries toward an orderly termination.

Indicator and Target

1. Timely termination of new receiverships
    - Terminate at least 75 percent of receiverships that were at least two years old and were not subject to unresolved loss-share, structured transaction, environmental, legal, or tax impediments at the start of the year.

Means and Strategies

Operational Processes (initiatives and strategies): The oversight and prompt termination of a receivership preserves value for uninsured depositors and other receivership claimants by reducing overhead and other holding costs. Each receivership is monitored on an ongoing basis by staff and a receivership oversight committee. The committee meets monthly to review and evaluate the progress that has been made in removing the impediments preventing receivership terminations.

To be eligible for termination, a receivership must be free of all impediments. These impediments may include contractual liabilities, offensive or defensive litigation, potential representation and warranty asset sale claims, open employee benefit plans, open subsidiary corporations where articles of dissolution have not been approved, and known or potential environmental contamination liabilities.

Once the FDIC has disposed of all of the assets of the receivership, resolved all liabilities, and verified that no material financial or legal risks remain, a final distribution is made to the creditors and the receivership is terminated. During 2023, seven new receiverships were added to the FDIC's inventory of receiverships and 65 were terminated, leaving 74 active receiverships at year-end.[9]

Human Resources (staffing and training): Current and projected workloads are continually assessed to ensure that adequate staff and contractor resources (if needed) are available to fulfill the FDIC's receivership management responsibilities.

Information Technology: The Receivership Oversight Management System (ROMS) tracks FDIC receiverships throughout the termination process and is used to identify impediments to termination, track resolution, and initate the termination process.

Verification and Validation

The process of terminating a receivership is tracked in FDIC systems, and monthly termination reports are reviewed for accuracy. System users validate data and any discrepancies are reconciled. Results are reported through established management reporting processes.

2023 Performance Results

The FDIC successfully met the performance target for this annual performance goal in 2023. This annual performance goal and its performance indicator are unchanged for 2024.

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[9] Although there were five bank failures during 2023, two of them were initially resolved through the creation of bridge banks. The subsequent dissolution of those bridge banks involved the creation of separate receiverships from the original failed bank receiverships.

STRATEGIC OBJECTIVE 5.2

The FDIC investigates potential recoveries, including claims against professionals, and pursues them if deemed to be meritorious and expected to be cost-effective.

Annual Performance Goal 5.2-1

Conduct investigations into all potential professional liability claim areas for all failed IDIs and decide as promptly as possible to close or pursue each claim, considering the size and complexity of the institution.

Indicator and Target

1. Percentage of investigated claim areas for which a decision has been made to close or pursue the claim
    - For 80 percent of all claim areas, make a decision to close or pursue professional liability claims within 18 months of the failure of an IDI.

Means and Strategies

Operational Processes (initiatives and strategies): The FDIC investigates potential claims against professionals (e.g., directors, officers, attorneys, and others) whose actions may have contributed to losses at a failed IDI and assesses the viability of recovery sources including liability and fidelity insurance policies. Once the investigation is complete, the FDIC determines whether it has viable, cost-effective claims and whether it should pursue them. To comply with statute of limitations requirements, most professional liability investigations generally must be completed and viable claims filed within three years for tort claims and six years for contract claims following an IDI's failure.

Human Resources (staffing and training): Workload requirements are regularly reassessed to ensure that staffing is sufficient to fulfill these responsibilities. The FDIC uses contractor resources (including outside legal counsel) and hires non-permanent staff, as needed.

Information Technology: The FDIC Divisional Oversight of Liability Litigation and Restitution System (DOLLARS) is used to obtain the status and monitor the pursuit of professional liability claims. The system provides the means to track IDI failure dates, potential statute of limitations expiration dates, and other pertinent information.

Verification and Validation

Periodic data reviews are conducted to ensure that the information in DOLLARS is current and accurate. Progress in meeting this goal is reported through established management reporting processes.

2023 Performance Results

This annual performance goal was not applicable in 2023. Although investigations were initiated for the banks that failed in 2023, none of those investigations reached the 18-month target timeframe during 2023. This annual performance goal and its associated performance indicator and target are unchanged for 2024.

EFFECTIVE MANAGEMENT OF STRATEGIC RESOURCES

Introduction

Financial Resources Management

Human Capital Management

Management of Information Technology Resources

Enterprise Risk Management and Internal Controls

Introduction

The FDIC recognizes that it must effectively manage many critical strategic resources to successfully carry out the annual performance goals outlined in this plan. These resources must be aligned and deployed to the areas where they are most needed. An overview of planned 2024 initiatives to enhance the FDIC's management of its key strategic resources is provided below.

Financial Resources Management

The FDIC does not use taxpayer funds. Its operational expenses are predominantly paid from the DIF, which is funded from assessments paid by insured financial institutions and income from DIF investments. The FDIC takes very seriously its fiduciary responsibilities to use these funds efficiently and cost-effectively to meet its mission responsibilities. To that end, the FDIC engages annually in a rigorous planning and budget formulation process to ensure that budgeted resources are properly aligned with workload projections and designated corporate priorities.

The 2024 FDIC Operating Budget is $197 million, 6.3 percent lower than the 2023 FDIC Operating Budget. This reduction was attributable to a $475 million decrease in the budget for the receivership funding budget component, partially offset by an increase in the ongoing operations budget component. The receivership funding budget was decreased for 2024 because most of the projected costs for the three large regional bank failures in early 2023 had already been expensed. The ongoing operations budget increase was primarily attributable to scheduled salary and benefit increases under the existing compensation agreement with the FDIC's employee union and targeted increases in the number of authorized positions for 2024. The 2024 FDIC Operating Budget authorizes 189 new positions, primarily to carry out the FDIC's bank supervision, resolution, and other core mission responsibilities. The 2024 budget also includes funding for continuation of multi-year IT and facilities modernization efforts. More information on the 2024 FDIC Operating Budget is presented in Appendix A.

