



441 G St. N.W.
Washington, DC 20548

March 20, 2025

The Honorable Tim Scott
Chairman
The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable French Hill
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Financial Audit: Federal Deposit Insurance Corporation Funds’ 2024 and 2023 Financial Statements

This report transmits the GAO auditor’s report on the results of our audits of the 2024 and 2023 financial statements of the two funds that the Federal Deposit Insurance Corporation (FDIC) administers—the Deposit Insurance Fund (DIF) and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). The auditor’s report is incorporated in the enclosed *Federal Deposit Insurance Corporation 2024 Annual Report*.

As discussed more fully in the auditor’s report that begins on page 96 of the enclosed agency annual report, we found

- the financial statements of the DIF and of the FRF as of and for the years ended December 31, 2024, and 2023, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- FDIC maintained, in all material respects, effective internal control over financial reporting relevant to the DIF and to the FRF as of December 31, 2024; and
- with respect to the DIF and to the FRF, no reportable instances of noncompliance for 2024 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

Section 17 of the Federal Deposit Insurance Act, as amended, requires GAO to audit the financial statements of the DIF and of the FRF annually.¹ In addition, the Government Corporation Control Act requires that FDIC annually prepare and submit audited financial statements to Congress and authorizes GAO to audit the statements.² This report responds to these requirements.

¹Act of September 21, 1950, Pub. L. No. 797, § 2[17], 64 Stat. 873, 890, *classified as amended at* 12 U.S.C. § 1827.

²31 U.S.C. §§ 9101-9110.

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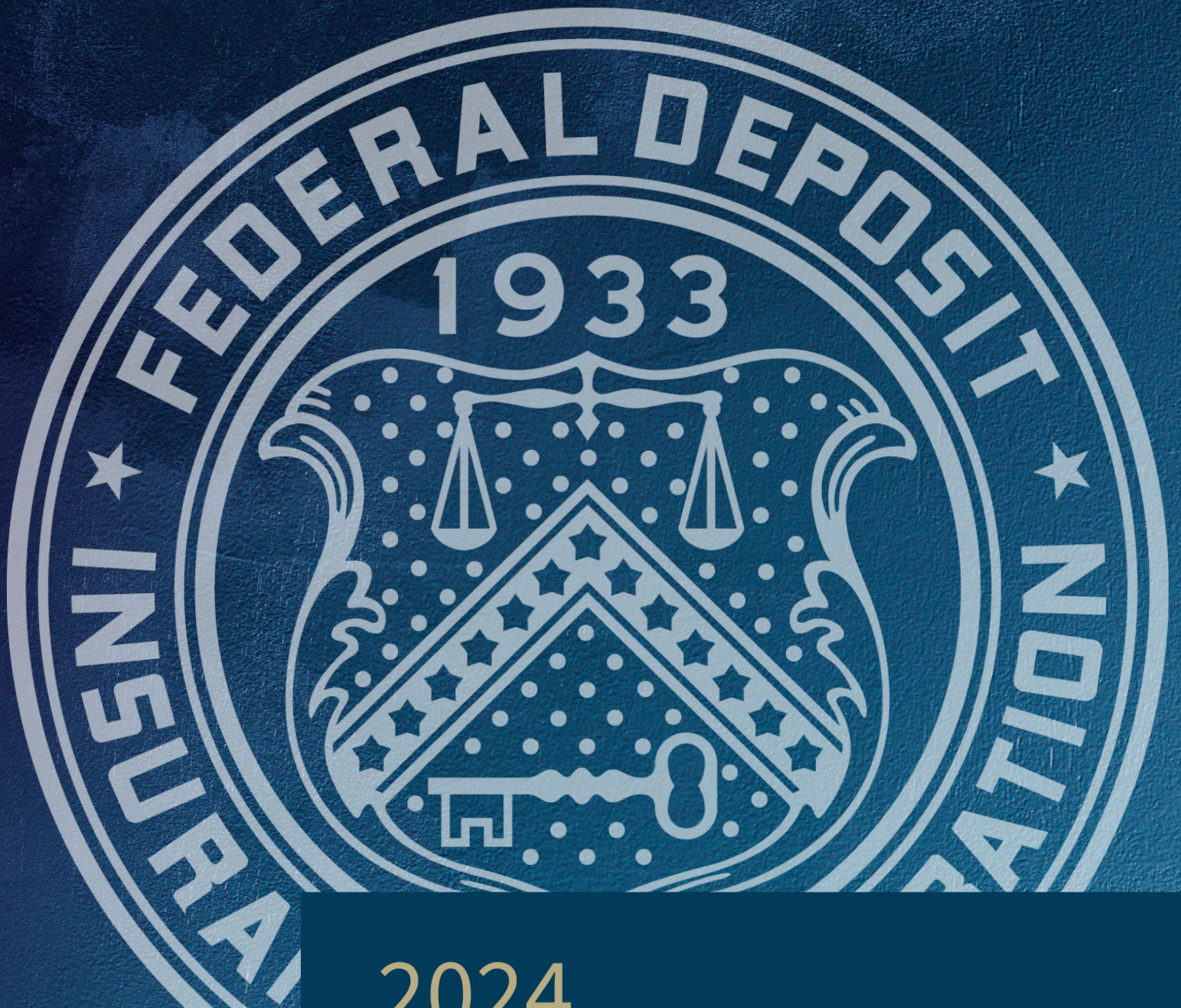
We are sending copies of this report to the Acting Chairman of the FDIC Board of Directors, the Chairman of the FDIC Audit Committee, the Chairman of the Board of Governors of the Federal Reserve System, the Acting Comptroller of the Currency, the Secretary of the Treasury, the Director of the Office of Management and Budget, interested congressional committees and members, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staffs have any questions concerning this report, please contact me at (202) 512-5683 or padillah@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.



M. Hannah Padilla
Director
Financial Management and Assurance

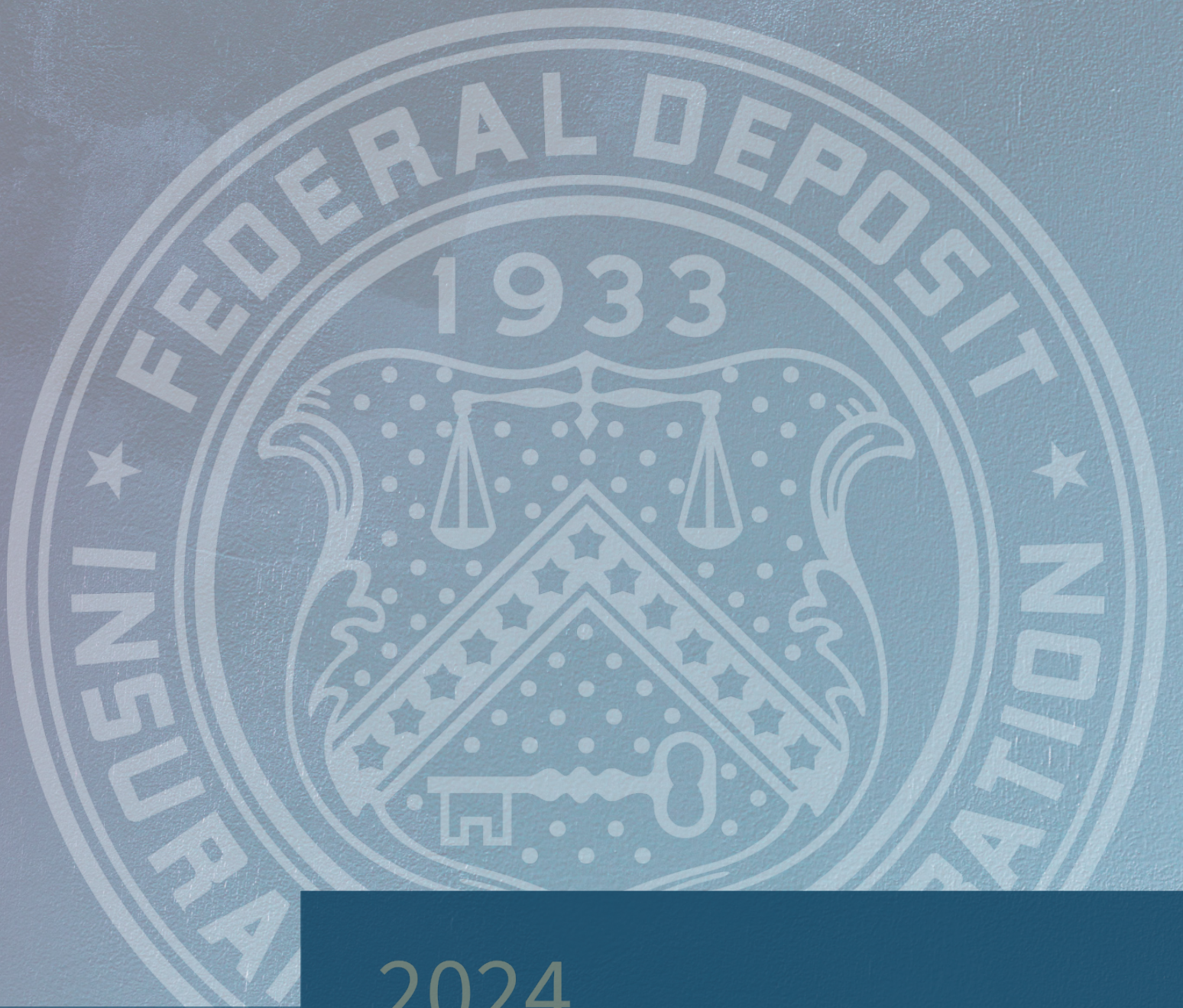
Enclosure



2024
ANNUAL REPORT

FDIC  **FEDERAL DEPOSIT
INSURANCE CORPORATION**

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2024
ANNUAL REPORT

FDIC  FEDERAL DEPOSIT
INSURANCE CORPORATION

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MISSION, VISION, AND VALUES

MISSION

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by Congress to maintain stability and public confidence in the nation's financial system 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.

VISION

The FDIC is a recognized leader in promoting sound public policies; addressing risks in the nation's financial system; and carrying out its insurance, supervisory, consumer protection, resolution planning, and receivership management responsibilities.

VALUES

Our values define who we are as an organization and how we fulfill our mission. These guiding principles shape our decisions, drive our actions, and help build and maintain trust with the public, the banks we supervise, and each other. By living these values every day, we honor our commitment to the highest ethical standards.

<i>Fairness</i>	We are dedicated to treating others with dignity, respect, and impartiality, ensuring that our decisions and actions are just.
<i>Accountability</i>	We are accountable to each other and to the public to operate responsibly, meet our commitments, and take responsibility for our actions and decisions.
<i>Competence</i>	We are a highly skilled and dedicated workforce that is committed to continuous learning and improvement while empowered to achieve outstanding results.
<i>Effectiveness</i>	We respond quickly and successfully to risks in the agency, insured depository institutions, and the financial system by valuing and relying on a highly capable workforce.
<i>Integrity</i>	We adhere to the highest ethical and professional standards, while remaining public service oriented, honest, and transparent with each other, the American public, and the financial system.
<i>Teamwork</i>	We coordinate, collaborate, and cooperate internally and with other agencies to achieve common objectives for the betterment of one another, the American public, and the financial system.



MESSAGE FROM THE ACTING CHAIRMAN



March 20, 2025

In 2024, the FDIC remained committed to performing its vital mission to maintain stability and public confidence in the U.S. financial system. At the center of this work are the FDIC's efforts to insure deposits and responsibly manage the Deposit Insurance Fund (DIF), conduct on-site examinations at banks to promote safety and soundness and compliance with laws and regulations, and resolve failed banks. Since the creation of the FDIC over 91 years ago, no depositor with FDIC-insured funds has ever lost a single penny due to a bank failure. As Acting Chairman, I look forward to continuing to uphold this tradition.

The banking industry finished 2024 with strong earnings and generally favorable asset quality metrics, despite weaknesses in certain portfolios. Capital and liquidity levels also remained strong overall.

The health of the DIF continues to improve coming out of the 2023 bank failures. The DIF balance increased \$4.0 billion in the fourth quarter of 2024, marking its seventh consecutive quarterly increase. As of year-end 2024, the reserve ratio for the DIF stood at 1.28 percent, well on the path to achieving the statutory minimum of 1.35 percent by 2026, based on current estimates.

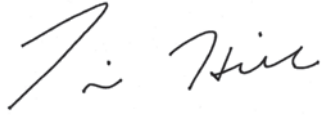
Looking ahead, I expect the FDIC to have an active policy agenda, including reforms to the FDIC's approach to supervision, technology and innovation, and de novo and merger transactions. More broadly, I expect that our reform agenda will promote a vibrant, growing economy, while still ensuring a safe and sound banking system.

The FDIC also remains committed to successfully executing on its cultural transformation. Most fundamentally, we must have a fair, credible, trusted process to hold employees accountable for misconduct. More broadly, we will continue our work to ensure a safe and accountable work environment for all employees.

MESSAGE FROM THE ACTING CHAIRMAN

2025 will undoubtedly be a year of change and opportunity for the FDIC, and I am confident that the FDIC and its dedicated employees will remain focused on the FDIC's important mission and continue to proudly serve the American people.

Sincerely,

A handwritten signature in black ink, appearing to read "Travis Hill". The signature is fluid and cursive, with the first name "Travis" and the last name "Hill" clearly distinguishable.

Travis Hill

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



March 20, 2025

I am pleased to present the FDIC's *2024 Annual Report*, which covers financial and program performance information and summarizes our successes for the year.

For 33 consecutive years, the U.S. Government Accountability Office has issued unmodified audit opinions for the two funds administered by the FDIC: the Deposit Insurance Fund (DIF) and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). We take pride in our accomplishments and continue to consistently demonstrate discipline and accountability as stewards of these funds. We remain proactive in the execution of sound financial management by providing reliable and timely financial data to enhance decision-making and employing tools and strategies to improve the effectiveness and efficiency of our financial management operations and reporting.

2024 Financial and Program Results

During 2024, the FDIC incurred estimated losses from this year's two bank failures totaling \$726 million, as compared to estimated losses from the 2023 bank failures of \$20.0 billion. As a result, the DIF's balance recovered from last year's decrease to reach a record high. The DIF balance increased from \$121.8 billion as of December 31, 2023, to \$137.1 billion at December 31, 2024. The increase was primarily due to assessment revenue and interest revenue on U.S. Treasury securities. The contingent liability for anticipated failures decreased to \$126 million as of December 31, 2024, compared to \$726 million as of December 31, 2023.

The DIF's cash, cash equivalents, and U.S. Treasury investment portfolio balances increased by \$74.1 billion during 2024 to \$97.9 billion at year-end 2024, from \$23.8 billion at year-end 2023. This significant increase in liquidity was primarily due to the collection of both regular and special assessments during the year, as well as dividend payments collected from ongoing receivership asset liquidation efforts of the large 2023 failures. Interest revenue totaled approximately \$4.0 billion for 2024, compared to \$2.7 billion for 2023 – an increase of almost \$1.3 billion due to investments of money received from receivership dividends and special assessments.

In 2024, FDIC operating budget expenditures totaled \$2.5 billion, a decrease of \$317 million, or 11.3 percent, from 2023 expenditures. The year-over-year decline is largely attributable to lower receivership expenditures, as costs from the three large regional bank failures of 2023 subsided. Expenditures during 2024 were \$477 million, or 16.1 percent, under budget, in part

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

because residual costs for resolving the three large bank failures of 2023 were lower-than-projected. Underspending in 2024 was also driven by vacancies in budgeted positions, and delays in some IT and facilities modernization projects. The FDIC Board of Directors approved a 2025 FDIC Operating Budget totaling \$3.0 billion, up \$64 million, or 2.2 percent, from the 2024 budget. Authorized staffing for 2025 is 6,876 full time equivalents (FTEs), a decrease of seven positions from 2024.

During 2024, the FDIC continued its oversight of the Enterprise Risk Management (ERM) and Model Risk Management programs. The FDIC also enhanced the Assurance Statement process, and the Corporate Insurance program. The FDIC continued to make improvements in its contract invoice processes, including independent testing and ensuring compliance with FDIC acquisition policies. In 2025, the FDIC will continue to mature its fraud risk awareness and project risk management programs and implement an agency-wide enterprise change management program.

I appreciate the dedication of the FDIC professionals who plan, execute, and account for the agency's resources. Their commitment to ensuring sound financial management provides the foundation for our strong stewardship and ensures that reliable and timely financial information is available to our stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Marshall Gentry". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

E. Marshall Gentry



Corporate University

Supports the agency’s mission and business objectives through high-quality, cost-effective continuous learning and development.

Division of Complex Institution Supervision & Resolution

Protects and maintains stability in the U.S. financial system by avoiding, and if necessary, managing the failure of large complex financial institutions.

Division of Administration

Supports the FDIC’s mission by providing administrative services for the other FDIC divisions and offices.

Division of Depositor and Consumer Protection

Supervises insured financial institutions for compliance with federal consumer protection, anti-discrimination, and community reinvestment laws; and promotes economic inclusion.

Division of Information Technology

Provides secure, reliable, and resilient IT capabilities that deliver business value and enhance workforce productivity.

Division of Finance

Provides accounting, budget, financial, risk management, travel, and relocation services.

Division of Insurance and Research

Provides comprehensive statistical information; identifies and analyzes emerging risks; conducts research on deposit insurance, banking policy, and risk assessment; addresses global financial issues to the deposit insurance system; assesses the adequacy of the Deposit Insurance Fund; maintains the risk-based premium system; and conducts economic analysis for FDIC rulemaking.

Division of Resolutions and Receiverships

Ensures insured depositors are paid quickly in the event of a bank failure and effectively managing failed bank receiverships.

Division of Risk Management Supervision

Examines and supervises insured financial institutions, leads policy development across a range of areas and monitors and responds to existing and emerging risks.

Legal Division

Provides the FDIC with legal services in areas including corporate affairs, supervision, enforcement, resolutions of troubled institutions, liquidations, and litigation.

FDITECH

Addresses critical business needs through the use of new automations, technology innovations, and process improvements.

Office of the Internal Ombudsman

Serves as a confidential, neutral, and independent resource providing informal dispute resolution assistance to all employees.

Office of Chief Information Security Officer

Develops and maintains agency-wide information security and privacy programs.

Office of Communications

Develops and executes communication strategies for the Corporation.

Office of Inspector General

Helps preserve the integrity of the FDIC and the U.S. banking system; protects depositors and financial consumers.

Office of Legislative Affairs

Serves as the agency’s congressional liaison and closely monitors and responds to legislation important to the FDIC.

Office of Minority and Community Development Banking

Engages with FDIC-insured minority depository institutions and community development financial institutions to carry out goals set by Congress and the FDIC’s Statement of Policy.

Office of Minority and Women Inclusion

Oversees agency efforts consistent with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Office of the Ombudsman

Serves as an independent, neutral, and confidential liaison for the banking industry and general public, facilitating the resolution of problems and complaints against the FDIC related to its regulatory activities in a fair, impartial, and timely manner.

Office of Professional Conduct

Intakes, investigates, and reports on complaints of harassment, interpersonal misconduct, and retaliation. When allegations are substantiated, the office determines and enforces discipline and other corrective action.

Office of Equal Employment Opportunity

Intakes, investigates, and reports complaints of discrimination and retaliation under laws enforced by the Equal Employment Opportunity Commission.

Office of Risk Management and Internal Controls

Facilitates a sound approach for managing the FDIC’s enterprise risks, ensures internal controls are adequate, and pursues process improvements in program operations.

FDIC SENIOR LEADERS



Seated (left to right): Felita N. Boldin, Amy C. Thompson, Director Travis Hill, Chairman Martin J. Gruenberg, Director Jonathan McKernan, Arthur Murton, and E. Marshall Gentry. **Standing 1st Row** (left to right): Dan Bendler, Mark E. Pearce, Shawn Khani, Jennifer Schoen, Sylvia Burns, Jill Lennox, Rae-Ann Miller, Andy Jiminez, and Harrel M. Pettway. **Standing 2nd Row** (left to right): Zachary Brown, Robert D. Harris, Brian Guy, Lorraine Rushing, and Patrick Mitchell.

Not pictured: Hansel J. Cordeiro, Doreen R. Eberley, Amanda J. Lavis, Matthew P. Reed, Betty Rudolph, and Donna M. Saulnier.

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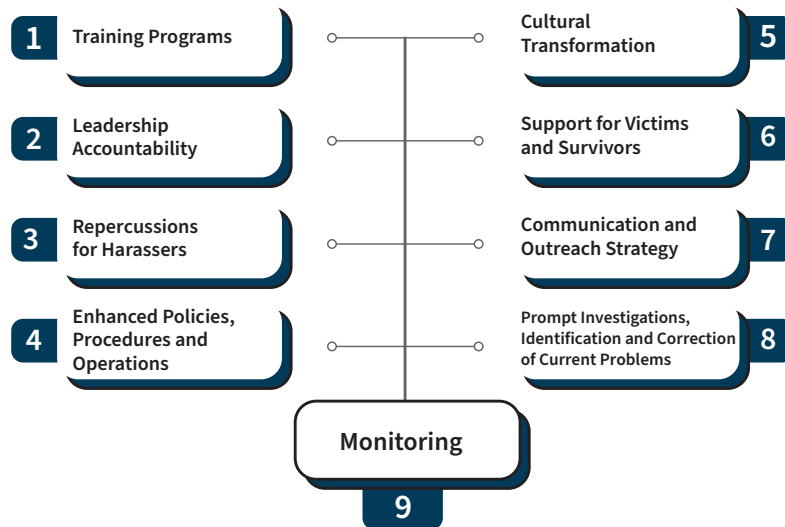
**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Action Plan for a Safe Work Environment

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

FDIC ACTION PLAN



Actions taken by the FDIC

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

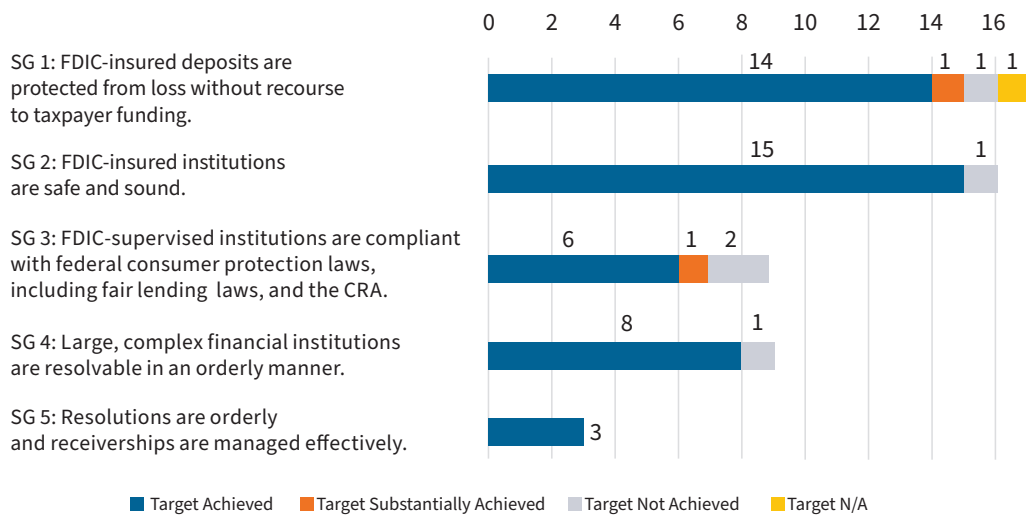
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview

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

2024 PERFORMANCE BY STRATEGIC GOAL (SG)



Insurance Program

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

Long-Term Comprehensive Fund Management Plan

Annual Performance Goal	Monitor the status of the DIF reserve ratio and analyze the factors that affect fund growth. Adjust assessment rates, as necessary, to achieve a DIF reserve ratio of at least 1.35 percent by September 30, 2028.
Indicator and Target	2024 Result
Provide updated fund balance projections to the FDIC Board of Directors semiannually.	ACHIEVED
Recommend changes to deposit insurance assessment rates to the FDIC Board of Directors, as necessary.	ACHIEVED
Provide progress reports to the FDIC Board of Directors semiannually, in accordance with the Restoration Plan.	ACHIEVED
Implement the special assessment to recover the costs incurred by the DIF due to the systemic risk exceptions made to protect uninsured deposits in banks that failed in March 2023.	ACHIEVED
Collect the special assessment beginning with the first quarterly assessment period in 2024 (January 1 to March 31).	ACHIEVED

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

State of the Deposit Insurance Fund

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

Special Assessment Pursuant to the Systemic Risk Determination

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

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

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

Restoration Plan

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

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

Request for Information on Deposits

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

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

National and Regional Risk Analysis

Annual Performance Goal	Disseminate data and analyses on issues and risks affecting the financial services industry to bankers, supervisors, the public, and other stakeholders on an ongoing basis.	
Indicator and Target		2024 Result
Disseminate results of research and analyses in a timely manner through regular publications, ad hoc reports, and other means.		ACHIEVED
Undertake industry outreach activities, as needed, to inform bankers and other stakeholders about current trends, concerns, available resources, and FDIC performance metrics.		ACHIEVED

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

- [“2023 Summary of Deposits Highlights”](#)
- [“The Effects of Population Change on Community Bank Deposits and Loans”](#)
- [“U.S. Industrial Transition and Its Effect on Metro Areas and Community Banks”](#)

Center for Financial Research

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

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

COMMUNITY BANKING RESEARCH

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

De Novo Banks

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

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

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

Technical Assistance Program

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

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

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

INTERNATIONAL OUTREACH

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

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



International Association of Deposit Insurers

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

Basel Committee on Banking Supervision

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

International Deposit Insurance and Resolution Capacity Building

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

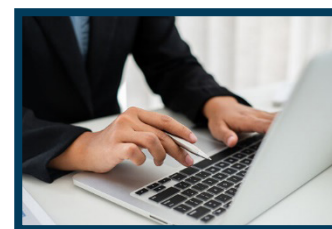
Supervision

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

RISK MANAGEMENT EXAMINATION PROGRAM

Annual Performance Goal	Conduct on-site risk management examinations to assess the overall financial condition, management practices and policies, and compliance with applicable laws and regulations of FDIC-supervised depository institutions. When problems are identified, promptly implement appropriate corrective programs and follow up to determine whether identified problems are corrected and take other actions as appropriate.	
Indicator and Target	2024 Result	
Conduct all required risk management examinations within the timeframes prescribed by statute and FDIC policy.	ACHIEVED	
For at least 90 percent of IDIs that are assigned a composite CAMELS rating of 2 and for which the examination report identifies Matters Requiring Board Attention (MRBAs), review progress reports and follow up with the institution within six months of the issuance of the examination report to determine whether all MRBAs are being addressed.	ACHIEVED	
Continue to implement appropriate actions in response to the matters identified for further study in the comprehensive reviews of the failures of Signature Bank and First Republic Bank.	ACHIEVED	

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



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

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

Problem Institutions and Enforcement

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

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

² Under the Uniform Financial Institutions Rating System (UFIRS), each financial institution is assigned a composite rating based on an evaluation of six financial and operational components, which are also rated. The component ratings reflect an institution’s Capital adequacy, Asset quality, Management capabilities, Earnings sufficiency, Liquidity position, and Sensitivity to market risk (commonly referred to as CAMELS ratings). Ratings range from “1” (strongest) to “5” (weakest).

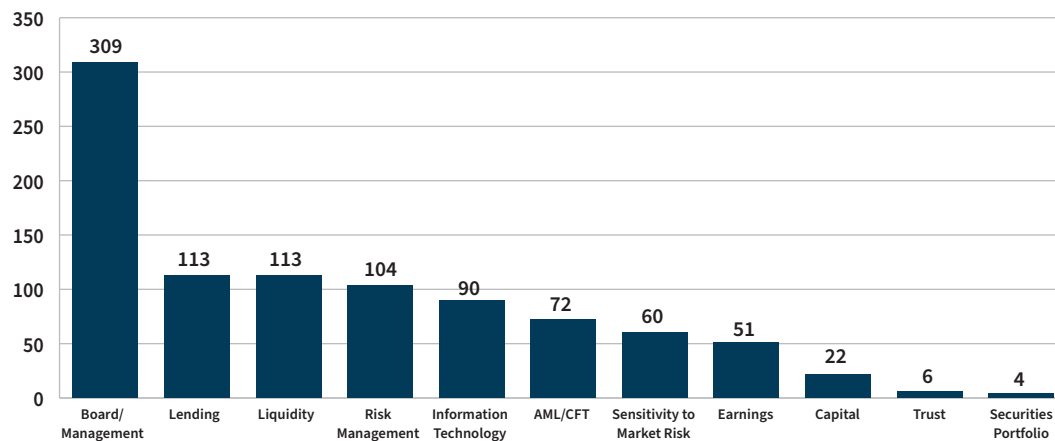
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

EXAMINATION PROCESSES

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

VOLUME OF MRBA ISSUED IN 2024 BY CATEGORY



Source: FDIC. Data through 12/31/2024.

Note: Count reflects MRBA recorded at examination-related events in 2024.

The FDIC conducts two types of examinations:

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

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

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

Shared National Credit Program

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

SPECIALTY EXAMINATIONS

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

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

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

Information Technology and Cybersecurity Examinations

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

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

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

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

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

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

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

Anti-Money Laundering /Countering the Financing of Terrorism

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

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

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

FDIC staff continued to consult with FinCEN on the Beneficial Ownership Information reporting required by the Corporate Transparency Act⁴ and continues to work with the group on the AML/CFT program rule.

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

CONSUMER COMPLIANCE EXAMINATION PROGRAM

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FOCUS and the Banker Engagement Site

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

Consumer Compliance Supervisory Highlights

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

EXAMINER TRAINING AND DEVELOPMENT

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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



EMERGING TECHNOLOGY

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

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

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

RULEMAKING AND GUIDANCE

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Basel III Capital Standards

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

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

Revisions to Merger Statement of Policy (Proposed and Finalized)

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

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

⁵ See *Agencies Request Comment on Proposed Rules to Strengthen Capital Requirements for Large Banks*, FDIC Press Release (July 27, 2023); available at <https://www.fdic.gov/news/press-releases/2023/pr23055.html>.

⁶ See *FDIC Board of Directors Approves Proposal to Rescind 2024 Bank Merger Policy Statement*, FDIC Press Release (March 3, 2025); available at <https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-approves-proposal-rescind-2024-bank-merger-policy>

Incentive-Based Compensation Arrangements Notice of Proposed Rulemaking

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

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

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

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

Residential Real Estate Valuations (Final Guidance)

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



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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Automated Valuation Models (Final Rule)

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

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

Request for Information on Bank-Fintech Arrangements

In July 2024, the FDIC, OCC, and FRB published an RFI on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses¹² to gather additional information on deposit arrangements addressed in the joint statement, as well as other types of arrangements in the areas of payments and lending. The RFI solicits input on the nature and implications of bank-Fintech arrangements and effective risk management practices and on whether enhancements to existing supervisory guidance may be helpful in addressing risks associated with these arrangements.

¹⁰ See FFIEC Issues Statement on Examination Principles Related to Valuation Discrimination and Bias in Residential Lending, FFIEC Press Release (February 12, 2024); available at <https://www.ffiec.gov/press/pr021224.htm>.

¹¹ See Agencies Issue Final Rule to Help Ensure Credibility and Integrity of Automated Valuation Models, FDIC Press Release (July 17, 2024); available at <https://www.fdic.gov/news/press-releases/2024/agencies-issue-final-rule-help-ensure-credibility-and-integrity-automated>. See also 89 FR 64538 (August 7, 2024) <https://www.govinfo.gov/content/pkg/FR-2024-08-07/pdf/2024-16197.pdf>

¹² See 89 Fed. Reg. 61577 (July 31, 2024): Request for Information on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses. <https://www.govinfo.gov/content/pkg/FR-2024-07-31/pdf/2024-16838.pdf>

Unsafe and Unsound Practices: Brokered Deposit Restrictions

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

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

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

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

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

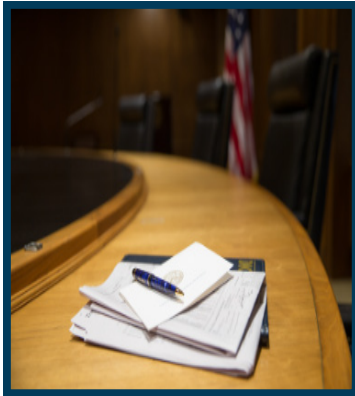
On July 30, 2024, the FDIC Board approved a final rule that revised 12 C.F.R. part 303, subpart L, and part 308, subpart M to the Fair Hiring in Banking Act (FHBA).¹⁶ Section 19 prohibits, without the prior written consent of the FDIC, a person convicted of any criminal offense involving dishonesty,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

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

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

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

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



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

Areas Affected by Natural Disasters

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

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

Appraisal Waiver for Maui County

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



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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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



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

Mission Driven Banks

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

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

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

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

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

Activities Related to Large and Complex Financial Institutions

SUPERVISION AND RISK ASSESSMENT

Monitoring and Measuring Systemic Risks

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Back-Up Supervision Activities for IDIs

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

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

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

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

RESOLUTION PLANNING

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

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

Title I Plan Submissions

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

Title I and IDI Resolution Plan Reviews

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

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

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

IDI Plan Submissions

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

Large Regional Bank Resolution Planning

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

Title II Orderly Liquidation Authority Planning

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

²⁰ 12 CFR 360.10.

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

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

The FDIC has undertaken institution-specific strategic planning to carry out its Orderly Liquidation Authority with respect to the largest GSIBs operating in the United States. The

strategic plans and resolution optionality being developed for these firms are informed by the Title I plan submissions. In addition, work continues on the development of resolution strategies for the eight financial market utilities that have been designated as systemically important by the FSOC.

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

RESOLUTION GUIDANCE AND RULEMAKING

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

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

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

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

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

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

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

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

Resolution Plans and Informational Filings for Large IDIs

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

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

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

CROSS-BORDER COOPERATION AND EXTERNAL ENGAGEMENT

Cross-Border Engagement

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

²³ See FDIC Board of Directors Approves Final Revised Rule to Strengthen Resolution Planning for Large Banks (June 20, 2024); available at <https://www.fdic.gov/news/press-releases/2024/fdic-board-directors-approves-final-revised-rule-strengthen-resolution>. See also 89 FR 56620 (July 9, 2024).

²⁴ This two-year cycle mirrors the biennial cycle of these banking organizations' living wills submitted pursuant to Title I of the Dodd-Frank Act.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Trilateral Principal Level Exercise

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



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

Financial Stability Board Resolution Steering Group

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

Crisis Management Groups

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

Supervisory Colleges

At least annually, the FDIC participates in supervisory colleges, which are a forum for

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

Other Cross-Border Working Groups

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

Depositor and Consumer Protection

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

CONSUMER COMPLAINTS AND INQUIRIES

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

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

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assistance and publishes that information on its [public website](#).

