Federal Financial Institutions Examination Council

Annual Report 2015

Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, State Liaison Committee

MEMBERS OF THE COUNCIL

Richard Cordray, Director, Consumer Financial Protection Bureau; Debbie Matz, Chairman, National Credit Union Administration; Daniel K. Tarullo, FFIEC Chairman, Member, Board of Governors of the Federal Reserve System; Martin J. Gruenberg, FFIEC Vice Chairman, Chairman, Federal Deposit Insurance Corporation; Thomas J. Curry, Comptroller of the Currency, Office of the Comptroller of the Currency; David J. Cotney, Commissioner of Banks, Commonwealth of Massachusetts.

LETTER OF TRANSMITTAL

Federal Financial Institutions
Examination Council
Arlington, VA 22226
March 31, 2016

The President of the Senate
The Speaker of the House of Representatives

Pursuant to the provisions of section 1006(f) of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (12 U.S.C. § 3305), I am pleased to submit the 2015 Annual Report of the Federal Financial Institutions Examination Council.

Respectfully,

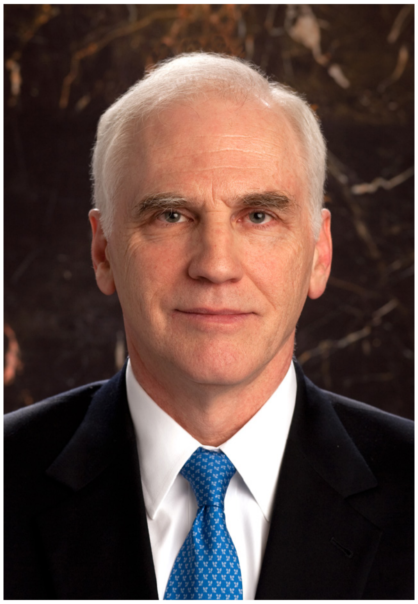
Daniel K. Tarullo
Chairman

TABLE OF CONTENTS

CHART OF SELECTED ABBREVIATIONS

ACSSS	American Council of State Savings Supervisors
ALG	Agency Liaison Group
AML	Anti-Money Laundering
ASC	Appraisal Subcommittee
Assessment	Cybersecurity Assessment Tool
BCP	Business Continuity Planning
BHC	Bank Holding Company
BSA	Bank Secrecy Act
Call Report	Consolidated Reports of Condition and Income
CCIWG	Cybersecurity and Critical Infrastructure Working Group
CDR	Central Data Repository
CFPB	Consumer Financial Protection Bureau
Council	Federal Financial Institutions Examination Council
CRA	Community Reinvestment Act of 1977
CSBS	Conference of State Bank Supervisors
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
EEO	Examiner Education Office
EGRPRA	Economic Growth and Regulatory Paperwork Reduction Act of 1996
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FFIEC	Federal Financial Institutions Examination Council
FFIEC 002	Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks
FFIEC 002S	Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank
FFIEC 019	Country Exposure Report for U.S. Branches and Agencies of Foreign Banks
FFIEC 030	Foreign Branch Report of Condition
FFIEC 030S	Abbreviated Foreign Branch Report of Condition
FFIEC 101	Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework
FFIEC 102	Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule
FHC	Financial Holding Company
FinCEN	Financial Crimes Enforcement Network
FIRIRCA	Financial Institutions Regulatory and Interest Rate Control Act of 1978
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act of 1989
FRB	Board of Governors of the Federal Reserve System
FSOC	Financial Stability Oversight Council
HMDA	Home Mortgage Disclosure Act of 1975
IBA	International Banking Act of 1978
IRR	Interest Rate Risk
IT	Information Technology
IT Handbook	Information Technology Examination Handbook
LAG	Legal Advisory Group
MOU	Memorandum of Understanding
NASCUS	National Association of State Credit Union Supervisors
NCUA	National Credit Union Administration
NCUSIF	National Credit Union Share Insurance Fund
NIST	National Institute of Standards and Technology
OCC	Office of the Comptroller of the Currency
OMB	Office of Management and Budget
PRA	Paperwork Reduction Act of 1995
RESPA	Real Estate Settlement Procedures Act of 1974
SDRWG	Structure Data Reconciliation Working Group
SIFI	Systemically Important Financial Institution
SLC	State Liaison Committee
SLHC	Savings and Loan Holding Company
SLR	Supplementary Leverage Ratio
SOD	Summary of Deposits
TFCC	Task Force on Consumer Compliance
TFEE	Task Force on Examiner Education
TFIS	Task Force on Information Sharing
TFOR	Task Force on Reports
TFOS	Task Force on Supervision
TFSS	Task Force on Surveillance Systems
TILA	Truth in Lending Act of 1968
TSP	Technology Service Provider
TWG	Technology Working Group
UBPR	Uniform Bank Performance Report

MESSAGE FROM THE CHAIRMAN



FFIEC Chairman Daniel K. Tarullo

As the new chairman of the Federal Financial Institutions Examination Council (FFIEC or Council), I am pleased to report that the Council furthered its mission of promoting uniformity in the supervision and consistency in the examination of financial institutions.

One of the Council's notable achievements this past year was the issuance of a Cybersecurity Assessment Tool, an aid to assist financial institutions in identifying their risks and assessing their cybersecurity preparedness. The Council developed this assessment tool in consultation with the intelligence community, law enforcement, and homeland security agencies and believes that it will help firms increase their awareness of cybersecurity risks they may face.

The Council's Cybersecurity and Critical Infrastructure Working Group (CCIWG) continued to promote coordination across the federal and state financial institution regulatory agencies on critical infrastructure and cybersecurity issues. While each FFIEC member agency is responsible for the execution of its supervision program to address cybersecurity risk, the coordinated work that occurs through the FFIEC supports those activities by identifying gaps in the agencies' examination procedures and training in order to strengthen the oversight of cybersecurity readiness.

The Council has also continued its work on the second decennial interagency review of regulations mandated by the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). While the EGRPRA review aims to identify outdated, unnecessary, or unduly burdensome regulations as they apply to all insured depository institutions, the review is especially focused on the burden imposed on smaller depository institutions. In order to hear comments and suggestions from the public as to how regulatory burden can be reduced, FFIEC members held five EGRPRA outreach meetings over the course of 2015. These meetings were supplemented by published notices soliciting comments on specific categories of regulations. To me, a productive EGRPRA exercise will be one that results in changes in regulation and supervisory practices that, in turn, yield a significant reduction in regulatory burden, especially for smaller firms, while still promoting the safety and soundness of all insured depository institutions, and protecting both the Deposit Insurance Fund and financial stability. The FFIEC is committed to ensuring that this end is achieved. The agencies are now systematically analyzing and considering all comments that have been received with the goal of prioritizing recommendations and acting as quickly as possible to adopt them.

As the following report describes, the Council and its task forces and subcommittees have been engaged in many other important initiatives throughout 2015.

I appreciate the Council's accomplishments this past year and the work of the dedicated FFIEC staff, the constituent member agencies, and the State Liaison Committee to bring about these accomplishments. We will continue to work together on an interagency basis to advance our common mission of promoting uniformity and consistency in the supervision of financial institutions.

OVERVIEW OF THE FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL OPERATIONS

The Federal Financial Institutions Examination Council (FFIEC or Council) was established on March 10, 1979, pursuant to title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRIRCA), Public Law 95-630. The purpose of title X, cited as the Federal Financial Institutions Examination Council Act of 1978, was to create a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the constituent agencies, and to make recommendations to promote uniformity in the supervision of financial institutions. The Council is responsible for developing uniform reporting systems for federally supervised financial institutions, their holding companies, and the nonfinancial institution subsidiaries of those institutions and holding companies. It conducts schools for examiners employed by the five federal member agencies represented on the Council and makes those schools available to employees of state agencies that supervise financial institutions.

To encourage the application of uniform examination principles and standards by the state and federal supervisory authorities, the Council established, in accordance with the requirement of FIRIRCA, the State Liaison Committee (SLC).

Membership, Organization, and Administration of the Council

Members of the Council

By statute, the Council has six voting members. The most recent revision to the membership occurred in 2010 through a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Thus, since 2011 the Council Members are:

- a member of the Board of Governors of the Federal Reserve System (FRB), appointed by the Chairman of the Board;
- the Chairman of the Federal Deposit Insurance Corporation (FDIC);
- the Chairman of the National Credit Union Administration (NCUA);
- the Comptroller of the Currency of the Office of the Comptroller of the Currency (OCC);
- the Director of the Consumer Financial Protection Bureau (CFPB); and
- the Chairman of the State Liaison Committee (SLC).

Interagency Task Forces and Liaisons

Six staff task forces effectively administer the full spectrum of projects in the Council's functional areas, including but not limited to researching future enhancements for reporting, examiner training products, and examiner guidance. The task forces are each composed of six senior officials, one drawn from each of the five federal member agencies and one drawn from the SLC. Each is tasked with one of the following subject matters:

- Consumer Compliance
- Examiner Education
- Information Sharing
- Reports
- Supervision
- Surveillance Systems

The Council also has a Legal Advisory Group (LAG), composed of the general or chief counsel from each of the member entities, to provide advice and other support on legal matters of interest to the Council. The task forces and the LAG provide research and develop analytical papers and proposals on the issues that the Council addresses. In addition, the Council has an Agency Liaison Group (ALG), composed of senior officials responsible for coordinating the FFIEC work of their respective members' staff.

Administration of the Council

The Chairmanship of the Council

rotates among the federal members for two-year terms in the following order: OCC, FRB, FDIC, CFPB, and NCUA. The Council holds regular meetings at least twice a year. Other Council meetings may be convened whenever called by the Chairman or four or more Council members. Most of the Council's funds are derived from assessments on its five federal member agencies. Additionally, it receives tuition fees from non-FFIEC member agency attendees to cover some of the costs associated with its examiner education program. It also receives funding from the U.S. Department of Housing and Urban Development for collecting, processing, and reporting data under the Home Mortgage Disclosure Act of 1975 (HMDA).

The FRB continued to provide budget and accounting services to the Council. The Council is supported by a small, full-time administrative staff in its operations office and in its examiner education program, which are located at the FDIC's L. William Seidman Center in Arlington, Virginia. Each Council staff is detailed (some permanently) from one of the five federal member agencies represented on the Council.

A Brief Statutory History of the Council

The Financial Institutions Regulatory and Interest Rate Control Act of 1978

Upon passage of FIRIRCA, the constituent agencies each designated personnel to study title X, analyze the agencies' responsibilities, and prepare recommendations for performing the required duties. The heads of the constituent agencies, acting through the Interagency Coordinating Committee, then established a task force composed of representatives from each agency to develop the necessary mechanism to establish the Council. The task force prepared option papers and legal opinions for the Council on organization structure, rules of operation, funding, priorities, and other necessary matters pertinent to the establishment of a functioning Council. The Council organized and held its first meeting on March 16, 1979. At the first meeting of the Council, the organizations were represented by John G. Heimann, Comptroller of the Currency of the OCC; Irvine H. Sprague, Chairman of the FDIC; J. Charles Partee, Governor of the FRB; Robert H. McKinney, Chairman of the Federal Home Loan Bank Board (Bank Board); and Lawrence Connell, Administrator of the NCUA.

The Housing and Community Development Act of 1980

The Council was given additional statutory responsibilities by section 340 of the Housing and Community Development Act of 1980, Public Law 96-399. Among these responsibilities are the implementation of a system to facilitate public access to data that depository institutions must disclose under the HMDA and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989

In 1989, the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) abolished the Bank Board and established the Office of Thrift Supervision (OTS). Accordingly, the Director of the OTS assumed the Council seat previously held by the Bank Board representative.

Title XI of FIRREA established the Appraisal Subcommittee (ASC) within the Council. The ASC's mission statement is "to provide federal oversight of State appraiser regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions." The ASC consists of seven individuals appointed by the heads of the five federal regulatory agencies represented on the Council and the Federal Housing Finance Agency and the U.S. Department of Housing and Urban Development. The ASC is largely autonomous and performs its duties independently of the direct supervision and oversight of the Council. The Council's responsibilities with respect to the ASC include (1) selection of the chairman of the ASC, (2) approval of any adjustment of the amount of the ASC's annual registry fee for appraisers that exceeds the statutorily defined amount, (3) approval of any determination by the ASC to waive any certification or licensing requirement based on a scarcity of appraisers in connection with federally related transactions within a state, and (4) approval of any proposal by the ASC to grant extensions to states to comply with new regulations governing establishment of appraisal management company registration and supervision systems.

The Economic Growth and Regulatory Paperwork Reduction Act of 1996

Additional responsibility was given to the Council by the EGRPRA to submit reports to Congress on the regulatory reviews that its constituent agencies, with the exception of the NCUA, and with the later exception of the CFPB, conduct in accordance with EGRPRA.

The EGRPRA requires that the constituent agencies, at least once every 10 years, review all the regulations prescribed by the agencies to identify those that are outdated or otherwise impose unnecessary regulatory requirements on insured depository institutions and eliminate unnecessary regulations. Although not required to, the NCUA elects to participate in the decennial review process. The CFPB is required to complete a review of each significant rule five years after it takes effect, in a process separate from EGRPRA.

The Financial Services Regulatory Relief Act of 2006

Congress passed the Financial Services Regulatory Relief Act of 2006 that provided for the election of a Chairman for the SLC from among the five SLC members and for the addition of the SLC Chairman as a voting member of the Council in October 2006.

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008, enacted as title V of the Housing and Economic Recovery Act of 2008, established the responsibility for the federal banking agencies, through the Council and in conjunction with the Farm Credit Administration, to develop and maintain a system for registering employees of depository institutions and certain of their subsidiaries' loan originators with the Nationwide Mortgage Licensing System and Registry. On July 21, 2011, pursuant to the Dodd-Frank Act, the authority for rulemaking and authority to develop and maintain the licensing system generally was transferred to the CFPB.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

In 2010, Congress enacted the Dodd-Frank Act, providing for the addition of the Director of the CFPB as a voting member of the Council, effective July 2011. The Director of the former OTS was removed from the Council, and the agency's functions were transferred to the OCC, FRB, FDIC, and CFPB.

Record of Council Activities

The following section is a chronological record of the official actions taken by the FFIEC during 2015, pursuant to the FIRIRCA, as amended, and the HMDA, as amended.

January 27, 2015

Action. Approved recommendations and priorities contained in the Cybersecurity Risk Assessment.

Explanation. The Council approved the recommendations and priorities resulting from the pilot cybersecurity readiness assessment conducted at more than five hundred financial institutions by FFIEC members in 2014.

February 11, 2015

Action. Approved the issuance of the Council's annual interagency awards.

Explanation. The Council has an interagency awards program that recognizes staff of the FFIEC members who have provided outstanding service to the Council on interagency projects and programs during the previous year.

February 13, 2015

Action. Approved the Budget Addition to the 2014 Uniform Bank Performance Report Budget.

Explanation. The Council is required to approve budget additions that exceed a specific dollar amount. The Uniform Bank Performance Report (UBPR) Budget Addition covered end-of-year costs associated with the 2014 relocation expenses for a newly hired UBPR Coordinator.

March 10, 2015

Action. Approved the appointment of six task force chairs.

Explanation. The chairs for all six standing task forces are approved annually and are drawn from management and staff of the FFIEC members. Their terms run April 1, 2015, through March 31, 2016.

March 20, 2015

Action. Approved the Council's 2014 annual report to the Congress.

Explanation. The legislation establishing the Council requires that, not later than April 1 of each year, the Council publish an annual report covering its activities during the preceding year.

April 2, 2015

Action. Approved the Central Data Repository (CDR) Steering Committee's Task Order #6.

Explanation. The Council is required to approve task orders that exceed a specific dollar amount. Task Order #6 provides funding for CDR enhancements to improve Call Report processing, public distribution of Call Report data, and UBPR processing.

April 2, 2015

Action. Approved re-appointment of SLC member, Karen Lawson, Director, Office of Banking within

The Federal Financial Institutions Examination Council in session.

FFIEC Chairman Tarullo addressing the Council at a 2015 meeting.

the Michigan Department of Insurance and Financial Services.

Explanation. The Council appoints two of the SLC members. The remaining three members are designated by the Conference of State Bank Supervisors (CSBS), the American Council of State Savings Supervisors (ACSSS), and the National Association of State Credit Union Supervisors (NASCUS). Ms. Lawson's second full term on the SLC runs May 1, 2015, through April 30, 2017.

June 16, 2015

Action. Approved the Cybersecurity Assessment Tool and supporting materials, which include the User's Guide, Overview for Chief Executive Officers and Boards of Directors, and three appendices.

Explanation. In light of the increasing volume and sophistication of cyber threats, the FFIEC developed the Cybersecurity Assessment Tool to help institutions identify their risks and determine their cybersecurity maturity. The content of the Cybersecurity Assessment Tool is consistent with the principles of the FFIEC Information Technology (IT) Examination Handbook (IT Handbook) and the National Institute of Standards and Technology (NIST) Cybersecurity Framework, as well as industry-accepted cybersecurity practices. The Cybersecurity Assessment Tool provides institutions of all sizes with a repeatable and measureable process to inform management of their institution's risks and cybersecurity preparedness. Use of the Cybersecurity Assessment Tool by institutions is voluntary.

December 3, 2015

Action. Approved the 2016 Council budget.

Explanation. The Council is required to approve the annual budget that funds the Council's staff, programs, and activities.

December 14, 2015

Action. Approved a new HMDA Memorandum of Understanding (MOU) and related Addendum by and between the FFIEC member agencies, the FRB, and the CFPB regarding transfer of the HMDA data collection, processing, and production responsibilities.

Explanation. The Dodd-Frank Act amended HMDA in various respects, including the transfer of HMDA rulemaking authority and certain other HDMA-related responsibilities from the FRB to the CFPB. By this MOU and related Addendum the FFIEC member agencies agreed that the HMDA data collection, processing, and production responsibilities currently provided by the FRB will transfer to the CFPB beginning in 2018.