Human Capital Management

The FDIC's most important resource is the "intellectual capital" that its employees contribute to achieving its mission. For that reason, the FDIC strives to be a pre-eminent employer among federal agencies. Consistent with that objective and in response to recent media reports of sexual harrasment within the FDIC workforce, the FDIC will focus this year on its pursuit of the various initiatives identified in the Action Plan for a Safe, Fair and Inclusive Work Environment. Most of those initiatives are targeted for completion in 2024. They include an independent third-party review by a respected outside law firm of the FDIC's existing workplace culture, with recommendations for improvement; mandatory in-person training for all employees, managers, and executives on identifying, addressing, and preventing harassment; and completion of a comprehensive review and update of a broad array of current policies, procedures, and practices to ensure they support a workplace in which all employees feel safe, valued, and respected. The FDIC has no greater priority than addressing these issues.

Strategic Workforce Planning and Readiness

Like many federal agencies, the FDIC faces potential succession management challenges. The FDIC is in the midst of a generational transiton in its workforce as many employees who have devoted much of their careers to the FDIC have retired or are expected to retire in the near future. Almost 40 percent of the FDIC's current permanent workforce is projected to retire over the next ten years. In response to this challenge, the FDIC has expanded its strategic workforce planning and is using targeted strategies to reduce the risk of vacancies in key positions at all levels. The FDIC will also ensure that it maintains a strong talent pipeline by continuing its efforts to recruit, develop, and retain a highly-skilled, diverse, and results-oriented workforce for the future that is prepared to address the challenges of an increasingly complex financial system.

A key component of the FDIC's long-term workforce development strategy continues to be the recruitment and retention of examiners. In 2023, the FDIC returned to in-person recruiting, refined its recruiting strategies and hiring processes, and began using new technology tools to enhance recruiting and reduce hiring times for new, entry-level examiner trainees. A return to on-site bank examinations also enhanced the on-the-job training provided to those trainees.

Nevertheless, the FDIC currently has a serious imbalance between commissioned and pre-commissioned examiners that emerged during the pandemic. In response to that challenge and consistent with the statutory requirement to seek to maintain comparability with other federal bank regulatory agencies in regard to compensation and benefits, the FDIC substantially enhanced its salaries and benefits in 2023, including a significant expansion of the FDIC's student loan repayment program. These changes should enhance the FDIC's attractiveness to new employees, particularly entry-level employees. In addition, the FDIC will implement in 2024 several targeted benefits and incentives to promote retention and create new advancement opportunities for commissioned examiners, particularly in high-cost and hard-to-fill locations.

In 2024, the FDIC will also continue to pursue several other ongoing initiatives to improve employee recruiting and retention. These include the collection and analysis of employee feedback provided through the Federal Employee Viewpoint Survey, employee "stay interviews," exit surveys, and other sources; continued enhancement of benefits and rewards that motivate employees to stay with the FDIC and apply to managerial positions; and the use of short-term retention incentives to retain retirement-eligible employees in select positions to focus on knowledge transfer and employeee development.

The FDIC is also planning for substantial turnover over the next several years in its current cadre of executives and managers. In 2023, the FDIC substantially revised its executive and managerial classification and compensation systems and streamlined managerial and executive hiring processes to make its leadership positions more attractive and reduce hiring time. The FDIC also fully incorporated its leadership competencies into the managerial and executive selection process. In 2024, the FDIC's Corporate University will begin to incorporate these leadership competencies into FDIC developmental programs to build a strong current and future leadership cadre. The FDIC will also begin implementation of a formal competency policy adopted in 2023 to guide the development of job-specific technical competencies across the organization.

Diversity, Equity, Inclusion, and Accessibility

The FDIC continues to demonstrate its commitment to fostering diversity, equity, inclusion, and accessibility (DEIA) within the FDIC workforce, in our business practices, and across the financial services industry. Initiatives for 2024 will include:

- Continuing to cultivate a diverse, inclusive, and high-performing culture for all divisions and offices through strategies that are consistent with agency goals and tailored to individual needs and circumstances;
- Developing a new agency-wide DEIA strategic plan;
- Implementing strategies to address challenges to outreach and recruiting among potential applicants with the largest gaps in civilian labor participation force rates in the FDIC workforce, based on the fiscal year 2022 MD-715 Report, and supporting strategic efforts to reach all available talent in the labor market;
- Enhancing recruiting and retention of women through the new Female Recruitment and Retention Task Force established under the Action Plan.
- Expanding recruiting efforts at minority-serving institutions, including Historically Black Colleges and Universities, Hispanic-serving institutions, and various affinity organizations;
- Launching the fourth cycle of the agency's program to provide support and resources geared towards first-generation professionals in the workplace;
- Launching the fourth cycle of two leadership and career development programs to develop a diverse group of participants to serve as the next generation of FDIC leaders;
- Increasing technical assistance touch points for minority- and women-owned businesses and investors interested in doing business with the FDIC; and
- Expanding outreach to bank and professional trade organizations to increase participation in Diversity Self-Assessments and strengthen DEIA efforts at financial institutions.

Employee Engagement

The FDIC participates in annual employee surveys conducted by the U.S. Office of Personnel Management. These surveys provide key insights into employee opinions and perceptions. FDIC leadership uses the results to make improvements in employee satisfaction, engagement, and organizational performance. Survey results consistently demonstrate that FDIC employees have an excellent understanding of the FDIC's mission and strategic direction, and know how their work fits into the organization's goals and priorities. They believe their work is important, and gain a sense of personal accomplishment from it. Employees also have a high degree of confidence in their ability to meet the needs of their customers, contribute positively to the agency's performance, produce high-quality work, and adapt to changing priorities.