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

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

Deposit Insurance Coverage Information Assistance and Outreach

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

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

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

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

²⁵ <https://www.fdic.gov/resources/deposit-insurance/banker-webinar>.

²⁶ <https://www.fdic.gov/deposit-insurance/questions-and-answers-related-fdics-part-328-final-rule>.

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

The FDIC also continued its efforts to promote understanding of deposit insurance and its benefits as part of the national public awareness campaign, “[Know Your Risk. Protect Your Money.](#)”

Advertisements ran on various digital and social media channels in English and Spanish and appeared on public transit systems in New York City and Washington, D.C. In 2024, traffic to the FDIC’s deposit insurance webpages increased 65 percent from the previous year.



DEPOSITOR AND CONSUMER PROTECTION RULEMAKING AND GUIDANCE

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

Community Reinvestment Act Rules

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

FDIC Sign and Advertising Rules and Misrepresentation Rule

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

²⁷ See Agencies Issue Final Rule to Strengthen and Modernize Community Reinvestment Act Regulations, FDIC Press release (October 24, 2023); available at: <https://www.fdic.gov/news/press-releases/2023/pr23086.html>.

²⁸ See Community Reinvestment Act; Supplemental Rule, 89 FR 22060 (March 29, 2024); available at <https://www.federalregister.gov/documents/2024/03/29/2024-06497/community-reinvestment-act-supplemental-rule>.

²⁹ <https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-approves-delay-compliance-date-certain-provisions>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requirements for Custodial Accounts with Transactional Features

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

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

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

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

PROMOTING ECONOMIC INCLUSION

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

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

³⁰ See Recordkeeping for Custodial Accounts, 89 FR 80135 (October 2, 2024); available at <https://www.govinfo.gov/app/details/FR-2024-10-02/2024-22565>.

³¹ <https://www.fdic.gov/news/press-releases/2024/agencies-issue-guide-assist-community-banks-develop-and-implement-third>

³² <https://www.fdic.gov/news/press-releases/2024/agencies-remind-banks-potential-risks-associated-third-party-deposit>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FDIC National Survey of Unbanked and Underbanked Households

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

FDIC Survey of Volunteer Income Tax Assistance (VITA) Providers

VITA providers are nonprofit organizations located throughout the country that help lower-income individuals and families file tax returns. Some, but not all, VITA providers offer clients the opportunity to open bank accounts and access to additional services designed to enhance financial well-being. The FDIC conducted a survey of providers to explore their interest in doing more to support the economic inclusion of households in the banking system. A full [report of results](#) was released in June 2024.³⁴ The results identified substantial interest among VITA providers in bank partnerships and identified opportunities to remove obstacles that frustrate those intents. The report also documented effective consumer engagement strategies in use by some, but not all VITA providers with bank partnerships.

2024 Economic Inclusion Strategic Plan

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

Consumer Education and Outreach

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

³³ <https://www.fdic.gov/news/press-releases/2024/fdic-survey-finds-96-percent-us-households-were-banked-2023>

³⁴ <https://www.fdic.gov/news/press-releases/2024/fdic-survey-highlights-potential-bankable-moments-irss-volunteer-income>

³⁵ <https://www.fdic.gov/consumer-resource-center/fdic-economic-inclusion-strategic-plan>

MANAGEMENT'S DISCUSSION AND ANALYSIS



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

Money Smart Program

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

Outreach and Engagement

Throughout 2024, the FDIC hosted 36 events, reaching 3,361 participants from banks, Community Development Financial

Institutions (CDFIs), CBOs, educators, and other stakeholders to advance consumer education. The FDIC exhibited at 20 conferences, in addition, the FDIC presented at two educator conferences highlighting the Guide to Organizing Reality Fairs.

Publications

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

Failed Bank Resolution and Receivership Management

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

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

INSURED DEPOSITORY INSTITUTION FAILURES

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

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

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

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

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

The two IDI failures in 2024 are discussed below.

Republic First Bank dba Republic Bank, Philadelphia, PA

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

National Association, of Lancaster, Pennsylvania, to assume substantially all of the deposits and purchase substantially all of the assets of Republic Bank.

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

The First National Bank of Lindsay, Lindsay, Oklahoma

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

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

RECEIVERSHIP MANAGEMENT ACTIVITIES

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

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

As part of the receivership process, the FDIC as receiver manages failed IDIs and their subsidiaries with the goal of expeditiously winding up their affairs. Assets not sold to an assuming institution through the resolution process are retained by the receivership and

MANAGEMENT'S DISCUSSION AND ANALYSIS

promptly valued and liquidated through different sales channels – cash sales, securitizations, and joint venture transactions – to maximize the return to the receivership estate.

Because of the FDIC's asset marketing and collection efforts, the book value of assets in inventory decreased by \$56.2 billion (66%) in 2024. During 2024, the FDIC engaged in numerous activities to liquidate these retained assets, including significant sales of loans and securities, resulting in total proceeds to the FDIC of over \$41.8 billion. The cumulative effect of these activities resulted in a total book value of assets in liquidation of \$28.4 billion at the end of 2024.³⁶

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Professional Liability and Financial Crimes Recoveries

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

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

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

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

Effective Management of Strategic Resources

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

HUMAN CAPITAL MANAGEMENT

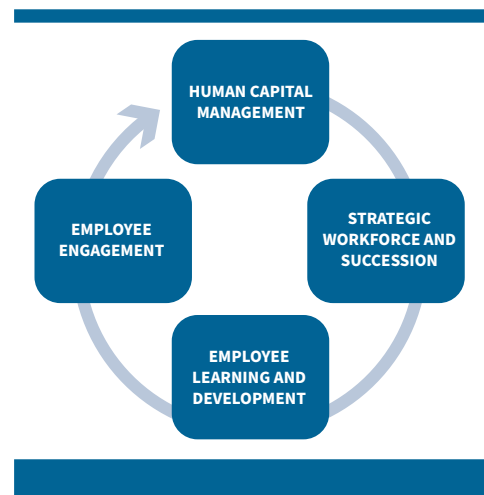
The FDIC's human capital management programs are designed to attract, develop, reward, and retain a highly skilled workforce. In 2024, the FDIC's Human Resources Organization (HRO) focused on several initiatives designed to enhance the FDIC's recruitment and hiring practices, and build succession management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

STRATEGIC WORKFORCE AND SUCCESSION MANAGEMENT

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

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

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



EMPLOYEE LEARNING AND DEVELOPMENT



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

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

EMPLOYEE ENGAGEMENT

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



Information Technology Modernization

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

Migration to the Cloud

The FDIC continues to make progress on its Cloud Infrastructure Migration project. In 2024, the FDIC migrated several of its mission-essential/mission-critical business applications and IT services to target cloud environments with the goal of decommissioning the back-up data center and reducing the size of the primary data center. The FDIC also made progress in

MANAGEMENT'S DISCUSSION AND ANALYSIS

developing and implementing a cloud data management and analytics capability and a Data Orchestration Platform, which lays the foundation for hybrid cloud and on-premises enterprise data management and a new Machine Learning and Natural Language Processing capability. This work supports Division and Office efforts to create business solutions to improve the FDIC's data and mission delivery decisions.



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

Modernizing Obsolete Systems

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

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

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

Securing Systems and Data

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

MANAGEMENT'S DISCUSSION AND ANALYSIS



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

II.

FINANCIAL HIGHLIGHTS

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FINANCIAL HIGHLIGHTS

In its role as insurer of bank and savings association deposits, the FDIC promotes the public's trust in the safety and soundness of insured depository institutions. The following financial highlights address the performance of the Deposit Insurance Fund.

Deposit Insurance Fund Performance

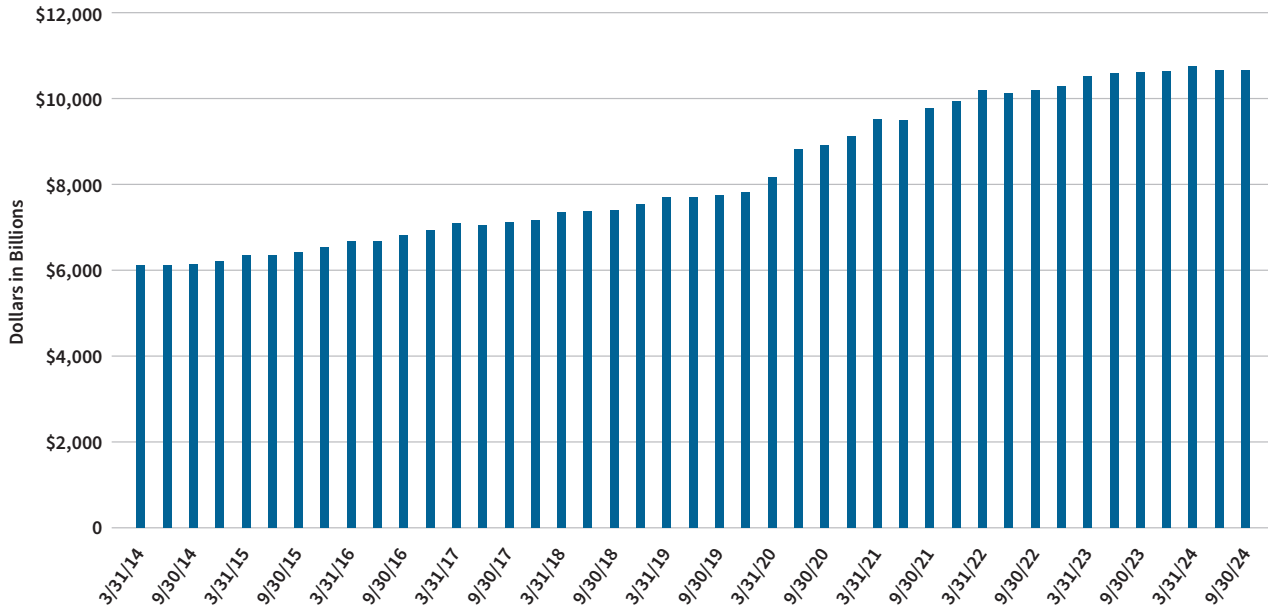
The DIF balance was \$137.1 billion at December 31, 2024, an increase of \$15.3 billion from the year-end 2023 balance. In 2024, DIF's comprehensive income totaled \$15.3 billion compared to comprehensive loss of \$ 6.4 billion in 2023. The year-over-year change of \$21.7 billion was primarily due to a \$43.0 billion decrease in provision for insurance losses, partially offset by \$21.6 billion decrease in assessment revenue.

Provision for insurance losses was negative \$2.0 billion for 2024, compared to \$41.0 billion for 2023. The negative \$2.0 billion for 2024 was due to a reduction to estimated losses for the failures that occurred in 2023, whereas the \$41.0 billion for 2023 primarily represented the initial estimated losses for last year's failures.

Assessment revenue was \$11.6 billion for 2024, compared to \$33.2 billion for 2023. The \$21.6 billion year-over-year decrease was primarily due to the recognition of \$20.4 billion of special assessments in 2023. Last year, the DIF recorded a receivable for special assessments that represented the estimated loss arising from the full coverage of uninsured deposits pursuant to two separate systematic risk determinations for the resolution of Silicon Valley Bank and Signature Bank.

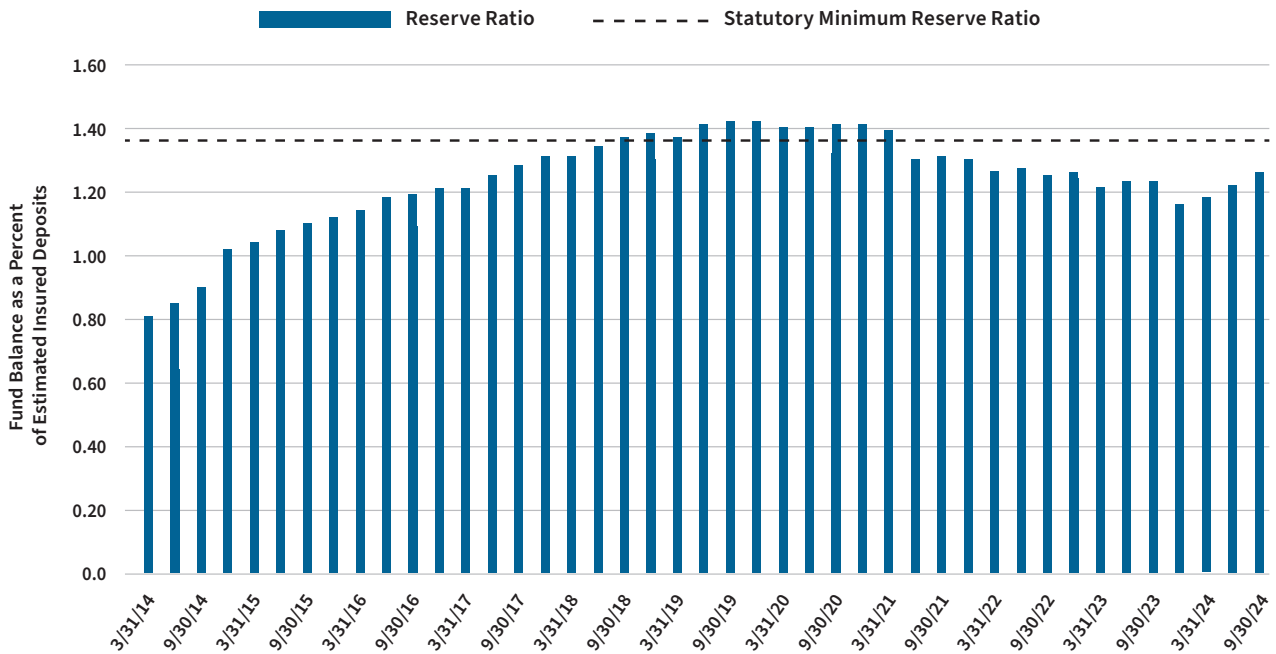
The DIF's cash, cash equivalents, and U.S. Treasury (UST) investment portfolio balances increased by \$74.1 billion during 2024 to \$97.9 billion at year-end 2024, from \$23.8 billion at year-end 2023. This increase was primarily due to recoveries from resolution of \$54.2 billion and assessment collections of \$19.2 billion.

ESTIMATED DIF INSURED DEPOSITS



Source: Commercial Bank Call and Thrift Financial Reports

DEPOSIT INSURANCE FUND RESERVE RATIOS



FINANCIAL HIGHLIGHTS

Deposit Insurance Fund Selected Statistics			
Dollars in Millions			
	For the years ended December 31		
	2024	2023	2022
Financial Results			
Revenue	\$15,689	\$35,996	\$9,607
Operating Expenses	2,433	2,126	1,883
Insurance and Other Expenses (includes provision for losses and realized loss on sale of investment securities)	(2,004)	43,249	(79)
Net Income (Loss)	15,260	(9,379)	7,803
Comprehensive Income (Loss)	15,323	(6,440)	5,077
Insurance Fund Balance	\$137,101	\$121,778	\$128,218
Fund as a Percentage of Insured Deposits (reserve ratio)	1.25% ¹	1.15%	1.25%
Selected Statistics			
Total DIF-Member Institutions ²	4,517 ¹	4,587	4,706
Problem Institutions	68 ¹	52	39
Total Assets of Problem Institutions	\$87,286 ¹	\$66,279	\$47,463
Institution Failures	2	5	0
Total Assets of Failed Institutions in Year ³	\$5,974	\$552,539	\$0
Number of Active Failed Institution Receiverships	58	74	132

¹ As of September 30, 2024.

² Commercial banks and savings institutions. Does not include U.S. insured branches of foreign banks.

³ Total Assets data are based upon the last Call Report filed by the institution prior to failure.

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III.

BUDGET AND SPENDING

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2024 FDIC Operating Budget

The FDIC segregates its corporate operating budget and expenses into three separate components: ongoing operations, receivership funding, and the Office of Inspector General (OIG). The ongoing operations and OIG budget components fund regular operating expenses for the FDIC and the OIG, respectively. The receivership funding component represents marginal expenses resulting from financial institution failures and is, therefore, largely driven by external forces and is less controllable and estimable. The table below displays FDIC operating expenditures for 2024.

FDIC Budget Component	Expenditures (in millions)	Percent of Budget
Ongoing Operations	\$2,333	91%
Receivership Funding	\$102	29%
Office of Inspector General	\$49	98%
FDIC Total*	\$2,485	84%

*Note: Totals may not foot due to rounding.

As in prior years, the 2025 budget was formulated primarily based on an analysis of projected workload for each of the agency’s three components. The approved 2025 FDIC Operating Budget is approximately \$64 million, or 2.2 percent, higher than the 2024 Operating Budget, as detailed in the table below.

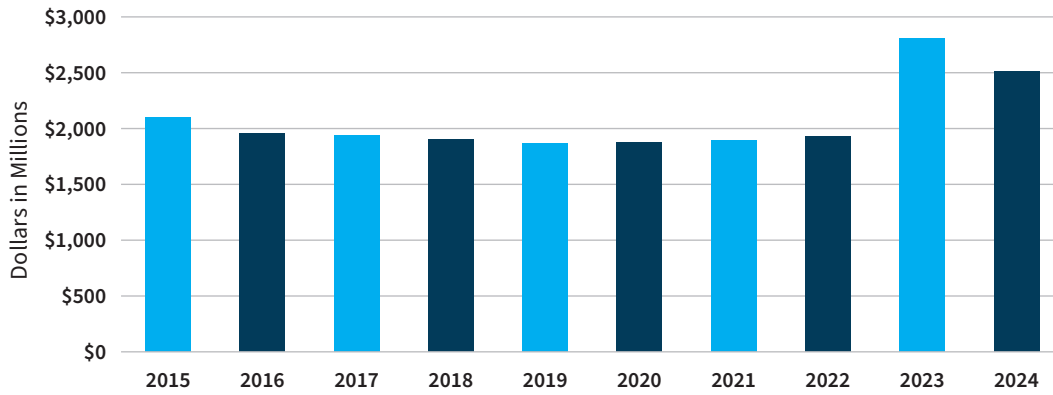
FDIC Budget Component	2025 Budget (in millions)	Change from 2024 Budget (in millions)	Percent Change from 2024 Budget
Ongoing Operations	\$2,722	\$161	6.3%
Receivership Funding	\$250	(\$100)	(28.6%)
Office of Inspector General	\$53	\$3	5.5%
FDIC Total*	\$3,026	\$64	2.2%

*Note: Totals may not foot due to rounding.

The increase in the total proposed operating budget is largely due to scheduled salary and benefit increases provided under the existing compensation agreement with the FDIC’s employee union, other inflationary impacts, and additional resources needed to implement the Action Plan for a Safe Work Environment. These increases were partially offset by lower Receivership Funding costs associated with residual workload from elevated 2023 bank failure activity.

Major investment projects have multi-year funding and are approved by the FDIC Board of Directors separately from the annual budget process. In 2024, the FDIC incurred \$24 million in investment project costs. The total expenditures from 2015 to 2024, including investment spending, is reflected in the chart on the following page.

FDIC EXPENDITURES 2015-2024



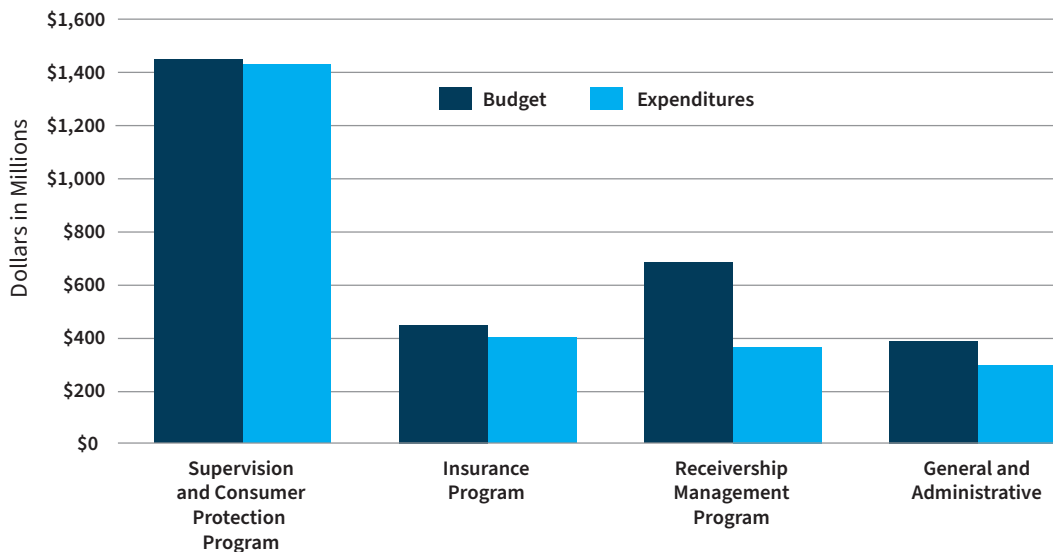
2024 Budget and Expenditures by Program

(EXCLUDING INVESTMENTS)

The FDIC 2024 Corporate Operating Budget totaled approximately \$3.0 billion, with salaries and compensation accounting for more than 60 percent of the total budget. Almost half of the 2024 budget was concentrated in the Supervision and Consumer Protection program.

The chart below shows the 2024 budget and expenditures by program.

2024 BUDGET AND EXPENDITURES BY PROGRAM

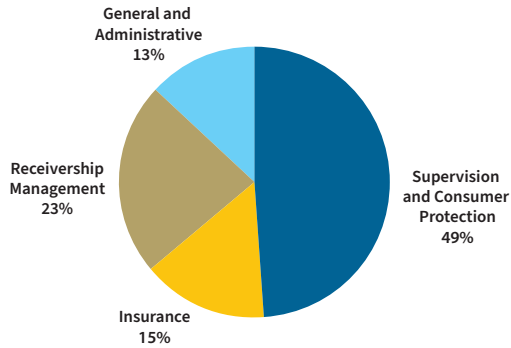


BUDGET AND SPENDING

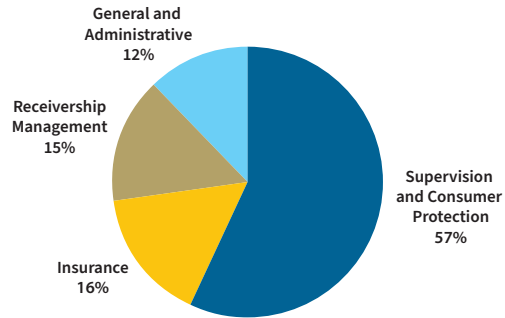
The pie charts below show the portion of the 2024 budget and expenditures represented by each program.

2024 BUDGET AND EXPENDITURES BY PROGRAM

BUDGET BY PROGRAM



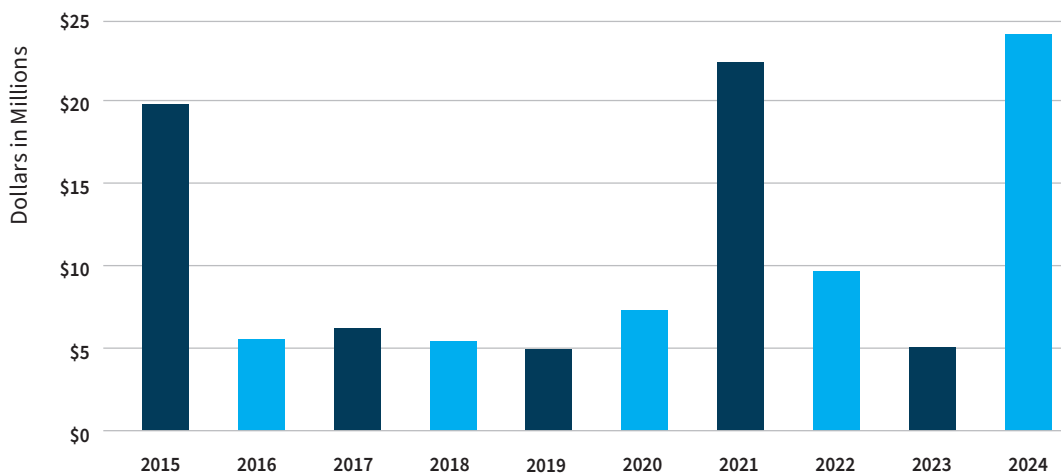
EXPENDITURES BY PROGRAM



Investment Spending

The FDIC instituted a separate Investment Budget in 2003 to provide enhanced governance of major multi-year development efforts. It has a disciplined process for reviewing proposed new investment projects and monitoring the development and implementation of approved projects. Throughout development, the FDIC continually evaluates risks to major investment projects and takes appropriate timely steps to mitigate these risks as they arise. An investment portfolio performance review is provided to the FDIC Board of Directors on a quarterly basis. From 2015-2024 investment spending totaled \$112 million and is estimated at \$52 million for 2025.

INVESTMENT SPENDING



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IV.

FINANCIAL SECTION

Federal Deposit Insurance Corporation Deposit Insurance Fund Balance Sheet

As of December 31

(Dollars in Thousands)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 48,249,984	\$ 4,872,657
Investment in U.S. Treasury securities (<i>Amortized Cost of \$49,626,809 and \$18,958,454</i>) (Note 3)	49,660,740	18,928,885
Assessments receivable (Note 12)	3,280,724	3,235,766
Special assessments receivable (Note 5)	12,823,241	20,423,184
Interest receivable on investments and other assets, net	328,495	145,780
Receivables from resolutions, net of allowances of \$65,614,381 and \$69,361,715 (Note 4)	32,280,658	97,778,346
Property and equipment, net (Note 6)	303,285	319,733
Operating lease right-of-use assets (Note 7)	80,489	80,747
Total Assets	\$ 147,007,616	\$ 145,785,098
LIABILITIES		
Accounts payable and other liabilities (Note 8)	\$ 542,405	\$ 410,515
Operating lease liabilities (Note 7)	100,931	101,617
Liabilities due to resolutions (Note 9)	8,873,879	22,513,085
Postretirement benefit liability (Note 15)	263,096	255,574
Contingent liabilities:		
Anticipated failure of insured institutions (Note 10)	125,545	725,877
Litigation losses (Note 10)	600	450
Total Liabilities	9,906,456	24,007,118
<i>Off-balance-sheet exposure (Note 16)</i>		
FUND BALANCE		
Accumulated Net Income	137,056,764	121,797,208
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Unrealized gain (loss) on U.S. Treasury securities, net (Note 3)	33,931	(29,569)
Unrealized postretirement benefit gain (Note 15)	10,465	10,341
Total Accumulated Other Comprehensive Income (Loss)	44,396	(19,228)
Total Fund Balance	137,101,160	121,777,980
Total Liabilities and Fund Balance	\$ 147,007,616	\$ 145,785,098

The accompanying notes are an integral part of these financial statements.

Federal Deposit Insurance Corporation

Deposit Insurance Fund Statement of Income and Fund Balance

For the Years Ended December 31

(Dollars in Thousands)

	2024	2023
REVENUE		
Assessments (Note 12)	\$ 11,643,463	\$ 33,188,017
Interest on U.S. Treasury securities	3,951,021	2,735,999
Other revenue	94,289	71,771
Total Revenue	15,688,773	35,995,787
EXPENSES AND LOSSES		
Operating expenses (Note 13)	2,433,136	2,125,978
Provision for insurance losses (Note 14)	(2,008,602)	40,950,768
Realized loss on sale of investments, net (Note 3)	0	2,291,859
Insurance and other expenses	4,683	6,067
Total Expenses and Losses	429,217	45,374,672
Net Income (Loss)	15,259,556	(9,378,885)
OTHER COMPREHENSIVE INCOME		
Unrealized gain on U.S. Treasury securities, net	63,500	2,955,846
Unrealized postretirement benefit gain (loss) (Note 15)	124	(16,875)
Total Other Comprehensive Gain	63,624	2,938,971
Comprehensive Income (Loss)	15,323,180	(6,439,914)
Fund Balance - Beginning	121,777,980	128,217,894
Fund Balance - Ending	\$ 137,101,160	\$ 121,777,980

The accompanying notes are an integral part of these financial statements.

Federal Deposit Insurance Corporation

Deposit Insurance Fund Statement of Cash Flows

For the Years Ended December 31

(Dollars in Thousands)

	2024	2023
OPERATING ACTIVITIES		
Provided by:		
Assessments	\$ 19,198,454	\$ 11,684,277
Interest on U.S. Treasury securities	3,389,479	2,719,799
Recoveries from financial institution resolutions	54,243,735	43,018,054
Guarantee fees	147,135	125,000
Miscellaneous receipts	15,728	23,020
Used by:		
Operating expenses	(2,352,408)	(2,086,522)
Disbursements for financial institution resolutions	(949,049)	(157,962,304)
Miscellaneous disbursements	(3,023)	(5,847)
Net Cash Provided (Used) by Operating Activities	73,690,051	(102,484,523)
INVESTING ACTIVITIES		
Provided by:		
Maturity of U.S. Treasury securities	19,100,000	37,625,000
Sale of U.S. Treasury securities	0	79,819,109
Used by:		
Purchase of U.S. Treasury securities	(49,395,937)	(12,671,211)
Purchase of property and equipment	(16,787)	(14,924)
Net Cash (Used) Provided by Investing Activities	(30,312,724)	104,757,974
Net Increase in Cash and Cash Equivalents	43,377,327	2,273,451
Cash and Cash Equivalents - Beginning	4,872,657	2,599,206
Cash and Cash Equivalents - Ending	\$ 48,249,984	\$ 4,872,657

The accompanying notes are an integral part of these financial statements.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024 and 2023

1. Operations of the Deposit Insurance Fund

OVERVIEW

The Federal Deposit Insurance Corporation (FDIC) is the independent deposit insurance agency created by Congress in 1933 to maintain stability and public confidence in the nation's banking system. Provisions that govern the FDIC's operations are generally found in the Federal Deposit Insurance (FDI) Act, as amended (12 U.S.C. 1811, *et seq.*). In accordance with the FDI Act, the FDIC, as administrator of the Deposit Insurance Fund (DIF), insures the deposits of banks and savings associations (insured depository institutions). In cooperation with other federal and state agencies, the FDIC promotes the safety and soundness of insured depository institutions (IDIs) by identifying, monitoring, and addressing risks to the DIF. Federally chartered IDIs are supervised by the Office of the Comptroller of the Currency; state chartered IDIs that are members of the Federal Reserve are supervised by the Federal Reserve and their state supervisors; and state chartered IDIs that are not members of the Federal Reserve are supervised by the FDIC and their state supervisors.

In addition to being the administrator of the DIF, the FDIC is the administrator of the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). The FRF is a resolution fund responsible for the sale of the remaining assets and the satisfaction of the liabilities associated with the former FSLIC and the former Resolution Trust Corporation. The FDIC maintains the DIF and the FRF separately to support their respective functions.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), the FDIC also manages the Orderly Liquidation Fund (OLF). Established as a separate fund in the U.S. Treasury (Treasury), the OLF is inactive and unfunded until the FDIC is appointed as receiver for a covered financial company. A covered financial company is a failing financial company (for example, a bank holding company or nonbank financial company) for which a systemic risk determination has been made as set forth in section 203 of the Dodd-Frank Act. This systemic risk determination is distinct from the systemic risk determination discussed in Note 5.

The Dodd-Frank Act (Public Law 111-203) granted the FDIC authority to establish a widely available program to guarantee obligations of solvent IDIs or solvent depository

institution holding companies (including affiliates) upon a liquidity event determination during times of severe economic distress. The program would not be funded by the DIF but rather by fees and assessments paid by all participants in the program. If fees are insufficient to cover losses or expenses, the FDIC must impose a special assessment on participants as necessary to cover the shortfall. Any excess funds at the end of the liquidity event program would be deposited in the General Fund of the Treasury.

The Dodd-Frank Act also created the Financial Stability Oversight Council of which the Chairman of the FDIC is a member and expanded the FDIC's responsibilities to include supervisory review of resolution plans (known as living wills) and backup examination authority for systemically important bank holding companies and nonbank financial companies supervised by the Federal Reserve Board. The living wills provide for an entity's rapid and orderly resolution in the event of material financial distress or failure.

OPERATIONS OF THE DIF

The FDIC, as administrator of the DIF, insures the deposits of IDIs and resolves failed IDIs upon appointment of the FDIC as receiver in a manner that will result in the least possible cost to the DIF.

The DIF is primarily funded from deposit insurance assessments and interest earned on investments in U.S. Treasury securities. Other available funding sources, if necessary, are borrowings from the Treasury, the Federal Financing Bank (FFB), Federal Home Loan Banks, and IDIs. The FDIC has borrowing authority of \$100 billion from the Treasury and a Note Purchase Agreement (Agreement) with the FFB to enhance the DIF's ability to fund deposit insurance. Under the FFB Agreement, the maximum principal amount of any Note that is offered for purchase by the FDIC to the FFB shall not cause the FDIC to exceed the Maximum Obligation Limitation (MOL).

The MOL is a statutory formula that limits the amount of obligations the DIF can incur to the sum of its cash, 90 percent of the fair market value of other assets, and the amount authorized to be borrowed from the Treasury. The MOL for the DIF was \$232.0 billion and \$210.0 billion as of December 31, 2024 and 2023, respectively.

FINANCIAL SECTION

DEPOSIT INSURANCE FUND

OPERATIONS OF RESOLUTION ENTITIES

The FDIC, as receiver, is responsible for managing and disposing of the assets of failed institutions in an orderly and efficient manner. The assets held by receiverships, conservatorships, and bridge institutions (collectively, resolution entities), and the claims against them, are accounted for separately from the DIF assets and liabilities to ensure that proceeds from these entities are distributed according to applicable laws and regulations. Therefore, income and expenses attributable to resolution entities are accounted for as transactions of those entities. The FDIC, as administrator of the DIF, bills resolution entities for services provided on their behalf.

2. Summary of Significant Accounting Policies

GENERAL

The financial statements include the financial position, results of operations, and cash flows of the DIF and are presented in accordance with U.S. generally accepted accounting principles (GAAP). These statements do not include reporting for assets and liabilities of resolution entities because these entities are legally separate and distinct, and the DIF does not have any ownership or beneficial interests in them. Periodic and final accounting reports of resolution entities are furnished to courts, supervisory authorities, and others upon request.

USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and disclosure of contingent liabilities and other contingencies. Actual results could differ from these estimates. Where it is reasonably possible that changes in estimates will cause a material change in the financial statements in the near term, the nature and extent of such potential changes in estimates have been disclosed. The more significant estimates include the assessments receivable and associated revenue; the special assessments receivable and associated revenue; the allowance for credit losses on receivables from resolutions (including shared-loss agreements); guarantee obligations; the postretirement benefit obligation; and the estimated losses for anticipated failures.

CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments consisting primarily of U.S. Treasury Overnight Certificates.

INVESTMENT IN U.S. TREASURY SECURITIES

The FDI Act requires that the DIF funds be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. The Secretary of the Treasury must approve all such investments in excess of \$100,000 and has granted the FDIC approval to invest the DIF funds only in U.S. Treasury obligations that are purchased or sold based on market prices exclusively through the Treasury's Bureau of the Fiscal Service's Government Account Series program.

The DIF's investments in U.S. Treasury securities are classified as available-for-sale (AFS). Securities designated as AFS are presented at fair value and disclosed at amortized cost. Unrealized gains and losses are reported as other comprehensive income. Any realized gains and losses are included in the Statement of Income and Fund Balance as components of net income. Income on securities is calculated and recorded daily using the effective interest method (see Note 3).

REVENUE RECOGNITION FOR ASSESSMENTS

Assessment revenue is recognized for the quarterly period of insurance coverage based on an estimate. The estimate is derived from an institution's regular risk-based assessment rate and assessment base for the prior quarter adjusted for modest assessment base growth and average assessment rate adjustment factors. At the subsequent quarter-end, the estimated revenue amounts are adjusted when actual assessments for the covered period are determined for each institution (see Note 12).

CAPITAL ASSETS AND DEPRECIATION

The FDIC buildings are depreciated on a straight-line basis over a 35- to 50-year estimated life. Building improvements are capitalized and depreciated over the estimated useful life of the improvements. Leasehold improvements are capitalized and depreciated over the lesser of the remaining life of the lease or the estimated useful life of the improvements, if determined to be material. Capital assets depreciated on a straight-line basis over a five-year estimated useful life include mainframe equipment; furniture, fixtures, and general equipment; and internal-use software. Computer equipment is depreciated on a straight-line basis over a three-year estimated useful life (see Note 6).

LEASES

The Balance Sheet presents operating leases in the "Operating lease right-of-use assets" and "Operating lease liabilities" line items. Operating lease liabilities and right-of-use (ROU) assets are recognized based on the present value of

the future minimum lease payments over the lease term at the commencement date. The FDIC has elected to use its risk-free rate at the commencement date in determining the present value of future payments for all classes of underlying assets, unless the rate implicit in the lease is readily determinable.

The operating lease ROU asset also includes lease prepayments and excludes lease incentives received. The lease term includes options to extend or terminate the lease when it is reasonably certain that the FDIC will exercise that option. For the DIF, the FDIC recognizes lease expense on a straight-line basis over the lease term. For lease arrangements that contain both lease and nonlease components, the FDIC has elected to account for them as a single lease component for all classes of underlying assets (see Note 7).

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses on receivables from resolutions includes management's estimate of all expected credit losses based on past events, current conditions, and reasonable and supportable forecasts about the future, as applicable (see Note 4).

PROVISION FOR INSURANCE LOSSES

The provision for insurance losses primarily represents changes in the allowance for credit losses on receivables from resolutions and the contingent liability for anticipated failure of insured institutions (see Note 14).

REPORTING ON VARIABLE INTEREST ENTITIES

The FDIC conducts a qualitative assessment of its relationship with variable interest entities (VIEs) as required by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 810, *Consolidation*. This assessment is conducted to determine if the FDIC, in its corporate capacity, has (1) the power to direct the activities that most significantly affect the economic performance of the VIE and (2) an obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. When a variable interest holder has met both of these tests, the enterprise is considered the primary beneficiary and must consolidate the VIE.

In accordance with the provisions of FASB ASC Topic 810, an assessment of the terms of the legal agreement for the VIE is conducted to determine whether any of the terms had been activated or modified in a manner that would cause the FDIC, in its corporate capacity, to be characterized as a primary beneficiary. In making that determination, management

NOTES TO THE FINANCIAL STATEMENTS

considers which, if any, activities were significant to the VIE.

In 2023 and 2024, two receiverships engaged in structured transactions, which resulted in the issuance of note obligations that the FDIC guaranteed, in its corporate capacity. As the guarantor of the note obligations for the structured transactions, the FDIC, in its corporate capacity, holds an interest in VIEs. It was determined that the structured transactions did not include significant activities and that the design of the entity was the best indicator of which party was the primary beneficiary. As such, the conclusion of the qualitative assessment of the FDIC's relationship with the VIEs as required by ASC Topic 810 is that the FDIC, in its corporate capacity, has not engaged in any activity that would cause the FDIC to be characterized as a primary beneficiary to any VIE with which it was involved as of December 31, 2024 and 2023. Therefore, consolidation is not required for the December 31, 2024 and 2023 DIF financial statements. Note 8, under FDIC Guaranteed Debt of Structured Transactions, fully describes the FDIC's involvement with the VIEs.

RELATED PARTIES

The nature of related parties and a description of related party transactions are discussed in Note 1 and disclosed throughout the financial statements and notes.

APPLICATION OF RECENT ACCOUNTING STANDARDS

Recent accounting standards have been deemed not applicable or material to the financial statements as presented.

RECLASSIFICATION

In 2024, the FDIC made the following reclassifications to better reflect the nature of its operations: (1) reclassified the "Return of unclaimed insured deposits" line items on the Statement of Income and Fund Balance and the Statement of Cash Flows to the "Other revenue" and "Miscellaneous receipts" line items, respectively, and (2) reclassified amounts out of "Recoveries from financial institution resolutions" into a new line item "Guarantee fees" on the Statement of Cash Flows. For comparative purposes, the FDIC conformed 2023 to the new presentation.

DEPOSIT INSURANCE FUND

3. Investment in U.S. Treasury Securities

Investments in U.S. Treasury securities increased by \$30.8 billion from \$18.9 billion at year-end 2023 to \$49.7 billion at December 31, 2024 primarily due to the investment of funds

collected on both regular and special assessments as well as dividend payments collected from ongoing receivership asset liquidation efforts of the large 2023 failures. This line item on the Balance Sheet consisted of the following components by maturity (dollars in thousands).

December 31, 2024						
Maturity	Yield at Purchase	Face Value	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Fair Value
U.S. Treasury notes						
Within 1 year	4.49%	\$ 50,000,000	\$ 49,626,809	\$ 35,492	\$ (1,561)	\$ 49,660,740
Total		\$ 50,000,000	\$ 49,626,809	\$ 35,492	\$ (1,561) ^(a)	\$ 49,660,740

(a) These unrealized losses occurred over a period of less than one year as a result of changes in market interest rates. The FDIC does not intend to sell the securities and is not likely to be required to sell them before recovery of their amortized cost basis. The aggregate related fair value of all securities with unrealized losses was \$5.0 billion as of December 31, 2024.

December 31, 2023						
Maturity	Yield at Purchase	Face Value	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Fair Value
U.S. Treasury notes						
Within 1 year	4.66%	\$ 19,100,000	\$ 18,958,454	\$ 8,541	\$ (38,110)	\$ 18,928,885
Total		\$ 19,100,000	\$ 18,958,454	\$ 8,541	\$ (38,110) ^(a)	\$ 18,928,885

(a) These unrealized losses occurred as a result of changes in market interest rates. The FDIC does not intend to sell the securities and is not likely to be required to sell them before recovery of their amortized cost basis. However, the \$38 million reported as total unrealized losses occurred over a period of 12 months or longer, with an aggregate related fair value of \$5.5 billion applied to the affected securities. The aggregate related fair value of all securities with unrealized losses was \$5.5 billion as of December 31, 2023.

Accrued interest receivable on AFS securities, totaling \$285 million and \$95 million as of December 31, 2024 and 2023, respectively, is reported in the “Interest receivable on investments and other assets, net” line item on the Balance Sheet and is excluded from the amortized cost basis of securities.

SALE OF SECURITIES

In 2023, the FDIC sold securities designated as AFS for total proceeds of \$79.8 billion to fund the resolution of the three large 2023 bank failures. The gross realized gains and losses on these sales were \$135 million and \$2.4 billion, respectively, which resulted in a total net loss of \$2.3 billion. The cost of the sold securities was determined based on specific identification. The net loss was recognized in the “Realized loss on sale of investments, net” line item on the Statement of Income and Fund Balance. The FDIC reclassified the \$2.3 billion out of accumulated other comprehensive income to the “Realized loss on sale of investments, net” line item, representing net unrealized losses recorded as of December 31, 2022 (\$2.2 billion) and net holding losses arising during 2023 (\$76 million). The reclassification of net losses had no net effect on the 2023 comprehensive loss on the DIF Statement of Income and Fund Balance.

4. Receivables from Resolutions, Net

The receivables from resolutions result from DIF payments to cover obligations to insured depositors, payments to protect uninsured depositors under the statutory systemic risk exception (see Note 5), advances to resolution entities for working capital, and administrative expenses paid on behalf of resolution entities. Any related allowance for credit losses represents the difference between the funds advanced and/or obligations incurred and the expected repayment. Estimated future receivership payments on losses incurred on assets sold to an acquiring institution under a shared-loss agreement (SLA) are factored into the computation of the expected repayment. Assets held by resolution entities (including structured transaction-related assets from prior year failures) are the main source of repayment of the DIF’s receivables from resolutions.

As of December 31, 2024, the FDIC, as receiver, managed 58 active receiverships, including 2 receiverships established in 2024. The resolution entities held assets with a total book value of \$42.6 billion as of December 31, 2024 and \$115.2 billion as of December 31, 2023. Of these assets, \$14.2 billion and \$30.6 billion, respectively, were cash, investments, and

other receivables. Other assets held by resolution entities are assets in liquidation of \$28.4 billion as of December 31, 2024 and \$84.6 billion as of December 31, 2023.

Estimated cash recoveries from the management and disposition of assets in liquidation that are used to determine the allowance for credit losses are based on asset recovery rates from several sources, which may include the following: actual or pending institution-specific asset disposition data, failed institution-specific asset valuation data, aggregate asset valuation data on several recently failed or troubled institutions, sampled asset valuation data, and empirical asset recovery data based on failures since 2007. Methodologies for determining the asset recovery rates incorporate estimating future cash recoveries, net of applicable liquidation cost estimates, and discounting based on market-based risk factors applicable to a given asset's type and quality. The resulting estimated asset recoveries are then used to derive the allowance for credit losses on the receivables from these resolutions.

For failed institutions resolved using a purchase and assumption transaction with an accompanying SLA, the projected future shared-loss payments and the end of agreement true-up recoveries on the covered residential and commercial loan assets sold to the acquiring institution under the agreement are considered in determining the allowance for credit losses on the receivables from these resolutions. True-up recoveries are projected to be received at expiration in accordance with the terms of the SLA, if actual losses at expiration are lower than originally estimated. The shared-loss cost projections are based on the covered assets' intrinsic value, which is determined using financial models that consider the quality, condition and type of covered assets, current and future market conditions, risk factors and estimated asset holding periods. The shared-loss cost projections were primarily based on third-party valuations estimating the cumulative loss of covered assets.

Note that estimated asset recoveries on assets in liquidation are regularly evaluated during the year but remain subject to uncertainties because of potential changes in economic and market conditions, which may cause the DIF's actual recoveries to vary significantly from current estimates.

PURCHASE AND ASSUMPTION TRANSACTIONS WITH SHARED-LOSS AGREEMENTS

During 2023, three failures were resolved using purchase and assumption resolution transactions with accompanying SLAs on assets purchased by financial institution acquirers to keep assets in the private sector and minimize disruptions to loan

NOTES TO THE FINANCIAL STATEMENTS

customers. The acquirers assumed all of the deposits and purchased most of the assets of the failed institutions. The majority of the commercial and residential loan assets were purchased under an SLA, where the FDIC, as receiver, agrees to share in all eligible future losses and recoveries experienced by the acquirer on those assets covered under the agreement.

Losses on the covered assets are shared between the acquirer of the failed institution and the FDIC, in its receivership capacity, of the failed institution when losses occur through the sale, foreclosure, loan modification, or write-down of loans in accordance with the terms of the SLA. The agreements cover a seven- to eight-year period with the receiver covering 50 to 95 percent of the losses incurred by the acquiring bank. As mentioned above, the estimated shared-loss liability is accounted for by the receiver and is included in the calculation of the DIF's allowance for credit losses against the corporate receivable from the resolution. As shared-loss claims are asserted and proven, receiverships satisfy these shared-loss payments using available liquidation funds and/or by drawing on amounts due from the DIF for funding the deposits assumed by the acquirer (see Note 9).

As of December 31, 2024 and 2023, shared-loss payments of \$21 million and zero, respectively, have been made. In addition, as of December 31, 2024, the receiverships are estimated to pay \$1.4 billion over the duration of these SLAs.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the DIF to concentrations of credit risk are receivables from resolutions. The repayment of these receivables is primarily influenced by recoveries on assets held by receiverships and payments on covered assets under SLAs. The majority of the remaining assets in liquidation (\$28.4 billion) and current shared-loss covered assets (unpaid principal balance of \$170.0 billion), which together total \$198.4 billion, are primarily concentrated in residential loans (\$98.4 billion), commercial loans (\$71.7 billion), and structured transaction-related assets (\$27.8 billion).

5. Special Assessments Receivable

In accordance with Section 13(c)(4)(G) of the FDI Act, on March 12, 2023, the Secretary of the Treasury, acting on the recommendation of the FDIC Board of Directors and the Board of Governors of the Federal Reserve System and after consultation with the President of the United States, invoked the statutory systemic risk exception to allow the FDIC to

DEPOSIT INSURANCE FUND

complete its resolution of both Silicon Valley Bank, Santa Clara, CA, and Signature Bank, New York, NY, in a manner that protected uninsured depositors. Section 13(c)(4)(G) of the FDIC Act also provides the FDIC with discretion in the design of a time period for any special assessments to recover the losses to the DIF as a result of the systemic risk determination. Accordingly, in November 2023, the FDIC Board issued a final rule to impose a special assessment on applicable IDIs to recover the loss to the DIF arising from the protection of uninsured depositors in connection with the systemic risk determination.

The assessment base for the special assessments is equal to an IDI’s estimated uninsured deposits, reported as of December 31, 2022, adjusted to exclude the first \$5 billion in estimated uninsured deposits from the IDI, or for IDIs that are part of a holding company with one or more subsidiary IDIs, at the banking organization level. This special assessment will initially be collected at an annual rate of approximately 13.4 basis points over eight quarterly assessment periods beginning with the first quarterly assessment period of 2024 and, as of September 30, 2024, is anticipated to be subsequently collected at a lower rate for an additional two quarters.

The DIF recorded a receivable for the special assessments that represents the estimated loss arising from the full coverage of uninsured deposits. No allowance for credit losses is recognized for the special assessments receivable because historical credit loss information, adjusted for current conditions and reasonable and supportable forecasts, results in an expectation that the receivable will be paid. Activity impacting the “Special assessments receivable” line item on the Balance Sheet as of December 31, 2024 and 2023 is presented in the table below (dollars in millions).

	December 31 2024	December 31 2023
Balance at January 1	\$ 20,423	\$ 0
Estimated initial loss on uninsured deposits	0	15,831
Adjustment to estimated losses on uninsured deposits	(1,294)	4,592
Collections from financial institutions	(6,306)	0
Balance at end of period	\$ 12,823	\$ 20,423

In addition, the DIF recognized assessment revenue of \$20.4 billion during 2023 that fully offset the estimated losses arising from the full coverage of uninsured deposits; therefore, there was no impact to the Fund Balance of the DIF. In 2024, assessment revenue was reduced by \$1.3 billion due to a decrease in estimated losses on uninsured deposits. Because the estimated loss pursuant to the systemic risk determination will be periodically adjusted, the FDIC retains the ability to:

- cease collection early,
- extend the special assessment collection period one or more quarters beyond the initial eight-quarter collection period to collect the difference between actual or estimated losses and the amounts collected, and
- impose a final shortfall special assessment on a one-time basis after the receiverships for Silicon Valley Bank and Signature Bank terminate.

6. Property and Equipment, Net

Depreciation expense was \$33 million and \$35 million for 2024 and 2023, respectively. The “Property and equipment, net” line item on the Balance Sheet consisted of the following components (dollars in thousands).

	December 31 2024	December 31 2023
Land	\$ 37,352	\$ 37,352
Buildings (including building and leasehold improvements)	387,046	384,381
Application software (includes work-in-process)	88,772	84,679
Furniture, fixtures, & equipment	29,170	34,263
Accumulated depreciation	(239,055)	(220,942)
Total	\$ 303,285	\$ 319,733

The FDIC’s use of cloud computing arrangements grew significantly as part of its modernization efforts. As of December 31, 2024 and 2023, implementation costs for cloud computing arrangements of \$50 million and \$57 million, respectively, and accumulated amortization of \$20 million and \$19 million, respectively, are reported in the “Interest receivable on investments and other assets, net” line item on the Balance Sheet. The related amortization expense of \$34

million and \$19 million for 2024 and 2023, respectively, is reported in the “Operating expenses” line item on the Statement of Income and Fund Balance.

7. Leases

The FDIC has operating leases for office space, a data center, and certain equipment. The lease agreements generally contain escalation clauses resulting in upward adjustments in lease payments, usually on an annual basis. Many leases contain one or more options to extend, with renewal terms that can extend the lease term from one to five years, and some leases may include options to terminate. The following table provides relevant information regarding operating leases for the years ended December 31, 2024 and 2023 (dollars in thousands).

	December 31 2024	December 31 2023
Operating lease cost	\$ 30,593	\$ 37,874
Cash paid for amounts included in the measurement of operating leases	\$ 33,713	37,945
ROU assets obtained in exchange for new operating lease liabilities	\$ 34,479	23,612
Weighted Average		
Remaining lease term (in years)	4.62	4.38
Discount rate	3.75%	2.57%

The following table provides a maturity analysis of the FDIC’s operating lease liabilities as of December 31, 2024 (dollars in thousands).

	December 31 2024
2025	\$ 36,281
2026	20,713
2027	17,655
2028	11,473
2029	7,752
2030/Thereafter	15,155
Total future minimum lease payments	\$ 109,029
Less: Imputed interest	(8,098)
Total operating lease liabilities	\$ 100,931

8. Other Liabilities

FDIC GUARANTEED DEBT OF STRUCTURED TRANSACTIONS

In September 2023 and January 2024, the FDIC, as receiver, used structured transactions (Securitizations and, hereafter, trusts) to sell Purchase Money Notes (PMNs) of \$50.0 billion and \$36.1 billion issued by JP Morgan Chase Bank, N.A. (JP Morgan) and First-Citizens Bank & Trust Company (FCB), respectively. The PMNs are supported by pools of loans (underlying collateral) acquired by JP Morgan and FCB through the related receivership and sale of First Republic Bank and Silicon Valley Bridge Bank, N.A. (SVBB), respectively. Additionally, the FDIC, as receiver for SVBB, used three structured transactions (structured sales of guaranteed notes and, hereafter, trusts) to sell \$10.5 billion of Ginnie Mae Project Loan Securities (GNPL Securities) in January 2024. The trusts facilitating all of the aforementioned structured transactions issued single notes (Notes) totaling \$93.3 billion that were subsequently sold to the FFB in order to monetize the value of the PMNs and GNPL Securities. These transactions with the FFB are not associated with the FFB Agreement that is described in Note 1. In exchange for a fee, the FDIC, in its corporate capacity, guarantees the timely payment of the principal and interest due on the Notes, with the last guarantee expected to terminate in 2033.

The FDIC’s exposure as guarantor is protected by the following: (1) the payments of principal and interest on the Notes for the PMNs are supported by the capacity of JP Morgan and FCB to meet their financial obligations, (2) the underlying collateral for all of the trusts are over-collateralized compared to loss expectations, (3) the trusts for the PMNs have established an interest reserve (reserve account) to cover interest shortfalls (the difference between the coupon rates collected on the PMNs and the anticipated rates on the Notes), (4) all of the trusts have the option to partially or fully prepay the Notes at par prior to maturity if certain conditions are met, (5) a portion of the PMN issued by FCB is structured to serve as credit support to the Note, and (6) the upfront payment of the guarantee fees to the FDIC was made by all of the trusts at the time of the sales transactions with the FFB. As such, the FDIC considers the likelihood of having to fund the Notes as remote and has estimated no credit losses over the life of the guarantees; therefore, no liabilities are required to be recorded.

The following table provides the maximum loss exposure to the FDIC, as guarantor, total guarantee fees collected, and other information related to the FDIC guaranteed debt for the trusts as of December 31, 2024 and 2023 (dollars in millions).

DEPOSIT INSURANCE FUND

	December 31 2024	December 31 2023
Number of trusts	5	1
Initial trust collateral balances	\$ 98,442	\$ 50,000
Assets held by trusts:		
Trust collateral balances	\$ 98,016	\$ 50,000
Trust cash accounts	5,477	2,679
Total	\$ 103,493	\$ 52,679
Guaranteed Note balances:		
Principal	\$ 93,333	\$ 50,000
Accrued interest	2,103	652
Total	\$ 95,436	\$ 50,652
Guarantee fees collected to date	\$ 272	\$ 125
Amounts recognized in <i>Accounts payable and other liabilities</i>		
Deferred revenue for guarantee fees ¹	\$ 209	\$ 117

¹ All guarantee fees are recorded as deferred revenue and recognized as revenue in the "Other revenue" line item on a straight-line basis over the term of the guaranteed Notes.

Except as presented above, the DIF recorded no other structured transaction-related assets or liabilities on its balance sheet. To date, the FDIC, in its corporate capacity, has not provided, and does not intend to provide, any form of financial or other type of support for the structured transactions that it was not previously contractually required to provide.

9. Liabilities Due to Resolutions

As of December 31, 2024 and 2023, the DIF recorded liabilities totaling \$6.8 billion and \$20.2 billion, respectively, to resolution entities representing the agreed-upon value of assets transferred from the receiverships, at the time of failure, to the acquiring institutions for use in funding the deposits assumed by the acquiring institutions. The DIF satisfies these liabilities by sending cash directly to a receivership to pay claims, liabilities, and other expenses of the receiverships or by offsetting receivables from resolutions when a receivership declares a dividend.

In addition, there were \$2.1 billion and \$2.3 billion in unpaid deposit claims related to multiple receiverships as of December 31, 2024 and 2023, respectively. The DIF pays these liabilities when the claims are proven.

10. Contingent Liabilities

ANTICIPATED FAILURE OF INSURED INSTITUTIONS

The DIF records a contingent liability and a loss provision for DIF-insured institutions that are likely to fail when the liability is probable and reasonably estimable, absent some favorable event such as obtaining additional capital or merging. The contingent liability is derived by applying expected failure rates and loss rates to the institutions based on supervisory ratings, balance sheet characteristics, and projected capital levels.

The banking industry remained resilient through the third quarter of 2024 amidst elevated interest rates and economic uncertainty. Two financial institutions failed in 2024, with total assets of \$6.0 billion and an estimated loss to the DIF at December 31, 2024 of \$726 million. According to third quarter 2024 financial data submitted by FDIC-insured institutions, the banking industry reported year-to-date net income of \$201.1 billion, down 8.0 percent from the same period a year ago. The decline in net income was due to nonrecurring accounting gains on failed bank acquisitions that occurred in the first half of last year, as well as higher expenses this year, including the special assessment for uninsured deposits (see Note 5).

Provisions for credit losses reported by the banking industry through the third quarter of 2024 were \$67.4 billion, versus \$61.7 billion reported for the same time period a year ago. Credit quality metrics remained favorable, despite deterioration in non-owner occupied commercial real estate, credit card, auto, and multifamily portfolios. The total noncurrent loan rate was 0.95 percent as of September 30, 2024, up 13 basis points from the same quarter in 2023, but well below the pre-pandemic (first quarter 2015 through fourth quarter 2019) average of 1.28 percent.

The elevated interest-rate environment has put pressure on bank margins. As of third quarter 2024, the quarterly net interest margin (NIM) was 3.19 percent, down 12 basis points from a year ago, but up 65 basis points since the Federal Reserve began to increase the federal funds rate in first quarter 2022. Growth in interest expense outpaced growth in interest income, lowering net interest income through the third quarter of 2024, down \$5.2 billion (1.0 percent) from the same period a year ago.

Due to positive retained earnings, risk-based capital ratios improved in third quarter 2024 from the same quarter in 2023. Total risk-based capital improved 25 basis points to 15.61 percent.

FDIC's contingent liability decreased to \$126 million as of December 31, 2024, compared to \$726 million as of December 31, 2023. The decrease reflects improvement in financial conditions throughout the industry during the year, as well as the reduction for a 2024 failure that was included in the contingent liability as of December 31, 2023.

In addition to the recorded contingent liability, the FDIC has identified risks in the financial services industry that could result in additional losses to the DIF, should potentially vulnerable insured institutions ultimately fail. As a result of these risks, the FDIC believes that it is reasonably possible that the DIF could incur additional estimated losses of approximately \$294 million as of December 31, 2024, compared to \$4.0 billion at December 31, 2023. The actual losses, if any, will largely depend on future economic and market conditions and could differ materially from this estimate.

Uncertainty in the economic outlook, market interest rates, geopolitical events, and effects of inflation, as well as continuing weakness in some bank portfolios pose significant downside risks to the banking industry. The FDIC continues to evaluate risks to affected institutions in light of existing economic and financial conditions, and the extent to which such risks may put stress on the resources of the insurance fund.

LITIGATION LOSSES

The DIF records an estimated loss for unresolved legal cases to the extent that those losses are considered probable and reasonably estimable. The FDIC recorded probable litigation losses of \$600 thousand and \$450 thousand for the DIF as of December 31, 2024 and 2023, respectively. In addition, the FDIC has identified \$600 thousand in reasonably possible losses from unresolved cases as of December 31, 2024 and none as of December 31, 2023.

11. Other Contingencies

PURCHASE AND ASSUMPTION INDEMNIFICATION

In connection with purchase and assumption agreements for resolutions, the FDIC, in its receivership capacity, generally indemnifies the purchaser of a failed institution's assets and liabilities in the event a third party asserts a claim against the purchaser unrelated to the explicit assets purchased or liabilities assumed at the time of failure. The FDIC, in its corporate capacity, is a secondary guarantor if a receivership is unable to pay. These indemnifications generally extend for a term of six years after the date of institution failure. The

FDIC is unable to estimate the maximum potential liability for these types of guarantees as the agreements do not specify a maximum amount and any payments are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. During 2024 and 2023, the FDIC, in its corporate capacity, made no indemnification payments under such agreements, and no amount has been accrued in the accompanying financial statements with respect to these indemnification guarantees.

12. Assessments

The FDIC deposit insurance assessment system is mandated by section 7 of the FDI Act and governed by part 327 of title 12 of the Code of Federal Regulations (12 CFR Part 327). The risk-based system requires the payment of quarterly assessments by all IDIs.

In response to the Dodd-Frank Act, the FDIC implemented several changes to the assessment system and developed a comprehensive, long-term fund management plan. The long-term fund management plan is designed to restore and maintain a positive fund balance for the DIF even during a banking crisis and achieve moderate, steady assessment rates throughout any economic cycle. The DIF reserve ratio, which is the ratio of the DIF balance to estimated insured deposits, is a key measure of fund adequacy. Summarized below are key longer-term provisions of the plan.

- The FDIC Board of Directors designates a reserve ratio for the DIF and publishes the designated reserve ratio (DRR) before the beginning of each calendar year, as required by the FDI Act. Accordingly, in October 2024, the FDIC published a notice maintaining the DRR at 2 percent for 2025. The DRR is an integral part of the FDIC's comprehensive, long-term management plan for the DIF and is viewed as a long-range, minimum goal for the reserve ratio.
- The FDIC suspended dividends indefinitely and, in lieu of dividends, prescribes progressively lower assessment rates when the reserve ratio exceeds 2 percent and 2.5 percent.

The Dodd-Frank Act increased the minimum reserve ratio for the DIF to 1.35 percent, up from the previous statutory minimum of 1.15 percent. If the reserve ratio falls below 1.35 percent, or the FDIC projects that it will within six months, the FDIC generally must implement a Restoration Plan that will return the DIF to 1.35 percent within eight years. In

FINANCIAL SECTION

DEPOSIT INSURANCE FUND

September 2020, the FDIC established a Restoration Plan, maintaining the assessment rate schedules in place at the time, when the reserve ratio fell below 1.35 percent, to 1.30 percent as of June 30, 2020, due to extraordinary insured deposit growth in the first and second quarters of 2020. In June 2022, the FDIC adopted an Amended Restoration Plan that would increase assessment rates because the reserve ratio was at risk of not reaching the statutory minimum of 1.35 percent by the statutory deadline of September 30, 2028.

In October 2022, the FDIC Board issued a final rule related to increasing assessment rates. Under the rule, the FDIC increased the initial base deposit insurance assessment rates for all IDIs by 2 basis points, beginning with the first quarterly assessment period of 2023. The increase in the assessment rates will remain in effect unless and until the reserve ratio meets or exceeds 2 percent in order to support progress towards the 2 percent DRR.

As of September 30, 2024 and December 31, 2023, the DIF reserve ratio was 1.25 percent and 1.15 percent, respectively.

ASSESSMENT REVENUE

Annual assessment rates averaged approximately 6.1 cents per \$100 of the assessment base in 2024 and 2023. The assessment base is generally defined as average consolidated total assets minus average tangible equity (measured as Tier 1 capital) of an IDI during the assessment period.

The “Assessments receivable” line item on the Balance Sheet of \$3.3 billion and \$3.2 billion represents the estimated premiums due from IDIs for the fourth quarter of 2024 and 2023, respectively. No allowance for credit losses is recognized for Assessments Receivable because historical credit loss information, adjusted for current conditions and reasonable and supportable forecasts, results in an expectation that the receivable will be paid. The actual deposit insurance assessments for the fourth quarter of 2024 will be billed and collected at the end of the first quarter of 2025. The DIF recognized \$11.6 billion and \$33.2 billion as assessment revenue from institutions during 2024 and 2023, respectively. The year-over-year decrease was primarily due to special assessments of \$20.4 billion that were recognized in 2023.

PENDING LITIGATION FOR UNDERPAID ASSESSMENTS

On January 9, 2017, the FDIC filed suit in the United States District Court for the District of Columbia (and amended this complaint on April 7, 2017), alleging that Bank of America, N.A. (BoA) underpaid its insurance assessments for multiple quarters based on the underreporting of counterparty

exposures. In total, the FDIC alleges that BoA underpaid insurance assessments by \$1.12 billion, including interest for the quarters ending March 2012 through December 2014. The FDIC invoiced BoA for \$542 million and \$583 million representing claims in the initial suit and the amended complaint, respectively. BoA has failed to pay these past due amounts. Pending resolution of this matter, BoA has fully pledged security with a third-party custodian pursuant to a security agreement with the FDIC. As of December 31, 2024, the total amount of unpaid assessments (including accrued interest) was \$1.3 billion. For the years ending December 31, 2024 and 2023, the impact of this litigation is not reflected in the financial statements of the DIF.

13. Operating Expenses

The “Operating expenses” line item on the Statement of Income and Fund Balance consisted of the following components (dollars in thousands).

	December 31 2024	December 31 2023
Salaries and benefits	\$ 1,705,869	\$ 1,488,361
Outside services	356,206	306,070
Travel	72,266	53,409
Buildings and leased space	88,223	86,360
Software/Hardware maintenance	192,371	154,511
Depreciation of property and equipment	33,217	35,094
Other	27,579	25,843
Subtotal	2,475,731	2,149,648
Less: Expenses billed to resolution entities and others	(42,595)	(23,670)
Total	\$ 2,433,136	\$ 2,125,978

14. Provision for Insurance Losses

The “Provision for insurance losses” line item on the Statement of Income and Fund Balance is impacted by the Balance Sheet line item activity depicted in the table below. The table primarily analyzes the changes in estimated losses for actual and anticipated failures (dollars in millions).

December 31, 2024	Provision for Insurance Losses	Receivables from Resolutions	Allowance for Credit Losses	Contingent Liabilities for: Anticipated Failures	Liabilities for: Litigation Losses	Liabilities due to Resolutions
Balance at January 1, 2024	\$ 0	\$ 167,140	\$ (69,362)	\$ (726)	\$ 0	\$ (22,513)
Estimated losses for current year failures	726		(726)			
Change in contingent liability for anticipated failures, net ¹	(600)			600		
Adjustments to estimated losses for prior year failures	(2,130)		2,130			
Disbursements for failures ²		4,446				(3,461)
Recoveries from resolutions ³		(71,126)				16,910
Write-offs for inactivated receiverships	(2)	(2,345)	2,347			
Other	(3)	(220)	(3)		(1)	190
Balance at December 31, 2024	\$ (2,009)	\$ 97,895	\$ (65,614)	\$ (126)	\$ (1)	\$ (8,874)

¹Represents institutions that were added or removed from the contingent liability, as well as the change in the contingent liability for institutions that remained in the liability year-over-year.

²Includes \$3.5 billion of non-cash transactions from receiverships (see Note 9).

³Includes \$16.9 billion of non-cash dividends from receiverships (see Note 9).

December 31, 2023	Provision for Insurance Losses	Receivables from Resolutions	Allowance for Credit Losses	Contingent Liabilities for: Anticipated Failures	Liabilities for: Litigation Losses	Liabilities due to Resolutions
Balance at January 1, 2023	\$ 0	\$ 40,568	\$ (40,047)	\$ (31)	\$ (1)	\$ (1)
Estimated losses on insured and uninsured deposits for current year failures	40,370		(40,370)			
Change in contingent liability for anticipated failures, net ¹	695			(695)		
Adjustments to estimated losses for prior year failures	(105)		105			
Disbursements for failures ²		393,148				(277,988)
Recoveries from resolutions ³		(257,953)				257,763
Write-offs for inactivated receiverships	(4)	(10,533)	10,537			
Other	(5)	1,910	413		1	(2,287)
Balance at December 31, 2023	\$ 40,951	\$ 167,140	\$ (69,362)	\$ (726)	\$ 0	\$ (22,513)

¹Represents institutions that were added or removed from the contingent liability, as well as the change in the contingent liability for institutions that remained in the liability year-over-year.

²Includes \$278 billion of non-cash transactions from receiverships (see Note 9).

³Includes \$257.8 billion of non-cash dividends from receiverships (see Note 9).

15. Employee Benefits**PENSION BENEFITS AND SAVINGS PLANS**

Eligible FDIC employees (permanent and term employees with appointments exceeding one year) are covered by the federal government retirement plans, either the Civil Service Retirement System (CSRS) or the Federal Employees

Retirement System (FERS). Although the DIF contributes a portion of pension benefits for eligible employees, it does not account for the assets of either retirement system. The DIF also does not have actuarial data for accumulated plan benefits or the unfunded liability relative to eligible employees. These amounts are reported on and accounted for by the U.S. Office of Personnel Management (OPM).

