

VI.

**APPENDICES**



## A. Key Statistics

FDIC Actions on Financial Institutions Applications			
	2024	2023	2022
<b>Deposit Insurance</b>	<b>12</b>	<b>5</b>	<b>17</b>
Approved <sup>1</sup>	12	5	17
Denied	0	0	0
<b>New Branches</b>	<b>382</b>	<b>398</b>	<b>481</b>
Approved	382	398	481
Denied	0	0	0
<b>Mergers</b>	<b>122</b>	<b>116</b>	<b>133</b>
Approved	122	116	133
Denied	0	0	0
<b>Requests for Consent to Serve<sup>2</sup></b>	<b>81</b>	<b>61</b>	<b>52</b>
Approved	81	58	50
Section 19	0	0	6
Section 32	81	58	44
Denied	0	3	2
Section 19	0	0	0
Section 32	0	3	2
<b>Notices of Change in Control</b>	<b>7</b>	<b>15</b>	<b>23</b>
Letters of Intent Not to Disapprove	7	15	22
Disapproved	0	0	1
<b>Brokered Deposit Waivers</b>	<b>24</b>	<b>11</b>	<b>1</b>
Approved	24	11	0
Denied	0	0	1
<b>Savings Association Activities<sup>3</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>
Approved	0	0	0
Denied	0	0	0
<b>State Bank Activities/Investments<sup>4</sup></b>	<b>22</b>	<b>13</b>	<b>25</b>
Approved	22	13	25
Denied	0	0	0
<b>Conversion of Mutual Institutions</b>	<b>4</b>	<b>4</b>	<b>4</b>
Non-Objection	4	4	4
Objection	0	0	0

1 Includes deposit insurance applications filed on behalf of (1) newly organized institutions, (2) existing uninsured financial services companies seeking establishment as an insured institution, and (3) interim institutions established to facilitate merger or conversion transactions, and applications to facilitate the establishment of thrift holding companies.

2 Under Section 19 of the Federal Deposit Insurance (FDI) Act, an insured institution must receive FDIC approval before employing a person convicted of dishonesty or breach of trust. Under Section 32, the FDIC must approve any change of directors or senior executive officers at a state nonmember bank that is not in compliance with capital requirements or is otherwise in troubled condition.

3 Section 28 of the FDI Act, in general, prohibits a federally-insured state savings association from engaging in an activity not permissible for a federal savings association and requires notices or applications to be filed with the FDIC.

4 Section 24 of the FDI Act, in general, prohibits a federally-insured state bank from engaging in an activity not permissible for a national bank and requires notices or applications to be filed with the FDIC.

Combined Risk and Consumer Enforcement Actions			
	2024	2023	2022
<b>Total Number of Actions Initiated by the FDIC</b>	<b>140</b>	<b>117</b>	<b>118</b>
<b>Termination of Insurance</b>	<b>16</b>	<b>12</b>	<b>16</b>
<b>Involuntary Termination</b>	<b>0</b>	<b>0</b>	<b>0</b>
Sec. 8a for Violations, Unsafe/Unsound Practices or Conditions	0	0	0
<b>Voluntary Termination</b>	<b>16</b>	<b>12</b>	<b>16</b>
Sec. 8a by Order Upon Request	0	0	0
Sec. 8p No Deposits	14	11	14
Sec. 8q Deposits Assumed	2	1	2
<b>Sec. 8b Consent and Cease-and-Desist Actions</b>	<b>33</b>	<b>28</b>	<b>19</b>
Notices of Charges Issued	1	4	0
Orders to Pay Restitution	1	0	0
Consent and Cease and Desist Orders	26	22	17
Personal Cease and Desist Orders	5	2	2
<b>Sec. 8e Removal/Prohibition of Director or Officer</b>	<b>41</b>	<b>43</b>	<b>28</b>
Notices of Intention to Remove/Prohibit	4	4	3
Consent Orders	37	39	25
<b>Sec. 8g Suspension/Removal When Charged With Crime</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Civil Money Penalty Actions</b>	<b>35</b>	<b>28</b>	<b>27</b>
Sec. 7a Call Report Penalty Orders	0	0	0
Sec. 8i Flood Act Civil Money Penalty Orders	32	24	24
Sec. 8i Civil Money Penalty Notices of Assessment	3	4	3
<b>Sec. 10c Orders of Investigation</b>	<b>14</b>	<b>4</b>	<b>8</b>
<b>Sec. 19 Waiver Orders</b>	<b>0</b>	<b>1</b>	<b>20</b>
Approved Section 19 Waiver Orders	0	1	20
Denied Section 19 Waiver Orders	0	0	0
<b>Sec. 32 Notices Disapproving Officer/Director's Request for Review</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Truth-in-Lending Act Reimbursement Actions</b>	<b>34</b>	<b>31</b>	<b>41</b>
Denials of Requests for Relief	0	0	0
Grants of Relief	0	0	0
Banks Making Reimbursement <sup>1</sup>	34	31	41
<b>Suspicious Activity Reports (Open and closed institutions)<sup>1</sup></b>	<b>402,063</b>	<b>407,304</b>	<b>421,118</b>
<b>Other Actions Not Listed<sup>2</sup></b>	<b>1</b>	<b>1</b>	<b>0</b>

1 These actions do not constitute the initiation of a formal enforcement action and, therefore, are not included in the total number of actions initiated.

2 The Other Actions Not Listed were, in 2024: Order to Pay a Call Report penalty not under section 7(a); in 2023: 1 Order Dismissing Notice of Assessment of Civil Money Penalty and Order to Pay; and in 2022: 0.

## FDIC Insured Institutions Closed During 2024

Dollars in Thousands

### Codes for Bank Class:

**NM = State-chartered Bank that is not a member of the Federal Reserve System**

**N = National Bank**

**SB = Savings Bank**

**SI = Stock and Mutual Savings Bank**

**SM = State-chartered Bank that is a member of the Federal Reserve System**

**SA = Savings Association**

Name and Location	Bank Class	Number of Deposit Accounts	Total Assets <sup>1</sup>	Total Deposits <sup>1</sup>	Estimated Loss to the DIF <sup>2</sup>	Date of Closing or Acquisition	Receiver/ Assuming Bank and Location
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### Purchase and Assumption - Insured Deposits Only

First NB of Lindsay Lindsay, OK	N	2,739	\$107,850	\$97,515	\$42,281	10/18/2024	First Bank & Trust Co. Duncan, OK
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### Whole Bank Purchase and Assumption - All Deposits

Republic Bank Philadelphia, PA	NM	129,996	\$5,866,190	\$4,373,927	\$683,597	4/26/2024	Fulton Bank, National Association Lancaster, PA
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<sup>1</sup> Total Assets and Total Deposits data are based upon the last Call Report filed by the institution prior to failure.

<sup>2</sup> Estimated losses are as of December 31, 2024. Estimated losses are routinely adjusted with updated information from new appraisals and asset sales, which ultimately affect the asset values and projected recoveries. Represents the estimated loss to the DIF from deposit insurance obligations.

**Estimated Insured Deposits and the Deposit Insurance Fund,  
December 31, 1934, through September 30, 2024<sup>1</sup>**  
Dollars in Millions (except Insurance Coverage)

	Deposits in Insured Institutions <sup>2</sup>					Insurance Fund as a Percentage of	
Year	Insurance Coverage <sup>2</sup>	Total Domestic Deposits	Est. Insured Deposits	Percentage of Domestic Deposits	Deposit Insurance Fund	Total Domestic Deposits	Est. Insured Deposits
2024	\$250,000	\$17,592,424	\$10,633,656	60.4	\$133,111.0	0.76	1.25
2023	250,000	17,403,455	10,616,085	61.0	121,778.0	0.70	1.15
2022	250,000	17,778,798	10,261,805	57.7	128,218.0	0.72	1.25
2021	250,000	18,237,236	9,899,961	54.3	123,141.0	0.68	1.24
2020	250,000	16,338,833	9,101,166	55.7	117,896.8	0.72	1.30
2019	250,000	13,262,241	7,809,735	58.9	110,346.9	0.83	1.41
2018	250,000	12,659,406	7,517,038	59.4	102,608.9	0.81	1.37
2017	250,000	12,129,503	7,157,281	59.0	92,747.5	0.76	1.30
2016	250,000	11,693,371	6,915,663	59.1	83,161.5	0.71	1.20
2015	250,000	10,952,922	6,518,675	59.5	72,600.2	0.66	1.11
2014	250,000	10,410,687	6,195,554	59.5	62,780.2	0.60	1.01
2013	250,000	9,825,479	5,998,238	61.0	47,190.8	0.48	0.79
2012	250,000	9,474,720	7,402,053	78.1	32,957.8	0.35	0.45
2011	250,000	8,782,291	6,973,483	79.4	11,826.5	0.13	0.17
2010	250,000	7,887,858	6,301,542	79.9	(7,352.2)	(0.09)	(0.12)
2009	250,000	7,705,354	5,407,773	70.2	(20,861.8)	(0.27)	(0.39)
2008	100,000	7,505,408	4,750,783	63.3	17,276.3	0.23	0.36
2007	100,000	6,921,678	4,292,211	62.0	52,413.0	0.76	1.22
2006	100,000	6,640,097	4,153,808	62.6	50,165.3	0.76	1.21
2005	100,000	6,229,753	3,890,930	62.5	48,596.6	0.78	1.25
2004	100,000	5,724,621	3,622,059	63.3	47,506.8	0.83	1.31
2003	100,000	5,223,922	3,452,497	66.1	46,022.3	0.88	1.33
2002	100,000	4,916,078	3,383,598	68.8	43,797.0	0.89	1.29
2001	100,000	4,564,064	3,215,581	70.5	41,373.8	0.91	1.29
2000	100,000	4,211,895	3,055,108	72.5	41,733.8	0.99	1.37
1999	100,000	3,885,826	2,869,208	73.8	39,694.9	1.02	1.38
1998	100,000	3,817,150	2,850,452	74.7	39,452.1	1.03	1.38
1997	100,000	3,602,189	2,746,477	76.2	37,660.8	1.05	1.37
1996	100,000	3,454,556	2,690,439	77.9	35,742.8	1.03	1.33
1995	100,000	3,318,595	2,663,873	80.3	28,811.5	0.87	1.08
1994	100,000	3,184,410	2,588,619	81.3	23,784.5	0.75	0.92
1993	100,000	3,220,302	2,602,781	80.8	14,277.3	0.44	0.55
1992	100,000	3,275,530	2,677,709	81.7	178.4	0.01	0.01

**Estimated Insured Deposits and the Deposit Insurance Fund,  
December 31, 1934, through September 30, 2024<sup>1</sup> (continued)**  
Dollars in Millions (except Insurance Coverage)

	Deposits in Insured Institutions <sup>2</sup>					Insurance Fund as a Percentage of	
Year	Insurance Coverage <sup>2</sup>	Total Domestic Deposits	Est. Insured Deposits	Percentage of Domestic Deposits	Deposit Insurance Fund	Total Domestic Deposits	Est. Insured Deposits
1991	100,000	3,331,312	2,733,387	82.1	(6,934.0)	(0.21)	(0.25)
1990	100,000	3,415,464	2,784,838	81.5	4,062.7	0.12	0.15
1989	100,000	3,412,503	2,755,471	80.7	13,209.5	0.39	0.48
1988	100,000	2,337,080	1,756,771	75.2	14,061.1	0.60	0.80
1987	100,000	2,198,648	1,657,291	75.4	18,301.8	0.83	1.10
1986	100,000	2,162,687	1,636,915	75.7	18,253.3	0.84	1.12
1985	100,000	1,975,030	1,510,496	76.5	17,956.9	0.91	1.19
1984	100,000	1,805,334	1,393,421	77.2	16,529.4	0.92	1.19
1983	100,000	1,690,576	1,268,332	75.0	15,429.1	0.91	1.22
1982	100,000	1,544,697	1,134,221	73.4	13,770.9	0.89	1.21
1981	100,000	1,409,322	988,898	70.2	12,246.1	0.87	1.24
1980	100,000	1,324,463	948,717	71.6	11,019.5	0.83	1.16
1979	40,000	1,226,943	808,555	65.9	9,792.7	0.80	1.21
1978	40,000	1,145,835	760,706	66.4	8,796.0	0.77	1.16
1977	40,000	1,050,435	692,533	65.9	7,992.8	0.76	1.15
1976	40,000	941,923	628,263	66.7	7,268.8	0.77	1.16
1975	40,000	875,985	569,101	65.0	6,716.0	0.77	1.18
1974	40,000	833,277	520,309	62.4	6,124.2	0.73	1.18
1973	20,000	766,509	465,600	60.7	5,615.3	0.73	1.21
1972	20,000	697,480	419,756	60.2	5,158.7	0.74	1.23
1971	20,000	610,685	374,568	61.3	4,739.9	0.78	1.27
1970	20,000	545,198	349,581	64.1	4,379.6	0.80	1.25
1969	20,000	495,858	313,085	63.1	4,051.1	0.82	1.29
1968	15,000	491,513	296,701	60.4	3,749.2	0.76	1.26
1967	15,000	448,709	261,149	58.2	3,485.5	0.78	1.33
1966	15,000	401,096	234,150	58.4	3,252.0	0.81	1.39
1965	10,000	377,400	209,690	55.6	3,036.3	0.80	1.45
1964	10,000	348,981	191,787	55.0	2,844.7	0.82	1.48
1963	10,000	313,304	177,381	56.6	2,667.9	0.85	1.50
1962	10,000	297,548	170,210	57.2	2,502.0	0.84	1.47
1961	10,000	281,304	160,309	57.0	2,353.8	0.84	1.47
1960	10,000	260,495	149,684	57.5	2,222.2	0.85	1.48
1959	10,000	247,589	142,131	57.4	2,089.8	0.84	1.47

**Estimated Insured Deposits and the Deposit Insurance Fund,  
December 31, 1934, through September 30, 2024<sup>1</sup> (continued)**  
Dollars in Millions (except Insurance Coverage)

	Deposits in Insured Institutions <sup>2</sup>					Insurance Fund as a Percentage of	
Year	Insurance Coverage <sup>2</sup>	Total Domestic Deposits	Est. Insured Deposits	Percentage of Domestic Deposits	Deposit Insurance Fund	Total Domestic Deposits	Est. Insured Deposits
1958	10,000	242,445	137,698	56.8	1,965.4	0.81	1.43
1957	10,000	225,507	127,055	56.3	1,850.5	0.82	1.46
1956	10,000	219,393	121,008	55.2	1,742.1	0.79	1.44
1955	10,000	212,226	116,380	54.8	1,639.6	0.77	1.41
1954	10,000	203,195	110,973	54.6	1,542.7	0.76	1.39
1953	10,000	193,466	105,610	54.6	1,450.7	0.75	1.37
1952	10,000	188,142	101,841	54.1	1,363.5	0.72	1.34
1951	10,000	178,540	96,713	54.2	1,282.2	0.72	1.33
1950	10,000	167,818	91,359	54.4	1,243.9	0.74	1.36
1949	5,000	156,786	76,589	48.8	1,203.9	0.77	1.57
1948	5,000	153,454	75,320	49.1	1,065.9	0.69	1.42
1947	5,000	154,096	76,254	49.5	1,006.1	0.65	1.32
1946	5,000	148,458	73,759	49.7	1,058.5	0.71	1.44
1945	5,000	157,174	67,021	42.6	929.2	0.59	1.39
1944	5,000	134,662	56,398	41.9	804.3	0.60	1.43
1943	5,000	111,650	48,440	43.4	703.1	0.63	1.45
1942	5,000	89,869	32,837	36.5	616.9	0.69	1.88
1941	5,000	71,209	28,249	39.7	553.5	0.78	1.96
1940	5,000	65,288	26,638	40.8	496.0	0.76	1.86
1939	5,000	57,485	24,650	42.9	452.7	0.79	1.84
1938	5,000	50,791	23,121	45.5	420.5	0.83	1.82
1937	5,000	48,228	22,557	46.8	383.1	0.79	1.70
1936	5,000	50,281	22,330	44.4	343.4	0.68	1.54
1935	5,000	45,125	20,158	44.7	306.0	0.68	1.52
1934	5,000	40,060	18,075	45.1	291.7	0.73	1.61

1 For 2024, figures are as of September 30; all other prior years are as of December 31. Prior to 1989, figures are for the Bank Insurance Fund (BIF) only and exclude insured branches of foreign banks. For 1989 to 2005, figures represent the sum of the BIF and Savings Association Insurance Fund (SAIF) amounts; for 2006 to 2024, figures are for DIF. Amounts for 1989-2024 include insured branches of foreign banks. Prior to year-end 1991, insured deposits were estimated using percentages determined from June Call and Thrift Financial Reports.