The FDIC continues to enhance its Workplace Excellence (WE) Program and FDIC-National Treasury Employees Union (NTEU) Labor Management Forum (LMF). The FDIC recently launched a WE Leadership Committee to serve as a mechanism to share ideas, projects, and best practices from the WE Councils. The WE Councils continue to focus on engaging employees in their divisions and recommending organizational improvements. The LMF provides NTEU with pre-decisional input on workplace matters to the fullest extent practicable, without regard to whether those matters are negotiable subjects of bargaining. In addition, FDIC employees have other opportunities to shape organizational culture and work processes, and enhance communications and engagement. They can serve as members of the Chairman's Diversity Advisory Councils and Employee Resource Groups, and participate in team discussions, listening sessions, and daily employee-supervisor interactions.

The FDIC will continue to look for meaningful ways to increase employee engagement in 2024. WE Leadership Committee meeting frequency will be increased from semi-annual to quarterly, and WE Councils will be invited to participate in focus area calls on a quarterly basis. A communication plan to increase awareness of WE initiatives and outcomes will be implemented, and WE Councils will utilize survey results and other relevant information to develop workplace improvement action plans. The LMF will continue to meet quarterly, and as needed, to allow for pre-decisional input from NTEU.

Employee Learning and Development

The FDIC provides employees with skills-based training and leadership development opportunities to help achieve its mission. It completed a multi-year modernization initiative that included expanding virtual and online offerings, integrating modern learning technology, and modernizing the Training Center. The FDIC is using these investments to prepare employees for the challenges ahead by using a blend of delivery modes to provide training when and where it is needed. In 2024, the FDIC will focus on researching and implementing strategies and best practices to improve learning and development processes to enhance the learner experience. The FDIC will continue to use learning programs as opportunities to strengthen its organizational culture, build key competencies, and reinforce corporate values.

The FDIC is increasing training offerings to accommodate the large number of new risk management and compliance examiner trainees. In addition, the FDIC is implementing a Just-in-Time Training Initiative to ensure that examiner courses appropriately align with on-the-job components of examiner development so that new examiners are more prepared for the exam tasks they will be assigned. Training and readiness activities for resolution and receivership specialists are also maintained to ensure they meet up-to-date guidelines and practices.

The FDIC has a comprehensive leadership development curriculum that consists of core courses, electives, and enrichment activities focused on developing employees as leaders at all levels of the organization. The FDIC also provides consultative services to managers and delivers customized training for teams.

Management of Information Technology Resources

The FDIC relies on modern and secure IT to achieve its mission. Technology trends like artificial intelligence (AI) and Zero Trust (ZT) Architecture have significant potential to transform the FDIC’s core business processes to make them more efficient and to strengthen the organization’s cybersecurity and privacy posture.

The FDIC is committed to providing a robust, resilient, and secure IT environment that supports emerging business needs, promotes efficient operations, and improves FDIC engagement with regulated institutions and the public. To effectively manage its IT resources, the FDIC will evaluate market innovations that can help modernize its portfolio of legacy IT systems, strengthen the IT infrastructure that serves its workforce and mission constituents, and implement new core business capabilities.

IT Modernization Plan and Roadmap

The FDIC's current IT environment is heavily dependent on outdated legacy applications and platforms that run in an on-site data center. The FDIC has adopted a multi-year *IT Modernization Plan and Roadmap* that will guide its technology activities and spending priorities for the next several years. In 2023, the FDIC continued to build out its cloud-based IT-Infrastructure-as-a-Service environment and modernize its data management and analytics capabilities. It also migrating its mission-essential and mission-critical IT applications and data to target cloud platforms. This multi-year effort will continue in 2024 and beyond. The ultimate goal of the Cloud Infrastructure Migration Program is to significantly improve the resiliency, scalability, and security of the agency's core computing environment, strengthening the FDIC's ability to manage increased work volume, conduct complex analyses with modern tools, and quickly respond to emerging business needs and new technologies.

In addition, the IT Modernization Program will focus on the modernization of current applications that rely on aging or obsolete technology. In conjunction with the modernization of these legacy applications, FDIC staff will simultaneously streamline and reengineer the underlying business processes to take advantage of new automated capabilities and increase efficiency and effectiveness by using Agile development methodologies and human-centered design practices. One of the key goals of the plan is to establish an IT environment where FDIC employees can perform work unencumbered by limitations related to technology, geography, or manual processes. New technology will also be implemented to improve the FDIC's cybersecurity posture to address emerging threats and regulatory needs, and controls will be strengthened in the areas of IT governance, contract oversight management, and financial management.

Information Security and Privacy

Cybersecurity risk management will remain a priority as cybersecurity threats proliferate and new vulnerabilities are constantly being discovered and mitigated in systems, software, services, and the supply chain.

The FDIC continues to build upon the principles set forth in its *IT Strategic Plan* to mature cybersecurity and privacy capabilities and ensure the continued confidentiality, availability, and integrity of FDIC data and information systems. In 2023, the FDIC achieved significant milestones in the adoption of ZT principles to safeguard its operations and the critical data it manages. By advancing foundational ZT Architecture capabilities, the FDIC continues to improve the enterprise security posture and enhance processes and capabilities to provide secure and accurate data access. The FDIC refined its strategies, executed pivotal acquisitions, and successfully initiated the implementation of foundational capabilities, setting the stage for a ZT-oriented future.