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Under the Federal Thrift Savings Plan (TSP), the FDIC provides FERS employees with an automatic contribution of 1 percent of pay and an additional matching contribution up to 4 percent of pay. CSRS employees also can contribute to the TSP, but they do not receive agency matching contributions. In addition, under an FDIC-sponsored pre-tax and after-tax 401k savings plan, eligible FDIC employees are provided with an automatic contribution of 4 percent of pay, regardless of their participation in the plan, and an additional matching contribution up to 1 percent of pay. The expenses for these plans are presented in the table below (dollars in thousands).

	December 31 2024	December 31 2023
Civil Service Retirement System	\$ 457	\$ 499
Federal Employees Retirement System (Basic Benefit)	196,870	173,957
Federal Thrift Savings Plan	49,881	43,978
FDIC Savings Plan	52,257	45,905
Total	\$ 299,465	\$ 264,339

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The DIF has no postretirement health insurance liability since all eligible retirees are covered by the Federal Employees Health Benefits (FEHB) program. The FEHB is administered and accounted for by OPM. In addition, OPM pays the employer share of the retiree's health insurance premiums.

The FDIC provides certain life and dental insurance coverage for its eligible retirees, the retirees' beneficiaries, and covered dependents. Retirees eligible for life and dental insurance coverage are those who have qualified due to (1) immediate enrollment upon appointment or five years of participation in the plan and (2) eligibility for an immediate annuity. The life insurance program provides basic coverage at no cost to retirees and allows for converting optional coverage to direct-pay plans. For the dental coverage, retirees are responsible for a portion of the premium.

The FDIC has elected not to fund the postretirement life and dental benefit liabilities. As a result, the DIF recognized the underfunded status (the difference between the accumulated postretirement benefit obligation and the plan assets at fair value) as a liability. Since there are no plan assets, the plan's benefit liability is equal to the accumulated postretirement benefit obligation.

Postretirement benefit obligation, gain and loss, and expense information included in the Balance Sheet and Statement of

Income and Fund Balance are summarized as follows (dollars in thousands).

	December 31 2024	December 31 2023
Accumulated postretirement benefit obligation recognized in <i>Postretirement benefit liability</i>	\$ 263,096	\$ 255,574
Cumulative net actuarial gain recognized in accumulated other comprehensive income: <i>Unrealized postretirement benefit gain</i>	\$ 10,465	\$ 10,341
Amounts recognized in other comprehensive income: <i>Unrealized postretirement benefit gain (loss)</i>		
Actuarial gain (loss)	\$ 124	\$ (16,875)
Net periodic benefit costs recognized in <i>Operating expenses</i>		
Service cost	\$ 4,065	\$ 3,446
Interest cost	12,376	11,666
Net amortization out of other comprehensive income	0	(280)
Total	\$ 16,441	\$ 14,832

The annual postretirement contributions and benefits paid are included in the table below (dollars in thousands).

	December 31 2024	December 31 2023
Employer contributions	\$ 8,795	\$ 7,913
Plan participants' contributions	\$ 1,400	\$ 1,229
Benefits paid	\$ (10,195)	\$ (9,142)

The expected contributions for the year ending December 31, 2025 are \$14 million. Expected future benefit payments for each of the next 10 years are presented in the following table (dollars in thousands).

2025	2026	2027	2028	2029	2030-2034
\$12,366	\$13,108	\$13,748	\$14,232	\$14,723	\$79,811

Assumptions used to determine the amount of the accumulated postretirement benefit obligation and the net periodic benefit costs are summarized as follows.

	December 31 2024	December 31 2023
Discount rate for future benefits (benefit obligation)	5.65%	5.04%
Rate of compensation increase	3.36%	6.95%
Discount rate (benefit cost)	5.04%	5.27%
Dental health care cost-trend rate		
Assumed for next year	3.50%	3.50%
Ultimate	3.50%	3.50%
Year rate will reach ultimate	2025	2024

16. Off-Balance-Sheet Exposure

DEPOSIT INSURANCE

Estimates of insured deposits are derived primarily from quarterly financial data submitted by IDIs to the FDIC and represent the accounting loss that would be realized if all IDIs were to fail and the acquired assets provided no recoveries. As of September 30, 2024 and December 31, 2023, estimated insured deposits for the DIF were \$10.6 trillion.

17. Fair Value of Financial Instruments

As of December 31, 2024 and 2023, financial assets recognized and measured at fair value on a recurring basis include cash equivalents (see Note 2) of \$48.2 billion and \$4.9 billion, respectively, and the investment in U.S. Treasury securities (see Note 3) of \$49.7 billion and \$18.9 billion, respectively. The valuation is considered a Level 1 measurement in the fair value hierarchy, representing quoted prices in active markets for identical assets. Other financial assets and liabilities, measured at amortized cost, are the receivables from resolutions, assessments receivable, special assessments receivable, interest receivable on investments, other short-term receivables, accounts payable and other liabilities, and liabilities due to resolutions.

18. Information Relating to the Statement of Cash Flows

The following table presents a reconciliation of net income to net cash from operating activities (dollars in thousands).

	December 31 2024	December 31 2023
Operating Activities		
Net Income (Loss) :	\$ 15,259,556	\$ (9,378,885)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Amortization of U.S. Treasury securities	(372,417)	(595,440)
Depreciation on property and equipment	33,217	35,095
Retirement of property and equipment	18	3,799
Adjustment for cloud computing assets	0	16,440
Provision for insurance losses	(2,008,602)	40,950,768
Realized loss on sale of securities, net	0	2,291,859
Unrealized gain (loss) on postretirement benefits	124	(16,875)
Change in Assets and Liabilities:		
(Increase) in assessments receivable	(44,958)	(1,076,517)
Decrease (Increase) in special assessments receivable	7,599,943	(20,423,184)
(Increase) Decrease in interest receivable and other assets	(181,182)	542,816
Decrease (Increase) in receivables from resolutions	66,904,574	(137,514,801)
Decrease in operating lease right-of-use assets	258	11,659
Increase in accounts payable and other liabilities	131,890	142,299
(Decrease) in operating lease liabilities	(686)	(9,588)
(Decrease) Increase in liabilities due to resolutions	(13,639,206)	22,512,239
Increase in postretirement benefit liability	7,522	23,793
Net Cash Provided (Used) by Operating Activities	\$ 73,690,051	\$ (102,484,523)

19. Subsequent Events

Subsequent events have been evaluated through March 13, 2025, the date the financial statements are available to be issued.

2025 FAILURES

Through March 13, 2025, one insured institution failed in 2025 with total estimated losses to the DIF of \$28 million.

IMPACT OF CALIFORNIA WILDFIRES

There remains uncertainty about the effect of the January 2025 wildfires in California on the DIF. The potential adverse

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DEPOSIT INSURANCE FUND

effects on collateral values and the repayment capacity of borrowers resulting from the wildfires may stress the balance sheets of institutions and may also cause an increase in losses to the DIF from any receivership retained assets or shared-loss covered assets located in the impacted areas. The impact of the wildfires to the DIF cannot be estimated at this time due to uncertainties in economic conditions, the amount of insurance proceeds that will protect institution collateral, and the level of government disaster relief.

Federal Deposit Insurance Corporation
FSLIC Resolution Fund Balance Sheet
As of December 31

(Dollars in Thousands)	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,020,136	\$ 969,142
Other assets, net	0	161
Total Assets	\$ 1,020,136	\$ 969,303
LIABILITIES		
Accounts payable and other liabilities	\$ 5	\$ 11
Total Liabilities	5	11
RESOLUTION EQUITY (NOTE 5)		
Contributed capital	125,469,317	125,469,317
Accumulated deficit	(124,449,186)	(124,500,025)
Total Resolution Equity	1,020,131	969,292
Total Liabilities and Resolution Equity	\$ 1,020,136	\$ 969,303

The accompanying notes are an integral part of these financial statements.

Federal Deposit Insurance Corporation		
FSLIC Resolution Fund Statement of Income and Accumulated Deficit		
For the Years Ended December 31		
(Dollars in Thousands)	2024	2023
REVENUE		
Interest on U.S. Treasury securities	\$ 51,007	\$ 46,777
Other revenue	119	419
Total Revenue	51,126	47,196
EXPENSES AND LOSSES		
Operating expenses	297	322
Losses related to thrift resolutions	(10)	(39)
Total Expenses and Losses	287	283
Net Income	50,839	46,913
Accumulated Deficit - Beginning	(124,500,025)	(124,546,938)
Accumulated Deficit - Ending	\$ (124,449,186)	\$ (124,500,025)

The accompanying notes are an integral part of these financial statements.

Federal Deposit Insurance Corporation
FSLIC Resolution Fund Statement of Cash Flows
For the Years Ended December 31

(Dollars in Thousands)	2024	2023
OPERATING ACTIVITIES		
Provided by:		
Interest on U.S. Treasury securities	\$ 51,007	\$ 46,777
Recoveries from thrift resolutions	298	472
Used by:		
Operating expenses	(311)	(331)
Net Cash Provided by Operating Activities	50,994	46,918
Net Increase in Cash and Cash Equivalents	50,994	46,918
Cash and Cash Equivalents - Beginning	969,142	922,224
Cash and Cash Equivalents - Ending	\$ 1,020,136	\$ 969,142

The accompanying notes are an integral part of these financial statements.

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FSLIC RESOLUTION FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024 and 2023

1. Operations/Dissolution of the FSLIC Resolution Fund

OVERVIEW

The Federal Deposit Insurance Corporation (FDIC) is the independent deposit insurance agency created by Congress in 1933 to maintain stability and public confidence in the nation's banking system. Provisions that govern the FDIC's operations are generally found in the Federal Deposit Insurance (FDI) Act, as amended (12 U.S.C. 1811, *et seq.*). In accordance with the FDI Act, the FDIC, as administrator of the Deposit Insurance Fund (DIF), insures the deposits of banks and savings associations (insured depository institutions). In cooperation with other federal and state agencies, the FDIC promotes the safety and soundness of insured depository institutions by identifying, monitoring, and addressing risks to the DIF.

In addition to being the administrator of the DIF, the FDIC is the administrator of the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). As such, the FDIC is responsible for the sale of remaining assets and satisfaction of liabilities associated with the former FSLIC and the former Resolution Trust Corporation (RTC). The FDIC maintains the DIF and the FRF separately to support their respective functions.

The FSLIC was created through the enactment of the National Housing Act of 1934. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) abolished the insolvent FSLIC and created the FRF. At that time, the assets and liabilities of the FSLIC were transferred to the FRF – except those assets and liabilities transferred to the newly created RTC – effective on August 9, 1989. Further, the FIRREA established the Resolution Funding Corporation (REFCORP) to provide part of the initial funds used by the RTC for thrift resolutions by authorizing REFCORP to issue debt obligations. The REFCORP issued debt obligations in the form of long-term bonds ranging in maturity from 2019 to 2030.

The RTC Completion Act of 1993 terminated the RTC as of December 31, 1995. All remaining assets and liabilities of the RTC were transferred to the FRF on January 1, 1996. The FRF consists of two distinct pools of assets and liabilities: one composed of the assets and liabilities of the FSLIC transferred to the FRF upon the dissolution of the FSLIC (FRF-

FSLIC), and the other composed of the RTC assets and liabilities (FRF-RTC). The assets of one pool are not available to satisfy obligations of the other.

OPERATIONS/DISSOLUTION OF THE FRF

The FRF will continue operations until all of its assets are sold or otherwise liquidated and all of its liabilities are satisfied. Any funds remaining in the FRF-FSLIC will be paid to the U.S. Treasury. Any remaining funds of the FRF-RTC will be distributed to the REFCORP to pay interest on the REFCORP bonds. In addition, the FRF-FSLIC has available until expended \$602 million in appropriations to facilitate, if required, efforts to wind up the resolution activity of the FRF-FSLIC.

The FDIC has extensively reviewed and cataloged the FRF's remaining assets and liabilities. Some of the unresolved issues are:

- criminal restitution orders (generally have from 1 to 15 years remaining to enforce);
- collections of judgments obtained against officers and directors and other professionals responsible for causing or contributing to thrift losses (generally have up to 10 years remaining to enforce, unless the judgments are renewed or are covered by the Federal Debt Collections Procedures Act, which will result in significantly longer periods for collection of some judgments);
- liquidation/disposition of residual assets purchased by the FRF from terminated receiverships; and
- Affordable Housing Disposition Program monitoring (the last agreement expires no later than 2045; see Note 4).

The FRF could realize recoveries from criminal restitution orders and professional liability claims. However, any potential recoveries are not reflected in the FRF's financial statements, given the significant uncertainties surrounding the ultimate outcome.

On April 1, 2014, the FDIC concluded its role as receiver, on behalf of the FRF, when the last active receivership was

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NOTES TO THE FINANCIAL STATEMENTS

terminated. In total, 850 receiverships were liquidated by the FRF and the RTC. To facilitate receivership terminations, the FRF, in its corporate capacity, acquired the remaining receivership assets that could not be liquidated during the life of the receiverships due to restrictive clauses and other impediments. These assets are included in the “Other assets, net” line item on the Balance Sheet.

During the years of receivership activity, the assets held by receivership entities, and the claims against them, were accounted for separately from the FRF’s assets and liabilities to ensure that receivership proceeds were distributed in accordance with applicable laws and regulations. Also, the income and expenses attributable to receiverships were accounted for as transactions of those receiverships. The FDIC, as administrator of the FRF, billed receiverships for services provided on their behalf.

2. Summary of Significant Accounting Policies

GENERAL

The financial statements include the financial position, results of operations, and cash flows of the FRF and are presented in accordance with U.S. generally accepted accounting principles (GAAP). During the years of receivership activity, these statements did not include reporting for assets and liabilities of receivership entities because these entities were legally separate and distinct, and the FRF did not have any ownership or beneficial interest in them.

The FRF is a limited-life entity, however, it does not meet the requirements for presenting financial statements using the liquidation basis of accounting. According to Accounting Standards Codification Topic 205, *Presentation of Financial Statements*, a limited-life entity should apply the liquidation basis of accounting only if a change in the entity’s governing plan has occurred since its inception. By statute, the FRF is a limited-life entity whose dissolution will occur upon the satisfaction of all liabilities and the disposition of all assets. No changes to this statutory plan have occurred since inception of the FRF.

USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and disclosure of contingent liabilities. Actual results could differ from these estimates. Where it is reasonably possible that changes in estimates will cause a material change in the financial

statements in the near term, the nature and extent of such potential changes in estimates have been disclosed. The estimate for the Affordable Housing Disposition Program indemnifications is considered significant (see Note 4).

CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments consisting primarily of U.S. Treasury Overnight Certificates.

RELATED PARTIES

The nature of related parties and a description of related party transactions are discussed in Note 1 and disclosed throughout the financial statements and notes.

APPLICATION OF RECENT ACCOUNTING STANDARDS

Recent accounting standards have been deemed not applicable or material to the financial statements as presented.

3. Goodwill Litigation

In *United States v. Winstar Corp.*, 518 U.S. 839 (1996), the Supreme Court held that when it became impossible following the enactment of FIRREA in 1989 for the federal government to perform certain agreements to count goodwill toward regulatory capital, the plaintiffs were entitled to recover damages from the United States. The contingent liability associated with the nonperformance of these agreements was transferred to the FRF on August 9, 1989, upon the dissolution of the FSLIC.

The FRF can draw from an appropriation provided by Section 110 of the Department of Justice Appropriations Act, 2000 (Public Law 106-113, Appendix A, Title I, 113 Stat. 1501A-3, 1501A-20), such sums as may be necessary for the payment of judgments and compromise settlements in the goodwill litigation. This appropriation is to remain available until expended.

All known goodwill cases have been litigated, including the last remaining goodwill case that was resolved in 2015. However, a determination regarding the continued need for the appropriation will be made as the FRF winds up its operations.

4. Affordable Housing Disposition Program

Required by FIRREA under section 501, the Affordable Housing Disposition Program (AHD) was established in 1989 to ensure the preservation of affordable housing for low-

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FSLIC RESOLUTION FUND

income households. The FDIC, in its capacity as administrator of the FRF-RTC, assumed responsibility for monitoring property owner compliance with land use restriction agreements (LURAs). To enforce the property owners’ LURA obligation, the RTC, prior to its dissolution, entered into Memoranda of Understanding with 34 monitoring agencies to oversee these LURAs. As of December 31, 2024, 18 monitoring agencies oversee these LURAs. The FDIC, through the FRF, has agreed to indemnify the monitoring agencies for all losses related to LURA legal enforcement proceedings.

From 2006 through 2018, two lawsuits against property owners resulted in \$23 thousand in legal expenses, which were fully reimbursed due to successful litigation. In 2019, new litigation against two property owners has thus far resulted in legal expenses of \$50 thousand. In 2022, one of the litigation cases was settled and the FDIC was reimbursed \$7 thousand. The maximum potential exposure to the FRF cannot be estimated as it is contingent upon future legal proceedings. However, loss mitigation factors include: (1) the indemnification may become void if the FDIC is not immediately informed upon receiving notice of any legal proceedings and (2) the FDIC is entitled to reimbursement of any legal expenses incurred for successful litigation against a property owner. AHDP guarantees will continue until the termination of the last LURA, or 2045 (whichever occurs first). As of December 31, 2024 and 2023, no contingent liability for this indemnification has been recorded.

5. Resolution Equity

As stated in the Overview section of Note 1, the FRF is composed of two distinct pools: the FRF-FSLIC and the FRF-RTC. The FRF-FSLIC consists of the assets and liabilities of the former FSLIC. The FRF-RTC consists of the assets and liabilities of the former RTC. Pursuant to legal restrictions, the two pools are maintained separately and the assets of one pool are not available to satisfy obligations of the other. Contributed capital, accumulated deficit, and resolution equity consisted of the following components by each pool (dollars in thousands).

December 31, 2024			
	FRF-FSLIC	FRF-RTC	FRF Consolidated
Contributed capital	\$ 43,864,980	81,604,337	125,469,317
Accumulated deficit	(42,870,177)	(81,579,009)	(124,449,186)
Total Resolution Equity	\$ 994,803	25,328	1,020,131

December 31, 2023			
	FRF-FSLIC	FRF-RTC	FRF Consolidated
Contributed capital	\$ 43,864,980	\$ 81,604,337	\$ 125,469,317
Accumulated deficit	(\$42,921,160)	(\$81,578,865)	(124,500,025)
Total Resolution Equity	\$ 943,820	\$ 25,472	\$ 969,292

CONTRIBUTED CAPITAL

The FRF-FSLIC and the former RTC received \$43.5 billion and \$60.1 billion from the U.S. Treasury, respectively, to fund losses from thrift resolutions prior to July 1, 1995. Additionally, the FRF-FSLIC issued \$670 million in capital certificates to the Financing Corporation (a mixed-ownership government corporation established to function solely as a financing vehicle for the FSLIC) and the RTC issued \$31.3 billion of these instruments to the REFCORP. FIRREA prohibited the payment of dividends on any of these capital certificates. Through December 31, 2024, the FRF-FSLIC received a total of \$2.3 billion in goodwill appropriations, the effect of which increased contributed capital.

Through December 31, 2024, the FRF-RTC had returned \$4.6 billion to the U.S. Treasury and made payments of \$5.2 billion to the REFCORP. The most recent payment to the REFCORP was in July of 2020 for \$20 million. In addition, the FDIC returned \$2.6 billion to the U.S. Treasury on behalf of the FRF-FSLIC in 2013. These actions reduced contributed capital.

ACCUMULATED DEFICIT

The accumulated deficit represents the cumulative excess of expenses and losses over revenue for activity related to the FRF-FSLIC and the FRF-RTC. Approximately \$29.8 billion and \$87.9 billion were brought forward from the former FSLIC and the former RTC on August 9, 1989, and January 1, 1996, respectively. Since the dissolution dates, the FRF-FSLIC accumulated deficit increased by \$13.1 billion, whereas the FRF-RTC accumulated deficit decreased by \$6.3 billion.

6. Fair Value of Financial Instruments

At December 31, 2024 and 2023, the FRF’s financial assets measured at fair value on a recurring basis are cash equivalents (see Note 2) of \$995 million and \$944 million, respectively. Cash equivalents are Special U.S. Treasury Certificates with overnight maturities valued at prevailing interest rates established by the U.S. Treasury’s Bureau of the Fiscal Service. The valuation is considered a Level 1 measurement in the fair value hierarchy, representing quoted prices in active markets for identical assets.

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NOTES TO THE FINANCIAL STATEMENTS

7. Information Relating to the Statement of Cash Flows

The following table presents a reconciliation of net income to net cash from operating activities (dollars in thousands).

	December 31 2024	December 31 2023
Operating Activities		
Net Income:	\$ 50,839	\$ 46,913
Change in Assets and Liabilities:		
Decrease in other assets, net	161	0
(Decrease) Increase in accounts payable and other liabilities	(6)	5
Net Cash Provided by Operating Activities	\$ 50,994	\$ 46,918

8. Subsequent Events

Subsequent events have been evaluated through March 13, 2025, the date the financial statements are available to be issued. Based on management's evaluation, there were no subsequent events requiring disclosure.



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

Independent Auditor's Report

To the Board of Directors of the Federal Deposit Insurance Corporation

In our audits of the 2024 and 2023 financial statements of the Deposit Insurance Fund (DIF) and of the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF), both of which the Federal Deposit Insurance Corporation (FDIC) administers,¹ we found

- the financial statements of the DIF and of the FRF as of and for the years ended December 31, 2024, and 2023, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- FDIC maintained, in all material respects, effective internal control over financial reporting relevant to the DIF and to the FRF as of December 31, 2024; and
- with respect to the DIF and to the FRF, no reportable noncompliance for 2024 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements and on internal control over financial reporting and a section on other information included with the financial statements;² (2) our report on compliance with laws, regulations, contracts, and grant agreements; and (3) agency comments.

Report on the Financial Statements and on Internal Control over Financial Reporting

Opinions on the Financial Statements

In accordance with Section 17 of the Federal Deposit Insurance Act, as amended,³ and the Government Corporation Control Act,⁴ we have audited the financial statements of the DIF and of the FRF, both of which FDIC administers. The financial statements of the DIF comprise the balance sheets as of December 31, 2024, and 2023; the related statements of income and fund balance and of cash flows for the years then ended; and the related notes to the financial statements. The financial statements of the FRF comprise the balance sheets as of December 31, 2024, and 2023; the related statements of income and accumulated deficit and of

¹A third fund managed by FDIC, the Orderly Liquidation Fund, established by Section 210(n) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376, 1506 (2010), is unfunded and did not have any transactions from its inception in 2010 through 2024.

²Other information consists of information included with the financial statements, other than the auditor's report.

³Act of September 21, 1950, Pub. L. No. 797, § 2[17], 64 Stat. 873, 890, *classified as amended at* 12 U.S.C. § 1827.

⁴31 U.S.C. §§ 9101-9110.

cash flows for the years then ended; and the related notes to the financial statements. In our opinion,

- the DIF's financial statements present fairly, in all material respects, the DIF's financial position as of December 31, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles, and
- the FRF's financial statements present fairly, in all material respects, the FRF's financial position as of December 31, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Opinions on Internal Control over Financial Reporting

We also have audited FDIC's internal control over financial reporting relevant to the DIF and to the FRF as of December 31, 2024, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

In our opinion,

- FDIC maintained, in all material respects, effective internal control over financial reporting relevant to the DIF as of December 31, 2024, based on criteria established under FMFIA, and
- FDIC maintained, in all material respects, effective internal control over financial reporting relevant to the FRF as of December 31, 2024, based on criteria established under FMFIA.

During our 2024 audit, we identified deficiencies in FDIC's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies.⁵ Nonetheless, these deficiencies warrant FDIC management's attention. We have communicated these matters to FDIC management.

Basis for Opinions

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting section of our report. We are required to be independent of FDIC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

⁵A 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 combination of deficiencies, in internal control over financial reporting, 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 over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

FDIC management is responsible for

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in FDIC's annual report, and ensuring the consistency of that information with the audited financial statements;
- designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the effectiveness of internal control over financial reporting based on the criteria established under FMFIA; and
- its assessment about the effectiveness of internal control over financial reporting as of December 31, 2024, included in the accompanying Management's Report on Internal Control over Financial Reporting in appendix I.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DIF's and the FRF's ability to continue as going concerns for a reasonable period of time.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether effective internal control over financial reporting was maintained in all material respects, and (2) issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements or an audit of internal control over financial reporting conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control relevant to our audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk. Our audit of internal control also considered FDIC's process for evaluating and reporting on internal control over financial reporting based on criteria established under FMFIA. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DIF's and the FRF's ability to continue as going concerns for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Information

FDIC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. Management is responsible for the other information included in FDIC's annual report. The other information comprises the following sections of FDIC's 2024 annual report: Mission, Vision, and Values; Message from the Acting Chairman; Message from the Chief Financial Officer; FDIC Divisions and Offices; FDIC Senior Leaders; Management's Discussion and Analysis; Financial Highlights; Budget and Spending; Risk Management and Internal Controls; and Appendices. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the DIF's and the FRF's financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of the financial statements of the DIF and of the FRF, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for 2024 that would be reportable, with respect to the DIF and to the FRF, under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

FDIC management is responsible for complying with applicable laws, regulations, contracts, and grant agreements.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material

amounts and disclosures in the financial statements of the DIF and of the FRF, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments

In commenting on a draft of this report, FDIC stated that it was pleased to receive unmodified opinions for the 33rd consecutive year on the DIF's and the FRF's financial statements. FDIC also noted that we reported that FDIC maintained effective internal control over financial reporting and that there was no reportable noncompliance with tested provisions of applicable laws, regulations, contracts, and grant agreements. FDIC stated that it worked to improve the internal control environment during the year and will focus on improving monitoring controls in the coming year. FDIC reiterated its commitment to sound financial management. The complete text of FDIC's response is reprinted in appendix II.



M. Hannah Padilla
Director
Financial Management and Assurance

March 13, 2025

APPENDIX I



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Office of the Chairman

Management's Report on Internal Control over Financial Reporting

The Federal Deposit Insurance Corporation's (FDIC's) internal control over financial reporting relevant to the Deposit Insurance Fund (DIF) and the FSLIC Resolution Fund (FRF) is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in accordance with provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

FDIC management is responsible for establishing and maintaining effective internal control over financial reporting, including 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. FDIC management evaluated the effectiveness of the FDIC's internal control over financial reporting relevant to the DIF and the FRF as of December 31, 2024, based on the criteria established under 31 U.S.C. 3512(c), (d) (commonly known as the Federal Managers' Financial Integrity Act (FMFIA)). FDIC management performed this evaluation through its corporate risk management program that seeks to comply with the spirit of the following laws, standards, and guidance from the Office of Management and Budget (OMB) among others: FMFIA; Chief Financial Officers Act (CFO Act); Government Performance and Results Act (GPRA); Federal Information Security Modernization Act (FISMA); and OMB Circular A-123. In addition, other standards that the FDIC considers are the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control – Integrated Framework* and the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*.

Based on the above evaluation, management concludes that, as of December 31, 2024, FDIC's internal control over financial reporting relevant to the DIF and the FRF was effective.

Travis Hill
Acting Chairman

E. Marshall Gentry
Deputy to the Chairman
and Chief Financial Officer

March 13, 2025

APPENDIX II



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Deputy to the Chairman and CFO

March 13, 2025

Ms. M. Hannah Padilla
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Re: FDIC Management Response to the 2024 and 2023 Financial Statements Audit Report

Dear Ms. Padilla:

Thank you for the opportunity to review and comment on the U.S. Government Accountability Office's (GAO's) draft report titled, *Financial Audit: Federal Deposit Insurance Corporation Funds' 2024 and 2023 Financial Statements*, GAO-25-107250. We are pleased that the Federal Deposit Insurance Corporation (FDIC) has received unmodified opinions for the thirty-third consecutive year on the financial statements of its funds: the Deposit Insurance Fund (DIF) and the FSLIC Resolution Fund (FRF). GAO also reported the FDIC maintained, in all material respects, effective internal control over financial reporting, and that there was no reportable noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements that were tested.

FDIC management and staff worked to improve the internal control environment during the year and will focus on improving agency monitoring controls in the coming year. FDIC recognizes the essential role that a strong internal control program plays in helping an agency achieve its mission. Our commitment to sound financial management has been and will remain a top priority.

In complying with audit standards that require management to provide a written assessment about the effectiveness of its internal control over financial reporting, the FDIC has prepared Management's Report on Internal Control over Financial Reporting. The report acknowledges management's responsibility for establishing and maintaining internal control over financial reporting and provides the FDIC's conclusion regarding the effectiveness of its internal control.

We want to thank the GAO staff for their professionalism and dedication during the audit and look forward to the FDIC continuing our positive and productive relationship during the 2025 audit. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Marshall Gentry".

E. Marshall Gentry
Deputy to the Chairman
and Chief Financial Officer

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V.

**RISK MANAGEMENT
AND INTERNAL CONTROLS**



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Office of the Chairman

Federal Deposit Insurance Corporation
Statement of Assurance

FDIC management is responsible for managing risks and maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The FDIC conducted its assessment of risk and internal control in the spirit of OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Based on the results of the assessment, the FDIC has no material weaknesses and can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of December 31, 2024. The FDIC is committed to maintaining effective internal controls corporate-wide in 2025.

The FDIC also assessed the reliability of the performance data contained in this report in accordance with the Reports Consolidation Act of 2000. We found no material inadequacies and the data are considered to be complete and reliable.

A handwritten signature in black ink, appearing to read "Travis Hill". The signature is written in a cursive, flowing style.

Travis Hill
Acting Chairman

March 13, 2025

RISK MANAGEMENT AND INTERNAL CONTROLS

The FDIC uses several means to identify and address enterprise risks, maintain comprehensive internal controls, ensure the overall effectiveness and efficiency of operations, and otherwise comply as necessary with the following federal laws and standards, among others:

- Chief Financial Officers Act (CFO Act)
- Federal Managers' Financial Integrity Act (FMFIA)
- Federal Financial Management Improvement Act (FFMIA)
- Government Performance and Results Act (GPRA)
- Federal Information Security Modernization Act of 2014 (FISMA)
- OMB Circular A-123
- GAO's *Standards for Internal Control in the Federal Government*

As a foundation for these efforts, the Office of Risk Management and Internal Controls (ORMIC) oversees a corporate-wide program of risk management and internal control activities and works closely with the FDIC's Division and Office management. The FDIC makes a concerted effort to identify and assess financial, reputational, and operational risks and incorporate corresponding controls into day-to-day

operations. The program also requires Divisions and Offices to document procedures, train employees, and hold supervisors and their employees accountable for performance and results. Divisions and Offices monitor compliance through periodic management reviews and various activity reports distributed to all levels of management. The FDIC also takes seriously FDIC Office of Inspector General and GAO audit recommendations and strives to implement agreed-upon actions promptly. The FDIC has received unmodified opinions on its financial statement audits for 33 consecutive years, and these and other positive results reflect the effectiveness of the FDIC's internal control program.

In 2024, the FDIC continued to strengthen acquisition-related controls, expanded internal control testing efforts, enhanced the Division of Finance's internal control program, and enhanced the fraud reporting structure.



Program Evaluation

ORMIC periodically evaluates selected program areas responsible for achieving FDIC strategic objectives and annual performance goals. These evaluations determine if Divisions/Offices have processes in place to achieve performance goals and confirm there is documentary support evidencing that the performance goals were met. During 2024, ORMIC evaluated the Division of Resolutions and Receiverships (DRR) processes for achieving the following strategic objective and related performance goal from the FDIC's 2023 Annual Performance Plan.

Strategic Objective: The FDIC manages receiverships to maximize net return and terminates them in an orderly and timely manner.

Performance Goal: Manage the receivership estate and its subsidiaries toward an orderly termination.

Target: Terminate at least 75 percent of receiverships that were at least two years old and were not subject to unresolved loss-share, structured transaction, environmental, legal, or tax impediments at the start of the year.

ORMIC met with DRR management to gain an understanding of the relevant business processes and the Receivership Oversight Management System (ROMS). DRR utilizes ROMS to support the timely termination of receiverships and monitor impediments. ORMIC reviewed and evaluated key documentation, including the 2023 target calculation, Receivership Oversight Committee reports, and Receivership Oversight job aids for impediments, terminations, and status reporting. ORMIC concluded that key Receivership Oversight procedures were in place and supporting documentation substantiates that the target was properly reported as 'achieved' in [FDIC's 2023 Annual Report](#).

Internal Control Program – Fraud Risk Management

The FDIC's Enterprise Risk Management (ERM) and Internal Control programs consider the potential for fraud and incorporate elements of Principle 8—Assess Fraud Risk—from the GAO's *Standards for Internal Control in the Federal Government*.³⁷ The FDIC implemented a Fraud Risk Assessment Framework as a basis for identifying potential financial fraud risks and schemes and ensuring that preventive and detective controls are present and working as intended. Examples of transactions more susceptible to fraud include contractor payments, wire transfers, travel card purchases, and cash receipts.

³⁷ GAO's *Standards for Internal Control in the Federal Government* is available at <https://www.gao.gov/products/gao-14-704g>.

RISK MANAGEMENT AND INTERNAL CONTROLS

As part of the framework, management identifies potential fraud areas and implements and evaluates key controls as proactive measures to prevent fraud. Although no system of internal control provides absolute assurance, the FDIC's system of internal control provides reasonable assurance that key controls are adequate and working as intended. Monitoring activities include supervisory approvals, management reporting, and exception reporting.

FDIC management performs due diligence in areas of suspected or alleged fraud. In addition, the FDIC promptly refers instances of suspected fraud to the Office of Inspector General for investigation. The FDIC continues to maintain a robust internal control environment designed to deter and detect fraud.

Management Report on Final Actions

As required under the provisions of Section 5 of the Inspector General Act of 1978, as amended, the FDIC must report information on final action taken by management on certain audit reports. The tables on the following pages provide information on final actions taken by management on audit reports for the federal fiscal year period October 1, 2023, through September 30, 2024.

As noted in Table 3 below, at the end of September 30th, there were 44 recommendations made by the OIG that remained open for more than one year. Subsequent to the OIG's Semi-Annual Report, 16 of the 44 recommendations have been closed. ORMIC is taking steps to ensure timely completion of outstanding OIG and GAO recommendations. ORMIC has developed a Power BI dashboard, and will work with divisions and offices to establish interim milestones to track and monitor progress in closing recommendations that remain open more than one year.

