

2025 ANNUAL REPORT

FDIC
FEDERAL DEPOSIT
INSURANCE CORPORATION

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CONTENTS

Mission, Vision, and Values **2**

Message from the Chairman **3**

Message from the Chief Financial Officer **5**

FDIC Divisions and Offices **7**

FDIC Senior Leaders **9**

I. Management's Discussion and Analysis **11**

Overview 13

Insurance Program 14

Supervision 17

Mission-Driven Banks 26

Large and Complex Financial Institutions 26

Depositor and Consumer Engagement 30

Rulemaking and Guidance 34

Failed Bank Resolution and Receivership Management 42

Workforce Culture Transformation 45

Effective Management of Strategic Resources 46

Information Technology Modernization 50

II. Financial Highlights **53**

Deposit Insurance Fund Performance 55

III. Budget and Spending **59**

2025 FDIC Operating Budget 61

2025 Budget and Expenditures by Program 62

Investment Spending 62

IV. Financial Section **65**

Deposit Insurance Fund (DIF) 67

FSLIC Resolution Fund (FRF) 83

Independent Auditor's Report 90

Management's Report on Internal Control over Financial Reporting 96

Management's Response to the Auditor's Report 98

V. Risk Management and Internal Controls **99**

Statement of Assurance 101

Internal Control Program 103

Management Report on Final Actions 103

VI. Appendices **119**

A. Key Statistics 121

B. More About the FDIC 123

C. Office of Inspector General's Assessment of the Top Management and Performance Challenges Facing the FDIC 129

D. Acronyms 157

MISSION, VISION, AND VALUES

MISSION

The Federal Deposit Insurance Corporation (FDIC) was 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, and
- Resolving failed banks.

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.

Fairness	We are dedicated to treating others with dignity, respect, and impartiality, ensuring that our decisions and actions are just.
Accountability	We are accountable to each other and to the public to operate responsibly, meet our commitments, and take responsibility for our actions and decisions.
Competence	We are a highly skilled and dedicated workforce that is committed to continuous learning and improvement while empowered to achieve outstanding results.
Effectiveness	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.
Integrity	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.
Teamwork	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.

FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

MESSAGE FROM THE CHAIRMAN



March 26, 2026

For over 92 years, the FDIC has reliably fulfilled its mission to maintain stability and public confidence in the U.S. financial system, by insuring deposits, responsibly managing the Deposit Insurance Fund (DIF), examining and supervising financial institutions, and resolving failed banks. In 2026, the FDIC will continue to meet this mission while advancing a regulatory agenda that enables banks to power a vibrant, growing economy.

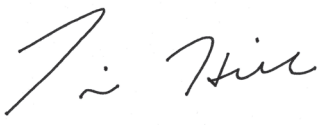
In 2025, the FDIC made significant progress on reforming supervision to be less process-driven and more focused on core financial risks; implementing a number of improvements to our regulations, guidance, and manuals; reevaluating numerous aspects of our resolution and receivership management functions; and promoting the prudent adoption of innovative and transformative technologies in the financial services sector. The FDIC also continued to prioritize transforming its workplace culture and creating an environment in which all employees are treated with professionalism and respect, and those engaged in misconduct are held accountable.

The banking industry finished 2025 with robust earnings, favorable asset quality metrics, and strong capital and liquidity levels. As a result, the DIF continues to thrive, attaining a balance of $153.9 billion, the highest since the FDIC's inception in 1933. In December 2025, the reserve ratio for the DIF reached 1.42 percent, after crossing the statutory minimum of 1.35 percent in June 2025.

Going forward, we will continue to work to drive economic growth and access to capital while fulfilling our critical role in promoting a safe, sound, and resilient banking system.

It is an honor and privilege to serve the American people, and I look forward to implementing policies that will bolster the nation's banking system. Together, the FDIC and its dedicated employees are committed to fulfilling the FDIC's important mission and statutory responsibilities.

Sincerely,



Travis Hill

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MESSAGE FROM THE CHIEF FINANCIAL OFFICER



March 26, 2026

I am pleased to present the FDIC's *2025 Annual Report*, which provides an overview of our financial and program performance and highlights the key achievements for the year. For 34 consecutive years, the U.S. Government Accountability Office has issued unmodified audit opinions on 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 maintain proactive financial management through the delivery of reliable and timely financial data and the use of tools and strategies that improve decision-making and operational efficiency.

2025 Financial and Program Results

In 2025, the DIF balance continued to improve, rising to a record high of $153.9 billion at December 31, 2025 compared to $137.1 billion at December 31, 2024. This year's $16.8 billion increase was about 10.0 percent higher than the $15.3 billion increase experienced in 2024. Comprehensive net income for 2025 was primarily driven by assessment revenue, interest revenue on U.S. Treasury securities, and negative provision for insurance losses, and was slightly offset by operating expenses.

The DIF's cash, cash equivalents, and U.S. Treasury investment portfolio balances increased by $28.3 billion during 2025 to $126.2 billion at year-end from $97.9 billion at year-end 2024. 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 from ongoing receiverships asset liquidation efforts from the 2023 bank failures.