STATE LIAISON COMMITTEE REPORT

State Liaison Committee (from left to right): Caroline Jones (TX), Karen Lawson (MI), Lauren Kingry (AZ), David Cotney (MA), and Mary Hughes (ID).

The SLC consists of five representatives from state regulatory agencies that supervise financial institutions. The representatives are appointed for two-year terms. An SLC member's two-year term may be extended by the appointing organization for an additional, consecutive two-year term. The Council elects two of the five members of the SLC. The ACSSS, the CSBS, and the NASCUS each designate a member. The members of the SLC serve as an important conduit to their state colleagues and represent state supervisory interests before the Council. Each year, the SLC elects one of its members to serve as chairman for 12 months, commencing May 1.

The five members serving on the SLC in 2015 were:

- David Cotney,
  SLC Chairman
  Commissioner of Banks, Commonwealth of Massachusetts Division of Banks
- Mary Hughes
  Financial Institutions Bureau Chief, Idaho

Department of Finance

- Caroline Jones
  Commissioner, Texas Department of Savings and Mortgage Lending

- Lauren Kingry
  SLC Chairman
  May 1 - December 1, 2015, Superintendent, Arizona Department of Financial Institutions

- Karen Lawson
  Director, Office of Banking, Michigan Department of Insurance and Financial Services

The SLC is represented on the Council's task forces and working groups by state supervisors from around the country. The CSBS provides staff support to the SLC representatives and serves as the primary liaison to the FFIEC staff for all administrative matters.

In connection with its role on the Council, the SLC meets in person before each Council meeting to discuss the agenda, task force projects, and topics of interest that may come before the Council. The SLC invites leadership and policymakers from the other FFIEC members and the FFIEC Executive Secretary's office to meet with them during these briefings to engage in informal dialogue. Those who participated this year included Thomas Curry, Comptroller of the Currency, OCC; Jamal El-Hindi, Deputy Director, Financial Crimes Enforcement Network (FinCEN); Judith Dupre, Executive Secretary, FFIEC; and Rosanna Piccirilli, Senior Program Coordinator, FFIEC.

State bank regulators, represented by the SLC, charter approximately 4,850 banks with $5.0 trillion assets under supervision. In addition to commercial banks, state regulators supervise other depository institutions including credit unions, savings banks, savings and loan institutions, bankers' banks, credit card banks, industrial loan companies, foreign banking organizations, and non-depository trust companies. A total of 52 state regulatory agencies supervise 379 non-depository trust companies.

ACTIVITIES OF THE INTERAGENCY STAFF TASK FORCES

Task Force on Consumer Compliance

The Task Force on Consumer Compliance (TFCC) promotes policy coordination, a common supervisory approach, and uniform enforcement of consumer protection laws and regulations. The TFCC identifies and analyzes emerging consumer compliance issues and develops proposed policies and procedures to foster consistency among the agencies. Additionally, the TFCC reviews legislation, regulations, and policies at the state and federal level that may have a bearing on the consumer compliance supervision responsibilities of the member agencies.

Task Force on Consumer Compliance meeting.

During 2015, the TFCC relied on the HMDA/Community Reinvestment Act (CRA) Data Collection Subcommittee (HMDA/CRA Subcommittee) and several ad hoc working groups to carry out its mission. The TFCC meets monthly to address and resolve common issues in consumer compliance supervision. Although significant issues or recommendations are referred to the Council for action, the Council has delegated to the TFCC the authority to make certain decisions and recommendations.

Initiatives Addressed in 2015

HMDA/CRA Data Collection Subcommittee Activities

In 2015, the HMDA/CRA Subcommittee coordinated with the FRB's IT staff to collect, aggregate, and publish the 2014 CRA data and the 2014 HMDA data. The CRA data, published on August 25, 2015, are available on the FFIEC website, at www.ffiec.gov/press/pr082515.htm. The HMDA data, published on September 22, 2015, are also available on the FFIEC website, at www.ffiec.gov/press/pr092215.htm. In July, the FFIEC released a new batch loan geocoding system that is available to HMDA data reporters. The new geocoder allows institutions to geocode large numbers of loans in a single submission. The FFIEC continues to maintain its prior geocoder, which geocodes a single loan at a time, for use by the public.

Also in 2015, the HMDA/CRA Subcommittee collaborated with the CFPB to establish a plan for the transfer of HMDA data operations to the CFPB on January 1, 2018. The FRB will administer and maintain the current HMDA data operations system and continue to collect and process HMDA data through December 31, 2017.

The 2016 budgets for CRA and HMDA data processing and for the first phase of the new HMDA data collection, processing, and publication system were reviewed and approved by the TFCC and were part of the overall budget package approved by the Council at its December 3, 2015 meeting.

Consumer Compliance Conference

In 2015, the TFCC continued to collaborate with the Task Force on Examiner Education (TFEE) and the FFIEC Examiner Education Office (EEO) to develop, plan, and deliver the Consumer Compliance Conference. The conference addresses supervisory updates and emerging issues for experienced examiners. The program was originally offered in January 2013, and after positive feedback was offered again in October 2013, April 2014, and September 2015. Planning is currently ongoing for a September 2016 session.

Mortgage Rules Examination Procedures

The CFPB has issued new mortgage rules pursuant to the Dodd-Frank Act. In response, the TFCC convened an interagency effort, led by the CFPB, to draft corresponding updates to the Truth in Lending Act (TILA)/Regulation Z and the Real Estate Settlement Procedures Act (RESPA)/Regulation X examination procedures. In February 2015, the TFCC approved updated TILA/Regulation Z and RESPA/Regulation X examination procedures that, among other changes, incorporate the CFPB's final TILA-RESPA Integrated Disclosure Rule. The updated interagency TILA/Regulation Z examination procedures also incorporate changes associated with the interagency higher-priced mortgage loan appraisal rule and other minor revisions made pursuant to title XIV (Mortgage Reform and Anti-Predatory Lending Act) of the Dodd-Frank Act. The procedures were updated again in September 2015 to reflect the revised effective date of the TILA-RESPA Integrated Disclosure Rule and to incorporate minor, technical updates.

Regulation P Examination Procedures

The CFPB issued an October 2014 rulemaking that amended the requirements for financial institutions to provide annual disclosure of privacy practices to customers. The TFCC convened an interagency effort to draft corresponding updates to the Regulation P examination procedures. On September 14, 2015, the TFCC approved the updated examination procedures, which were also revised to reflect the CFPB's recodification in Regulation P of the privacy regulations, as well as to clarify the rule's requirements and to improve its readability.

Task Force on Examiner Education

The TFEE oversees the FFIEC's examiner education program on behalf of the Council. The TFEE promotes interagency education through timely, cost-efficient, state-of-the-art training programs for federal and state examiners and agency staff. The TFEE develops programs on its own initiative and in response to requests from the Council, Council task forces, and suggestions brought forth by the EEO staff. The EEO also maintains development groups that have been established to provide ongoing content guidance for classes and conferences. Development group members consist of subject matter experts from each FFIEC member entity designated by their TFEE members. Development group members help the EEO ensure that the course content is relevant, current, and meets the agencies' examiner training needs.

Each fall, EEO staff establishes a training schedule based on demand from the FFIEC member entities and state financial institution regulators, which is

Task Force on Examiner Education meeting.

Payment Systems Risk Conference at FDIC's L. William Seidman Center, Arlington, VA.

then approved by the TFEE. The EEO staff schedules, delivers, and evaluates training programs throughout the year.

Initiatives Addressed in 2015

The TFEE has continued to ensure that the FFIEC's educational programs meet the needs of agency personnel, are cost-effective, and are widely available. The TFEE meets monthly with the EEO staff to discuss emerging topics, to review feedback from each course and conference, and to develop a framework for future courses and conferences. The solid partnership between the TFEE members and the EEO staff promotes open and regular communication that continues to result in high-quality, well-received training.

In-Person Training Programs

In 2015, the EEO administered 106 task force-sponsored training sessions and one pilot session of the Interest Rate Risk (IRR) Workshop, with a total of 4,187 attendees (see table on page 12 for attendee participation by program and entity). Highlights from this year's training initiatives include the following:

Cybersecurity

While cybersecurity has been a standing topic covered in several training programs for many years, specific efforts in 2015 ensured that all IT, Payment Systems Risk, and Supervisory Updates Conference programs included speakers from the Task Force on Supervision's (TFOS) CCIWG or IT Subcommittee. These same conferences often included segments with industry experts on cybersecurity to ensure that attendees are informed of the latest developments in this rapidly changing area.

Interest Rate Risk

An intermediate-level course on IRR assessment and management for examiners—IRR Workshop—was developed by subject matter experts selected by the TFOS in coordination with the EEO. The IRR Workshop pilot was offered in 2015 and eight sessions are scheduled in 2016. In addition to this new course offering, two conferences that focus on capital markets issues included industry perspectives on IRR management and modeling techniques for community financial institutions. Further, the Supervisory Updates and Emerging Issues for Community Financial Institutions Conference included an IRR presentation from an agency capital markets specialist. Among the topics addressed were industry trends, measurement systems, exposure limits and mitigation strategies, independent reviews, and regulatory guidance.

Annual Specialists Conferences

In addition to the classes and conferences designed to meet the needs of generalist commissioned examiners, the EEO curriculum also includes several annual specialists conferences designed to address important emerging topics and regulatory updates. These specialist conferences address such topics as the Bank Secrecy Act (BSA), consumer compliance, IT, capital markets and liquidity risk management, and asset management. These conferences provide agency-designated subject matter experts with the

2015 Participation in FFIEC Training by Program and Entity-Actual as of December 31, 2015

Program Title	FRB	FRB State Spon-sored	FDIC	FDIC State Spon-sored	NCUA	NCUA State Spon-sored	OCC	CFPB	FCA	FHFA	Other	Total
Advanced BSA/AML Specialists Conference	28	12	39	20	7	3	42	0	0	2	18	171
Advanced Cash Flow Concepts and Analysis: Beyond the Numbers	29	9	60	5	14	0	22	0	3	0	1	143
Advanced Commercial Credit Analysis	27	14	38	6	5	2	20	0	1	0	2	115
Agricultural Lending	15	6	70	3	15	1	5	0	5	0	1	121
Anti-Money Laundering Workshop	13	20	60	11	4	4	0	0	0	2	5	119
Asset Management Forum	37	15	54	17	0	2	13	0	0	0	0	138
Capital Markets Conference	37	23	85	14	23	8	18	0	5	0	2	215
Capital Markets Specialists Conference	29	6	85	9	11	4	10	0	17	5	5	181
Cash Flow Construction and Analysis from Federal Tax Returns	62	26	81	15	27	9	52	0	5	0	2	279
Commercial Real Estate Analysis	52	18	115	25	10	16	20	0	1	3	0	260
Consumer Compliance Specialists Conference	20	5	88	4	11	1	26	62	3	0	0	220
Distressed Commercial Real Estate	28	4	65	8	7	1	14	0	1	0	0	128
Financial Crimes Seminar	26	32	140	13	22	5	34	0	0	0	0	272
Fraud Identification Training Online	2	0	15	0	6	0	8	0	0	0	0	31
Fraud Investigation Techniques for Examiners	5	5	7	4	5	6	1	0	1	2	0	36
Fundamentals of Fraud	11	22	103	5	8	4	20	1	1	5	5	185
Information Technology Conference	40	15	67	12	18	2	36	4	13	11	0	218
Information Technology Symposium	0	0	0	0	0	0	0	0	0	0	0	0
Instructor Training School	18	0	0	0	1	0	8	17	2	0	0	46
Interest Rate Risk Workshop	2	0	4	0	1	0	3	0	0	0	4	14
International Banking (Self-Study)	13	0	31	0	1	0	0	0	0	0	2	47
International Banking Conference	32	2	32	0	0	0	14	2	0	0	1	83
International Banking School	15	4	29	4	0	0	2	0	0	0	1	55
Payment Systems Risk Conference	30	20	57	4	14	3	27	3	0	3	5	166
Real Estate Appraisal Review Online	1	0	24	0	4	0	0	0	1	0	0	30
Real Estate Appraisal Review School	24	19	56	8	12	0	18	0	0	1	0	138
Structured Finance: Investment Analysis & Risk Management	32	4	54	2	10	3	8	0	0	2	1	116
Supervisory Updates & Emerging Issues for Community Financial Institutions	58	31	184	33	10	1	33	0	3	0	6	359
Supervisory Updates & Emerging Issues for Large, Complex Financial Institutions	45	11	115	7	14	0	33	4	7	11	3	250
Testifying School	0	0	17	0	0	0	6	0	0	0	0	23
Train the Trainer for Fundamentals of Fraud	4	0	10	0	5	0	2	0	0	0	7	28
Grand Total	735	323	1,785	229	265	75	495	93	69	47	71	4,187
Percentage	17.56	7.71	42.63	5.47	6.33	1.79	11.82	2.22	1.65	1.12	1.70	100
Combined Agency and Sponsored Percentage	25.27	NA	48.10	NA	8.12	NA	11.82	2.22	1.65	1.12	1.70	100

opportunity to network and share their observations and industry developments with others in their specialty area, including those from other agencies and other parts of the country. The specialists' conferences feature knowledgeable and influential speakers, including senior level officials from member agencies, policymakers, and industry experts.

Educational InfoBases

In addition to classroom training, the TFEE implemented and annually approves the maintenance of two InfoBases, (1) BSA/Anti-Money Laundering (AML) and (2) IT Handbook. These two InfoBases are online products that efficiently and effectively centralize and facilitate prompt access to examination procedures, agency resources, and reference materials on topics of interest to both financial institution regulators and the industry. The electronic delivery medium enables the content to be readily updated as needed in coordination with TFOS working groups and subcommittees.

The BSA/AML InfoBase contains the examination manual and links to relevant laws, regulations, forms, and supervisory guidance. In 2015, the InfoBase was updated to include the Spanish translation of the 2014 edition of the BSA/AML Examination Manual.

The IT Handbook InfoBase contains the current set of IT examination booklets, agency resource materials, reference materials, a glossary, and master table of contents. The InfoBase content is updated on an as-needed basis. In 2015, updates were made to both the "Business Continuity Planning" and "Management" booklets of the IT Handbook.

International Banking School at FDIC's L. William Seidman Center, Arlington, VA.

Alternative Delivery Training

Alternative delivery training is offered on an as-needed basis. Currently, the FFIEC EEO offers three alternative delivery courses. The Basic International Banking Self-Study Course is available to the public in addition to the FFIEC members. The Real Estate Appraisal Review Online Course and the Fraud Identification Online Course are available to examiners and bankers through collaboration with the CSBS.

Continuing Education Credits

Several FFIEC courses are assessed and approved annually for continuing education credits, evidencing the high-quality content of the EEO's programming. Accreditation of EEO training events provides examiners the opportunity to maintain their certifications, as they would by attending industry-sponsored training, while still being able to hear from subject matter experts on topics of interest to examiners. Through a collaborative relationship between the FDIC and an FFIEC program sponsor, a number of classes and conferences are reviewed and approved for Continuing Professional Education credits, which are required for those examiners who are Certified Public Accountants. Other EEO accreditations are also available to examiners with industry-recognized designations, such as Certified AML Specialist, Certified Fraud Examiner, Certified Regulatory Compliance Manager, Certified Trust and Financial Advisor, and Chartered Financial Analyst. EEO classes enable examiners to better perform their examination duties as well as meet their greater professional development needs.

Facilities

The FFIEC rents office space, classrooms, and lodging facilities at the FDIC's L. William Seidman Center in Arlington, Virginia. This facility offers convenient access to two auditoriums and numerous classrooms. Regional sessions are provided on an as-needed basis as requested by the agencies.

Course Catalogue and Schedule

The course catalogue and schedule are available online at www.ffiec.gov/exam/education.htm.

To obtain a copy, contact:

Karen Smith, Manager
FFIEC Examiner Education Office
3501 Fairfax Drive
Room B-3030
Arlington, VA 22226-3550
Phone: (703) 516-5588

Task Force on Information Sharing

The Task Force on Information Sharing (TFIS) promotes and facilitates the sharing (collection, exchange, and access) of electronic information among the FFIEC members in support of the supervision, regulation, and deposit insurance responsibilities of financial institution regulators. The TFIS provides a forum for FFIEC members to discuss and address issues affecting the quality, consistency, efficiency, and security of interagency information sharing. Provided all TFIS members agree, the Council has delegated to the TFIS the authority to facilitate among the FFIEC members the sharing of electronic information to supervise, regulate, or insure depository institutions.

To the extent possible, the members build on each other's information databases to minimize duplication of effort and promote consistency. In accordance with each member's policy, the members participate in a program to share electronic versions of their examination and inspection reports, and other communications with financial institutions. The members also provide each other with access to their regulated entities' structure, financial data, and supervisory information. The TFIS and its working groups use a collaborative website to share information among the Council members. The TFIS maintains the "Data Exchange Summary," which lists the data files exchanged among the Council members and a repository of communications and documents critical to information sharing.

The TFIS has three working groups to address technology development issues, to perform interagency reconciliation of financial institution structure data, and to develop interagency identity management. In addition, the TFIS receives demonstrations and reports on agency, financial industry, and other Council initiatives pertaining to technology development (including the production and development status of the interagency CDR).

Initiatives Addressed in 2015

Technology Issues

The mission of the TFIS is to identify and implement technologies to make sharing interagency data more efficient and to accommodate changes in agency databases and technologies. The TFIS's Technology Working Group (TWG) meets monthly to develop technological solutions that enhance data sharing and to coordinate the automated transfer of data files between the members. The group tracks weekly developments to provide timely resolutions of data exchange issues.

The TWG continues to develop necessary links and processes to exchange electronic documents, develop an inventory of future technology projects, and upload information to the collaborative website where documents and critical materials pertaining to interagency information exchanges are stored.