In 2024, the FDIC will continue implementation of its ZT strategy and roadmap and will operationalize a new incident management solution to help automate the management of and response to cyber incidents. The FDIC will also continue in 2024 to mature its privacy risk management activities to identify and manage how the FDIC's operations and systems process personally identifiable information. Privacy considerations are built into the FDIC's business operations, policies, processes, technologies, and contracts by design to fulfill and anticipate current and future privacy needs.

The agency is active in the leadership of the Federal CIO Council and the Federal Privacy Council. The FDIC also collaborates with other agencies to promote best practices through the Federal Privacy Council and the Financial Regulator Privacy Community of Practice, and continues to build out continuous privacy risk management and monitoring through the use of Privacy Impact Assessments and compliance with National Institute of Standards and Technology guidance.

Data Management

The FDIC has long recognized that data is one of its most important resources, both for internal use and for dissemination to the financial industry and other stakeholders. As part of the *IT Modernization Plan and Roadmap*, the FDIC will strengthen its data governance, while pursuing initiatives to maximize efficient data utilization. The effective management of data across the organization is central to fulfilling the FDIC's supervisory, insurance, and resolution functions. Managing and governing FDIC data as a corporate resource is fundamental to empowering FDIC staff at all levels of the organization to perform analysis, support operations, and conduct research that enables sound, evidence-based decision-making. This includes the responsible use of AI. In 2023, the FDIC established an AI governance framework for the agency. In 2024, the FDIC will continue to ensure responsible stewardship of its data by establishing and implementing appropriate data governance requirements for managing data in the cloud. The FDIC will also develop and maintain an inventory and catalog of all FDIC data used throughout the cloud data lifecycle.

Technology and Innovation

The FDIC continuously monitors developments in technology to further advance the mission of the FDIC and better understand how emerging technology may affect the financial industry. The FDIC continues to test the potential application of new and emerging technologies to enhance its business processes and accomplish its core mission responsibilities. The FDIC Tech Lab under the CIO plays a leadership role in supporting the identification, testing, and adoption of innovative new technologies. It engages with stakeholders throughout the FDIC on an ongoing basis to identify problems and challenges in programs and operations and conducts proofs of concept aimed at removing barriers and building IT capabilities.

In 2024, the FDIC will continue to explore the potential application of new and emerging technologies by:

- Exploring the utility and application of robotic process automation and AI to reduce staff burden by automating labor intensive manual work; and
- Developing potential use cases that allow employees to learn about distributed ledger technologies through hands-on experience.

Enterprise Risk Management and Internal Controls

As an integral part of its stewardship of the DIF, the FDIC maintains a comprehensive risk management and internal control program designed to identify and mitigate enterprise risks and improve the efficiency, effectiveness, and control of internal operations. Enterprise Risk Management (ERM) is a way to identify, prioritize, and manage risk across the corporation. The FDIC's ERM program aims to address the full spectrum of significant internal and external risks facing the agency and the combined impact of those risks as an interrelated portfolio.

In 2024, the FDIC will continue to identify and implement risk-mitigation activities to address risks in the FDIC's Corporate Risk Inventory, enhance the ERM program with active collaboration among all FDIC divisions and offices, and perform management-directed or self-initiated program evaluation work. The FDIC will also continue to deliver corporate-wide ERM training and report to the Chairman, Operating Committee, and Audit Committee on a periodic basis.

The FDIC's internal control program includes the plans, methods, policies, and procedures that provide reasonable assurance that management's objectives are achieved, operations are effective and efficient, reporting is reliable for internal and external use, and that the FDIC follows applicable laws and regulations. In 2024, the FDIC will continue to ensure that key financial operations and processes maintain sound internal controls, operations are appropriately managed, and opportunities to improve the control environment are identified and implemented in an efficient and timely manner. The FDIC anticipates focusing on testing and, where appropriate, enhancing controls related to information security management, contractor oversight, succession management, supply chain risk management, systems development, and model risk management.

The FDIC will continue to review samples of transactions and invoices to confirm management attestations regarding financial reporting and internal control procedures. The FDIC will also continue to develop process maps for critical operations and enhance data mining capabilities to monitor exposure to improper payments. All of these efforts help to ensure that the internal control environment remains strong throughout the FDIC.

APPENDICES

Appendix A: Program Resource Requirements

Appendix B: Program Evaluation

Appendix C: Interagency Relationships

Appendix D: External Factors

Appendix E: Organizational Chart

APPENDIX A

Program Resource Requirements

The chart below breaks out the 2024 FDIC Operating Budget by the FDIC's three major program areas: insurance, supervision, and receivership management. It shows the budgetary resources that the FDIC estimates it will spend on these programs during 2024 to pursue the strategic and annual performance goals and objectives outlined in this plan, and to carry out other program-related activities. The estimates include each program's share of common support services that are provided on a consolidated basis.

Supervision	$1,448,190,386
Insurance	$447,191,714
Receivership Management	$681,152,942
Corporate Expenses	$384,999,489
Total	$2,961,534,531

In addition, the FDIC has a total authorized 2024 staffing level of 6,817 full-time equivalent positions (6,486 permanent, 331 non-permanent).

APPENDIX B

Program Evaluation

The Office of Risk Management and Internal Controls performs management-directed or self-initiated evaluation work of FDIC programs to ensure that programs are accomplishing intended objectives. Program evaluations are collaborative efforts that may involve management and staff from multiple divisions and offices. Division and office directors use the results of program evaluations to support their annual assertions to the Chairman that operations are efficient and effective, financial data and reporting are reliable, laws and regulations are followed, and internal controls are adequate (i.e., annual assurance statements).

In 2024, the FDIC will continue to identify opportunities to perform program evaluations to mitigate risks to division and office operations and identify opportunities for program improvements.