Authorized staffing for 2026 is 5,516 full-time equivalents (FTE), a decrease of 1,360 positions from the initial 2025 authorization as a result of substantial workforce restructuring efforts implemented throughout 2025. Expenditures in 2025 totaled $2.5 billion, approximately $51.0 million above 2024 expenditures as the Corporation incurred restructuring costs. The 2026 FDIC Operating Budget is $2.5 billion, down $493.0 million from the 2025 budget as the Corporation begins to realize the savings from 2025 restructuring efforts and other operational efficiencies.

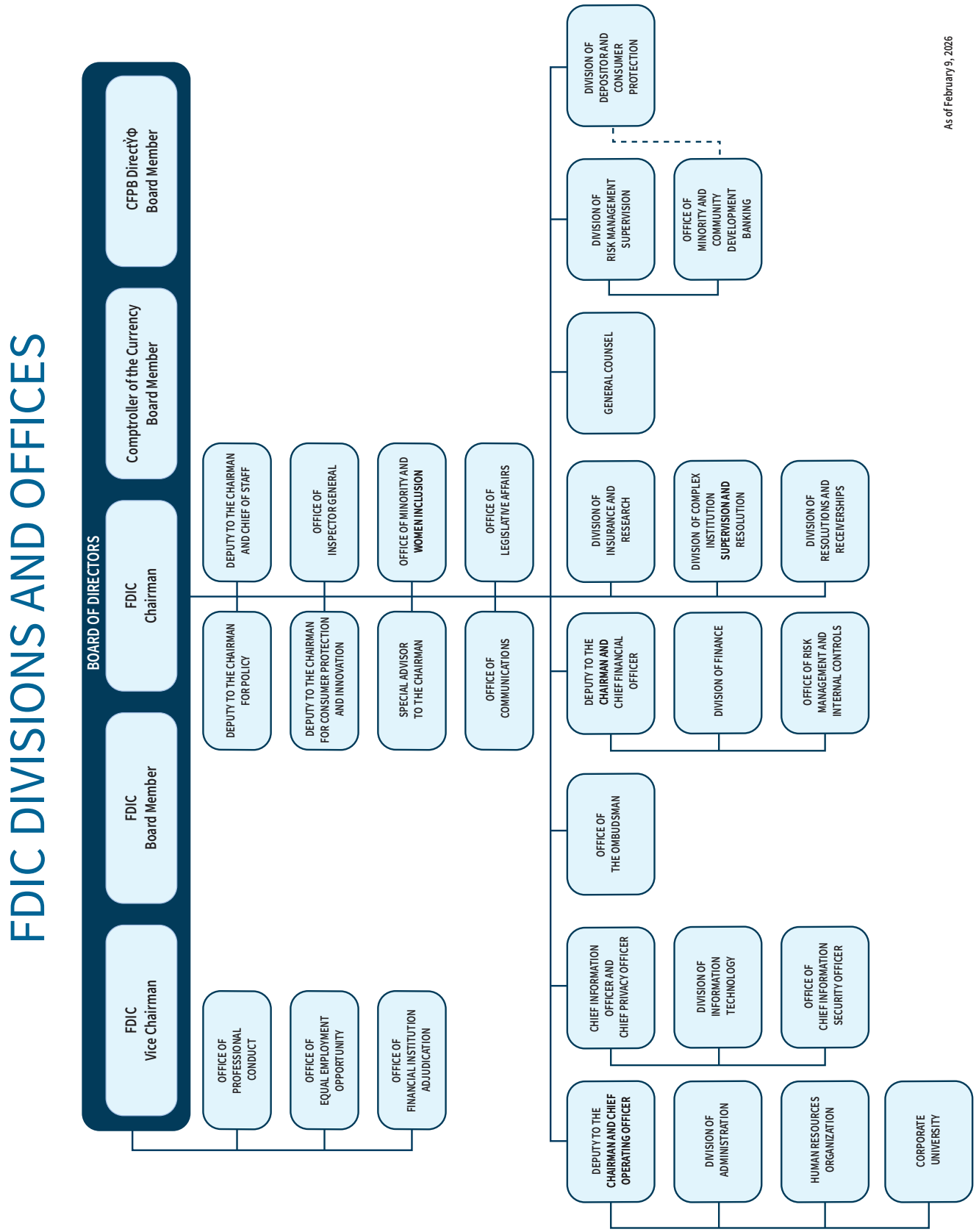
The Office of Risk Management and Internal Controls (ORMIC) continued to oversee the FDIC's Enterprise Risk Management (ERM) and internal control programs and make improvements in contract invoice processes, including conducting independent testing and ensuring compliance with FDIC acquisition policies. In 2026, ORMIC will continue to mature its fraud risk awareness, project risk management, and audit follow-up programs.

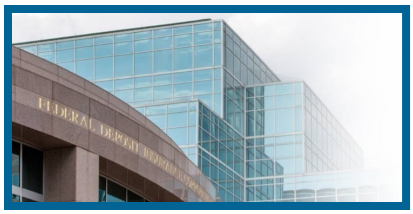
I appreciate the dedication of the FDIC professionals who plan, execute, and account for the agency's resources. We remain committed to sound financial stewardship, transparency, accountability, and prudent resource management as we support the FDIC's important mission and strategic objectives.