Structure Data Reconciliation

Structure data is non-financial in nature and encompasses the financial institution's profile, including, but not limited to, its charter type, holding company information, address, and contact information. This non-financial data is used in FDIC, FRB, and OCC databases for business analyses, processing, and reporting purposes. As a result, the accuracy and consistency of this data must be assured. The Structure Data Reconciliation Working Group (SDRWG) compares and reconciles data discrepancies between the FDIC, FRB, and OCC databases quarterly to ensure their reliability. The SDRWG's quarterly efforts have greatly resolved structure data discrepancies among the members.

Coordination with Other Interagency Information-Sharing Entities

The TFIS continues to coordinate with interagency information-sharing entities including the Financial Stability Oversight Council (FSOC) and the Office of Financial Research (OFR). These coordination efforts enable the TFIS to keep apprised of emerging issues and to monitor progress on projects, such as the Global Legal Entity Identifier initiative and those identified by the Data Sharing Working Group. This latter group focuses on identifying best practices for data and information sharing among the FFIEC agencies.

Collaboration Tools

The TFIS continues to coordinate with the Federal Reserve System's Interagency Collaboration Program to encourage knowledge sharing and collaboration capabilities among FFIEC members.

Contingency Planning

The TFIS developed a contingency plan for disaster events to restore and otherwise ensure continuity in data exchanges among the FFIEC members. The plan identifies event conditions and criteria under which contingency plan procedures would be put into effect. The plan also specifically outlines detailed procedures to ensure that critical communications among the FFIEC members continue until operations are restored.

Task Force on Information Sharing meeting.

Task Force on Reports

The law establishing the Council and defining its functions requires the Council to develop uniform reporting systems for federally supervised financial institutions and their holding companies and subsidiaries. To meet this objective, the Council established the Task Force on Reports (TFOR). The TFOR helps to develop interagency uniformity in the reporting of periodic information that is needed for effective supervision and other public policy purposes. As a consequence, the TFOR is concerned with issues such as the review and implementation of proposed revisions to reporting requirements; the development and interpretation of reporting instructions, including responding to inquiries about the instructions from reporting institutions and the public; the application of accounting standards to specific transactions; the development and application of processing standards; the monitoring of data quality; and the assessment of reporting burden. In addition, the TFOR works with other organizations, including the Securities and Exchange Commission, the Financial Accounting Standards Board, and the American Institute of Certified Public Accountants. The TFOR also is responsible for any special projects related to these subjects that the Council may assign.

To help the TFOR carry out its responsibilities, working groups are organized as needed to handle specialized or technical accounting, reporting, instructional, and processing matters. In this regard, the TFOR has established a CDR Steering Committee to make business decisions needed to ensure the continued success of the CDR system, monitor its ongoing performance, and report on its status. The CDR is a secure, shared database for collecting, managing, validating, and distributing data reported in the quarterly Consolidated Reports of Condition and Income (Call Reports) filed by insured banks and savings associations. The CDR also processes and distributes the UBPR under the oversight of the Task Force on Surveillance Systems (TFSS).

Initiatives Addressed in 2015

Community Bank Call Report Burden Reduction

At the Council's direction, the TFOR launched a formal initiative in December 2014 to identify potential opportunities to reduce burden associated with Call Report requirements for community banks. This initiative, which responds to industry concerns about the cost and burden of regulatory reporting requirements, comprises five actions, which are discussed below. In addition, as a foundation for these actions, the TFOR developed a set of guiding principles for use in evaluating potential additions and deletions of Call Report data items and other revisions to the Call Report, which were presented to the Council in March 2015. In general, any Call Report changes must meet three guiding principles: (1) The data items serve a long-term regulatory or public policy purpose by assisting the FFIEC's member entities in fulfilling their missions of ensuring the safety and soundness of financial institutions and the financial system and the protection of consumer financial rights, as well as entity-specific missions affecting national and state-chartered institutions; (2) The data items to be collected maximize practical utility and minimize, to the extent practicable and appropriate, burden on financial institutions; and (3) Equivalent data items are not readily available through other means.

As one action under the Call Report burden-reduction initiative, on September 18, 2015, the banking agencies published an initial Paperwork Reduction Act (PRA) *Federal Register* notice requesting comment on a number of proposed burden-reducing changes and certain other proposed Call Report revisions, which had been approved by the Council. As proposed, these Call Report revisions were targeted to take effect as of December 31, 2015, or March 31, 2016, depending on the nature of the change. The burden-reducing changes included as part of this proposal were not intended to be the only group of Call Report revisions designed to lessen reporting burden for institutions and, in particular, for community banks. Additional burden-reducing changes to the Call Report are expected to result from the other actions being taken under the Council's Call Report burden-reduction initiative.

The comment period for the proposal ended November 17, 2015. On December 3, 2015, the Council advised institutions that the Call Report revisions with a proposed effective date of December 31, 2015, had been deferred until no earlier than March 31, 2016. As of year-end 2015, the TFOR was continuing to evaluate the proposed changes and possible modifications to them based on the comments received. To provide time for institutions to prepare for the Call Report revisions that the TFOR decides to implement, subject to Council approval, the FDIC, the FRB, and the OCC (collectively, the banking agencies) notified institutions on January 8, 2016, that the effective date for all reporting changes in the September 2015 proposal has been further deferred until no earlier than September 30, 2016.

As the second action, the TFOR accelerated the start of the next review of the existing Call Report data items, which the banking agencies are required to perform by section 604 of the Financial Services Regulatory Relief Act of 2006 and otherwise would have commenced in 2017. Users of Call Report data items at the Council's member entities are participating in a series of surveys being conducted over a 19-month period that began in July 2015. As an integral part of these surveys, users are asked to fully explain the need for each Call Report data item, how it is used, the frequency with which it is needed, and the population of institutions from which it is needed. Call Report schedules have been placed into groups and prioritized for review, generally based on perceived burden as cited by banking industry

Task Force on Reports at an Examination Council meeting.

are organizing a number of conference call meetings with small groups of community bankers in February 2016 in which the TFOR will participate. The trade groups will consider the discussion topics offered by the TFOR as they set the agendas for these banker meetings. The TFOR will use the information obtained from these outreach activities as a key input into the next action under this initiative, including whether and how reporting burden may be reduced.

As a fourth action, the TFOR is considering the feasibility and merits of creating a less burdensome version of the Call Report for institutions that meet certain criteria, which may include an asset-size reporting threshold or activity limitations. During 2015, in consultation with staff from the FFIEC's member entities, a working group established by the TFOR identified and analyzed each Call Report data item that is routinely completed by only a limited number of small institutions to determine which items may be candidates for elimination from a report for eligible small institutions. Such a report also could exclude the existing Call Report schedules and items not applicable to institutions below the specified asset-size threshold. The TFOR reported to the Council in December 2015 on options for proceeding with a less burdensome Call Report for eligible institutions and other Call Report streamlining methods. The additional feedback about sources of Call Report burden and these options from the TFOR's community banker outreach activities in February 2016 will

representatives. Based on the results of each of the surveys, a working group established by the TFOR is identifying data items that warrant consideration for elimination, less frequent collection, or new or upwardly revised reporting thresholds and will begin presenting its recommendations to the TFOR in 2016. The TFOR plans to pursue implementation of burden-reducing reporting changes, as approved by the Council, during the review period rather than waiting until the completion of the entire review and the reporting of the results to the Council in late 2017.

A third action for the agencies is to better understand, through industry dialogue, the aspects of reporting institutions' Call Report preparation processes that are significant sources of reporting burden, including where manual intervention by an institution's staff is necessary to report particular information. As an initial step toward improving this understanding, representatives from the FFIEC's member entities visited nine community institutions during the third quarter of 2015. Institution staff explained how they prepare their Call Reports, identified which schedules or data items take a significant amount of time and/or manual processes to complete and the reasons for this, and provided their suggestions on Call Report streamlining. In the fourth quarter of 2015, the TFOR used the feedback from these on-site visits to prepare a set of discussion topics on Call Report burden and streamlining that could serve as the basis for further dialogue with community bankers to determine whether the feedback is representative of the views of a broader cross-section of bankers. Two bank trade groups, the Independent Community Bankers of America and the American Bankers Association, help inform a subsequent TFOR recommendation to the Council regarding a streamlining proposal for eligible small institutions that can be issued for industry comment in 2016.

As the fifth action, the TFOR will continue to offer periodic training to bankers via teleconferences and webinars that explain upcoming reporting changes and also provide guidance on areas of the Call Report bankers find challenging. The TFOR, together with capital policy experts from the banking agencies, held a banker teleconference on February 25, 2015, that included a presentation on the revised Call Report Schedule RC-R regulatory capital reporting requirements that became applicable to all institutions on March 31, 2015, followed by a question-and-answer session. On December 8, 2015, the TFOR and capital policy experts from the banking agencies conducted a follow-up banker teleconference, including a question-and-answer session, addressing several aspects of revised Schedule RC-R and the underlying regulatory capital rules that are continuing sources of questions from bankers.

Regulatory Capital Reporting Changes

In July 2013, the banking agencies approved revised regulatory capital rules that applied to advanced approaches institutions beginning January 1, 2014, and to all other institutions beginning January 1, 2015. In general, an advanced approaches institution is an FDIC-insured depository institution or depository institution holding company with consolidated total assets of $250 billion or more or consolidated total on-balance sheet foreign exposure of $10 billion or more, a subsidiary of such an institution or holding company, or an entity that elects to apply the advanced approaches capital rules.

After approval by the Council, the banking agencies published an initial PRA *Federal Register* notice in June 2014 requesting comment on proposed revisions to the risk-weighted assets portion of Call Report Schedule RC-R. The proposed revisions incorporated the standardized approach for calculating risk-weighted assets under the revised regulatory capital rules. The proposal also included a related change to the reporting of securities borrowed in Call Report Schedule RC-L, Derivatives and Off Balance Sheet Items.

After the comment period closed in August 2014, capital policy experts from the banking agencies and the TFOR modified the proposed risk-weighted assets portion of Schedule RC-R in response to comments and technical questions received. In January 2015, the Council approved the final version of the revised risk-weighted assets and securities borrowed reporting changes. The banking agencies published a final PRA *Federal Register* notice for these reporting changes on February 2, 2015. The Council notified all reporting institutions about these revised reporting requirements. The U.S. Office of Management and Budget (OMB) approved the revisions to the risk-weighted assets portion of Schedule RC-R and the reporting of securities borrowed in March 2015, and the banking agencies implemented these reporting changes as of March 31, 2015.

Market Risk Regulatory Report

In January 2015, capital policy experts from the banking agencies and the TFOR completed modifications to a proposed new market risk regulatory report (FFIEC 102 report) which had been published in September 2014. The modifications addressed comments and technical questions received on the proposed report, which would apply to insured depository institutions and holding companies subject to the market risk capital rule incorporated in the banking agencies' July 2013 revised regulatory capital rules (market risk institutions). The report would collect key information from market risk institutions on how they measure and calculate market risk under the revised rule that took effect on January 1, 2015.

After the Council approved the revised market risk regulatory reporting proposal in February 2015, the banking agencies published a final PRA *Federal Register* notice for the FFIEC 102 report. OMB approved the market risk regulatory report in March 2015, and its initial collection began as of March 31, 2015.

Central Data Repository

In December 2015, the banking agencies successfully deployed enhancements to the CDR. The 2015 CDR enhancement release included improvements to UBPR processing and UBPR online user guide functionality, thereby enhancing the public interface with the CDR's data distribution facility. The enhancement release also added capabilities for the CDR to collect the FDIC's Summary of Deposits (SOD) data series beginning in 2016, which were funded by the FDIC.

In the fourth quarter of 2015, the CDR team began analyzing and prioritizing open issues and requested modifications for inclusion in a 2016 CDR enhancement release, which is planned for implementation in December 2016. In addition to enhancements to the CDR that will be shared by the banking agencies, the release will include enhancements for the SOD data series.

Other Activities

In December 2015, OMB approved several changes to the Foreign Branch Reports of Condition (FFIEC 030 and FFIEC 030S) that the banking agencies had first published for comment in July 2015. The revisions, which took effect as of year-end 2015, included a change to the officer declaration in these reports, the elimination of the requirement for a branch to submit the cover page of the applicable report if it is consolidated into the report for the institution's principal branch in a country, and a new field on the cover page for an institution to indicate whether the branch meets the criteria for annual or quarterly filing. No revisions were made to the financial information collected in these reports.

OMB approved three-year extensions of the authority for the FRB to collect the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002), the Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S), and the Country Exposure Report for U.S. Branches and Agencies of Foreign Banks (FFIEC 019) in October 2015. These approvals followed the FRB's publication of initial and final PRA *Federal Register* notices, which had been approved by the Council. The Federal Reserve System collects and processes these reports on behalf of the banking agencies.

During 2015, capital policy experts from the banking agencies and the TFOR began developing proposed modifications to the supplementary leverage ratio (SLR) data included in the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101), in response to the banking agencies' September 2014 final rule revising the definition of the denominator of the SLR. The proposed revised SLR data would replace existing data items pertaining to the SLR in the FFIEC 101 that currently are not collected because of the definitional changes made by the final rule. Reporting of the proposed revised SLR data in the FFIEC 101 is expected to take effect for advanced approaches institutions as of a quarter-end report date in the second half of 2016 following appropriate notice and comment in accordance with the PRA and subject to approval by OMB.

Instructional Guidance

The TFOR continued to conduct monthly interagency conference calls during 2015 to discuss instructional matters pertaining to FFIEC reports and related accounting issues to reach uniform interagency positions on these issues.

Task Force on Supervision

The TFOS coordinates and oversees matters relating to safety-and-soundness supervision and examination of depository institutions. It provides a forum for Council members to promote quality, consistency, and effectiveness in examination and other supervisory practices. While significant issues and recommendations are referred to the Council for action, the Council has delegated to the TFOS the authority to make certain decisions and recommendations, provided all TFOS members agree. Meetings are held monthly to address and resolve common supervisory issues. The TFOS also maintains supervisory communication protocols to be used in emergencies. These protocols, established by the TFOS, are periodically tested through exercises with TFOS members and key supervisory personnel.

The TFOS has one subcommittee and two permanent working groups. It also establishes ad hoc working groups to handle individual projects and assignments, as needed.

- The IT Subcommittee serves as

a forum to address information systems and technology policy issues as they relate to financial institutions and their technology service providers (TSPs). The IT Subcommittee develops and maintains the FFIEC IT Handbook, which consists of a series of topical booklets addressing issues such as information security. This resource is available through an InfoBase on the FFIEC website. In conjunction with the TFEE, the IT Subcommittee sponsors an annual FFIEC IT Conference for examiners and periodically holds symposia on emerging information technology and related risks. The IT Subcommittee specifically coordinates with the TFOS's CCIWG.

- The CCIWG was formed in June 2013 in response to the increasing sophistication and volume of cyber threats that pose significant risks to financial institutions and their service providers. The CCIWG promotes coordination across the FFIEC member entities on cybersecurity and critical infrastructure issues. The group provides a forum for addressing policy issues relating to cybersecurity and critical infrastructure security and the resilience of financial institutions and TSPs. Working group coordination includes ongoing communications with the intelligence community, law enforcement, and homeland security agencies. The CCIWG also serves as a forum to build on existing efforts to support and strengthen the activities of other interagency and private sector groups that promote financial services sector cybersecurity and critical infrastructure security and resilience. The working group's activities include information sharing, enhancing financial institutions' awareness of risk issues, and examiner training.

- The BSA/AML Working Group seeks to enhance coordination of BSA/AML guidance, policy, and other issues related to consistency of BSA/AML supervision. Working group coordination includes ongoing communication among representatives from federal and state banking agencies, the FinCEN, and periodically with other federal agencies that have BSA responsibility. The group's responsibilities include maintaining the FFIEC's BSA/AML Manual available through an InfoBase on the FFIEC website.

Task Force on Supervision.

Initiatives Addressed in 2015

Cybersecurity Priorities

In March 2015, the FFIEC issued an overview of its cybersecurity priorities for 2015. The priorities included seven work streams that were identified during the FFIEC's 2014 pilot assessment of cybersecurity readiness at more than 500 financial institutions.

FFIEC Cybersecurity Assessment Tool

In June 2015, the FFIEC released the Cybersecurity Assessment Tool (Assessment), based on the 2014 pilot, to assist financial institutions of all sizes with identifying their cybersecurity risks and evaluating their cybersecurity preparedness. Institutions may use the Assessment and other methodologies to perform a selfassessment and inform their risk management strategies. Use of the Assessment by institutions is voluntary. In addition to the Assessment, the FFIEC also issued resources, including a User's Guide, a mapping of the Assessment's baseline statements to the FFIEC IT Handbook, a mapping of the Assessment to the NIST Cybersecurity Framework, a glossary, and an overview for chief executive officers and boards of directors.

Cybersecurity Statements

In March 2015, the FFIEC released two statements about ways that financial institutions can identify and mitigate cyber attacks that compromise user credentials or use destructive software, known as malware. The "Statement on Destructive Malware" was released in response to the increasing frequency and severity of cyber attacks involving destructive malware, which can compromise large quantities of data and render supporting systems inoperable. The statement described steps financial institutions can take to address such attacks, including conducting ongoing risk assessments; securely configuring systems and services; reviewing risk management practices and controls over critical systems; reviewing, updating, and testing incident response and business continuity plans; enhancing awareness and training programs; and participating in industry information-sharing forums.

The FFIEC members also released the "Statement on Cyber Attacks Compromising Credentials" to alert institutions to the growing trend of cyber attacks for obtaining online credentials for theft, fraud, or business disruption. The statement addressed risk mitigation related to such cyber attacks, including the review of risk management practices and controls over IT networks and authentication, authorization, fraud detection, and response management systems and processes.