APPENDIX C

Interagency Relationships

The FDIC has productive working relationships with agencies at the federal, state, and international levels. It leverages those relationships to achieve the goals outlined in this plan and to promote stability and public confidence in the nation's financial system. Listed below are examples of the many important relationships the FDIC has built with other agencies and entities, seeking to promote strength, stability, and confidence in the financial services industry.

Other Federal Financial Institution Regulatory Agencies

The FDIC works closely with other federal financial institution regulators—principally the FRB and OCC—to address issues and programs that transcend the jurisdiction of each agency. Regulations are, in many cases, interagency efforts. For example, interagency rules have been developed to address implementation of the Economic Growth, Regulatory Relief, and Consumer Protection Act, Basel III, revisions to risk-based and leverage capital requirements, quantitative liquidity ratios, credit risk retention, appraisals, and Call Reports. In addition, the Comptroller of the Currency is a member of the FDIC Board of Directors, which facilitates cross-cutting policy development and consistent regulatory practices between the FDIC and OCC. The FDIC also works closely with the NCUA, which supervises and insures credit unions.

The FDIC also works closely with the Consumer Financial Protection Bureau (CFPB) to address consumer protection issues. Under the Dodd-Frank Act, the CFPB has interpretative authority over an enumerated list of designated consumer financial laws. As a result, the CFPB is responsible for issuing rules and regulations regarding these consumer financial laws; however, the CFPB is required to consult with the FDIC, FRB, and OCC on these matters. Supervisory examination and enforcement jurisdiction for the designated consumer financial laws for insured, state nonmember banks with assets of $10 billion or less remains with the FDIC.

The FDIC retains examination and enforcement jurisdiction for the non-transferred consumer laws (such as for the CRA, the Fair Housing Act, and the Federal Trade Commission Act) for insured, state nonmember banks with more than $10 billion in assets. The CFPB Director is also a member of the FDIC Board of Directors, which facilitates cross-cutting policy development and consistent regulatory practices among the FDIC, CFPB, and OCC.

The FDIC, FRB, and OCC also work closely with the Conference of State Bank Supervisors (CSBS), which represents the state regulatory authorities, and individual state regulatory agencies. The FDIC also collaborates with the Federal Housing Finance Agency (FHFA), which is the rule-writer and supervisor for the government-sponsored enterprises and the Federal Home Loan Banks. Finally, the FDIC coordinates with the SEC and CFTC on issues such as CCP resolution planning.

Federal Financial Institutions Examination Council (FFIEC)

The FFIEC is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions and to make recommendations to promote uniformity in the supervision of financial institutions. The member agencies of the FFIEC are the FDIC, FRB, OCC, NCUA, and CFPB. In addition, the Chair of the FFIEC State Liaison Committee serves as a member of the FFIEC (the State Liaison Committee is composed of five representatives of state supervisory agencies).

To foster interagency cooperation, the FFIEC has established interagency task forces on consumer compliance, examiner education, information sharing, regulatory reports, surveillance systems, and supervision. The FFIEC has statutory responsibilities 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 for each metropolitan statistical area. It also publishes handbooks, catalogs, and databases that provide uniform guidance and information to promote a consistent examination process among the agencies and make information available to the public.

This includes maintenance of a central data repository for CRA ratings and public evaluations. The FFIEC also provides an online Consumer Help Center that connects consumers with the appropriate federal regulator for a particular financial institution.

State Banking Departments

The FDIC, FRB, and OCC work with the CSBS and with individual state regulatory agencies to make the bank examination process more efficient and uniform. In most states, alternating examination programs reduce the number of examinations that are conducted at insured financial institutions, thereby reducing regulatory burden. Joint examinations of larger financial institutions also optimize the use of state and FDIC resources in the examination of large, complex, and problem state nonmember banks and state-chartered thrift institutions.

Basel Committee on Banking Supervision (BCBS)

The FDIC is a member of the BCBS, a forum for international cooperation on matters relating to financial institution supervision, and on numerous subcommittees of the BCBS. The BCBS aims to improve the consistency of capital regulations internationally, ensure that the regulatory capital framework for internationally active institutions is risk-sensitive and includes appropriate constraints on the use of financial leverage, and promote enhanced risk management practices among large, internationally active banking organizations. Other areas of significant focus include liquidity and funds management, market risk exposure, and derivatives activities.

The FDIC and the other federal banking agencies have worked closely with the BCBS to improve the Basel III Capital Accord to strengthen the resiliency of the banking sector and improve liquidity risk management.

International Colleges of Regulators

The FDIC participates in several groups of international regulators to address international consistency in the implementation of over-the-counter (OTC) derivatives reforms. The OTC Derivatives Regulators' Forum is a college of regulators that discuss initiatives on derivative reforms mandated by the G-20[10] and FSB.

The group is heavily involved in assuring international consistency on the development of trade repositories and CCP clearing. It makes recommendations to standing committees, including the Committee on Payment and Settlement Systems, International Organization of Securities Commissions, BCBS, and FSB, for rulemakings.

The OTC Supervisors' Group is primarily involved in changing the infrastructure of the largest dealer banks. The group is composed of supervisors of the GSIBs. Current efforts are focused on data repositories, dispute resolution, and client clearing. The group obtains commitments from the dealer community to make recommended changes and monitors implementation.

Interagency Country Exposure Review Committee (ICERC)

The ICERC was established by the FDIC, FRB, and OCC to ensure consistent treatment of the transfer risk associated with the exposure of banks to both public- and private-sector entities outside the United States. The ICERC assigns ratings based on its assessment of the degree of transfer risk inherent in U.S. banks' foreign exposure.

[10] The Group of 20 is a group of leading developed and developing nations. Members include the African Union, the European Union, and Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, and the United States.