2 The year-end 2008 coverage limit and estimated insured deposits do not reflect the temporary increase to \$250,000 then in effect under the Emergency Economic Stabilization Act of 2008. The Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank) Act made this coverage limit permanent. The year-end 2009 coverage limit and estimated insured deposits reflect the \$250,000 coverage limit. The Dodd-Frank Act also temporarily provided unlimited coverage for non-interest bearing transaction accounts for two years beginning December 31, 2010. Coverage for certain retirement accounts increased to \$250,000 in 2006. Initial coverage limit was \$2,500 from January 1 to June 30, 1934.

**Income and Expenses, Deposit Insurance Fund, from Beginning of Operations,  
September 11, 1933, through December 31, 2024**  
Dollars in Millions

Income						Expenses and Losses					
Year	Total	Assessment Income	Assessment Credits	Investment and Other	Effective Assessment Rate <sup>1</sup>	Total	Provision for Ins. Losses	Admin. and Operating Expenses <sup>2</sup>	Interest & Other Ins. Expenses	Funding Transfer from the FSLIC Resolution Fund	Net Income/ (Loss)
<b>TOTAL</b>	\$338,800.4	\$258,140.8	\$12,157.2	\$92,816.8		\$202,029.1	\$145,001.4	\$45,240.5	\$11,787.3	\$139.5	\$136,910.8
2024	15,688.8	11,643.5	0.0	4,045.3	0.0614%	429.2	(2,008.6)	2,433.1	4.7	0.0	\$15,259.6
2023	35,995.8	33,188.03	0.0	2,807.8	0.0614%	45,374.7	40,950.83	2,126.0	2,297.9	0.0	(9,378.9)
2022	9,606.7	8,310.8	0.0	\$1,295.9	0.0396%	1,803.5	(82.9)	1,882.9	3.5	0.0	7,803.2
2021	8,153.4	7,080.2	0.0	1,073.2	0.0356%	1,705.3	(143.7)	1,842.7	6.3	0.0	6,448.1
2020	8,796.5	7,153.9	60.7	\$1,703.3	0.0395%	1,691.9	(157.3)	1,846.5	2.7	0.0	7,104.6
2019	7,095.3	5,642.7	703.6	2,156.2	0.0312%	513.2	(1,285.5)	1,795.6	3.1	0.0	6,582.1
2018	11,170.8	9,526.7	0.0	1,644.1	0.0626%	1,205.2	(562.6)	1,764.7	3.1	0.0	9,965.6
2017	11,663.7	10,594.8	0.0	1,068.9	0.0716%	1,558.2	(183.1)	1,739.4	2.0	0.0	10,105.5
2016	10,674.1	9,986.6	0.0	687.5	0.0699%	150.6	(1,567.9)	1,715.0	3.5	0.0	10,523.5
2015	9,303.5	8,846.8	0.0	456.7	0.0647%	(553.2)	(2,251.3)	1,687.2	10.9	0.0	9,856.7
2014	8,965.1	8,656.1	0.0	309.0	0.0663%	(6,634.7)	(8,305.5)	1,664.3	6.5	0.0	15,599.8
2013	10,458.9	9,734.2	0.0	724.7	0.0775%	(4,045.9)	(5,659.4)	1,608.7	4.8	0.0	14,504.8
2012	18,522.3	12,397.2	0.2	6,125.3	0.1012%	(2,599.0)	(4,222.6)	1,777.5	(153.9)	0.0	21,121.3
2011	16,342.0	13,499.5	0.9	2,843.4	0.1115%	(2,915.4)	(4,413.6)	1,625.4	(127.2)	0.0	19,257.4
2010	13,379.9	13,611.2	0.8	(230.5)	0.1772%	75.0	(847.8)	1,592.6	(669.8)	0.0	13,304.9
2009	24,706.4	17,865.4	148.0	6,989.0	0.2330%	60,709.0	57,711.8	1,271.1	1,726.1	0.0	(36,002.6)
2008	7,306.3	4,410.4	1,445.9	4,341.8	0.0418%	44,339.5	41,838.8	1,033.5	1,467.2	0.0	(37,033.2)
2007	3,196.2	3,730.9	3,088.0	2,553.3	0.0093%	1,090.9	95.0	992.6	3.3	0.0	2,105.3
2006	2,643.5	31.9	0.0	2,611.6	0.0005%	904.3	(52.1)	950.6	5.8	0.0	1,739.2
2005	2,420.5	60.9	0.0	2,359.6	0.0010%	809.3	(160.2)	965.7	3.8	0.0	1,611.2
2004	2,240.3	104.2	0.0	2,136.1	0.0019%	607.6	(353.4)	941.3	19.7	0.0	1,632.7
2003	2,173.6	94.8	0.0	2,078.8	0.0019%	(67.7)	(1,010.5)	935.5	7.3	0.0	2,241.3
2002	2,384.7	107.8	0.0	2,276.9	0.0023%	719.6	(243.0)	945.1	17.5	0.0	1,665.1
2001	2,730.1	83.2	0.0	2,646.9	0.0019%	3,123.4	2,199.3	887.9	36.2	0.0	(393.3)
2000	2,570.1	64.3	0.0	2,505.8	0.0016%	945.2	28.0	883.9	33.3	0.0	1,624.9
1999	2,416.7	48.4	0.0	2,368.3	0.0013%	2,047.0	1,199.7	823.4	23.9	0.0	369.7
1998	2,584.6	37.0	0.0	2,547.6	0.0010%	817.5	(5.7)	782.6	40.6	0.0	1,767.1
1997	2,165.5	38.6	0.0	2,126.9	0.0011%	247.3	(505.7)	677.2	75.8	0.0	1,918.2
1996	7,156.8	5,294.2	0.0	1,862.6	0.1622%	353.6	(417.2)	568.3	202.5	0.0	6,803.2
1995	5,229.2	3,877.0	0.0	1,352.2	0.1238%	202.2	(354.2)	510.6	45.8	0.0	5,027.0
1994	7,682.1	6,722.7	0.0	959.4	0.2192%	(1,825.1)	(2,459.4)	443.2	191.1	0.0	9,507.2
1993	7,354.5	6,682.0	0.0	672.5	0.2157%	(6,744.4)	(7,660.4)	418.5	497.5	0.0	14,098.9
1992	6,479.3	5,758.6	0.0	720.7	0.1815%	(596.8)	(2,274.7)	614.8 <sup>4</sup>	1,063.1	35.4	7,111.5
1991	5,886.5	5,254.0	0.0	632.5	0.1613%	16,925.3	15,496.2	326.1	1,103.0	42.4	(10,996.4)



**Income and Expenses, Deposit Insurance Fund, from Beginning of Operations,  
September 11, 1933, through December 31, 2024 (continued)**  
Dollars in Millions

Income						Expenses and Losses					
Year	Total	Assessment Income	Assessment Credits	Investment and Other	Effective Assessment Rate <sup>1</sup>	Total	Provision for Ins. Losses	Admin. and Operating Expenses <sup>2</sup>	Interest & Other Ins. Expenses	Funding Transfer from the FSLIC Resolution Fund	Net Income/ (Loss)
1990	3,855.3	2,872.3	0.0	983.0	0.0868%	13,059.3	12,133.1	275.6	650.6	56.1	(9,147.9)
1989	3,494.8	1,885.0	0.0	1,609.8	0.0816%	4,352.2	3,811.3	219.9	321.0	5.6	(851.8)
1988	3,347.7	1,773.0	0.0	1,574.7	0.0825%	7,588.4	6,298.3	223.9	1,066.2	0.0	(4,240.7)
1987	3,319.4	1,696.0	0.0	1,623.4	0.0833%	3,270.9	2,996.9	204.9	69.1	0.0	48.5
1986	3,260.1	1,516.9	0.0	1,743.2	0.0787%	2,963.7	2,827.7	180.3	(44.3)	0.0	296.4
1985	3,385.5	1,433.5	0.0	1,952.0	0.0815%	1,957.9	1,569.0	179.2	209.7	0.0	1,427.6
1984	3,099.5	1,321.5	0.0	1,778.0	0.0800%	1,999.2	1,633.4	151.2	214.6	0.0	1,100.3
1983	2,628.1	1,214.9	164.0	1,577.2	0.0714%	969.9	675.1	135.7	159.1	0.0	1,658.2
1982	2,524.6	1,108.9	96.2	1,511.9	0.0769%	999.8	126.4	129.9	743.5	0.0	1,524.8
1981	2,074.7	1,039.0	117.1	1,152.8	0.0714%	848.1	320.4	127.2	400.5	0.0	1,226.6
1980	1,310.4	951.9	521.1	879.6	0.0370%	83.6	(38.1)	118.2	3.5	0.0	1,226.8
1979	1,090.4	881.0	524.6	734.0	0.0333%	93.7	(17.2)	106.8	4.1	0.0	996.7
1978	952.1	810.1	443.1	585.1	0.0385%	148.9	36.5	103.3	9.1	0.0	803.2
1977	837.8	731.3	411.9	518.4	0.0370%	113.6	20.8	89.3	3.5	0.0	724.2
1976	764.9	676.1	379.6	468.4	0.0370%	212.3	28.0	180.4 <sup>5</sup>	3.9	0.0	552.6
1975	689.3	641.3	362.4	410.4	0.0357%	97.5	27.6	67.7	2.2	0.0	591.8
1974	668.1	587.4	285.4	366.1	0.0435%	159.2	97.9	59.2	2.1	0.0	508.9
1973	561.0	529.4	283.4	315.0	0.0385%	108.2	52.5	54.4	1.3	0.0	452.8
1972	467.0	468.8	280.3	278.5	0.0333%	65.7	10.1	49.6	6.0 <sup>6</sup>	0.0	401.3
1971	415.3	417.2	241.4	239.5	0.0345%	60.3	13.4	46.9	0.0	0.0	355.0
1970	382.7	369.3	210.0	223.4	0.0357%	46.0	3.8	42.2	0.0	0.0	336.7
1969	335.8	364.2	220.2	191.8	0.0333%	34.5	1.0	33.5	0.0	0.0	301.3
1968	295.0	334.5	202.1	162.6	0.0333%	29.1	0.1	29.0	0.0	0.0	265.9
1967	263.0	303.1	182.4	142.3	0.0333%	27.3	2.9	24.4	0.0	0.0	235.7
1966	241.0	284.3	172.6	129.3	0.0323%	19.9	0.1	19.8	0.0	0.0	221.1
1965	214.6	260.5	158.3	112.4	0.0323%	22.9	5.2	17.7	0.0	0.0	191.7
1964	197.1	238.2	145.2	104.1	0.0323%	18.4	2.9	15.5	0.0	0.0	178.7
1963	181.9	220.6	136.4	97.7	0.0313%	15.1	0.7	14.4	0.0	0.0	166.8
1962	161.1	203.4	126.9	84.6	0.0313%	13.8	0.1	13.7	0.0	0.0	147.3
1961	147.3	188.9	115.5	73.9	0.0323%	14.8	1.6	13.2	0.0	0.0	132.5
1960	144.6	180.4	100.8	65.0	0.0370%	12.5	0.1	12.4	0.0	0.0	132.1
1959	136.5	178.2	99.6	57.9	0.0370%	12.1	0.2	11.9	0.0	0.0	124.4
1958	126.8	166.8	93.0	53.0	0.0370%	11.6	0.0	11.6	0.0	0.0	115.2
1957	117.3	159.3	90.2	48.2	0.0357%	9.7	0.1	9.6	0.0	0.0	107.6
1956	111.9	155.5	87.3	43.7	0.0370%	9.4	0.3	9.1	0.0	0.0	102.5

## Income and Expenses, Deposit Insurance Fund, from Beginning of Operations, September 11, 1933, through December 31, 2024 (continued)

Dollars in Millions

Income						Expenses and Losses					
Year	Total	Assessment Income	Assessment Credits	Investment and Other	Effective Assessment Rate <sup>1</sup>	Total	Provision for Ins. Losses	Admin. and Operating Expenses <sup>2</sup>	Interest & Other Ins. Expenses	Funding Transfer from the FSLIC Resolution Fund	Net Income/ (Loss)
1955	105.8	151.5	85.4	39.7	0.0370%	9.0	0.3	8.7	0.0	0.0	96.8
1954	99.7	144.2	81.8	37.3	0.0357%	7.8	0.1	7.7	0.0	0.0	91.9
1953	94.2	138.7	78.5	34.0	0.0357%	7.3	0.1	7.2	0.0	0.0	86.9
1952	88.6	131.0	73.7	31.3	0.0370%	7.8	0.8	7.0	0.0	0.0	80.8
1951	83.5	124.3	70.0	29.2	0.0370%	6.6	0.0	6.6	0.0	0.0	76.9
1950	84.8	122.9	68.7	30.6	0.0370%	7.8	1.4	6.4	0.0	0.0	77.0
1949	151.1	122.7	0.0	28.4	0.0833%	6.4	0.3	6.1	0.0	0.0	144.7
1948	145.6	119.3	0.0	26.3	0.0833%	7.0	0.7	6.3 <sup>7</sup>	0.0	0.0	138.6
1947	157.5	114.4	0.0	43.1	0.0833%	9.9	0.1	9.8	0.0	0.0	147.6
1946	130.7	107.0	0.0	23.7	0.0833%	10.0	0.1	9.9	0.0	0.0	120.7
1945	121.0	93.7	0.0	27.3	0.0833%	9.4	0.1	9.3	0.0	0.0	111.6
1944	99.3	80.9	0.0	18.4	0.0833%	9.3	0.1	9.2	0.0	0.0	90.0
1943	86.6	70.0	0.0	16.6	0.0833%	9.8	0.2	9.6	0.0	0.0	76.8
1942	69.1	56.5	0.0	12.6	0.0833%	10.1	0.5	9.6	0.0	0.0	59.0
1941	62.0	51.4	0.0	10.6	0.0833%	10.1	0.6	9.5	0.0	0.0	51.9
1940	55.9	46.2	0.0	9.7	0.0833%	12.9	3.5	9.4	0.0	0.0	43.0
1939	51.2	40.7	0.0	10.5	0.0833%	16.4	7.2	9.2	0.0	0.0	34.8
1938	47.7	38.3	0.0	9.4	0.0833%	11.3	2.5	8.8	0.0	0.0	36.4
1937	48.2	38.8	0.0	9.4	0.0833%	12.2	3.7	8.5	0.0	0.0	36.0
1936	43.8	35.6	0.0	8.2	0.0833%	10.9	2.6	8.3	0.0	0.0	32.9
1935	20.8	11.5	0.0	9.3	0.0833%	11.3	2.8	8.5	0.0	0.0	9.5
1933-34	7.0	0.0	0.0	7.0	N/A	10.0	0.2	9.8	0.0	0.0	(3.0)

<sup>1</sup> The effective assessment rate is calculated from annual assessment income (net of assessment credits), excluding transfers to the Financing Corporation (FICO), Resolution Funding Corporation (REFCORP) and FSLIC Resolution Fund, divided by the average assessment base. Figures represent only BIF-insured institutions prior to 1990, and BIF- and SAIF-insured institutions from 1990 through 2005. After 1995, all thrift closings became the responsibility of the FDIC and amounts are reflected in the SAIF. Beginning in 2006, figures are for the DIF.

