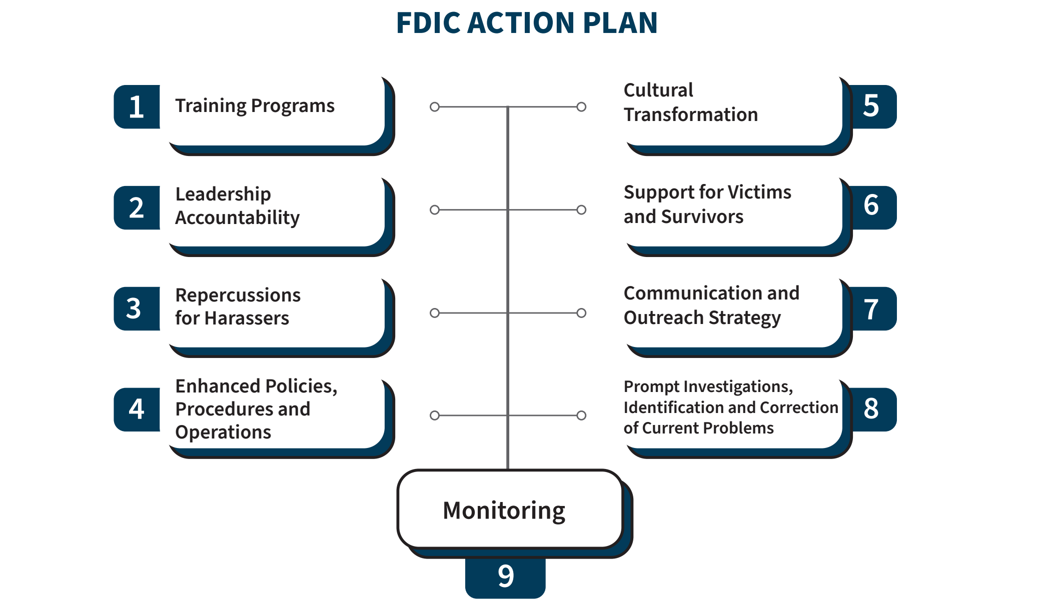
I.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Action Plan for a Safe Work Environment

The FDIC continues to prioritize ensuring that every person at the FDIC feels safe, valued, and respected. Maintaining a strong workplace culture is essential to effectively carrying out our agency mission. Throughout 2024, the FDIC worked to implement its Action Plan for a Safe Work Environment (Action Plan).



Actions taken by the FDIC

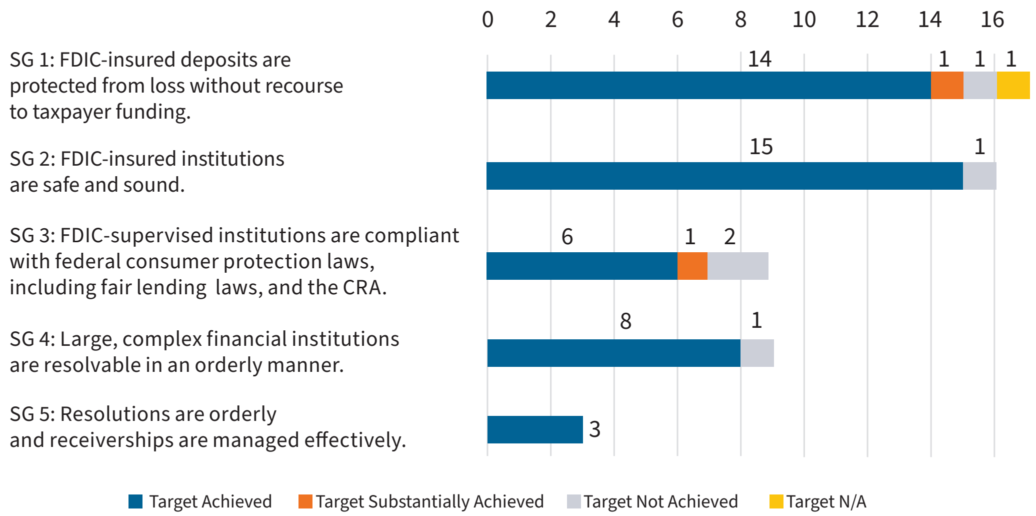
- Established a Special Committee to provide direction to, and oversee an independent third-party review of allegations of sexual harassment and interpersonal misconduct.
- Appointed a law firm to conduct an independent review into allegations of sexual harassment and interpersonal misconduct.
- Established an independent Office of Professional Conduct (OPC) to intake, investigate, and report on complaints of harassment, interpersonal misconduct, and retaliation, and to determine and enforce discipline and an independent Office of Equal Employment Opportunity (OEEO) to intake, investigate, and report on complaints of discrimination and retaliation.
- Appointed an Independent Transformation Monitor, who monitors and audits the FDIC's ongoing efforts to implement the Action Plan and a Third-Party Expert to advise on those efforts.

- Provided new and enhanced resources to support victims and survivors of harassment, discrimination, and other misconduct, including:
  - A toll-free, 24-hour hotline.
  - Access to dedicated, licensed clinical counselors contracted by the FDIC that offer confidential services to employees and offer an unlimited number of appointments.
  - A list of organizations that provide a wide range of support tools that may be helpful to individuals who have experienced or witnessed harassment or discrimination.
- Published FDIC Directive 2400.04, Personal Relationships in the Workforce, a new directive that establishes requirements and guidelines surrounding personal relationships between employees in unequal positions, and provides reporting procedures to ensure that officials are notified and can promptly take action if necessary.
- Updated FDIC Directive 2400.02, Anti-Retaliation and Whistleblower Protection Rights, to more broadly notify employees of their various rights against retaliation and outline actions the FDIC will take to encourage employees to exercise their legal rights to disclose suspected violations of any law, rule, or regulation (including any waste, fraud, or abuse), or misconduct. The Directive also clarifies that executives, managers, and supervisors, must notify OPC about allegations of retaliation within two-business days after becoming aware of the allegations.
- Updated FDIC Directive 2710.03, Anti-Harassment Program, to formally transition responsibility for the intake and investigation of complaints of harassment, interpersonal misconduct, and retaliation to OPC.
- Developed a new FDIC Code of Conduct and Modeling FDIC Values document.
- Delivered new, mandatory, in-person anti-harassment training to 99 percent of the FDIC workforce to provide a baseline understanding of what harassment and misconduct looks like; the negative impact they have on individuals, teams, and organizations; and how to report it. Mandatory training is also delivered to all new employees of the FDIC shortly after their start date.
- Committed to ensuring that all agency worksites, including the L. William Seidman Student Residence Center (SRC) at Virginia Square, are safe environments. The FDIC developed a Code of Conduct specific to the SRC that all visitors must review and sign.

Overview

During 2024, the FDIC continued to fulfill its mission-critical responsibilities. The Annual Report is organized around the five strategic goals set forth in the FDIC's 2022-2026 Strategic Plan and 2024 Annual Performance Plan. During 2024, the FDIC achieved or substantially achieved 48 of the FDIC's 54 strategic goals. Each strategic goal has multiple annual performance goals and targets. One of the 54 strategic goals was not applicable this year.

2024 PERFORMANCE BY STRATEGIC GOAL (SG)



Insurance Program

As the insurer of bank and savings association deposits, the FDIC must continually evaluate and effectively manage how changes in the economy, financial markets, and banking system affect the adequacy and the viability of the Deposit Insurance Fund (DIF).

Long-Term Comprehensive Fund Management Plan

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

Indicator and Target	**2024 Result**
Provide updated fund balance projections to the FDIC Board of Directors semiannually.	ACHIEVED
Recommend changes to deposit insurance assessment rates to the FDIC Board of Directors, as necessary.	ACHIEVED
Provide progress reports to the FDIC Board of Directors semiannually, in accordance with the Restoration Plan.	ACHIEVED
Implement the special assessment to recover the costs incurred by the DIF due to the systemic risk exceptions made to protect uninsured deposits in banks that failed in March 2023.	ACHIEVED
Collect the special assessment beginning with the first quarterly assessment period in 2024 (January 1 to March 31).	ACHIEVED

In 2010, the FDIC developed a long-term DIF management plan to reduce pro-cyclicality in the risk-based assessment system by allowing moderate, steady assessment rates throughout economic and credit cycles, while also maintaining a positive fund balance, even during a banking crisis.

Under this plan, to increase the probability that the fund reserve ratio (the ratio of the fund balance to estimated insured deposits) would reach a level sufficient to withstand a future crisis, the FDIC Board set the Designated Reserve Ratio of the DIF at 2.0 percent. The FDIC views the 2.0 percent Designated Reserve Ratio as a long-term goal to reduce the likelihood that the FDIC would need to sufficiently withstand future crises without needing pro-cyclical assessment rate increases. The Federal Deposit Insurance (FDI) Act requires the Board to set the Designated Reserve Ratio before the beginning of each calendar year. In October 2024, the Board voted to maintain the 2.0 percent ratio for 2025.

Additionally, as part of the long-term DIF management plan, the FDIC suspended assessment dividends indefinitely when the fund reserve ratio exceeds 1.5 percent. In lieu of dividends, progressively lower assessment rates will become effective when the reserve ratio exceeds 2.0 percent and 2.5 percent.

State of the Deposit Insurance Fund

The DIF balance increased to $133.1 billion as of September 30, 2024, primarily driven by assessment revenue. Growth in the DIF balance and slower-than-average insured deposit growth resulted in an increase in the reserve ratio of 10 basis points from 1.15 percent as of December 31, 2023, to 1.25 percent as of September 30, 2024.

Special Assessment Pursuant to the Systemic Risk Determination

In November 2023, the FDIC Board of Directors adopted a final rule implementing a special assessment to recover the loss to the DIF arising from the protection of uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. The FDI Act requires that the loss to the DIF arising from the use of a systemic risk determination must be recovered from one or more special assessments on insured depository institutions (IDIs), depository institution holding companies, or both.

As of September 30, 2024, the FDIC estimates the cost for the failures of Silicon Valley Bank and Signature Bank to be $19.4 billion and $2.7 billion, respectively. Of the estimated total cost of $22.1 billion, the FDIC estimates that approximately $18.9 billion is attributable to the protection of uninsured deposits pursuant to the systemic risk determination and will be recovered through the special assessment. As with all receiverships, the loss estimate will be periodically adjusted as the FDIC, as receiver of the failed banks, sells assets, satisfies liabilities, and incurs receivership expenses.

In September 2024, the FDIC completed the second of eight quarterly special assessment collections at a rate of 3.36 basis points. Based on the loss estimates and amount collected as of September 30, 2024, the FDIC projects that the special assessment will be collected for an additional two quarters beyond the initial eight-quarter collection period at a rate lower than 3.36 basis points.

Restoration Plan

The FDIC continues to operate under an Amended Restoration Plan, adopted by the FDIC Board in June 2022, to restore the reserve ratio to at least 1.35 percent by September 30, 2028, absent extraordinary circumstances, as required by the FDI Act. The Amended Restoration Plan includes a uniform increase in initial base deposit insurance assessment rates of 2 basis points, effective January 1, 2023.

In its semiannual updates by staff to the FDIC Board during 2024, staff projected that the reserve ratio remains on track to reach the statutory minimum of 1.35 percent ahead of the deadline of September 30, 2028, though the precise timing is uncertain and depends on a number of factors. As such, no changes to the Restoration Plan were recommended in 2024. The FDIC will continue to monitor insured deposit balance trends, potential losses that impact the DIF balance, and other factors that affect the reserve ratio.

Request for Information on Deposits

On August 6, 2024, the FDIC published in the *Federal Register* a Request for Information (RFI) on Deposits. While banks are required to provide certain data on deposit liabilities on the Call Report, they do not report comprehensive data on the composition and characteristics of deposits. As a result, the FDIC does not have historical data on banking industry trends for different types of insured and uninsured deposits, including how depositors would behave in times of stress.

Through the RFI, the FDIC sought information on the characteristics that could affect the stability and franchise value of different types of deposits to further evaluate whether, and to what extent, certain types of deposits may behave differently from each other, particularly during periods of economic or financial stress. The FDIC also sought information on whether more detailed or more frequent reporting on these characteristics or types of deposits could enhance off-site risk and liquidity monitoring; inform analysis of the benefits and costs associated with additional deposit insurance coverage for certain types of deposits; improve risk sensitivity in deposit insurance pricing; and provide analysts and the general public with more accurate and transparent data.