International Association of Deposit Insurers (IADI)

The FDIC has played a leading role in developing IADI into a global standard setter and the world's premier provider of technical assistance and training for deposit insurance since the association was formed in 2002. IADI contributes to the stability of the global financial system by promoting international cooperation in the field of deposit insurance. Through IADI, the FDIC builds strong bilateral and multilateral relationships with foreign deposit insurers, resolution authorities, and international organizations. The FDIC also provides technical assistance and conducts outreach activities with foreign entities to help develop and maintain sound banking and deposit insurance systems.

Association of Supervisors of Banks of the Americas (ASBA)

The FDIC plays a leadership role in ASBA and participates in the organization's activities. ASBA develops, disseminates, and promotes sound bank supervisory practices and resilient financial systems throughout the Americas and the Caribbean in line with international standards. The FDIC supports the organization's mission and activities by contributing to ASBA research and guidance initiatives, technical training and cooperative endeavors, and leadership building programs.

Shared National Credit Program

The FDIC participates with the other federal financial institution regulatory agencies in the Shared National Credit Program, an interagency program that performs a uniform credit review twice annually of financial institution loans that exceed $100 million and are shared by three or more financial institutions. The results of these reviews are used to identify trends in industry sectors and the credit risk management practices of banks.

The reviews are published in December of each year and include findings from both semiannual reviews to help the industry better understand economic and credit risk management trends.

Joint Agency Task Force on Discrimination in Lending

The FDIC participates on the Joint Agency Task Force on Discrimination in Lending with several other federal financial institution regulators (i.e., the FRB, OCC, and NCUA) along with the CFPB, the Department of Housing and Urban Development, the FHFA, the Department of Justice, and the Federal Trade Commission (FTC). The agencies exchange information about fair lending issues, examination and investigation techniques, and interpretations of statutes, regulations, and case precedents.

European Forum of Deposit Insurers

The FDIC and the European Forum of Deposit Insurers share similar interests, and the FDIC supports the organization's mission to contribute to the stability of financial systems by promoting European cooperation in the field of deposit insurance. The FDIC openly shares its expertise and experience in deposit insurance and failed bank resolution through discussions and exchanges on issues that are of mutual interest and concern (e.g., cross-border issues, bilateral and multilateral relations, and customer protection).

Financial and Banking Information Infrastructure Committee (FBIIC)

The FDIC works with the Department of Homeland Security and the Office of Cyberspace Security through the FBIIC on operational and tactical issues related to critical infrastructure matters and cybersecurity in the financial services industry. The FBIIC was chartered under the President's Working Group on Financial Markets and is charged with improving coordination and communication among financial regulators, promoting public-private partnerships within the financial sector, and enhancing the resiliency of the financial sector overall. Other federal government members of the FBIIC include the CFPB, FHFA, FRB, NCUA, OCC, CFTC, SEC, Department of the Treasury, and the Farm Credit Administration.

Bank Secrecy Act (BSA), Anti- Money Laundering (AML), Counter-Financing of Terrorism (CFT), and Anti-Fraud Working Groups

The FDIC participates in several interagency, public-private, and intergovernmental groups, described below, to help combat money laundering, terrorist financing, and fraud.

- The BSA Advisory Group is a public/private partnership of agencies and organizations that meets to discuss strategies and industry efforts to address money laundering, terrorist financing, and other illicit financial activities. Areas of focus include: rulemaking related to the BSA/AML Compliance Program, Customer Identification Program requirements, and suspicious activity reporting requirements; a possible pilot examination program to evaluate potential changes to the referenced rules; innovative approaches to suspicious activity and currency transaction filing requirements; vendor-developed technology to help meet BSA compliance requirements, including suspicious activity monitoring; and other emerging risks.
- The FFIEC AML/CFT Subcommittee, in consultation with the Financial Crimes Enforcement Network (FinCEN), coordinates AML/CFT policy matters and training, and works to improve communications among the agencies. The AML/CFT Subcommittee builds on existing activities and works to strengthen the ongoing initiatives of other formal and informal interagency groups that oversee various AML/CFT issues. This working group meets monthly and invites other agencies, such as the SEC, CFTC, Treasury, Internal Revenue Service (IRS), and OFAC, on a quarterly basis to ensure broader coordination of AML/CFT and sanctions efforts.
- The Basel AML/CFT Expert Group is responsible for monitoring AML/CFT issues that have a bearing on banking supervision, coordinating with the FSB, and serving as a forum for AML/CFT experts from banking supervisory agencies.
- The Financial Action Task Force (FATF) is an intergovernmental body that sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system.

- The Fraud Risk-Management Interagency Working Group is composed of representatives from the federal banking agencies to strengthen relationships and better understand the fraud threat environment for depository institutions. The group also provides a forum for developing consistent interagency programs for combating financial institution fraud.

Financial Literacy and Education Commission (FLEC)

The FDIC is a member of the Financial Literacy and Education Commission (FLEC), which was established by the Fair and Accurate Credit Transactions Act of 2003. The FDIC actively supports FLEC's efforts to improve financial literacy in America by assigning experienced staff to provide leadership and support for FLEC initiatives, including updates to the National Strategy on Financial Literacy and various FLEC working groups.

Financial Education Partnerships

The FDIC collaborates with other federal, state, and local government agencies to promote financial education, capability initiatives, and fraud prevention for consumers and small businesses. These include the CFPB, US Small Business Administration (SBA), FTC, Institute of Museum and Library Services (IMLS), and other federal and state agencies. The FDIC also promotes initiatives combining youth and young adult accounts and financial education through collaboration with local financial institutions, governmental entities, workforce development and education organizations, and other nonprofit organizations.