The annualized assessment rate for 2024 is based on full year assessment income divided by a four quarter average of 2024 quarterly assessment base amounts. The assessment base for fourth quarter 2024 was estimated using the third quarter 2024 assessment base and an assumed quarterly growth rate of one percent.

### Historical Assessment Rates:

1934 – 1949 The statutory assessment rate was 0.0833 percent.

1950 – 1984 The effective assessment rates varied from the statutory rate of 0.0833 percent due to assessment credits provided in those years.

1985 – 1989 The statutory assessment rate was 0.0833 percent (no credits were given).

1990 The statutory rate increased to 0.12 percent.

1991 – 1992 The statutory rate increased to a minimum of 0.15 percent. The effective rates in 1991 and 1992 varied because the FDIC exercised new authority to increase assessments above the statutory minimum rate when needed.

- 1993 – 2006 Beginning in 1993, the effective rate was based on a risk-related premium system under which institutions paid assessments in the range of 0.23 percent to 0.31 percent. In May 1995, the BIF reached the mandatory recapitalization level of 1.25 percent. As a result, BIF assessment rates were reduced to a range of 0.04 percent to 0.31 percent of assessable deposits, effective June 1995, and assessments totaling \$1.5 billion were refunded in September 1995. Assessment rates for the BIF were lowered again to a range of 0 to 0.27 percent of assessable deposits, effective the start of 1996. In 1996, the SAIF collected a one-time special assessment of \$4.5 billion. Subsequently, assessment rates for the SAIF were lowered to the same range as the BIF, effective October 1996. This range of rates remained unchanged for both funds through 2006.
- 2007 – 2008 As part of the implementation of the Federal Deposit Insurance Reform Act of 2005, assessment rates were increased to a range of 0.05 percent to 0.43 percent of assessable deposits effective at the start of 2007, but many institutions received a one-time assessment credit (\$4.7 billion in total) to offset the new assessments.
- 2009 – 2011 For the first quarter of 2009, assessment rates were increased to a range of 0.12 percent to 0.50 percent of assessable deposits. On June 30, 2009, a special assessment was imposed on all insured banks and thrifts, which amounted in aggregate to approximately \$5.4 billion. For 8,106 institutions, with \$9.3 trillion in assets, the special assessment was 5 basis points of each insured institution's assets minus tier one capital; 89 other institutions, with assets of \$4.0 trillion, had their special assessment capped at 10 basis points of their second quarter assessment base. From the second quarter of 2009 through the first quarter of 2011, initial assessment rates ranged between 0.12 percent and 0.45 percent of assessable deposits. Initial rates were subject to further adjustments.
- 2011 – 2016 Beginning in the second quarter of 2011, the assessment base changed to average total consolidated assets less average tangible equity (with certain adjustments for banker's banks and custodial banks), as required by the Dodd-Frank Act. The FDIC implemented a new assessment rate schedule at the same time to conform to the larger assessment base. Initial assessment rates were lowered to a range of 0.05 percent to 0.35 percent of the new base. The annualized assessment rates averaged approximately 17.6 cents per \$100 of assessable deposits for the first quarter of 2011 and 11.1 cents per \$100 of the new base for the last three quarters of 2011 (which is shown in the table).
- 2016 Beginning July 1, 2016, initial assessment rates were lowered from a range of 5 basis points to 35 basis points to a range of 3 basis points to 30 basis points, and an additional surcharge was imposed on large banks (generally institutions with \$10 billion or more in assets) of 4.5 basis points of their assessment base (after making adjustments).
- 2018 The 4.5 basis point surcharge imposed on large banks ended effective October 1, 2018. The annualized assessment rates averaged approximately 7.2 cents per \$100 of the assessable base for the first three quarters of 2018 and 3.5 cents per \$100 of the assessment base for the last quarter of 2018. The full year annualized assessment rate averaged 6.3 cents per \$100 (which is shown in the table).
- 2019 Assessment income for 2019 was reduced by small bank credits of \$703.6 million.
- 2020 Assessment income for 2020 was reduced by small bank credits of \$60.7 million.

<sup>2</sup> These expenses, which are presented as operating expenses in the Statement of Income and Fund Balance, pertain to the FDIC in its corporate capacity only and do not include costs that are charged to the failed bank receiverships that are managed by the FDIC. The receivership expenses are presented as part of the "Receivables from Resolutions, net" line on the Balance Sheet. The narrative and graph presented on page 68 of this report shows the aggregate (corporate and receivership) expenditures of the FDIC.

3 Assessment Income and Provision for Ins. Losses include revenue and estimated losses of \$20.4 billion for coverage of uninsured deposits pursuant to systemic risk exceptions.

<sup>4</sup> Includes \$210 million for the cumulative effect of an accounting change for certain postretirement benefits (1992).

<sup>5</sup> Includes a \$106 million net loss on government securities (1976).

<sup>6</sup> This amount represents interest and other insurance expenses from 1933 to 1972.

<sup>7</sup> Includes the aggregate amount of \$81 million of interest paid on capital stock between 1933 and 1948.



### Assets and Deposits of Failed or Assisted Insured Institutions and Losses to the Deposit Insurance Fund, 1934 - 2024

Dollars in Thousands

Bank and Thrift Failures <sup>1</sup>				
Year <sup>2</sup>	Number of Banks/ Thrifts	Total Assets <sup>3</sup>	Total Deposits <sup>3</sup>	Losses to the Fund <sup>4</sup>
	<b>2,638</b>	<b>\$1,485,509,621</b>	<b>\$1,158,944,052</b>	<b>\$124,276,062</b>
2024	2	\$5,974,040	\$4,471,442	\$725,878
2023	5	532,228,416	440,610,038	19,128,9075
2022	0	0	0	0
2021	0	0	0	0
2020	4	454,986	437,138	91,011
2019	4	208,767	\$190,547	25,260
2018	0	0	0	0
2017	8	5,081,737	4,683,360	1,078,967
2016	5	277,182	268,516	42,474
2015	8	6,706,038	4,870,464	857,273
2014	18	2,913,503	2,691,485	378,362
2013	24	6,044,051	5,132,246	1,202,763
2012	51	11,617,348	11,009,630	2,377,369
2011	92	34,922,997	31,071,862	6,389,947
2010 <sup>6</sup>	157	92,084,988	78,290,185	15,781,132
2009 <sup>6</sup>	140	169,709,160	137,835,208	25,863,181
2008 <sup>6</sup>	25	371,945,480	234,321,715	17,754,594
2007	3	2,614,928	2,424,187	157,440
2006	0	0	0	0
2005	0	0	0	0
2004	4	170,099	156,733	3,917
2003	3	947,317	901,978	62,647
2002	11	2,872,720	2,512,834	413,989
2001	4	1,821,760	1,661,214	292,465
2000	7	410,160	342,584	32,138
1999	8	1,592,189	1,320,573	586,027
1998	3	290,238	260,675	221,606
1997	1	27,923	27,511	5,026
1996	6	232,634	230,390	60,615
1995	6	802,124	776,387	84,472
1994	13	1,463,874	1,397,018	179,051
1993	41	3,828,939	3,509,341	632,646
1992	120	45,357,237	39,921,310	3,674,149
1991	124	64,556,512	52,972,034	6,001,595
1990	168	16,923,462	15,124,454	2,771,489
1989	206	28,930,572	24,152,468	6,195,286
1988	200	38,402,475	26,524,014	5,377,497
1987	184	6,928,889	6,599,180	1,862,492
1986	138	7,356,544	6,638,903	1,682,538
1985	116	3,090,897	2,889,801	648,179
1934 - 1984	729	16,719,435	12,716,627	1,682,538

**Assets and Deposits of Failed or Assisted Insured Institutions and  
Losses to the Deposit Insurance Fund, 1934 - 2024 (continued)**  
Dollars in Thousands

Assistance Transactions				
Year <sup>2</sup>	Number of Banks/ Thrifts	Total Assets <sup>3</sup>	Total Deposits <sup>3</sup>	Losses to the Fund <sup>4</sup>
	<b>154</b>	<b>\$3,317,099,253</b>	<b>\$1,442,173,417</b>	<b>\$5,430,481</b>
2010 - 2024	0	0	0	0
2009 <sup>7</sup>	8	1,917,482,183	1,090,318,282	0
2008 <sup>7</sup>	5	1,306,041,994	280,806,966	0
1993 - 2007	0	0	0	0
1992	2	33,831	33,117	250
1991	3	78,524	75,720	3,024
1990	1	14,206	14,628	2,338
1989	1	4,438	6,396	2,296
1988	80	15,493,939	11,793,702	1,540,642
1987	19	2,478,124	2,275,642	160,164
1986	7	712,558	585,248	93,179
1985	4	5,886,381	5,580,359	359,056
1984	2	40,470,332	29,088,247	1,116,275
1983	4	3,611,549	3,011,406	337,683
1982	10	10,509,286	9,118,382	1,042,784
1981	3	4,838,612	3,914,268	772,790
1980	1	7,953,042	5,001,755	0
1934 - 1979	4	1,490,254	549,299	0

1 Institutions for which the FDIC is appointed receiver, including deposit payoff, insured deposit transfer, and deposit assumption cases.

2 For 1990 through 2005, amounts represent the sum of BIF and SAIF failures (excluding those handled by the RTC); prior to 1990, figures are only for the BIF. After 1995, all thrift closings became the responsibility of the FDIC and amounts are reflected in the SAIF. For 2006 to 2024, figures are for the DIF.

3 Assets and deposit data are based on the last Call Report or TFR filed before failure.

4 Losses to the fund include final and estimated losses. Final losses represent actual losses for unreimbursed subrogated claims of inactivated receiverships. Estimated losses generally represent the difference between the amount paid by the DIF to cover obligations to insured depositors and the estimated recoveries from the liquidation of receivership assets.

5 Excludes estimated losses of \$20.4 billion for uninsured deposits pursuant to a systemic risk exception.

6 Includes amounts related to transaction account coverage under the Transaction Account Guarantee Program (TAG). The estimated losses as of December 31, 2023, for TAG accounts in 2010, 2009, and 2008 are \$361 million, \$1.1 billion, and \$12 million, respectively.

<sup>7</sup> Includes institutions where assistance was provided under a systemic risk determination.

## B. More About the FDIC

### FDIC BOARD OF DIRECTORS AS OF DECEMBER 31, 2024



#### Martin J. Gruenberg

Martin J. Gruenberg was sworn in as Chairman of the FDIC Board of Directors on January 5, 2023, and served in that capacity until his resignation effective January 19, 2025. He had been a member of the FDIC Board since August 2005 and previously served as Vice Chairman from August 2005 to July 2011 and as Chairman from November 2012 to mid-2018. Mr. Gruenberg has also served as Acting Chairman on a number of occasions.

Mr. Gruenberg joined the FDIC Board after broad congressional experience in the financial services and regulatory areas. He served as Senior Counsel to Senator Paul S. Sarbanes (D-MD) on the staff of the Senate Committee on Banking, Housing, and

Urban Affairs from 1993 to 2005. He also served as Staff Director of the Banking Committee's Subcommittee on International Finance and Monetary Policy from 1987 to 1992.

Mr. Gruenberg served as Chairman of the Executive Council and President of the International Association of Deposit Insurers (IADI) from November 2007 to November 2012. In addition, Mr. Gruenberg served as Chairman of the Federal Financial Institutions Examination Council from April 2017 to June 2018.

Since June 2019, Mr. Gruenberg has served as Chairman of the Board of Directors of the Neighborhood Reinvestment Corporation (NeighborWorks America), and he has been a member of that Board since April 2018.

Beginning February 15, 2022, Mr. Gruenberg assumed the role of Chairman of the Resolution Steering Group (ResG) of the Financial Stability Board.

Mr. Gruenberg holds a J.D. from Case Western Reserve Law School and an A.B. from Princeton University, Princeton School of Public and International Affairs.





### Travis Hill

Travis Hill was sworn in as the Vice Chairman of the FDIC on January 5, 2023. Previously, he worked at the FDIC from 2018 to 2022, as Deputy to the Chairman for Policy and, before that, as Senior Advisor to the Chairman. In these roles, among other responsibilities, he oversaw and coordinated regulatory and policy initiatives at the agency and advised the Chairman on regulatory and policy matters.

Prior to joining the FDIC, Mr. Hill served as Senior Counsel at the United States Senate Committee on Banking, Housing, and Urban Affairs, where he worked from 2013 to 2018. In this role, he participated extensively in the drafting and negotiating of numerous bipartisan bills. Before working at the Senate, Mr. Hill worked as a policy analyst at Regions Financial Corporation from 2011 to 2013.

Mr. Hill received a Bachelor of Science from Duke University, where he studied economics and political science, and a Juris Doctor from Georgetown University Law Center.



### Jonathan McKernan

Jonathan McKernan was sworn in as a member of the FDIC Board of Directors on January 5, 2023. Mr. McKernan previously was a Counsel to Ranking Member Pat Toomey (R-PA) on the staff of the Senate Committee on Banking, Housing, and Urban Affairs from 2021 to 2022. He also served as a Senior Counsel at the Federal Housing Finance Agency from 2019 to 2021, a Senior Policy Advisor at the Department of the Treasury from 2018 to 2019, and a Senior Financial Policy Advisor to Senator Bob Corker (R-TN) from 2017 to 2018.

Prior to his government service, from 2007 to 2017, Mr. McKernan was an attorney in private practice focused on matters under the banking and consumer financial laws.

Mr. McKernan holds a Bachelor of Arts and Master of Arts in economics from the University of Tennessee and a Juris Doctor with High Honors from the Duke University School of Law.



## Michael J. Hsu

Michael Hsu became Acting Comptroller of the Currency on May 10, 2021.

As Acting Comptroller of the Currency, Mr. Hsu is the administrator of the federal banking system and chief executive officer of the Office of the Comptroller of the Currency (OCC). The OCC ensures that the federal banking system operates in a safe and sound manner, provides fair access to financial services, treats customers fairly, and complies with applicable laws and regulations. It supervises nearly 1,100 national banks, federal savings associations, and federal branches and agencies of foreign banks that serve consumers, businesses, and communities across the United States. These banks range from community banks to the nation's largest, most internationally active banks.

The Comptroller also serves as a Director of the Federal Deposit Insurance Corporation and a member of the Financial Stability Oversight Council and the Federal Financial Institutions Examination Council.

Prior to joining the OCC, Mr. Hsu served as an Associate Director in the Division of Supervision and Regulation at the Federal Reserve Board of Governors. In that role, he chaired the Large Institution Supervision Coordinating Committee Operating Committee, which has responsibility for supervising the global systemically important banking companies operating in the United States.

His career also has included serving as a Financial Sector Expert at the International Monetary Fund, Financial Economist at the U.S. Department of the Treasury, and Financial Economist at the Securities and Exchange Commission.

Mr. Hsu holds of a Bachelor of Arts from Brown University, a Master of Science in finance from George Washington University, and Juris Doctor degree from New York University School of Law.



## Rohit Chopra

Rohit Chopra is Director of the Consumer Financial Protection Bureau. The CFPB is a unit of the Federal Reserve System charged with protecting families and honest businesses from illegal practices by financial institutions, and ensuring that markets for consumer financial products and services are fair, transparent, and competitive. As Director, Mr. Chopra is also a member of the Board of Directors of the Federal Deposit Insurance Corporation and the Financial Stability Oversight Council.

In 2018, Mr. Chopra was unanimously confirmed by the U.S. Senate as a Commissioner on the Federal Trade Commission, where he served until assuming office as CFPB Director. During his tenure at the FTC, he successfully

## APPENDICES

worked to strengthen sanctions against repeat offenders, to reverse the agency's reliance on no-money, no-fault settlements in fraud cases, and to halt abuses of small businesses. He also led efforts to revitalize dormant authorities, such as those to protect the Made in USA label and to promote competition.