National and Regional Risk Analysis

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

Indicator and Target	2024 Result
Disseminate results of research and analyses in a timely manner through regular publications, ad hoc reports, and other means.	ACHIEVED
Undertake industry outreach activities, as needed, to inform bankers and other stakeholders about current trends, concerns, available resources, and FDIC performance metrics.	ACHIEVED

The FDIC's National and Regional Risk Analysis (NRRA) Branch identifies, analyzes, monitors, and communicates developments and key risks in the economy, financial markets, and banking industry that may impact FDIC-insured institutions and the DIF. As part of this work, NRRA publishes the Quarterly Banking Profile (QBP)—a comprehensive summary of financial results for all FDIC-insured institutions. NRRA also published the 2024 Risk Review, summarizing key credit, market, operational, and crypto-asset risks facing banks.

In addition, NRRA publishes topical articles in the FDIC Quarterly. In 2024, the FDIC Quarterly included three articles:

- "2023 Summary of Deposits Highlights"
- "The Effects of Population Change on Community Bank Deposits and Loans"
- "U.S. Industrial Transition and Its Effect on Metro Areas and Community Banks"

Center for Financial Research

The FDIC's Center for Financial Research (CFR) encourages, supports, and conducts innovative research on topics that inform the FDIC's key functions of deposit insurance, supervision, and the resolution of failed banks. CFR researchers have published papers in leading banking, finance, and economics journals, including the *American Economic Review*; *Journal of Money, Credit, and Banking*; *The Review of Financial Studies*; *Journal of Financial Intermediation; Journal of Financial and Quantitative Analysis;* and *Journal of Financial Services Research*. In addition, CFR researchers present their research at major conferences, regulatory institutions, and universities.

The CFR undertakes numerous industry outreach activities throughout the year, and it develops and maintains many financial models used throughout the FDIC, including off-site models that inform the examination process. CFR economists also provide ongoing support during on-site examinations.

COMMUNITY BANKING RESEARCH

The FDIC pursues an ongoing agenda of research and outreach focused on community banking issues. In conjunction with the 2012 and 2020 community banking studies, FDIC researchers have published more than a dozen analyses on various topics related to community banks.

The third quarter QBP shows that quarterly net income at community banks increased 6.7 percent on a merger-adjusted basis, compared with a decrease of 4.8 percent in the third quarter of 2023, reflecting higher net interest income that exceeded growth in noninterest expense and provision expense, and greater realized gains on securities.

De Novo Banks

Annual Performance Goal	Ensure timely consideration and efficient processing of de novo deposit insurance applications.
Indicator and Target	**2024 Result**
Provide feedback on 75 percent of draft community bank deposit insurance applications no later than 60 days after receipt to facilitate the ultimate submission of a formal application.	**NOT ACHIEVED**

In 2024, the FDIC continued processing deposit insurance applications, meeting with applicants to discuss the application process and specific proposals, and publishing application data on the FDIC's website. The FDIC has provided several resources to aid organizers in developing deposit insurance application proposals, including FDIC reviews of draft proposals. Interested parties may access application-related information and data at www.fdic.gov.

During 2024, the FDIC received three draft application proposals from community banks. The FDIC did not meet its goal of providing final feedback within 60 days of receipt of two of the three draft proposals.

Technical Assistance Program

The FDIC continued to provide a technical assistance program for bank directors, officers, and employees in 2024. The technical assistance program includes an online Banker Resource Center, Directors' College events held across the country, industry teleconferences and webinars, and a video program.

The FDIC also regularly updates the Banker Resource Center on its website at https://www.fdic.gov/resources/bankers.

In 2024, the FDIC hosted banker outreach sessions in all six FDIC regions. These sessions were conducted both independently and jointly with state trade associations or other financial regulators. During these sessions, FDIC employees engaged with bank directors and officers on various topics, including credit analysis, information technology and cybersecurity, economic conditions, accounting updates, interest rate risk, liquidity risk management, and consumer protection, among other topics. Regions also participated in regulatory panels or banker roundtable events that provided a forum for bankers to receive information and raise questions about laws, regulations, or emerging risks.

INTERNATIONAL OUTREACH

Annual Performance Goal	Expand and strengthen the FDIC's participation and leadership role in supporting robust and effective deposit insurance programs, resolution strategies, and banking systems worldwide.
Indicator and Target	**2024 Result**
Engage with strategically important jurisdictions and organizations on international financial safety net issues.	**ACHIEVED**
Provide training and technical assistance to promote sound deposit insurance and effective bank supervision and resolution practices.	**ACHIEVED**

The FDIC works with regulatory and supervisory authorities from around the world, as well as international standard-setting bodies and multilateral organizations, such as the International Association of Deposit Insurers (IADI), the Association of Supervisors of Banks of the Americas (ASBA), the Basel Committee on Banking Supervision (BCBS), the Financial Stability Board (FSB), the International Monetary Fund (IMF), and the World Bank. The FDIC engaged with foreign regulatory counterparts by hosting foreign officials, conducting training seminars, delivering technical assistance, and participating in international organizations.

International Association of Deposit Insurers

FDIC officials and experts continued to participate in IADI programs, including reviewing and providing input on revision of the Core Principles for Effective Deposit Insurance Systems (Core Principles) and serving as a member of the High-Level Steering Group (HLSG), leading that effort. The FDIC hosted a meeting of the HLSG July 9-10, 2024. The FDIC led the development of a new training strategy to help develop and facilitate virtual and in-person workshops for the Africa, Asia-Pacific, Caribbean, European, Latin American, and North American regions of IADI.

Basel Committee on Banking Supervision

Throughout 2024, the FDIC supported and contributed to the development of international standards, guidelines, and practices for prudential regulation and supervision of banks through its longstanding membership in the BCBS. The FDIC's contributions included actively participating in many of the committee groups, working groups, and task forces established by the BCBS to carry out its work.

International Deposit Insurance and Resolution Capacity Building

Throughout 2024, the FDIC provided direct assistance programs to enhance global understanding of best practices in deposit insurance, bank supervision, and bank resolution. FDIC officials and staff shared their expertise with over 250 officials, representing more than 24 jurisdictions. The FDIC also provided technical assistance to multiple ASBA members on Operational Risk and Model Risk.

Supervision

Supervision is at the foundation of the FDIC's efforts to ensure the stability of, and public confidence in, the nation's financial system. The FDIC's supervision program promotes the safety and soundness of FDIC-supervised financial institutions, protects consumers' rights, and promotes community investment initiatives.

RISK MANAGEMENT EXAMINATION PROGRAM

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

Indicator and Target	2024 Result
Conduct all required risk management examinations within the timeframes prescribed by statute and FDIC policy.	ACHIEVED
For at least 90 percent of IDIs that are assigned a composite CAMELS rating of 2 and for which the examination report identifies Matters Requiring Board Attention (MRBAs), review progress reports and follow up with the institution within six months of the issuance of the examination report to determine whether all MRBAs are being addressed.	ACHIEVED
Continue to implement appropriate actions in response to the matters identified for further study in the comprehensive reviews of the failures of Signature Bank and First Republic Bank.	ACHIEVED

The FDIC's bank examination efforts are at the core of its supervisory program. As of December 31, 2024, the FDIC was the primary federal regulator for 2,848 FDIC-insured, state-chartered institutions that were not members of the Federal Reserve System (generally referred to as "state nonmember" institutions). As the primary regulator of these institutions, the FDIC assesses each institution's operating condition, management practices and policies, and compliance with applicable laws and regulations through risk management (safety and soundness), consumer compliance, Community Reinvestment Act (CRA), and other specialty examinations.

Statutorily required examinations and follow-up examinations for FDIC-supervised problem institutions were conducted within prescribed timeframes. Approximately 98 percent of all FDIC-supervised institutions are examined through point-in-time examinations. The following table shows the number of examinations by type, conducted from 2022 through 2024.

FDIC Examinations	2024	2023	2022
Risk Management (Safety and Soundness):			
State Nonmember Banks	1,087	1,125	1,202
Savings Banks	113	122	129
State Member Banks	0	0	0
Savings Associations	0	0	0
National Banks	0	0	0
Subtotal-Risk Management Examinations	**1,200**	**1,247**	**1,331**
CRA/Consumer Compliance Examinations:			
CRA/Consumer Compliance	710	675	631
Consumer Compliance only	101	181	355
CRA only	5	5	1
Subtotal—CRA/Compliance Examinations	**816**	**861**	**987**
Specialty Examinations:			
Trust Departments	264	255	305
IT and Operations	1,205	1,243	1,331
AML/CFT[1]	1,214	1,255	1,343
Subtotal—Specialty Examinations	**2,683**	**2,753**	**2,979**
TOTAL	**4,699**	**4,861**	**5,297**

Problem Institutions and Enforcement

Problem institutions are defined as those with a composite rating of 4 or 5 under the Uniform Financial Institutions Rating System (UFIRS)[2] for safety and soundness purposes. As of September 30, 2024, 68 insured institutions with total assets of $87.3 billion were designated as problem institutions for safety and soundness purposes. By comparison, on September 30, 2023, there were 44 problem institutions with total assets of $53.5 billion. This represents a 55 percent increase in the number of problem institutions and a 63 percent increase in problem institution assets. For the 12 months ended September 30, 2024, 14 institutions with aggregate assets of $7.2 billion were removed from the list of problem financial institutions, while 38 institutions with aggregate assets of $39.3 billion were added to the list. The FDIC is the primary federal regulator for 36 of the 68 problem institutions, with aggregate assets of $17.0 billion.

[1] The Anti-Money Laundering (AML) Act of 2020 amended subchapter II of chapter 53 of title 31 United States Code (the legislative framework commonly referred to as the "Bank Secrecy Act" or "BSA"). For purposes of consistency with the AML Act, the FDIC will now use the term "AML/CFT program" rather than "BSA/AML compliance program. "Use of "AML/CFT" has the same meaning as the previously used "BSA/AML."

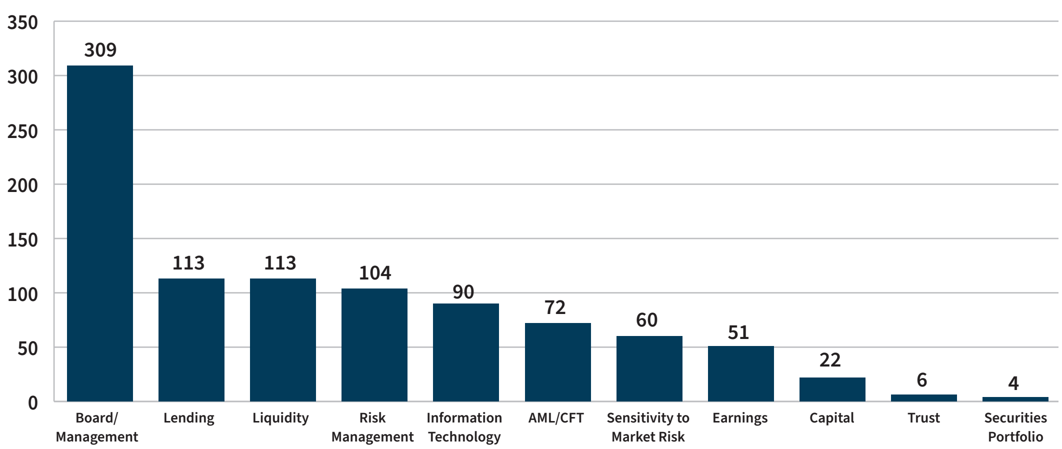
[2] Under the Uniform Financial Institutions Rating System (UFIRS), each financial institution is assigned a composite rating based on an evaluation of six financial and operational components, which are also rated. The component ratings reflect an institution's **C**apital adequacy, **A**sset quality, **M**anagement capabilities, **E**arnings sufficiency, **L**iquidity position, and **S**ensitivity to market risk (commonly referred to as CAMELS ratings). Ratings range from "1" (strongest) to "5" (weakest).

In 2024, the FDIC's Division of Risk Management Supervision (RMS) initiated 110 formal enforcement actions and 113 informal enforcement actions against supervised institutions. These actions included, but were not limited to, 25 actions under Section 8(b) of the FDI Act and 113 memoranda of understanding (MOUs). In addition, one civil money penalty (CMP) and one notice of assessment were issued against institutions. Of these enforcement actions against institutions, 18 MOUs and 16 formal actions (15 consent orders and one notice of assessment) were based, in whole or in part, on apparent violations of the Bank Secrecy Act (BSA) and other AML/CFT laws and regulations. In addition, enforcement actions were also initiated against individuals. These actions included, but were not limited to, 39 removal and prohibition actions under Section 8(e) of the FDI Act (35 consent orders and four notices of intention to remove/prohibit), five actions under Section 8(b) of the FDI Act (three consent orders, one notice of charges for an order for restitution, and one order to pay restitution), and 11 CMPs (nine orders to pay and two notices of assessment).