**Table 1:
Management Report on Final Action on Audits with Disallowed Costs
for Fiscal Year 2024**

(There were no audit reports in this category.)

**Table 2:
Management Report on Final Action on Audits with Recommendations
to Put Funds to Better Use for Fiscal Year 2024**
Dollars in Thousands

		Number of Reports	Funds Put To Better Use
A.	Management decisions – final action not taken at beginning of period	1	\$1,500
B.	Management decisions made during the period	1	\$9,900
C.	Total reports pending final action during the period (A and B)	2	\$11,400
D.	Final action taken during the period:		
	1. Value of recommendations implemented (completed)	1	\$1,500
	2. Value of recommendations that management concluded should not or could not be implemented or completed	0	\$0
	3. Total of 1 and 2	1	\$1,500
E.	Audit reports needing final action at the end of the period (September 30, 2024)	1	\$9,900

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-20-001 10/28/2019 <i>Contract Oversight Management</i>	OIG recommends that the Deputy to the Chairman and Chief Operating Officer provide enhanced contract portfolio reports to FDIC executives, senior management, and the Board Directors.	Status: Subsequently closed.	\$0
AUD-22-003 1/18/2022 <i>Sharing of Threat Information to Guide the Supervision of Financial Institutions</i>	OIG recommends that the Director, RMS, coordinate with the Legal Division to establish and implement procedures for RMS threat information sharing activities.	Status: Subsequently closed.	\$0
AUD-22-004 9/27/2022 <i>The FDIC's Information Security Program--2022</i>	OIG recommends that the CIO address the 31 Plan of Action and Milestones (POA&Ms) identified as of June 21, 2022, associated with National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53 Revision 5 control SI-2 (Flaw Remediation).	CIOO closed 24 of the 31 POA&Ms. Additional time was needed to close the remaining 7 POA&Ms. Status: Under ORMIC Review. Due Date: 1/31/2025	\$0
REV-23-001 12/13/2022 <i>Security Controls Over the FDIC's Wireless Networks</i>	OIG recommends that the CIOO develop and implement a policy to review, approve, and centrally manage the configuration settings of current and future Wi-Fi enabled devices in FDIC facilities, before set-up and subsequent updates.	Status: Recommendation closure package was submitted to OIG. Due Date: 9/30/2024	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
AUD-23-001 1/31/2023 <i>Implementation of the FDIC's Information Technology Risk Examination (InTREx) Program</i>	OIG recommends that the Director, RMS develop and implement defined, objective, quantifiable, and measurable goals related to the Information Technology Risk Examination (InTREx) program.	Status: Subsequently closed.	\$0
AUD-23-002 3/15/2023 <i>The FDIC's Security Controls Over Microsoft Windows Active Directory</i>	OIG recommends that the CIO develop and implement a process to reconcile conflicting certification determinations for duplicative roles. OIG recommends that the CIO develop and implement a process to regularly evaluate the roles to determine whether they are still needed or duplicative of other roles. OIG recommends that the CIO update and implement procedures to proactively update or replace operating systems before vendor support ends.	Status: Subsequently closed. Status: Subsequently closed. Status: Recommendation closure package was submitted to the OIG. Due Date: 1/31/2025	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
REV-23-002 3/31/2023 <i>FDIC Oversight of a Telecom- munications Contract</i>	OIG recommends that the CIO develop a strategy to periodically assess workload imbalances and implement a strategy to address such imbalances among Oversight Managers in the FDIC CIOO.	Several meetings and discussions were held to determine two CIO Acquisition Strategy & Innovation Branch (CASIB) full-time equivalents were needed to address staffing imbalances. Additional federal resources were also needed in the Infrastructure and Operations Services Branch, and these were separately requested and approved. The two additional Oversight Managers were approved by the Director of Finance during the annual budget formulation process, and by the Board of Directors in December 2024. Due Date: 7/31/2025	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
<p>AUD-23-003 7/25/2023</p> <p><i>The FDIC's Adoption of Cloud Computing Services</i></p>	<p>OIG recommends that the CIOO develop and maintain an inventory and catalog of all FDIC data used throughout the cloud data lifecycle.</p> <p>OIG recommends that the CIOO establish and implement data governance requirements (e.g., policies, processes, roles, and responsibilities) for managing data residing in the cloud.</p> <p>OIG recommends that the CIOO review all current and planned system replacements and ensure legacy system decommissioning plans are created in accordance with FDIC policies and procedures.</p>	<p>Status: Subsequently closed.</p> <p>Status: Subsequently closed.</p> <p>Status: Subsequently closed.</p>	<p>\$0</p>
<p>EVAL-23-002 8/29/2023</p> <p><i>Sharing of Threat and Vulnerability Information with Financial Institutions</i></p>	<p>OIG recommends the Director, RMS develop performance measures to assess the effectiveness of its external threat and vulnerability information sharing activities.</p>	<p>The completion of corrective action to close is contingent upon the determined technology solution option.</p> <p>Status: Under ORMIC Review.</p> <p>Due Date: 12/31/2024</p>	<p>\$0</p>

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-002 8/29/2023 (continued) <i>Sharing of Threat and Vulnerability Information with Financial Institutions</i>	OIG recommends the Director, RMS update the Division of Risk Management Supervision Threat and Vulnerability Communication Operating Procedures to: (1) account for a more appropriate methodology for determining when to share threat and vulnerability information created internally and by other credible sources; (2) formalize processes for (a) coordinating with the Intelligence and Threat Sharing Unit and accounting for threat and vulnerability information received from the Intelligence and Threat Sharing Unit, (b) coordinating with the Chief Information Officer Organization under the Vulnerability Disclosure Policy program, and (c) coordinating with other FDIC Divisions and Offices that may obtain relevant threat and vulnerability information that requires communication to financial institutions; and (3) specify the key documents that should be retained to support RMS threat sharing decisions.	Status: Subsequently closed.	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-002 8/29/2023 (continued) <i>Sharing of Threat and Vulnerability Information with Financial Institutions</i>	<p>OIG recommends the Director, RMS, develop and implement a feedback process for external threat sharing activities.</p> <p>OIG recommends the Director, RMS, in coordination with ITSU ensure FDIC threat and vulnerability communication procedures facilitate the sharing of unclassified non-cyber related threat and vulnerability information.</p> <p>OIG recommends the FDIC Director of RMS in coordination with FDIC Chief, ITSU ensure that all data sets within the FDIC that contain relevant threat and vulnerability information are assessed and natural language processing or alternative technological capabilities are considered for enhancing threat and vulnerability information sharing operations.</p>	<p>RMS continues to evaluate technology solution options for soliciting feedback regarding threat amplification messages that will provide the data to measure and assess the effectiveness of external threat sharing information.</p> <p>Status: Under ORMIC Review.</p> <p>Due Date: 12/31/2024</p> <p>Status: Subsequently closed.</p> <p>Staff has identified and gathered pertinent datasets.</p> <p>Due Date: 3/31/2025</p>	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-002 8/29/2023 (continued) <i>Sharing of Threat and Vulnerability Information with Financial Institutions</i>	OIG recommends the FDIC Director of RMS share threat and vulnerability information that is uniquely developed or summarized by the FDIC with financial institutions or other financial sector entities to further strengthen their threat intelligence activities. This includes results from the FDIC’s 2022 Ransomware Horizontal Review and relevant trending and analysis conducted by RMS.	Status: Subsequently closed.	\$0
EVAL-23-003 9/13/2023 <i>FDIC Efforts to Increase Consumer Participation in the Insured Banking System</i>	OIG recommends that the Director of DCP align the Economic Inclusion Strategic Plan with the policy and guidance developed in response to another OIG recommendation.	Status: Subsequently closed.	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
<p>EVAL-23-003 9/13/2023 (Continued)</p> <p><i>FDIC Efforts to Increase Consumer Participation in the Insured Banking System</i></p>	<p>OIG recommends that the Director, DCP develop clear guidance on running business reports out of Community Affairs Reporting and Events System, including the use of filters.</p> <p>OIG recommends that the Director, DCP develop or use an existing tracking system to measure internal staffing costs related to individual economic inclusion programs and initiatives.</p> <p>OIG recommends that the Director, DCP identify and describe internal and external stakeholder coordination and collaboration efforts, including inputs, responsibilities, and expected contributions in the FDIC’s future Economic Inclusion Strategic Plans.</p>	<p>DCP conferred with FDIC key employees involved in the development of a new event tracking system, which will replace the current Community Affairs Reporting and Event System (CARES), to determine timing of project completion. During regular project meeting updates with the contractor, FDIC was informed of vendor delays in the development of the new event tracking system.</p> <p>Due Date: 6/30/2025</p> <p>Status: Subsequently closed.</p> <p>Status: Subsequently closed.</p>	<p>\$0</p>

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
AUD-23-004 9/25/2023 <i>The Federal Deposit Insurance Corporation's Information Security Program - 2023</i>	OIG recommends the FDIC implement process improvements to ensure prompt notification and removal of user network accounts on or before the user's separation date.	The FDIC employee off-boarding pre-exit clearance notifications have been automated. This allows traceability and oversight, ensuring off-boarding is done timely. Directive 1360.15 has been updated to replace “”removal will happen immediately”” with wording that access will be removed when necessary. Due Date: 6/30/2025	

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
<p>EVAL-23-004 9/28/2023</p> <p><i>The FDIC's Orderly Liquidation Authority</i></p>	<p>OIG recommends that the Acting Director, CISR apply Tier III policies and procedures to develop and consistently maintain institution-specific resolution planning documents for all nonbank financial companies and financial market utilities designated by the Financial Stability Oversight Council as systemically important.</p> <p>OIG recommends that the Acting Director, CISR ensure the Division of Complex Institution Supervision and Resolution maintains the necessary staff and establishes a plan for conducting regular internal reviews of Orderly Liquidation Authority resolution planning activities.</p>	<p>CISR has established a 2023 Divisional Goal and Objective to develop and refine Title II resolution strategies for financial market utilities, including central counterparties (CCPs), and establish an ongoing review process to maintain these strategy documents. CISR staff are currently in the process of developing and updating institution-specific planning documents for each of the five systemically important CCPs. CISR will evaluate the most effective approach to developing institution-specific planning documents for designated non-CCP financial market utilities and expand the ongoing review process to include any other non-bank financial companies designated by FSOC as systemically important.</p> <p>Due Date: 3/31/2025</p> <p>Status: Recommendation closure package was submitted to the OIG.</p> <p>Due Date: 8/31/2024</p>	<p>\$0</p>

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-004 9/28/2023 (Continued) <i>The FDIC's Orderly Liquidation Authority</i>	<p>OIG recommends that the Acting Director, CISR ensure the FDIC regularly updates the FDIC Operating Committee and the FDIC Chairman on the overall status of the Orderly Liquidation Authority program.</p> <p>OIG recommends that the Acting Director, CISR establish a mechanism to track and monitor the implementation of significant current and future recommended action items from internal and external exercises or actual resolution events.</p>	<p>Status: Recommendation closure package was submitted to the OIG.</p> <p>Due Date: 3/31/2025</p> <p>Status: Recommendation closure package was submitted to the OIG.</p> <p>Due Date: 11/30/2024</p>	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-004 9/28/2023 (Continued) <i>The FDIC's Orderly Liquidation Authority</i>	OIG recommends that the Acting Director, CISR: develop and consistently maintain comprehensive Orderly Liquidation Authority policies and procedures for systemically important financial companies, to include: a. Tier I policies and procedures for framework-level activities. b. Tier II policies and procedures for operational process-level activities. c. Tier III policies and procedures for institution-specific planning activities. d. Other operational program policies and procedures for Orderly Liquidation Authority resolution planning activities.	Tier III: CISR will complete updates to GSIB ISSPs and approve a revised and consistent format for these documents through the Deputy Director, CISR Resolution Readiness Branch. Due Date: 12/31/2025	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-004 9/28/2023 (Continued) <i>The FDIC's Orderly Liquidation Authority</i>	<p>OIG recommends that the Acting Director, CISR: establish an action plan for promptly developing and issuing rules and regulations required by the Dodd-Frank Act, including: a. In consultation with the U.S. Secretary of the Treasury, rules or regulations to meet the requirements of 12 U.S.C. § 5390(o)(6). b. In coordination with the FRB, and in consultation with FSOC, rules or regulations to meet the requirements of 12 U.S.C. § 5393(d).</p> <p>OIG recommends that the FDIC Chairman ensure regular interdivisional oversight of the Orderly Liquidation Authority program and related products.</p> <p>OIG recommends the Acting Director, CISR complete and implement the operational exercise program for significant Orderly Liquidation Authority-related activities, such as the systemic risk determination process, and ensure key contractor resources and FDIC Board Members are included in exercises.</p>	<p>Division of Insurance and Research (DIR), CISR, and Legal developed an action plan and are updating it to incorporate feedback.</p> <p>Status: Under ORMIC Review.</p> <p>Due Date: 1/31/2025</p> <p>Status: Subsequently closed.</p> <p>Status: Subsequently closed.</p>	<p>\$0</p>

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-004 9/28/2023 (Continued) <i>The FDIC's Orderly Liquidation Authority</i>	<p>OIG recommends the Acting Director, CISR conduct and document a representative survey or other assessment of the Orderly Liquidation Authority-related skill sets existing or needed within the Division of Complex Institution Supervision and Resolution and ensure the Division's Professional Development Plan incorporates the results.</p> <p>OIG recommends the Acting Director, CISR develop an FDIC readiness plan for a financial crisis, to include a scenario that involves the resolution of multiple concurrent failures of systemically important financial companies.</p>	<p>CISR engaged with a contractor to determine the best approach to this evaluation and after further review and discussion, determined the best path forward is to conduct an internal review of Orderly Liquidation Authority-related skillsets in order to inform the division's professional development plan.</p> <p>Due Date: 9/30/2025</p> <p>The Systemic Resolution Framework Document and Process Guides, which serve as Tier I and Tier II policies and procedures, respectively, will include additional detail for application to multiple failures.</p> <p>Due Date: 3/31/2025</p>	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-004 9/28/2023 (Continued) <i>The FDIC's Orderly Liquidation Authority</i>	<p>OIG recommends the Acting Director, CISR ensure the completed Tier I and II policies, procedures, and related guidance documents fully define the applicable Orderly Liquidation Authority roles and responsibilities of each FDIC Division and Office.</p> <p>OIG recommends the Acting Director, CISR ensure the FDIC establishes a timeframe to obtain, and then obtains, the staff resources needed to mature the Orderly Liquidation Authority resolution planning program.</p>	<p>CISR will further specify applicable OLA roles and responsibilities of each FDIC Division and Office in its Tier I and II Policies and procedures, and confirm such roles through the inter-divisional process described in another OIG recommendation.</p> <p>Due Date: 6/30/2025</p> <p>CISR Management has identified the resource needs, with appropriate budget approvals granted in 2022 and 2023. Hiring is in process. Any additional needs responsive to recommendations in this report will be addressed in the mid-year 2024 budget cycle. Resource needs to support the OLA program will continue to be evaluated on an ongoing basis, and will consider attrition, employee retention, and succession planning as part of CISR's existing operations and human resources functions.</p> <p>Due Date: 3/31/2025</p>	\$0

**Table 3:
Audit Reports Without Final Actions but with Management Decisions
over One Year Old for Fiscal Year 2024 (continued)**

Report No. and Issue Date	OIG Audit Recommendation	Management Action	Disallowed Costs
EVAL-23-004 9/28/2023 (Continued) <i>The FDIC's Orderly Liquidation Authority</i>	<p>OIG recommends the Acting Director, CISR establish a process for identifying and preparing staff who would be responsible for key Orderly Liquidation Authority resolution governance roles, such as the Executive Advisory and Oversight Group, the Tactical Project Manager, and the Onsite Liaison, to include: a. Completing planned guidance and/or preparing a charter that will define in more detail the key resolution governance roles and responsibilities. b. Maintaining a roster of potential staff for key resolution governance roles. c. Informing potential staff for the key resolution governance roles of their respective Orderly Liquidation Authority resolution responsibilities.</p> <p>OIG recommends the Acting Director, CISR regularly conduct and document Orderly Liquidation Authority general and functional training and ensure that training is clearly linked to the key components of the systemic resolution framework and processes.</p>	<p>CISR proposed a Tier II process document, outlining the roles and responsibilities and process for designating potential staff for governance roles, which will be presented for interdivisional oversight and feedback.</p> <p>Due Date: 6/30/2025</p> <p>The development of the CISR Core Curriculum is in process, through which the Division will establish general and functional training that covers the key components of the systemic resolution framework, and make these resources available on an ongoing basis.</p> <p>Due Date: 9/30/2025</p>	\$0

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VI.

APPENDICES

A. Key Statistics

FDIC Actions on Financial Institutions Applications			
	2024	2023	2022
Deposit Insurance	12	5	17
Approved ¹	12	5	17
Denied	0	0	0
New Branches	382	398	481
Approved	382	398	481
Denied	0	0	0
Mergers	122	116	133
Approved	122	116	133
Denied	0	0	0
Requests for Consent to Serve²	81	61	52
Approved	81	58	50
Section 19	0	0	6
Section 32	81	58	44
Denied	0	3	2
Section 19	0	0	0
Section 32	0	3	2
Notices of Change in Control	7	15	23
Letters of Intent Not to Disapprove	7	15	22
Disapproved	0	0	1
Brokered Deposit Waivers	24	11	1
Approved	24	11	0
Denied	0	0	1
Savings Association Activities³	0	0	0
Approved	0	0	0
Denied	0	0	0
State Bank Activities/Investments⁴	22	13	25
Approved	22	13	25
Denied	0	0	0
Conversion of Mutual Institutions	4	4	4
Non-Objection	4	4	4
Objection	0	0	0

¹ Includes deposit insurance applications filed on behalf of (1) newly organized institutions, (2) existing uninsured financial services companies seeking establishment as an insured institution, and (3) interim institutions established to facilitate merger or conversion transactions, and applications to facilitate the establishment of thrift holding companies.

² Under Section 19 of the Federal Deposit Insurance (FDI) Act, an insured institution must receive FDIC approval before employing a person convicted of dishonesty or breach of trust. Under Section 32, the FDIC must approve any change of directors or senior executive officers at a state nonmember bank that is not in compliance with capital requirements or is otherwise in troubled condition.

³ Section 28 of the FDI Act, in general, prohibits a federally-insured state savings association from engaging in an activity not permissible for a federal savings association and requires notices or applications to be filed with the FDIC.

⁴ Section 24 of the FDI Act, in general, prohibits a federally-insured state bank from engaging in an activity not permissible for a national bank and requires notices or applications to be filed with the FDIC.

Combined Risk and Consumer Enforcement Actions			
	2024	2023	2022
Total Number of Actions Initiated by the FDIC	140	117	118
Termination of Insurance	16	12	16
Involuntary Termination	0	0	0
Sec. 8a for Violations, Unsafe/Unsound Practices or Conditions	0	0	0
Voluntary Termination	16	12	16
Sec. 8a by Order Upon Request	0	0	0
Sec. 8p No Deposits	14	11	14
Sec. 8q Deposits Assumed	2	1	2
Sec. 8b Consent and Cease-and-Desist Actions	33	28	19
Notices of Charges Issued	1	4	0
Orders to Pay Restitution	1	0	0
Consent and Cease and Desist Orders	26	22	17
Personal Cease and Desist Orders	5	2	2
Sec. 8e Removal/Prohibition of Director or Officer	41	43	28
Notices of Intention to Remove/Prohibit	4	4	3
Consent Orders	37	39	25
Sec. 8g Suspension/Removal When Charged With Crime	0	0	0
Civil Money Penalty Actions	35	28	27
Sec. 7a Call Report Penalty Orders	0	0	0
Sec. 8i Flood Act Civil Money Penalty Orders	32	24	24
Sec. 8i Civil Money Penalty Notices of Assessment	3	4	3
Sec. 10c Orders of Investigation	14	4	8
Sec. 19 Waiver Orders	0	1	20
Approved Section 19 Waiver Orders	0	1	20
Denied Section 19 Waiver Orders	0	0	0
Sec. 32 Notices Disapproving Officer/Director's Request for Review	0	0	0
Truth-in-Lending Act Reimbursement Actions	34	31	41
Denials of Requests for Relief	0	0	0
Grants of Relief	0	0	0
Banks Making Reimbursement ¹	34	31	41
Suspicious Activity Reports (Open and closed institutions)¹	402,063	407,304	421,118
Other Actions Not Listed²	1	1	0

¹ These actions do not constitute the initiation of a formal enforcement action and, therefore, are not included in the total number of actions initiated.

² The Other Actions Not Listed were, in 2024: Order to Pay a Call Report penalty not under section 7(a); in 2023: 1 Order Dismissing Notice of Assessment of Civil Money Penalty and Order to Pay; and in 2022: 0.

FDIC Insured Institutions Closed During 2024

Dollars in Thousands

Codes for Bank Class:

NM = State-chartered Bank that is not a member of the Federal Reserve System
N = National Bank

SB = Savings Bank
SI = Stock and Mutual Savings Bank

SM = State-chartered Bank that is a member of the Federal Reserve System
SA = Savings Association

Name and Location	Bank Class	Number of Deposit Accounts	Total Assets ¹	Total Deposits ¹	Estimated Loss to the DIF ²	Date of Closing or Acquisition	Receiver/ Assuming Bank and Location
Purchase and Assumption - Insured Deposits Only							
First NB of Lindsay Lindsay, OK	N	2,739	\$107,850	\$97,515	\$42,281	10/18/2024	First Bank & Trust Co. Duncan, OK
Whole Bank Purchase and Assumption - All Deposits							
Republic Bank Philadelphia, PA	NM	129,996	\$5,866,190	\$4,373,927	\$683,597	4/26/2024	Fulton Bank, National Association Lancaster, PA

¹ Total Assets and Total Deposits data are based upon the last Call Report filed by the institution prior to failure.

² Estimated losses are as of December 31, 2024. Estimated losses are routinely adjusted with updated information from new appraisals and asset sales, which ultimately affect the asset values and projected recoveries. Represents the estimated loss to the DIF from deposit insurance obligations.

**Estimated Insured Deposits and the Deposit Insurance Fund,
December 31, 1934, through September 30, 2024¹**
Dollars in Millions (except Insurance Coverage)

Year	Deposits in Insured Institutions ²				Insurance Fund as a Percentage of		
	Insurance Coverage ²	Total Domestic Deposits	Est. Insured Deposits	Percentage of Domestic Deposits	Deposit Insurance Fund	Total Domestic Deposits	Est. Insured Deposits
2024	\$250,000	\$17,592,424	\$10,633,656	60.4	\$133,111.0	0.76	1.25
2023	250,000	17,403,455	10,616,085	61.0	121,778.0	0.70	1.15
2022	250,000	17,778,798	10,261,805	57.7	128,218.0	0.72	1.25
2021	250,000	18,237,236	9,899,961	54.3	123,141.0	0.68	1.24
2020	250,000	16,338,833	9,101,166	55.7	117,896.8	0.72	1.30
2019	250,000	13,262,241	7,809,735	58.9	110,346.9	0.83	1.41
2018	250,000	12,659,406	7,517,038	59.4	102,608.9	0.81	1.37
2017	250,000	12,129,503	7,157,281	59.0	92,747.5	0.76	1.30
2016	250,000	11,693,371	6,915,663	59.1	83,161.5	0.71	1.20
2015	250,000	10,952,922	6,518,675	59.5	72,600.2	0.66	1.11
2014	250,000	10,410,687	6,195,554	59.5	62,780.2	0.60	1.01
2013	250,000	9,825,479	5,998,238	61.0	47,190.8	0.48	0.79
2012	250,000	9,474,720	7,402,053	78.1	32,957.8	0.35	0.45
2011	250,000	8,782,291	6,973,483	79.4	11,826.5	0.13	0.17
2010	250,000	7,887,858	6,301,542	79.9	(7,352.2)	(0.09)	(0.12)
2009	250,000	7,705,354	5,407,773	70.2	(20,861.8)	(0.27)	(0.39)
2008	100,000	7,505,408	4,750,783	63.3	17,276.3	0.23	0.36
2007	100,000	6,921,678	4,292,211	62.0	52,413.0	0.76	1.22
2006	100,000	6,640,097	4,153,808	62.6	50,165.3	0.76	1.21
2005	100,000	6,229,753	3,890,930	62.5	48,596.6	0.78	1.25
2004	100,000	5,724,621	3,622,059	63.3	47,506.8	0.83	1.31
2003	100,000	5,223,922	3,452,497	66.1	46,022.3	0.88	1.33
2002	100,000	4,916,078	3,383,598	68.8	43,797.0	0.89	1.29
2001	100,000	4,564,064	3,215,581	70.5	41,373.8	0.91	1.29
2000	100,000	4,211,895	3,055,108	72.5	41,733.8	0.99	1.37
1999	100,000	3,885,826	2,869,208	73.8	39,694.9	1.02	1.38
1998	100,000	3,817,150	2,850,452	74.7	39,452.1	1.03	1.38
1997	100,000	3,602,189	2,746,477	76.2	37,660.8	1.05	1.37
1996	100,000	3,454,556	2,690,439	77.9	35,742.8	1.03	1.33
1995	100,000	3,318,595	2,663,873	80.3	28,811.5	0.87	1.08
1994	100,000	3,184,410	2,588,619	81.3	23,784.5	0.75	0.92
1993	100,000	3,220,302	2,602,781	80.8	14,277.3	0.44	0.55
1992	100,000	3,275,530	2,677,709	81.7	178.4	0.01	0.01

**Estimated Insured Deposits and the Deposit Insurance Fund,
December 31, 1934, through September 30, 2024¹ (continued)**
Dollars in Millions (except Insurance Coverage)

Year	Deposits in Insured Institutions ²				Insurance Fund as a Percentage of		
	Insurance Coverage ²	Total Domestic Deposits	Est. Insured Deposits	Percentage of Domestic Deposits	Deposit Insurance Fund	Total Domestic Deposits	Est. Insured Deposits
1991	100,000	3,331,312	2,733,387	82.1	(6,934.0)	(0.21)	(0.25)
1990	100,000	3,415,464	2,784,838	81.5	4,062.7	0.12	0.15
1989	100,000	3,412,503	2,755,471	80.7	13,209.5	0.39	0.48
1988	100,000	2,337,080	1,756,771	75.2	14,061.1	0.60	0.80
1987	100,000	2,198,648	1,657,291	75.4	18,301.8	0.83	1.10
1986	100,000	2,162,687	1,636,915	75.7	18,253.3	0.84	1.12
1985	100,000	1,975,030	1,510,496	76.5	17,956.9	0.91	1.19
1984	100,000	1,805,334	1,393,421	77.2	16,529.4	0.92	1.19
1983	100,000	1,690,576	1,268,332	75.0	15,429.1	0.91	1.22
1982	100,000	1,544,697	1,134,221	73.4	13,770.9	0.89	1.21
1981	100,000	1,409,322	988,898	70.2	12,246.1	0.87	1.24
1980	100,000	1,324,463	948,717	71.6	11,019.5	0.83	1.16
1979	40,000	1,226,943	808,555	65.9	9,792.7	0.80	1.21
1978	40,000	1,145,835	760,706	66.4	8,796.0	0.77	1.16
1977	40,000	1,050,435	692,533	65.9	7,992.8	0.76	1.15
1976	40,000	941,923	628,263	66.7	7,268.8	0.77	1.16
1975	40,000	875,985	569,101	65.0	6,716.0	0.77	1.18
1974	40,000	833,277	520,309	62.4	6,124.2	0.73	1.18
1973	20,000	766,509	465,600	60.7	5,615.3	0.73	1.21
1972	20,000	697,480	419,756	60.2	5,158.7	0.74	1.23
1971	20,000	610,685	374,568	61.3	4,739.9	0.78	1.27
1970	20,000	545,198	349,581	64.1	4,379.6	0.80	1.25
1969	20,000	495,858	313,085	63.1	4,051.1	0.82	1.29
1968	15,000	491,513	296,701	60.4	3,749.2	0.76	1.26
1967	15,000	448,709	261,149	58.2	3,485.5	0.78	1.33
1966	15,000	401,096	234,150	58.4	3,252.0	0.81	1.39
1965	10,000	377,400	209,690	55.6	3,036.3	0.80	1.45
1964	10,000	348,981	191,787	55.0	2,844.7	0.82	1.48
1963	10,000	313,304	177,381	56.6	2,667.9	0.85	1.50
1962	10,000	297,548	170,210	57.2	2,502.0	0.84	1.47
1961	10,000	281,304	160,309	57.0	2,353.8	0.84	1.47
1960	10,000	260,495	149,684	57.5	2,222.2	0.85	1.48
1959	10,000	247,589	142,131	57.4	2,089.8	0.84	1.47

**Estimated Insured Deposits and the Deposit Insurance Fund,
December 31, 1934, through September 30, 2024¹ (continued)**
Dollars in Millions (except Insurance Coverage)

Year	Deposits in Insured Institutions ²				Insurance Fund as a Percentage of		
	Insurance Coverage ²	Total Domestic Deposits	Est. Insured Deposits	Percentage of Domestic Deposits	Deposit Insurance Fund	Total Domestic Deposits	Est. Insured Deposits
1958	10,000	242,445	137,698	56.8	1,965.4	0.81	1.43
1957	10,000	225,507	127,055	56.3	1,850.5	0.82	1.46
1956	10,000	219,393	121,008	55.2	1,742.1	0.79	1.44
1955	10,000	212,226	116,380	54.8	1,639.6	0.77	1.41
1954	10,000	203,195	110,973	54.6	1,542.7	0.76	1.39
1953	10,000	193,466	105,610	54.6	1,450.7	0.75	1.37
1952	10,000	188,142	101,841	54.1	1,363.5	0.72	1.34
1951	10,000	178,540	96,713	54.2	1,282.2	0.72	1.33
1950	10,000	167,818	91,359	54.4	1,243.9	0.74	1.36
1949	5,000	156,786	76,589	48.8	1,203.9	0.77	1.57
1948	5,000	153,454	75,320	49.1	1,065.9	0.69	1.42
1947	5,000	154,096	76,254	49.5	1,006.1	0.65	1.32
1946	5,000	148,458	73,759	49.7	1,058.5	0.71	1.44
1945	5,000	157,174	67,021	42.6	929.2	0.59	1.39
1944	5,000	134,662	56,398	41.9	804.3	0.60	1.43
1943	5,000	111,650	48,440	43.4	703.1	0.63	1.45
1942	5,000	89,869	32,837	36.5	616.9	0.69	1.88
1941	5,000	71,209	28,249	39.7	553.5	0.78	1.96
1940	5,000	65,288	26,638	40.8	496.0	0.76	1.86
1939	5,000	57,485	24,650	42.9	452.7	0.79	1.84
1938	5,000	50,791	23,121	45.5	420.5	0.83	1.82
1937	5,000	48,228	22,557	46.8	383.1	0.79	1.70
1936	5,000	50,281	22,330	44.4	343.4	0.68	1.54
1935	5,000	45,125	20,158	44.7	306.0	0.68	1.52
1934	5,000	40,060	18,075	45.1	291.7	0.73	1.61

¹ For 2024, figures are as of September 30; all other prior years are as of December 31. Prior to 1989, figures are for the Bank Insurance Fund (BIF) only and exclude insured branches of foreign banks. For 1989 to 2005, figures represent the sum of the BIF and Savings Association Insurance Fund (SAIF) amounts; for 2006 to 2024, figures are for DIF. Amounts for 1989-2024 include insured branches of foreign banks. Prior to year-end 1991, insured deposits were estimated using percentages determined from June Call and Thrift Financial Reports.

² The year-end 2008 coverage limit and estimated insured deposits do not reflect the temporary increase to \$250,000 then in effect under the Emergency Economic Stabilization Act of 2008. The Dodd-Frank Wall Street Reform and Consumer Protection (Dodd-Frank) Act made this coverage limit permanent. The year-end 2009 coverage limit and estimated insured deposits reflect the \$250,000 coverage limit. The Dodd-Frank Act also temporarily provided unlimited coverage for non-interest bearing transaction accounts for two years beginning December 31, 2010. Coverage for certain retirement accounts increased to \$250,000 in 2006. Initial coverage limit was \$2,500 from January 1 to June 30, 1934.