The Director previously served at the CFPB from 2010 to 2015. In 2011, the Secretary of the Treasury designated him as the agency's student loan ombudsman, where he led the Bureau's efforts on student lending issues. Prior to his government service, Mr. Chopra worked at McKinsey & Company, the global management consultancy, where he worked in the financial services, health care, and consumer technology sectors.

Mr. Chopra holds a BA from Harvard University and an MBA from the Wharton School at the University of Pennsylvania.

## CURRENT FDIC BOARD OF DIRECTORS AS OF MARCH 20, 2025



### Travis Hill

Travis Hill is the Acting Chairman of the FDIC Board of Directors. He has served in this role since January 20, 2025. Mr. Hill retains his position as Vice Chairman.



### Rodney E. Hood

Mr. Hood became Acting Comptroller of the Currency (OCC) on February 10, 2025. As Acting Comptroller of the Currency, Mr. Hood is the administrator of the federal banking system and chief executive officer of the OCC.

The OCC ensures that the federal banking system operates in a safe and sound manner, provides fair access to financial services, treats customers fairly, and complies with applicable laws and regulations. It supervises more than 1,000 national banks, federal savings associations, and federal branches and agencies of foreign banks that serve consumers, businesses, and communities across the United States. These institutions range from community banks to the nation's largest most internationally active banks.

The Comptroller also serves as a Director of the Federal Deposit Insurance Corporation and a member of the Financial Stability Oversight Council and the Federal Financial Institutions Examination Council.



## APPENDICES

Mr. Hood was previously confirmed by the U.S. Senate in 2005 and again in 2019 to serve on the National Credit Union Administration Board (NCUA). In 2019, President Donald J. Trump designated him as Chairman of the NCUA Board, making Hood the first African American to lead a federal banking regulatory agency. While at the NCUA, Hood also served as a voting member of the Financial Stability Oversight Council, as the NeighborWorks America Board Chairman, and as Vice Chairman of the Federal Financial Institutions Examination Council.

Before public service, Mr. Hood held senior roles in retail finance, commercial banking, affordable housing, and community development in the private sector.

Mr. Hood holds of a Bachelor of Arts degree in business administration, political science and speech communication from the University of North Carolina at Chapel Hill.



### Russell Vought

Russell Vought was appointed as Acting Director of the Consumer Financial Protection Bureau on February 7, 2025. He joined the Office of Management and Budget (OMB) when President Trump took office. Vought previously served as Deputy Director and Acting Director prior to his confirmation as Director of OMB in July 2020. In his role, he is responsible for overseeing the implementation of the President's policy, management and regulatory agendas across the Executive Branch.

Prior to serving in the Trump Administration, Director Vought spent over 20 years working in Washington D.C. with grassroots and public policy organizations. Before joining the Administration, he worked for seven years as Vice President of Heritage Action for America. Prior to this, he worked on Capitol Hill, serving as the Policy Director for the House Republican Conference, under then-Chairman Mike Pence, and as the Executive Director of the Republican Study Committee (RSC), and as a legislative assistant for U.S. Senator Phil Gramm.

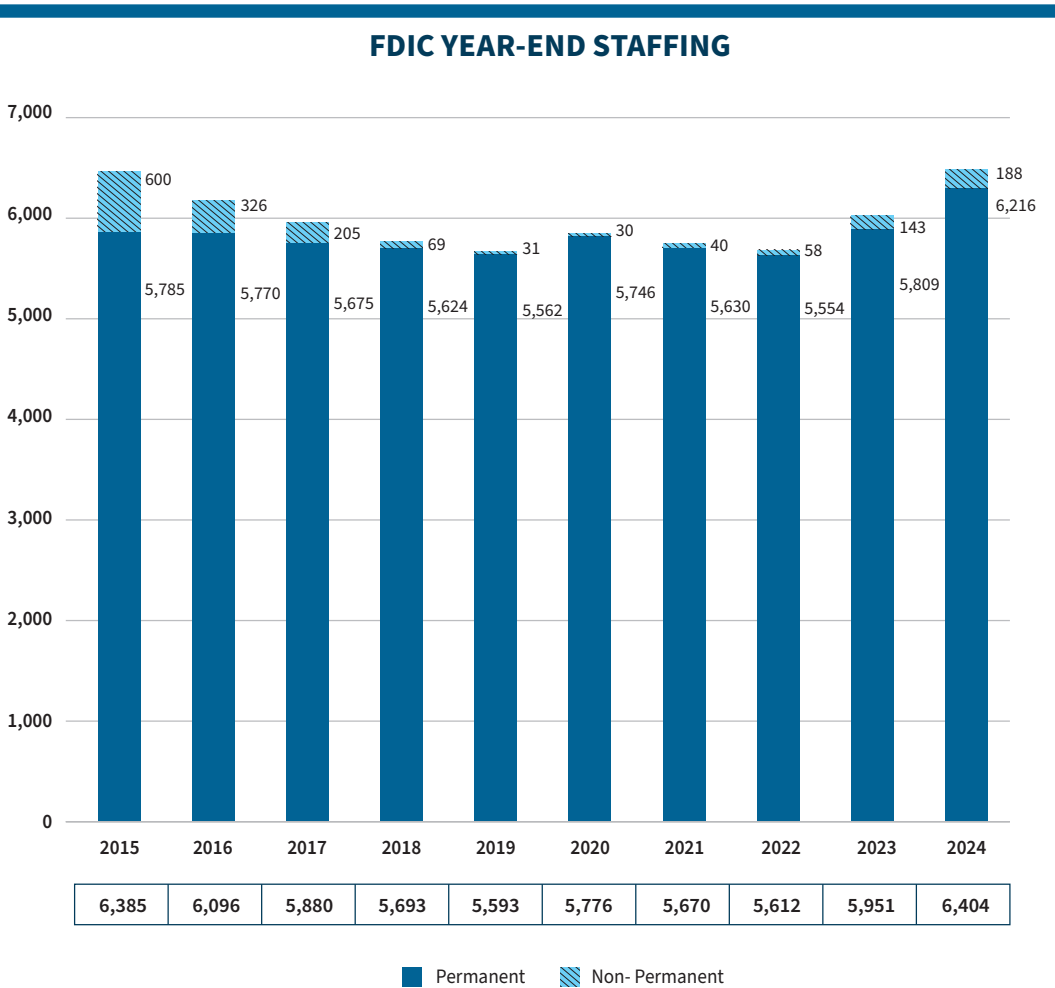
Director Vought graduated with a BA from Wheaton College (IL) in 1998 and a JD from the George Washington University Law School in 2004. He lives in Virginia with his wife and two daughters.

### Subsequent Events:

- Martin J. Gruenberg resigned from the FDIC Board of Directors effective January 19, 2025.
- Vice Chairman Travis Hill was named Acting Chairman effective January 20, 2025.
- Rohit Chopra resigned from the FDIC Board of Directors effective February 1, 2025.
- Michael J. Hsu resigned from the FDIC Board of Directors effective February 7, 2025.
- Rodney E. Hood was named Acting Comptroller of the Currency on February 10, 2025.
- Russell Vought was appointed as Acting Director of the Consumer Financial Protection Bureau on February 7, 2025.
- Jonathan McKernan resigned from the FDIC Board of Directors effective February 10, 2025.

CORPORATE STAFFING TRENDS

At year-end 2024 the FDIC employed 6,153 staff on permanent appointments and an additional 251 staff on time-limited appointments mostly needed to help address temporary workload associated with resolving bank failures.–The chart below reflects total on-board FDIC staffing levels over the past ten years.



Note: 2015-2023 staffing totals reflect year-end full time equivalent staff.



## APPENDICES

The table below reflects the number of employees on-board at year-end 2024 and 2023 in each division or office.

Number of Employees by Division/Office (Year-End) <sup>1</sup>						
	Headquarters		Regional/Field		Total	
Division or Office:	2024	2023	2024	2023	2024	2023
Division of Risk Management Supervision	178	157	2,476	2,319	2,654	2,476
Division of Depositor and Consumer Protection	152	132	787	729	939	861
Legal Division	321	304	165	155	485	459
Division of Resolutions and Receiverships	81	55	386	332	467	386
Division of Administration	323	300	111	111	434	411
Division of Information Technology	186	177	137	126	323	303
Division of Complex Institution Supervision and Resolution	120	111	195	176	315	287
Division of Insurance and Research	165	171	33	29	198	200
Executive Support Offices <sup>2</sup>	171	156	14	17	185	173
Division of Finance	143	139	4	2	147	141
Corporate University	70	66	18	17	88	83
Executive Offices <sup>3</sup>	24	27	0	0	24	27
Office of Inspector General	92	92	52	52	144	144
<b>Total</b>	<b>2,025</b>	<b>1,886</b>	<b>4,379</b>	<b>4,065</b>	<b>6,404</b>	<b>5,951</b>

<sup>1</sup> The FDIC reports staffing totals using a full-time equivalent methodology, which is based on an employee's scheduled work hours. Division/Office staffing has been rounded to the nearest whole FTE. Periodically human resources actions impacting the previous year are implemented after the annual report is generated; these updates may be reflected in subsequent annual reports. Totals may not foot due to rounding.

<sup>2</sup> Includes the Offices of the Chief Information Security Officer, Risk Management and Internal Controls, Communications, Minority and Women Inclusion, Professional Conduct, Equal Employment Opportunity, Legislative Affairs, Ombudsman, and Financial Institution Adjudication.

<sup>3</sup> Includes the Offices of the Chairman, Vice Chairman, Director (Appointive), Chief Operating Officer, Chief Financial Officer, Chief Information Officer, External Affairs, and Financial Stability.

## Sources of Information

### **FDIC WEBSITE**

[www.fdic.gov](http://www.fdic.gov)

A wide range of banking, consumer, and financial information is available on the FDIC's public-facing website. This includes the FDIC's Electronic Deposit Insurance Estimator (EDIE), which estimates an individual's deposit insurance coverage; the Institution Directory, which contains financial profiles of FDIC-insured institutions; Community Reinvestment Act evaluations and ratings for institutions supervised by the FDIC; Call Reports, which are bank reports of condition and income; and *Money Smart*, a training program to help individuals outside the financial mainstream enhance their money management skills and create positive banking relationships. Readers also can access a variety of consumer pamphlets, FDIC press releases, speeches, and other updates on the agency's activities, as well as corporate databases and customized reports of FDIC and banking industry information.

### **FDIC CALL CENTER**

Phone: 877-275-3342 (877-ASK-FDIC)  
703-562-2222

Hearing Impaired: 800-877-8339  
703-562-2289

The FDIC Call Center in Washington, DC, is the primary telephone point of contact for general questions from the banking community, the public, and FDIC employees. The Call Center directly, or with other FDIC subject-matter experts, responds to questions about deposit insurance and other consumer issues and concerns, as well as questions about FDIC programs and activities. The Call Center also refers callers to other federal and state agencies as needed. Hours of operation are 8:00 a.m. to 6:00 p.m., Eastern Time, Monday – Friday, 8:00 a.m. to 1:00 p.m., Saturday, and closed Sunday. Recorded information about deposit insurance and other topics is available 24 hours a day at the same telephone number. As a customer service, the FDIC Call Center has many bilingual Spanish agents on staff and has access to a translation service, which is able to assist callers with over 40 different languages.

## APPENDICES

### PUBLIC INFORMATION CENTER

3501 Fairfax Drive  
Room E-1021  
Arlington, VA 22226

Phone: 877-275-3342 (877-ASK-FDIC),  
703-562-2200

Fax: 703-562-2296

FDIC Online Catalog: <https://catalog.fdic.gov>

E-mail: [publicinfo@fdic.gov](mailto:publicinfo@fdic.gov)

Publications such as *FDIC Quarterly* and *Consumer News* and a variety of deposit insurance and consumer pamphlets are available at [www.fdic.gov](http://www.fdic.gov) or may be ordered in hard copy through the FDIC online catalog. Other information, press releases, speeches and congressional testimony, directives to financial institutions, policy manuals, and FDIC documents are available on request through the Public Information Center. Hours of operation are 9:00 a.m. to 4:00 p.m., Eastern Time, Monday – Friday; walk-in service is available at the mailing address location. On-site visits are by appointment only.

### OFFICE OF THE OMBUDSMAN

3501 Fairfax Drive  
Suite VASQ E-2048  
Arlington, VA 22226-3500

Phone: 1-877-275-3342

E-mail: [ombudsman@fdic.gov](mailto:ombudsman@fdic.gov)

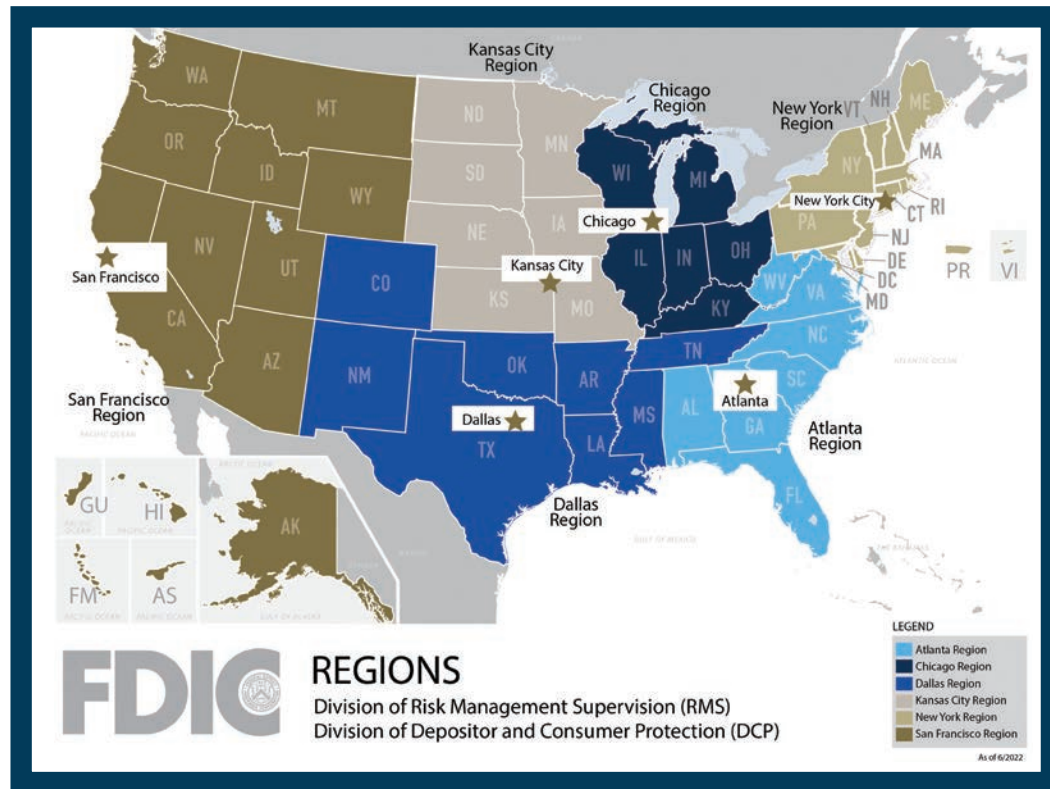
Online Comment form: <https://ask.fdic.gov/fdicinformationandsupportcenter/s/>

Website: [www.fdic.gov/ombudsman](http://www.fdic.gov/ombudsman)

A Resource for the Banking Industry

The FDIC Office of the Ombudsman (OO) helps resolve problems people encounter when interacting with the FDIC on supervision- or resolution-related matters. The OO acts as an informal, independent, neutral, and confidential liaison between the FDIC and those affected by its regulatory activities.