EXAMINATION PROCESSES

FDIC examiners make supervisory recommendations, including Matters Requiring Board Attention (MRBA), in Reports of Examination (ROE) and other examination-related communications to address safety and soundness risks. RMS met its goal of following up on at least 90 percent of MRBA within six months of the transmittal of the ROE. Through December 31, 2024, 944 MRBA items were recorded, with the most common MRBA addressing board and management concerns, lending-related matters, liquidity, risk management, and IT weaknesses.

VOLUME OF MRBA ISSUED IN 2024 BY CATEGORY



Source: FDIC. Data through 12/31/2024.
Note: Count reflects MRBA recorded at examination-related events in 2024.

The FDIC conducts two types of examinations:

- **Point-in-Time Examinations -** By law, risk management point-in-time examinations are conducted every 12 months, which can be extended to 18 months under certain circumstances, generally on an alternating basis with the appropriate state banking department.
- **Continuous Examinations –** Continuous examinations meet the statutory examination requirement by conducting examination activities throughout an annual examination cycle. These examination activities include on-site targeted reviews of specific areas, ongoing monitoring and assessment, and frequent communication with an institution's management, and culminate in an end-of-cycle roll-up report of examination.

Off-Site Monitoring is used to supplement and guide the examination process. The FDIC has developed a number of tools and programs that provide a line of sight into certain institutions between examinations. These institutions may report financial performance metrics outside of normal operation parameters or may be vulnerable to challenging economic conditions. Examples of institutions warranting off-site monitoring include:

- Institutions that have experienced rapid growth,
- Institutions with heightened exposure to interest rate risk,
- Institutions vulnerable to liquidity stress,
- Institutions with significant levels of uninsured deposits compared to their total funding, and
- Institutions with significant commercial real estate (CRE) concentrations.

Shared National Credit Program

The FDIC participates with the Federal Reserve System (FRB) and the Office of the Comptroller of the Currency (OCC) in the interagency Shared National Credit (SNC) program. The SNC program reviews certain loan commitments that exceed $100 million that are held by three or more financial institutions. The 2024 SNC portfolio totaled $6.5 trillion and grew 1.8 percent over the past year. Credit risk remains moderate, and the percentage of loans that deserve management's close attention ("non-pass" loans comprised of SNC commitments rated "special mention" and "classified") increased slightly from 8.9 percent of total commitments in 2023 to 9.1 percent in 2024. The increase is due to the pressure of higher interest rates and compressed operating margins in some industry sectors. Banks continue to own the largest share of SNC commitments, while nonbanks hold the largest share of special mention and classified loans. Nonbank holdings are concentrated in non-investment grade, leveraged term loans.

SPECIALTY EXAMINATIONS

The FDIC conducts applicable specialty examinations as part of the risk management examination of each institution. Specialty examination findings and the ratings assigned to those areas are taken into consideration, as appropriate, when assigning component and composite examination ratings under the UFIRS.

Trust/Registered Transfer Agent (RTA)/Municipal Securities Dealer (MSD)/Government Securities Dealer (GSD) Examinations

The FDIC examines trust, RTA, municipal securities dealer, and government securities dealer risk management practices at institutions that engage in these activities. As of December 31, 2024, the FDIC had performed 253 trust, one GSD, one MSD and nine RTA examinations. Of the 253 trust examinations, 23 were related to entities in the continuous examination program.

Information Technology and Cybersecurity Examinations

Annual Performance Goal	Implement strategies to promote enhanced cybersecurity and business continuity within the banking industry.
Indicator and Target	**2024 Result**
Continue to conduct horizontal reviews that focus on the IT risks in large, complex institutions and service providers.	ACHIEVED
Continue to conduct service provider examinations using the Cybersecurity Examination Program.	ACHIEVED
Conduct IT examinations as part of every FDIC safety and soundness examination of FDIC-insured institutions.	ACHIEVED
Amplify cybersecurity threat information as needed.	ACHIEVED
Strengthen administration of the IT examination program.	ACHIEVED

The FDIC examines IT risk management practices, including cybersecurity, at each risk management examination. Examiners assign an IT rating using the Federal Financial Institutions Examination Council (FFIEC)[3] Uniform Rating System for Information Technology. Throughout 2024, the FDIC conducted 1,205 IT examinations at state nonmember institutions and issued four formal IT-related enforcement actions.

The FDIC examines the banking services provided to institutions by technology service providers; a cybersecurity review is included in the scope of these examinations. For the most significant service providers, the FDIC, FRB, and OCC also horizontally reviewed privileged access management, quantum readiness, and management of cloud technology in 2024. The FDIC, FRB, and OCC use the Cybersecurity Examination Procedures, developed by the

[3] The FFIEC member entities are the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Consumer Financial Protection Bureau (CFPB), the National Credit Union Administration (NCUA), and the State Liaison Committee. The FFIEC was established in March 1979 to prescribe uniform principles, standards, and report forms and to make recommendations to promote uniformity in supervisory matters. Issuance of this statement aligns with the FFIEC's mission of promoting consistency in supervisory matters.

agencies, to ensure consistent evaluation of the identification, mitigation, and management of cybersecurity risk within the significant service provider portfolio.

The FDIC actively engages with both the public and private sectors to assess emerging cybersecurity threats and other operational risk issues. FDIC staff meet regularly with the Financial and Banking Information Infrastructure Committee (FBIIC), the Financial Services Sector Coordinating Council for Critical Infrastructure Protection and Homeland Security, the Department of Homeland Security, the Financial Services Information Sharing and Analysis Center (FS-ISAC), other regulatory agencies, and law enforcement to share information regarding emerging issues and to coordinate responses.

The FDIC shares information obtained from these engagements with examiners. To support, but not replace, an institution's threat awareness program, the FDIC amplifies communications from law enforcement, security, and intelligence agencies when the threats or vulnerabilities identified could affect a large number of financial institutions, and the threats or vulnerabilities could result in severe disruptions to banking services or unauthorized access to non-public information. Further, the banking regulators encourage institutions to participate in information-sharing forums such as FS-ISAC.

Anti-Money Laundering /Countering the Financing of Terrorism

Annual Performance Goal	Assist in protecting the infrastructure of the U.S. banking system against terrorist financing, money laundering, and other financial crimes.
Indicator and Target	**2024 Result**
Conduct all AML/CFT examinations within the timeframes prescribed by statute and FDIC policy.	**ACHIEVED**

The FDIC examines institutions' compliance with BSA and other AML/CFT laws and regulations as part of each risk management examination. The FDIC also examines AML/CFT programs during examinations conducted by state banking authorities if the state lacks the authority or resources to conduct the examination. In total, during 2024, the FDIC conducted 1,214 AML/CFT examinations.

Throughout 2024, the FDIC worked with the FRB, OCC, National Credit Union Administration (NCUA), and U.S. Department of the Treasury (Treasury), including the Financial Crimes Enforcement Network (FinCEN), on initiatives related to the AML Act.

FDIC staff continued to consult with FinCEN on the Beneficial Ownership Information reporting required by the Corporate Transparency Act[4] and continues to work with the group on the AML/CFT program rule.

In addition, the FDIC has undertaken a number of initiatives in 2024 to protect the banking industry from criminal financial activities. These include holding a financial crimes-focused

[4] The Corporate Transparency Act (CTA) establishes uniform beneficial ownership information reporting requirements for certain types of corporations, limited liability companies, and other similar entities created in or registered to do business in the United States. The CTA authorizes FinCEN to collect that information and disclose it to authorized government authorities and financial institutions, subject to effective safeguards and controls.

conference with the Department of Justice in June 2024 for examiners, lawyers, and others from federal banking and law enforcement agencies and helping financial institutions identify and shut down "phishing" websites that attempt to fraudulently obtain an individual's confidential personal or financial information.

CONSUMER COMPLIANCE EXAMINATION PROGRAM

The FDIC's consumer compliance examination program promotes compliance with federal consumer protection laws, fair lending statutes (e.g., the Equal Credit Opportunity Act and the Fair Housing Act), the Community Reinvestment Act (CRA), and the regulations that implement these laws.

Annual Performance Goal	Conduct on-site Community Reinvestment Act (CRA) and consumer compliance examinations to assess compliance with applicable laws and regulations by FDIC-supervised institutions. When violations are identified, promptly implement appropriate corrective programs/actions and follow up until the violations are fully corrected.
Indicator and Target	**2024 Result**
Conduct all required examinations within the timeframes established.	**ACHIEVED**
Conduct visits and/or follow-up examinations in accordance with established FDIC processes and timeframes to determine whether institutions have implemented the requirements of any corrective program and have fully addressed identified violations.	**SUBSTANTIALLY ACHIEVED**
Develop examiner and banker awareness training on the interagency final rule to modernize and strengthen CRA regulations.	**NOT ACHIEVED***
Begin development of interagency examination procedures on the final CRA rule.	**NOT ACHIEVED***

*Given that the District Court for the Northern District of Texas granted the motion for a preliminary injunction of the final CRA rule, and the court in Texas Bankers Association, et al. v. Office of the Comptroller, et al. enjoined the federal banking agencies from enforcing the final CRA rule, the FDIC did not achieve this annual performance goal.

In 2024, the FDIC conducted all required consumer compliance and CRA examinations. In both 2023 and 2024, the FDIC implemented a temporary policy on examination frequency to address a shortage of commissioned examiners. The temporary policy allowed consumer compliance-only examinations to be waived for certain highly-rated banks determined to represent a low risk of potential consumer harm, based on established criteria. Also in 2024, with one exception, the FDIC conducted all follow-up examinations and visitations in accordance with the timeframes prescribed by FDIC policy.

As of December 31, 2024, 49 insured state nonmember institutions with total collective assets of $94.3 billion had either a consumer compliance rating of "4" or "5" and/or a CRA rating of "Needs to Improve" or "Substantial Noncompliance." Four institutions had both a consumer compliance rating of "4" or "5" and a CRA rating of "Needs to Improve" or "Substantial Noncompliance."

As of December 31, 2024, the Division of Depositor and Consumer Protection (DCP) initiated 31 formal enforcement actions and 23 informal enforcement actions, such as Board Resolutions and MOUs, to address consumer compliance examination findings. These formal enforcement actions included four 8(b) orders, two 8(e) orders, two 10(c) investigations, and 23 civil money penalties (CMPs). The CMPs addressed nine violations of the Flood Disaster Protection Act, 11 violations of Section 5 of the Federal Trade Commission Act for Unfair or Deceptive Acts or Practices, two for substantial Home Mortgage Disclosure Act violations at consecutive examinations, and one instance of unsafe and unsound banking practices. CMPs totaled approximately $5.6 million.

In addition to consumer refunds resulting from the assistance provided by the FDIC's Consumer Response Unit (see discussion under the Consumer Complaints and Inquiries section), consumer compliance examination findings prompted banks to make voluntary restitution of approximately $33.3 million to 397,185 consumers including Truth in Lending Act reimbursements of approximately $517 thousand to 45,848 consumers.

FOCUS and the Banker Engagement Site

The Framework for Oversight of Compliance and CRA Activities User Suite (FOCUS) is FDIC's examination and supervision system of record. Additional capabilities to improve system functionality were fully integrated into the FOCUS system in April 2024. Further, the Banker Engagement Site (BES) continues to provide a secure portal to collaborate and exchange documents, information, and communication primarily for Pre-Examination Planning activities related to consumer compliance and CRA examinations. In February 2024, state regulators that conduct joint or coordinated examinations with DCP were provided access to applicable BES capabilities. The agile development of FOCUS and BES continuously leverages technology to be responsive to FDIC business requirements, user needs, enhancements, and initiatives.

Consumer Compliance Supervisory Highlights

The FDIC's *Consumer Compliance Supervisory Highlights* is a publication designed to enhance transparency regarding consumer compliance supervisory activities. The publication includes a high-level overview of consumer compliance issues identified by the FDIC during the prior year's supervision of state nonmember banks. In March 2024, the FDIC published an issue that included a summary of the overall results of the FDIC's consumer compliance examinations of supervised institutions in 2023, a description of the most frequently cited violations and other consumer compliance examination observations, information on regulatory developments, a summary of consumer compliance resources and information available to financial institutions, and an overview of consumer complaint trends.

EXAMINER TRAINING AND DEVELOPMENT

In 2024, the FDIC continued to emphasize the importance of delivering timely and effective examiner training programs. On-the-job training remains the most significant part of developmental activities; however, examiners also benefit from a mix of classroom, virtual instructor-led, and asynchronous (such as computer-based) training.