Sincerely,



E. Marshall Gentry


FDIC DIVISIONS AND OFFICES
BOARD OF DIRECTORS
FDIC Vice Chairman
FDIC Board Member
FDIC Chairman
Comptroller of the Currency Board Member
CFPB Director Board Member
DEPUTY TO THE CHAIRMAN AND CHIEF OF STAFF
OFFICE OF INSPECTOR GENERAL
OFFICE OF MINORITY AND WOMEN INCLUSION
OFFICE OF LEGISLATIVE AFFAIRS
DEPUTY TO THE CHAIRMAN FOR POLICY
DEPUTY TO THE CHAIRMAN FOR CONSUMER PROTECTION AND INNOVATION
SPECIAL ADVISOR TO THE CHAIRMAN
OFFICE OF COMMUNICATIONS
OFFICE OF PROFESSIONAL CONDUCT
OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY
OFFICE OF FINANCIAL INSTITUTION ADJUDICATION
DIVISION OF DEPOSITOR AND CONSUMER PROTECTION
DIVISION OF RISK MANAGEMENT SUPERVISION
OFFICE OF MINORITY AND COMMUNITY DEVELOPMENT BANKING
GENERAL COUNSEL
DIVISION OF INSURANCE AND RESEARCH
DIVISION OF COMPLEX INSTITUTION SUPERVISION AND RESOLUTION
DIVISION OF RESOLUTIONS AND RECEIVERSHIPS
DEPUTY TO THE CHAIRMAN AND CHIEF FINANCIAL OFFICER
DIVISION OF FINANCE
OFFICE OF RISK MANAGEMENT AND INTERNAL CONTROLS
OFFICE OF THE OMBUDSMAN
CHIEF INFORMATION OFFICER AND CHIEF PRIVACY OFFICER
DIVISION OF INFORMATION TECHNOLOGY
OFFICE OF CHIEF INFORMATION SECURITY OFFICER
DEPUTY TO THE CHAIRMAN AND CHIEF OPERATING OFFICER
DIVISION OF ADMINISTRATION
HUMAN RESOURCES ORGANIZATION
CORPORATE UNIVERSITY
As of February 9, 2026



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

Division of Administration
Supports the FDIC's mission by providing administrative services for the other FDIC divisions and offices.

Division of Complex Institution Supervision and 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 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 Finance
Provides accounting, budget, financial, travel, and relocation services.

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

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 DIF; 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 operations, supervision, enforcement, resolutions of troubled institutions, liquidations, and litigation.

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 FDIC, and serves as the agency's liaison with media.

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 Inspector General
Helps preserve the integrity of the FDIC and the U.S. banking system; and 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 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 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): E. Marshall Gentry, Jennifer Fain, Chairman Travis Hill, Sylvia Burns, and Matthew P. Reed.

Standing 1st Row (left to right): Andrew Felton, Mark E. Pearce, Jenny Traille, Shawn Khani, Andy Jiminez, Felita Boldin, Amy Thompson, and Jennifer Schoen.

Standing 2nd Row (left to right): Hansel Cordeiro, Amanda Lavis, Siân M. Fisher, Betty Rudolph, Donna M. Saulnier, Jill A. Lennox, Brian Guy, and Zachary Brown.

Not Pictured: Ryan Billingsley, Leonard Chanin, Mark Handzlik, Alexander LePore, Daniel Marcotte, and Dana T. Wade.

