



FCA Board Meeting December 2020

Semi-Annual Report on Office of Examination Operations December 10, 2020

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OE Operations | Focus Areas

- ▶ Operating Plan Objectives
 - Risk Supervision and Examination Activities
 - Operational Efficiency and Effectiveness
 - Human Capital Update

- ▶ Summary





Risk Supervision & Examination Activities



System Profile as of 9/30/20	72 Lending Institutions
	4 Funding Banks Asset Size from \$27B to \$148B
	68 Associations Asset Size from \$55M to \$33B
	\$384.9 billion Total Assets
	\$301.6 billion Gross Loans
\$4.4 billion YTD Earnings	

Source: FCS Information Statement

FCS Institution Activities and Guidance

(Fiscal Year ended 9/30/2020)

- ▶ Conducted examination and oversight activities at all 4 funding banks, 68 associations (100%), and 10 other entities
- ▶ Issued 54 Reports of Examination and 27 Interim Activity Letters
 - Three institutions are currently under a higher level of supervisory oversight
- ▶ Communications and Guidance Activities
 - Internal/external communications
 - External meetings and conferences
 - Examination manual updates



Supervision & Examination Initiatives

2020 NOP Risk Topics and Strategies:

- ▶ **Credit | Lending Controls (focus on COVID-19 impact)**
 - Assessed institutions' risk identification and lending controls
 - Continued focus on stressed sectors (dairy and protein)
 - Monitored real estate values, particularly in the Midwest
- ▶ **Internal Audit | Governing the Third Line of Defense**
 - Completed risk assessment of institutions' internal audit programs
 - Evaluated board and audit committee engagement and oversight
- ▶ **Operational Risk | Cybersecurity and Emerging Threats**
 - Reviewed institutions' IT security controls
 - Emphasized business continuity in view of COVID-19

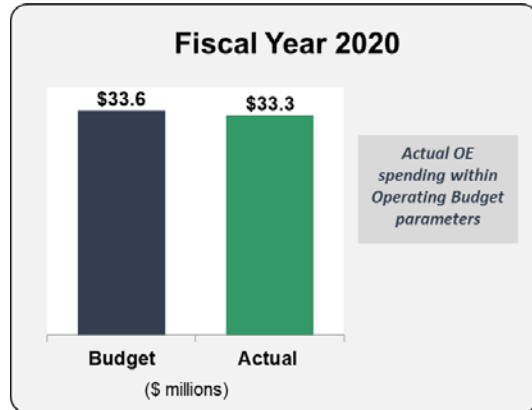




Operational Efficiency & Effectiveness



- ▶ Examination tools | Ongoing technology initiatives
 - EDGe and Management Reporting
 - FCS Loan Database and Tools
 - Data Analytics
- ▶ OE budget results (Fiscal Year ended 9/30/2020)



FTEs	
Projected Fiscal Yr.	177.0
Planned Fiscal Yr.	184.8
Under plan	-7.8



Human Capital Update

- ▶ Hiring, developing, and retaining Associate Examiners
- ▶ Post-Commission training
- ▶ Staff development opportunities
- ▶ Staffing



Total OE Staff

	Planned	Actual	Variance
Beginning FY 2020	184	172	(12)
Attrition Retirement	(16)	(11)	5
Hiring	16	21	5
Ending FY 2020	184	182	(2)

Commissioned Examiners

	Planned	Actual	Variance
Beginning FY 2020	93	94	1
Attrition Retirement ¹	(7)	(4)	3
Newly Commissioned	19	6	(13)
Ending FY 2020	105	96	(9)

¹ Actual attrition includes one commissioned examiner moving into Senior Management.



Summary

- ▶ Conditions required some modifications in examination approach, staff development, and recruiting
- ▶ Accomplished our 2020 Operating Plan objectives
- ▶ OE maintains sufficient highly skilled staff to accomplish our mission





Discussion



THANK YOU