Senior and mid-level managers oversee all training and development activities to ensure that FDIC staff and state regulatory partners receive training that is effective, appropriate, and current. The FDIC collaborates with partners across the organization and at the FFIEC to ensure emerging risks and topics are incorporated into training and conveyed to staff. Training and development activities target all levels of examination staff. Experienced FDIC staff develops most of the examiner training courses. Tenured and knowledgeable internal instructors deliver most of the training, recognizing the essential role that peer-to-peer knowledge transfer plays in skills enhancement and the preservation of institutional knowledge.

EMERGING TECHNOLOGY

The FDIC continues to work to identify and understand emerging technology, and ensure the Corporation is prepared to address the changing landscape in financial services. Since 2016, these efforts involved the FDIC's Emerging Technology Steering Committee, which is supported by two staff-level working groups.

In addition, in 2024, RMS' Emerging Technology Section continued to provide examination support and lead policy development related to emerging technologies. Similarly, DCP's Technology Enterprise and Consumer Harm Risk and Innovation Section continued to expand technical knowledge and supervision capabilities of emerging technologies as they are adopted in financial services. These sections join the Legal Division's Emerging Technology & AML/Cyber Fraud Policy Group, which focuses on legal issues facing both the FDIC and its supervised and insured banks and savings associations arising from emerging forms of technology.

These efforts have also involved FDITECH, which works across the FDIC to address critical business needs through the use of new automations, technology innovations, and process improvements. In 2024, FDITECH partnered with DCP to pilot the use of machine learning to replace manual methods of collecting data during compliance examinations of FDIC-supervised financial institutions.

RULEMAKING AND GUIDANCE

Annual Performance Goal	Ensure that risk-based capital standards sufficiently capture risk, remain robust, and promote banks' resilience under stress.
Indicator and Target	**2024 Result**
Issue a final rule to implement the final Basel III standards to strengthen capital requirements applicable to large banks into the U.S. regulatory capital framework.	**NOT ACHIEVED**

Annual Performance Goal	Update rules, regulations, and other guidance to promote the safety and soundness of the financial system.
Indicator and Target	**2024 Result**
Review and, as appropriate, amend the FDIC's regulations, Statements of Policy, and internal procedures related to financial institution mergers.	**ACHIEVED**
Continue to assess the potential safety and soundness, consumer protection, AML/CFT, and financial stability risks of crypto-asset-related activities, and provide supervisory feedback or take other actions, as appropriate, regarding crypto-asset-related activities.	**ACHIEVED**
Based on lessons learned from the bank failures in early 2023, and in coordination with the OCC and FRB, recommend changes to the prudential regulation of capital, liquidity, and interest rate risk (including the capital treatment of unrealized losses).	**ACHIEVED**

Throughout 2024, the FDIC finalized and initiated a number of rulemakings governing the regulatory framework for insured banks and issued supervisory guidance to insured institutions on a number of current issues.

Basel III Capital Standards

On July 27, 2023, the FDIC, FRB, and OCC issued a proposed rulemaking seeking comment on a proposal to modify capital requirements for large banking organizations.[5] The changes would revise the risk-based capital requirements for banks with $100 billion or more in total assets in a manner that broadly aligns with the final components of the Basel III standards.

The proposal would standardize aspects of the capital framework related to credit risk, market risk, operational risk, and credit valuation adjustment risk. The proposal would also require banking organizations to include unrealized gains and losses from certain securities in their capital ratios. The FDIC did not achieve its goal of finalizing this proposal in 2024.

Revisions to Merger Statement of Policy (Proposed and Finalized)

On September 17, 2024, the FDIC Board approved a Final Statement of Policy (SOP) on Bank Merger Transactions for publication in the *Federal Register*. The Final SOP addresses the scope of transactions subject to FDIC approval, the FDIC's process for evaluating merger applications, and the principles that guide the FDIC's consideration of the applicable statutory factors as set forth in the Bank Merger Act.

On, March 3, 2025, the FDIC Board of Directors approved a proposal that would rescind the SOP and reinstate the prior Merger Statement of Policy.[6] This action was taken in light of concerns that implementation of the SOP would add considerable uncertainty to the merger approval process.

[5] See *Agencies Request Comment on Proposed Rules to Strengthen Capital Requirements for Large Banks, FDIC Press Release* (July 27, 2023); available at https://www.fdic.gov/news/press-releases/2023/pr23055.html.
[6] See *FDIC Board of Directors Approves Proposal to Rescind 2024 Bank Merger Policy Statement,* FDIC Press Release *(*March 3, 2025); available at https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-approves-proposal-rescind-2024-bank-merger-policy

Incentive-Based Compensation Arrangements Notice of Proposed Rulemaking

In May 2024, the FDIC approved a Notice of Proposed Rulemaking (NPR) and request for comment entitled Incentive-Based Compensation Arrangements, a rule to implement Section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). In this NPR, the FDIC, OCC, NCUA, and the Federal Housing Finance Agency (FHFA) re-proposed the regulatory text previously proposed in June 2016, along with certain alternatives and questions, for public comment. The NPR was not published in the *Federal Register* because Section 956 requires six Federal agencies to jointly adopt standards regarding incentive-based compensation arrangements and the Federal Reserve Board and Securities Exchange Commission did not approve the NPR.

On March 3, 2025, the FDIC Board of Directors adopted a Resolution that revoked the authority of FDIC Staff to publish the NPR in the *Federal Register*.[7]

Anti-Money Laundering/Countering the Financing of Terrorism Program Requirements (Proposed Rule)

In July 2024, the FDIC, OCC, FRB, and NCUA issued an NPR to amend requirements each agency has issued for its supervised banks (currently referred to as BSA compliance programs) to establish, implement, and maintain effective, risk-based, and reasonably designed AML/CFT programs.[8] The amendments are intended to align with changes concurrently proposed by FinCEN, which primarily result from requirements in the AML Act. Proposed rule amendments incorporate a risk assessment process that requires, among other things, consideration of the national AML/CFT Priorities published by FinCEN, and add Customer Due Diligence requirements, which are currently part of FinCEN's rule for banks. Other proposed changes codify longstanding supervisory expectations and conform to AML Act requirements.

Residential Real Estate Valuations (Final Guidance)

In July 2024, the FDIC, FRB, NCUA, OCC, and Consumer Financial Protection Bureau (CFPB) issued the *Interagency Guidance on Reconsiderations of Value (ROV) of Residential Real Estate Valuations*.[9] The guidance highlights the risks associated with deficient residential real estate valuations, particularly those that can contain errors, omissions, or discrimination that affect the value conclusion. Additionally, the guidance describes how financial institutions may incorporate effective ROV processes into

[7] See FDIC Board of Directors Withdraws Four Outstanding Proposed Rules, Press Release (March 3, 2025); available at https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-withdraws-four-outstanding-proposed-rules#).

[8] See *Agencies Request Comment on Anti-Money Laundering/Countering the Financing of Terrorism Proposed Rule*; FDIC Press Release (July 19, 2024); available at: https://www.fdic.gov/news/press-releases/2024/agencies-request-comment-anti-money-launderingcountering-financing.

[9] *See Agencies Finalize Interagency Guidance on Reconsiderations of Value for Residential Real Estate Valuations, FIL-41-2024 (July 18, 2024);* available at https://www.fdic.gov/news/financial-institution-letters/2024/agencies-finalize-interagency-guidance-reconsiderations. See also 89 FR 60549 (July 26, 2024) https://www.govinfo.gov/content/pkg/FR-2024-07-26/pdf/2024-16200.pdf

established appraisal and evaluation programs, consistent with safety and soundness standards and all applicable laws and regulations, including those designed to protect consumers.

In February 2024, the FDIC, through the FFIEC, issued the *Statement on Examination Principles Related to Valuation Discrimination and Bias in Residential Lending.*[10] This statement communicates principles for the examination of supervised institutions' residential property appraisal and evaluation (valuation) practices to mitigate risks that may arise due to potential discrimination or bias in those practices, and promote credible valuations.

Automated Valuation Models (Final Rule)

In August 2024, the FDIC, OCC, FRB, NCUA, FHFA, and CFPB published the final rulemaking to implement quality control standards for the use of automated valuation models (AVMs) used by mortgage originators and secondary market issuers in valuing real estate collateral securing mortgage loans.[11]

Under the final rule, the agencies require institutions that engage in certain credit decisions or securitization determinations to adopt policies, practices, procedures, and control systems to ensure that AVMs used in these transactions to determine the value of mortgage collateral adhere to quality control standards designed to ensure a high level of confidence in the estimates produced by AVMs; protect against the manipulation of data; seek to avoid conflicts of interest; require random sample testing and reviews; and comply with applicable nondiscrimination laws. The final rule becomes effective October 1, 2025.

Request for Information on Bank-Fintech Arrangements

In July 2024, the FDIC, OCC, and FRB published an RFI on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses[12] to gather additional information on deposit arrangements addressed in the joint statement, as well as other types of arrangements in the areas of payments and lending. The RFI solicits input on the nature and implications of bank-Fintech arrangements and effective risk management practices and on whether enhancements to existing supervisory guidance may be helpful in addressing risks associated with these arrangements.

[10] *See FFIEC Issues Statement on Examination Principles Related to Valuation Discrimination and Bias in Residential Lending, FFIEC* Press Release (February 12, 2024); available at https://www.ffiec.gov/press/pr021224.htm .
[11] *See* Agencies Issue Final Rule to Help Ensure Credibility and Integrity of Automated Valuation Models, FDIC Press Release (July 17, 2024)*;* available at https://www.fdic.gov/news/press-releases/2024/agencies-issue-final-rule-help-ensure-credibility-and-integrity-automated. See also 89 FR 64538 (August 7, 2024) https://www.govinfo.gov/content/pkg/FR-2024-08-07/pdf/2024-16197.pdf
[12] See 89 Fed. Reg. 61577 (July 31, 2024): Request for Information on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses. https://www.govinfo.gov/content/pkg/FR-2024-07-31/pdf/2024-16838.pdf

Unsafe and Unsound Practices: Brokered Deposit Restrictions

On July 30, 2024, the FDIC Board adopted an NPR that would amend regulations relating to the brokered deposit restrictions that apply to less than well-capitalized IDIs.[13] The proposed amendments would, among other things, revise the "deposit broker" definition and amend the analysis of the "primary purpose" exception to the "deposit broker" definition.

On March 3, 2025, the Board approved a Notice to withdraw the NPR.[14] This action was taken because revamping the brokered deposit rule would be a major undertaking that would significantly disrupt many aspects of the deposit landscape.

Parent Companies of Industrial Loan Banks and Industrial Loan Companies (NPR)

In July 2024, the FDIC Board approved an NPR to amend Part 354 of the FDIC Rules and Regulations governing parent companies of industrial banks and industrial loan companies (collectively, "industrial banks").[15] As proposed, the amendments would set forth additional criteria that the FDIC would consider when assessing the risks presented to an industrial bank by its parent organization and evaluating the industrial bank's ability to function independently of the parent organization. The proposed amendments would also clarify the relationship between written commitments and the FDIC's evaluation of the statutory factors applicable to an industrial bank filing. Finally, the proposed amendments would revise the scope of part 354 to include conversions involving a proposed industrial bank under Section 5 of the Home Owners' Loan Act and other situations, including those where an industrial bank would become a subsidiary of a company that is not subject to federal consolidated supervision.