**Income and Expenses, Deposit Insurance Fund, from Beginning of Operations,
September 11, 1933, through December 31, 2024**
Dollars in Millions

Income						Expenses and Losses					
Year	Total	Assessment Income	Assessment Credits	Investment and Other	Effective Assessment Rate ¹	Total	Provision for Ins. Losses	Admin. and Operating Expenses ²	Interest & Other Ins. Expenses	Funding Transfer from the FSLIC Resolution Fund	Net Income/ (Loss)
TOTAL	\$338,800.4	\$258,140.8	\$12,157.2	\$92,816.8		\$202,029.1	\$145,001.4	\$45,240.5	\$11,787.3	\$139.5	\$136,910.8
2024	15,688.8	11,643.5	0.0	4,045.3	0.0614%	429.2	(2,008.6)	2,433.1	4.7	0.0	\$15,259.6
2023	35,995.8	33,188.0 ³	0.0	2,807.8	0.0614%	45,374.7	40,950.8 ³	2,126.0	2,297.9	0.0	(9,378.9)
2022	9,606.7	8,310.8	0.0	\$1,295.9	0.0396%	1,803.5	(82.9)	1,882.9	3.5	0.0	7,803.2
2021	8,153.4	7,080.2	0.0	1,073.2	0.0356%	1,705.3	(143.7)	1,842.7	6.3	0.0	6,448.1
2020	8,796.5	7,153.9	60.7	\$1,703.3	0.0395%	1,691.9	(157.3)	1,846.5	2.7	0.0	7,104.6
2019	7,095.3	5,642.7	703.6	2,156.2	0.0312%	513.2	(1,285.5)	1,795.6	3.1	0.0	6,582.1
2018	11,170.8	9,526.7	0.0	1,644.1	0.0626%	1,205.2	(562.6)	1,764.7	3.1	0.0	9,965.6
2017	11,663.7	10,594.8	0.0	1,068.9	0.0716%	1,558.2	(183.1)	1,739.4	2.0	0.0	10,105.5
2016	10,674.1	9,986.6	0.0	687.5	0.0699%	150.6	(1,567.9)	1,715.0	3.5	0.0	10,523.5
2015	9,303.5	8,846.8	0.0	456.7	0.0647%	(553.2)	(2,251.3)	1,687.2	10.9	0.0	9,856.7
2014	8,965.1	8,656.1	0.0	309.0	0.0663%	(6,634.7)	(8,305.5)	1,664.3	6.5	0.0	15,599.8
2013	10,458.9	9,734.2	0.0	724.7	0.0775%	(4,045.9)	(5,659.4)	1,608.7	4.8	0.0	14,504.8
2012	18,522.3	12,397.2	0.2	6,125.3	0.1012%	(2,599.0)	(4,222.6)	1,777.5	(153.9)	0.0	21,121.3
2011	16,342.0	13,499.5	0.9	2,843.4	0.1115%	(2,915.4)	(4,413.6)	1,625.4	(127.2)	0.0	19,257.4
2010	13,379.9	13,611.2	0.8	(230.5)	0.1772%	75.0	(847.8)	1,592.6	(669.8)	0.0	13,304.9
2009	24,706.4	17,865.4	148.0	6,989.0	0.2330%	60,709.0	57,711.8	1,271.1	1,726.1	0.0	(36,002.6)
2008	7,306.3	4,410.4	1,445.9	4,341.8	0.0418%	44,339.5	41,838.8	1,033.5	1,467.2	0.0	(37,033.2)
2007	3,196.2	3,730.9	3,088.0	2,553.3	0.0093%	1,090.9	95.0	992.6	3.3	0.0	2,105.3
2006	2,643.5	31.9	0.0	2,611.6	0.0005%	904.3	(52.1)	950.6	5.8	0.0	1,739.2
2005	2,420.5	60.9	0.0	2,359.6	0.0010%	809.3	(160.2)	965.7	3.8	0.0	1,611.2
2004	2,240.3	104.2	0.0	2,136.1	0.0019%	607.6	(353.4)	941.3	19.7	0.0	1,632.7
2003	2,173.6	94.8	0.0	2,078.8	0.0019%	(67.7)	(1,010.5)	935.5	7.3	0.0	2,241.3
2002	2,384.7	107.8	0.0	2,276.9	0.0023%	719.6	(243.0)	945.1	17.5	0.0	1,665.1
2001	2,730.1	83.2	0.0	2,646.9	0.0019%	3,123.4	2,199.3	887.9	36.2	0.0	(393.3)
2000	2,570.1	64.3	0.0	2,505.8	0.0016%	945.2	28.0	883.9	33.3	0.0	1,624.9
1999	2,416.7	48.4	0.0	2,368.3	0.0013%	2,047.0	1,199.7	823.4	23.9	0.0	369.7
1998	2,584.6	37.0	0.0	2,547.6	0.0010%	817.5	(5.7)	782.6	40.6	0.0	1,767.1
1997	2,165.5	38.6	0.0	2,126.9	0.0011%	247.3	(505.7)	677.2	75.8	0.0	1,918.2
1996	7,156.8	5,294.2	0.0	1,862.6	0.1622%	353.6	(417.2)	568.3	202.5	0.0	6,803.2
1995	5,229.2	3,877.0	0.0	1,352.2	0.1238%	202.2	(354.2)	510.6	45.8	0.0	5,027.0
1994	7,682.1	6,722.7	0.0	959.4	0.2192%	(1,825.1)	(2,459.4)	443.2	191.1	0.0	9,507.2
1993	7,354.5	6,682.0	0.0	672.5	0.2157%	(6,744.4)	(7,660.4)	418.5	497.5	0.0	14,098.9
1992	6,479.3	5,758.6	0.0	720.7	0.1815%	(596.8)	(2,274.7)	614.8 ⁴	1,063.1	35.4	7,111.5
1991	5,886.5	5,254.0	0.0	632.5	0.1613%	16,925.3	15,496.2	326.1	1,103.0	42.4	(10,996.4)

**Income and Expenses, Deposit Insurance Fund, from Beginning of Operations,
September 11, 1933, through December 31, 2024 (continued)**
Dollars in Millions

Income						Expenses and Losses					
Year	Total	Assessment Income	Assessment Credits	Investment and Other	Effective Assessment Rate ¹	Total	Provision for Ins. Losses	Admin. and Operating Expenses ²	Interest & Other Ins. Expenses	Funding Transfer from the FSLIC Resolution Fund	Net Income/ (Loss)
1990	3,855.3	2,872.3	0.0	983.0	0.0868%	13,059.3	12,133.1	275.6	650.6	56.1	(9,147.9)
1989	3,494.8	1,885.0	0.0	1,609.8	0.0816%	4,352.2	3,811.3	219.9	321.0	5.6	(851.8)
1988	3,347.7	1,773.0	0.0	1,574.7	0.0825%	7,588.4	6,298.3	223.9	1,066.2	0.0	(4,240.7)
1987	3,319.4	1,696.0	0.0	1,623.4	0.0833%	3,270.9	2,996.9	204.9	69.1	0.0	48.5
1986	3,260.1	1,516.9	0.0	1,743.2	0.0787%	2,963.7	2,827.7	180.3	(44.3)	0.0	296.4
1985	3,385.5	1,433.5	0.0	1,952.0	0.0815%	1,957.9	1,569.0	179.2	209.7	0.0	1,427.6
1984	3,099.5	1,321.5	0.0	1,778.0	0.0800%	1,999.2	1,633.4	151.2	214.6	0.0	1,100.3
1983	2,628.1	1,214.9	164.0	1,577.2	0.0714%	969.9	675.1	135.7	159.1	0.0	1,658.2
1982	2,524.6	1,108.9	96.2	1,511.9	0.0769%	999.8	126.4	129.9	743.5	0.0	1,524.8
1981	2,074.7	1,039.0	117.1	1,152.8	0.0714%	848.1	320.4	127.2	400.5	0.0	1,226.6
1980	1,310.4	951.9	521.1	879.6	0.0370%	83.6	(38.1)	118.2	3.5	0.0	1,226.8
1979	1,090.4	881.0	524.6	734.0	0.0333%	93.7	(17.2)	106.8	4.1	0.0	996.7
1978	952.1	810.1	443.1	585.1	0.0385%	148.9	36.5	103.3	9.1	0.0	803.2
1977	837.8	731.3	411.9	518.4	0.0370%	113.6	20.8	89.3	3.5	0.0	724.2
1976	764.9	676.1	379.6	468.4	0.0370%	212.3	28.0	180.4 ⁵	3.9	0.0	552.6
1975	689.3	641.3	362.4	410.4	0.0357%	97.5	27.6	67.7	2.2	0.0	591.8
1974	668.1	587.4	285.4	366.1	0.0435%	159.2	97.9	59.2	2.1	0.0	508.9
1973	561.0	529.4	283.4	315.0	0.0385%	108.2	52.5	54.4	1.3	0.0	452.8
1972	467.0	468.8	280.3	278.5	0.0333%	65.7	10.1	49.6	6.0 ⁶	0.0	401.3
1971	415.3	417.2	241.4	239.5	0.0345%	60.3	13.4	46.9	0.0	0.0	355.0
1970	382.7	369.3	210.0	223.4	0.0357%	46.0	3.8	42.2	0.0	0.0	336.7
1969	335.8	364.2	220.2	191.8	0.0333%	34.5	1.0	33.5	0.0	0.0	301.3
1968	295.0	334.5	202.1	162.6	0.0333%	29.1	0.1	29.0	0.0	0.0	265.9
1967	263.0	303.1	182.4	142.3	0.0333%	27.3	2.9	24.4	0.0	0.0	235.7
1966	241.0	284.3	172.6	129.3	0.0323%	19.9	0.1	19.8	0.0	0.0	221.1
1965	214.6	260.5	158.3	112.4	0.0323%	22.9	5.2	17.7	0.0	0.0	191.7
1964	197.1	238.2	145.2	104.1	0.0323%	18.4	2.9	15.5	0.0	0.0	178.7
1963	181.9	220.6	136.4	97.7	0.0313%	15.1	0.7	14.4	0.0	0.0	166.8
1962	161.1	203.4	126.9	84.6	0.0313%	13.8	0.1	13.7	0.0	0.0	147.3
1961	147.3	188.9	115.5	73.9	0.0323%	14.8	1.6	13.2	0.0	0.0	132.5
1960	144.6	180.4	100.8	65.0	0.0370%	12.5	0.1	12.4	0.0	0.0	132.1
1959	136.5	178.2	99.6	57.9	0.0370%	12.1	0.2	11.9	0.0	0.0	124.4
1958	126.8	166.8	93.0	53.0	0.0370%	11.6	0.0	11.6	0.0	0.0	115.2
1957	117.3	159.3	90.2	48.2	0.0357%	9.7	0.1	9.6	0.0	0.0	107.6
1956	111.9	155.5	87.3	43.7	0.0370%	9.4	0.3	9.1	0.0	0.0	102.5

Income and Expenses, Deposit Insurance Fund, from Beginning of Operations, September 11, 1933, through December 31, 2024 (continued)

Dollars in Millions

Income						Expenses and Losses					
Year	Total	Assessment Income	Assessment Credits	Investment and Other	Effective Assessment Rate ¹	Total	Provision for Ins. Losses	Admin. and Operating Expenses ²	Interest & Other Ins. Expenses	Funding Transfer from the FSLIC Resolution Fund	Net Income/ (Loss)
1955	105.8	151.5	85.4	39.7	0.0370%	9.0	0.3	8.7	0.0	0.0	96.8
1954	99.7	144.2	81.8	37.3	0.0357%	7.8	0.1	7.7	0.0	0.0	91.9
1953	94.2	138.7	78.5	34.0	0.0357%	7.3	0.1	7.2	0.0	0.0	86.9
1952	88.6	131.0	73.7	31.3	0.0370%	7.8	0.8	7.0	0.0	0.0	80.8
1951	83.5	124.3	70.0	29.2	0.0370%	6.6	0.0	6.6	0.0	0.0	76.9
1950	84.8	122.9	68.7	30.6	0.0370%	7.8	1.4	6.4	0.0	0.0	77.0
1949	151.1	122.7	0.0	28.4	0.0833%	6.4	0.3	6.1	0.0	0.0	144.7
1948	145.6	119.3	0.0	26.3	0.0833%	7.0	0.7	6.3 ⁷	0.0	0.0	138.6
1947	157.5	114.4	0.0	43.1	0.0833%	9.9	0.1	9.8	0.0	0.0	147.6
1946	130.7	107.0	0.0	23.7	0.0833%	10.0	0.1	9.9	0.0	0.0	120.7
1945	121.0	93.7	0.0	27.3	0.0833%	9.4	0.1	9.3	0.0	0.0	111.6
1944	99.3	80.9	0.0	18.4	0.0833%	9.3	0.1	9.2	0.0	0.0	90.0
1943	86.6	70.0	0.0	16.6	0.0833%	9.8	0.2	9.6	0.0	0.0	76.8
1942	69.1	56.5	0.0	12.6	0.0833%	10.1	0.5	9.6	0.0	0.0	59.0
1941	62.0	51.4	0.0	10.6	0.0833%	10.1	0.6	9.5	0.0	0.0	51.9
1940	55.9	46.2	0.0	9.7	0.0833%	12.9	3.5	9.4	0.0	0.0	43.0
1939	51.2	40.7	0.0	10.5	0.0833%	16.4	7.2	9.2	0.0	0.0	34.8
1938	47.7	38.3	0.0	9.4	0.0833%	11.3	2.5	8.8	0.0	0.0	36.4
1937	48.2	38.8	0.0	9.4	0.0833%	12.2	3.7	8.5	0.0	0.0	36.0
1936	43.8	35.6	0.0	8.2	0.0833%	10.9	2.6	8.3	0.0	0.0	32.9
1935	20.8	11.5	0.0	9.3	0.0833%	11.3	2.8	8.5	0.0	0.0	9.5
1933-34	7.0	0.0	0.0	7.0	N/A	10.0	0.2	9.8	0.0	0.0	(3.0)

¹ The effective assessment rate is calculated from annual assessment income (net of assessment credits), excluding transfers to the Financing Corporation (FICO), Resolution Funding Corporation (REFCORP) and FSLIC Resolution Fund, divided by the average assessment base. Figures represent only BIF-insured institutions prior to 1990, and BIF- and SAIF-insured institutions from 1990 through 2005. After 1995, all thrift closings became the responsibility of the FDIC and amounts are reflected in the SAIF. Beginning in 2006, figures are for the DIF.

The annualized assessment rate for 2024 is based on full year assessment income divided by a four quarter average of 2024 quarterly assessment base amounts. The assessment base for fourth quarter 2024 was estimated using the third quarter 2024 assessment base and an assumed quarterly growth rate of one percent.

Historical Assessment Rates:

1934 – 1949 The statutory assessment rate was 0.0833 percent.

1950 – 1984 The effective assessment rates varied from the statutory rate of 0.0833 percent due to assessment credits provided in those years.

1985 – 1989 The statutory assessment rate was 0.0833 percent (no credits were given).

1990 The statutory rate increased to 0.12 percent.

1991 – 1992 The statutory rate increased to a minimum of 0.15 percent. The effective rates in 1991 and 1992 varied because the FDIC exercised new authority to increase assessments above the statutory minimum rate when needed.

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- 1993 – 2006 Beginning in 1993, the effective rate was based on a risk-related premium system under which institutions paid assessments in the range of 0.23 percent to 0.31 percent. In May 1995, the BIF reached the mandatory recapitalization level of 1.25 percent. As a result, BIF assessment rates were reduced to a range of 0.04 percent to 0.31 percent of assessable deposits, effective June 1995, and assessments totaling \$1.5 billion were refunded in September 1995. Assessment rates for the BIF were lowered again to a range of 0 to 0.27 percent of assessable deposits, effective the start of 1996. In 1996, the SAIF collected a one-time special assessment of \$4.5 billion. Subsequently, assessment rates for the SAIF were lowered to the same range as the BIF, effective October 1996. This range of rates remained unchanged for both funds through 2006.
- 2007 – 2008 As part of the implementation of the Federal Deposit Insurance Reform Act of 2005, assessment rates were increased to a range of 0.05 percent to 0.43 percent of assessable deposits effective at the start of 2007, but many institutions received a one-time assessment credit (\$4.7 billion in total) to offset the new assessments.
- 2009 – 2011 For the first quarter of 2009, assessment rates were increased to a range of 0.12 percent to 0.50 percent of assessable deposits. On June 30, 2009, a special assessment was imposed on all insured banks and thrifts, which amounted in aggregate to approximately \$5.4 billion. For 8,106 institutions, with \$9.3 trillion in assets, the special assessment was 5 basis points of each insured institution's assets minus tier one capital; 89 other institutions, with assets of \$4.0 trillion, had their special assessment capped at 10 basis points of their second quarter assessment base. From the second quarter of 2009 through the first quarter of 2011, initial assessment rates ranged between 0.12 percent and 0.45 percent of assessable deposits. Initial rates were subject to further adjustments.
- 2011 – 2016 Beginning in the second quarter of 2011, the assessment base changed to average total consolidated assets less average tangible equity (with certain adjustments for banker's banks and custodial banks), as required by the Dodd-Frank Act. The FDIC implemented a new assessment rate schedule at the same time to conform to the larger assessment base. Initial assessment rates were lowered to a range of 0.05 percent to 0.35 percent of the new base. The annualized assessment rates averaged approximately 17.6 cents per \$100 of assessable deposits for the first quarter of 2011 and 11.1 cents per \$100 of the new base for the last three quarters of 2011 (which is shown in the table).
- 2016 Beginning July 1, 2016, initial assessment rates were lowered from a range of 5 basis points to 35 basis points to a range of 3 basis points to 30 basis points, and an additional surcharge was imposed on large banks (generally institutions with \$10 billion or more in assets) of 4.5 basis points of their assessment base (after making adjustments).
- 2018 The 4.5 basis point surcharge imposed on large banks ended effective October 1, 2018. The annualized assessment rates averaged approximately 7.2 cents per \$100 of the assessable base for the first three quarters of 2018 and 3.5 cents per \$100 of the assessment base for the last quarter of 2018. The full year annualized assessment rate averaged 6.3 cents per \$100 (which is shown in the table).
- 2019 Assessment income for 2019 was reduced by small bank credits of \$703.6 million.
- 2020 Assessment income for 2020 was reduced by small bank credits of \$60.7 million.

²These expenses, which are presented as operating expenses in the Statement of Income and Fund Balance, pertain to the FDIC in its corporate capacity only and do not include costs that are charged to the failed bank receiverships that are managed by the FDIC. The receivership expenses are presented as part of the "Receivables from Resolutions, net" line on the Balance Sheet. The narrative and graph presented on page 68 of this report shows the aggregate (corporate and receivership) expenditures of the FDIC.

³Assessment Income and Provision for Ins. Losses include revenue and estimated losses of \$20.4 billion for coverage of uninsured deposits pursuant to systemic risk exceptions.

⁴Includes \$210 million for the cumulative effect of an accounting change for certain postretirement benefits (1992).

⁵Includes a \$106 million net loss on government securities (1976).

⁶This amount represents interest and other insurance expenses from 1933 to 1972.

⁷Includes the aggregate amount of \$81 million of interest paid on capital stock between 1933 and 1948.

Assets and Deposits of Failed or Assisted Insured Institutions and Losses to the Deposit Insurance Fund, 1934 - 2024				
Dollars in Thousands				
Bank and Thrift Failures¹				
Year²	Number of Banks/ Thrifts	Total Assets³	Total Deposits³	Losses to the Fund⁴
	2,638	\$1,485,509,621	\$1,158,944,052	\$124,276,062
2024	2	\$5,974,040	\$4,471,442	\$725,878
2023	5	532,228,416	440,610,038	19,128,907 ⁵
2022	0	0	0	0
2021	0	0	0	0
2020	4	454,986	437,138	91,011
2019	4	208,767	\$190,547	25,260
2018	0	0	0	0
2017	8	5,081,737	4,683,360	1,078,967
2016	5	277,182	268,516	42,474
2015	8	6,706,038	4,870,464	857,273
2014	18	2,913,503	2,691,485	378,362
2013	24	6,044,051	5,132,246	1,202,763
2012	51	11,617,348	11,009,630	2,377,369
2011	92	34,922,997	31,071,862	6,389,947
2010 ⁶	157	92,084,988	78,290,185	15,781,132
2009 ⁶	140	169,709,160	137,835,208	25,863,181
2008 ⁶	25	371,945,480	234,321,715	17,754,594
2007	3	2,614,928	2,424,187	157,440
2006	0	0	0	0
2005	0	0	0	0
2004	4	170,099	156,733	3,917
2003	3	947,317	901,978	62,647
2002	11	2,872,720	2,512,834	413,989
2001	4	1,821,760	1,661,214	292,465
2000	7	410,160	342,584	32,138
1999	8	1,592,189	1,320,573	586,027
1998	3	290,238	260,675	221,606
1997	1	27,923	27,511	5,026
1996	6	232,634	230,390	60,615
1995	6	802,124	776,387	84,472
1994	13	1,463,874	1,397,018	179,051
1993	41	3,828,939	3,509,341	632,646
1992	120	45,357,237	39,921,310	3,674,149
1991	124	64,556,512	52,972,034	6,001,595
1990	168	16,923,462	15,124,454	2,771,489
1989	206	28,930,572	24,152,468	6,195,286
1988	200	38,402,475	26,524,014	5,377,497
1987	184	6,928,889	6,599,180	1,862,492
1986	138	7,356,544	6,638,903	1,682,538
1985	116	3,090,897	2,889,801	648,179
1934 - 1984	729	16,719,435	12,716,627	1,682,538

Assets and Deposits of Failed or Assisted Insured Institutions and Losses to the Deposit Insurance Fund, 1934 - 2024 (continued)

Dollars in Thousands

Assistance Transactions				
Year ²	Number of Banks/ Thrifts	Total Assets ³	Total Deposits ³	Losses to the Fund ⁴
	154	\$3,317,099,253	\$1,442,173,417	\$5,430,481
2010 - 2024	0	0	0	0
2009 ⁷	8	1,917,482,183	1,090,318,282	0
2008 ⁷	5	1,306,041,994	280,806,966	0
1993 - 2007	0	0	0	0
1992	2	33,831	33,117	250
1991	3	78,524	75,720	3,024
1990	1	14,206	14,628	2,338
1989	1	4,438	6,396	2,296
1988	80	15,493,939	11,793,702	1,540,642
1987	19	2,478,124	2,275,642	160,164
1986	7	712,558	585,248	93,179
1985	4	5,886,381	5,580,359	359,056
1984	2	40,470,332	29,088,247	1,116,275
1983	4	3,611,549	3,011,406	337,683
1982	10	10,509,286	9,118,382	1,042,784
1981	3	4,838,612	3,914,268	772,790
1980	1	7,953,042	5,001,755	0
1934 - 1979	4	1,490,254	549,299	0

¹ Institutions for which the FDIC is appointed receiver, including deposit payoff, insured deposit transfer, and deposit assumption cases.

² For 1990 through 2005, amounts represent the sum of BIF and SAIF failures (excluding those handled by the RTC); prior to 1990, figures are only for the BIF. After 1995, all thrift closings became the responsibility of the FDIC and amounts are reflected in the SAIF. For 2006 to 2024, figures are for the DIF.

³ Assets and deposit data are based on the last Call Report or TFR filed before failure.

⁴ Losses to the fund include final and estimated losses. Final losses represent actual losses for unreimbursed subrogated claims of inactivated receiverships. Estimated losses generally represent the difference between the amount paid by the DIF to cover obligations to insured depositors and the estimated recoveries from the liquidation of receivership assets.

⁵ Excludes estimated losses of \$20.4 billion for uninsured deposits pursuant to a systemic risk exception.

⁶ Includes amounts related to transaction account coverage under the Transaction Account Guarantee Program (TAG). The estimated losses as of December 31, 2023, for TAG accounts in 2010, 2009, and 2008 are \$361 million, \$1.1 billion, and \$12 million, respectively.

⁷ Includes institutions where assistance was provided under a systemic risk determination.

B. More About the FDIC

FDIC BOARD OF DIRECTORS AS OF DECEMBER 31, 2024



Martin J. Gruenberg

Martin J. Gruenberg was sworn in as Chairman of the FDIC Board of Directors on January 5, 2023, and served in that capacity until his resignation effective January 19, 2025. He had been a member of the FDIC Board since August 2005 and previously served as Vice Chairman from August 2005 to July 2011 and as Chairman from November 2012 to mid-2018. Mr. Gruenberg has also served as Acting Chairman on a number of occasions.

Mr. Gruenberg joined the FDIC Board after broad congressional experience in the financial services and regulatory areas. He served as Senior Counsel to Senator Paul S. Sarbanes (D-MD) on the staff of the Senate Committee on Banking, Housing, and

Urban Affairs from 1993 to 2005. He also served as Staff Director of the Banking Committee's Subcommittee on International Finance and Monetary Policy from 1987 to 1992.

Mr. Gruenberg served as Chairman of the Executive Council and President of the International Association of Deposit Insurers (IADI) from November 2007 to November 2012. In addition, Mr. Gruenberg served as Chairman of the Federal Financial Institutions Examination Council from April 2017 to June 2018.

Since June 2019, Mr. Gruenberg has served as Chairman of the Board of Directors of the Neighborhood Reinvestment Corporation (NeighborWorks America), and he has been a member of that Board since April 2018.

Beginning February 15, 2022, Mr. Gruenberg assumed the role of Chairman of the Resolution Steering Group (ResG) of the Financial Stability Board.

Mr. Gruenberg holds a J.D. from Case Western Reserve Law School and an A.B. from Princeton University, Princeton School of Public and International Affairs.



Travis Hill

Travis Hill was sworn in as the Vice Chairman of the FDIC on January 5, 2023. Previously, he worked at the FDIC from 2018 to 2022, as Deputy to the Chairman for Policy and, before that, as Senior Advisor to the Chairman. In these roles, among other responsibilities, he oversaw and coordinated regulatory and policy initiatives at the agency and advised the Chairman on regulatory and policy matters.

Prior to joining the FDIC, Mr. Hill served as Senior Counsel at the United States Senate Committee on Banking, Housing, and Urban Affairs, where he worked from 2013 to 2018. In this role, he participated extensively in the drafting and negotiating of numerous bipartisan bills. Before working at the Senate, Mr. Hill worked as a policy analyst at Regions Financial Corporation from 2011 to 2013.

Mr. Hill received a Bachelor of Science from Duke University, where he studied economics and political science, and a Juris Doctor from Georgetown University Law Center.



Jonathan McKernan

Jonathan McKernan was sworn in as a member of the FDIC Board of Directors on January 5, 2023. Mr. McKernan previously was a Counsel to Ranking Member Pat Toomey (R-PA) on the staff of the Senate Committee on Banking, Housing, and Urban Affairs from 2021 to 2022. He also served as a Senior Counsel at the Federal Housing Finance Agency from 2019 to 2021, a Senior Policy Advisor at the Department of the Treasury from 2018 to 2019, and a Senior Financial Policy Advisor to Senator Bob Corker (R-TN) from 2017 to 2018.

Prior to his government service, from 2007 to 2017, Mr. McKernan was an attorney in private practice focused on matters under the banking and consumer financial laws.

Mr. McKernan holds a Bachelor of Arts and Master of Arts in economics from the University of Tennessee and a Juris Doctor with High Honors from the Duke University School of Law.



Michael J. Hsu

Michael Hsu became Acting Comptroller of the Currency on May 10, 2021.

As Acting Comptroller of the Currency, Mr. Hsu is the administrator of the federal banking system and chief executive officer of the Office of the Comptroller of the Currency (OCC). The OCC ensures that the federal banking system operates in a safe and sound manner, provides fair access to financial services, treats customers fairly, and complies with applicable laws and regulations. It supervises nearly 1,100 national banks, federal savings associations, and federal branches and agencies of foreign banks that serve consumers, businesses, and communities across the United States. These banks range from community banks to the nation's largest, most internationally active banks.

The Comptroller also serves as a Director of the Federal Deposit Insurance Corporation and a member of the Financial Stability Oversight Council and the Federal Financial Institutions Examination Council.

Prior to joining the OCC, Mr. Hsu served as an Associate Director in the Division of Supervision and Regulation at the Federal Reserve Board of Governors. In that role, he chaired the Large Institution Supervision Coordinating Committee Operating Committee, which has responsibility for supervising the global systemically important banking companies operating in the United States.

His career also has included serving as a Financial Sector Expert at the International Monetary Fund, Financial Economist at the U.S. Department of the Treasury, and Financial Economist at the Securities and Exchange Commission.

Mr. Hsu holds a Bachelor of Arts from Brown University, a Master of Science in finance from George Washington University, and Juris Doctor degree from New York University School of Law.



Rohit Chopra

Rohit Chopra is Director of the Consumer Financial Protection Bureau. The CFPB is a unit of the Federal Reserve System charged with protecting families and honest businesses from illegal practices by financial institutions, and ensuring that markets for consumer financial products and services are fair, transparent, and competitive. As Director, Mr. Chopra is also a member of the Board of Directors of the Federal Deposit Insurance Corporation and the Financial Stability Oversight Council.

In 2018, Mr. Chopra was unanimously confirmed by the U.S. Senate as a Commissioner on the Federal Trade Commission, where he served until assuming office as CFPB Director. During his tenure at the FTC, he successfully

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worked to strengthen sanctions against repeat offenders, to reverse the agency's reliance on no-money, no-fault settlements in fraud cases, and to halt abuses of small businesses. He also led efforts to revitalize dormant authorities, such as those to protect the Made in USA label and to promote competition.

The Director previously served at the CFPB from 2010 to 2015. In 2011, the Secretary of the Treasury designated him as the agency's student loan ombudsman, where he led the Bureau's efforts on student lending issues. Prior to his government service, Mr. Chopra worked at McKinsey & Company, the global management consultancy, where he worked in the financial services, health care, and consumer technology sectors.

Mr. Chopra holds a BA from Harvard University and an MBA from the Wharton School at the University of Pennsylvania.

CURRENT FDIC BOARD OF DIRECTORS AS OF MARCH 20, 2025



Travis Hill

Travis Hill is the Acting Chairman of the FDIC Board of Directors. He has served in this role since January 20, 2025. Mr. Hill retains his position as Vice Chairman.



Rodney E. Hood

Mr. Hood became Acting Comptroller of the Currency (OCC) on February 10, 2025. As Acting Comptroller of the Currency, Mr. Hood is the administrator of the federal banking system and chief executive officer of the OCC.

The OCC ensures that the federal banking system operates in a safe and sound manner, provides fair access to financial services, treats customers fairly, and complies with applicable laws and regulations. It supervises more than 1,000 national banks, federal savings associations, and federal branches and agencies of foreign banks that serve consumers, businesses, and communities across the United States. These institutions range from community banks to the nation's largest most internationally active banks.

The Comptroller also serves as a Director of the Federal Deposit Insurance Corporation and a member of the Financial Stability Oversight Council and the Federal Financial Institutions Examination Council.

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Mr. Hood was previously confirmed by the U.S. Senate in 2005 and again in 2019 to serve on the National Credit Union Administration Board (NCUA). In 2019, President Donald J. Trump designated him as Chairman of the NCUA Board, making Hood the first African American to lead a federal banking regulatory agency. While at the NCUA, Hood also served as a voting member of the Financial Stability Oversight Council, as the NeighborWorks America Board Chairman, and as Vice Chairman of the Federal Financial Institutions Examination Council.

Before public service, Mr. Hood held senior roles in retail finance, commercial banking, affordable housing, and community development in the private sector.

Mr. Hood holds of a Bachelor of Arts degree in business administration, political science and speech communication from the University of North Carolina at Chapel Hill.



Russell Vought

Russell Vought was appointed as Acting Director of the Consumer Financial Protection Bureau on February 7, 2025. He joined the Office of Management and Budget (OMB) when President Trump took office. Vought previously served as Deputy Director and Acting Director prior to his confirmation as Director of OMB in July 2020. In his role, he is responsible for overseeing the implementation of the President's policy, management and regulatory agendas across the Executive Branch.

Prior to serving in the Trump Administration, Director Vought spent over 20 years working in Washington D.C. with grassroots and public policy organizations. Before joining the Administration, he worked for seven years as Vice President of Heritage Action for America. Prior to this, he worked on Capitol Hill, serving as the Policy Director for the House Republican Conference, under then-Chairman Mike Pence, and as the Executive Director of the Republican Study Committee (RSC), and as a legislative assistant for U.S. Senator Phil Gramm.

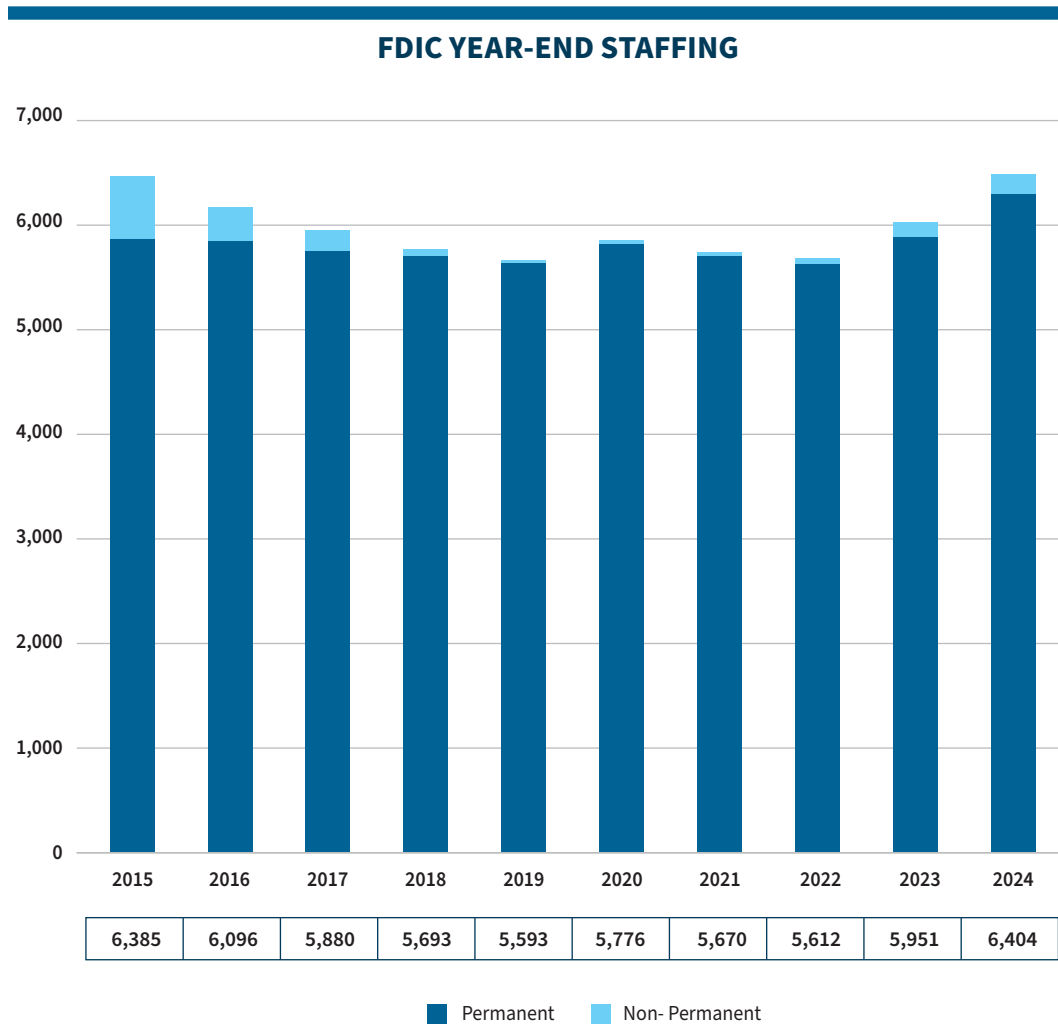
Director Vought graduated with a BA from Wheaton College (IL) in 1998 and a JD from the George Washington University Law School in 2004. He lives in Virginia with his wife and two daughters.

Subsequent Events:

- Martin J. Gruenberg resigned from the FDIC Board of Directors effective January 19, 2025.
- Vice Chairman Travis Hill was named Acting Chairman effective January 20, 2025.
- Rohit Chopra resigned from the FDIC Board of Directors effective February 1, 2025.
- Michael J. Hsu resigned from the FDIC Board of Directors effective February 7, 2025.
- Rodney E. Hood was named Acting Comptroller of the Currency on February 10, 2025.
- Russell Vought was appointed as Acting Director of the Consumer Financial Protection Bureau on February 7, 2025.
- Jonathan McKernan resigned from the FDIC Board of Directors effective February 10, 2025.

CORPORATE STAFFING TRENDS

At year-end 2024 the FDIC employed 6,153 staff on permanent appointments and an additional 251 staff on time-limited appointments mostly needed to help address temporary workload associated with resolving bank failures. The chart below reflects total on-board FDIC staffing levels over the past ten years.