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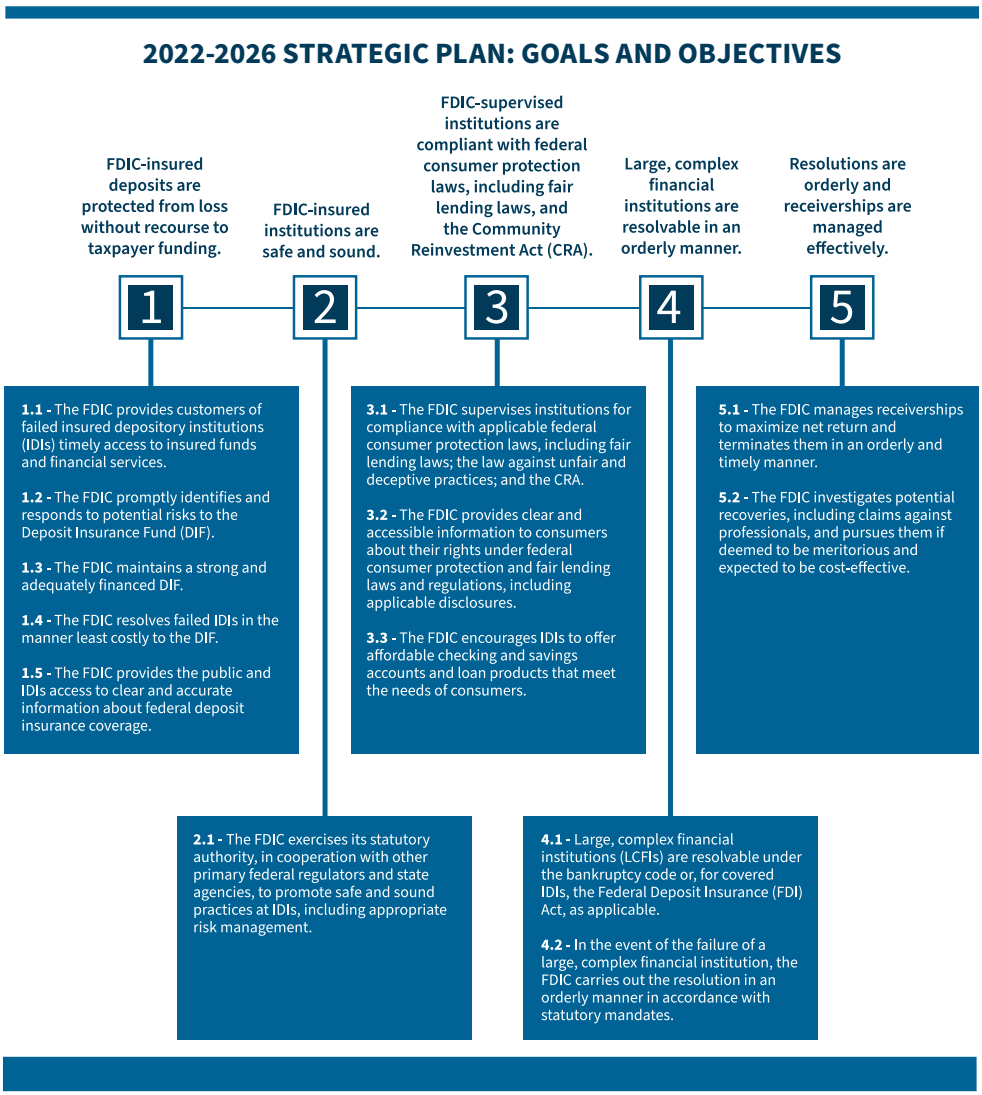
I.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Overview

Throughout 2025, the FDIC continued to fulfill its mission—to maintain stability and public confidence in the nation's financial system—through its insurance, examination and supervision, resolution, and receivership programs and responsibilities. To demonstrate this, we have organized this Annual Report around the five strategic goals set forth in the FDIC's *2022–2026 Strategic Plan*[1] and the *2026 Annual Performance Plan and 2025 Annual Performance Report (APP/APR)*.[2] During 2025, the FDIC fully achieved 35 of its 39 annual performance targets associated with its strategic goals and objectives and substantially achieved two annual performance targets. Two of the annual performance targets were not achieved this year. The APP/APR includes a detailed discussion of the 2025 performance results.



[1] FDIC, *2022–2026 Strategic Plan*, December 14, 2021, https://www.fdic.gov/news/board-matters/2021/2021-12-14-notice-sum-d-fr.pdf.

[2] FDIC, *2026 Annual Performance Plan and 2025 Annual Performance Report*, https://www.fdic.gov/strategic-plans.

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

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 of Directors (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 November 2025, the Board voted to maintain the 2.0 percent ratio for 2026.

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 $150.1 billion as of September 30, 2025, primarily driven by assessment revenue. Growth in the DIF balance and slower-than-average insured deposit growth resulted in a 15 basis point increase in the reserve ratio—from 1.25 percent as of September 30, 2024, to 1.4 percent as of September 30, 2025.

Special Assessment Pursuant to the Systemic Risk Determination

Following the failures of Silicon Valley Bank (SVB) and Signature Bank, in November 2023, the FDIC Board approved a special assessment to recover the loss to the DIF arising from the protection of uninsured depositors in those banks. The FDI Act requires that any loss to the DIF arising from the use of a systemic risk determination—as was the case for SVB and Signature Bank—must be recovered from one or more special assessments on insured depository institutions (IDIs), depository institution holding companies, or both.

As of September 30, 2025, the FDIC estimates the cost for the failures of SVB and Signature Bank to be $19.0 billion, of which an estimated $16.7 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 December 2025, the FDIC completed the seventh of eight quarterly special assessment collections. To ensure that the FDIC recovers the full amount of estimated losses as of September 30, 2025, while minimizing amounts collected in excess of the estimated losses, the FDIC adopted an interim final rule[3] in December 2025 to reduce the rate at which the special assessment will be collected in the eighth collection quarter from 3.36 basis points to 2.97 basis points. Under the interim final rule, the FDIC will provide an offset to regular quarterly deposit insurance assessments for banks subject to the special assessment if the amount collected exceeds estimated losses prior to the termination of the receiverships, and again if the amount collected exceeds actual losses after the termination of the receiverships. The FDIC anticipates that any assessment offset prior to the termination of the receiverships would follow the resolution of pending litigation that could materially decrease estimated losses or result in a difference between actual and projected collection amounts.

Restoration Plan

In September 2020, the FDIC adopted a Restoration Plan to restore the DIF reserve ratio to at least 1.35 percent by the statutory deadline of September 30, 2028, absent extraordinary circumstances, as required by the FDI Act. The DIF reserve ratio exceeded the statutory minimum of 1.35 percent as of June 30, 2025. As a result, beginning with the third quarter of 2025, the FDIC is no longer operating under a Restoration Plan.