## Regional Offices



### ATLANTA REGIONAL OFFICE

Timothy D. Rich, Regional Director  
10 Tenth Street, NE  
Suite 900  
Atlanta, Georgia 30309  
(678) 916-2200

States represented:

Alabama  
Florida  
Georgia  
North Carolina  
South Carolina  
Virginia  
West Virginia

### CHICAGO REGIONAL OFFICE

Gregory P. Bottone, Regional Director  
300 South Riverside Plaza  
Suite 1700  
Chicago, Illinois 60606  
(312) 382-6000

States represented:

Illinois  
Indiana  
Kentucky  
Michigan  
Ohio  
Wisconsin

## APPENDICES

### DALLAS REGIONAL OFFICE

Vacant  
600 North Pearl Street  
Suite 700  
Dallas, Texas 75201  
(214) 754-0098

States represented:

Arkansas  
Colorado  
Louisiana  
Mississippi  
New Mexico  
Oklahoma  
Tennessee  
Texas

### NEW YORK REGIONAL OFFICE

John F. Vogel, Regional Director  
350 Fifth Avenue  
Suite 1200  
New York, New York 10118  
(917) 320-2500

States and territories represented:

Connecticut  
Delaware  
District of Columbia  
Maine  
Maryland  
Massachusetts  
New Hampshire  
New Jersey  
New York  
Pennsylvania  
Puerto Rico  
Rhode Island  
Vermont  
Virgin Islands

### KANSAS CITY REGIONAL OFFICE

Jessica A. Kaemingk, Regional Director  
1100 Walnut Street  
Suite 2100  
Kansas City, Missouri 64106  
(816) 234-8000

States represented:

Iowa  
Kansas  
Minnesota  
Missouri  
Nebraska  
North Dakota  
South Dakota

### SAN FRANCISCO REGIONAL OFFICE

Paul P. Worthing, Regional Director  
25 Jessie Street at Ecker Square  
Suite 2300  
San Francisco, California 94105  
(415) 546-0160

States and territories represented:

Alaska  
American Samoa  
Arizona  
California  
Federated States of Micronesia  
Guam  
Hawaii  
Idaho  
Montana  
Nevada  
Oregon  
Utah  
Washington  
Wyoming





## **Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation**

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March 2025

☆☆☆☆☆☆☆☆  
Federal Deposit Insurance Corporation  
Office of Inspector General



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## NOTICE

Pursuant to Pub. L. 117-263, section 5274, non-governmental organizations and business entities identified in this OIG Top Management and Performance Challenges Report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Comments must be submitted to [comments@fdicoig.gov](mailto:comments@fdicoig.gov) within 30 days of the report publication date as reflected on our public website. Any comments will be appended to this report and posted on our public website. We request that submissions be Section 508 compliant and free from any proprietary or otherwise sensitive information.

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**Date:** March 14, 2025

**Memorandum To:** Board of Directors

/S/

**From:** Jennifer L. Fain  
Inspector General

**Subject:** Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation

The Federal Government is undergoing significant restructuring and reform that continues to unfold as we complete our annual assessment of the Top Management and Performance Challenges facing the Federal Deposit Insurance Corporation (FDIC). By statute, the FDIC Office of Inspector General (OIG) is required to include this assessment in the FDIC's Annual Report.

The pace of change and fluidity regarding the status and composition of the FDIC make it difficult to assess the full impact of these changes on the FDIC and its mission. The Top Challenges that we identify below are based on the status, makeup, and processes in place at the FDIC as of March 14, 2025. We acknowledge that the FDIC may undergo significant changes that may impact our currently identified Top Challenges.

We identified eight Top Challenges facing the FDIC:

1. Enhancing Governance
2. Establishing Effective Human Capital Management
3. Ensuring Readiness to Execute Resolution and Receivership Responsibilities
4. Identifying and Addressing Emerging Financial Sector Risks
5. Assessing Operational Resilience in the Financial Sector
6. Improving Contract Management
7. Ensuring IT Security and Scalability
8. Guarding Against Harmful Scams

While these Top Challenges are not rank ordered, we believe that enhancing FDIC governance is critical to ensure that FDIC Divisions and Offices work together to address all identified Top Challenges.

The FDIC OIG will continue to provide independent oversight and serve the American people by preventing, deterring, and detecting waste, fraud, abuse, and misconduct in FDIC programs and operations; and to promote economy, efficiency, and effectiveness.

We are unwavering in our commitment to deliver credible results that drive meaningful change, enhance integrity and accountability, and foster public trust in the FDIC.

## Enhancing Governance

Federal agencies and departments are undergoing significant restructuring and reform. The Administration has issued a series of executive orders and other directives with the primary aim to reduce government size and scope in furtherance of workforce optimization. As such, the contours of changes to the FDIC remain unclear. Two of the five seats of the Board of Directors were vacant, with the position of the Chairman being filled on an acting basis by the FDIC's Vice Chairman at the time of this Top Performance and Management Challenges report.<sup>1</sup>

Effective governance of the FDIC by its Board of Directors and senior leaders is critical to ensure that the FDIC can fulfill its mission to maintain stability and public confidence in the Nation's financial system. Elements of a sound governance framework include establishing a culture of high integrity and ethical values;<sup>2</sup> implementing Enterprise Risk Management (ERM) and internal controls to consider and address risks holistically across an organization;<sup>3</sup> as well as measuring progress towards achievement of short- and long-term organizational and program goals.<sup>4</sup>

As noted below, in prior years we have found that FDIC Divisions and Offices tend to work in a siloed, independent fashion rather than as a cohesive enterprise to assess and address risks faced by the FDIC and ensure coordination of activities across FDIC Divisions and Offices. These coordination gaps have impacted the FDIC's mission and programs. We also identified that some FDIC programs either lacked performance goals and metrics, or despite having them, these goals and metrics did not provide a clear measurement of program effectiveness or status.

### Fostering Agency-wide Coordination to Work as One-FDIC

ERM is a key governance tool to promote coordination within an agency by allowing leaders to consider and address risks holistically across an agency when developing the agency's strategic plan and budget. The FDIC has established an ERM program, and the FDIC's Operating Committee<sup>5</sup> serves as its governing body and the focal point for the coordination of risk management at the FDIC. The FDIC also has a Chief Risk Officer; however, FDIC Divisions and Offices "[r]etain first-line responsibility and ownership for risk identification, assessment, escalation, management, monitoring, mitigation, and information sharing."<sup>6</sup>

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<sup>1</sup> The FDIC is managed by a five-member Board of Directors that includes a Chairman, a Vice Chairman, the Comptroller of the Currency, the Director of the Bureau of Consumer Financial Protection, and an appointive Director. No more than three members of the Board can belong to the same political party.

<sup>2</sup> According to the Government Accountability Office's [Federal Internal Control Standards](#), an organization's oversight bodies and management should demonstrate a commitment to integrity and ethical values through their directives, attitudes and behaviors, development of standards of conduct to communicate expectations and values, and processes to evaluate adherence to standards and to address any deviations.

<sup>3</sup> OMB Circular A-123, [Management's Responsibility for Enterprise Risk Management and Internal Controls](#), states that "Enterprise Risk Management (ERM) and Internal Controls are components of a governance framework." ERM is defined as "a discipline [that] deals with identifying, assessing, and managing risks."

<sup>4</sup> The Government Performance and Results Act (GPRA) requires Federal executive agencies to complete strategic plans; define their missions; establish results-oriented goals and identify the strategies that will be needed to achieve those goals; measure performance toward the achievement of the goals in an annual performance plan; and report annually on their progress in program performance reports.

<sup>5</sup> The Operating Committee is comprised of Division and Office Directors and Deputies to the Chairman.

<sup>6</sup> FDIC Directive 4010.03, Enterprise Risk Management and Internal Control Program.

## APPENDICES

The FDIC has identified interdivisional coordination and information sharing as elevated risks in its ERM Risk Profile since 2020. Also, we continue to find examples where the lack of FDIC internal coordination has impacted the FDIC mission and functions:

- **Preparing for Large Bank Failures.** In our evaluation, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that FDIC Divisions did not coordinate effectively to ensure that all resolution-related systems were adequate for a large bank resolution and that existing processes for securing a failed bank's information technology (IT) environment were sufficiently scalable. In addition, the FDIC had not completed an Agency-wide staffing analysis to identify a baseline level of FDIC and contractor resources that may be needed for a large regional bank resolution. We also found that the FDIC did not coordinate effectively across Divisions and Offices with key roles for large regional bank resolutions. As a result, risks to important cross-divisional program operations and mission-support functions were not highlighted, discussed, and addressed at the enterprise level.
- **Developing a New Acquisition System.** In our evaluation, [The FDIC's Purchase and Deployment of the FDIC Acquisition Management System](#) (FAMS) (January 2024), we found that within 5 months of deployment, the FDIC abandoned a nearly \$10 million enterprise-wide acquisition management system and had to revert to its legacy acquisition systems and manual reporting of some acquisition activities. The deployment was unsuccessful because the FDIC did not involve key stakeholders in the purchase and implementation of FAMS. For example, the FDIC Controller was not included in FAMS acquisition planning or the FAMS project steering committee despite having responsibility for the FDIC's financial system, which was to have automated and integrated real-time exchange of data with FAMS.
- **Monitoring for Conflicts of Interest.** In our report, [Conflicts of Interest in the Acquisition Process](#) (September 2024), we found that the FDIC does not use financial disclosure information collected by the FDIC's Legal Division to assess individuals for conflicts of interest in contracting. As a result, the FDIC relies on employees to self-identify conflicts of interest. The Office of Inspector General (OIG) established that an FDIC employee serving as a contract Technical Monitor used their official position to assist an adult family member in securing employment with an FDIC contractor and accepted a gift from the employees of the contractor (a prohibited source).
- **Sexual Harassment Reporting and Investigation.** In our report, [The FDIC's Sexual Harassment Prevention Program](#) (July 2024), we found that the four FDIC groups charged with implementing the FDIC's anti-sexual harassment program did not act in concert, or share important information, to efficiently and effectively implement the program. This lack of coordinated and effective effort created gaps in accountability for ensuring the anti-sexual harassment program would be implemented in a manner to achieve its objectives.

## Measuring Progress Towards Mission Goals

FDIC Board members and senior leaders should also be able to measure achievement of program goals to assess whether programs are on track or require adjustments to staffing, budgets, processes, or other activities. In our work, we have found examples where FDIC programs either lacked goals and metrics, or existing goals and metrics did not provide a clear measurement of program effectiveness or status.

- **Examining Bank Service Providers.** In our memorandum, [The FDIC's Regional Service Provider Examination Program](#) (RSP) (December 2023), we found that the FDIC did not have goals and metrics



for its RSP examination program. We found that 75 percent (53 of 71) of bank third-party RSP examinations were not performed within established frequency guidelines, with 26 percent (14 of 53) of these examinations performed more than 3 years past their examination cycle. The delay in RSP examinations was largely due to the FDIC's limited examination staffing, which was deployed to complete statutorily required bank safety and soundness examinations. Absent RSP examinations, the FDIC and banks may not have a full understanding of risks posed by RSPs that may provide IT services, accounting, compliance, human resources, and loan servicing to the bank.

- **Resolving Large Regional Banks.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that the FDIC had established processes to monitor and report performance on Division and Agency-level goals and objectives related to large regional bank resolution readiness activities. However, the FDIC designed these goals and objectives to monitor the progress of specific activities. This method of monitoring did not provide a complete perspective on the FDIC's overall readiness to conduct one or more large regional bank resolutions, and the FDIC had not conducted an overall assessment of its readiness prior to the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank in the Spring of 2023.
- **Preparing for an Orderly Liquidation.** In our report, [The FDIC's Orderly Liquidation Authority](#) (OLA) (September 2023), we found that the FDIC had processes to monitor and report performance goals and objectives related to OLA program activities. However, these monitoring and reporting activities did not ensure OLA resolution planning activities had consistently and promptly progressed since the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), nor did they provide a clear picture of the overall status of the OLA program or the FDIC's readiness to execute its requirements.

Effective governance allows the FDIC to integrate its Divisions and Offices to ensure that roles, responsibilities, and actions are coordinated and synchronized to address enterprise risks to the FDIC mission. Further, development of effective metrics allows the FDIC Board and senior leaders to understand and measure how FDIC actions and activities progress the FDIC towards programmatic and mission goals and to avoid wasteful spending of the Deposit Insurance Fund (DIF).

## Establishing Effective Human Capital Management

Significant changes are underway to reduce the overall size of the Federal Government while maintaining important services to the American people. Federal employees, including FDIC staff, were offered the Deferred Resignation Program (DRP).<sup>7</sup> Further, presidential directives have been issued for agencies to freeze hiring, ensure government functions are aligned with statutory requirements, prepare for large-scale staff reductions, and plan for future hiring at a ratio of one new employee for every four departing employees.<sup>8</sup> On February 26, 2025, the Office of Management and Budget and the Office of Personnel Management sent a [memorandum](#) to the heads of Executive Departments and Agencies to prepare to initiate a two-phase program for large-scale Reductions-in-Force and reorganization. Under Phase 1, by March 13, 2025, agencies were to submit a plan that focuses on staffing cuts for functions that are not aligned with activities mandated by statute or regulation. In

<sup>7</sup> Office of Personnel Management (OPM), Fork in the Road: Deferred Resignation Program, <https://www.opm.gov/fork> (accessed March 3, 2025).

<sup>8</sup> Presidential Memorandum, [Hiring Freeze](#), (90 FR 8247) (January 20, 2025); Executive Order 14210, [Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative](#) (90 FR 9669) (February 11, 2025).

Phase 2, by April 14, 2025, agencies shall propose the future state of their organization, which will be implemented by September 30, 2025.

In previous Top Management and Performance Challenges reports, we identified risks concerning the FDIC's succession management efforts to ensure that mission-critical positions were filled with skilled personnel.<sup>9</sup> As discussed below, we continue to identify this human capital risk. In the near-term, as a result of staff attrition, the FDIC will need to ensure that it has sufficient staff with the necessary skills and qualifications to complete statutorily required examinations and should assess the impact of attrition on the FDIC's capacity to execute resolutions and receiverships effectively.

The full, long-term effect of the restructuring and reshaping of the FDIC is unknown, as these activities are ongoing. In addition to human capital challenges, we also previously identified, and continue to find, that the FDIC has not established an accountable workplace culture, including an adequate sexual harassment prevention program.

### **Understanding the Impact of Staffing Changes on the FDIC**

According to the FDIC, since January of this year, the FDIC has reduced its staffing by approximately 9 percent from over 6,400 permanent and non-permanent employees to less than 5,950. A total of about 453 FDIC employees (approximately 7 percent of all FDIC employees) accepted the DRP offer, and the FDIC dismissed about 162 probationary employees (approximately 2 percent of all FDIC employees). There were also 103 separations—including retirements, resignations, and transfers to other agencies—between January 1 and February 18, 2025, that were unrelated to these activities.

Further, as of February 18, an additional 17 percent of remaining FDIC staff are eligible for retirement in 2025. This includes several senior leaders who will retire within the year such as the Director of the Division of Risk Management Supervision (RMS) as well as Regional Office Directors in the three largest FDIC Regional Offices: Atlanta, Dallas, and New York.

Staff departures can provide opportunities for the FDIC to reshape its business processes and provide opportunities for employee growth; however, there are also near-term risks for the FDIC. With fewer examiners but the same responsibility to conduct statutorily required exams in 2025, it may be difficult for the FDIC to complete these examinations by the end of the year. As a result, the FDIC may need to adjust its current examination processes based on the outflow of skills.