Note: 2015-2023 staffing totals reflect year-end full time equivalent staff.

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The table below reflects the number of employees on-board at year-end 2024 and 2023 in each division or office.

Number of Employees by Division/Office (Year-End)¹						
Division or Office:	Headquarters		Regional/Field		Total	
	2024	2023	2024	2023	2024	2023
Division of Risk Management Supervision	178	157	2,476	2,319	2,654	2,476
Division of Depositor and Consumer Protection	152	132	787	729	939	861
Legal Division	321	304	165	155	485	459
Division of Resolutions and Receiverships	81	55	386	332	467	386
Division of Administration	323	300	111	111	434	411
Division of Information Technology	186	177	137	126	323	303
Division of Complex Institution Supervision and Resolution	120	111	195	176	315	287
Division of Insurance and Research	165	171	33	29	198	200
Executive Support Offices ²	171	156	14	17	185	173
Division of Finance	143	139	4	2	147	141
Corporate University	70	66	18	17	88	83
Executive Offices ³	24	27	0	0	24	27
Office of Inspector General	92	92	52	52	144	144
Total	2,025	1,886	4,379	4,065	6,404	5,951

¹ The FDIC reports staffing totals using a full-time equivalent methodology, which is based on an employee's scheduled work hours. Division/Office staffing has been rounded to the nearest whole FTE. Periodically human resources actions impacting the previous year are implemented after the annual report is generated; these updates may be reflected in subsequent annual reports. Totals may not foot due to rounding.

² Includes the Offices of the Chief Information Security Officer, Risk Management and Internal Controls, Communications, Minority and Women Inclusion, Professional Conduct, Equal Employment Opportunity, Legislative Affairs, Ombudsman, and Financial Institution Adjudication.

³ Includes the Offices of the Chairman, Vice Chairman, Director (Appointive), Chief Operating Officer, Chief Financial Officer, Chief Information Officer, External Affairs, and Financial Stability.

Sources of Information

FDIC WEBSITE

www.fdic.gov

A wide range of banking, consumer, and financial information is available on the FDIC's public-facing website. This includes the FDIC's Electronic Deposit Insurance Estimator (EDIE), which estimates an individual's deposit insurance coverage; the Institution Directory, which contains financial profiles of FDIC-insured institutions; Community Reinvestment Act evaluations and ratings for institutions supervised by the FDIC; Call Reports, which are bank reports of condition and income; and *Money Smart*, a training program to help individuals outside the financial mainstream enhance their money management skills and create positive banking relationships. Readers also can access a variety of consumer pamphlets, FDIC press releases, speeches, and other updates on the agency's activities, as well as corporate databases and customized reports of FDIC and banking industry information.

FDIC CALL CENTER

Phone: 877-275-3342 (877-ASK-FDIC)
703-562-2222

Hearing Impaired: 800-877-8339
703-562-2289

The FDIC Call Center in Washington, DC, is the primary telephone point of contact for general questions from the banking community, the public, and FDIC employees. The Call Center directly, or with other FDIC subject-matter experts, responds to questions about deposit insurance and other consumer issues and concerns, as well as questions about FDIC programs and activities. The Call Center also refers callers to other federal and state agencies as needed. Hours of operation are 8:00 a.m. to 6:00 p.m., Eastern Time, Monday – Friday, 8:00 a.m. to 1:00 p.m., Saturday, and closed Sunday. Recorded information about deposit insurance and other topics is available 24 hours a day at the same telephone number. As a customer service, the FDIC Call Center has many bilingual Spanish agents on staff and has access to a translation service, which is able to assist callers with over 40 different languages.

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PUBLIC INFORMATION CENTER

3501 Fairfax Drive
Room E-1021
Arlington, VA 22226

Phone: 877-275-3342 (877-ASK-FDIC),
703-562-2200

Fax: 703-562-2296

FDIC Online Catalog: <https://catalog.fdic.gov>

E-mail: publicinfo@fdic.gov

Publications such as *FDIC Quarterly* and *Consumer News* and a variety of deposit insurance and consumer pamphlets are available at www.fdic.gov or may be ordered in hard copy through the FDIC online catalog. Other information, press releases, speeches and congressional testimony, directives to financial institutions, policy manuals, and FDIC documents are available on request through the Public Information Center. Hours of operation are 9:00 a.m. to 4:00 p.m., Eastern Time, Monday – Friday; walk-in service is available at the mailing address location. On-site visits are by appointment only.

OFFICE OF THE OMBUDSMAN

3501 Fairfax Drive
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Arlington, VA 22226-3500

Phone: 1-877-275-3342

E-mail: ombudsman@fdic.gov

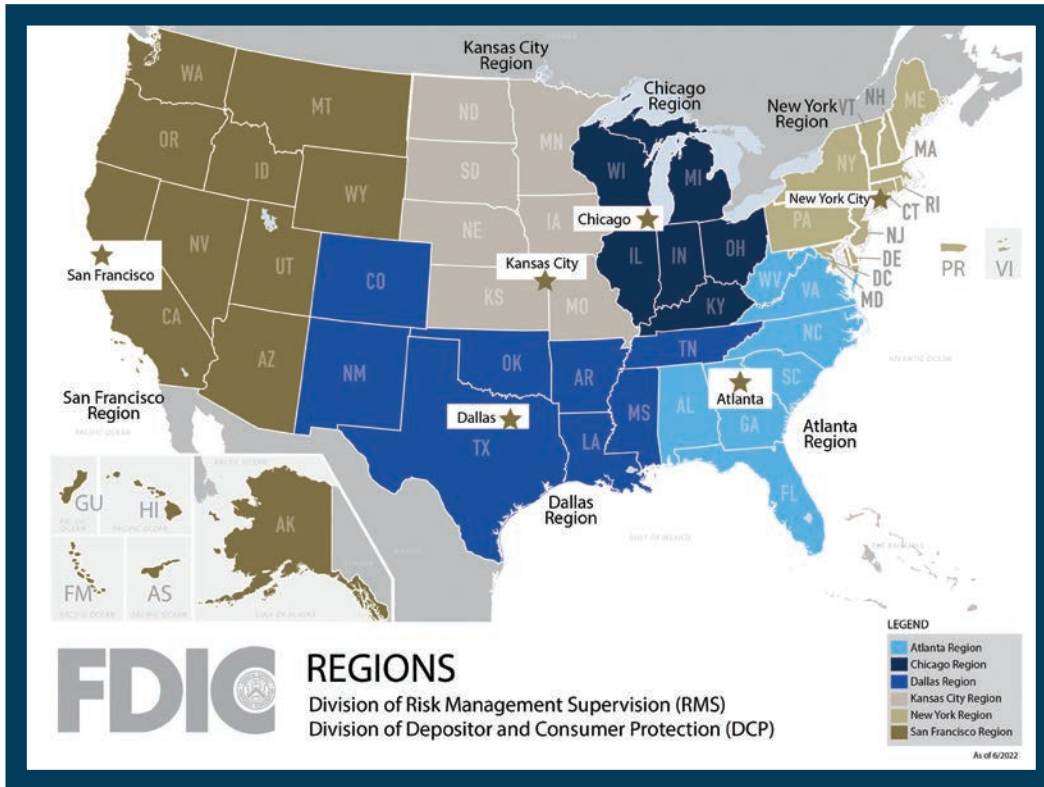
Online Comment form: <https://ask.fdic.gov/fdicinformationandsupportcenter/s/>

Website: www.fdic.gov/ombudsman

A Resource for the Banking Industry

The FDIC Office of the Ombudsman (OO) helps resolve problems people encounter when interacting with the FDIC on supervision- or resolution-related matters. The OO acts as an informal, independent, neutral, and confidential liaison between the FDIC and those affected by its regulatory activities.

Regional Offices



ATLANTA REGIONAL OFFICE

Timothy D. Rich, Regional Director
 10 Tenth Street, NE
 Suite 900
 Atlanta, Georgia 30309
 (678) 916-2200

States represented:

Alabama
 Florida
 Georgia
 North Carolina
 South Carolina
 Virginia
 West Virginia

CHICAGO REGIONAL OFFICE

Gregory P. Bottone, Regional Director
 300 South Riverside Plaza
 Suite 1700
 Chicago, Illinois 60606
 (312) 382-6000

States represented:

Illinois
 Indiana
 Kentucky
 Michigan
 Ohio
 Wisconsin

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DALLAS REGIONAL OFFICE

Vacant
600 North Pearl Street
Suite 700
Dallas, Texas 75201
(214) 754-0098

States represented:

Arkansas
Colorado
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Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation

March 2025

☆☆☆☆☆☆☆☆
Federal Deposit Insurance Corporation
Office of Inspector General



NOTICE

Pursuant to Pub. L. 117-263, section 5274, non-governmental organizations and business entities identified in this OIG Top Management and Performance Challenges Report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Comments must be submitted to comments@fdicoig.gov within 30 days of the report publication date as reflected on our public website. Any comments will be appended to this report and posted on our public website. We request that submissions be Section 508 compliant and free from any proprietary or otherwise sensitive information.



Date: March 14, 2025

Memorandum To: Board of Directors

/S/

From: Jennifer L. Fain
Inspector General

Subject: Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation

The Federal Government is undergoing significant restructuring and reform that continues to unfold as we complete our annual assessment of the Top Management and Performance Challenges facing the Federal Deposit Insurance Corporation (FDIC). By statute, the FDIC Office of Inspector General (OIG) is required to include this assessment in the FDIC's Annual Report.

The pace of change and fluidity regarding the status and composition of the FDIC make it difficult to assess the full impact of these changes on the FDIC and its mission. The Top Challenges that we identify below are based on the status, makeup, and processes in place at the FDIC as of March 14, 2025. We acknowledge that the FDIC may undergo significant changes that may impact our currently identified Top Challenges.

We identified eight Top Challenges facing the FDIC:

1. Enhancing Governance
2. Establishing Effective Human Capital Management
3. Ensuring Readiness to Execute Resolution and Receivership Responsibilities
4. Identifying and Addressing Emerging Financial Sector Risks
5. Assessing Operational Resilience in the Financial Sector
6. Improving Contract Management
7. Ensuring IT Security and Scalability
8. Guarding Against Harmful Scams

While these Top Challenges are not rank ordered, we believe that enhancing FDIC governance is critical to ensure that FDIC Divisions and Offices work together to address all identified Top Challenges.

The FDIC OIG will continue to provide independent oversight and serve the American people by preventing, deterring, and detecting waste, fraud, abuse, and misconduct in FDIC programs and operations; and to promote economy, efficiency, and effectiveness.

We are unwavering in our commitment to deliver credible results that drive meaningful change, enhance integrity and accountability, and foster public trust in the FDIC.

Enhancing Governance

Federal agencies and departments are undergoing significant restructuring and reform. The Administration has issued a series of executive orders and other directives with the primary aim to reduce government size and scope in furtherance of workforce optimization. As such, the contours of changes to the FDIC remain unclear. Two of the five seats of the Board of Directors were vacant, with the position of the Chairman being filled on an acting basis by the FDIC's Vice Chairman at the time of this Top Performance and Management Challenges report.¹

Effective governance of the FDIC by its Board of Directors and senior leaders is critical to ensure that the FDIC can fulfill its mission to maintain stability and public confidence in the Nation's financial system. Elements of a sound governance framework include establishing a culture of high integrity and ethical values;² implementing Enterprise Risk Management (ERM) and internal controls to consider and address risks holistically across an organization;³ as well as measuring progress towards achievement of short- and long-term organizational and program goals.⁴

As noted below, in prior years we have found that FDIC Divisions and Offices tend to work in a siloed, independent fashion rather than as a cohesive enterprise to assess and address risks faced by the FDIC and ensure coordination of activities across FDIC Divisions and Offices. These coordination gaps have impacted the FDIC's mission and programs. We also identified that some FDIC programs either lacked performance goals and metrics, or despite having them, these goals and metrics did not provide a clear measurement of program effectiveness or status.

Fostering Agency-wide Coordination to Work as One-FDIC

ERM is a key governance tool to promote coordination within an agency by allowing leaders to consider and address risks holistically across an agency when developing the agency's strategic plan and budget. The FDIC has established an ERM program, and the FDIC's Operating Committee⁵ serves as its governing body and the focal point for the coordination of risk management at the FDIC. The FDIC also has a Chief Risk Officer; however, FDIC Divisions and Offices "[r]etain first-line responsibility and ownership for risk identification, assessment, escalation, management, monitoring, mitigation, and information sharing."⁶

¹ The FDIC is managed by a five-member Board of Directors that includes a Chairman, a Vice Chairman, the Comptroller of the Currency, the Director of the Bureau of Consumer Financial Protection, and an appointive Director. No more than three members of the Board can belong to the same political party.

² According to the Government Accountability Office's [Federal Internal Control Standards](#), an organization's oversight bodies and management should demonstrate a commitment to integrity and ethical values through their directives, attitudes and behaviors, development of standards of conduct to communicate expectations and values, and processes to evaluate adherence to standards and to address any deviations.

³ OMB Circular A-123, [Management's Responsibility for Enterprise Risk Management and Internal Controls](#), states that "Enterprise Risk Management (ERM) and Internal Controls are components of a governance framework." ERM is defined as "a discipline [that] deals with identifying, assessing, and managing risks."

⁴ The Government Performance and Results Act (GPRA) requires Federal executive agencies to complete strategic plans; define their missions; establish results-oriented goals and identify the strategies that will be needed to achieve those goals; measure performance toward the achievement of the goals in an annual performance plan; and report annually on their progress in program performance reports.

⁵ The Operating Committee is comprised of Division and Office Directors and Deputies to the Chairman.

⁶ FDIC Directive 4010.03, Enterprise Risk Management and Internal Control Program.

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The FDIC has identified interdivisional coordination and information sharing as elevated risks in its ERM Risk Profile since 2020. Also, we continue to find examples where the lack of FDIC internal coordination has impacted the FDIC mission and functions:

- **Preparing for Large Bank Failures.** In our evaluation, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that FDIC Divisions did not coordinate effectively to ensure that all resolution-related systems were adequate for a large bank resolution and that existing processes for securing a failed bank's information technology (IT) environment were sufficiently scalable. In addition, the FDIC had not completed an Agency-wide staffing analysis to identify a baseline level of FDIC and contractor resources that may be needed for a large regional bank resolution. We also found that the FDIC did not coordinate effectively across Divisions and Offices with key roles for large regional bank resolutions. As a result, risks to important cross-divisional program operations and mission-support functions were not highlighted, discussed, and addressed at the enterprise level.
- **Developing a New Acquisition System.** In our evaluation, [The FDIC's Purchase and Deployment of the FDIC Acquisition Management System](#) (FAMS) (January 2024), we found that within 5 months of deployment, the FDIC abandoned a nearly \$10 million enterprise-wide acquisition management system and had to revert to its legacy acquisition systems and manual reporting of some acquisition activities. The deployment was unsuccessful because the FDIC did not involve key stakeholders in the purchase and implementation of FAMS. For example, the FDIC Controller was not included in FAMS acquisition planning or the FAMS project steering committee despite having responsibility for the FDIC's financial system, which was to have automated and integrated real-time exchange of data with FAMS.
- **Monitoring for Conflicts of Interest.** In our report, [Conflicts of Interest in the Acquisition Process](#) (September 2024), we found that the FDIC does not use financial disclosure information collected by the FDIC's Legal Division to assess individuals for conflicts of interest in contracting. As a result, the FDIC relies on employees to self-identify conflicts of interest. The Office of Inspector General (OIG) established that an FDIC employee serving as a contract Technical Monitor used their official position to assist an adult family member in securing employment with an FDIC contractor and accepted a gift from the employees of the contractor (a prohibited source).
- **Sexual Harassment Reporting and Investigation.** In our report, [The FDIC's Sexual Harassment Prevention Program](#) (July 2024), we found that the four FDIC groups charged with implementing the FDIC's anti-sexual harassment program did not act in concert, or share important information, to efficiently and effectively implement the program. This lack of coordinated and effective effort created gaps in accountability for ensuring the anti-sexual harassment program would be implemented in a manner to achieve its objectives.

Measuring Progress Towards Mission Goals

FDIC Board members and senior leaders should also be able to measure achievement of program goals to assess whether programs are on track or require adjustments to staffing, budgets, processes, or other activities. In our work, we have found examples where FDIC programs either lacked goals and metrics, or existing goals and metrics did not provide a clear measurement of program effectiveness or status.

- **Examining Bank Service Providers.** In our memorandum, [The FDIC's Regional Service Provider Examination Program](#) (RSP) (December 2023), we found that the FDIC did not have goals and metrics

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for its RSP examination program. We found that 75 percent (53 of 71) of bank third-party RSP examinations were not performed within established frequency guidelines, with 26 percent (14 of 53) of these examinations performed more than 3 years past their examination cycle. The delay in RSP examinations was largely due to the FDIC's limited examination staffing, which was deployed to complete statutorily required bank safety and soundness examinations. Absent RSP examinations, the FDIC and banks may not have a full understanding of risks posed by RSPs that may provide IT services, accounting, compliance, human resources, and loan servicing to the bank.

- **Resolving Large Regional Banks.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that the FDIC had established processes to monitor and report performance on Division and Agency-level goals and objectives related to large regional bank resolution readiness activities. However, the FDIC designed these goals and objectives to monitor the progress of specific activities. This method of monitoring did not provide a complete perspective on the FDIC's overall readiness to conduct one or more large regional bank resolutions, and the FDIC had not conducted an overall assessment of its readiness prior to the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank in the Spring of 2023.
- **Preparing for an Orderly Liquidation.** In our report, [The FDIC's Orderly Liquidation Authority](#) (OLA) (September 2023), we found that the FDIC had processes to monitor and report performance goals and objectives related to OLA program activities. However, these monitoring and reporting activities did not ensure OLA resolution planning activities had consistently and promptly progressed since the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), nor did they provide a clear picture of the overall status of the OLA program or the FDIC's readiness to execute its requirements.

Effective governance allows the FDIC to integrate its Divisions and Offices to ensure that roles, responsibilities, and actions are coordinated and synchronized to address enterprise risks to the FDIC mission. Further, development of effective metrics allows the FDIC Board and senior leaders to understand and measure how FDIC actions and activities progress the FDIC towards programmatic and mission goals and to avoid wasteful spending of the Deposit Insurance Fund (DIF).

Establishing Effective Human Capital Management

Significant changes are underway to reduce the overall size of the Federal Government while maintaining important services to the American people. Federal employees, including FDIC staff, were offered the Deferred Resignation Program (DRP).⁷ Further, presidential directives have been issued for agencies to freeze hiring, ensure government functions are aligned with statutory requirements, prepare for large-scale staff reductions, and plan for future hiring at a ratio of one new employee for every four departing employees.⁸ On February 26, 2025, the Office of Management and Budget and the Office of Personnel Management sent a [memorandum](#) to the heads of Executive Departments and Agencies to prepare to initiate a two-phase program for large-scale Reductions-in-Force and reorganization. Under Phase 1, by March 13, 2025, agencies were to submit a plan that focuses on staffing cuts for functions that are not aligned with activities mandated by statute or regulation. In

⁷ Office of Personnel Management (OPM), Fork in the Road: Deferred Resignation Program, <https://www.opm.gov/fork> (accessed March 3, 2025).

⁸ Presidential Memorandum, [Hiring Freeze](#), (90 FR 8247) (January 20, 2025); Executive Order 14210, [Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative](#) (90 FR 9669) (February 11, 2025).

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Phase 2, by April 14, 2025, agencies shall propose the future state of their organization, which will be implemented by September 30, 2025.

In previous Top Management and Performance Challenges reports, we identified risks concerning the FDIC's succession management efforts to ensure that mission-critical positions were filled with skilled personnel.⁹ As discussed below, we continue to identify this human capital risk. In the near-term, as a result of staff attrition, the FDIC will need to ensure that it has sufficient staff with the necessary skills and qualifications to complete statutorily required examinations and should assess the impact of attrition on the FDIC's capacity to execute resolutions and receiverships effectively.

The full, long-term effect of the restructuring and reshaping of the FDIC is unknown, as these activities are ongoing. In addition to human capital challenges, we also previously identified, and continue to find, that the FDIC has not established an accountable workplace culture, including an adequate sexual harassment prevention program.

Understanding the Impact of Staffing Changes on the FDIC

According to the FDIC, since January of this year, the FDIC has reduced its staffing by approximately 9 percent from over 6,400 permanent and non-permanent employees to less than 5,950. A total of about 453 FDIC employees (approximately 7 percent of all FDIC employees) accepted the DRP offer, and the FDIC dismissed about 162 probationary employees (approximately 2 percent of all FDIC employees). There were also 103 separations—including retirements, resignations, and transfers to other agencies—between January 1 and February 18, 2025, that were unrelated to these activities.

Further, as of February 18, an additional 17 percent of remaining FDIC staff are eligible for retirement in 2025. This includes several senior leaders who will retire within the year such as the Director of the Division of Risk Management Supervision (RMS) as well as Regional Office Directors in the three largest FDIC Regional Offices: Atlanta, Dallas, and New York.

Staff departures can provide opportunities for the FDIC to reshape its business processes and provide opportunities for employee growth; however, there are also near-term risks for the FDIC. With fewer examiners but the same responsibility to conduct statutorily required exams in 2025, it may be difficult for the FDIC to complete these examinations by the end of the year. As a result, the FDIC may need to adjust its current examination processes based on the outflow of skills.

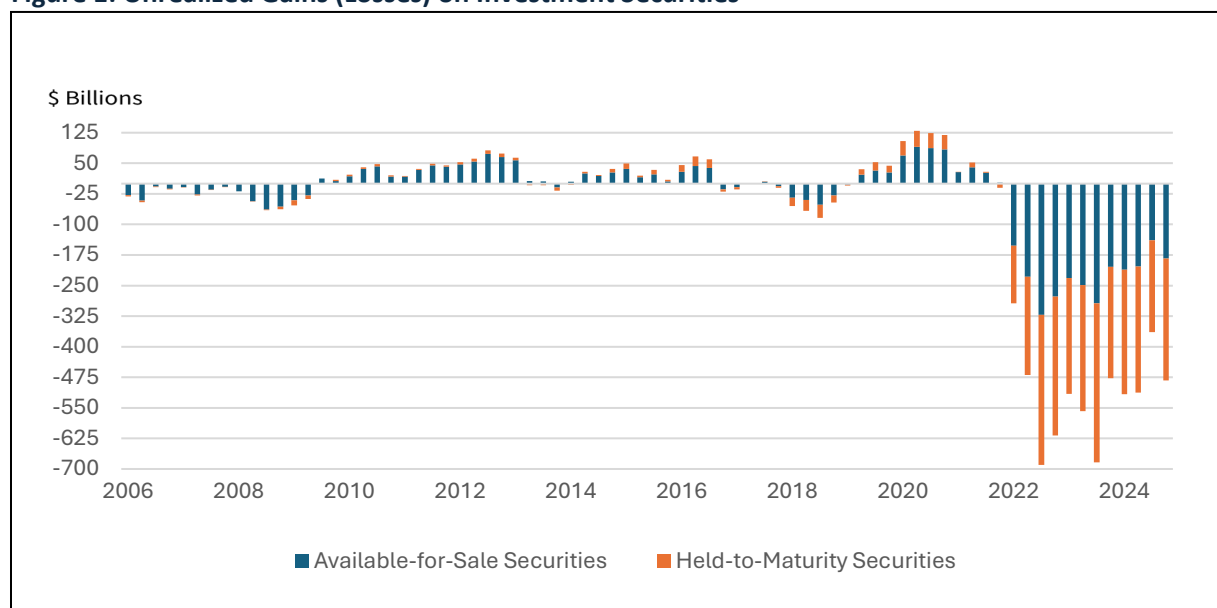
Safety and soundness examinations are especially important given potential risks in the banking sector, including with respect to unrealized losses on investment securities. As noted in Figure 1, the FDIC's [Quarterly Banking Profile](#) for the 4th quarter 2024 shows unrealized losses on investment securities collectively increased by 32.5 percent from the 3rd quarter. As discussed in the Identifying and

⁹ Historically, we identified that early career examiners were departing the FDIC at a pace that is greater than retirements for seasoned examiners. As a result, the FDIC faced difficulties maintaining a skilled examination corps to complete statutorily required safety and soundness and consumer protection examinations using current processes and technology. We also noted retirement-eligibility risks for key FDIC Divisions. Although the FDIC had recognized these human capital risks, the FDIC had not developed a successful and coordinated enterprise-wide approach to solving these risks.

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Addressing Emerging Financial Sector Risks section of this report, unrealized losses on securities and loans, and concentrations in uninsured deposits contributed to the failure of First Republic Bank.

Figure 1: Unrealized Gains (Losses) on Investment Securities



Source: Statement accompanying FDIC Quarterly Banking Profile, Fourth Quarter 2024. Generally Accepted Accounting Principles state that held-to-maturity (HTM) securities are reported on financial statements at their amortized cost without recognition of any gain or loss. Securities that are available-for-sale are reported at fair value with any gains and losses excluded from net income.

Further, the FDIC will need to assess the impact of staff attrition on its resolution and receivership readiness efforts, including how the attrition may impact the need for contractors. Staff attrition focuses on both the number of departing employees as well as managing the transfer of knowledge and skills. According to the FDIC, as of February 18, 2025, in addition to its 20-percent staff attrition, 25 percent of Division of Resolutions and Receiverships (DRR) remaining staff are retirement eligible within the next year. The Division of Complex Institution Supervision and Resolution (CISR) lost just over 10 percent of its staff with significant losses in its Resolution Readiness Branch. FDIC support divisions for IT, contracting, administrative, financial, and legal services that play an important role during bank failures also faced reductions.

Over the longer term, as the FDIC optimizes its staffing, the FDIC will need to consider, among other things, its investment in new examination staff. It takes about 3 years of training for new examiners to earn an examination commission. Such commissioning requires that employees meet benchmarks, training, and other technical requirements, including passing a Technical Examination. The FDIC will also have to assess its skill composition in response to examiner attrition. In prior Top Management and Performance Challenges reports, we had identified that the FDIC faced risks from departures of examiners, especially those with advanced IT skillsets who examine risks at the most complex banks.

Sustaining a Safe and Accountable Workplace Culture

In our report, [The FDIC's Sexual Harassment Prevention Program](#) (July 2024), we found that the FDIC had not implemented an effective sexual harassment prevention program that facilitates the reporting of misconduct allegations and had not always investigated and addressed allegations of sexual harassment

promptly and effectively. This environment of distrust was compounded by the failure of the FDIC to sustain many program improvements that were initiated as a result of recommendations in our report, [Preventing and Addressing Sexual Harassment](#) (July 2020).

In our report, [Special Inquiry of the FDIC’s Workplace Culture](#) (December 2024), we found that a majority of the 2,300 FDIC employee survey respondents stated that they felt safe, valued, and respected and had generally positive views about their coworkers and immediate managers. However, more than one-third of respondents reported that they had either experienced or personally witnessed harassment.¹⁰ Also, FDIC management could not always provide a full account of the surrounding facts related to the disciplinary action taken for harassers, and there was no Agency-wide policy regarding penalties or recommended penalty ranges to ensure the administration of disciplinary and adverse actions is fair and consistent. Further, FDIC policies did not require reporting of allegations of harassment or similar interpersonal misconduct involving FDIC employees to the Chairman or the Board of Directors. As a result, FDIC Senior Executives may not have had sufficient information to understand the extent or significance of the problem across the Agency to take appropriate actions.

With significant staffing changes underway, the FDIC will need to assess its current staff skillsets against its statutory obligations and identify ways to address critical skill gaps. As the FDIC undertakes that assessment, the FDIC should also continue to consider the standards necessary to ensure that the FDIC has an accountable workplace culture.

Ensuring Readiness to Execute Resolution and Receivership Responsibilities

The FDIC is responsible for insuring deposits in our Nation’s financial institutions and plays a pivotal role in the resolution and receivership of failed banks.¹¹ The FDIC is granted resolution and receivership responsibilities under the Federal Deposit Insurance Act (FDI Act) and the Dodd-Frank Act. The FDI Act provides the FDIC with the authority to resolve, and act as receiver for, failed FDIC-insured depository institutions (IDI). The Dodd-Frank Act gives the FDIC Orderly Liquidation Authority to act as a receiver to liquidate failing systemically important financial companies (SIFC) that pose a significant risk to the financial stability of the United States.¹² The FDIC routinely executes its FDI Act receivership powers, but the FDIC has not yet been required to execute its OLA responsibilities.

As described below, we have found that certain aspects of the FDIC’s current readiness efforts are not sufficiently mature and require improvement to minimize losses to bank customers and the DIF, and potential costs incurred by other IDIs through special assessments.

¹⁰ For these respondents, harassment was in the form of “engaging in bullying, intimidating, or threatening behavior” (64 percent experienced, 67 percent witnessed); “offensive jokes, comments, objects, or pictures” (45 percent experienced, 47 percent witnessed); and “harassment of a sexual nature” (35 percent experienced, 34 percent witnessed).

¹¹ When a bank fails, the bank is placed in receivership and the FDIC is appointed as its receiver. In general, the term “resolution” refers to the initial phase of a receivership where the FDIC attempts to sell the failed bank to another healthy bank.

¹² A SIFC is any entity that meets the statutory definition of financial company under the Dodd-Frank Act and for which a determination is made that, among other things, the resolution or insolvency of the entity under the otherwise applicable Federal or State law would have serious adverse effects on U.S. financial stability. U.S. organizations that identify SIFCs include the Board of Governors of the Federal Reserve for Bank Holding Companies and the [Financial Stability Oversight Council](#) for non-bank financial companies and Financial Market Utilities.

Improving Planning for Large Regional Bank Resolutions and Orderly Liquidations

In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that the FDIC's readiness to resolve large regional banks was not sufficiently mature at the time of those failures to facilitate consistently efficient response efforts in a potential crisis failure environment. In our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we concluded that the FDIC had made progress in implementing elements of its OLA program; however, in the 12 years following the Dodd-Frank Act, the FDIC had not maintained a consistent focus on maturing the OLA program and had not fully established key elements to execute its OLA responsibilities. In both reports, we found the following common impediments to FDIC readiness efforts that hinder the FDIC's ability to execute its large regional bank resolution and OLA responsibilities:

- **Lack of Effective Measurement of Readiness Efforts.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that the FDIC had established processes to monitor and report performance on Division and Agency-level goals and objectives to monitor specific large bank readiness activities. However, the FDIC had not measured its overall readiness for large regional bank resolutions. Similarly, in our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we found that the FDIC did not have adequate monitoring mechanisms in place to ensure it promptly implemented the OLA program and consistently measured, monitored, and reported on the OLA program status and results.
- **Gaps in Information Technology.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we highlighted that CISR and DRR staff identified 15 significant technology gaps for large regional bank resolutions. For example, existing FDIC processes for securing a failed bank's information technology environment are not sufficiently scalable for a large bank resolution. Although the FDIC had not addressed the overarching technology gaps prior to the bank failures in the Spring 2023, the FDIC stated that it leveraged the failed banks' systems and staff, which minimized some gaps.
- **Absence of Critical Processes and Procedures.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found significant missing elements in FDIC resolution procedures. For example, as noted in CISR's process guide, it did not have a receivership expense model to account for reasonable expense estimates for large regional banks or a method for estimating the cost of a bridge bank resolution for least cost test purposes. In our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we found that the FDIC had not completed process documents and guides to implement CISR's Systemic Resolution Framework and had not adjusted the Framework to facilitate execution of a resolution of systemically important Financial Market Utilities and non-bank financial companies.¹³
- **Unclear FDIC Internal Roles and Responsibilities.** In our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that CISR's large regional bank resolution procedures did not identify and contemplate the key resolution roles that were used in the Spring 2023 failures. Similarly, in our report, [The FDIC's Orderly Liquidation Authority](#) (September 2023), we found that

¹³ A Financial Market Utility is any person that manages or operates a multilateral system for the purpose of transferring, clearing, or settling payments, securities, or other financial transactions among financial institutions or between financial institutions and the person.

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the FDIC had not fully defined governance and individual practitioner-level roles and responsibilities related to the execution of an OLA resolution. Failures may occur quickly, which may not allow the FDIC time to fully define, assign, and train personnel for key governance roles and responsibilities during a resolution.

- **Insufficient Number of Personnel to Execute Readiness Activities Under Current Processes.** In our report on the [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found—as shown in Table 1—that since its creation, CISR has had staffing below the levels authorized by the FDIC to achieve readiness efforts. While the FDIC, and CISR in particular, have made large regional bank resolution planning a high priority, the FDIC has not ensured that CISR is able to obtain and retain the human resources that CISR deems necessary to effectively achieve its intended objectives or made changes to processes to require fewer staff. Similarly, in our report, [The FDIC’s Orderly Liquidation Authority](#) (September 2023), we found that the FDIC had not fully identified and documented the contractor resources necessary for a resolution team to execute an OLA. Further, staffing constraints led the FDIC to shift resources towards large regional bank readiness efforts that otherwise would have been devoted to OLA readiness, which created additional setbacks in maturing the OLA program.

Table 1: CISR Authorized/Actual Positions 2019 - 2023

	2019	2020	2021	2022	2023
CISR – Budget Authorized Positions at Year End	275	273	318	341	369
CISR – Staff on Board at Year End	243	258	280	286	285
Variance	32	15	38	55	84

Source: OIG Analysis of FDIC Budget Exhibits

(September 2023), we found that the FDIC had not fully identified and documented the contractor resources necessary for a resolution team to execute an OLA. Further, staffing constraints led the FDIC to shift resources towards large regional bank readiness efforts that otherwise would have been devoted to OLA readiness, which created additional setbacks in maturing the OLA program.

The FDIC should stand ready to execute its resolution and receivership powers to maintain financial stability. The FDIC must not lose sight of its readiness mission as it undertakes the restructuring and reshaping of its staff and processes.

Identifying and Addressing Emerging Financial Sector Risks

Currently, the FDIC is the primary Federal regulator for more than 2,800 of the over 4,400 IDIs across the Nation. The FDIC is responsible for examining these IDIs for compliance with safety and soundness requirements, including assessing financial crimes and sanctions risk, and consumer protection requirements. FDIC examinations are key processes to “ensure public confidence in the banking system and to protect the Deposit Insurance Fund.”¹⁴ The “accurate identification of existing and emerging risks helps the FDIC develop effective corrective measures for individual institutions and broader supervisory strategies for the industry.”¹⁵ In addition to examinations, the FDIC either on its own or in conjunction with other Federal banking regulators provides guidance to banks regarding safety and soundness and consumer protection risks, especially for emerging or novel issues or technology.