Section 19 of the Federal Deposit Insurance Act (Final Rule)

On July 30, 2024, the FDIC Board approved a final rule that revised 12 C.F.R. part 303, subpart L, and part 308, subpart M to the Fair Hiring in Banking Act (FHBA).[16] Section 19 prohibits, without the prior written consent of the FDIC, a person convicted of any criminal offense involving dishonesty, breach of trust, or money laundering, or who has entered into a pretrial diversion or similar program in connection with a prosecution for such an offense, from becoming or continuing as an institution-affiliated party; owning or controlling, directly or indirectly, an insured institution; or otherwise participating, directly or indirectly, in the conduct of the affairs of an insured institution. The final rule incorporated changes made by

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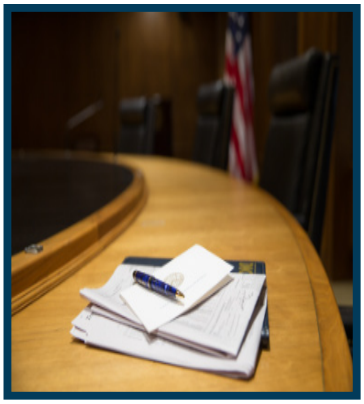
[13] See *FDIC Board Approves Proposed Rule to Revise Brokered Deposit Regulations, FDIC Press Release (July 30, 2024);* available at https://www.fdic.gov/news/press-releases/2024/fdic-board-approves-proposed-rule-revise-brokered-deposit-regulations. See also 89 FR 68244 (August 23, 2024) https://www.govinfo.gov/content/pkg/FR-2024-08-23/pdf/2024-18214.pdf

[14] See *FDIC Board of Directors Withdraws Four Outstanding Proposed Rules, Press Release (March 3, 2025)*; available at https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-withdraws-four-outstanding-proposed-rules#

[15] See *FDIC Board Approves Proposed Rule to Amend the Agency's Regulations Governing Parent Companies of Industrial Banks and Industrial Loan Companies*, Press Release (July 30, 2024); available at https://www.fdic.gov/news/press-releases/2024/fdic-board-approves-proposed-rule-amend-agencys-regulations-governing. See also 89 FR 65556 (August 12, 2024) https://www.fdic.gov/system/files/2024-07/fr-proposed-rule-on-parent-companies-of-industrial-banks-and-industrial-loan-companies_0.pdf

[16] See *Final Rule to Revise FDIC Regulations Concerning Section 19 of the Federal Deposit Insurance Act*, FIL-49-2024 (July 30, 2024); available at https://www.fdic.gov/news/financial-institution-letters/2024/final-rule-revise-fdic-regulations-concerning-section-19. See also 89 FR 64353 (August 7, 2024) https://www.govinfo.gov/content/pkg/FR-2024-08-07/pdf/2024-17327.pdf.



the FHBA to Section 19 and aligned the FDIC's Section 19 regulations with the FHBA's provisions. These revisions addressed, among other topics, the types of offenses covered by Section 19; the effect upon covered offenses of expungement, sealing, and dismissal of a criminal record; and the FDIC's procedures for reviewing applications filed under Section 19.

Areas Affected by Natural Disasters

During 2024, the FDIC issued 45 advisories through Financial Institution Letters (FILs) to provide guidance to financial institutions in areas affected by hurricanes, tornadoes, straight-line winds, flooding, wildfires, landslides, and other severe storms to facilitate recovery.[17] In these advisories, the FDIC encouraged financial institutions to work constructively with borrowers experiencing financial difficulties as a result of natural disasters and clarified that prudent extensions or modifications of loan terms in such circumstances could contribute to the health of communities and serve the long-term interests of lending institutions.

The FDIC also joined the FRB, NCUA, OCC, and state regulatory agencies to issue press releases on supervisory practices regarding financial institutions impacted by Hurricanes Helene and Milton. These press releases encouraged financial institutions to work constructively with borrowers and offered to expedite requests for temporary facilities to provide more convenient availability of services to those affected by these disasters.

Appraisal Waiver for Maui County

In March 2024, the FDIC, FRB, NCUA, and OCC exercised the agencies' statutory authority under the Depository Institution Disaster Relief Act of 1992 to issue a statement and order to provide temporary exceptions to appraisal requirements for real estate-related transactions in Maui County that were affected by the Hawaii wildfires in order to facilitate the recovery process. The temporary exception expires on August 10, 2026.

Regulatory Review of Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) of 1996

In 2024, the FDIC, along with the other federal banking agencies, launched a review of regulations in accordance with the EGRPRA to identify and eliminate any regulatory requirements that are outdated, unnecessary, or unduly burdensome.

[17] See e.g. *Guidance to Help Financial Institutions and Facilitate Recovery in Areas of Montana Affected by a Severe Storm and Straight-line Winds*, FIL-80-2024 (November 15, 2024); available at https://www.fdic.gov/news/financial-institution-letters/2024/guidance-help-financial-institutions-and-facilitate-33, and *Guidance to Help Financial Institutions and Facilitate Recovery in an Area of Alaska Affected by a Severe Storm, Landslides, and Mudslides*, FIL-10-2024 (March 20, 2024); available at https://www.fdic.gov/news/financial-institution-letters/2024/fil24010.html.

To facilitate the review, the agencies categorized their regulations into 12 separate groups. Over the course of two years, groups of regulations will be published for comment periods of 90 days, providing industry participants, consumer and community groups, and other interested parties an opportunity to identify regulatory requirements they believe are no longer needed or should be modified. After all the categories of regulations have been published, the agencies will consider and make any appropriate regulatory changes and issue a joint report to Congress detailing the significant issues raised by the public, any actions taken by the agencies, and any recommendations for legislative actions.

The agencies also held a virtual outreach session on September 25, 2024, to facilitate awareness and to listen to suggestions from bankers, consumer advocates, and other interested parties. More information about this review, including details on future outreach meetings as they are finalized, can be found at https://egrpra.ffiec.gov/index.html.

Mission Driven Banks

Annual Performance Goal	Increase engagement and collaboration to preserve and promote FDIC-insured minority depository institutions (MDIs) and mission-driven institutions.
Indicator and Target	**2024 Result**
Convene meetings of the MDI Subcommittee of the Advisory Committee on Community Banking (CBAC) to gain insight into industry needs, seek input on program operations, and share best practices.	**ACHIEVED**
Facilitate partnership opportunities between larger banks and MDIs by collaborating in outreach and training regarding the benefits of CRA modernization. Collect and publish examples of successful partnerships.	**ACHIEVED**
Promote the creation of new MDIs.	**ACHIEVED**

During 2024, the FDIC pursued several strategies to fulfill the statutory goals established under Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) with respect to minority depository institutions (MDIs).[18] In support of the goal to preserve the number of MDIs, FDIC leadership and staff engaged regularly with these bankers to understand their challenges and opportunities. The FDIC also hosted MDI regional roundtables to bring together bankers and their regulators to discuss regulatory hot topics and share information on collaboration and partnering opportunities.

[18] FIRREA established five goals related to MDIs: To preserve the number of MDIs; to preserve the minority character in cases involving a merger or acquisition of an MDI; to provide technical assistance to help prevent insolvency of MDIs; to promote and encourage creation of new MDIs; and to provide training, technical assistance, and educational programs for MDIs.

During the year, the FDIC continued efforts to improve communication and interaction with and to respond to the concerns of mission-driven bankers. The agency maintains active outreach with trade groups and offers to arrange annual meetings between FDIC regional management and each bank's board of directors to discuss issues of interest. The FDIC also conducts an annual survey to obtain feedback from bankers and to help assess the effectiveness of the MDI program.

At the conclusion of each examination of an FDIC-supervised MDI, FDIC staff is available to return to the institution to provide technical assistance by reviewing areas of concern or topics of interest. The purpose of return visits is to assist management in understanding and implementing examination recommendations, not to identify new problems.

Activities Related to Large and Complex Financial Institutions

SUPERVISION AND RISK ASSESSMENT

Monitoring and Measuring Systemic Risks

The FDIC monitors risks related to large and complex financial institutions (LCFIs), including U.S. global systemically important banks (GSIBs), other large domestic banks and foreign banking organizations (FBOs), and systemically important financial market utilities at both the firm-level and industry-wide to inform supervisory planning and response, policy and guidance considerations, and resolution planning efforts. As part of this monitoring, the FDIC analyzes each company's risk profile, governance and risk management strategies, structure and interdependencies, business operations and activities, management information system capabilities, and recovery and resolution capabilities. Evaluating capital and liquidity adequacy and resiliency under stressed conditions is also a key part of risk monitoring.

The FDIC works closely with the other federal banking agencies as well as foreign regulators to analyze institution-specific and industry-wide conditions and trends, emerging risks and outliers, risk management, and the potential risk posed by LCFIs. To support risk monitoring, the FDIC has developed systems and reports that make extensive use of data. Monitoring reports cover a variety of aspects that include risk components, business lines and activity, market trends, and product analysis.

In addition, the FDIC prepares planning and assessment documents, including the Supervisory Risk and Resolution Activities Plan (SRRAP), CISR Risk Monitor (CRM), SIFI Risk Report (SRR), and CAMELS Verification analysis.[19] Information from these and other FDIC-prepared reports is used to prioritize activities relating to oversight of LCFIs and to coordinate supervisory and resolution-related activities with the other banking agencies.

Back-Up Supervision Activities for IDIs

Risk monitoring is enhanced by the FDIC's backup supervision activities. These activities include performing analyses of industry conditions and trends, supporting insurance pricing, participating in supervisory activities with other regulatory agencies, and exercising independent examination and enforcement authorities when necessary. The table below highlights the FDIC's backup supervision activities for 2024.

During 2024, FDIC staff participated in 52 targeted examinations and 61 reviews as part of 9 horizontal examination programs, with the FRB or OCC, involving GSIBs, FBOs, and large regional banks.	
Targeted Examinations	**Horizontal Examinations**
Targeted examinations included, but were not limited to, the evaluation of interest rate risk, liquidity risk, commercial real estate, enterprise risk governance, model risk management, nonbank financial institutions, third-party risk management, market risk, and trading activities.	***Horizontal examinations*** included the Comprehensive Capital Analysis and Review, Horizontal Capital Review, Horizontal Capital Exam, Shared National Credits, Horizontal Liquidity Review, FRB's Recovery Planning, OCC's Recovery Planning, Fundamental Review of the Trading Book, and Interagency Coordinated Cybersecurity Review.

At institutions where the FDIC is not the primary federal regulator, FDIC staff work closely with other regulatory authorities to identify emerging risks and assess the overall risk profile of large and complex institutions. As part of backup supervision, the FDIC has assigned dedicated staff to IDIs that are LCFIs to enhance risk-identification capabilities and facilitate the communication of supervisory information.

[19] The SRRAP is an annual planning tool that provides an overview of firm strategies, organizational structure, and priority risk focus areas and related supervisory strategies. The CRM is an off-site monitoring system that combines bank holding company quantitative financial information with qualitative information to support CISR's identification and assessment of firm and broader market stress. The SRR identifies key vulnerabilities of systemically important firms, and the CAMELS Verification document includes an independent assessment of the appropriateness of supervisory CAMELS ratings for the IDIs held by these firms.

RESOLUTION PLANNING

Annual Performance Goal	Identify and address risks in LCFIs, including those designated as systemically important.
Indicator and Target	**2024 Result**
In collaboration with the FRB, complete review of the resolution plans submitted in July 2023 pursuant to Section 165(d) of the Dodd-Frank Act for conformance to statutory and other regulatory requirements, including testing certain capabilities the firms need to successfully implement their strategies.	ACHIEVED
In partnership with the FRB, complete a review of comments received in response to the NPR published in September 2023, and recommend to the FDIC Board a proposed final rule requiring LCFIs to issue long-term debt to enhance options for their resolution in the event of financial distress.	NOT ACHIEVED
In partnership with the FRB, recommend to the Board proposed final guidance on resolution plans submitted pursuant to Section 165(d) of the Dodd-Frank Act by BHCs that are classified as "Triennial Full Filers."	ACHIEVED
Review resolution plans submitted pursuant to the IDI rule for conformance to regulatory requirements.	ACHIEVED
Implement improvements to the FDIC's review of IDI resolution plans based on the lessons learned from prior reviews and the three large regional bank failures in early 2023.	ACHIEVED
Recommend to the Board a proposed final rule to strengthen resolution planning requirements for IDIs.	ACHIEVED
Conduct ongoing risk analysis and monitoring of LCFIs to better understand and assess their structure, business activities, risk profiles, and recovery and resolution plans.	ACHIEVED

Annual Performance Goal	Continue to build the FDIC's operational readiness to administer the resolution of LCFIs, including those designated as systemically important.
Indicator and Target	**2024 Result**
Continue to refine plans and strategic options to ensure the FDIC's operational readiness to administer the resolution of LCFIs.	ACHIEVED
Continue to deepen and strengthen working relationships with key foreign jurisdictions, both on a bilateral basis and through multilateral venues.	ACHIEVED

Title I Plan Submissions

Title I resolution plans for the eight most systemically important domestic banking organizations were submitted on or before July 1, 2023. The FDIC and FRB jointly evaluated these plans and provided feedback letters to each of the eight banks in June 2024. In certain instances, the feedback letters identified weaknesses that are to be addressed in the next resolution plan submission due July 2025. The feedback letters also specified that each bank should address the topics of contingency planning and obtaining foreign government actions necessary to execute the resolution strategy.

Title I and IDI Resolution Plan Reviews

Title I of the Dodd-Frank Act requires certain large banking organizations and nonbank financial companies designated by the Financial Stability Oversight Committee (FSOC) for supervision by the FRB to periodically submit resolution plans to the FDIC and FRB. Each Title I resolution plan, commonly known as a "living will," must describe the firm's strategy for resolution under the U.S. Bankruptcy Code in the event of material financial distress or failure of the company. Among other things, the Title I resolution plans must identify each firm's critical operations, core business lines, and the key obstacles to a rapid and orderly resolution. These plans include both confidential and public sections.