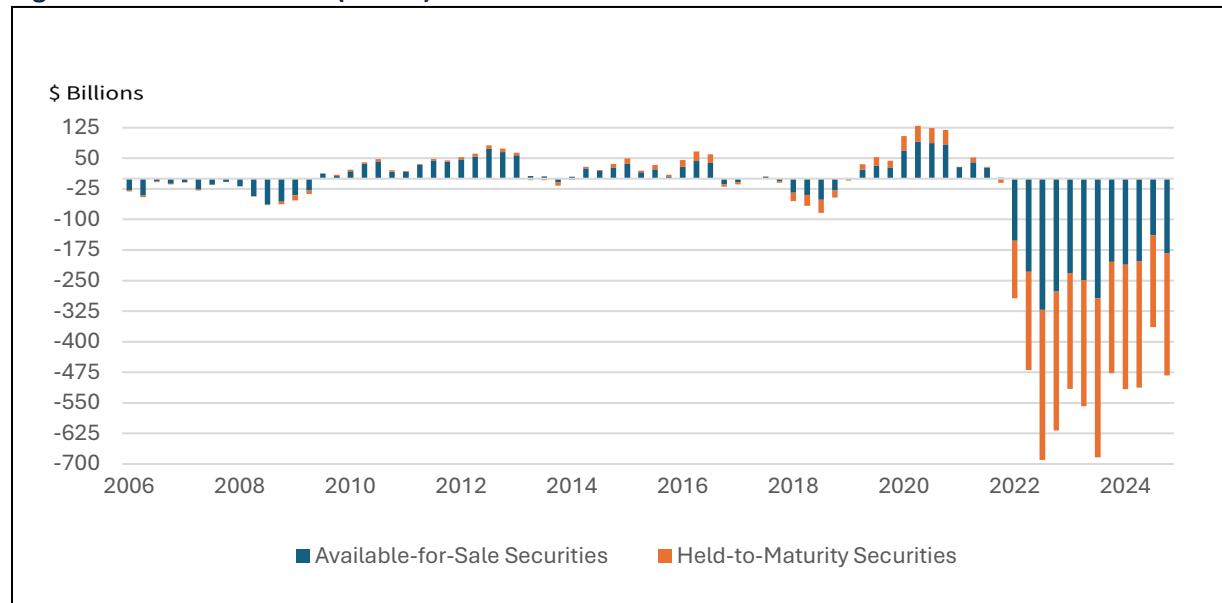
Safety and soundness examinations are especially important given potential risks in the banking sector, including with respect to unrealized losses on investment securities. As noted in Figure 1, the FDIC's [Quarterly Banking Profile](#) for the 4<sup>th</sup> quarter 2024 shows unrealized losses on investment securities collectively increased by 32.5 percent from the 3<sup>rd</sup> quarter. As discussed in the Identifying and

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<sup>9</sup> Historically, we identified that early career examiners were departing the FDIC at a pace that is greater than retirements for seasoned examiners. As a result, the FDIC faced difficulties maintaining a skilled examination corps to complete statutorily required safety and soundness and consumer protection examinations using current processes and technology. We also noted retirement-eligibility risks for key FDIC Divisions. Although the FDIC had recognized these human capital risks, the FDIC had not developed a successful and coordinated enterprise-wide approach to solving these risks.

Addressing Emerging Financial Sector Risks section of this report, unrealized losses on securities and loans, and concentrations in uninsured deposits contributed to the failure of First Republic Bank.

**Figure 1: Unrealized Gains (Losses) on Investment Securities**



Source: Statement accompanying FDIC Quarterly Banking Profile, Fourth Quarter 2024. Generally Accepted Accounting Principles state that held-to-maturity (HTM) securities are reported on financial statements at their amortized cost without recognition of any gain or loss. Securities that are available-for-sale are reported at fair value with any gains and losses excluded from net income.

Further, the FDIC will need to assess the impact of staff attrition on its resolution and receivership readiness efforts, including how the attrition may impact the need for contractors. Staff attrition focuses on both the number of departing employees as well as managing the transfer of knowledge and skills. According to the FDIC, as of February 18, 2025, in addition to its 20-percent staff attrition, 25 percent of Division of Resolutions and Receiverships (DRR) remaining staff are retirement eligible within the next year. The Division of Complex Institution Supervision and Resolution (CISR) lost just over 10 percent of its staff with significant losses in its Resolution Readiness Branch. FDIC support divisions for IT, contracting, administrative, financial, and legal services that play an important role during bank failures also faced reductions.

Over the longer term, as the FDIC optimizes its staffing, the FDIC will need to consider, among other things, its investment in new examination staff. It takes about 3 years of training for new examiners to earn an examination commission. Such commissioning requires that employees meet benchmarks, training, and other technical requirements, including passing a Technical Examination. The FDIC will also have to assess its skill composition in response to examiner attrition. In prior Top Management and Performance Challenges reports, we had identified that the FDIC faced risks from departures of examiners, especially those with advanced IT skillsets who examine risks at the most complex banks.

## Sustaining a Safe and Accountable Workplace Culture

In our report, [The FDIC's Sexual Harassment Prevention Program](#) (July 2024), we found that the FDIC had not implemented an effective sexual harassment prevention program that facilitates the reporting of misconduct allegations and had not always investigated and addressed allegations of sexual harassment

promptly and effectively. This environment of distrust was compounded by the failure of the FDIC to sustain many program improvements that were initiated as a result of recommendations in our report, [Preventing and Addressing Sexual Harassment](#) (July 2020).

In our report, [Special Inquiry of the FDIC’s Workplace Culture](#) (December 2024), we found that a majority of the 2,300 FDIC employee survey respondents stated that they felt safe, valued, and respected and had generally positive views about their coworkers and immediate managers. However, more than one-third of respondents reported that they had either experienced or personally witnessed harassment.<sup>10</sup> Also, FDIC management could not always provide a full account of the surrounding facts related to the disciplinary action taken for harassers, and there was no Agency-wide policy regarding penalties or recommended penalty ranges to ensure the administration of disciplinary and adverse actions is fair and consistent. Further, FDIC policies did not require reporting of allegations of harassment or similar interpersonal misconduct involving FDIC employees to the Chairman or the Board of Directors. As a result, FDIC Senior Executives may not have had sufficient information to understand the extent or significance of the problem across the Agency to take appropriate actions.

With significant staffing changes underway, the FDIC will need to assess its current staff skillsets against its statutory obligations and identify ways to address critical skill gaps. As the FDIC undertakes that assessment, the FDIC should also continue to consider the standards necessary to ensure that the FDIC has an accountable workplace culture.

## **Ensuring Readiness to Execute Resolution and Receivership Responsibilities**

The FDIC is responsible for insuring deposits in our Nation’s financial institutions and plays a pivotal role in the resolution and receivership of failed banks.<sup>11</sup> The FDIC is granted resolution and receivership responsibilities under the Federal Deposit Insurance Act (FDI Act) and the Dodd-Frank Act. The FDI Act provides the FDIC with the authority to resolve, and act as receiver for, failed FDIC-insured depository institutions (IDI). The Dodd-Frank Act gives the FDIC Orderly Liquidation Authority to act as a receiver to liquidate failing systemically important financial companies (SIFC) that pose a significant risk to the financial stability of the United States.<sup>12</sup> The FDIC routinely executes its FDI Act receivership powers, but the FDIC has not yet been required to execute its OLA responsibilities.

As described below, we have found that certain aspects of the FDIC’s current readiness efforts are not sufficiently mature and require improvement to minimize losses to bank customers and the DIF, and potential costs incurred by other IDIs through special assessments.

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<sup>10</sup> For these respondents, harassment was in the form of “engaging in bullying, intimidating, or threatening behavior” (64 percent experienced, 67 percent witnessed); “offensive jokes, comments, objects, or pictures” (45 percent experienced, 47 percent witnessed); and “harassment of a sexual nature” (35 percent experienced, 34 percent witnessed).

<sup>11</sup> When a bank fails, the bank is placed in receivership and the FDIC is appointed as its receiver. In general, the term “resolution” refers to the initial phase of a receivership where the FDIC attempts to sell the failed bank to another healthy bank.

<sup>12</sup> A SIFC is any entity that meets the statutory definition of financial company under the Dodd-Frank Act and for which a determination is made that, among other things, the resolution or insolvency of the entity under the otherwise applicable Federal or State law would have serious adverse effects on U.S. financial stability. U.S. organizations that identify SIFCs include the Board of Governors of the Federal Reserve for Bank Holding Companies and the [Financial Stability Oversight Council](#) for non-bank financial companies and Financial Market Utilities.

## Improving Planning for Large Regional Bank Resolutions and Orderly Liquidations

In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that the FDIC's readiness to resolve large regional banks was not sufficiently mature at the time of those failures to facilitate consistently efficient response efforts in a potential crisis failure environment. In our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we concluded that the FDIC had made progress in implementing elements of its OLA program; however, in the 12 years following the Dodd-Frank Act, the FDIC had not maintained a consistent focus on maturing the OLA program and had not fully established key elements to execute its OLA responsibilities. In both reports, we found the following common impediments to FDIC readiness efforts that hinder the FDIC's ability to execute its large regional bank resolution and OLA responsibilities:

- Lack of Effective Measurement of Readiness Efforts.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that the FDIC had established processes to monitor and report performance on Division and Agency-level goals and objectives to monitor specific large bank readiness activities. However, the FDIC had not measured its overall readiness for large regional bank resolutions. Similarly, in our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we found that the FDIC did not have adequate monitoring mechanisms in place to ensure it promptly implemented the OLA program and consistently measured, monitored, and reported on the OLA program status and results.
- Gaps in Information Technology.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we highlighted that CISR and DRR staff identified 15 significant technology gaps for large regional bank resolutions. For example, existing FDIC processes for securing a failed bank's information technology environment are not sufficiently scalable for a large bank resolution. Although the FDIC had not addressed the overarching technology gaps prior to the bank failures in the Spring 2023, the FDIC stated that it leveraged the failed banks' systems and staff, which minimized some gaps.
- Absence of Critical Processes and Procedures.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found significant missing elements in FDIC resolution procedures. For example, as noted in CISR's process guide, it did not have a receivership expense model to account for reasonable expense estimates for large regional banks or a method for estimating the cost of a bridge bank resolution for least cost test purposes. In our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we found that the FDIC had not completed process documents and guides to implement CISR's Systemic Resolution Framework and had not adjusted the Framework to facilitate execution of a resolution of systemically important Financial Market Utilities and non-bank financial companies.<sup>13</sup>
- Unclear FDIC Internal Roles and Responsibilities.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that CISR's large regional bank resolution procedures did not identify and contemplate the key resolution roles that were used in the Spring 2023 failures. Similarly, in our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we found that

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<sup>13</sup> A Financial Market Utility is any person that manages or operates a multilateral system for the purpose of transferring, clearing, or settling payments, securities, or other financial transactions among financial institutions or between financial institutions and the person.



the FDIC had not fully defined governance and individual practitioner-level roles and responsibilities related to the execution of an OLA resolution. Failures may occur quickly, which may not allow the FDIC time to fully define, assign, and train personnel for key governance roles and responsibilities during a resolution.

- **Insufficient Number of Personnel to Execute Readiness Activities Under Current Processes.** In our report on the [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found—as shown in Table 1—that since its creation, CISR has had staffing below the levels authorized by the FDIC to achieve readiness efforts. While the FDIC, and CISR in particular, have made large regional bank resolution planning a high priority, the FDIC has not ensured that CISR is able to obtain and retain the human resources that CISR deems necessary to effectively achieve its intended objectives or made changes to processes to require fewer staff. Similarly, in our report, [The FDIC’s Orderly Liquidation Authority](#)

Table 1: CISR Authorized/Actual Positions 2019 - 2023

	2019	2020	2021	2022	2023
CISR – Budget Authorized Positions at Year End	275	273	318	341	369
CISR – Staff on Board at Year End	243	258	280	286	285
Variance	32	15	38	55	84

Source: OIG Analysis of FDIC Budget Exhibits

(September 2023), we found that the FDIC had not fully identified and documented the contractor resources necessary for a resolution team to execute an OLA. Further, staffing constraints led the FDIC to shift resources towards large regional bank readiness efforts that otherwise would have been devoted to OLA readiness, which created additional setbacks in maturing the OLA program.

The FDIC should stand ready to execute its resolution and receivership powers to maintain financial stability. The FDIC must not lose sight of its readiness mission as it undertakes the restructuring and reshaping of its staff and processes.

## Identifying and Addressing Emerging Financial Sector Risks

Currently, the FDIC is the primary Federal regulator for more than 2,800 of the over 4,400 IDIs across the Nation. The FDIC is responsible for examining these IDIs for compliance with safety and soundness requirements, including assessing financial crimes and sanctions risk, and consumer protection requirements. FDIC examinations are key processes to “ensure public confidence in the banking system and to protect the Deposit Insurance Fund.”<sup>14</sup> The “accurate identification of existing and emerging risks helps the FDIC develop effective corrective measures for individual institutions and broader supervisory strategies for the industry.”<sup>15</sup> In addition to examinations, the FDIC either on its own or in conjunction with other Federal banking regulators provides guidance to banks regarding safety and soundness and consumer protection risks, especially for emerging or novel issues or technology.

As discussed below, we have found that the FDIC did not always take early action to mitigate safety and soundness risks identified during bank examinations. We also note that FDIC-supervised banks’

<sup>14</sup> The FDIC’s [Risk Management Examination Manual](#).

<sup>15</sup> The FDIC’s [Risk Management Examination Manual](#).

increasing use of third-party service providers for compliance with Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) and sanctions requirements may require different examination processes or examiners with different skillsets. Further, although the FDIC and other banking regulators had identified risks with banks' involvement in crypto-asset activities, the FDIC had not conducted risk assessments to determine the significance of crypto-asset activity risks. Moreover, the FDIC's process for providing supervisory feedback to FDIC-supervised institutions' crypto-related activities was unclear.

## **Escalating Supervisory Actions Through Forward-Looking Supervision and Consideration of Non-Capital Triggers**

During the financial crisis of 2008-2011, examiners often identified weak risk management practices at financial institutions but delayed taking supervisory action until the institution's capital declined. Taking supervisory action after a bank's capital has declined is often too late, because financial decline tends to lead to bank failures and losses to the DIF. To avoid that result, the FDIC implemented a forward-looking supervisory initiative to identify and assess risk before it impacts a bank's financial condition and to ensure early risk mitigation.

Section 38 of the FDI Act requires that the Inspector General of the appropriate Federal banking agency conduct a review and issue a written report when there is a material loss to the DIF related to an insured depository institution for which the FDIC is appointed receiver.<sup>16</sup> We conducted three material loss reviews for recent large regional bank failures where we reported that FDIC examiners identified risks at these banks but did not take supervisory action consistent with forward-looking supervision. Our [OIG Material Loss Review of Signature Bank of New York](#) (October 2023), and the FDIC Chief Risk Officer's report, [FDIC's Supervision of Signature Bank](#), both found that the FDIC could have escalated supervisory concerns regarding Signature Bank earlier, consistent with the FDIC's forward-looking supervision initiative. These supervisory concerns included multiple opportunities to downgrade the Management component of the bank's CAMELS<sup>17</sup> rating, which may have lowered the bank's composite CAMELS rating and, according to FDIC policy, supported consideration of an enforcement action against Signature Bank.

Similarly, in our report, [Material Loss Review of First Republic Bank](#) (November 2023), we reported that the FDIC missed opportunities to take earlier supervisory actions and downgrade First Republic Bank component ratings consistent with the FDIC's forward-looking supervisory approach. Earlier FDIC supervisory actions may not have prevented First Republic Bank's failure but may have caused First

<sup>16</sup> FDI Act, Section 38(k), defines the term "material loss" as any estimated loss in excess of "\$50,000,000, if the loss occurs on or after January 1, 2014, provided that if the inspector general of a Federal banking agency certifies to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that the number of projected failures of depository institutions that would require material loss reviews for the following 12 months will be greater than 30 and would hinder the effectiveness of its oversight functions, then the definition of 'material loss' shall be \$75,000,000 for a duration of 1 year from the date of the certification." 12 U.S.C. § 1831o(k).

<sup>17</sup> CAMELS refers to six financial and operational components reviewed in each examination—Capital adequacy, Asset quality, Management capabilities, Earnings sufficiency, Liquidity position, and Sensitivity to market risk. Each CAMELS component is assigned a rating on a numerical scale of 1 to 5 based on qualitative analysis. A "1" indicates the strongest performance and management practices and the lowest degree of supervisory concern. A "5" indicates the weakest performance and management practices and the highest degree of supervisory concern. Examiners also assign each bank a composite CAMELS rating based on the agency's evaluation of six component areas. Examiners do not, however, simply assign composite ratings by averaging the individual component ratings. Examiners may give more weight to some components than to others, depending on the perceived risk at a given institution.