In November 2015, the FFIEC released the "Statement on Cyber Attacks Involving Extortion" in response to the increasing frequency and severity of such attacks. The statement addressed steps financial institutions can take to respond to and mitigate the risks posed by such attacks. The FFIEC members also encouraged institutions to notify law enforcement and their primary regulator or regulators of a cyber attack involving extortion.

Cybersecurity Brochure

In January 2015, the FFIEC posted to its Cybersecurity webpage a new brochure entitled "Cybersecurity and Resilience Against Cyber Attacks." The brochure addressed high-level themes and available resources presented during a 2014 FFIEC webinar on cybersecurity preparedness for chief executive officers and senior managers from community institutions.

Information Technology

A major effort of the IT Subcommittee is maintaining the IT Handbook and providing information to the industry on emerging IT issues and risks. In February 2015, the FFIEC released a revised "Business Continuity Planning" (BCP) booklet of the IT Handbook. The update included a new appendix, entitled "Strengthening the Resilience of Outsourced Technology Services." While many financial institutions depend on third-party service providers to perform or support critical operations, they are not relieved of their responsibility to ensure that outsourced activities are conducted in a safe and sound manner. The new appendix highlighted and updated the BCP booklet in four specific areas: third-party management, third-party capacity, testing with third-party TSPs, and cyber resilience.

In November 2015, the FFIEC issued a revised "Management" booklet of the IT Handbook that contains guidance for examiners and outlines the principles of sound governance, particularly IT governance. The updated booklet also incorporated new cybersecurity concepts as part of information security, as well as other management-related concepts from other booklets of the IT Handbook.

In September 2015, the IT Subcommittee sponsored its annual FFIEC IT Conference for examiners, which highlighted current and emerging technology issues affecting insured financial institutions and their service providers. The conference included presentations on a range of topics, such as emerging payment systems risk and controls, the NIST Cybersecurity Framework, and enterprise-wide risk management.

In 2015, the IT Subcommittee also dedicated its resources to collaborating with the CCIWG on developing the Assessment and supporting materials.

BSA/AML

Throughout 2015, the BSA/AML Working Group continued ongoing efforts to enhance coordination of BSA/AML training, guidance, and policy. The Working Group sponsored its ninth FFIEC Advanced BSA/AML Specialists Conference in July 2015, which included presentations on a range of topics, such as emerging payments, enforcement actions, cybersecurity, currency transporter and money transmission, and trade finance. In October 2015, the FFIEC issued the Spanish translation of the FFIEC BSA/AML Examination Manual. The Working Group continues to share information with FinCEN and the Office of Foreign Assets Control.

Interest Rate Risk

In 2015, the TFOS's IRR Project Group developed a new FFIEC-sponsored IRR Workshop for examiners. Eight sessions are scheduled throughout 2016. The workshop will provide non-specialist examiners with additional training on IRR, including the types of risks, modeling issues, and management oversight considerations.

The IRR Project Group also completed a voluntary survey of asset-liability management software vendors, both model developers and consultants. The survey was designed to inform examiners of the mechanics and underlying assumptions of specific IRR models with the goal of helping examiners gain a better understanding of financial institutions' rate sensitivity modeling. Findings from the survey responses were shared across the FFIEC members for internal use by examiners.

Student Loans with Graduated Repayment Terms

In January 2015, the FRB, CFPB, FDIC, OCC, and NCUA, in partnership with the FFIEC's SLC, released "Guidance on Private Student Loans with Graduated Repayment Terms at Origination." The guidance provided principles that financial institutions should consider in their policies and procedures for originating private student loans with graduated repayment terms. Institutions are expected to prudently underwrite the private student loans consistent with safe and sound lending practices. Financial institutions also should provide disclosures that clearly communicate the loan's terms and features.

Task Force on Surveillance Systems

The TFSS oversees the development and implementation of uniform interagency surveillance and monitoring systems. It provides a forum for the members to discuss best practices to be used in those systems and to consider the development of new financial analysis tools. The TFSS's principal objective is to develop and produce the UBPR. UBPRs present financial data of individual financial institutions and peer group statistics for current and historical periods. These reports are important tools for completing supervisory evaluations of a financial institution's condition and performance, as well as for planning onsite examinations. The federal and state banking agencies also use the data from these reports in their automated monitoring systems to identify potential or emerging risks in insured financial institutions.

A UBPR is produced for each insured bank and savings association in the United States that is supervised by the FRB, FDIC, or OCC. UBPR data are also available to all state bank supervisors. While the UBPR is principally designed to meet the examination and surveillance needs of the federal and state banking agencies, the TFSS also makes the UBPR available to financial institutions and the public through a public website, www.ffiec.gov/UBPR.htm.

The TFSS has established three working groups to assist with carrying out its responsibilities. The Content Working Group reviews the content of the UBPR and makes recommendations to the TFSS for potential enhancements. The Supplementary Analysis Working Group provides a forum for exchanging information about various analytical tools and datasets currently used at the respective agencies. Once the tools and datasets are identified,

Task Force on Surveillance Systems meeting.

the group explores the potential for them to be shared, maintained, or further developed under the purview of the TFSS to enhance the UBPR or create a new FFIEC analytical tool. The Technology Working Group explores ways to improve the usability of the UBPR including the development of various presentation options (i.e., graphs, charts).

Initiatives Addressed in 2015

Content Working Group

The Content Working Group recommended to the TFSS modifications to the UBPR capital pages addressing changes to the March 2015 Call Report Schedule RC-R, Part II, Risk-Weighted Assets, which the TFSS accepted and implemented. The working group also recommended improvements to the UBPR credit pages, which the TFSS approved in October 2015 and which will be implemented in 2016.

In response to a request by the TFOR, the working group identified Call Report data used in the production of the UBPR as part of an initiative to reduce Call Report burden. The working group continues its project activities in this area by identifying Call Report and UBPR data used in downstream surveillance systems of the various agencies.

Supplementary Analysis Working Group

The Supplementary Analysis Working Group worked with agency staff to coordinate a demonstration of the FDIC's Examiner View Application and various industry reports used by the CFPB. The group has created a list of other agency analytical tools and datasets, which will be demonstrated in 2016.

Technology Working Group

The Technology Working Group began discussing UBPR presentation options in mid-2015. The group will continue to meet on a regular basis throughout 2016 to discuss various options for presenting UBPR data.

UBPR Production and Delivery

During 2015, UBPRs for December 31, 2014; March 31, 2015; June 30, 2015; and September 30, 2015, were produced and delivered to federal and state banking agencies. Additionally, the UBPR section of the FFIEC website was utilized to deliver the same data to financial institutions and the general public. The TFSS strives to deliver the most up-to-date UBPR data to all users. Thus, the data for the current quarter are updated nightly and the data for previous quarters are updated regularly. Frequent updating allows the UBPR to remain synchronized with new Call Report data as it is being submitted by financial institutions.

UBPR Information on the FFIEC Website

UBPR Availability

To provide broad industry and public access to information about the financial condition of insured financial institutions, the TFSS publishes UBPR data for each institution shortly after the underlying Call Report is filed in the CDR. The UBPR is frequently refreshed to reflect amendments to underlying Call Report data and to incorporate any content-based changes agreed to by the TFSS. The online UBPR is a dynamic report that is closely synchronized with the underlying Call Report.

Other UBPR Reports

Web-based statistical reports supporting UBPR analysis are available and are updated nightly with the data for the current quarter and regularly for previous quarters. These reports (1) summarize the performance of all UBPR peer groups (determined by size, location, and business line); (2) detail the distribution of UBPR performance ratios for financial institutions in each of these peer groups; (3) list the individual financial institutions included in each peer group; and (4) compare a financial institution to the performance of a user-defined custom peer group.

Custom Peer Group Tool

The Custom Peer Group Tool allows industry professionals, regulators, and the general public to create custom peer groups based on financial and geographical criteria. The tool can then display all UBPR pages with peer group statistics and percentile rankings derived from the custom peer group. The Custom Peer Group Tool can recompute the entire UBPR using a custom peer group of up to 2,000 financial institutions and deliver the results usually within seconds.

Bulk Data Download

The UBPR database within the CDR, which contains all data appearing on report pages for all financial institutions, may be downloaded as either a delimited file or in XBRL format. The service is free, and downloads are typically fast.

Additional information about the UBPR, including status, descriptions of changes, and the UBPR User's Guide, can be found at www.ffiec.gov/UBPR.htm. The site also provides access to the reports described above. For questions about the UBPR, contact support by calling 1-888-237-3111, e-mailing cdr.help@ffiec.gov, or writing the Council at:

FFIEC
3501 Fairfax Drive
Room B7081a
Arlington, VA 22226-3550

THE FEDERAL FINANCIAL INSTITUTION REGULATORY AGENCIES AND THEIR SUPERVISED INSTITUTIONS

The FRB, FDIC, OCC, and NCUA have primary federal supervisory jurisdiction over 12,463 domestically chartered banks, savings associations, and federally insured credit unions. On December 31, 2015, these financial institutions held total assets of more than more than $19.5 trillion. The FRB has primary federal supervisory responsibility for commercial bank holding companies (BHCs) and for savings and loan holding companies (SLHCs).

Three banking agencies on the Council have authority to oversee the operations of U.S. branches and agencies of foreign banks. The International Banking Act of 1978 (IBA) authorizes the OCC to license federal branches and agencies of foreign banks and authorizes the FRB to approve applications for both federal and state branches and agencies. Prior to the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), foreign banks could also have established federal and state branches that accepted retail deposits and were insured by the FDIC. However, after FDICIA, foreign banks that wish to operate entities in the United States that accept retail deposits must organize under separate insured U.S. subsidiaries. Existing insured retail branches may continue to operate as branches. The IBA also subjects those U.S. offices of foreign banks to many provisions of the Federal Reserve Act of 1913. The IBA gives primary examining authority to the OCC for federal branches and agencies and to the FRB in conjunction with state authorities for state branches and agencies. The FDIC also has authority, along with the OCC and FRB, as appropriate, over those few remaining insured branches of foreign banks. The IBA also gives the FRB residual examining authority over all U.S. banking operations of foreign banks.

The Dodd-Frank Act provides statutory authority to the CFPB to conduct examinations of insured depository entities with total assets over $10 billion and their affiliates (in addition to certain nonbank entities) to ensure consumer financial products and services conform to certain federal consumer financial laws.

Board of Governors of the Federal Reserve System

The FRB was established in 1913. It is headed by a seven-member Board of Governors; each member is appointed by the President, with the advice and consent of the Senate, for a 14-year term, unless completing an unexpired term of a departing member. Subject to confirmation by the Senate, the President selects one Board member to serve a four-year term as Chairperson and two members to serve as Vice Chairs; one serves in the absence of the Chairperson and the other is designated as Vice Chair for Supervision. The Chairperson also serves as a voting member of the FSOC. One member of the Board of Governors serves as the Board's representative to the FFIEC. The FRB's activities most relevant to the work of the Council are the following:

- overseeing the quality and efficiency of the examination and supervision function of the 12 Federal Reserve Banks;

- developing, issuing, implementing, and communicating regulations, supervisory policies, and guidance, and taking appropriate enforcement actions applicable to those organizations that are within the FRB's supervisory oversight authority;

- approving or denying applications for mergers, acquisitions, and changes in control by state member banks, SLHCs, and BHCs (including financial holding companies (FHCs)); applications for foreign operations of member banks and Edge Act and agreement corporations; and applications by foreign banks to establish or acquire U.S. banks and to establish U.S. branches, agencies, or representative offices; and

- supervising and regulating:

— State member banks (i.e., state-chartered banks that are members of the Federal Reserve System);

— BHCs and SLHCs, including FHCs[1];

— Edge Act and agreement corporations; select nonbank financial firms;

— International operations of banking organizations headquartered in the United States and the domestic activities of foreign banking organizations, in conjunction with the responsible licensing authorities; as well as,

— Nonbank financial firms designated as systemically important by FSOC.

---

[1] The FRB's role as supervisor of BHCs, FHCs, and SLHCs is to review and assess the consolidated organization's operations, risk-management systems, and capital adequacy to ensure that the holding company and its non-bank subsidiaries do not threaten the viability of the company's depository institutions. In this role, the FRB serves as the "umbrella supervisor" of the consolidated organization. In fulfilling this role, the FRB relies, to the fullest extent possible, on information and analysis provided by the appropriate supervisory authority of the company's depository institutions, securities, or insurance subsidiaries.

Other supervisory and regulatory responsibilities of the FRB include monitoring compliance by entities under the Board's jurisdiction with other statutes (e.g., the AML provisions of the BSA), monitoring compliance with certain statutes that protect consumers in credit and deposit transactions, regulating margin requirements on securities transactions, and regulating transactions between banking affiliates.

Policy decisions are implemented by the FRB or under delegated authority to the Director for the Division of Banking Supervision and Regulation, the Director of the Division of Consumer and Community Affairs, and to the 12 Federal Reserve Banks—each of which has operational responsibility within a specific geographical area. The Reserve Bank Districts are headquartered in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. Each Reserve Bank has a president (chief executive officer) who serves for five years and is appointed by the Reserve Bank's class B and class C directors, and other executive officers who report directly to the president. Among other responsibilities, a Reserve Bank employs a staff of examiners who examine state member banks and Edge Act and agreement corporations, conduct BHC and SLHC inspections, and examine the international operations of foreign banks—whose head offices are usually located within the Reserve Bank's District. When appropriate, examiners also visit the overseas offices of U.S. banking organizations to obtain financial and operating information to evaluate adherence to safe and sound banking practices.

National banks, which must be members of the Federal Reserve System, are chartered, regulated, and supervised by the OCC. State-chartered banks may apply to and be accepted for membership in the Federal Reserve System, after which they are subject to the supervision and regulation of the FRB, which is coordinated with a state's banking authority. Insured state-chartered banks that are not members of the Federal Reserve System are regulated and supervised by the FDIC. The FRB also has overall responsibility for the supervision of foreign banking operations, including both U.S. banks operating abroad and foreign banks operating branches within the United States.

The Dodd-Frank Act directs the FRB to collect assessments, fees, and other charges that are equal to the expenses incurred by the Federal Reserve to carry out its responsibilities with respect to supervision of (1) BHCs and SLHCs with assets equal to or greater than $50 billion and (2) all nonbank financial companies supervised by the FRB.

Additionally, the Dodd-Frank Act created an independent CFPB within the Federal Reserve System.

The FRB covers the expenses of the CFPB's operations with revenue it generates principally from assessments on the 12 Federal Reserve Banks.

Consumer Financial
Protection Bureau

Consumer Financial Protection Bureau

The CFPB was created in 2010 by the Dodd-Frank Act and assumed transferred authorities from other federal agencies, and other new authorities, on July 21, 2011. The CFPB is an independent agency and is funded principally by transfers from the FRB up to a limit set forth in the statute. The CFPB requests transfers from the FRB in amounts that are reasonably necessary to carry out its mission. Funding is capped at a pre-set percentage of the total 2009 operating expenses of the Federal Reserve System, subject to an annual adjustment. The Director of the CFPB serves on the FDIC Board of Directors and the FSOC.

The CFPB seeks to foster a consumer financial marketplace where customers can clearly see prices and risks up front and can easily make product comparisons; in which no one can build a business model around unfair, deceptive, or abusive practices; and that works for American consumers, responsible providers, and the economy as a whole. To accomplish this, the CFPB works to help consumer financial markets operate by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

The Dodd-Frank Act sets forth the following functions for the CFPB:

- conducting financial education programs;
- collecting, investigating, and responding to consumer complaints;
- collecting, researching, monitoring, and publishing information relevant to the identification of risks to consumers and the proper functioning of financial markets;
- issuing rules, orders, and guidance implementing federal consumer financial laws;
- taking appropriate enforcement action to address violations of federal consumer financial law; and
- supervising covered entities to assess compliance with federal consumer financial law, obtain information about the activities and compliance systems or procedures of such persons, and detect and assess risks to consumers and markets for consumer financial products and services.

The CFPB has statutory authority to, among other things, conduct examinations of and require reports from entities subject to its supervisory authority. The CFPB has supervisory authority over:

- Insured depository institutions and credit unions with total assets over $10 billion and their affiliates. These institutions collectively hold more than 75 percent of the banking industry’s assets.
- Certain nondepository entities

regardless of size—mortgage companies (originators, brokers, and servicers, as well as related loan modification or foreclosure relief services firms), payday lenders, and private education lenders. The CFPB can also supervise the larger players, or "larger participants," as defined by rule, in consumer financial markets, and certain nondepository entities that it determines are posing a risk to consumers in connection with the offering or provision of consumer financial products or services. To date, the CFPB has published final rules that allow it to supervise larger participants in the

- consumer reporting market (these entities have more than $7 million in annual receipts resulting from consumer reporting);
- consumer debt collection market (these entities have annual receipts of more than $10 million resulting from consumer debt collection);
- student loan servicing market, effective March 1, 2014 (these entities have account volume that exceeds one million);
- international money transfer market, effective December 1, 2014 (these entities have at least one million aggregate annual international money transfers); and
- automobile financing market, effective August 31, 2015 (these entities have at least ten thousand aggregate annual originations).

The CFPB's supervisory and enforcement activities are conducted by the Division of Supervision, Enforcement, Fair Lending and Equal Opportunity. The Division is headquartered in Washington, D.C., with regional offices in San Francisco (West), Chicago (Midwest), New York (Northeast), and Washington, D.C. (Southeast). Examination staff is assigned to each of the four regions.

Federal Deposit Insurance Corporation

Congress created the FDIC in 1933 to promote stability and public confidence in our nation's banking system. The FDIC accomplishes its mission by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, making large and complex financial institutions resolvable, and managing receiverships. In its unique role as deposit insurer, the FDIC works in cooperation with other federal and state regulatory agencies to identify, monitor, and address risks to the Deposit Insurance Fund (DIF) posed by insured depository institutions.