National and Regional Risk Analysis

The 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)*[4]— a comprehensive summary of financial results for all FDIC-insured institutions that includes data on bank earnings, loan and deposit activity, asset quality, estimated insured deposits, reserve ratio, and more — as well as *Banking Issues in Focus*[5], a series of topical articles. NRRA also published the 2025 *Risk Review*[6], summarizing overall banking conditions and performance, and key market and credit risks facing banks.

Research and Regulatory Analysis

The Research and Regulatory Analysis (RRA) Branch combines economic expertise, machine learning and statistical methods, institutional knowledge, and data to support operations and rulemaking, and to produce analyses that inform policy- and decision-making. To support rulemaking, RRA staff conduct regulatory impact analyses, significant rule determinations,

[3] FDIC, *FDIC Board of Directors Issues an Interim Final Rule to Amend the Collection of the Special Assessment*, press release, December 16, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-issues-interim-final-rule-amend-collection-special.
[4] FDIC, *Quarterly Banking Profile*, https://www.fdic.gov/quarterly-banking-profile. The first published QBP was for the second quarter of 1986. For data prior to 1986, please refer to FDIC Annual Reports prior to 2025, https://www.fdic.gov/financial-reports/annual-reports.
[5] FDIC, *Banking Issues in Focus*, https://www.fdic.gov/analysis/banking-issues-focus.
[6] FDIC, *2025 Risk Review*, https://www.fdic.gov/analysis/2025-risk-review.

Paperwork Reduction Act (PRA)[7] estimates, and Regulatory Flexibility Act[8] analysis.

RRA staff build models used across the FDIC, including off-site models that inform the examination process, models used during the resolution process, and stress tests. RRA also provides ongoing support during on-site examinations by conducting quantitative model reviews at examined banks. In addition, RRA leads analysis of complex data to inform policymakers' priorities. RRA undertakes numerous industry outreach activities throughout the year, such as the Bank Research Conference.



On September 25, 2025, Travis Hill, then Acting Chairman of the FDIC, engaged with FDIC employees at the 24th Bank Research Conference.

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 2025 QBP shows that net income at all community banks increased by 26.4 percent to $8.4 billion from the year-ago quarter on a merger adjusted basis, while increasing 3.9 percent in the same period a year prior. Nearly 80 percent of community banks reported an increase in net income from the year prior reflecting stronger net interest income that exceeded growth in noninterest expense.

Technical Assistance Program

The FDIC continued to provide a technical assistance program for bank directors, officers, and employees in 2025. The technical assistance program includes an online Banker Resource Center, Directors' College, outreach events held across the country, and a video program.

The FDIC regularly updates the Banker Resource Center on its website[9] to reflect information and supervisory resources for banking professionals to support safety and soundness.

In 2025, the FDIC participated with state trade associations in hosting several banker outreach sessions across multiple FDIC regions. During these sessions, FDIC employees engaged with bank directors and officers on various topics, including internal controls, third-party

[7] The PRA and its implementing regulations establish a process for the review and approval of collections of information from the public. The PRA is intended to minimize burdens resulting from the collection of information by the federal government, maximize the utility of the information collected, and improve the quality and use of federal information. 44 U.S.C. 3501 et seq.

[8] The Regulatory Flexibility Act gives small businesses a role in the development of a regulatory environment more conducive to starting and growing small businesses. It requires agencies to consider the impact of their regulations on small entities in developing proposed and final "rules" and allows the public to comment on those analyses. 5 U.S.C. 601 et seq.

[9] FDIC, *Banker Resource Center*, https://www.fdic.gov/resources/bankers.

relationships, corporate governance, information technology (IT) and cybersecurity, interest rate risk, and liquidity risk management, among other topics. Various FDIC managers also represented the Corporation 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.

The FDIC also offers a Technical Assistance Video Program, a series of educational videos designed to provide useful information to bank directors, officers, and employees on areas of supervisory focus and regulatory changes. These videos are available on the FDIC's YouTube channel.[10]

INTERNATIONAL OUTREACH

The FDIC works with regulatory and supervisory authorities from around the world as well as international standard-setting bodies and multilateral organizations.

International Association of Deposit Insurers

FDIC officials and experts continued to participate in the International Association of Deposit Insurers, including reviewing and providing input on the revision of the Core Principles for Effective Deposit Insurance Systems. The FDIC's contributions included participation in various committees, including the Executive Council Committee.



Basel Committee on Banking Supervision

Throughout 2025, the FDIC supported and contributed to the development of international standards, guidelines, and practices for prudential regulation and supervision of banks through its membership in the Basel Committee on Banking Supervision (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.

Financial Stability Board

The FDIC continued to serve as a member of the Financial Stability Board (FSB) Resolution Steering Group (ReSG), and its subgroups on banks, insurance, and financial market infrastructures. The FDIC's contributions supported crisis management preparedness related to global systemically important financial institutions.

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 supports the safety and soundness of FDIC-supervised financial institutions and oversees institutions' compliance with consumer protection laws and regulations.