Alliance for Economic Inclusion (AEI)

The FDIC established and leads the AEI, a national initiative to bring unbanked and underbanked populations into the financial mainstream. The AEI is composed of broad-based coalitions of financial institutions, community-based organizations, and other partners in 14 markets across the country. These coalitions work to increase banking services for underserved consumers in LMI neighborhoods, minority and immigrant communities, and rural areas.

These services include savings accounts, affordable remittance products, targeted financial education programs, small-dollar loan programs, alternative delivery channels, and other asset-building programs.

U.S. Small Business Administration (SBA) Strategic Alliance Memorandum (SAM)

The FDIC partners with the SBA to encourage financial institutions to prudently serve entrepreneurs and small business owners. Through a SAM, the FDIC and SBA collaborate by co-sponsoring events and activities to help banks become fully aware of SBA capital access programs and connect banks to opportunities to address small business training, counseling, and financial service needs.

Financial Stability Board (FSB)

The FDIC actively participates in the work of the FSB, an international body established by the G-20 leaders in 2009. As a member of the FSB ReSG and its Cross-Border Crisis Management subgroups (CBCMs) for banks, insurers, and financial market infrastructures, the FDIC has helped to develop international standards and guidance on issues relating to the resolution of G-SIFIs. Much of this work has related to the operationalization of the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions and supporting work to monitor standards implementation. The FDIC currently chairs the ReSG and co-chairs the CBCM for financial market infrastructures.

Federal Trade Commission (FTC), National Association of Insurance Commissioners (NAIC), and the Securities and Exchange Commission (SEC)

The Gramm-Leach-Bliley Act (GLBA), which was enacted in 1999, permits insured financial institutions to expand the products they offer to include insurance and securities. GLBA also includes increased security requirements and disclosures to protect consumer privacy. The FDIC and other FFIEC agencies coordinate with the FTC, SEC, and NAIC to develop industry research and guidelines relating to these products.

GLBA also requires the SEC to consult and coordinate with the appropriate federal banking agencies on certain loan-loss allowance matters involving public bank and thrift holding companies.

The SEC and the agencies have an established consultation process designed to fully comply with this requirement while avoiding unnecessary delays in processing holding company filings with the SEC and providing these institutions access to the securities markets.

In addition, the accounting policy staffs of the FDIC and the other FFIEC agencies and the SEC's Office of the Chief Accountant (OCA) meet quarterly to discuss accounting matters of mutual interest and maintain ongoing communications on accounting issues relevant to financial institutions. Other meetings are held with the OCA, as necessary, either on an individual agency or interagency basis.

Internal Revenue Service (IRS)

The FDIC works with high-ranking officials at the IRS primarily to simplify the failed bank receivership federal tax filing process and to ensure efficient audit examinations. Gaining a mutual understanding of each agency's tax compliance procedures has reduced the amount of resources needed to accurately process and file timely receivership federal tax returns. Similarly, establishing joint federal tax audit procedures has increased uniformity and significantly reduced regulatory burden for both agencies.

Ongoing collaboration with the IRS also remediates ad-hoc, unintended tax consequences that arise during a bank failure, such as protecting the depositors' interests in the event of a payout of Individual Retirement Arrangement (IRA) accounts.

Financial Stability Oversight Council (FSOC)

The FDIC works closely with the FSOC and its member agencies, including the FRB, CFTC, FHFA, NCUA, OCC, SEC, Treasury, and CFPB, in carrying out the FSOC's responsibility for identifying risks to the financial stability of the United States, promoting market discipline, and responding to emerging risks to the stability of the U.S. financial system. The FDIC Chairman is one of ten voting members, along with the Secretary of the Treasury, the heads of the other federal financial regulators, and an independent insurance expert.

President's Working Group (PWG) on Financial Markets

The PWG conducts various studies regarding financial markets. The PWG is chaired by the Secretary of the Treasury and its member agencies, including the FRB, SEC, and CFTC. While not a member of the PWG, the FDIC convenes for relevant sessions and may participate as appropriate in preparing analyses relevant to the U.S. financial system.

Network of Central Banks and Supervisors for Greening the Financial System (NGFS)

The FDIC is engaged with NGFS to foster collaboration and share best practices in addressing climate-related financial risks on a global basis. The NGFS is not a standard-setting body. Rather, it is a forum for voluntary collaboration and information sharing among central banks and banking supervisors. To the extent that other jurisdictions have different mandates with respect to climate-related matters, the FDIC has remained, and will continue to remain, strictly within its mandate.

APPENDIX D

External Factors: The Economy and Its Impact on the Banking Industry and the FDIC

Economic conditions at the national, regional, and local levels affect banking strategies and the banking industry's overall performance. Business and household activity tends to be cyclical and influences loan growth and credit performance for the banking industry. Business conditions and macroeconomic policies combine to determine the rate of inflation, domestic interest rates, equity market valuations, and the exchange value of the dollar. These, in turn, influence the lending, funding, and off-balance-sheet activities of IDIs.

U.S. economic conditions were solid in 2023, with improving economic growth and slowing inflation. Consumer spending, business fixed investment, and government spending improved in 2023, while residential investment declined. Full-year real gross domestic product growth improved in 2023 to roughly 2019 levels. Labor market conditions slowed in 2023 but remained strong. The unemployment rate was near historically low levels, and payroll gains, although slowing, were above the pre-pandemic pace. Inflation declined, but the pace of the decline slowed in the second half of the year. Inflation remained above the Federal Reserve's two-percent target, and monetary policy continued to tighten in 2023. The Federal Reserve increased the federal funds rate four times in the first half of the year, but paused rate increases from September to December. It continued to reduce its holdings of Treasury securities and agency debt and agency mortgage-backed securities. Financial market conditions tightened after the bank failures in March and May, but eased later in the year.