Management of the FDIC is vested in a five-member Board of Directors. No more than three board members may be of the same political party. Three of the directors are appointed by the President, with the advice and consent of the Senate, for six-year terms. One of the three appointed directors is designated by the President as Chairman for a five-year term and another is designated as Vice Chairman. The other two board members are the Comptroller of the Currency and the Director of the CFPB. The Chairman also serves as a member of the FSOC.

Operational Structure

The FDIC's operations are organized into three major program areas: insurance, supervision, and receivership management. A description of each of these areas follows:

Insurance: The FDIC maintains stability and public confidence in our nation's financial system by providing deposit insurance. As insurer, the FDIC continually evaluates and effectively manages how changes in the economy, financial markets, and banking system affect the adequacy and viability of the DIF. When an insured depository institution fails, the FDIC ensures that the financial institution's customers have timely access to their insured deposits.

The FDIC, through its Division of Insurance and Research (DIR), provides the public with a sound deposit insurance system by publishing comprehensive statistical information on banking; identifying and analyzing emerging risks; conducting research that supports deposit insurance, banking policy, and risk assessment; assessing the adequacy of the DIF; and maintaining a risk-based premium system.

The Dodd-Frank Act revised the statutory authorities governing the FDIC's management of the DIF. As a result, the FDIC has developed a comprehensive, long-term management plan for the DIF to reduce the effects of cyclicality and achieve moderate, steady assessment rates throughout economic and credit cycles, while also maintaining a positive fund balance, even during a banking crisis. The plan sets an appropriate target fund size and a strategy for setting assessment rates and dividends. The FDIC has also adopted a Restoration Plan to ensure that the reserve ratio reaches the statutorily mandated level of 1.35

percent by September 30, 2020, as required by the Dodd-Frank Act.

Supervision: The FDIC has primary federal supervisory authority over insured state-chartered banks that are not members of the Federal Reserve System and for state-chartered savings associations. The FDIC's supervisory activities for risk management and consumer protection are primarily organized into two divisions: the Division of Risk Management Supervision (RMS) and the Division of Depositor and Consumer Protection (DCP). RMS oversees the safety and soundness of FDIC-supervised institutions and carries out the FDIC's backup examination and enforcement authorities. DCP administers the FDIC's consumer protection supervisory functions, including its examination and enforcement programs for FDIC-supervised institutions with assets of $10 billion or less. Under the Dodd-Frank Act, the FDIC also retains examination and supervisory authority for several laws and regulations, including the CRA, without regard to the size of an institution.

As deposit insurer, the FDIC has backup examination and enforcement authority over all FDIC-insured institutions. Accordingly, the FDIC can examine for insurance purposes any insured financial institution, either independently or in cooperation with state or other federal supervisory authorities. The FDIC can also recommend that the appropriate federal banking agency take enforcement action against an insured institution and may do so itself if it deems necessary. The Dodd-Frank Act expanded the FDIC's responsibilities pertaining to systemically important financial institutions (SIFIs) and non-bank financial companies designated by the FSOC. RMS's Complex Financial Institutions (CFI) Group conducts activities relating to ongoing risk monitoring of the largest, most complex banking organizations and backup supervision of their insured depository institutions, as well as ongoing risk monitoring of certain nonbank financial companies. RMS's Supervisory Examinations Branch also conducts reviews of resolution plans.

RMS and DCP are further organized into six regional offices located in Atlanta, Chicago, Dallas, Kansas City, New York, and San Francisco. There are two area offices located in Boston (reporting to New York) and Memphis (reporting to Dallas). In addition to the regional and area offices, the FDIC maintains 86 field offices for risk management and 76 field offices for compliance.

Receivership Management: Bank resolutions are handled by the FDIC's Division of Resolutions and Receiverships (DRR). In protecting insured depositors, the FDIC is statutorily charged with resolving failed depository institutions at the least possible cost to the DIF. In carrying out this responsibility, the FDIC has several methods to resolve banks, including arranging the purchase of assets and assumption of liabilities of failed institutions, paying off depositors, and creating and operating temporary bridge banks until a resolution can be accomplished. DRR maintains personnel in its field operations branch in Dallas; it also maintains staff in FDIC regional offices.

In addition, the Office of Complex Financial Institutions (OCFI) oversees the FDIC's systemic risk responsibilities under the Dodd-Frank Act, including resolution plan reviews, matters related to the FDIC's Orderly Liquidation Authority, and promoting cross-border cooperation and coordination with respect to Global-SIFIs. OCFI coordinates with DRR and RMS in reviewing resolution plans.

As a general matter, all insolvent bank holding companies are expected to file for reorganization or liquidation under the U.S. Bankruptcy Code, just as any failed non-financial company would. The Orderly Liquidation Authority gives the FDIC an alternative to resolve a failing financial company when bankruptcy would have serious adverse effects on U.S. financial stability. This authority is triggered after recommendations by the appropriate federal agencies and a determination by the Secretary of the Treasury in consultation with the President. The Orderly Liquidation Authority imposes accountability on shareholders, creditors, and the management of the failed company, while mitigating systemic risk and imposing no cost on taxpayers.

National Credit Union Administration

The NCUA, established by Congress in 1970 through section 1752a of the Federal Credit Union Act, is the independent federal agency that supervises the nation's federal credit union system. A three-member bipartisan board, appointed by the President for six-year terms, manages the NCUA. The President also selects one board member to serve as the Chairman. The Chairman also serves as a member of FSOC.

The NCUA's main responsibilities are as follows:

- charter, regulate, and supervise more than 3,800 federal credit unions in the United States and its territories;
- administer the National Credit Union Share Insurance Fund (NCUSIF), which insures member share accounts in almost 6,100 federal and state-chartered credit unions;
- administer the Temporary Corporate Credit Union Stabilization Fund, which has borrowing authority from the U.S. Treasury and assessment authority to resolve corporate credit union issues; and
- manage the Central Liquidity Facility, created to improve the financial stability of credit unions by providing liquidity to the credit union system.

The NCUA also has statutory authority to examine and supervise NCUSIF-insured, state-chartered credit unions in coordination with state regulators.

The NCUA is headquartered in Alexandria, Virginia, and has five regional offices across the United States to administer its responsibilities for chartering and supervising credit unions. Additionally, the Asset Management and Assistance Center located in Austin, Texas, manages the recovery of assets for liquidated credit unions. NCUA examiners conduct on-site examinations and supervision of each federal credit union and selected state-chartered credit unions. The NCUA is funded by the credit unions it regulates and insures.

Office of the Comptroller of the Currency

The OCC is the oldest federal bank regulatory agency, established as a bureau of the Treasury Department by the National Currency Act of 1863. It is headed by the Comptroller of the Currency, who is appointed to a five-year term by the President with the advice and consent of the Senate. The Comptroller is also a director of the FDIC and NeighborWorks America, and a member of the FSOC.

The OCC was created by Congress to charter, regulate, and supervise national banks. On July 21, 2011, pursuant to the Dodd-Frank Act, the OCC assumed supervisory responsibility for federal savings associations, as well as rulemaking authority relating to all savings associations. The OCC regulates and supervises 1,070 national banks and trust companies, 416 federal savings associations, and 49 federal branches of foreign banks—accounting for approximately 68 percent of the total assets of all U.S. commercial banks, savings associations, and branches of foreign banks. The OCC seeks to ensure that national banks and federal savings associations (collectively "banks") safely and soundly manage their risks, comply with applicable laws, compete effectively with other providers of financial services, offer products and services that meet the needs of customers, and provide fair access to financial services and fair treatment of their customers.

The OCC's mission-critical programs include:

- chartering banks and issuing interpretations related to permissible banking activities;
- establishing and communicating regulations, policies, and operating guidance applicable to banks; and
- supervising the national system of banks and savings associations through on-site examinations, off-site monitoring, systemic risk analyses, and appropriate enforcement activities.

To meet its objectives, the OCC maintains a nationwide staff of bank examiners and other professional and support personnel. Headquartered in Washington, DC, the OCC has four district offices, which are located in Chicago, Dallas, Denver, and New York. In addition, the OCC maintains a network of field offices and 19 satellite locations in cities throughout the United States, as well as core examiner teams in 23 of the largest national banking companies and an examining office in London, England.

The Comptroller receives advice on policy and operational issues from an Executive Committee comprised of senior agency officials who lead major business units.

The OCC is funded primarily by semiannual assessments on banks, interest revenue from its investment in U.S. Treasury securities, and other fees. The OCC does not receive congressional appropriations for any of its operations.

ASSETS, LIABILITIES, AND NET WORTH of U.S. Commercial Banks, Savings Institutions, and Credit Unions as of December 31, 2015[1]

Billions of dollars

Item	Total	U.S. Commercial Banks[2]			U.S. Branches and Agencies of Foreign Banks[6]	Savings Institutions[4]		Credit Unions[3]	
		National	State Member[5]	State Non-Member		OCC Regulated Federal Charter	FDIC Regulated State Charter[7]	Federal Charter	State Charter
Total assets	*19,527*	*10,152*	*2,356*	*2,411*	*2,354*	*679*	*371*	*628*	*576*
Total loans and receivables (net)	10,218	5,298	1,150	1,640	718	363	266	403	380
Loans secured by real estate[8]	4,822	2,558	604	984	51	0	227	202	196
Consumer loans[9]	1,882	984	82	297	–	127	8	202	182
Commercial and industrial loans	2,234	1,202	296	275	392	33	28	3	5
All other loans and lease receivables[10]	1,407	629	181	106	275	210	6	0	0
LESS: Allowance for loan and lease losses	127	75	13	22	–	7	3	4	3
Federal funds sold and securities purchased under agreements to resell	436	158	50	8	218	1	1	0	0
Cash and due from depository institutions[11]	2,614	1,143	379	167	713	54	17	73	68
Securities and other obligations[12]	3,717	2,090	545	430	139	225	63	124	101
U.S. government obligations[13]	891	364	121	87	48	33	49	102	87
Obligations of state and local governments[14]	343	186	53	92	–	6	6	0	0
Other securities	2,483	1,540	371	251	91	186	8	22	14
Other assets[15]	2,542	1,463	232	166	566	36	24	28	27
Total liabilities	*17,592*	*9,007*	*2,100*	*2,122*	*2,354*	*608*	*326*	*560*	*515*
Total deposits and shares[16]	14,311	7,567	1,903	1,894	1,109	545	277	522	494
Federal funds purchased and securities sold under agreements to repurchase	676	190	39	30	406	5	5	1	0
Other borrowings[17]	1,458	781	94	165	285	47	40	31	15
Other liabilities[18]	1,147	469	64	33	554	11	4	6	6
Net worth[19]	*1,935*	*1,145*	*256*	*289*	*-*	*71*	*45*	*68*	*61*
Memorandum: Number of institutions reporting	12,463	1,041	839	3,543	213	403	403	3,764	2,257

Footnotes to Tables

1. The table covers institutions, including those in Puerto Rico and U.S. territories and possessions, insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. All branches and agencies of foreign banks in the United States, but excluding any in Puerto Rico and U.S. territories and possessions, are covered whether or not insured. Excludes Edge Act and Agreement corporations that are not subsidiaries of U.S. commercial banks.

2. Reflects fully consolidated statements of FDIC-insured U.S. commercial banks—including their foreign branches, foreign subsidiaries, branches in Puerto Rico and U.S. territories and possessions, and FDIC insured banks in Puerto Rico and U.S. territories and possessions. Excludes bank holding companies.

3. Data are for federally insured natural person credit unions only.

4. Reflects fully consolidated statements of Savings Institutions—including Stock Savings Banks, Mutual Savings Banks, Stock Savings & Loan Associations, and Mutual Savings & Loan Associations that are Federally Chartered or that are State Chartered and not Federal Reserve Members.

5. Includes State Member Savings Banks and State Member Cooperative Banks.

6. These institutions are not required to file reports of income.

7. Includes State Chartered Savings Associations formerly regulated by the Office of Thrift Supervision.

8. Includes loans secured by residential property, commercial property, farmland (including improvements), and unimproved land; and construction loans secured by real estate.

9. Includes loans, except those secured by real estate, to individuals for household, family, and other personal expenditures including both installment and single payment loans. Net of unearned income on installment loans.

10. Includes loans to financial institutions, for purchasing or carrying securities, to finance agricultural production and other loans to farmers (except those secured by real estate), to states and political subdivisions and public authorities, and miscellaneous types of loans.

Notes continue on the next page

INCOME AND EXPENSES of U.S. Commercial Banks, Savings Institutions, and Credit Unions for the Twelve Months Ending December 31, 2015[1]

Billions of dollars

Item	Total	U.S. Commercial Banks[2]			Savings Institutions[4]		Credit Unions[3]	
		National	State Member[5]	State Non-Member	OCC Regulated Federal Charter	FDIC Regulated State Charter[7]	Federal Charter	State Charter
Operating income:	788	456	94	125	44	15	29	25
Interest and fees on loans	416	224	42	82	23	10	19	16
Other interest and dividend income	101	67	13	11	4	2	2	2
All other operating income	271	165	39	32	17	3	8	7
Operating expenses:	549	309	65	86	31	12	25	21
Salaries and benefits	213	121	30	31	7	5	10	9
Interest on deposits and shares	32	14	3	7	2	1	3	2
Interest on other borrowed money	20	11	2	3	1	2	1	0
Provision for loan and lease losses	41	24	2	7	4	0	2	2
All other operating expenses	243	139	28	38	17	4	9	8
Net operating income	*239*	*147*	*29*	*39*	*13*	*3*	*4*	*4*
Securities gains and losses	3	3	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0
Income taxes	69	46	7	11	4	1	–	–
Net income	*173*	*104*	*22*	*28*	*9*	*2*	*4*	*4*
Memorandum: Number of institutions reporting	12,250	1,041	839	3,543	403	403	3,764	2,257

11. Includes vault cash, cash items in process of collection, and balances with U.S. and foreign banks and other depository institutions (including demand and time deposits and certificates of deposit for all categories of institutions).

12. Includes government and corporate securities, including mortgage-backed securities and obligations of states and political subdivisions and of U.S. government agencies and corporations.

13. U.S. Treasury securities and securities of, and loans to, U.S. government agencies and corporations.

14. Securities issued by states and political subdivisions and public authorities, except for U.S. branches and agencies of foreign banks that do not report these securities separately. Loans to states and political subdivisions and public authorities are included in "All other loans and lease receivables."

15. Customers' liabilities on acceptances, real property owned, various accrual accounts, and miscellaneous assets. For U.S. branches and agencies of foreign banks, also includes net due from head office and other related institutions.

16. Includes demand, savings, and time deposits, (including certificates of deposit at commercial banks, U.S. branches and agencies of foreign banks, and savings banks), credit balances at U.S. agencies of foreign banks and share balances at credit unions (including certificates of deposit, NOW accounts, and share draft accounts). For U.S. commercial banks, includes deposits in foreign offices, branches in U.S. territories and possessions, and Edge Act and Agreement corporation subsidiaries.

17. Includes interest-bearing demand notes issued to the U.S. Treasury, borrowing from Federal Reserve Banks and Federal Home Loan Banks, subordinated debt, limited life preferred stock, and other nondeposit borrowing.

18. Includes depository institutions' own mortgage borrowing, liability for capitalized leases, liability on acceptances executed, various accrual accounts, and miscellaneous liabilities. For U.S. branches and agencies of foreign banks, also includes net owed to head office and other related institutions.

19. Includes capital stock, surplus, capital reserves, and undivided profits.

NOTE: Data are rounded to nearest billion. Consequently some information may not reconcile precisely. Additionally, balances less than $500 million will show as zero. Dashes will be used for items not requiring reporting.

Appendix A: Relevant Statutes

Federal Financial Institutions Examination Council Act

12 U.S.C. § 3301. Declaration of purpose

It is the purpose of this chapter to establish a Financial Institutions Examination Council which shall prescribe uniform principles and standards for the Federal examination of financial institutions by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and the National Credit Union Administration and make recommendations to promote uniformity in the supervision of these financial institutions. The Council's actions shall be designed to promote consistency in such examination and to insure progressive and vigilant supervision.

12 U.S.C. § 3302. Definitions

As used in this chapter—

(1) the term "Federal financial institutions regulatory agencies" means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration;

(2) the term "Council" means the Financial Institutions Examination Council; and

(3) the term "financial institution" means a commercial bank, a savings bank, a trust company, a savings association, a building and loan association, a homestead association, a cooperative bank, or a credit union.

12 U.S.C. § 3303. Financial Institutions Examination Council

(a) Establishment; composition

There is established the Financial Institutions Examination Council which shall consist of—

(1) the Comptroller of the Currency,

(2) the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation,

(3) a Governor of the Board of Governors of the Federal Reserve System designated by the Chairman of the Board,

(4) the Director of the Consumer Financial Protection Bureau,

(5) the Chairman of the National Credit Union Administration Board; and

(6) the Chairman of the State Liaison Committee.

(b) Chairmanship

The members of the Council shall select the first chairman of the Council. Thereafter the chairmanship shall rotate among the members of the Council.

(c) Term of office

The term of the Chairman of the Council shall be two years.

(d) Designation of officers and employees

The members of the Council may, from time to time, designate other officers or employees of their respective agencies to carry out their duties on the Council.

(e) Compensation and expenses

Each member of the Council shall serve without additional compensation but shall be entitled to reasonable expenses incurred while carrying out his official duties as such a member.

12 U.S.C. § 3304. Costs and expenses of Council

One-fifth of the costs and expenses of the Council, including the salaries of its employees, shall be paid by each of the Federal financial institutions regulatory agencies. Annual assessments for such share shall be levied by the Council based upon its projected budget for the year, and additional assessments may be made during the year if necessary.

12 U.S.C. § 3305. Functions of Council

(a) Establishment of principles and standards

The Council shall establish uniform principles and standards and report forms for the examination of financial institutions which shall be applied by the Federal financial institutions regulatory agencies.