[10] FDIC, *FDIC YouTube Channel*, https://www.youtube.com/user/FDICchannel.

RISK MANAGEMENT EXAMINATION PROGRAM

The FDIC's bank examination efforts are at the core of its supervisory program. As of September 30, 2025, the FDIC was the primary federal regulator for 2,772 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), Community Reinvestment Act (CRA), consumer compliance, and other specialty examinations.



Approximately 98 percent of all FDIC-supervised institutions are examined through point-in-time examinations with the remainder subject to a risk-focused continuous examination process throughout the year. The following table shows the number of examinations by type, conducted from 2023 through 2025:

FDIC Examinations

	2025	2024	2023
Risk Management (Safety and Soundness):			
State Nonmember Banks	1,094	1,087	1,125
Savings Banks	118	113	122
State Member Banks	0	0	0
Savings Associations	0	0	0
National Banks	0	0	0
Subtotal—Risk Management Examinations	**1,212**	**1,200**	**1,247**
CRA/Consumer Compliance Examinations:			
CRA/Consumer Compliance	697	710	675
Consumer Compliance only	87	101	181
CRA only	4	5	5
Subtotal—CRA/Compliance Examinations	**788**	**816**	**861**
Specialty Examinations:			
Trust Departments	260	264	255
IT and Operations	1,204	1,205	1,243
Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)	1,220	1,214	1,255
Subtotal—Specialty Examinations	**2,684**	**2,683**	**2,753**
TOTAL	**4,684**	**4,699**	**4,861**

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) for safety and soundness purposes. As of September 30, 2025, 57 insured institutions were designated as problem institutions for safety and soundness purposes. By comparison, on September 30, 2024, there were 68 problem institutions, representing a 16.2 percent decrease in the number of problem institutions. For the 12 months ended September 30, 2025, 27 institutions were removed from the list of problem financial institutions while 16 institutions were added to the list. The FDIC was the primary federal regulator for 31 of the 57 problem institutions as of September 30, 2025. In 2025, the FDIC conducted statutorily required examinations and follow-up examinations for supervised problem institutions within prescribed timeframes.

In 2025, the FDIC's Division of Risk Management Supervision (RMS) initiated 89 formal enforcement actions and 76 informal enforcement actions against supervised institutions. These actions included, but were not limited to, 12 actions under Section 8(b) of the FDI Act and 76 memoranda of understanding (MOUs). Of these enforcement actions against institutions, 21 MOUs and five formal actions (five consent orders) were based, as a whole or in part, on apparent violations of the Bank Secrecy Act (BSA) and other AML/CFT laws and regulations.

In addition, the FDIC initiated enforcement actions against individuals. These actions included, but were not limited to, 36 removal and prohibition actions under Section 8(e) of the FDI Act (32 consent orders and four notices of intention to remove/prohibit), seven actions under Section 8(b) of the FDI Act (four notices of charges for an order for restitution and three orders to pay restitution), and eight civil money penalties (CMPs) (five orders to pay and three notices of assessment).

EXAMINATION PROCESSES

As noted above, 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 allowing the FDIC to conduct 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, culminating in an end-of-cycle roll-up report of examination.

Off-Site Monitoring

The FDIC uses off-site monitoring to supplement and guide the examination process. The FDIC has developed off-site monitoring programs to identify institutions with risk profiles that may change between examinations. These off-site monitoring tools use key data from institutions'

quarterly Reports of Condition and Income (Call Reports) to identify institutions that, for example, are experiencing rapid loan growth, changes in loan portfolio structure, liquidity stress, weak earnings, or levels of nonperforming loans that merit further review.

Shared National Credit Program

The FDIC participates with the Board of Governors of 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 2025 SNC portfolio totaled $6.9 trillion and grew 6.0 percent over the past year. Credit risk in the portfolio 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") decreased slightly from 9.1 percent of total commitments in 2024 to 8.6 percent in 2025.

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. Ongoing broader supervision reform efforts will also include modernizing and tailoring specialty examinations activities with a focus on what is most material to an institution's safety and soundness.

Trust, Registered Transfer Agent, Municipal Securities Dealer, and Government Securities Dealer Examinations

The FDIC examines trust, registered transfer agent, municipal securities dealer, and government securities dealer risk management practices at institutions that engage in these activities. As of December 31, 2025, the FDIC had performed 249 trust examinations, nine Registered Transfer Agent examinations, one Municipal Securities Dealer examination, and one Government Securities Dealer examination. Of the 249 trust examinations, 21 were related to entities in the continuous examination process.

Information Technology and Cybersecurity Examinations

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)[11] Uniform Rating System for Information Technology. Throughout 2025, the FDIC conducted 1,204 IT examinations at state non-member institutions and issued two formal IT-related enforcement actions.

[11] 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.

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 reviewed privileged access management, quantum readiness, and management of cloud technology in 2025.

The FDIC, FRB, and OCC initiated a Data Security and Data Protection common scope target examination 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, 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 and 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

The FDIC examines institutions' compliance with the 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 such an examination. In total, during 2025, the FDIC conducted 1,220 AML/CFT examinations.

