



FCA Board Meeting December 2019

Semi-Annual Report on Office of Examination Operations December 12, 2019

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Highlights of OE Operations

- ▶ Operating Plan Areas
 - Risk Supervision and Examination
 - Operational Efficiency and Effectiveness
 - Human Capital
- ▶ Summary





Risk Supervision & Examination

System Profile as of 9/30/19

72 Lending Institutions

4 Funding Banks

Assets from \$26B to \$136B

68 Associations

Assets from \$54M to \$30B

\$354.0 billion	Total Assets
\$276.1 billion	Gross Loans
\$4.1 billion	YTD Earnings

FCS Institution Activities and Guidance

- ▶ Onsite at all 4 funding banks, 64 of 68 associations, and several other related entities
- ▶ Issued 54 Reports of Examination and 37 Interim Activity Letters
 - Five institutions are under a higher level of supervisory oversight
- ▶ Other supervision and oversight activities
 - Internal / external communications
 - Examination manual updates and revisions



Supervision & Examination Initiatives

2019 NOP Risk Topics and Strategies:

▶ **Portfolio Risk | Navigating Rough Waters**

- Credit Guidance (Risk ID & Servicing)
- Bank Oversight
- FCS Credit Scoring Systems
- Stressed Industries

▶ **Internal Controls | Three lines of Defense**

- Internal Controls (Audit)
- ICFR Horizontal Examination Activity Informational Memorandum
- Oversight Talking Points





Operational Efficiency & Effectiveness

- ▶ Examination tools / Ongoing technology initiatives
 - EDGe Phase II & III
 - FCS Loan Database and Data Mart
 - Technology use in examinations

- ▶ OE budget results

Fiscal Year 2018	Budget	Actual	Variance
Expenditures (\$M)	\$35.0	\$34.8	\$0.2 under
FTE	178.4	175.3	3.1 FTE under





Human Capital Update

- ▶ Examiner development initiatives
- ▶ Fiscal yearend staffing levels



Total OE Staff

	Planned	Actual	Variance
Beginning FY 2019	177	181	4
Attrition/Retirements	(16)	(25)	(9)
Hirings			
- Associate Examiners	15	15	0
- Mid-Career	3	0	(3)
Ending FY 2019	179	171	(8)

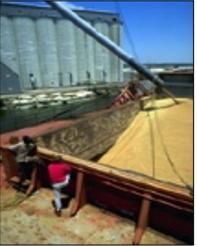
Commissioned Examiners

Categories	Planned	Actual	Variance
Beginning FY 2019	85	87	2
Attrition/Retirements	(6)	(3)	3
Hirings	0	0	0
Newly Commissioned	18	10	(8)
Ending FY 2019	97	94	(3)



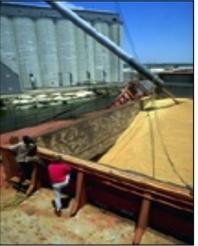
Summary

- ▶ Achieved examination objectives as planned while maintaining a strong onsite risk supervision and oversight presence
- ▶ Completed significant program activities, communications, examiner guidance, and risk analyses as part of accomplishing OE's examination objectives
- ▶ Recruiting, training staff, and developing and retaining commissioned examiners remains a high priority
- ▶ Accomplished OE operating objectives within approved budget





Discussion



THANK YOU