(b) Making recommendations regarding supervisory matters and adequacy of supervisory tools

(1) The Council shall make recommendations for uniformity in other supervisory matters, such as, but not limited to, classifying loans subject to country risk, identifying financial institutions in need of special supervisory attention, and evaluating the soundness of large loans that are shared by two or more financial institutions. In addition, the Council shall make recommendations regarding the adequacy of supervisory tools for determining the impact of holding company operations on the financial institutions within the holding company and shall consider the ability of supervisory agencies to discover possible fraud or questionable and illegal payments and practices which might occur in the operation of financial institutions or their holding companies.

(2) When a recommendation of the Council is found unacceptable by one or more of the applicable Federal financial institutions regulatory agencies, the agency or agencies shall submit to the Council, within a time period specified by the Council, a written statement of the reasons the recommendation is unacceptable.

(c) Development of uniform reporting system

The Council shall develop uniform reporting systems for federally supervised financial institutions, their holding companies, and nonfinancial institution subsidiaries of such institutions or holding companies. The authority to develop uniform reporting systems shall not restrict or amend the requirements of section 78l(i) of Title 15.

(d) Conducting schools for examiners and assistant examiners

The Council shall conduct schools for examiners and assistant examiners employed by the Federal financial institutions regulatory agencies. Such schools shall be open to enrollment by employees of State financial institutions supervisory agencies and employees of the Federal Housing Finance Board under conditions specified by the Council.

(e) Affect on Federal regulatory agency research and development of new financial institutions supervisory agencies

Nothing in this chapter shall be construed to limit or discourage Federal regulatory agency research and development of new financial institutions supervisory methods and tools, nor to preclude the field testing of any innovation devised by any Federal regulatory agency.

(f) Annual report

Not later than April 1 of each year, the Council shall prepare an annual report covering its activities during the preceding year.

(g) Flood insurance

The Council shall consult with and assist the Federal entities for lending regulation, as such term is defined in section 4121(a) of Title 42, in developing and coordinating uniform standards and requirements for use by regulated lending institutions under the national flood insurance program.

12 U.S.C. § 3306. State liaison

To encourage the application of uniform examination principles and standards by State and Federal supervisory agencies, the Council shall establish a liaison committee composed of five representatives of State agencies which supervise financial institutions which shall meet at least twice a year with the Council. Members of the liaison committee shall receive a reasonable allowance for necessary expenses incurred in attending meetings.

Members of the Liaison Committee shall elect a chairperson from among the members serving on the committee.

12 U.S.C. § 3307. Administration

(a) Authority of Chairman of Council

The Chairman of the Council is authorized to carry out and to delegate the authority to carry out the internal administration of the Council, including the appointment and supervision of employees and the distribution of business among members, employees, and administrative units.

(b) Use of personnel, services, and facilities of Federal financial institutions regulatory agencies, Federal Reserve banks, and Federal Home Loan Banks.

In addition to any other authority conferred upon it by this chapter, in carrying out its functions under this chapter, the Council may utilize, with their consent and to the extent practical, the personnel, services, and facilities of the Federal financial institutions regulatory agencies, Federal Reserve banks, and Federal Home Loan Banks, with or without reimbursement therefore.

(c) Compensation, authority, and duties of officers and employees; experts and consultants

In addition, the Council may—

(1) subject to the provisions of Title 5 relating to the competitive service, classification, and General Schedule pay rates, appoint and fix the compensation of such officers and employees as are necessary to carry out the provisions of this chapter, and to prescribe the authority and duties of such officers and employees; and

(2) obtain the services of such experts and consultants as are necessary to carry out the provisions of this chapter.

12 U.S.C. § 3308. Access to books, accounts, records, etc., by Council

For the purpose of carrying out this chapter, the Council shall have access to all books, accounts, records, reports, files, memorandums, papers, things, and property belonging to or in use by Federal financial institutions regulatory agencies, including reports of examination of financial institutions or their holding companies from whatever source, together with workpapers and correspondence files related to such reports, whether or not a part of the report, and all without any deletions.

12 U.S.C. § 3309. Risk management training

(a) Seminars

The Council shall develop and administer training seminars in risk management for its employees and the employees of insured financial institutions.

(b) Study of risk management training program

Not later than end of the 1-year period beginning on August 9, 1989, the Council shall—

(1) conduct a study on the feasibility and appropriateness of establishing a formalized risk management training program designed to lead to the certification of Risk Management Analysts; and

(2) report to the Congress the results of such study.

12 U.S.C. § 3310. Establishment of Appraisal Subcommittee

There shall be within the Council a subcommittee to be known as the "Appraisal Subcommittee" which shall consist of the designees of the heads of the Federal financial institutions regulatory agencies, the Bureau of Consumer Financial Protection, and the Federal Housing Finance Agency. Each such designee shall be a person who has demonstrated knowledge and competence concerning the appraisal profession. At all times at least one member of the Appraisal Subcommittee shall have demonstrated knowledge and competence through licensure, certification, or professional designation within the appraisal profession.

12 U.S.C. § 3311. Required review of regulations

(a) In general

Not less frequently than once every 10 years, the Council and each appropriate Federal banking agency represented on the Council shall conduct a review of all regulations prescribed by the Council or by any such appropriate Federal banking agency, respectively, in order to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions.

(b) Process

In conducting the review under subsection (a) of this section, the Council or the appropriate

Federal banking agency shall—

(1) categorize the regulations described in subsection (a) of this section by type (such as consumer regulations, safety and soundness regulations, or such other designations as determined by the Council, or the appropriate Federal banking agency); and

(2) at regular intervals, provide notice and solicit public comment on a particular category or categories of regulations, requesting commentators to identify areas of the regulations that are outdated, unnecessary, or unduly burdensome.

(c) Complete review

The Council or the appropriate Federal banking agency shall ensure that the notice and comment period described in subsection (b)(2) of this section is conducted with respect to all regulations described in subsection (a) of this section not less frequently than once every 10 years.

(d) Regulatory response

The Council or the appropriate Federal banking agency shall—

(1) publish in the *Federal Register* a summary of the comments received under this section, identifying significant issues raised and providing comment on such issues; and

(2) eliminate unnecessary regulations to the extent that such action is appropriate.

(e) Report to Congress

Not later than 30 days after carrying out subsection (d)(1) of this section, the Council shall submit to the Congress a report, which shall include—

(1) a summary of any significant issues raised by public comments received by the Council and the appropriate Federal banking agencies under this section and the relative merits of such issues; and

(2) an analysis of whether the appropriate Federal banking agency involved is able to address the regulatory burdens associated with such issues by regulation, or whether such burdens must be addressed by legislative action.

Excerpts from Statute Governing Appraisal Subcommittee

12 U.S.C. § 3332. Functions of Appraisal Subcommittee

(a) In general

The Appraisal Subcommittee shall—

(1) monitor the requirements established by States—

(A) for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility; and

(B) for the registration and supervision of the operations and activities of an appraisal management company;

(2) monitor the requirements established by the Federal financial institutions regulatory agencies with respect to—

(A) appraisal standards for federally related transactions under their jurisdiction, and

(B) determinations as to which federally related transactions under their jurisdiction require the services of a State certified appraiser and which require the services of a State licensed appraiser;

(3) maintain a national registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions; and

(4) Omitted.

(5) transmit an annual report to the Congress not later than June 15 of each year that describes the manner in which each function assigned to the Appraisal Subcommittee has been carried out during the preceding year. The report shall also detail the activities of the Appraisal Subcommittee, including the results of all audits of State

appraiser regulatory agencies, and provide an accounting of disapproved actions and warnings taken in the previous year, including a description of the conditions causing the disapproval and actions taken to achieve compliance.

(6) maintain a national registry of appraisal management companies that either are registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution.

(b) Monitoring and reviewing Foundation

The Appraisal Subcommittee shall monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation.

12 U.S.C. § 3333. Chairperson of Appraisal Subcommittee; term of Chairperson; meetings

(a) Chairperson

The Council shall select the Chairperson of the subcommittee. The term of the Chairperson shall be two years.

(b) Meetings; quorum; voting

The Appraisal Subcommittee shall meet in public session after notice in the *Federal Register*, but may close certain portions of these meetings related to personnel and review of preliminary State audit reports, at the call of the Chairperson or a majority of its members when there is business to be conducted. A majority of members of the Appraisal Subcommittee shall constitute a quorum but 2 or more members may hold hearings. Decisions of the Appraisal Subcommittee shall be made by the vote of a majority of its members. The subject matter discussed in any closed or executive session shall be described in the *Federal Register* notice of the meeting.

Excerpts from Home Mortgage Disclosure Act

12 U.S.C. § 2801. Congressional findings and declaration of purpose

(a) Findings of Congress

The Congress finds that some depository institutions have sometimes contributed to the decline of certain geographic areas by their failure pursuant to their chartering responsibilities to provide adequate home financing to qualified applicants on reasonable terms and conditions.

(b) Purpose of chapter

The purpose of this chapter is to provide the citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located and to assist public officials in their determination of the distribution of public sector investments in a manner designed to improve the private investment environment.

(c) Construction of chapter

Nothing in this chapter is intended to, nor shall it be construed to, encourage unsound lending practices or the allocation of credit.

* * * * *

12 U.S.C. § 2803. Maintenance of records and public disclosure

* * *

(f) Data disclosure system; operation, etc.

The Federal Financial Institutions Examination Council, in consultation with the Secretary, shall implement a system to facilitate access to data required to be disclosed under this section. Such system shall include arrangements for a central depository of data in each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas. Disclosure statements shall be made available to the public for inspection and copying at such central depository of data for all depository institutions which are required to disclose information under this section (or which are exempted pursuant to section 2805(b) of this title) and which have a home office or branch office within such primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas.

* * * * *

12 U.S.C. § 2809. Compilation of aggregate data

(a) Commencement; scope of data and tables

Beginning with data for calendar year 1980, the Federal Financial Institutions Examination Council shall compile each year, for each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas, aggregate data by census tract for all depository institutions which are required to disclose data under section 2803 of this title or which are exempt pursuant to section 2805(b) of this title. The Council shall also produce tables indicating, for each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas, aggregate lending patterns for various categories of census tracts grouped according to location, age of housing stock, income level, and racial characteristics.

(b) Staff and data processing resources

The Board shall provide staff and data processing resources to the Council to enable it to carry out the provisions of subsection (a) of this section.

(c) Availability to public

The data and tables required pursuant to subsection (a) of this section shall be made available to the public no later than December 31 of the year following the calendar year on which the data is based.

APPENDIX B: 2015 AUDIT REPORT

OFFICE OF INSPECTOR GENERAL
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU
WASHINGTON, DC 20551

March 2, 2016

Federal Financial Institutions Examination Council
3501 Fairfax Drive, B-7081a
Arlington, VA 22226-3550

Dear Members of the Federal Financial Institutions Examination Council:

This letter transmits the Independent Auditors' Report prepared by KPMG LLP (KPMG) on the Federal Financial Institutions Examination Council's (FFIEC) financial statements. The Office of Inspector General contracted with KPMG to audit the financial statements of the FFIEC as of and for the year ended December 31, 2015. The accompanying financial statements as of and for the year ended December 31, 2014, were audited by a different independent audit firm.

The contract requires the audit to be performed in accordance with the auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Office of Inspector General reviews and monitors the work of KPMG to ensure compliance with *Government Auditing Standards* and the contract. KPMG is responsible for the accompanying Independent Auditors' Report, the Report on Internal Control Over Financial Reporting, and the Report on Compliance and Other Matters, all dated March 1, 2016.

We do not express an opinion on the FFIEC's financial statements. In addition, we do not draw conclusions on the Report on Internal Control Over Financial Reporting or the Report on Compliance and Other Matters.

Sincerely,

Mark Bialek
Inspector General

cc: Judith Dupre, Executive Secretary, FFIEC
Scott Alvarez, Chairman, FFIEC Legal Advisory Group, and General Counsel, Legal Division, Board of Governors of the Federal Reserve System
William Mitchell, Chief Financial Officer and Director, Division of Financial Management, Board of Governors of the Federal Reserve System

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

To the Federal Financial Institutions Examination Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the Federal Financial Institutions Examination Council (the "Council"), which comprise the balance sheet as of December 31, 2015, and the related statements of operations and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federal Financial Institutions Examination Council as of December 31, 2015, and the results of its operations and cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

2014 Financial Statements

The accompanying financial statements of the Council as of December 31, 2014 and for the year then ended were audited by other auditors whose report, dated March 17, 2015, expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016 on our consideration of the Council's internal control over financial reporting and our report dated March 1, 2016 on our tests of its compliance with certain provisions of laws, regulations, and contracts, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

KPMG LLP

March 1, 2016

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL
Balance Sheets

	As of December 31,	
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash	$ 532,824	$ 701,084
Accounts receivable from member agencies	1,299,861	705,340
Accounts receivable from non-members agencies—net	61,042	116,907
Prepaid Expense	735,000	—
Total current assets	2,628,727	1,523,331
NONCURRENT ASSETS:		
Equipment leased—net	148,205	195,007
Central Data Repository software—net	710,992	997,178
Home Mortgage Disclosure Act software—net	230,389	603,172
Total noncurrent assets	1,089,586	1,795,357
TOTAL ASSETS	$ 3,718,313	$ 3,318,688
LIABILITIES AND CUMULATIVE RESULTS OF OPERATIONS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities payable to member agencies	$ 503,599	$ 564,199
Accounts payable and accrued liabilities payable to non-member agencies	771,419	438,056
Accrued annual leave	63,783	56,415
Capital lease payable	48,290	47,348
Deferred revenue	1,058,290	764,868
Total current liabilities	2,445,381	1,870,886
LONG-TERM LIABILITIES:		
Capital lease payable	107,998	156,288
Deferred revenue	618,090	835,480
Deferred rent	(99)	—
Total long-term liabilities	725,989	991,768
Total liabilities	3,171,370	2,862,654
CUMULATIVE RESULTS OF OPERATIONS	546,943	456,034
TOTAL LIABILITIES AND CUMULATIVE RESULTS OF OPERATIONS	$ 3,718,313	$ 3,318,688

See notes to financial statements.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL
Statements of Operations

	For the years ended December 31, 2015	2014
REVENUES:		
Assessments on member agencies	$ 819,935	$ 773,165
Central Data Repository	4,966,292	3,842,296
Home Mortgage Disclosure Act	3,357,402	4,063,765
Tuition	4,171,070	4,037,830
Community Reinvestment Act	1,012,801	1,104,290
Uniform Bank Performance Report	566,982	674,391
Total revenues	14,894,482	14,495,737
EXPENSES:		
Data processing	3,997,421	4,611,282
Professional fees	6,511,069	4,836,412
Salaries and related benefits	2,497,502	2,282,907
Depreciation, amortization, and net gains or losses on disposals	705,771	1,499,745
Rental of office space	322,205	264,989
Administration fees	303,000	245,000
Travel	306,995	512,824
Other seminar expenses	49,326	55,455
Rental and maintenance of office equipment	38,518	34,840
Office and other supplies	36,443	46,217
Printing	31,943	15,405
Miscellaneous	3,380	23,924
Total expenses	14,803,573	14,429,000
RESULTS OF OPERATIONS	90,909	66,737
CUMULATIVE RESULTS OF OPERATIONS—Beginning of year	456,034	389,297
CUMULATIVE RESULTS OF OPERATIONS—End of year	$ 546,943	$ 456,034

See notes to financial statements.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL
Statements of Cash Flows

	For the years ended December 31, 2015	2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Results of operations	$ 90,909	$ 66,737
Adjustments to reconcile results of operations to net cash provided by operating activities:		
Depreciation	627,679	1,502,906
Net loss (gain) on disposal of property and equipment	78,091	(3,161)
(Increase) decrease in assets:		
Accounts receivable from member agencies	(594,521)	384,807
Accounts receivable from non-member agencies	55,865	12,948
Prepaid expenses and other assets	(735,000)	—
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities payable to member agencies	(60,600)	(138,917)
Other accounts payable and accrued liabilities payable to non-member agencies	333,288	(339,704)
Accrued annual leave	7,368	13,312
Deferred revenue (current and non-current)	76,031	(690,917)
Deferred rent	(99)	(6,783)
Net cash from (used in) operating activities	(120,989)	801,228
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Capital expenditures	—	(688,280)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Capital lease payments	(47,271)	(38,011)
NET INCREASE (DECREASE) IN CASH	(168,260)	74,937
CASH BALANCE—Beginning of year	701,084	626,147
CASH BALANCE—End of year	$ 532,824	$ 701,084

See notes to financial statements.

Notes to Financial Statements as of and for the Years Ended December 31, 2015 and 2014

1. Organization and Purpose

The Federal Financial Institutions Examination Council (the Council) was established under Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. The purpose of the Council is to prescribe uniform principles and standards for the federal examination of financial institutions and to make recommendations to promote uniformity in the supervision of these financial institutions. The Council has six voting members. The five federal agencies represented on the Council during 2015, referred to collectively as Member Agencies, are as follows:

- Board of Governors of the Federal Reserve System (FRB)
- Consumer Financial Protection Bureau (CFPB)
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)
- Office of the Comptroller of the Currency (OCC)

In accordance with the Financial Services Regulatory Relief Act of 2006, a representative state regulator was added as a full voting member of the Council in October 2006.

The Council was given additional statutory responsibilities by Section 340 of the Housing and Community Development Act of 1980, Public Law 96-399. Among these responsibilities is the implementation of a system to facilitate public access to data that depository institutions must disclose under the Home Mortgage Disclosure Act of 1975 (HMDA) and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area.

The Council's financial statements do not include financial data for the Council's Appraisal Subcommittee (the Subcommittee). The Subcommittee was created pursuant to Public Law 101–73, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Although it is a subcommittee of the Council, the Appraisal Subcommittee maintains separate financial records and administrative processes. The Council is not responsible for any debts incurred by the Appraisal Subcommittee, nor are Appraisal Subcommittee funds available for use by the Council.