Throughout 2025, the FDIC worked with the FRB, OCC, National Credit Union Administration (NCUA), and the U.S. Department of the Treasury (Treasury), including the Financial Crimes Enforcement Network (FinCEN), on initiatives related to the AML Act and BSA modernization. This includes continued work on the AML/CFT program rule.

Additional BSA modernization efforts include changes to the Customer Identification Program (CIP). On June 27, 2025, the FDIC joined with the OCC, NCUA, and FinCEN to provide a CIP exemption from the collection of the Tax Identification Number (TIN) from the customer.[12] The exemption permits banks subject to the jurisdiction of the agencies, including FDIC-supervised institutions, to use an alternative collection method to obtain TIN information from a third-party rather than from the customer, if the bank otherwise complies with the CIP Rule.

[12] FDIC, *Customer Identification Program Rule Exemption from Collecting Taxpayer Identification Number Information from Customers*, Financial Institution Letter, June 27, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/customer-identification-program-rule-exemption-collecting.

On August 5, 2025, the FDIC issued a Financial Institution Letter (FIL) regarding pre-population for CIP purposes.[13] The change in supervisory approach allows a financial institution to use information from current or prior accounts or relationships involving the bank or its agents, or other sources, such as parent organizations, affiliates, vendors, and other third parties to pre-fill information that is reviewed and submitted by the customer. The FDIC considers such information from the customer for purposes of the CIP Rule.

DIGITAL ASSETS POLICY

In March 2025, the FDIC issued FIL-7-2025, which provides new guidance for FDIC-supervised institutions engaging or seeking to engage in crypto-related activities. The new guidance clarifies that FDIC-supervised institutions may engage in permissible crypto-related activities without receiving prior FDIC approval, including activities involving new and emerging technologies such as crypto-assets and digital assets, provided that they adequately manage the associated risks.

In April 2025, the FDIC withdrew two joint statements regarding banking organizations' crypto-asset-related activities. This action was intended to provide clarity that banking organizations may engage in permissible crypto-asset activities and provide products and services to persons and firms engaged in crypto-asset related activities, consistent with safety and soundness and applicable laws and regulations.

In July 2025, the FDIC, together with the OCC and Federal Reserve, issued a statement discussing how existing laws, regulations, and risk management principles apply to the safekeeping of crypto-assets. While the statement did not create any new supervisory expectations, it sought to clarify the role banks may play in providing safekeeping for crypto-assets.

Also in July 2025, the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act was enacted. The GENIUS Act establishes a regulatory and supervisory framework for issuers of payment stablecoins. Under the GENIUS Act, the FDIC has supervisory and examination responsibilities with respect to subsidiaries of FDIC-supervised institutions approved to issue payment stablecoins as well as rulemaking authority along with other agencies.

In December 2025, the FDIC issued a notice of proposed rulemaking (NPR) that would establish procedures for FDIC-supervised institutions that seek to issue payment stablecoins through a subsidiary pursuant to the GENIUS Act. Under the proposal, the FDIC would adopt a tailored application process that would enable the FDIC to evaluate the safety and soundness of an applicant's proposed activities while minimizing the regulatory burden on applicants. The FDIC expects to implement this and other applicable provisions of the GENIUS Act through the rulemaking process.

[13] FDIC, *FDIC Supervisory Approach Regarding the Use of Pre-Populated Information for Purposes of Customer Identification Program Requirements*, Financial Institution Letter, August 5, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/fdic-supervisory-approach-regarding-use-pre-populated.

PAYMENT FRAUD

In addition, the FDIC, in conjunction with the OCC and the FRB, issued a joint Request for Information (RFI) on Potential Actions to Address Payments Fraud. The RFI's purpose is to gather information to help consumers, businesses, and financial institutions mitigate fraud across various payment systems. The RFI focuses on five key areas: external collaboration, education for consumers and businesses, regulation and supervision, data collection and information sharing, and enhancing the Federal Reserve Banks' fraud prevention tools and services. In addition, the FDIC continues to help 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 CRA, and the regulations that implement these laws.

In 2025, the FDIC conducted all required consumer compliance and CRA examinations. In both 2024 and 2025, 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 2025, the FDIC substantially achieved all follow-up examinations and visitations in accordance with the timeframes prescribed by FDIC policy.

As of December 31, 2025, 43 insured state nonmember institutions with total collective assets of $71.0 billion had either a consumer compliance rating of "4" or "5" and/or a CRA rating of "Needs to Improve" or "Substantial Noncompliance."

During 2025, the Division of Depositor and Consumer Protection (DCP) initiated 16 formal enforcement actions and 11 informal enforcement actions, such as Board Resolutions and MOUs, to address consumer compliance examination findings. These formal enforcement actions included three 8(b) orders and 13 CMPs. The CMPs addressed 12 violations of the Flood Disaster Protection Act, and one violation of Section 5 of the Federal Trade Commission Act for Unfair or Deceptive Acts or Practices. CMPs totaled approximately $150.2 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 $4.7 million to 47,902 consumers, including Truth in Lending Act reimbursements of approximately $498,090 to 4,746 consumers. In addition, approximately $1.2 billion in restitution has been ordered by the FDIC in 2025 via 8(b) orders.