As discussed below, we have found that the FDIC did not always take early action to mitigate safety and soundness risks identified during bank examinations. We also note that FDIC-supervised banks’

¹⁴ The FDIC’s [Risk Management Examination Manual](#).

¹⁵ The FDIC’s [Risk Management Examination Manual](#).

increasing use of third-party service providers for compliance with Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) and sanctions requirements may require different examination processes or examiners with different skillsets. Further, although the FDIC and other banking regulators had identified risks with banks' involvement in crypto-asset activities, the FDIC had not conducted risk assessments to determine the significance of crypto-asset activity risks. Moreover, the FDIC's process for providing supervisory feedback to FDIC-supervised institutions' crypto-related activities was unclear.

Escalating Supervisory Actions Through Forward-Looking Supervision and Consideration of Non-Capital Triggers

During the financial crisis of 2008-2011, examiners often identified weak risk management practices at financial institutions but delayed taking supervisory action until the institution's capital declined. Taking supervisory action after a bank's capital has declined is often too late, because financial decline tends to lead to bank failures and losses to the DIF. To avoid that result, the FDIC implemented a forward-looking supervisory initiative to identify and assess risk before it impacts a bank's financial condition and to ensure early risk mitigation.

Section 38 of the FDI Act requires that the Inspector General of the appropriate Federal banking agency conduct a review and issue a written report when there is a material loss to the DIF related to an insured depository institution for which the FDIC is appointed receiver.¹⁶ We conducted three material loss reviews for recent large regional bank failures where we reported that FDIC examiners identified risks at these banks but did not take supervisory action consistent with forward-looking supervision. Our [OIG Material Loss Review of Signature Bank of New York](#) (October 2023), and the FDIC Chief Risk Officer's report, [FDIC's Supervision of Signature Bank](#), both found that the FDIC could have escalated supervisory concerns regarding Signature Bank earlier, consistent with the FDIC's forward-looking supervision initiative. These supervisory concerns included multiple opportunities to downgrade the Management component of the bank's CAMELS¹⁷ rating, which may have lowered the bank's composite CAMELS rating and, according to FDIC policy, supported consideration of an enforcement action against Signature Bank.

Similarly, in our report, [Material Loss Review of First Republic Bank](#) (November 2023), we reported that the FDIC missed opportunities to take earlier supervisory actions and downgrade First Republic Bank component ratings consistent with the FDIC's forward-looking supervisory approach. Earlier FDIC supervisory actions may not have prevented First Republic Bank's failure but may have caused First

¹⁶ FDI Act, Section 38(k), defines the term "material loss" as any estimated loss in excess of "\$50,000,000, if the loss occurs on or after January 1, 2014, provided that if the inspector general of a Federal banking agency certifies to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that the number of projected failures of depository institutions that would require material loss reviews for the following 12 months will be greater than 30 and would hinder the effectiveness of its oversight functions, then the definition of 'material loss' shall be \$75,000,000 for a duration of 1 year from the date of the certification." 12 U.S.C. § 1831o(k).

¹⁷ CAMELS refers to six financial and operational components reviewed in each examination—Capital adequacy, Asset quality, Management capabilities, Earnings sufficiency, Liquidity position, and Sensitivity to market risk. Each CAMELS component is assigned a rating on a numerical scale of 1 to 5 based on qualitative analysis. A "1" indicates the strongest performance and management practices and the lowest degree of supervisory concern. A "5" indicates the weakest performance and management practices and the highest degree of supervisory concern. Examiners also assign each bank a composite CAMELS rating based on the agency's evaluation of six component areas. Examiners do not, however, simply assign composite ratings by averaging the individual component ratings. Examiners may give more weight to some components than to others, depending on the perceived risk at a given institution.

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Republic Bank to take corrective action and possibly reduced its susceptibility to contagion risk or reduced the loss to the DIF upon failure.

Further, we noted that the FDIC and other banking regulators should consider adopting non-capital safety and soundness triggers similar to those used for capital ratios.¹⁸ In our report, [Material Loss Review of First Republic Bank](#) (November 2023), we noted that the bank was considered well capitalized throughout each examination cycle, so there was no required supervisory action based on capital deterioration. Ultimately, however, First Republic Bank's capital proved insufficient because unrealized fair value losses¹⁹ on securities and loans, and a concentration in uninsured deposits resulted in a final estimated loss to the DIF of \$15.6 billion.

Similarly, in our [Material Loss Review of Republic First Bank](#) (November 2024) (which is a different institution than First Republic Bank discussed above), we found that the direct cause of the bank's failure was its inability to hold its HTM debt securities to maturity, requiring the securities to be reclassified as AFS. The unrealized losses were disclosed to the public but were not required to be fully reflected in the bank's balance sheet and therefore were not reflected in the bank's capital ratios. Once the losses were fully recognized, all of Republic First Bank's capital ratios immediately fell below zero and the bank was closed. The FDIC was aware of the risks associated with unrealized losses at the bank and within the broader banking industry. In both reports, we recommended that the FDIC engage with other Federal regulators to evaluate the need to identify noncapital triggers that would require early and forceful regulatory actions tied to unsafe banking practices before they impair capital.

In the report, [Bank Supervision: Federal Reserve and FDIC Should Address Weaknesses in Their Process for Escalating Supervisory Concerns](#), the Government Accountability Office (GAO) also found weaknesses in the FDIC's procedures to escalate supervisory concerns to ensure that banks take action. Specifically, the GAO found that the FDIC did not have a centralized system to track recommendations for supervisory actions. Without a tracking system, the FDIC is limited in its ability to identify emerging risks across its supervised banks. Further, the GAO found that unlike other banking regulators, the FDIC does not have vetting meetings "to ensure that large bank examination teams and relevant stakeholders are consulted before making changes or decisions, such as escalation decisions." Finally, the GAO noted that, unlike other banking regulators, the FDIC does not require that large bank case managers rotate to other banks after a few years. GAO noted that these rotations help ensure supervisory independence.

Examining for Financial Crimes and Sanctions Risks

FDIC bank examinations also play a key role to ensure that banks maintain adequate compliance programs to assist U.S. Government agencies in detecting and preventing financial crimes. Such crimes include money laundering, terrorist financing, and other illicit transactions. Federal banking regulators also seek to prohibit domestic banks from conducting transactions with entities sanctioned by the United States through the Department of the Treasury's Office of Foreign Assets Control (OFAC). Further, the FDIC OIG plays a role in investigating crimes involving FDIC-regulated and insured banks and FDIC activities. Such crimes include, for example, fraud and cyber crimes.

¹⁸ FDI Act Section 38 mandates that regulators take progressively more severe supervisory actions, known as "prompt corrective actions," as a bank's capital ratio levels deteriorate. FDI Act Section 39 allows regulators to take supervisory action for safety and soundness issues before capital is impaired, but there are no predefined triggers for such actions.

¹⁹ Generally Accepted Accounting Principles state that held-to-maturity (HTM) securities are reported on financial statements at their amortized cost without recognition of any gain or loss. Securities that are available-for-sale (AFS) are reported at fair value with any gains and losses excluded from net income.

In the July 25, 2024, [Joint Statement on Banks' Arrangements with Third Parties to Deliver Bank Deposit Products and Services](#), banking regulators identified risks to banks resulting from the increasing use of third parties to perform compliance functions such as “monitoring and reporting suspicious activity, customer identification programs, customer due diligence, and sanctions compliance on behalf of the bank. Regardless of whether the functions are shared between the bank and the third party, the bank remains responsible for failure to comply with applicable requirements.” Banks’ use of third parties for these functions may become more complex when banks rely on a series of third-party relationships.

Banks with ineffective compliance programs or that fail to comply with BSA/AML and OFAC recordkeeping and reporting requirements may face criminal and civil penalties and potentially lose their banking charter. For example, on October 10, 2024, the [Department of Justice](#) and our [OIG Office of Investigations](#) announced that TD Bank pleaded guilty to BSA and money laundering conspiracy violations and agreed to pay \$1.8 billion in penalties. TD Bank failed to maintain an adequate compliance program and “allowed corrupt bank employees to facilitate a criminal network’s laundering of tens of millions of dollars.”

Bank examinations are an essential element in identifying potential weaknesses in bank BSA/AML and OFAC compliance programs. It is important for the FDIC to ensure that it has examination processes and examiners with the requisite skills to assess financial crimes and sanctions risks posed by banks’ third-party affiliations.

Assessing Crypto-Related Activity Risks

In our report, [FDIC Strategies Related to Crypto-Asset Risks](#) (October 2023), we found that the FDIC had identified risks with banks’ involvement with crypto-related activities; however, the FDIC had not assessed the significance and potential impact of these risks. Specifically, the FDIC had not yet completed a risk assessment to determine whether the Agency could sufficiently address crypto-asset-related risks through actions such as issuing guidance to supervised institutions.

In addition, the FDIC’s process for providing supervisory feedback on FDIC-supervised institutions’ crypto-related activities is unclear. The FDIC issued letters (pause letters), between March 2022 and May 2023, to certain FDIC-supervised financial institutions asking them to pause, or not expand, planned or ongoing crypto-related activities, and provide additional information. However, the FDIC did not establish an expected timeframe for reviewing information provided and responding to the supervised institutions that received pause letters and describe what constituted the end of the review process for supervised institutions that received a pause letter. In line with the January 23, 2025, Executive Order, [Strengthening American Leadership in Digital Financial Technology](#), the Acting FDIC Chairman stated that the FDIC is “actively reevaluating our supervisory approach to crypto-related activities.”²⁰

Identification of financial risks as they emerge provides time for banks to take corrective action and for the FDIC to implement supervisory actions such as guidance and enforcement actions, as needed. Prior financial crises have shown that recognition of risk once fully manifested in bank financial statements is generally too late for bank management and FDIC supervisory processes to mitigate such risk.

²⁰ Statement of Acting Chairman Travis Hill, [FDIC Releases Documents Related to Supervision of Crypto-Related Activities](#) (February 5, 2025).

Assessing Operational Resilience in the Financial Sector

Operational resilience refers to “the ability to deliver operations, including critical operations and core business lines, through a disruption from any hazard.”²¹ Disruptions may result from events such as a cybersecurity incident, technology failures, natural disasters, power grid failures, pandemics, global conflicts, and poor internal controls and risk management. These disruptions may occur at a bank or within the interconnected financial ecosystem of third-party service providers upon which banks increasingly depend. These disruptive events could have multiple impacts, including impeding a bank’s ability to deliver services, harming banking systems, and affecting bank data availability and integrity. Disruptive events could erode confidence in the financial sector and cause spill-over events to other financial firms and the broader economy. Further, traditional injections of liquidity and capital to bolster distressed banks are unlikely to solve operational resiliency issues. Operational resiliency requires that banks have well-designed systems, effective risk management and planning, and regular resiliency testing.

As described below, we have found that the FDIC has not conducted bank third-party service provider IT examinations within required timeframes and was not leveraging data from these examinations to understand interconnections across banks and third parties. Further, under current examination processes and considering human capital challenges, the FDIC faces risks that it may not have examiners with appropriate skillsets to effectively assess banks’ and third-party operational risks.

Examining for Third-Party Operational Risks

Banks routinely rely on third parties for numerous activities, including IT services, accounting, compliance, human resources, and loan servicing. As noted in the banking regulators’ guidance document, [Third-Party Risk Management, A Guide for Community Banks](#), a bank “[e]ngaging a third party does not diminish or remove a bank’s responsibility to operate in a safe and sound manner and to comply with applicable legal and regulatory requirements, including consumer protection laws and regulations, just as if the bank were to perform the service or activity itself.”

Under the Bank Service Company Act, the FDIC has authority to examine certain services that third parties provide to financial institutions. These examinations complement the FDIC’s bank IT examinations. The FDIC performs service provider examinations using two risk tiers: Significant Service Providers (SSP) and Regional Service Providers (RSP). SSPs are large and complex service providers designated for special monitoring and collaborative interagency supervision at the national level. In contrast, RSPs are smaller in size, less complex, and provide services to banks within a local region. In our OIG memorandum, [The FDIC’s Regional Service Provider Examination Program](#) (December 2023), we found that the FDIC had not established performance goals, metrics, and indicators to measure overall RSP examination program effectiveness and efficiency. We also found that:

- **The Frequency of RSP Examinations Was Inconsistent with Guidance.** A total of 75 percent (53 of 71) of RSP examinations completed as of March 2023 were not conducted within guidance timeframes, with 19 percent (10 of 53) of these exams completed more than 3 years past their examination cycle dates. The reason for the delay was because the FDIC lacked examiner resources

²¹ <https://www.fdic.gov/news/press-releases/2020/pr20122b.pdf>.

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to conduct these examinations. Without timely RSP examinations, the FDIC is limited in its assessment of banks' current operational risks from these third parties, and banks are not receiving FDIC RSP examination reports that may identify third-party risks.

- **The FDIC Was Not Leveraging RSP Examination Information in Its Bank IT Examinations.** In a survey of 163 IT examiners, we found that 52 percent (85 of 163) of examiners were not aware of how to access RSP examination information. For examiners that did access RSP examination information, only 37 percent said that they did so more than 50 percent of the time. RSP examination information would allow examiners to better understand the risks posed by third parties for the banks that they are examining.
- **Lack of Comprehensive Service Provider and Bank Data.** The FDIC could use information from RSP and bank examinations to develop a comprehensive inventory of service providers and banks. Such a mapping would allow the FDIC to see interconnected risks across a portfolio of banks and third parties rather than on a bank-by-bank basis.

Assessing Banks' Cybersecurity Risks

FDIC bank IT examinations identify areas in which a financial institution is exposed to IT and cyber-related risks and evaluate bank management's ability to identify these risks and maintain appropriate compensating controls. Currently the FDIC faces risks in ensuring that it has examiners with the requisite skillsets to perform IT examinations using existing examination procedures. A total of 53 percent of examiners who are advanced IT subject matter experts were eligible to retire in 2024 with retirement eligibility rising to 63 percent for this population in 2028. Examiners with intermediate IT expertise had retirement eligibility rates of 16 percent in 2024 and 27 percent in 2028. Accurate assessment of IT risks is important as it may affect a bank's safety and soundness rating, which impacts the FDIC's supervisory strategies and may impact the insurance premium paid by a financial institution.

It is critical that the FDIC maps the interconnections of banks and their third parties to understand and examine potential operational points of failure and possible cyber intrusion and contagion. Such maps would also assist the FDIC when assessing resolution risks. Currently, there are instances where multiple banks rely on the same third party. An operational issue at one such third party has the potential to affect many banks. Further, the FDIC should have effective processes and staff with required skillsets to assess operational risks and take supervisory actions as needed.

Improving Contract Management

The FDI Act authorizes the FDIC to acquire goods and services to achieve its mission and operations. For the period 2019-2023, the FDIC awarded 2,368 contracts for a total cost of approximately \$3.77 billion.

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Figure 2 shows the current distribution of contract awards throughout the FDIC.

As discussed below, we continue to identify contract management as a Top Challenge. Our work in this area has identified the need for the FDIC to improve contracting controls and to instill a culture of internal control understanding and compliance. Further, the FDIC should ensure that its contracting personnel are free from conflicts of interest.

Adhering to Contracting Requirements and Internal Controls

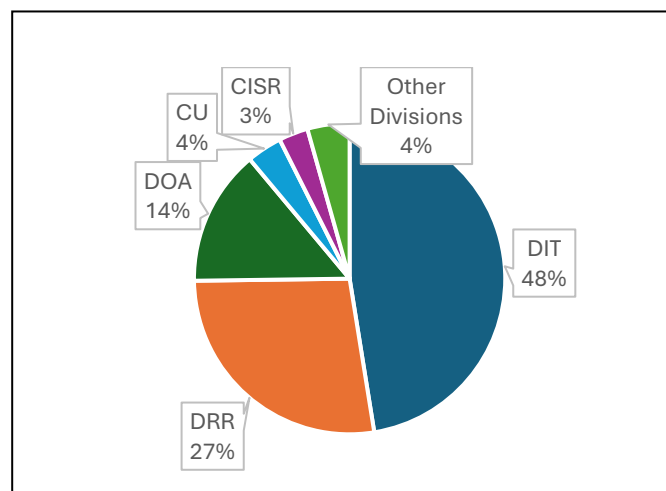
In three OIG reports, we have found shortcomings in the FDIC's contract management process and internal controls. These issues have resulted in the FDIC making overpayments, engaging in unauthorized contractual commitments, and abandoning a systems contract. The significance and pervasiveness of identified internal control issues indicate the need for renewed FDIC-wide emphasis on the importance of compliance with internal controls and the stewardship of operating costs incurred by the DIF.

Lack of Coordination and Change Management Resulted in Abandonment of a Nearly \$10 Million Investment Towards a New Acquisition System. In our evaluation, [The FDIC's Purchase and Deployment of the FDIC Acquisition Management System \(FAMS\)](#) (January 2024), we found that in June 2022, the FDIC began implementation of its new acquisition system but subsequently abandoned that system within 5 months. As a result, the FDIC incurred costs of nearly \$10 million and had to revert to its legacy acquisition systems and manual reporting of some acquisition activities. We identified nearly \$10 million of funds to be put to better use.²²

Internal Control Failures and an Unaccountable Culture Resulted in an Unauthorized Contractual Commitment of \$4.2 Million and a Contract Price \$1.5 Million Above Market Value. In our report, [FDIC Oversight of a Telecommunications Contract](#) (March 2023), we found that the FDIC did not authorize and pay AT&T for services to upgrade bandwidth in the FDIC Field Offices in accordance with its policies and procedures and the contract. As a result, the FDIC was subject to an unauthorized contractual commitment that cost the FDIC \$4.2 million and an increase in operational, monetary, legal, and reputational risks. We also found that the FDIC incurred costs above the market price for similar services in the amount of at least \$1.5 million.

Lack of Contract Management Plans to Ensure Performance Risks and Contract Vulnerabilities Were Managed Appropriately. In our report, [The FDIC's Adoption of Cloud Computing Services](#) (July 2023), we found that the FDIC did not develop Contract Management Plans (CMP) for any of our sampled 17

Figure 2: Contract Awards Percentage by Division



Source: OIG Analysis of the FDIC's Contracting Dashboard. Division of Information Technology (DIT); Division of Resolutions and Receiverships (DRR); Division of Administration (DOA); Corporate University (CU); Division of Complex Institution Supervision & Resolution (CISR).

²² According to the Inspector General Act of 1978, a recommendation that funds be put to better use is "a recommendation by the [OIG] that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation..." including avoidance of unnecessary expenditures noted in preaward reviews of contracts or any other savings which are specifically identified.

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cloud computing-related contracts with a total value of over \$546 million. We further assessed 93 active IT-related contracts and found that 91 of these 93 contracts had CMPs, but those 91 CMPs were not in place by required timeframes. Absent timely CMPs, the FDIC may not monitor performance measures, respond to missed metrics, and enforce contract penalties in a consistent manner, all of which could lead to inefficient use of resources and disruption to FDIC operations.

Ensuring the FDIC’s Contracting Process Is Free from Conflicts of Interest

In our report, [Conflicts of Interest in the Acquisition Process](#) (September 2024), we found that the FDIC has processes and procedures to identify, analyze, respond to, and monitor for conflicts of interest in the acquisition process, but improvements are needed. Specifically, FDIC guidance does not require all employees involved in the acquisition planning and approval process to assess and document potential or actual conflicts of interest. We also found that the FDIC Ethics Unit has not established specialized ethics training requirements beyond the initial new employee and annual ethics training but will provide specialized training if requested by FDIC Program Offices.

Further, the FDIC’s approach to confidential financial disclosure reviews could be enhanced by ensuring that financial disclosure review guidance contains clear instructions for evaluating financial disclosure forms for completeness and by training Deputy Ethics Counselors (DEC). In addition, the FDIC could enhance its approach by reevaluating the seniority, position descriptions, and number of personnel appointed as DECs, and by developing an action plan to address DEC survey responses. Absent additional internal controls throughout the acquisition lifecycle, the FDIC may not be equipped to identify, analyze, respond to, and monitor for potential or actual conflicts of interest in the acquisition process.

Contracting supports both day-to-day and crisis activities. The FDIC should have appropriate processes and internal controls to ensure that the FDIC receives goods and services it contracted for and that FDIC employees follow these processes and controls to reduce DIF operating expenses. Further, the FDIC should assess and monitor for potential or actual contracting conflicts of interest.

Ensuring IT Security and Scalability

The [GAO](#) continues to recognize cybersecurity as a high risk to Federal agencies, as it has since 1997. According to the [Federal Information Security Modernization Act of 2014 Annual Report Fiscal Year 2023](#), 32,211 information security incidents were reported by Federal agencies in Fiscal Year 2023, which represents a 9.9-percent increase from the 29,319 incidents reported in Fiscal Year 2022.

As noted by the [FDIC](#), “Information Technology is an essential component in virtually all FDIC business processes.” The reliability and security of FDIC systems is critical, especially during a crisis. FDIC systems contain sensitive information, such as personally identifiable information on FDIC employees and contractors; bank account information for millions of depositors of failed financial institutions; confidential bank examination information, including supervisory ratings; and sensitive financial data. Further, certain FDIC systems interconnect with bank systems to receive information for examinations, quarterly Call Report data, and information from failing banks.

As described below, we have found that the FDIC can improve its IT systems security control posture and ensure that the FDIC has systems that are scalable to meet the demands of large bank failures.

Fostering IT Systems Security

In 2020, the FDIC began implementation of IT modernization activities to further develop the FDIC's cybersecurity capabilities and to shift from on-premises systems and data centers to cloud technology platforms in line with the [Federal Cloud Computing Strategy](#). In our work, we have found that the FDIC has established several information security controls that provided either effective or adequate strategies or controls; however, this does not mean that current strategies and controls can mitigate all potential threats. As noted below, we have also identified the need for security control improvements and have made recommendations to the FDIC in the following areas:

- **Managing Systems Migration to the Cloud.** In our first report, [The FDIC's Adoption of Cloud Computing Services](#) (July 2023), we found that overall, the FDIC had an effective strategy and governance processes to manage its cloud computing services. However, the FDIC did not adhere to several cloud-related practices. As a result, any ineffective controls over cloud computing posed increased risks to the FDIC. These included security and privacy concerns due to the lack of visibility into cloud data, an inability to effectively move from one existing cloud services provider to another, not identifying and mitigating performance risks and vulnerabilities in cloud contracts, and increased potential for cyberattacks and costs from the lack of disposal strategies for legacy systems.
- **Cloud Security Controls.** In our second report, [Audit of Security Controls for the FDIC's Cloud Computing Environment](#) (September 2024), we reported that the FDIC had effective controls in four of nine cloud security control areas assessed. The FDIC had not effectively implemented security controls in five areas: identity and access management, protecting cloud secrets, patch management, flaw remediation, and audit logging. The report included 26 technical findings that pose risks to the FDIC. Malicious actors could exploit the misconfigured control settings we identified and cause harm to the FDIC's systems and data.
- **Information Security Program.** In [The FDIC's Information Security Program – 2024](#) (September 2024), we reported that the FDIC was operating at a Maturity Level 4 (Managed and Measurable),²³ indicating an effective level of security, and established several information security program controls and practices. However, we also described security control weaknesses that reduced the effectiveness of the FDIC's information security program and practices. For example, the FDIC did not consistently maintain and document periodic audit logs of two systems that record events and activities within a computer system or network to ensure accountability, traceability, and security. Failure to perform review and analysis of these logs, specifically over privileged accounts and actions, may lead to anomalous activities that are not investigated and increase the risk that unauthorized or inappropriate activities can occur.
- **Ransomware Attack Readiness.** In our report, [Review of the FDIC's Ransomware Readiness](#) (March 2024), we determined that the FDIC had an adequate process to respond to a ransomware incident and generally followed applicable guidance and best practices within the five control areas that we assessed. We noted, however, that the FDIC did not fully adhere to Federal standards, FDIC policies, and/or industry best practices in four areas. For example, the FDIC did not effectively back up certain data and test the capability to restore two systems from back-ups and therefore could not

²³ Information regarding the assessment and determination of maturity level ratings can be found at <https://www.cisa.gov/topics/cyber-threats-and-advisories/federal-information-security-modernization-act>.

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ensure that it would be able to successfully and fully restore these systems in the event of a ransomware incident.

Providing IT Scalability During Financial Crises

As mentioned previously, in our report, [FDIC Readiness to Resolve Large Regional Banks](#) (December 2024), we found that there were 15 identified significant technology and security gaps for the resolution of large banks due to the size and complexity of these resolutions. In addition, technology gaps identified by DRR and CISR were not sufficiently coordinated with the Chief Information Officer Organization to ensure that all resolution-related systems were adequate for a large bank resolution. The FDIC's October 2024 ERM Risk Inventory identified Resolution Technology at an elevated residual risk level with significant potential impact.

It is paramount for the FDIC to continue to ensure the availability, confidentiality, integrity, and scalability of FDIC systems and data for its day-to-day mission and during crises.

Guarding Against Harmful Scams

Scams that seek to take advantage of consumers are increasing and becoming ever more sophisticated. Scammers attempt to trick individuals into disclosing their banking information, sending money to them, or making unauthorized payments by posing as a legitimate entity such as a bank, or, as noted below, by falsely claiming affiliation with the FDIC or the FDIC OIG. Additionally, consumers may be easily duped by misrepresentations of FDIC insurance and misuse of the FDIC name and logo.

In support of the FDIC and its mission, the OIG seeks to prevent consumers from becoming victims of such fraudulent activities. Our Office of Investigations has seen a rise in various payment scams and works with law enforcement partners to pursue those who would try to deceive the public—either through payment scams or misrepresentation of FDIC deposit insurance.

A challenge for the FDIC is to be mindful of such schemes, continue to take steps to protect consumers, and take actions to address violations as appropriate.

Keeping Pace with Payment Schemes²⁴

The four most common types of schemes that have been reported to the OIG have included relationship scams, investment scams, government impersonation scams, and business email compromise scams. In a relationship scam, a scammer adopts a fake online identity to gain a victim's affection and trust, and then uses the illusion of a romantic or close relationship to manipulate the victim. In an investment scam, a scammer offers low- or no-risk investments, guaranteed returns, and complex strategies to manipulate or steal from the victim. These two scams are often associated with "Pig Butchering" schemes.

A "Pig Butchering" scheme is named in reference to the practice of fattening a pig before slaughter. It is a type of confidence and investment fraud in which the victim is gradually lured into making increasing monetary contributions, generally in the form of cryptocurrency, to a seemingly sound investment

²⁴ See also [Payment Scams: Information on Financial Industry Efforts](#) (GAO-24-107107) (July 25, 2024).

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before the scammer disappears with the contributed monies. These schemes have affected individuals and financial institutions alike. In the failed bank investigation of Heartland Tri-State Bank, for example, the bank President and Chief Executive Officer (CEO) embezzled and invested over \$47 million of unsuspecting victim funds in a Pig Butchering scheme that ultimately caused the bank to fail and the FDIC to incur a loss of \$52.4 million. Bank customers in the small, rural Kansas community suffered greatly as well. The President and CEO was sentenced to 293 months in prison for his actions.

Recent FDIC investigations have also revealed that government impersonation scams to manipulate or steal from consumers are increasingly common and often take the form of unsolicited phone calls, text messages, or e-mails that claim to be from the FDIC or FDIC OIG. Fraudsters may use the FDIC or OIG's seal or logo, and even names of actual employees, to make their demand for funds seem legitimate. (Other ramifications of misrepresentation of FDIC affiliation or insurance are outlined in the section below.)

- In cases of FDIC impersonation, scammers may contact an individual and claim that the individual has been awarded a grant or a sum of money, and the scammers may request personal information, such as bank account or credit card details, or ask for money or gift cards. These schemes often require an advance payment, which is a warning sign. According to the Federal Trade Commission's Consumer Sentinel Network Data Book, consumers reported losing over \$10 billion to fraud in 2023. Impersonation scams accounted for nearly \$2.7 billion of these losses, resulting from 853,935 reports.
- For FDIC OIG impersonations, scammers may contact an individual pretending to be OIG personnel, sometimes using the names of Special Agents to lend credibility to their claims. They might inform the recipient that they are under investigation and must pay a fee or fine to avoid arrest. The fee or fine is frequently requested to be paid through gift cards or other forms of payment.

Yet another type of payment scam is known as a business email compromise scam. The scammer targets a business or individual and takes over an official account, or uses email spoofing, to attempt to redirect legitimate payments to an illicit account controlled by the scammer to steal from the victim.

According to the Federal Bureau of Investigation's Internet Crime Complaint Center's (IC3) 2023 Internet Crime Report, individuals reported losing \$4.57 billion to investment scams and \$2.95 billion to business email compromise scams in 2023. These figures stem from 39,750 complaints and 21,489 complaints, respectively. The number of complaints of scams, and the amounts of losses, reported to the IC3 generally grew in the past 3 years.

Addressing Misuse of the FDIC Name and Logo

The FDIC obtains information on potential deposit insurance misrepresentations through two portals that are monitored by the Division of Depositor and Consumer Protection, and a third portal that is monitored by the Legal Division. The FDIC scans websites for potential fraudulent use of the FDIC logo, and the OIG Hotline also receives information regarding potential misrepresentations.

Section 18(a)(4) of the FDI Act specifically prohibits any person from harming consumers by misusing the FDIC name or logo or making misrepresentations about deposit insurance. The FDIC may investigate any

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claims under this section and may issue administrative enforcement actions, including cease and desist orders, and impose civil money penalties against perpetrators.

As of December 31, 2024, the FDIC received 1,200 misrepresentation allegations through its portals, which is a 60-percent increase from the 750 allegations received in 2023. The FDIC has issued seven public cease and desist orders for these violations, and the FDIC's Legal Division, working with other stakeholders, including the OIG, has initiated the take-down of websites determined to be fraudulent and made referrals to appropriate agencies. Given the increase in misrepresentation allegations and the need to protect consumers, the FDIC should continue to ensure that it has staff and effective processes — including use of technology tools — to timely identify potential misuse and misrepresentations of the FDIC name and logo and to investigate and take action to address violations.

FDIC efforts to protect consumers from fraudulent schemes and misrepresentations can help protect taxpayer savings, provide them with trusted financial products and services, and foster public confidence in the FDIC.

D. Acronyms

(INCLUDES ACRONYMS IN THE FINANCIAL STATEMENTS)

AFS	Available-For-Sale
AHDP	Affordable Housing Disposition Program
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
ASBA	Association of Supervisors of Banks of the Americas
ASC	Accounting Standards Codification
BCBS	Basel Committee on Banking Supervision
BIF	Bank Insurance Fund
BoA	Bank of America
Call Report	Consolidated Reports of Condition and Income
CAMELS	C apital adequacy; A sset quality; M anagement capability; E arnings quality; L iquidity adequacy; S ensitivity to market risk
CBAC	Advisory Committee on Community Banking
CCPs	Central Counterparties
CDFI	Community Development Financial Institution
CFO Act	Chief Financial Officers' Act
CFPB	Consumer Financial Protection Bureau
CFR	Center for Financial Research
CFT	Countering the Financing of Terrorism
CFTC	Commodity Futures Trading Commission
CIO	Chief Information Officer
CIOO	Chief Information Officer Organization
CISO	Chief Information Security Officer
CISR	Division of Complex Institution Supervision and Resolution
CMG	Crisis Management Group
CMP	Civil Money Penalty
CRA	Community Reinvestment Act

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CRE	Commercial Real Estate
CSRS	Civil Service Retirement System
DCP	Division of Depositor and Consumer Protection
DIF	Deposit Insurance Fund
DIR	Division of Insurance and Research
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DRR	Division of Resolutions and Receiverships
EDIE	Electronic Deposit Insurance Estimator
ERM	Enterprise Risk Management
EU	European Union
FASB	Financial Accounting Standards Board
FBO	Foreign Bank Organization
FCB	First-Citizens Bank & Trust Company
FDI Act	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FEHB	Federal Employees Health Benefits
FERS	Federal Employees Retirement System
FFB	Federal Financing Bank
FFIEC	Federal Financial Institutions Examination Council
FFMIA	Federal Financial Management Improvement Act
FHFA	Federal Housing Finance Agency
FIL	Financial Institution Letter
FinCEN	Financial Crimes Enforcement Network
FinTech	Financial Technology
FIRREA	Financial Institutions Reform, Recovery and Enforcement Act
FISMA	Federal Information Security Modernization Act of 2014
FMFIA	Federal Managers' Financial Integrity Act
FRB	Board of Governors of the Federal Reserve System
FRF	FSLIC Resolution Fund

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FSB	Financial Stability Board
FS-ISAC	Financial Services Information Sharing and Analysis Center
FSLIC	Federal Savings and Loan Insurance Corporation
FSOC	Financial Stability Oversight Council
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GAO	U.S. Government Accountability Office
GNPL	Securities Ginnie Mae Project Loan Securities
GPRA	Government Performance and Results Act
GSIBs	Global Systemically Important Banks
IADI	International Association of Deposit Insurers
IDI	Insured Depository Institution
IMF	International Monetary Fund
IT	Information Technology
JP Morgan	JP Morgan Chase Bank, N.A.
LCFI	Large Complex Financial Institution
LMI	Low- Moderate-Income
LURAs	Land Use Restriction Agreements
MDI	Minority Depository Institutions
MOL	Maximum Obligation Limitation
MOU	Memoranda of Understanding
MRBA	Matters Requiring Board Attention
N.A.	National Association
NCDA	National Center for Consumer and Depositor Assistance
NCUA	National Credit Union Administration
NIM	Net Interest Margin
NPR	Notice of Proposed Rulemaking
OCC	Office of the Comptroller of the Currency
OIG	Office of the Inspector General
OLA	Orderly Liquidation Authority

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OMB	U.S. Office of Management and Budget
OO	Office of the Ombudsman
OPM	Office of Personnel Management
ORMIC	Office of Risk Management and Internal Controls
PMN	Purchase Money Note
REFCORP	Resolution Funding Corporation
ReSG	FSB's Resolution Steering Committee
RFI	Request For Information
RMS	Division of Risk Management Supervision
ROE	Reports of Examination
ROU	Right-of-Use
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SEC	Securities and Exchange Commission
SIFI	Systemically Important Financial Institution
SLA	Shared-Loss Agreement
SNC	Shared National Credit
SRR	SIFI Risk Report
SSGN	Structured Sale of Guaranteed Note
SVBB	Silicon Valley Bridge Bank, N.A.
TAG	Transaction Account Guarantee Program
Treasury	U.S. Treasury
TSP	Federal Thrift Savings Plan
UFIRS	Uniform Financial Institutions Rating System
UK	United Kingdom
U.S.	United States
U.S.C.	United States Code
VIE	Variable Interest Entity

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2024

Federal Deposit Insurance Corporation

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