In accordance with the Dodd-Frank Act, the FDIC coordinates with the FRB to review Title I resolution plan submissions. If it is determined that a resolution plan is not credible, the FDIC and the FRB will jointly notify the firm in writing of such determination and describe the deficiencies in the resolution plan that resulted in the determination.

Section 360.10 of the FDIC regulations (IDI rule) requires the submission of resolution plans by IDIs with $100 billion or more in total assets and the submission of informational filings by IDIs with at least $50 billion but less than $100 billion in total assets.[20]

IDI Plan Submissions

IDI resolution plans for 12 IDIs were submitted in 2023. All plans have been reviewed and feedback was provided to the institutions in 2024.

Large Regional Bank Resolution Planning

The FDIC also undertakes institution-specific resolution planning under the FDI Act for IDIs with over $100 billion in total assets, drawing on both submissions under the IDI rule by the firms and follow-on engagement with the firms. The development of a large regional bank resolution framework and process guides builds on lessons learned from historical resolutions and practices developed in connection with Title II resolution readiness planning for LCFIs. The FDIC continues to incorporate lessons learned from the three large bank failures that occurred in the spring of 2023 into its development of these plans.

Title II Orderly Liquidation Authority Planning

Title II of the Dodd-Frank Act provides a backup authority for resolving a financial company if resolution under the U.S. Bankruptcy Code would result in serious adverse effects to U.S. financial stability. There are strict parameters on the use of the Title II Orderly Liquidation Authority, however, and it can only be invoked under a statutorily prescribed recommendation and determination process, coupled with an expedited judicial review process.

[20] 12 CFR 360.10.

On April 10, 2024, Martin J. Gruenberg, then FDIC Chairman, presented the Overview of Resolution Under Title II of the Dodd-Frank Act to the Peterson Institute for International Economics in Washington, D.C.

The FDIC continues to improve and mature its Title II framework, including strengthening governance practices, improving internal process documentation, further specifying roles and responsibilities, enhancing training, and allocating additional resources. This work remains part of the FDIC's ongoing strategic initiatives. In support of this framework, in September 2024, the FDIC participated in an interagency exercise with the U.S. Treasury to test the operational steps for funding a Title II resolution.

The FDIC has undertaken institution-specific strategic planning to carry out its Orderly Liquidation Authority with respect to the largest GSIBs operating in the United States. The strategic plans and resolution optionality being developed for these firms are informed by the Title I plan submissions. In addition, work continues on the development of resolution strategies for the eight financial market utilities that have been designated as systemically important by the FSOC.

In April 2024, the FDIC published an Overview of Resolution Under Title II which details how the FDIC could resolve a U.S. GSIB, if needed. [21]

RESOLUTION GUIDANCE AND RULEMAKING

In 2024, the FDIC took action to finalize a set of guidelines and a rulemaking to enhance resolution planning and preparedness, including for large IDIs.

Guidance for Title I Resolution Plan Submissions of Domestic and Foreign Triennial Full Filers

On August 15, 2024, the FDIC and FRB published two joint guidance documents—Guidance for Resolution Plan Submissions of Domestic Triennial Full Filers and Guidance for Resolution Plan Submissions of Foreign Triennial Full Filers,[22] which generally apply respectively to domestic firms and FBOs generally with more than $250 billion in total assets, though not the largest and most complex domestic financial companies, for which guidance is already in place. This new guidance addresses the specific characteristics of, and risks posed by, this group of banks, which are the triennial full filers because they must submit a resolution plan every three years. It also supersedes previously issued guidance to certain FBOs in 2020.

[21] "Overview of Resolution Under Title II of the Dodd-Frank Act," April 2024, https://www.fdic.gov/system/files/2024-07/spapr1024b_0_1.pdf

[22] *Guidance for Resolution Plan Submissions of Domestic Triennial Full Filers* is available at https://www.fdic.gov/system/files/2024-07/fr-guidance-for-resolution-plan-submissions-of-domestic-triennial-full-filers.pdf; Guidance for Resolution Plan Submissions of Foreign Triennial Full Filers is available at https://www.fdic.gov/system/files/2024-07/fr-guidance-for-resolution-plan-submissions-of-foreign-triennial-full-filers.pdf

The guidance is organized around key areas of potential vulnerability, such as capital, liquidity, and operational capabilities that could be needed in resolution. Distinct from the guidance to the largest and most complex domestic financial companies, this guidance provides the agencies' expectations for strategies that use either a single point of entry or that anticipate resolution of the IDI under the FDI Act (often referred to as a multiple point of entry strategy). This reflects the fact that each resolution strategy poses distinct risks and requires its own type of planning and capabilities development for successful strategy execution.

The guidance also recognizes that the preferred resolution outcome for FBOs is often a successful home country-led resolution and guides FBOs on how to address the global resolution plan in their U.S. resolution plans.

The next resolution plan submission date for the triennial full filers, to which these guidance documents apply, is October 1, 2025.

Resolution Plans and Informational Filings for Large IDIs

On July 9, 2024, the FDIC published a final rule that revised the resolution planning requirements for large IDIs.[23] This amended rule revised the existing IDI resolution planning framework under 12 CFR 360.10 and set expectations for resolution plans and for informational filings for covered IDIs. Under the final rule, most covered IDIs are required to submit resolution plans or informational filings every three years, and interim supplements in the off years that update the most timely information that would be critical if the IDI were to fail. Covered IDIs that are affiliated with U.S. GSIBs are on a two-year cycle.[24]

The final rule also addresses engagement between the FDIC and covered IDIs on resolution matters and periodic testing to validate key capabilities and processes needed in a resolution. Additionally, the final rule includes criteria to assess the credibility of IDIs' resolution submissions and the FDIC's approach to providing feedback.

The FDIC began conducting outreach to covered IDIs in August 2024 and will begin receiving submissions in July 2025.

CROSS-BORDER COOPERATION AND EXTERNAL ENGAGEMENT

Cross-Border Engagement

Cross-border cooperation and advance planning are critical components of resolution and crisis management planning due to the international nature of services and overseas operations of many LCFIs. In 2024, the FDIC continued its bilateral and multilateral engagement with foreign authorities to deepen mutual understanding of the complex legal and operational issues related to cross-border resolution and preparedness. This work is underpinned by an understanding that transparency and confidence in resolution planning will serve as a stabilizing force during times of stress.

[23] See FDIC Board of Directors Approves Final Revised Rule to Strengthen Resolution Planning for Large Banks (June 20, 2024); available at https://www.fdic.gov/news/press-releases/2024/fdic-board-directors-approves-final-revised-rule-strengthen-resolution. See also 89 FR 56620 (July 9, 2024).
[24] This two-year cycle mirrors the biennial cycle of these banking organizations' living wills submitted pursuant to Title I of the Dodd-Frank Act.

In 2024, the FDIC led significant principal- and staff-level engagements with foreign jurisdictions to discuss cross-border issues and potential impediments that could affect resolvability as part of ongoing efforts to continue to deepen coordination on cross-border resolution. The FDIC maintains close working relationships on cross-border resolution planning and crisis management preparedness topics with domestic and foreign authorities from Canada, the European Union (EU), United Kingdom (UK), and Switzerland, among other jurisdictions.

Trilateral Principal Level Exercise

In April 2024, principals from the U.S., European Banking Union, and UK Financial Authorities convened a meeting, hosted by the FDIC, in a series of exercises and exchanges to enhance the understanding of each resolution regime for GSIBs and to strengthen coordination on cross-border resolutions. This exercise built on multiple prior cross-border principal- and senior staff-level events going back to 2014, with European Banking Union authorities joining in 2016, and addressed lessons learned from the 2023 bank failures in each jurisdiction.

On April 20, 2024, Travis Hill, then FDIC Vice Chairman, and Jonathan McKernan, FDIC Director, engaged with Jerome Powell, Federal Reserve System Chair, at the Trilateral Principal Level Exercise.

Financial Stability Board Resolution Steering Group

The FDIC continued to enhance cooperation on cross-border resolution through its participation in the Financial Stability Board (FSB) Resolution Steering Group (ReSG) and its subgroups on banks, insurance, and financial market infrastructures. This year, the FDIC continued its active engagement in FSB work, in particular through the FDIC's leadership as ReSG Chair, as co-chair of its Cross-Border Crisis Management Committee for Financial Market Infrastructures, and as a member of ReSG and each of its subgroups.

Crisis Management Groups

The FDIC co-chairs cross-border Crisis Management Groups (CMGs) of supervisors and resolution authorities for U.S. GSIBs and central counterparties (CCPs) and participates as a host authority in the work of CMGs for several foreign GSIBs and CCPs. Work through these CMGs allows the FDIC to improve resolution preparedness by strengthening our working relationships with key authorities, providing a forum to address institution-specific resolution planning considerations, and supporting information-sharing arrangements. In collaboration with the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC), the FDIC also held meetings for three U.S. CCP CMGs in 2024.

Supervisory Colleges

At least annually, the FDIC participates in supervisory colleges, which are a forum for supervisory information sharing among home and host country supervisors of a banking institution that operates cross-border. In addition to the FDIC, the FRB and OCC and, in some cases, the SEC participate in these supervisory colleges. Supervisors from other jurisdictions also participate in meetings depending on the countries that host the banking institution.

Other Cross-Border Working Groups

The FDIC participates in a number of other bilateral international working groups. In June and December 2024, FDIC staff participated in the EU-U.S. Financial Regulatory Forum hosted by the European Commission and the U.S. Department of Treasury. The forum underscored EU and U.S. cooperation and focused on, among other things, market developments and financial stability, regulatory developments in banking and insurance, AML/CFT, sustainable finance, regulatory and supervisory cooperation in capital markets, and operational resilience and digital finance. The FDIC also maintains a close working relationship with UK authorities through dialogue as a participating agency in the U.S.-UK Financial Regulatory Working Group (FRWG). The FRWG met in September 2024 and discussed, among other things, the economic and financial stability outlook, banking issues, digital finance and operational resilience, capital markets, and developments in the nonbank sector.

Depositor and Consumer Protection

A major component of the FDIC's mission is to ensure financial institutions treat consumers and depositors fairly, and operate in compliance with federal consumer protection, anti-discrimination, and community reinvestment laws. The FDIC also promotes economic inclusion to build and strengthen positive connections between insured financial institutions and consumers, depositors, small businesses, and communities.

CONSUMER COMPLAINTS AND INQUIRIES

Annual Performance Goal	Effectively investigate and respond to written consumer complaints and inquiries about FDIC-supervised financial institutions.
Indicator and Target	**2024 Result**
Respond to 95 percent of written consumer complaints and inquiries within timeframes established by policy, with all complaints and inquiries receiving at least an initial acknowledgement within two weeks.	**ACHIEVED**
Publish on the FDIC's public website (https://www.fdic.gov) and regularly update metrics on requests from the public for FDIC assistance.	**ACHIEVED**

The FDIC National Center for Consumer and Depositor Assistance (NCDA) is comprised of a geographically dispersed staff, with a central hub in the Kansas City Regional Office. The NCDA fulfills two mission-critical functions for the FDIC: 1) investigating and responding to consumer complaints and inquiries involving FDIC-supervised institutions; and 2) promoting public awareness and understanding of FDIC deposit insurance coverage, ensuring depositors and bankers have ready access to information regarding deposit insurance rules and requirements. The FDIC regularly updates metrics on requests from the public for FDIC assistance and publishes that information on its public website.

Through December 31, 2024, the FDIC closed 23,442 written consumer complaints and inquiries. Of these, 12,478 were referred to other federal banking agencies for review, while the FDIC investigated the remaining 10,864. The FDIC responded to 98.6 percent of written complaints within timeframes established by corporate policy and acknowledged 100 percent of all consumer complaints and inquiries within 14 days.

The top five identified products among consumer complaints and inquiries about FDIC-supervised institutions, as percent of total volume, included credit cards (29 percent of total), checking accounts (19 percent), consumer lines of credit and installment loans (17 percent each), and residential real estate (3 percent). The top four issues identified among consumer complaints and inquiries, as a percent of total volume, included credit reporting (21 percent), discrepancy transaction errors (9 percent), account opened without knowledge (6 percent), disclosures (6 percent). Also, the FDIC helped consumers receive approximately $2 million in refunds and voluntary compensation from financial institutions through December 31, 2024.

