



# FCA Board Meeting December 2021

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## Semi-Annual Report on Office of Examination Operations December 9, 2021

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Office of Examination





# OE Operations | Focus Areas

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- ▶ Operating Plan objectives
  - Risk supervision and examination activities
  - Operational efficiency and effectiveness
  - Human capital update
  
- ▶ Summary





# Risk Supervision & Examination Activities



## System Profile as of 9/30/21

**71 Lending Institutions**

**4 Funding Banks**

Asset Size from \$31B to \$155B

**67 Associations**

Asset Size from \$46M to \$35B

**\$410.6**  
billion **Total Assets**

**\$325.8**  
billion **Gross Loans**

**\$5.2**  
billion **FY Earnings**

Source: FCS Information Statement

## FCS institution activities and guidance

(Fiscal Year ended 9/30/2021)

- ▶ Met or exceeded all OE sponsored Agency performance measures
- ▶ Conducted examination and/or oversight activities at all funding banks, all associations, and 11 other entities
- ▶ Issued 51 reports of examination and 57 interim activity letters
  - Two institutions are currently under a higher level of supervisory oversight
- ▶ Issued communications and guidance



# Supervision & Examination Initiatives

## 2021 NOP Risk Topics and Strategies:

- ▶ **Credit | Risk management and loan servicing**
  - Assessed risk identification, especially in portfolios with stressed industry/commodity concentrations
  - Examined loan servicing, particularly in view of pandemic-related deferral programs and borrower rights
  - Evaluated the identification/management of affiliated exposures
- ▶ **Operational risk | Response to the pandemic and other risks**
  - Reviewed institutions' adjustments to operations, strategic business plans, controls, and risk assessments in response to the pandemic and other risks
  - Evaluated model risk management, applying our new guidance

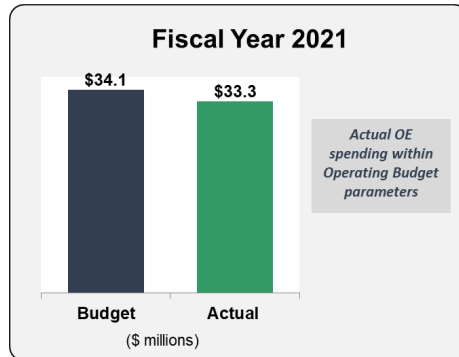




# Operational Efficiency & Effectiveness



- ▶ Examination tools | Ongoing technology initiatives
  - EDGe and management reporting
  - Data analytics and examination tools
- ▶ OE budget results (Fiscal Year ended 9/30/2021)
  - Actual expenses were \$0.7 million under our \$34.1 million budget



FTEs	
Actual Fiscal Yr.	180.0
Planned Fiscal Yr.	185.9
Under plan	-5.9



# Human Capital Update

- ▶ Hiring and developing Associate Examiners
- ▶ Development Opportunities

## Total OE Staff

Total OE Staff	Planned	Actual	Variance
Beginning FY 2021	185	182	(3)
Attrition   Retirements	(16)	(19)	(3)
Hires	18	20	2
<b>Ending FY 2021</b>	<b>187</b>	<b>183</b>	<b>(4)</b>

- ▶ Post-commission training

## Commissioned Examiners

Commissioned Examiners	Planned	Actual	Variance
Beginning FY 2021	96	96	0
Attrition <sup>1</sup>   Retirements	(7)	(13)	(6)
Hires	0	2	2
Newly Commissioned <sup>2</sup>	8	2	(6)
<b>Ending FY 2021</b>	<b>97</b>	<b>87</b>	<b>(10)</b>

<sup>1</sup> Attrition includes two commissioned examiners moving into senior management.

<sup>2</sup> Seven additional candidates passed the October 2021 Commission test, bringing the total to 94 commissioned.





# Summary

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- ▶ Effectively conducted oversight and examination activities throughout FY 2021
- ▶ Conditions required some modifications in examination approach, staff development, and recruiting
- ▶ Remained focused on ensuring OE had sufficient highly skilled staff to accomplish its mission
- ▶ Accomplished 2021 Operating Plan objectives and met or exceeded all agency performance measures





# Discussion

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**THANK YOU**