Several factors weigh on the economic outlook in 2024, including the effects of elevated inflation and interest rates, continued geopolitical uncertainty, and slowing global growth. The Blue Chip consensus expects growth to slow in 2024, but the outlook has improved in recent months. Weaker economic conditions could challenge banking conditions as they could lead to reduced loan demand, potential credit strains, and reduced banking sector profitability.

The banking industry has proven resilient despite large bank failures that occurred in the spring of 2023. The 4,587 FDIC-insured commercial banks and savings institutions that filed financial results in fourth quarter 2023 reported aggregate net income of $38.4 billion for the three months ended December 31, a decline of $30 billion (43.9 percent) from the prior quarter. Higher noninterest expense (up $26.6 billion, or 18.9 percent), lower noninterest income (down $6.5 billion, or 8.8 percent), and higher provision expense (up $5.2 billion, or 26.5 percent) drove the decline in net income. However, it is estimated that 70 percent of the decrease in net income was caused by specific, nonrecurring, noninterest expenses at large banks.[11] These expenses include the special assessment, goodwill amortization, and legal, reorganization, and other one-time costs.

Net operating revenue (net interest income plus noninterest income) was $242.2 billion in the fourth quarter 2023, down $7.1 billion (2.9 percent) from the third quarter. While net interest income and noninterest income both fell, the decline in noninterest income drove the overall decline. The largest contributors to the decline in noninterest income were "all other noninterest income" (down $2.6 billion, or 7.5 percent), servicing fees (down $2.4 billion, or 75.7 percent), and trading revenue (down $1.5 billion, or 11.3 percent).[12] Net interest income decreased $0.6 billion (0.4 percent) to $174.6 billion.

The net interest margin (NIM) declined 2 basis points to 3.28 percent in the fourth quarter 2023. NIM declined as the increase in deposit and non-deposit liability costs more than outpaced the increase in asset yields. Despite the quarterly decline, the industry NIM remained 3 basis points above the pre-pandemic average NIM of 3.25 percent.

Asset quality indicators for the banking industry remained favorable during the fourth quarter 2023, despite pockets of deterioration. Noncurrent loans—loans that are 90 days or more past due or in nonaccrual status—increased to 0.86 percent of total loans, up 4 basis point from the prior quarter. The share of total loans that were 30–89 days past due increased to 0.61 percent, up 7 basis points from the prior quarter. Each delinquency rate remained below its pre-pandemic average of 1.28 percent for noncurrent loans and 0.66 percent for loans 30–89 days past due.

[11] After taking into account the estimated tax benefits of the expenses.
[12] All other noninterest income includes material write-in items as well as income related to wire transfers and ATM fees, bank card and credit card interchange fees, safe deposit box rent, printing and sale of checks, earnings on/increase in value of cash surrender value of life insurance, and other noninterest sources.

Credit card and nonfarm nonresidential commercial real estate loans drove the quarterly increase in the noncurrent rate, while residential mortgages drove the quarterly increase in the share of loans 30–89 days past due.

The industry's net charge-off rate increased 14 basis points from the prior quarter and 29 basis points from the prior year to 0.65 percent, and at year-end 2023, was 17 basis points above its pre-pandemic average. Credit card loans led the annual increase in net charge-off balances. The net charge-off rate on credit card loans was 4.15 percent, the highest rate reported by the industry since first quarter 2012.

Total assets increased $259.9 billion (1.1 percent) from third quarter 2023. Nearly three-quarters of all banks reported quarterly asset growth. Higher cash balances (up $143.2 billion, or 5.3 percent) and securities holdings (up $131.1 billion, or 2.5 percent) led the increase, while lower levels of trading assets (down $98.7 billion, or 11.5 percent) partially offset the growth. The increase in securities holdings resulted from both portfolio growth and improvement in the fair value of securities already owned.

Total loan and lease balances grew $107.5 billion (0.9 percent) from the previous quarter. This was the highest loan growth rate reported by the industry in 2023. An increase in credit card loans (up $63.1 billion, or 6 percent) drove quarterly loan growth. About three-quarters of banks (75.5 percent) reported quarterly loan growth.

Domestic deposits increased 186.9 billion (1.1 percent) from third quarter 2023, the first quarterly increase in domestic deposits in the past seven quarters. Growth in time deposits led the increase in domestic deposits, while noninterest-bearing deposits declined for the seventh consecutive quarter. Estimated insured deposits (up $46.6 billion, or 0.4 percent) increased during the quarter. Reported uninsured deposits decreased during the quarter but would have increased for the first time in seven quarters had a large bank's subsidiary transactions not affected reported data. Excluding that bank from the calculations, the industry's uninsured deposits increased $92.4 billion, or 1.4 percent, in the quarter.

The number of banks on the Problem Bank list (i.e., institutions with financial, operational, or managerial weaknesses that potentially threaten their viability) increased from 44 in the third quarter to 52 banks at year end 2023, while total assets held by problem banks increased from $53.5 billion to $66.3 billion. The number of problem banks represent 1.1 percent of total banks, which is near the low end of the "normal" range for non-crisis periods of one to two percent of all banks.

One bank opened, and one bank failed during the fourth quarter 2023. The DIF balance was $121.8 billion as of December 31, 2023, $6.4 billion below the balance reported on December 31, 2022. The DIF reserve ratio, or the ratio of the fund balance to estimated insured deposits, stood at 1.15 percent as of December 31, 2023.

APPENDIX E

Organizational Chart

A current listing of the FDIC Board of Directors and Senior Executives can also be found on the FDIC's public website at https://www.fdic.gov/about/leadership/index.html.