Deposit Insurance Coverage Information Assistance and Outreach

Annual Performance Goal	Provide educational information to Insured Depository Institutions (IDIs) and their customers to help them understand the rules for determining the amount of insurance coverage on deposit accounts.
Indicator and Target	**2024 Result**
Conduct at least four virtual or in-person seminars for bankers on deposit insurance coverage	**SUBSTANTIALLY ACHIEVED**
Respond within two weeks to 95 percent of written inquiries from consumers and bankers about FDIC deposit insurance coverage.	**ACHIEVED**

In 2024, the FDIC completed three webinars on revisions to Part 328, which sets forth the rules governing use of the official FDIC sign and institutions' advertising statements.[25] In addition to the webinars, the FDIC published Questions and Answers related to the final rule.[26]

The FDIC works to ensure bankers and consumers have access to accurate information about FDIC rules for deposit insurance coverage. Through December 31, 2024, the FDIC's Contact Center handled 61,091 telephone cases pertaining to a variety of issues, including 14,634 identified as deposit insurance-related inquiries. Most deposit insurance inquiries are forwarded to the Deposit Insurance Unit for handling. In addition to telephone inquiries, the FDIC received over 2,540 written deposit insurance inquiries from consumers and bankers. The FDIC responded to 100 percent of these inquiries within two weeks, as required by corporate policy. The FDIC reviewed over 1,200 inquiries or complaints received through a complaint portal regarding potentially false or misleading statements about FDIC deposit insurance.

In 2024, the FDIC Legal Division's FDIC Insurance Misrepresentation Portal, received over 1,200 misrepresentation inquires; this is a 60% increase from the 750 consumer submissions received in 2023. Additionally, the Legal Division reviewed other referrals of potential deposit

[25] https://www.fdic.gov/resources/deposit-insurance/banker-webinar.
[26] https://www.fdic.gov/deposit-insurance/questions-and-answers-related-fdics-part-328-final-rule.

insurance misrepresentation matters received through other channels. Enforcement took hundreds of appropriate actions in 2024 including the issuance of 7 public cease and desist letters, initiating the takedown of websites that, working in partnership with our other stakeholders including the FDIC Office of Inspector General (OIG), were determined to be fraudulent, and made referrals to other appropriate agencies.

The FDIC also continued its efforts to promote understanding of deposit insurance and its benefits as part of the national public awareness campaign, "Know Your Risk. Protect Your Money." Advertisements ran on various digital and social media channels in English and Spanish and appeared on public transit systems in New York City and Washington, D.C. In 2024, traffic to the FDIC's deposit insurance webpages increased 65 percent from the previous year.

DEPOSITOR AND CONSUMER PROTECTION RULEMAKING AND GUIDANCE

In 2024, the FDIC made several updates to compliance examination principles and procedures, including the following:

Community Reinvestment Act Rules

On October 24, 2023, the FDIC, FRB, and OCC issued a final rule to comprehensively revise the Community Reinvestment Act (CRA) regulations.[27] In March 2024, the FDIC Board issued a supplemental rule, published in the *Federal Register*, that clarified certain points.[28] Currently, implementation of the new rule has been halted due to pending litigation.

FDIC Sign and Advertising Rules and Misrepresentation Rule

In December 2023, the FDIC Board adopted a final rule to amend part 328 of its regulations to revise the rules governing use of the official FDIC sign and institutions' advertising statements to reflect how depositors do business with IDIs today, including through digital and mobile channels. The final rule also clarified the FDIC's regulations regarding misrepresentations of deposit insurance coverage by addressing specific scenarios where consumers may be misled as to whether they are doing business with an insured institution and whether their funds are protected by deposit insurance. IDIs are generally required to comply with the amendments by May 1, 2025. However, for sections in the rule regarding display of the FDIC's official digital sign on an institution's digital channels, and analogous provisions that apply to ATM and like devices, on March 3, 2025 the FDIC Board of Directors extended the compliance date until March 1, 2026 to provide additional time to address implementation challenges and potential sources of confusion.[29]

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[27] See Agencies Issue Final Rule to Strengthen and Modernize Community Reinvestment Act Regulations, FDIC Press release (October 24, 2023); available at: https://www.fdic.gov/news/press-releases/2023/pr23086.html.
[28] See Community Reinvestment Act; Supplemental Rule, 89 FR 22060 (March 29, 2024); available at https://www.federalregister.gov/documents/2024/03/29/2024-06497/community-reinvestment-act-supplemental-rule.
[29] https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-approves-delay-compliance-date-certain-provisions

Requirements for Custodial Accounts with Transactional Features

The FDIC issued for public comment an NPR to strengthen IDIs' record-keeping for custodial deposit accounts with transactional features and preserve beneficial owners' and depositors' entitlement to the protections afforded by federal deposit insurance.[30] In addition to promoting timely access by consumers to their funds, the proposal is intended to promote the FDIC's ability to promptly make deposit insurance determinations and, if necessary, pay deposit insurance claims "as soon as possible" in the event of the failure of an IDI holding custodial deposit accounts with transactional features.

Interagency Third-Party Risk Management, A Guide for Community Banks

On May 3, 2024, the FDIC, along with the other prudential bank regulators, released Third-Party Risk Management, A Guide for Community Banks (Guide) to support community banks in managing risks presented by third-party relationships.[31] The guide offers potential considerations, resources, and examples through each stage of the third-party relationship. The guide illustrates the principles discussed in the third-party risk management guidance issued by the agencies in June 2023.

On July 25, 2024, the FDIC along with the other prudential regulators issued a joint statement to outline potential risks related to arrangements between banks and third parties to deliver bank products and services and examples of effective risk management practices.[32] The statement also highlights examples of risk management practices implemented by banks.

PROMOTING ECONOMIC INCLUSION

Annual Performance Goal	Promote economic inclusion and access to responsible financial services through supervisory, research, policy, and consumer/community affairs initiatives.
Indicator and Target	**2024 Result**
Analyze and report results of the 2023 *National Survey of Unbanked and Underbanked Households*.	ACHIEVED
Analyze and report results of the *FDIC Survey of Volunteer Income Tax Assistance (VITA) Providers*.	ACHIEVED
Complete identification and evaluation of outcome-based measures that could potentially demonstrate the effectiveness of economic inclusion strategies and initiatives.	ACHIEVED

The FDIC supports economic inclusion by helping all U.S. households understand how establishing and sustaining a banking relationship can help them create a strong financial foundation, manage their day-to-day finances, build wealth, and the role the banking system plays in strengthening communities through bank lending, services, and investments. The

[30] See Recordkeeping for Custodial Accounts, 89 FR 80135 (October 2, 2024); available at https://www.govinfo.gov/app/details/FR-2024-10-02/2024-22565.
[31] https://www.fdic.gov/news/press-releases/2024/agencies-issue-guide-assist-community-banks-develop-and-implement-third
[32] https://www.fdic.gov/news/press-releases/2024/agencies-remind-banks-potential-risks-associated-third-party-deposit

agency's economic inclusion initiatives support our mission of maintaining stability and public confidence in the nation's financial system.

FDIC National Survey of Unbanked and Underbanked Households

In November 2024, the FDIC released its *2023 FDIC National Survey of Unbanked and Underbanked Households*, which continues to provide the nation's authoritative data on household participation in the banking system.[33] The survey found that the proportion of households without a banking relationship remained at record lows and noted growth in the share of households with access to mainstream credit. At the same time, it documented ongoing differences among the population, with higher unbanked and underbanked rates among lower-income households, households with a working-age individual with a disability, as well as Black, Hispanic, and American Indian or Alaska Native households.

FDIC Survey of Volunteer Income Tax Assistance (VITA) Providers

VITA providers are nonprofit organizations located throughout the country that help lower-income individuals and families file tax returns. Some, but not all, VITA providers offer clients the opportunity to open bank accounts and access to additional services designed to enhance financial well-being. The FDIC conducted a survey of providers to explore their interest in doing more to support the economic inclusion of households in the banking system. A full report of results was released in June 2024.[34] The results identified substantial interest among VITA providers in bank partnerships and identified opportunities to remove obstacles that frustrate those intents. The report also documented effective consumer engagement strategies in use by some, but not all VITA providers with bank partnerships.

2024 Economic Inclusion Strategic Plan

In 2024, the FDIC published its most recent multi-year Economic Inclusion Strategic Plan.[35] The updated Plan includes developing a comprehensive list of key performance indicators to achieve identified objectives and outcomes. The FDIC promotes economic inclusion and community development primarily through collaborations with community-based organizations (CBOs), federal and state agencies, and financial institutions, to improve access to banking products and services, including in low- moderate-income (LMI) communities. The Strategic Plan provides a flexible roadmap for how the FDIC plans to direct its efforts and resources to promote economic inclusion for all U.S. households.

Consumer Education and Outreach

Another strategy to support financial inclusion is the FDIC's role to make financial education broadly available. Financial education is central to the FDIC's efforts to help people gain skills and confidence necessary to achieve financial goals and improve financial well-being.

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[33] https://www.fdic.gov/news/press-releases/2024/fdic-survey-finds-96-percent-us-households-were-banked-2023
[34] https://www.fdic.gov/news/press-releases/2024/fdic-survey-highlights-potential-bankable-moments-irss-volunteer-income
[35] https://www.fdic.gov/consumer-resource-center/fdic-economic-inclusion-strategic-plan

The *Money Smart* program provided hands-on training to workshop participants at Delgado's International Flag Football Camp 2024 in Dorado, Puerto Rico.

Money Smart Program

FDIC Consumer Education resources reached 2,644,916 online page views in 2024. Money Smart had 35,628 curricula downloads. *How Money Smart Are You?* is one of the FDIC's most popular resources with more than 914,000 page views. Since its launch in September 2021, the game has more than 119,916 players, and approximately 1,690 organization accounts. The FDIC has issued more than 414,590 certificates of completion.

Outreach and Engagement

Throughout 2024, the FDIC hosted 36 events, reaching 3,361 participants from banks, Community Development Financial Institutions (CDFIs), CBOs, educators, and other stakeholders to advance consumer education. The FDIC exhibited at 20 conferences, in addition, the FDIC presented at two educator conferences highlighting the Guide to Organizing Reality Fairs.

Publications

Consumer News is an FDIC newsletter for consumers, offering practical guidance on financial services, including helpful hints, quick tips, links to useful resources, and common-sense strategies to protect consumers' hard-earned dollars. *Money Smart News* is an FDIC monthly newsletter for financial educators featuring tips, updates, and success stories. *Consumer News* and *Money Smart News* reach 189,920 and 111,455 monthly subscribers, respectively.

Failed Bank Resolution and Receivership Management

The FDIC's Division of Resolutions and Receiverships (DRR) is responsible for resolving the failure of IDIs with assets less than $100 billion; the Division of Complex Institution Supervision and Resolution is responsible for resolving the failure of IDIs with assets of $100 billion or more.

When an IDI fails, the chartering authority typically appoints the FDIC as receiver, and the FDIC employs a variety of strategies to ensure the prompt payment of deposit insurance to insured depositors and to provide for the least costly resolution transaction to the DIF. No depositor has ever experienced a loss on their insured funds as a result of an IDI failure.

INSURED DEPOSITORY INSTITUTION FAILURES

Annual Performance Goal	Respond promptly to all IDI failures and related emerging issues.
Indicator and Target	**2024 Result**
Depositors have access to insured funds within one business day if the failure occurs on a Friday.	ACHIEVED
Depositors have access to insured funds within two business days if the failure occurs on any other day of the week.	NOT APPLICABLE
Depositors do not incur any losses on insured deposits.	ACHIEVED
No appropriated funds are required to pay insured depositors.	ACHIEVED

Annual Performance Goal	Market failing IDIs to a targeted pool of qualified and interested potential bidders.
Indicator and Target	**2024 Result**
Contact a targeted pool of qualified and interested bidders.	ACHIEVED

During 2024, there were two IDI failures. For those two IDI failures, the FDIC successfully contacted all qualified and interested bidders to market and sell these institutions. Both failures occurred on a Friday, and all insured depositors had access to insured funds within one business day. Further, there were no losses to insured depositors, and no appropriated funds were required to pay insured depositors. The following chart provides a comparison of IDI failure activity over the past three years.

Failure Activity
Dollars in Billions

	2024	2023	2022
Total Institutions	2	5	0
Total Assets of Failed Institutions*	$6.0	$532.2	$0
Total Deposits of Failed Institutions*	$4.5	$440.6	$0
Estimated Cost of Failure	$0.73	$40.4	$0
Covered by the Special Assessment	$0	($20.4)	$0
Estimated Loss to the DIF	$0.73	$20.0	$0

*Total assets and total deposits data are based on the last quarterly Call Report filed by the institution prior to failure.

The two IDI failures in 2024 are discussed below.

Republic First Bank dba Republic Bank, Philadelphia, PA

Philadelphia-based Republic First Bank (doing business as Republic Bank) was closed on April 26, 2024, by the Pennsylvania Department of Banking and Securities, which appointed the FDIC as receiver. To protect depositors, the FDIC entered into an agreement with Fulton Bank, National Association, of Lancaster, Pennsylvania, to assume substantially all of the deposits and purchase substantially all of the assets of Republic Bank.