## APPENDICES

Republic Bank to take corrective action and possibly reduced its susceptibility to contagion risk or reduced the loss to the DIF upon failure.

Further, we noted that the FDIC and other banking regulators should consider adopting non-capital safety and soundness triggers similar to those used for capital ratios.<sup>18</sup> In our report, [Material Loss Review of First Republic Bank](#) (November 2023), we noted that the bank was considered well capitalized throughout each examination cycle, so there was no required supervisory action based on capital deterioration. Ultimately, however, First Republic Bank's capital proved insufficient because unrealized fair value losses<sup>19</sup> on securities and loans, and a concentration in uninsured deposits resulted in a final estimated loss to the DIF of \$15.6 billion.

Similarly, in our [Material Loss Review of Republic First Bank](#) (November 2024) (which is a different institution than First Republic Bank discussed above), we found that the direct cause of the bank's failure was its inability to hold its HTM debt securities to maturity, requiring the securities to be reclassified as AFS. The unrealized losses were disclosed to the public but were not required to be fully reflected in the bank's balance sheet and therefore were not reflected in the bank's capital ratios. Once the losses were fully recognized, all of Republic First Bank's capital ratios immediately fell below zero and the bank was closed. The FDIC was aware of the risks associated with unrealized losses at the bank and within the broader banking industry. In both reports, we recommended that the FDIC engage with other Federal regulators to evaluate the need to identify noncapital triggers that would require early and forceful regulatory actions tied to unsafe banking practices before they impair capital.

In the report, [Bank Supervision: Federal Reserve and FDIC Should Address Weaknesses in Their Process for Escalating Supervisory Concerns](#), the Government Accountability Office (GAO) also found weaknesses in the FDIC's procedures to escalate supervisory concerns to ensure that banks take action. Specifically, the GAO found that the FDIC did not have a centralized system to track recommendations for supervisory actions. Without a tracking system, the FDIC is limited in its ability to identify emerging risks across its supervised banks. Further, the GAO found that unlike other banking regulators, the FDIC does not have vetting meetings "to ensure that large bank examination teams and relevant stakeholders are consulted before making changes or decisions, such as escalation decisions." Finally, the GAO noted that, unlike other banking regulators, the FDIC does not require that large bank case managers rotate to other banks after a few years. GAO noted that these rotations help ensure supervisory independence.

### Examining for Financial Crimes and Sanctions Risks

FDIC bank examinations also play a key role to ensure that banks maintain adequate compliance programs to assist U.S. Government agencies in detecting and preventing financial crimes. Such crimes include money laundering, terrorist financing, and other illicit transactions. Federal banking regulators also seek to prohibit domestic banks from conducting transactions with entities sanctioned by the United States through the Department of the Treasury's Office of Foreign Assets Control (OFAC). Further, the FDIC OIG plays a role in investigating crimes involving FDIC-regulated and insured banks and FDIC activities. Such crimes include, for example, fraud and cyber crimes.

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<sup>18</sup> FDI Act Section 38 mandates that regulators take progressively more severe supervisory actions, known as "prompt corrective actions," as a bank's capital ratio levels deteriorate. FDI Act Section 39 allows regulators to take supervisory action for safety and soundness issues before capital is impaired, but there are no predefined triggers for such actions.

<sup>19</sup> Generally Accepted Accounting Principles state that held-to-maturity (HTM) securities are reported on financial statements at their amortized cost without recognition of any gain or loss. Securities that are available-for-sale (AFS) are reported at fair value with any gains and losses excluded from net income.

In the July 25, 2024, [Joint Statement on Banks' Arrangements with Third Parties to Deliver Bank Deposit Products and Services](#), banking regulators identified risks to banks resulting from the increasing use of third parties to perform compliance functions such as “monitoring and reporting suspicious activity, customer identification programs, customer due diligence, and sanctions compliance on behalf of the bank. Regardless of whether the functions are shared between the bank and the third party, the bank remains responsible for failure to comply with applicable requirements.” Banks’ use of third parties for these functions may become more complex when banks rely on a series of third-party relationships.

Banks with ineffective compliance programs or that fail to comply with BSA/AML and OFAC recordkeeping and reporting requirements may face criminal and civil penalties and potentially lose their banking charter. For example, on October 10, 2024, the [Department of Justice](#) and our [OIG Office of Investigations](#) announced that TD Bank pleaded guilty to BSA and money laundering conspiracy violations and agreed to pay \$1.8 billion in penalties. TD Bank failed to maintain an adequate compliance program and “allowed corrupt bank employees to facilitate a criminal network’s laundering of tens of millions of dollars.”

Bank examinations are an essential element in identifying potential weaknesses in bank BSA/AML and OFAC compliance programs. It is important for the FDIC to ensure that it has examination processes and examiners with the requisite skills to assess financial crimes and sanctions risks posed by banks’ third-party affiliations.

## Assessing Crypto-Related Activity Risks

In our report, [FDIC Strategies Related to Crypto-Asset Risks](#) (October 2023), we found that the FDIC had identified risks with banks’ involvement with crypto-related activities; however, the FDIC had not assessed the significance and potential impact of these risks. Specifically, the FDIC had not yet completed a risk assessment to determine whether the Agency could sufficiently address crypto-asset-related risks through actions such as issuing guidance to supervised institutions.

In addition, the FDIC’s process for providing supervisory feedback on FDIC-supervised institutions’ crypto-related activities is unclear. The FDIC issued letters (pause letters), between March 2022 and May 2023, to certain FDIC-supervised financial institutions asking them to pause, or not expand, planned or ongoing crypto-related activities, and provide additional information. However, the FDIC did not establish an expected timeframe for reviewing information provided and responding to the supervised institutions that received pause letters and describe what constituted the end of the review process for supervised institutions that received a pause letter. In line with the January 23, 2025, Executive Order, [Strengthening American Leadership in Digital Financial Technology](#), the Acting FDIC Chairman stated that the FDIC is “actively reevaluating our supervisory approach to crypto-related activities.”<sup>20</sup>

Identification of financial risks as they emerge provides time for banks to take corrective action and for the FDIC to implement supervisory actions such as guidance and enforcement actions, as needed. Prior financial crises have shown that recognition of risk once fully manifested in bank financial statements is generally too late for bank management and FDIC supervisory processes to mitigate such risk.

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<sup>20</sup> Statement of Acting Chairman Travis Hill, [FDIC Releases Documents Related to Supervision of Crypto-Related Activities](#) (February 5, 2025).

## Assessing Operational Resilience in the Financial Sector

Operational resilience refers to “the ability to deliver operations, including critical operations and core business lines, through a disruption from any hazard.”<sup>21</sup> Disruptions may result from events such as a cybersecurity incident, technology failures, natural disasters, power grid failures, pandemics, global conflicts, and poor internal controls and risk management. These disruptions may occur at a bank or within the interconnected financial ecosystem of third-party service providers upon which banks increasingly depend. These disruptive events could have multiple impacts, including impeding a bank’s ability to deliver services, harming banking systems, and affecting bank data availability and integrity. Disruptive events could erode confidence in the financial sector and cause spill-over events to other financial firms and the broader economy. Further, traditional injections of liquidity and capital to bolster distressed banks are unlikely to solve operational resiliency issues. Operational resiliency requires that banks have well-designed systems, effective risk management and planning, and regular resiliency testing.

As described below, we have found that the FDIC has not conducted bank third-party service provider IT examinations within required timeframes and was not leveraging data from these examinations to understand interconnections across banks and third parties. Further, under current examination processes and considering human capital challenges, the FDIC faces risks that it may not have examiners with appropriate skillsets to effectively assess banks’ and third-party operational risks.

### Examining for Third-Party Operational Risks

Banks routinely rely on third parties for numerous activities, including IT services, accounting, compliance, human resources, and loan servicing. As noted in the banking regulators’ guidance document, [Third-Party Risk Management, A Guide for Community Banks](#), a bank “[e]ngaging a third party does not diminish or remove a bank’s responsibility to operate in a safe and sound manner and to comply with applicable legal and regulatory requirements, including consumer protection laws and regulations, just as if the bank were to perform the service or activity itself.”

Under the Bank Service Company Act, the FDIC has authority to examine certain services that third parties provide to financial institutions. These examinations complement the FDIC’s bank IT examinations. The FDIC performs service provider examinations using two risk tiers: Significant Service Providers (SSP) and Regional Service Providers (RSP). SSPs are large and complex service providers designated for special monitoring and collaborative interagency supervision at the national level. In contrast, RSPs are smaller in size, less complex, and provide services to banks within a local region. In our OIG memorandum, [The FDIC’s Regional Service Provider Examination Program](#) (December 2023), we found that the FDIC had not established performance goals, metrics, and indicators to measure overall RSP examination program effectiveness and efficiency. We also found that:

- **The Frequency of RSP Examinations Was Inconsistent with Guidance.** A total of 75 percent (53 of 71) of RSP examinations completed as of March 2023 were not conducted within guidance timeframes, with 19 percent (10 of 53) of these exams completed more than 3 years past their examination cycle dates. The reason for the delay was because the FDIC lacked examiner resources

<sup>21</sup> <https://www.fdic.gov/news/press-releases/2020/pr20122b.pdf>.



to conduct these examinations. Without timely RSP examinations, the FDIC is limited in its assessment of banks' current operational risks from these third parties, and banks are not receiving FDIC RSP examination reports that may identify third-party risks.

- **The FDIC Was Not Leveraging RSP Examination Information in Its Bank IT Examinations.** In a survey of 163 IT examiners, we found that 52 percent (85 of 163) of examiners were not aware of how to access RSP examination information. For examiners that did access RSP examination information, only 37 percent said that they did so more than 50 percent of the time. RSP examination information would allow examiners to better understand the risks posed by third parties for the banks that they are examining.
- **Lack of Comprehensive Service Provider and Bank Data.** The FDIC could use information from RSP and bank examinations to develop a comprehensive inventory of service providers and banks. Such a mapping would allow the FDIC to see interconnected risks across a portfolio of banks and third parties rather than on a bank-by-bank basis.

### Assessing Banks' Cybersecurity Risks

FDIC bank IT examinations identify areas in which a financial institution is exposed to IT and cyber-related risks and evaluate bank management's ability to identify these risks and maintain appropriate compensating controls. Currently the FDIC faces risks in ensuring that it has examiners with the requisite skillsets to perform IT examinations using existing examination procedures. A total of 53 percent of examiners who are advanced IT subject matter experts were eligible to retire in 2024 with retirement eligibility rising to 63 percent for this population in 2028. Examiners with intermediate IT expertise had retirement eligibility rates of 16 percent in 2024 and 27 percent in 2028. Accurate assessment of IT risks is important as it may affect a bank's safety and soundness rating, which impacts the FDIC's supervisory strategies and may impact the insurance premium paid by a financial institution.

It is critical that the FDIC maps the interconnections of banks and their third parties to understand and examine potential operational points of failure and possible cyber intrusion and contagion. Such maps would also assist the FDIC when assessing resolution risks. Currently, there are instances where multiple banks rely on the same third party. An operational issue at one such third party has the potential to affect many banks. Further, the FDIC should have effective processes and staff with required skillsets to assess operational risks and take supervisory actions as needed.

### Improving Contract Management

The FDI Act authorizes the FDIC to acquire goods and services to achieve its mission and operations. For the period 2019-2023, the FDIC awarded 2,368 contracts for a total cost of approximately \$3.77 billion.

## APPENDICES

Figure 2 shows the current distribution of contract awards throughout the FDIC.

As discussed below, we continue to identify contract management as a Top Challenge. Our work in this area has identified the need for the FDIC to improve contracting controls and to instill a culture of internal control understanding and compliance. Further, the FDIC should ensure that its contracting personnel are free from conflicts of interest.

### Adhering to Contracting Requirements and Internal Controls

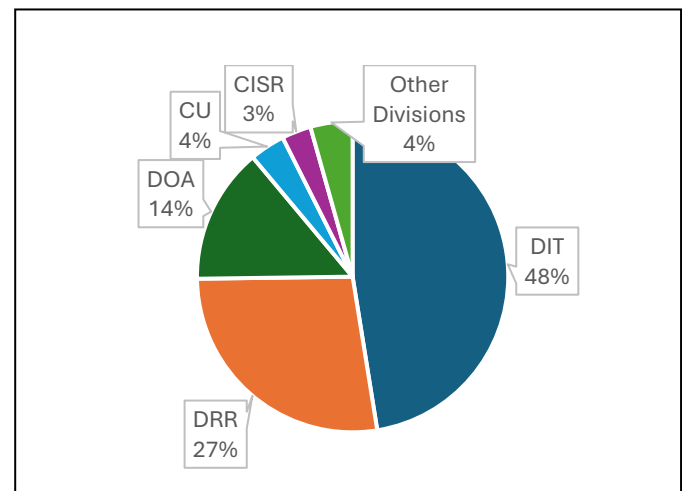
In three OIG reports, we have found shortcomings in the FDIC's contract management process and internal controls. These issues have resulted in the FDIC making overpayments, engaging in unauthorized contractual commitments, and abandoning a systems contract. The significance and pervasiveness of identified internal control issues indicate the need for renewed FDIC-wide emphasis on the importance of compliance with internal controls and the stewardship of operating costs incurred by the DIF.

**Lack of Coordination and Change Management Resulted in Abandonment of a Nearly \$10 Million Investment Towards a New Acquisition System.** In our evaluation, [The FDIC's Purchase and Deployment of the FDIC Acquisition Management System \(FAMS\)](#) (January 2024), we found that in June 2022, the FDIC began implementation of its new acquisition system but subsequently abandoned that system within 5 months. As a result, the FDIC incurred costs of nearly \$10 million and had to revert to its legacy acquisition systems and manual reporting of some acquisition activities. We identified nearly \$10 million of funds to be put to better use.<sup>22</sup>

**Internal Control Failures and an Unaccountable Culture Resulted in an Unauthorized Contractual Commitment of \$4.2 Million and a Contract Price \$1.5 Million Above Market Value.** In our report, [FDIC Oversight of a Telecommunications Contract](#) (March 2023), we found that the FDIC did not authorize and pay AT&T for services to upgrade bandwidth in the FDIC Field Offices in accordance with its policies and procedures and the contract. As a result, the FDIC was subject to an unauthorized contractual commitment that cost the FDIC \$4.2 million and an increase in operational, monetary, legal, and reputational risks. We also found that the FDIC incurred costs above the market price for similar services in the amount of at least \$1.5 million.

**Lack of Contract Management Plans to Ensure Performance Risks and Contract Vulnerabilities Were Managed Appropriately.** In our report, [The FDIC's Adoption of Cloud Computing Services](#) (July 2023), we found that the FDIC did not develop Contract Management Plans (CMP) for any of our sampled 17

**Figure 2: Contract Awards Percentage by Division**



Source: OIG Analysis of the FDIC's Contracting Dashboard. Division of Information Technology (DIT); Division of Resolutions and Receiverships (DRR); Division of Administration (DOA); Corporate University (CU); Division of Complex Institution Supervision & Resolution (CISR).

<sup>22</sup> According to the Inspector General Act of 1978, a recommendation that funds be put to better use is "a recommendation by the [OIG] that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation..." including avoidance of unnecessary expenditures noted in preaward reviews of contracts or any other savings which are specifically identified.

cloud computing-related contracts with a total value of over \$546 million. We further assessed 93 active IT-related contracts and found that 91 of these 93 contracts had CMPs, but those 91 CMPs were not in place by required timeframes. Absent timely CMPs, the FDIC may not monitor performance measures, respond to missed metrics, and enforce contract penalties in a consistent manner, all of which could lead to inefficient use of resources and disruption to FDIC operations.