2. Significant Accounting Policies

Basis of Accounting—The Council prepares its financial statements in accordance with accounting principles generally accepted in the United States (GAAP).

Revenues—Assessments are made on member organizations to fund the Council's operations based on expected cash needs and are recognized as revenue in the period in which they are assessed. Amounts over- or under-assessed due to differences between assessments and actual expenses are presented in the "Cumulative Results of Operations" line item during the year and then may be used to offset or increase the next year's assessment. Deficits in "Cumulative Results of Operations" can be recouped in the following year's assessments.

The Council provides training seminars in the Washington, D.C. area and at locations throughout the country for member organizations, other federal agencies, and state organizations. The Council recognizes revenue from member agencies for the production and distribution of the Uniform Bank Performance Reports (UBPR) through the FDIC. Tuition and UBPR revenue are adjusted at year-end to match expenses incurred as a result of providing education classes and UBPR services. For differences between revenues and expenses, member agencies are assessed an additional amount or credited a refund based on each member's proportional cost for the Examiner Education and UBPR budget. The Council recognizes revenue from member agencies for expenses incurred related to the Community Reinvestment Act (CRA) processing system and the HMDA processing system.

Capital Assets—Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from three to five years. Upon the sale or other disposition of a depreciable asset, the cost and related accumulated depreciation are removed and any gain or loss is recognized. The Central Data Repository (CDR) and the HMDA processing system, internally developed software projects, are recorded at cost less accumulated depreciation; unique useful lives are applied to these assets as appropriate.

Deferred Revenue—Deferred revenue includes cash collected and accounts receivable from member organizations to fund the development of CDR and the HMDA processing system. Revenue is recognized over the useful life of the software.

Deferred Rent—The lease for office and classroom space contains scheduled rent increases over the term of the lease. Scheduled rent increases must be considered in determining the annual rent expense to be recognized. The deferred rent represents the difference between the actual lease payments and the rent expense recognized.

Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include useful lives of CDR and the HMDA processing system.

Allowance for Doubtful Accounts—Accounts receivable for non-members are shown net

Notes continue on the following page.

of the allowance for doubtful accounts. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The allowance for doubtful accounts is adjusted monthly, based upon a review of outstanding receivables.

Prepaid Expenses —The Council books expenses as prepaid for costs paid in advance that will be expensed with the passage of time or upon the occurrence of a triggering event in future periods.

Commitments and contingencies — Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is probable that a liability has been incurred and an amount can be reasonable estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Tax Exempt Status — The Council is not subject to state or local income taxes, and federal law does not impose tax on the Council's income.

Recently Issued Accounting Standards — In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other - Internal Use Software (Subtopic 350-40) - Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* The amendments in this update provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. This update is effective for the Council for the year ending December 31, 2016 and is not expected to have a material effect on the Council's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* The guidance is applicable to all contracts for the transfer of goods or services regardless of industry or type of transaction. This update requires recognition of revenue in a manner that reflects the consideration that the entity expects to receive in return for the transfer of goods or services to customers. In August 2015, the FASB issued 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. This update is effective for the Council for the year ending December 31, 2019 and is not expected to have a material effect on the Council's financial statements since the Council reports annually and satisfies all material performance obligations prior to year-end.

3. Selected Transactions with Member Agencies

	2015	2014
Accounts receivable:		
Board of Governors of the Federal Reserve System	$ 297,539	$ 132,125
Consumer Financial Protection Bureau	2,589	12,364
Federal Deposit Insurance Corporation	539,340	330,290
National Credit Union Administration	57,800	16,278
Office of the Comptroller of the Currency	402,593	214,283
	$ 1,299,861	$ 705,340
Accounts payable and accrued liabilities:		
Board of Governors of the Federal Reserve System	$ 223,553	$ 221,749
Consumer Financial Protection Bureau	4,331	4,905
Federal Deposit Insurance Corporation	164,650	117,666
National Credit Union Administration	32,482	25,427
Office of the Comptroller of the Currency	78,583	194,452
	$ 503,599	$ 564,199
Operations:		
Council operating expenses reimbursed by members	$ 819,935	$ 773,165
FRB-provided administrative support	$ 303,000	$ 245,000
FRB-provided data processing	$ 3,997,421	$ 4,611,282
Tuition revenue:		
Member tuition	$ 4,019,020	$ 3,801,635

The Council does not directly employ personnel, but rather member agencies detail personnel to support Council operations. These personnel are paid through the payroll systems of member agencies. Salaries and fringe benefits, including retirement benefit plan contributions, are reimbursed to these agencies. The Council does not have any post-retirement or post-employment benefit liabilities since Council personnel are included in the plans of the member agencies.

Member agencies are not reimbursed for the costs of personnel who serve as Council members and on the various task forces and committees of the Council. The value of these contributed services is not included in the accompanying financial statements.

In 2014, the Council authorized the OCC to contract with a third party on behalf of the Council to perform a cyber risk assessment related to financial institutions, and other third parties and critical infrastructures upon which the financial services sector depends. The OCC collected the cost of the cyber risk assessment directly from the Council member agencies. The Council's financial statements do not reflect any activity related to the cyber risk assessment or contract.

Notes continue on the following page.

4. Central Data Repository (CDR)

In 2003, the Council entered into an agreement with UNISYS to enhance the methods and systems used to collect, validate, process, and distribute Call Report information used by member organizations, and to store this information in CDR. CDR was placed into service in October 2005. At that time, the Council began depreciating CDR on the straight-line basis over its estimated useful life of 63 months. In 2009, the Council reevaluated the useful life of CDR and decided to extend the estimated useful life by an additional 36 months based on enhanced functionality of the software. In 2013, the Council again reevaluated the useful life of CDR and decided to extend the estimated useful life by an additional 12 months to December 31, 2014. In 2014, the Council added additional enhancements of $688,281 and extended the useful life of the asset, including the enhancements, for an additional 56 months. The Council similarly extended the period of the associated deferred revenue. The Council records depreciation expenses and recognizes the same amount of revenue; therefore, the extension does not affect net income. The Council also pays for hosting and maintenance expenses for CDR and recognizes the associated revenue from members. Software in process represents non-cash activity excluded from the Statements of Cash Flows.

	2015	2014
Capital Asset CDR		
Beginning balance	$ 21,917,947	$ 21,151,575
Software placed in use during the year	—	688,281
Software in process		78,091
Loss on disposal	(78,091)	—
Total asset	$ 21,839,856	$ 21,917,947
Less accumulated depreciation	(21,128,864)	(20,920,769)
Central Data Repository software—net	$ 710,992	$ 997,178

	2015	2014
Depreciation		
Depreciation for the CDR project	$ 208,095	$ 900,515

CDR Financial Activity—The Council is funding the project by billing the three participating Council member agencies (FRB, FDIC, and OCC). Activity for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Deferred Revenue		
Beginning balance	$ 997,178	$ 1,131,321
Additions and other adjustments	(78,091)	766,372
Less revenue recognized	(208,095)	(900,515)
Ending balance	$ 710,992	$ 997,178
Current portion deferred revenue	$ 208,095	$ 208,095
Long-term deferred revenue	502,897	789,083
Total Deferred Revenue	$ 710,992	$ 997,178
Total CDR Revenue		
Total CDR Revenue	$ 4,966,292	$ 3,842,296
Accounts payable and acccrued liabilities related to CDR:		
Payable to UNISYS for the CDR	$ 714,605	$ 346,284

5. Home Mortgage Disclosure Act (HMDA)

FRB provides maintenance and support for the HMDA processing system. In 2007, the Council began a rewrite of the entire HMDA processing system, which went into service in 2011. At that time, the Council began depreciating the system on the straight-line basis over its estimated useful life of 60 months. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), responsibility for HMDA is transitioning to the CFPB which is developing a new HMDA system to replace the currently depreciating asset. The FRB will continue processing the HMDA data through 2017 and as a result, in 2015 the Council has extended the estimated useful life of the 2011 rewrite through December 31, 2017. The extension of useful life decreases the depreciation expense by $184,000. The Council also extended the period that the associated deferred revenue is recognized over, which decreases the revenue recognized by the same amount of depreciation; therefore, the extension does not affect net income. Additionally, since the new asset will be controlled and owned by the CFPB, the new asset will be reflected on the CFPB's financial statements and not the Council's.

	2015	2014
Capital Asset HMDA		
Beginning balance	$ 2,783,868	$ 2,783,868
Total asset	$ 2,783,868	$ 2,783,868
Less accumulated depreciation	(2,553,479)	(2,180,696)
HMDA software—net	$ 230,389	$ 603,172
Depreciation		
Depreciation for the HMDA Rewrite project	$ 372,782	$ 556,773

The Council records depreciation expenses and recognizes the same amount of revenue each year. The Council also pays for maintenance expenses for the current HMDA processing system and recognizes the associated revenue from the members and non-members. The financial activity associated with the processing system for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Deferred Revenue		
Beginning balance	$ 603,172	$ 1,159,945
Additions	—	—
Less revenue recognized	(372,783)	(556,773)
Ending balance	230,389	603,172
Current portion deferred revenue	$ 115,195	$ 556,774

Notes continue on the following page.

	2015	2014
Long-term deferred revenue	115,194	46,398
Total Deferred Revenue	$ 230,389	$ 603,172
Total HMDA Revenue		
The Council recognized the following revenue from:		
Member organizations for the production and distribution of reports under the HMDA (includes the deferred revenue recognized)	$ 2,847,101	$ 3,461,874
Department of Housing and Urban Development's participation in the HMDA project	510,301	601,891
Total HMDA Revenue	$ 3,357,402	$ 4,063,765

In 2015, the Council entered into an agreement with the U.S Census Bureau to replicate the Census 2000-based surnames table using the 2010 Census data. The project cost of $735,000 was paid for in 2015 and the member agencies were assessed the same amount. Because the work will not be performed and completed until 2016, the transaction is recognized as a prepaid expense and is included in the current portion of deferred revenue.

6. Leases

Capital Leases—The Council terminated existing capital leases for printing equipment in February 2014, which is a non-cash event of $54,800 excluded from Statement of Cash Flows, and subsequently entered into new capital leases in March 2014. Equipment consists of $234,000 for the capital leases as of December 31, 2015 and 2014; the $234,000 is a non-cash event excluded from the Statement of Cash Flows. Accumulated depreciation was $86,000 and $39,000 for 2015 and 2014, respectively. The depreciation expense for the printing equipment was $47,000 and $46,000 for 2015 and 2014, respectively. Contingent rentals for excess usage of the printing equipment amounted to $17,000 and $14,000 in 2015 and 2014, respectively.

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of December 31, 2015 are as follows:

Years ending December 31,	Amount
2016	$ 72,821
2017	72,821
2018	72,822
2019	12,137
Total minimum lease payments	230,601
Less amount representing maintenance	(69,145)
Net minimum lease payments	161,456
Less amount representing interest	(5,168)
Present value of net minimum payments	156,288
Less current maturities of capital lease payments	(48,290)
Long-term capital lease obligations	$ 107,998

Operating Leases—The Council entered into a new operating lease with the FDIC in December 2015 for a five year period with the option to extend for an additional five years to secure office and classroom space. Minimum annual payments under the operating lease having initial or remaining non-cancelable lease term in excess of one year at December 31, 2015, are as follows:

Years ending December 31,	Amount
2016	$ 311,663
2017	315,689
2018	319,811
2019	324,029
2020	328,342
Total minimum lease payments	1,599,534

7. Subsequent Events

There were no subsequent events that require adjustments to or disclosures in the financial statements as of December 31, 2015. Subsequent events were evaluated through March 01, 2016, which is the date the financial statements were available to be issued.

KPMG

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Federal Financial Institutions Examination Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Federal Financial Institutions Examination Council (the "Council"), which comprise the balance sheet as of December 31, 2015, and the related statements of operations and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended December 31, 2015, we considered the Council's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the Council's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

March 1, 2016

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Federal Financial Institutions Examination Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Federal Financial Institutions Examination Council (the "Council"), which comprise the balance sheet as of December 31, 2015, and the related statements of operations and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2016.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

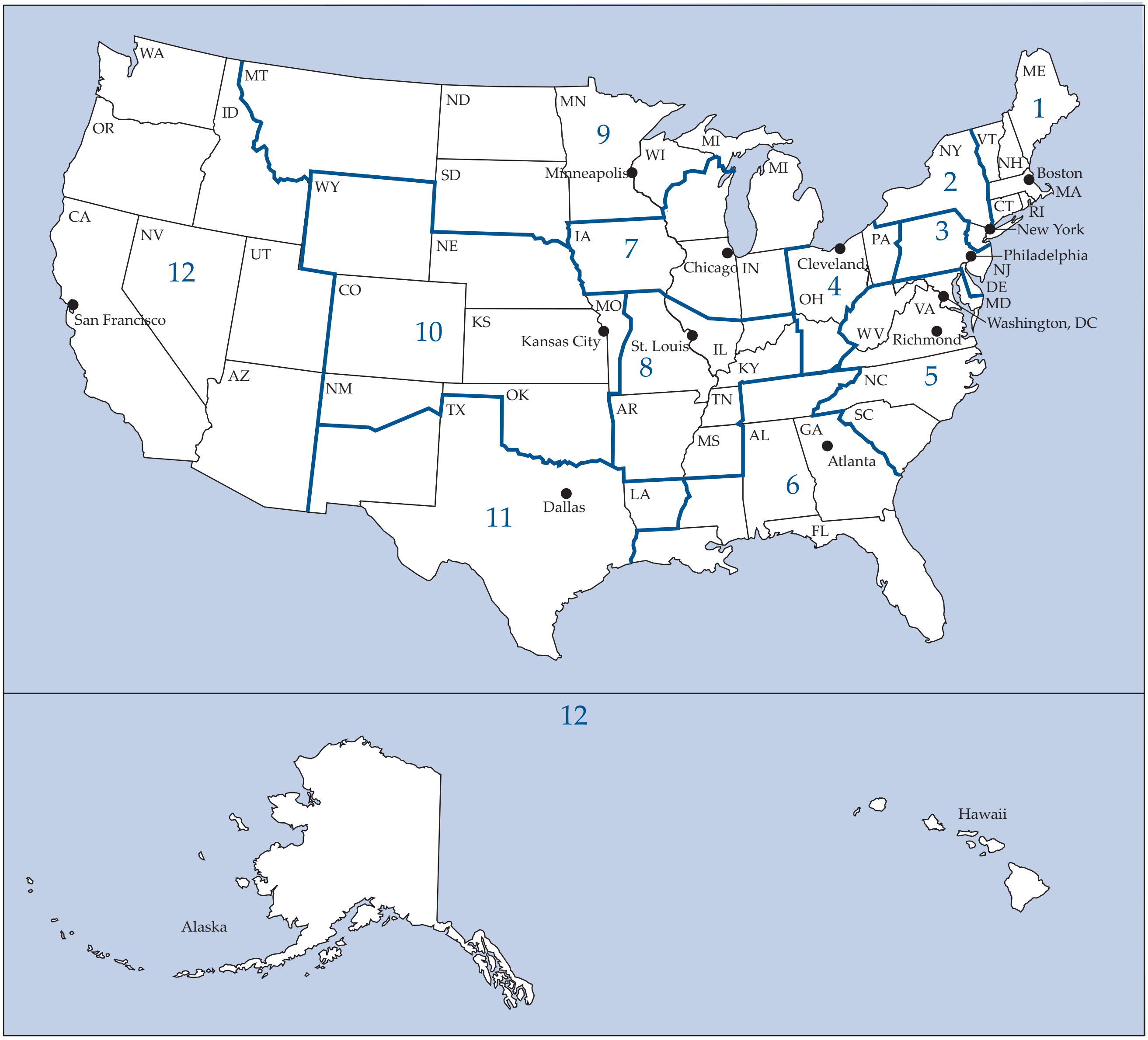
The purpose of this report is solely to describe the scope of our testing of compliance and the result of that testing, and not to provide an opinion on the Council's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's compliance. Accordingly, this communication is not suitable for any other purpose.