As of January 31, 2024, Republic Bank had approximately $6 billion in total assets and $4 billion in total deposits. At the time of failure, the FDIC estimated that the cost to the DIF related to the failure of Republic Bank to be $667 million. The FDIC determined that compared to other alternatives, Fulton Bank's acquisition of Republic Bank was the least costly resolution for the DIF.

The First National Bank of Lindsay, Lindsay, Oklahoma

Lindsay, Oklahoma-based The First National Bank of Lindsay was closed on October 18, 2024, by the Office of the Comptroller of the Currency, which appointed the FDIC as receiver. To protect depositors, the FDIC entered into a purchase and assumption agreement with First Bank & Trust Co., of Duncan, Oklahoma, to assume the insured deposits of The First National Bank of Lindsay.

As of June 30, 2024, The First National Bank of Lindsay reported total assets of $107.8 million and total deposits of $97.5 million. As of December 31, 2024, approximately $3.6 million of the deposits exceeded FDIC insurance limits. At the time of closing, the FDIC estimated that the failure would cost the DIF about $43 million. Alleged fraud caused the failure of the bank and elevated cost to the DIF.

RECEIVERSHIP MANAGEMENT ACTIVITIES

Annual Performance Goal	Value, manage, and market assets of failed IDIs and their subsidiaries in a timely manner to maximize the net return.
Indicator and Target	**2024 Result**
Market at least 90 percent of the book value of the institution's marketable assets within 90 days of the failure date for cash sales, 120 days of the date for pools of similar assets of appropriate size to bring to market for joint venture, or 180 days for assets identified for securitization.	ACHIEVED

Annual Performance Goal	Manage the receivership estate and its subsidiaries toward an orderly termination.
Indicator and Target	**2024 Result**
Terminate at least 75 percent of receiverships that were at least two years old and were not subject to unresolved loss-share, structured transaction, environmental, legal, or tax impediments at the start of the year.	ACHIEVED

As part of the receivership process, the FDIC as receiver manages failed IDIs and their subsidiaries with the goal of expeditiously winding up their affairs. Assets not sold to an assuming institution through the resolution process are retained by the receivership and promptly valued and liquidated through different sales channels – cash sales, securitizations, and joint venture transactions – to maximize the return to the receivership estate.

Because of the FDIC's asset marketing and collection efforts, the book value of assets in inventory decreased by $56.2 billion (66%) in 2024. During 2024, the FDIC engaged in numerous activities to liquidate these retained assets, including significant sales of loans and securities, resulting in total proceeds to the FDIC of over $41.8 billion. The cumulative effect of these activities resulted in a total book value of assets in liquidation of $28.4 billion at the end of 2024.[36]

During 2024, for the two institutions that failed, DRR marketed failed bank assets timely, achieving the related annual performance goal.

The following chart shows the year-end balances of assets in liquidation by asset type.

Assets in Liquidation Inventory by Asset Type
Dollars in Millions

Asset Type	12/31/24	12/31/23	12/31/22
Securities	$433	$12,917	$5
Consumer Loans	4	0	0
Commercial Loans	35	10	1
Real Estate Mortgages	33	162	1
Other Assets/Judgments	101	4,237	6
Owned Assets	31	30	0
Net Investments in Subsidiaries	12	622	18
Structured and Securitized Assets	27,791	66,663	8
Total	**$28,440**	**$84,641**	**$39**

Proceeds generated from asset sales and collections are used to pay receivership claimants, including depositors whose accounts exceeded the deposit insurance limit. During 2024, receiverships paid dividends of $2.1 million to depositors whose total deposits were not assumed by an acquiring institution and whose accounts exceeded the deposit insurance limit.

Once the assets of a failed institution have been sold and liabilities extinguished, the final distribution of any proceeds is made, and the FDIC terminates the receivership. In 2024, a total of 18 receiverships were terminated, which resulted in a net decrease of 16 active receiverships under management. Further, the FDIC terminated 75 percent of receiverships that were at least two years old and were not subject to unresolved loss-share.

[36] In January 2024, the FDIC, as receiver for Silicon Valley Bridge Bank, N.A. (SVBB), used structured transactions (structured sale of guaranteed notes (SSGNs) and a securitization or collectively, "trusts") to sell $10.5 billion of Ginnie Mae Project Loan Securities and a $36.1 billion Purchase Money Note (PMN) issued by First-Citizens Bank & Trust Company (FCB), respectively.

The following chart shows overall receivership activity for the FDIC in 2024.

Receivership Activity	
Active Receiverships as of 12/31/23	74
New Failed Bank Receiverships	2
Receiverships Terminated	18
Active Receiverships as of 12/31/24	58

Professional Liability and Financial Crimes Recoveries

Annual Performance Goal	Conduct investigations into all potential professional liability claim areas for all failed IDIs and decide as promptly as possible to close or pursue each claim, considering the size and complexity of the institution.
Indicator and Target	**2024 Result**
For 80 percent of all claim areas, make a decision to close or pursue professional liability claims within 18 months of the failure of an IDI.	ACHIEVED

The FDIC investigates IDI failures to identify potential claims against directors, officers, securities underwriters and issuers, financial institution bond carriers, appraisers, attorneys, accountants, mortgage loan brokers, title insurance companies, and other professionals who may have caused losses to IDIs that failed and to FDIC receiverships. The FDIC pursues meritorious claims against these parties that are expected to be cost-effective.

During 2024, the FDIC recovered $46.02 million from professional liability settlements. The FDIC authorized one professional liability lawsuit during 2024. As of December 31, 2024, the FDIC's caseload included 13 professional liability lawsuits and one arbitration (down from 24 at year-end 2023), and open investigations in 32 claim areas out of nine institutions. The FDIC continued to conduct investigations of claims out of recently failed IDIs and closed out 84 percent of investigations that reached the 18-month point (an internal goal) after the institutions' failure dates in 2024.

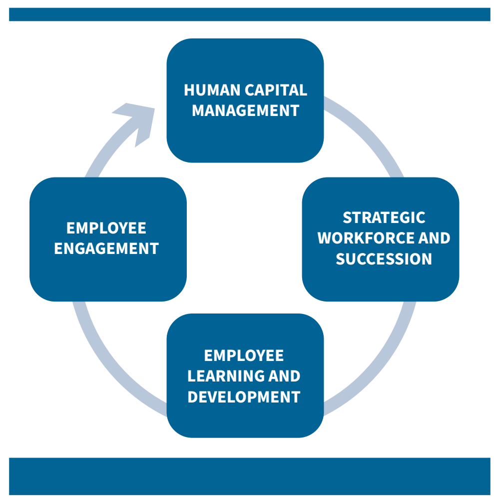
As part of the sentencing process, for those convicted of criminal wrongdoing against an insured institution that later failed, a court may order a defendant to pay restitution or to forfeit funds or property to the receivership. The FDIC, working with the Department of Justice in connection with criminal restitution and forfeiture orders issued by federal courts and independently in connection with restitution orders issued by the state courts, collected $3.4 million in 2024. As of December 31, 2024, there were 1,582 active restitution and forfeiture orders (down 19 from 1,601 at year-end 2023). This includes three orders held by the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (i.e., orders arising out of failed financial institutions in receivership or conservatorship by the FSLIC or the Resolution Trust Corporation).

Effective Management of Strategic Resources

The FDIC must effectively manage its human, financial, and technological resources to successfully carry out its mission and meet the performance goals and targets set forth in its annual performance plan. The FDIC must align these strategic resources with its mission and goals and deploy them where they are most needed to enhance its operational effectiveness and minimize potential financial risks to the DIF.

HUMAN CAPITAL MANAGEMENT

The FDIC's human capital management programs are designed to attract, develop, reward, and retain a highly skilled workforce. In 2024, the FDIC's Human Resources Organization (HRO) focused on several initiatives designed to enhance the FDIC's recruitment and hiring practices, and build succession management capabilities.



STRATEGIC WORKFORCE AND SUCCESSION MANAGEMENT

The FDIC faces a steady stream of projected retirements over the next five to ten years. In addition, the banking industry is experiencing rapid and significant change, which impacts the knowledge and skills needed within the FDIC's future workforce.

In 2024, the FDIC continued the development of its Corporate-wide approach to workforce and succession management. The FDIC's approach involves developing profiles for key leadership and non-supervisory positions that clearly define the competencies and experiences needed for success, and then having employees and managers assess against those profiles to identify readiness and development needs in the talent pipeline. This initiative will produce robust career paths that illustrate options for job movement within the FDIC, provide targeted development options for employees to effectively plan their career development, and help the agency develop and maintain a talent pipeline with the skills, experience, and motivation to lead.

The FDIC also developed workforce dashboards and a quarterly communication aimed at effectively analyzing workforce trends and sharing information with leadership throughout the Corporation.

EMPLOYEE LEARNING AND DEVELOPMENT

The FDIC has a robust program to train and develop its employees throughout their careers to enhance technical proficiency and leadership capacity, supporting career progression and succession management.

The FDIC develops and implements comprehensive curricula for its business lines to prepare employees to meet new challenges. Employees working to become commissioned examiners or resolutions and receiverships specialists attend a prescribed set of specialized, internally developed and instructed courses. Post-commission, employees continue to further their knowledge in specialty areas with more advanced courses. The FDIC is revising examiner classroom training to better support an on-the-job application and has developed a wide-ranging resolution and receivership training curriculum to support readiness.

EMPLOYEE ENGAGEMENT

Employee engagement is fundamental to empowering employees and helps maintain, enhance, and institutionalize a positive and productive workplace environment. The FDIC strives to be an employer of choice, and continually evaluates its human capital programs and strategies to ensure that all employees are fully engaged and aligned with the mission. The FDIC has used the Federal Employee Viewpoint Survey mandated by Congress to solicit feedback from employees, and taken an agency-wide approach to address key issues identified in the survey.

Information Technology Modernization

In 2024, the FDIC completed the first phase of a multi-year IT modernization effort to bring its IT environment into alignment with modern IT industry practices and standards, as well as key federal priorities.

Migration to the Cloud

The FDIC continues to make progress on its Cloud Infrastructure Migration project. In 2024, the FDIC migrated several of its mission-essential/mission-critical business applications and IT services to target cloud environments with the goal of decommissioning the back-up data center and reducing the size of the primary data center. The FDIC also made progress in developing and implementing a cloud data management and analytics capability and a Data Orchestration Platform, which lays the foundation for hybrid cloud and on-premises enterprise data management and a new Machine Learning and Natural Language Processing capability. This work supports Division and Office efforts to create business solutions to improve the FDIC's data and mission delivery decisions.

In 2024, the FDIC also expanded data governance controls for managing data in the cloud by establishing a Data Catalog Governance Framework and chartering the Data Action Working Group to serve as the single point of entry for all enterprise data action requests.

Modernizing Obsolete Systems

During 2024, the FDIC continued to employ agile methodologies enabling faster development and providing enhanced capabilities with security built into the process. In support of this effort, the FDIC developed resources and introduced several tools to further agile methodology adoption and maturity. The FDIC continued to refine its development, security, operations (DevSecOps) tools and practices to integrate security throughout the lifecycle of its systems and applications.

Utilizing an agile approach, the FDIC expanded its efforts to deliver modern and integrated applications, tools, and capabilities. The FDIC began efforts to modernize its legacy IT applications to address challenges, streamline and automate business processes, improve usability and data reliability, and enable secure, easy access to data. For example, the FDIC worked to modernize several key systems and applications supporting the FDIC's Divisions and Offices.

Notably, in mid-2024, the FDIC began the development of Supervision360, a cloud-based business process management platform which aims to improve the efficiency and effectiveness of the FDIC's safety and soundness supervision programs. The FDIC plans to deliver Supervision360 iteratively over the life of the program. The FDIC also undertook a planning effort to modernize and replace the legacy Assessment Information Management System used to manage deposit insurance assessment operations and assessment compliance.

Securing Systems and Data

The FDIC made significant strides in 2024 to enhance the security of its IT environment. The FDIC made progress on adoption of Zero Trust principles to safeguard IT resources and data. By advancing foundational Zero Trust capabilities, the FDIC improves its enterprise security posture and enhances processes and capabilities to provide secure and appropriate access. To align with Zero Trust principles, NIST security guidelines, and OMB policy guidance, the

program modernized authentication practices, removed an outdated password policy, and leveraged security and privacy controls to enhance the user experience and comply with federal standards. In 2024, the FDIC also developed an adoption strategy for FDIC’s centralized Identify, Credential, and Access Management solution and expanded the capabilities of this solution to improve access for public users.