### **Ensuring the FDIC's Contracting Process Is Free from Conflicts of Interest**

In our report, [Conflicts of Interest in the Acquisition Process](#) (September 2024), we found that the FDIC has processes and procedures to identify, analyze, respond to, and monitor for conflicts of interest in the acquisition process, but improvements are needed. Specifically, FDIC guidance does not require all employees involved in the acquisition planning and approval process to assess and document potential or actual conflicts of interest. We also found that the FDIC Ethics Unit has not established specialized ethics training requirements beyond the initial new employee and annual ethics training but will provide specialized training if requested by FDIC Program Offices.

Further, the FDIC's approach to confidential financial disclosure reviews could be enhanced by ensuring that financial disclosure review guidance contains clear instructions for evaluating financial disclosure forms for completeness and by training Deputy Ethics Counselors (DEC). In addition, the FDIC could enhance its approach by reevaluating the seniority, position descriptions, and number of personnel appointed as DECs, and by developing an action plan to address DEC survey responses. Absent additional internal controls throughout the acquisition lifecycle, the FDIC may not be equipped to identify, analyze, respond to, and monitor for potential or actual conflicts of interest in the acquisition process.

Contracting supports both day-to-day and crisis activities. The FDIC should have appropriate processes and internal controls to ensure that the FDIC receives goods and services it contracted for and that FDIC employees follow these processes and controls to reduce DIF operating expenses. Further, the FDIC should assess and monitor for potential or actual contracting conflicts of interest.

### **Ensuring IT Security and Scalability**

The [GAO](#) continues to recognize cybersecurity as a high risk to Federal agencies, as it has since 1997. According to the [Federal Information Security Modernization Act of 2014 Annual Report Fiscal Year 2023](#), 32,211 information security incidents were reported by Federal agencies in Fiscal Year 2023, which represents a 9.9-percent increase from the 29,319 incidents reported in Fiscal Year 2022.

As noted by the [FDIC](#), "Information Technology is an essential component in virtually all FDIC business processes." The reliability and security of FDIC systems is critical, especially during a crisis. FDIC systems contain sensitive information, such as personally identifiable information on FDIC employees and contractors; bank account information for millions of depositors of failed financial institutions; confidential bank examination information, including supervisory ratings; and sensitive financial data. Further, certain FDIC systems interconnect with bank systems to receive information for examinations, quarterly Call Report data, and information from failing banks.

As described below, we have found that the FDIC can improve its IT systems security control posture and ensure that the FDIC has systems that are scalable to meet the demands of large bank failures.

## Fostering IT Systems Security

In 2020, the FDIC began implementation of IT modernization activities to further develop the FDIC's cybersecurity capabilities and to shift from on-premises systems and data centers to cloud technology platforms in line with the [Federal Cloud Computing Strategy](#). In our work, we have found that the FDIC has established several information security controls that provided either effective or adequate strategies or controls; however, this does not mean that current strategies and controls can mitigate all potential threats. As noted below, we have also identified the need for security control improvements and have made recommendations to the FDIC in the following areas:

- Managing Systems Migration to the Cloud.** In our first report, [The FDIC's Adoption of Cloud Computing Services](#) (July 2023), we found that overall, the FDIC had an effective strategy and governance processes to manage its cloud computing services. However, the FDIC did not adhere to several cloud-related practices. As a result, any ineffective controls over cloud computing posed increased risks to the FDIC. These included security and privacy concerns due to the lack of visibility into cloud data, an inability to effectively move from one existing cloud services provider to another, not identifying and mitigating performance risks and vulnerabilities in cloud contracts, and increased potential for cyberattacks and costs from the lack of disposal strategies for legacy systems.
- Cloud Security Controls.** In our second report, [Audit of Security Controls for the FDIC's Cloud Computing Environment](#) (September 2024), we reported that the FDIC had effective controls in four of nine cloud security control areas assessed. The FDIC had not effectively implemented security controls in five areas: identity and access management, protecting cloud secrets, patch management, flaw remediation, and audit logging. The report included 26 technical findings that pose risks to the FDIC. Malicious actors could exploit the misconfigured control settings we identified and cause harm to the FDIC's systems and data.
- Information Security Program.** In [The FDIC's Information Security Program – 2024](#) (September 2024), we reported that the FDIC was operating at a Maturity Level 4 (Managed and Measurable),<sup>23</sup> indicating an effective level of security, and established several information security program controls and practices. However, we also described security control weaknesses that reduced the effectiveness of the FDIC's information security program and practices. For example, the FDIC did not consistently maintain and document periodic audit logs of two systems that record events and activities within a computer system or network to ensure accountability, traceability, and security. Failure to perform review and analysis of these logs, specifically over privileged accounts and actions, may lead to anomalous activities that are not investigated and increase the risk that unauthorized or inappropriate activities can occur.
- Ransomware Attack Readiness.** In our report, [Review of the FDIC's Ransomware Readiness](#) (March 2024), we determined that the FDIC had an adequate process to respond to a ransomware incident and generally followed applicable guidance and best practices within the five control areas that we assessed. We noted, however, that the FDIC did not fully adhere to Federal standards, FDIC policies, and/or industry best practices in four areas. For example, the FDIC did not effectively back up certain data and test the capability to restore two systems from back-ups and therefore could not

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<sup>23</sup> Information regarding the assessment and determination of maturity level ratings can be found at <https://www.cisa.gov/topics/cyber-threats-and-advisories/federal-information-security-modernization-act>.

ensure that it would be able to successfully and fully restore these systems in the event of a ransomware incident.

### **Providing IT Scalability During Financial Crises**

As mentioned previously, in our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that there were 15 identified significant technology and security gaps for the resolution of large banks due to the size and complexity of these resolutions. In addition, technology gaps identified by DRR and CISR were not sufficiently coordinated with the Chief Information Officer Organization to ensure that all resolution-related systems were adequate for a large bank resolution. The FDIC's October 2024 ERM Risk Inventory identified Resolution Technology at an elevated residual risk level with significant potential impact.

It is paramount for the FDIC to continue to ensure the availability, confidentiality, integrity, and scalability of FDIC systems and data for its day-to-day mission and during crises.

### **Guarding Against Harmful Scams**

Scams that seek to take advantage of consumers are increasing and becoming ever more sophisticated. Scammers attempt to trick individuals into disclosing their banking information, sending money to them, or making unauthorized payments by posing as a legitimate entity such as a bank, or, as noted below, by falsely claiming affiliation with the FDIC or the FDIC OIG. Additionally, consumers may be easily duped by misrepresentations of FDIC insurance and misuse of the FDIC name and logo.

In support of the FDIC and its mission, the OIG seeks to prevent consumers from becoming victims of such fraudulent activities. Our Office of Investigations has seen a rise in various payment scams and works with law enforcement partners to pursue those who would try to deceive the public—either through payment scams or misrepresentation of FDIC deposit insurance.

A challenge for the FDIC is to be mindful of such schemes, continue to take steps to protect consumers, and take actions to address violations as appropriate.

### **Keeping Pace with Payment Schemes<sup>24</sup>**

The four most common types of schemes that have been reported to the OIG have included relationship scams, investment scams, government impersonation scams, and business email compromise scams. In a relationship scam, a scammer adopts a fake online identity to gain a victim's affection and trust, and then uses the illusion of a romantic or close relationship to manipulate the victim. In an investment scam, a scammer offers low- or no-risk investments, guaranteed returns, and complex strategies to manipulate or steal from the victim. These two scams are often associated with "Pig Butchering" schemes.

A "Pig Butchering" scheme is named in reference to the practice of fattening a pig before slaughter. It is a type of confidence and investment fraud in which the victim is gradually lured into making increasing monetary contributions, generally in the form of cryptocurrency, to a seemingly sound investment

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<sup>24</sup> See also [Payment Scams: Information on Financial Industry Efforts](#) (GAO-24-107107) (July 25, 2024).

before the scammer disappears with the contributed monies. These schemes have affected individuals and financial institutions alike. In the failed bank investigation of Heartland Tri-State Bank, for example, the bank President and Chief Executive Officer (CEO) embezzled and invested over \$47 million of unsuspecting victim funds in a Pig Butchering scheme that ultimately caused the bank to fail and the FDIC to incur a loss of \$52.4 million. Bank customers in the small, rural Kansas community suffered greatly as well. The President and CEO was sentenced to 293 months in prison for his actions.

Recent FDIC investigations have also revealed that government impersonation scams to manipulate or steal from consumers are increasingly common and often take the form of unsolicited phone calls, text messages, or e-mails that claim to be from the FDIC or FDIC FDIC. Fraudsters may use the FDIC or FDIC's seal or logo, and even names of actual employees, to make their demand for funds seem legitimate. (Other ramifications of misrepresentation of FDIC affiliation or insurance are outlined in the section below.)

- In cases of FDIC impersonation, scammers may contact an individual and claim that the individual has been awarded a grant or a sum of money, and the scammers may request personal information, such as bank account or credit card details, or ask for money or gift cards. These schemes often require an advance payment, which is a warning sign. According to the Federal Trade Commission's Consumer Sentinel Network Data Book, consumers reported losing over \$10 billion to fraud in 2023. Impersonation scams accounted for nearly \$2.7 billion of these losses, resulting from 853,935 reports.
- For FDIC FDIC impersonations, scammers may contact an individual pretending to be FDIC personnel, sometimes using the names of Special Agents to lend credibility to their claims. They might inform the recipient that they are under investigation and must pay a fee or fine to avoid arrest. The fee or fine is frequently requested to be paid through gift cards or other forms of payment.

Yet another type of payment scam is known as a business email compromise scam. The scammer targets a business or individual and takes over an official account, or uses email spoofing, to attempt to redirect legitimate payments to an illicit account controlled by the scammer to steal from the victim.

According to the Federal Bureau of Investigation's Internet Crime Complaint Center's (IC3) 2023 Internet Crime Report, individuals reported losing \$4.57 billion to investment scams and \$2.95 billion to business email compromise scams in 2023. These figures stem from 39,750 complaints and 21,489 complaints, respectively. The number of complaints of scams, and the amounts of losses, reported to the IC3 generally grew in the past 3 years.

### **Addressing Misuse of the FDIC Name and Logo**

The FDIC obtains information on potential deposit insurance misrepresentations through two portals that are monitored by the Division of Depositor and Consumer Protection, and a third portal that is monitored by the Legal Division. The FDIC scans websites for potential fraudulent use of the FDIC logo, and the FDIC Hotline also receives information regarding potential misrepresentations.

Section 18(a)(4) of the FDI Act specifically prohibits any person from harming consumers by misusing the FDIC name or logo or making misrepresentations about deposit insurance. The FDIC may investigate any



## APPENDICES

claims under this section and may issue administrative enforcement actions, including cease and desist orders, and impose civil money penalties against perpetrators.

As of December 31, 2024, the FDIC received 1,200 misrepresentation allegations through its portals, which is a 60-percent increase from the 750 allegations received in 2023. The FDIC has issued seven public cease and desist orders for these violations, and the FDIC's Legal Division, working with other stakeholders, including the OIG, has initiated the take-down of websites determined to be fraudulent and made referrals to appropriate agencies. Given the increase in misrepresentation allegations and the need to protect consumers, the FDIC should continue to ensure that it has staff and effective processes — including use of technology tools — to timely identify potential misuse and misrepresentations of the FDIC name and logo and to investigate and take action to address violations.

FDIC efforts to protect consumers from fraudulent schemes and misrepresentations can help protect taxpayer savings, provide them with trusted financial products and services, and foster public confidence in the FDIC.

## D. Acronyms

**(INCLUDES ACRONYMS IN THE FINANCIAL STATEMENTS)**

AFS	Available-For-Sale
AHDP	Affordable Housing Disposition Program
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
ASBA	Association of Supervisors of Banks of the Americas
ASC	Accounting Standards Codification
BCBS	Basel Committee on Banking Supervision
BIF	Bank Insurance Fund
BoA	Bank of America
Call Report	Consolidated Reports of Condition and Income
CAMELS	<b>C</b> apital adequacy; <b>A</b> sset quality; <b>M</b> anagement capability; <b>E</b> arnings quality; <b>L</b> iquidity adequacy; <b>S</b> ensitivity to market risk
CBAC	Advisory Committee on Community Banking
CCPs	Central Counterparties
CDFI	Community Development Financial Institution
CFO Act	Chief Financial Officers' Act
CFPB	Consumer Financial Protection Bureau
CFR	Center for Financial Research
CFT	Countering the Financing of Terrorism
CFTC	Commodity Futures Trading Commission
CIO	Chief Information Officer
CIOO	Chief Information Officer Organization
CISO	Chief Information Security Officer
CISR	Division of Complex Institution Supervision and Resolution
CMG	Crisis Management Group
CMP	Civil Money Penalty
CRA	Community Reinvestment Act

## APPENDICES

CRE	Commercial Real Estate
CSRS	Civil Service Retirement System
DCP	Division of Depositor and Consumer Protection
DIF	Deposit Insurance Fund
DIR	Division of Insurance and Research
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DRR	Division of Resolutions and Receiverships
EDIE	Electronic Deposit Insurance Estimator
ERM	Enterprise Risk Management
EU	European Union
FASB	Financial Accounting Standards Board
FBO	Foreign Bank Organization
FCB	First-Citizens Bank & Trust Company
FDI Act	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FEHB	Federal Employees Health Benefits
FERS	Federal Employees Retirement System
FFB	Federal Financing Bank
FFIEC	Federal Financial Institutions Examination Council
FFMIA	Federal Financial Management Improvement Act
FHFA	Federal Housing Finance Agency
FIL	Financial Institution Letter
FinCEN	Financial Crimes Enforcement Network
FinTech	Financial Technology
FIRREA	Financial Institutions Reform, Recovery and Enforcement Act
FISMA	Federal Information Security Modernization Act of 2014
FMFIA	Federal Managers' Financial Integrity Act
FRB	Board of Governors of the Federal Reserve System
FRF	FSLIC Resolution Fund

## APPENDICES

FSB	Financial Stability Board
FS-ISAC	Financial Services Information Sharing and Analysis Center
FSLIC	Federal Savings and Loan Insurance Corporation
FSOC	Financial Stability Oversight Council
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GAO	U.S. Government Accountability Office
GNPL	Securities Ginnie Mae Project Loan Securities
GPRA	Government Performance and Results Act
GSIBs	Global Systemically Important Banks
IADI	International Association of Deposit Insurers
IDI	Insured Depository Institution
IMF	International Monetary Fund
IT	Information Technology
JP Morgan	JP Morgan Chase Bank, N.A.
LCFI	Large Complex Financial Institution
LMI	Low- Moderate-Income
LURAs	Land Use Restriction Agreements
MDI	Minority Depository Institutions
MOL	Maximum Obligation Limitation
MOU	Memoranda of Understanding
MRBA	Matters Requiring Board Attention
N.A.	National Association
NCDA	National Center for Consumer and Depositor Assistance
NCUA	National Credit Union Administration
NIM	Net Interest Margin
NPR	Notice of Proposed Rulemaking
OCC	Office of the Comptroller of the Currency
OIG	Office of the Inspector General
OLA	Orderly Liquidation Authority

## APPENDICES

OMB	U.S. Office of Management and Budget
OO	Office of the Ombudsman
OPM	Office of Personnel Management
ORMIC	Office of Risk Management and Internal Controls
PMN	Purchase Money Note
REFCORP	Resolution Funding Corporation
ReSG	FSB's Resolution Steering Committee
RFI	Request For Information
RMS	Division of Risk Management Supervision
ROE	Reports of Examination
ROU	Right-of-Use
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SEC	Securities and Exchange Commission
SIFI	Systemically Important Financial Institution
SLA	Shared-Loss Agreement
SNC	Shared National Credit
SRR	SIFI Risk Report
SSGN	Structured Sale of Guaranteed Note
SVBB	Silicon Valley Bridge Bank, N.A.
TAG	Transaction Account Guarantee Program
Treasury	U.S. Treasury
TSP	Federal Thrift Savings Plan
UFIRS	Uniform Financial Institutions Rating System
UK	United Kingdom
U.S.	United States
U.S.C.	United States Code
VIE	Variable Interest Entity