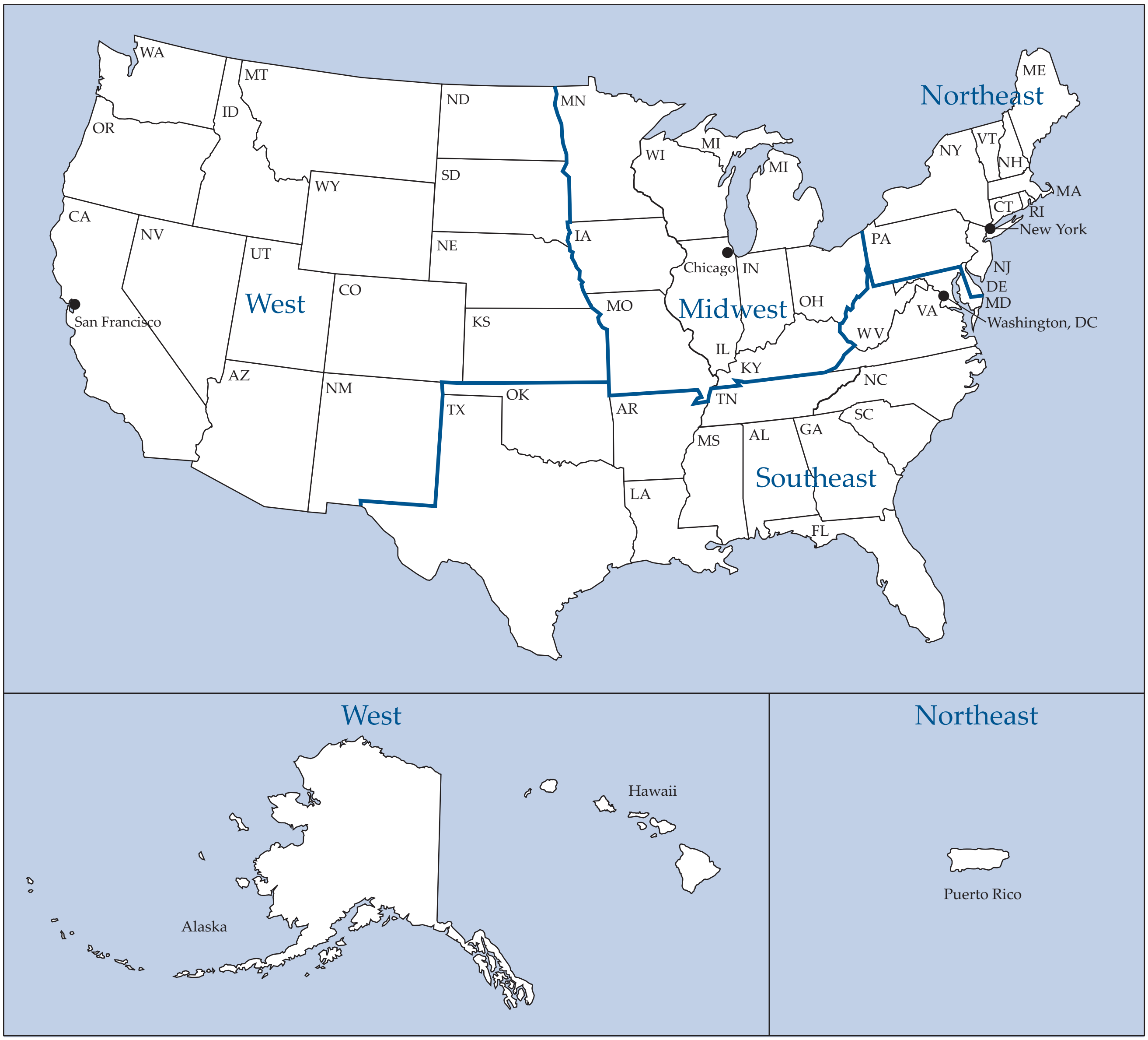
KPMG LLP

March 1, 2016

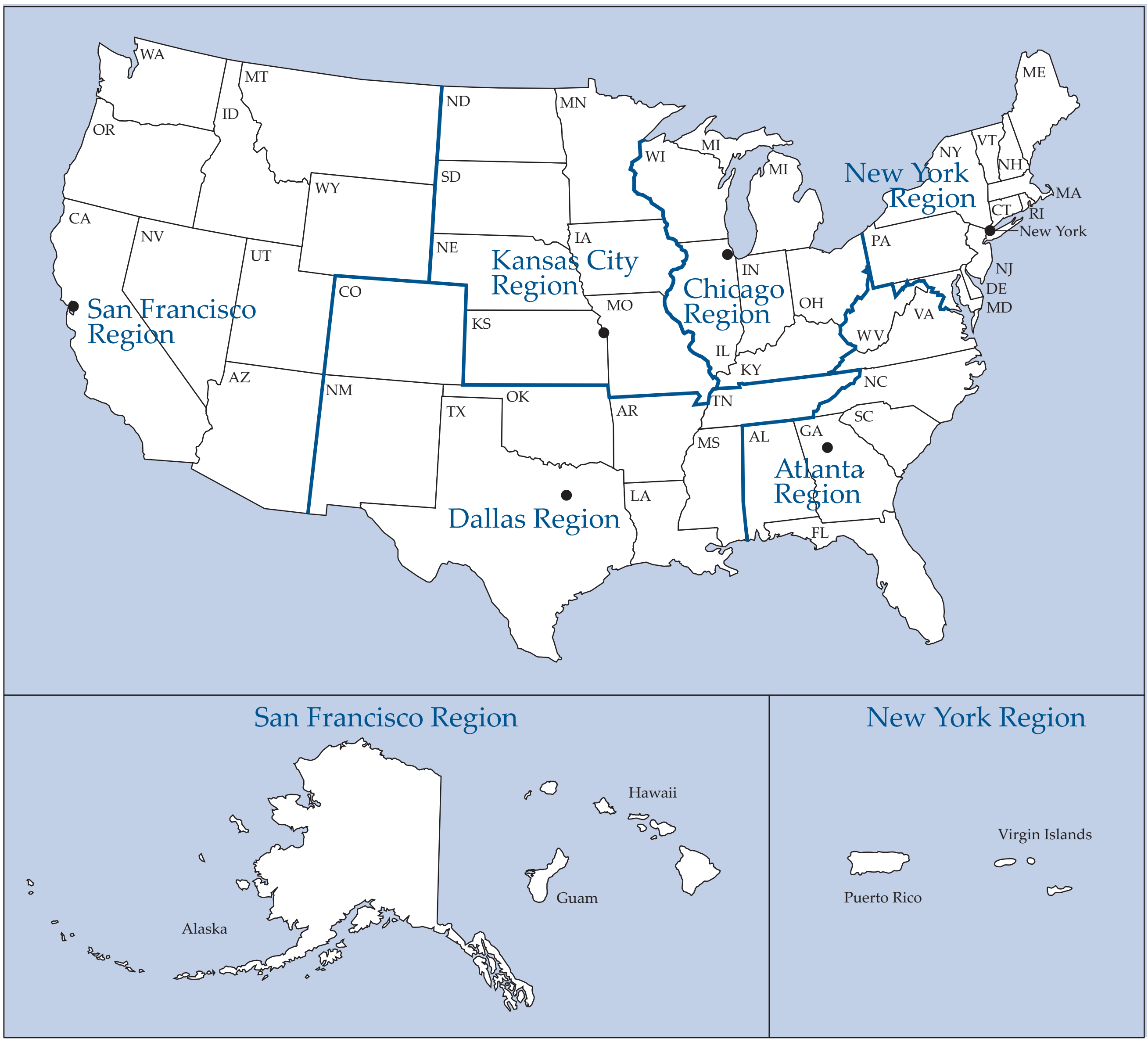
APPENDIX C: MAPS OF AGENCY REGIONS AND DISTRICTS

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



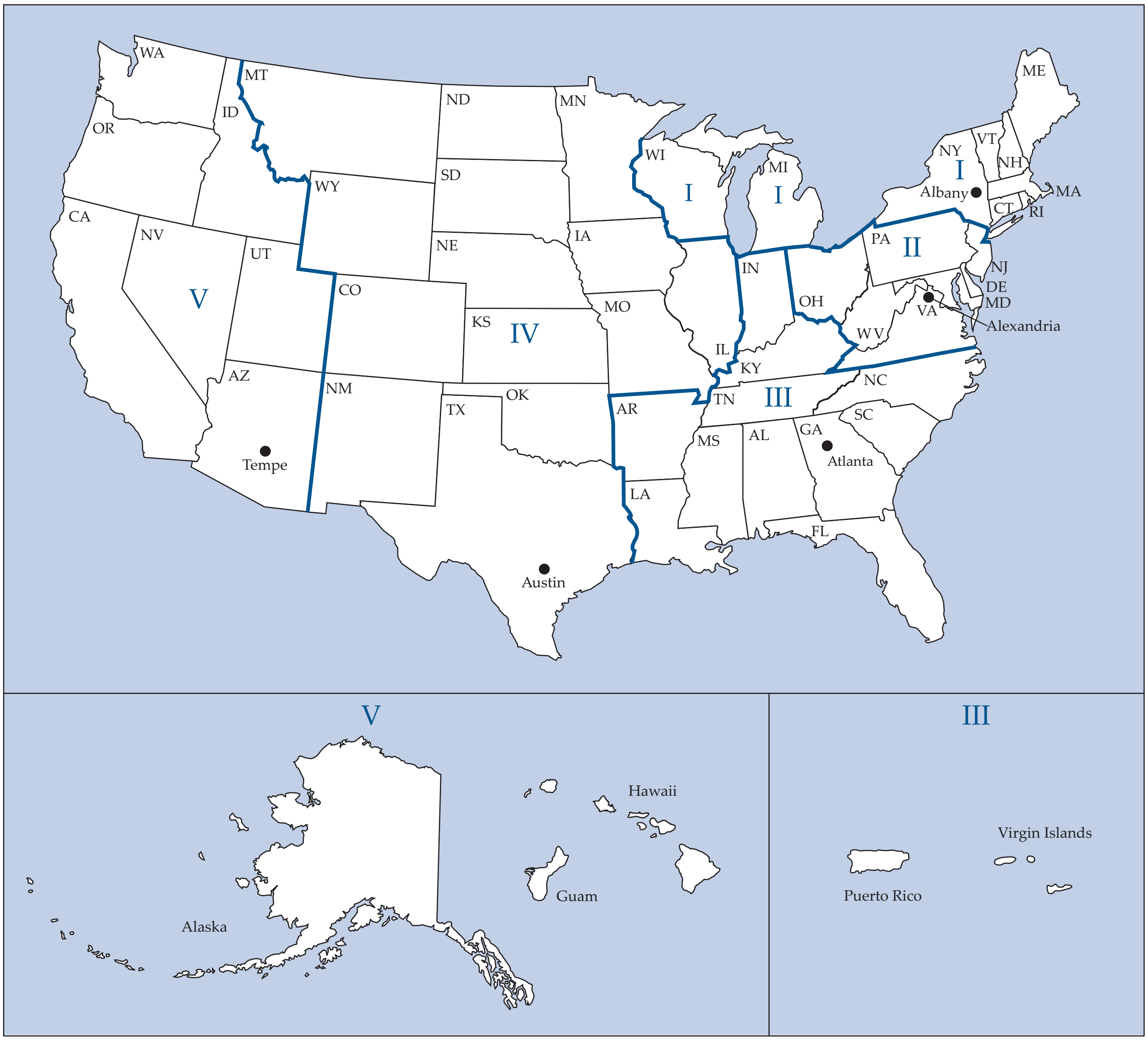

West
Midwest
Southeast
Northeast
WA
OR
CA
NV
ID
MT
WY
UT
AZ
CO
NM
ND
SD
NE
KS
OK
TX
MN
IA
MO
AR
LA
WI
MI
IL
IN
OH
KY
TN
MS
AL
GA
FL
SC
NC
VA
WV
PA
NY
VT
NH
ME
MA
RI
CT
NJ
DE
MD
San Francisco
Chicago
New York
Washington, DC
West
Alaska
Hawaii
Northeast
Puerto Rico

FEDERAL DEPOSIT INSURANCE CORPORATION SUPERVISORY REGIONS

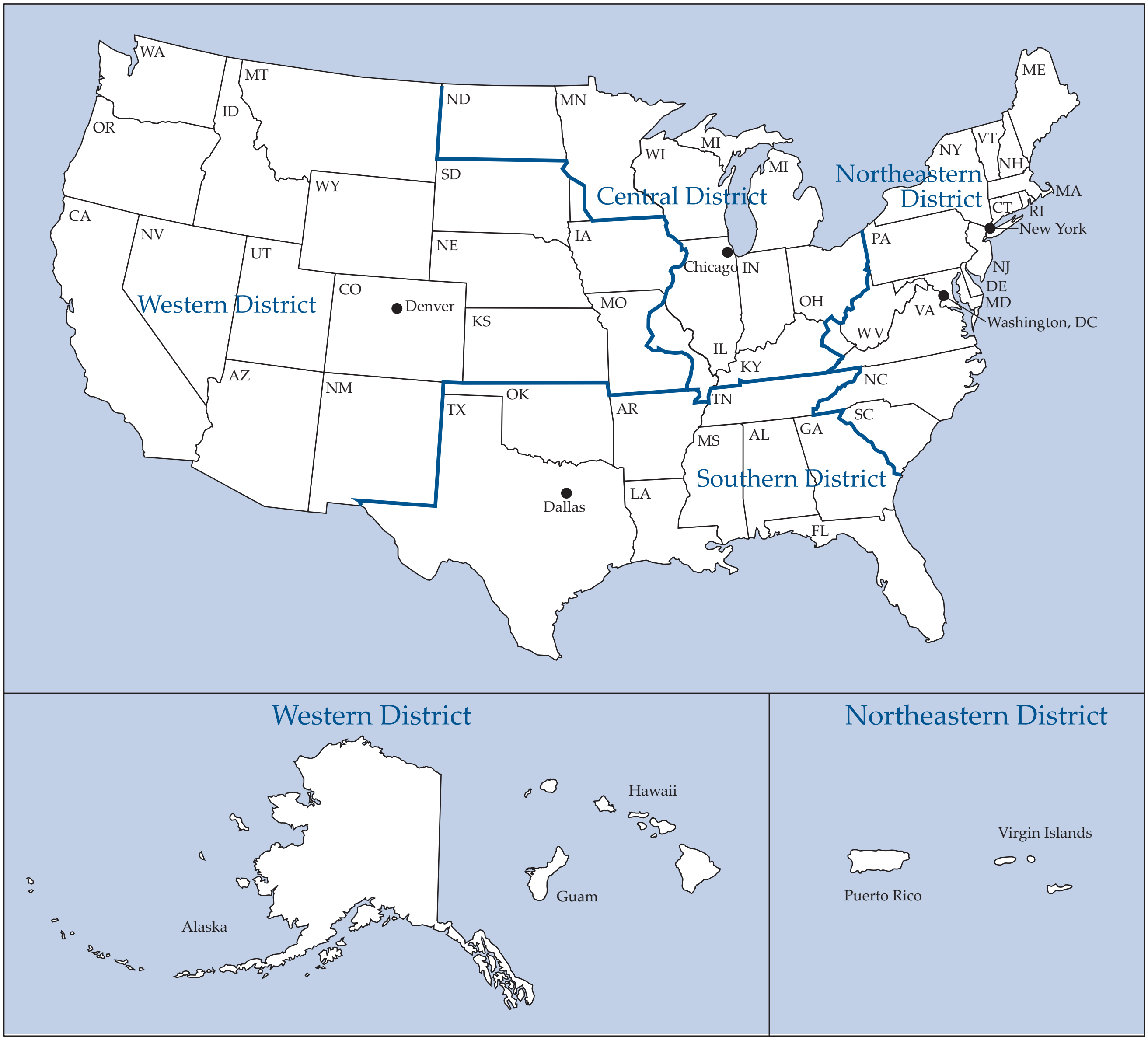


* Two area offices are located in Boston (reports to New York) and Memphis (reports to Dallas)

NATIONAL CREDIT UNION ADMINISTRATION



OFFICE OF THE COMPTROLLER OF THE CURRENCY



APPENDIX D: ORGANIZATIONAL LISTING OF PERSONNEL

December 31, 2015

Members of the Council

Daniel Tarullo, *Chairman*
Member
Board of Governors of the
Federal Reserve System (FRB)
Martin Gruenberg, *Vice Chairman*
Chairman
Federal Deposit Insurance
Corporation (FDIC)
Richard Cordray
Director
Consumer Financial Protection
Bureau (CFPB)
Debbie Matz
Chairman
National Credit Union
Administration (NCUA)
Thomas Curry
Comptroller of the Currency
Office of the Comptroller
of the Currency (OCC)
David Cotney
Chairman
State Liaison Committee (SLC)
Commissioner of Banks
Commonwealth of Massachusetts

State Liaison Committee (SLC)

David Cotney, *Chairman*
Commissioner of Banks
Commonwealth of
Massachusetts
Caroline Jones
Commissioner
Banking and Securities
Texas Department of Savings and
Mortgage Lending
Mary Hughes
Financial Institutions Bureau Chief
Idaho Department of Finance
Lauren Kingry (Resigned 12/1/2015)
Superintendent
Arizona Department of
Financial Institutions
Karen Lawson
Director
Office of Banking
Michigan Department of
Insurance and Financial Services

Council Staff Officer

Judith Dupre
Executive Secretary

Interagency Staff Groups

Agency Liaison Group

Arthur Lindo (FRB)
Doreen Eberley (FDIC)
Steve Kaplan (CFPB)
Larry Fazio (NCUA)
Jennifer Kelly (OCC)
Mary Beth Quist
(SLC Representative/CSBS)

Legal Advisory Group

Scott Alvarez, *Chairman* (FRB)
Charles Yi (FDIC)
Meredith Fuchs (CFPB)
Michael McKenna (NCUA)
Amy Friend (OCC)
Margaret Liu
(SLC Representative/CSBS)

Task Force on Consumer Compliance

Carol Evans, *Chairman* (FRB)
Matthew Biliouris (NCUA)
Luke Brown (FDIC)
Carmine Costa
(SLC Representative/Connecticut)
Grovetta Gardineer (OCC)
Alice Hrdy (CFPB)

Task Force on Examiner Education

Philip Mento, *Chairman* (FDIC)
Joseph Arleth (CFPB)
JeanMarie Komyathy (NCUA)
Thomas Rollo (OCC)
Wendy Spicher
(SLC Representative/Pennsylvania)
Amol Vaidya (FRB)

Task Force on Information Sharing

Jami Blume, *Chairman* (CFPB)
Nida Davis (FRB)
John Kolhoff
(SLC Representative/Michigan)
Todd Roscoe (NCUA)
Robin Stefan (OCC)
Terrie Templemon (FDIC)

Task Force on Reports

Robert Storch, *Chairman* (FDIC)
Douglas Carpenter (FRB)
Ece Yolas Onat (CFPB)
Virginia Phillips (NCUA)
Cynthia Stuart
(SLC Representative/Vermont)
Rusty Thompson (OCC)

Task Force on Supervision

Jennifer Kelly, *Chairman* (OCC)
Doreen Eberley (FDIC)
Michael Gibson (FRB)
Steve Kaplan (CFPB)
Karen Lawson
(SLC Representative/Michigan)
D. Scott Neat (NCUA)

Task Force on Surveillance Systems

Robin Stefan, *Chairman* (OCC)
Matthew Canzater (NCUA)
Jay Caver
(SLC Representative/Alabama)
Charles Collier (FDIC)
Matt Mattson (FRB)
Andrew White (CFPB)

Council Staff

Shown are the Council staff at the L. William Seidman Center in Arlington, Virginia, where they have their offices and classrooms for examiner education programs.