OE Operations | Focus Areas

- Operating Plan Objectives
  - Risk Supervision Activities and Examination Initiatives
  - Operational Efficiency and Effectiveness
  - Human Capital Update
- Summary
Risk Supervision & Examination Activities

FCS Institution Activities and Guidance (through 2\textsuperscript{nd} quarter FY 2019)

- Conducted onsite activities at all 4 funding banks, 41 associations, and 7 other entities
- Issued 28 Reports of Examination and 11 Interim Activity Letters
  - Six institutions are under a higher level of supervisory oversight
- Communications and Guidance issued
  - Internal / external communications
  - Examination manual updates and revisions

System Profile as of 3/31/19

- 73 Lending Institutions
  - 4 Funding Banks
  - 69 Associations
- 7 Service Entities

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<tbody>
<tr>
<td>Total Assets</td>
<td>$348.7 billion</td>
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<tr>
<td>Gross Loans</td>
<td>$274.2 billion</td>
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<tr>
<td>YTD Earnings</td>
<td>$1.3 billion</td>
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Source: FCS Information Statement
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 YTD thru 3/31/19)

FY 2019 OE Budget: $34.8M

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<tr>
<th>Funds Used</th>
<th>Funds Remaining</th>
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<td>$17.2</td>
<td>$17.6</td>
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- 49.4%          - 50.6%

**FTEs**

- Projected Full Year FTEs: 183.0
- Planned Full Year FTEs: 178.4
- Variance: 4.6
Human Capital Update

▶ Post-Commission training
▶ Revised Directive 52 competencies
▶ Examiner development opportunities

▶ Staffing

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<tr>
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<th>Planned</th>
<th>Projected</th>
<th>Variance</th>
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<tbody>
<tr>
<td><strong>Total OE Staff</strong></td>
<td></td>
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<tr>
<td>Beginning FY 2019</td>
<td>177</td>
<td>181</td>
<td>4</td>
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<tr>
<td>Attrition</td>
<td>Retirements (1)</td>
<td>(16)</td>
<td>(16)</td>
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<tr>
<td>Hirings</td>
<td>18</td>
<td>18</td>
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<tr>
<td>Ending FY 2019</td>
<td>179</td>
<td>183</td>
<td>4</td>
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<th>Planned</th>
<th>Projected</th>
<th>Variance</th>
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<tr>
<td><strong>Commissioned Examiners</strong></td>
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<td>Beginning FY 2019</td>
<td>85</td>
<td>87</td>
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<td>Attrition</td>
<td>Retirements</td>
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<td>Hirings</td>
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<td>Newly Commissioned</td>
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<td>10</td>
<td>(8)</td>
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<tr>
<td>Ending FY 2019</td>
<td>97</td>
<td>91</td>
<td>(6)</td>
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(1) Fiscal year-to-date through April 30, there have been 8 staff attritions/retirements
Summary

- Maintained a strong onsite supervision presence with a continued emphasis on risk-based oversight and examination
- Development of commissioned examiners remains a priority while ensuring OE has sufficient highly skilled staff to accomplish its mission
- On target to accomplish 2019 Operating Plan objectives and meet or exceed all Agency performance measures
Discussion

THANK YOU