Consumer Compliance Supervisory Highlights

The FDIC's *Consumer Compliance Supervisory Highlights*[14] is a publication designed to enhance transparency regarding consumer compliance supervisory activities. The publication provides a high-level overview of consumer compliance issues identified by the FDIC during its supervision of state non-member banks in the previous year. In July 2025, the FDIC published an issue summarizing the results of its 2024 consumer compliance examinations, including the most frequently cited violations, key examination observations, regulatory developments, available compliance resources for financial institutions, and trends in consumer complaints.

SUPERVISION REFORM ACTIVITIES

The FDIC has implemented or is engaged in implementing a number of changes to reorient our supervisory focus towards core, material financial risks, and away from process and documentation, among other reforms. Some of these changes include reorienting the CAMELS[15] ratings system on material financial risks, focusing matters requiring attention and enforcement actions on practices and issues that are most impactful to banks' safety and soundness, and ensuring that supervisory appeals are fair and transparent. The FDIC has also prohibited examiners from criticizing financial institutions based on reputation risk and rescinded climate-related financial risk guidance. Additionally, the FDIC advanced initiatives to adjust the Community Bank Leverage Ratio (CBLR) and to raise and index certain regulatory thresholds in FDIC regulations.

The FDIC advanced a series of reforms aimed at improving the effectiveness, efficiency, and consistency of supervision across examination activities. The FDIC has implemented changes to improve the efficiency of the examination process and the timeliness of supervisory feedback by simplifying internal procedures and reducing unnecessary documentation, particularly for well-rated community banks. Additionally, the FDIC adopted new BSA-related examination procedures for low-complexity banks. For larger banks, the FDIC raised the asset threshold for the continuous examination process to better risk focus and tailor supervision on core financial risks and materiality, while streamlining planning, procedures, documentation, and reports of examination (ROE).

The FDIC also reduced the frequency of consumer compliance and CRA examinations for community banks with less than $3.0 billion in assets that have a consumer compliance rating of "1" or "2" and a satisfactory or outstanding CRA rating. These changes recognize the fact that most community banks effectively manage the risks related to compliance with consumer protection laws; as of the end of 2025, 97.0 percent of all FDIC-supervised institutions were rated satisfactorily or better for consumer compliance.

In September 2025, the FDIC modified its policies and procedures for terminating cease and desist orders under Section 8(b) of the FDI Act. The FDIC's policy now allows for termination of such orders when substantial compliance has been achieved, and the FDIC may deem

[14] FDIC, *Consumer Compliance Supervisory Highlights*, https://www.fdic.gov/bank-examinations/consumer-compliance-supervisory-highlights.

[15] 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 **C**apital adequacy, **A**sset quality, **M**anagement capabilities, **E**arnings sufficiency, **L**iquidity position, and **S**ensitivity to market risk (commonly referred to as CAMELS ratings). Ratings range from "1" (strongest) to "5" (weakest).

an institution to have achieved substantial compliance with an order when it has satisfied the essential requirements of the order's purpose or objective, even if minor, isolated requirements have not been fully satisfied. Additionally, consistent with Executive Order 14281, Restoring Equality of Opportunity and Meritocracy, the FDIC ended the use of disparate impact in fair lending reviews.

EXAMINER TRAINING AND DEVELOPMENT

In 2025, 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.



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 develop 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 2025, RMS 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 partner with the Legal Division's Emerging Technology Policy Group, which focuses on legal issues facing both the FDIC and its supervised and insured banks and savings associations that arise from emerging forms of technology.

These efforts involved addressing critical business needs through the use of new automations, technology innovations, and process improvements. In 2025, DCP implemented the use of machine learning to replace manual methods of collecting data during compliance examinations of FDIC-supervised financial institutions.

Mission-Driven Banks

During 2025, the FDIC continued work to fulfill the statutory goals established under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) concerning minority depository institutions (MDIs).[16] FDIC leadership and staff regularly engage with MDIs to gain insight into their challenges and opportunities, including organizing regional roundtables to foster collaboration and open dialogue between the bankers and their regulators. These forums facilitate discussions on key regulatory matters and share information on available tools and resources. In 2025, the FDIC continued to conduct outreach with bankers and their trade groups and offer annual meetings between FDIC regional management and each bank's management and board of directors to address relevant topics of interest.

FDIC examiners assess the performance of MDIs and Community Development Financial Institutions (CDFIs) under the same instructions as other FDIC-supervised institutions, and all the supervision reform activities to reorient supervisory focus towards core, material financial risks apply to MDIs. The rating systems are designed to reflect an assessment of the individual institution, including its size and sophistication, the nature and complexity of its business activities, and its risk profile.

The FDIC routinely offers technical assistance to assist bank management in understanding bank regulations, FDIC policies, examination procedures, and supervisory topics or examination findings. The agency also offers return visits following examinations to assist management in understanding and implementing recommendations, rather than to identify new issues. The FDIC provides technical assistance to organizing groups interested in opening a *de novo* institution and facilitates preservation of the minority character in the event of a potential failed institution.

Large and Complex Financial Institutions

RISK ASSESSMENT AND SUPERVISION

Risk Monitoring

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 (FMUs) 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 firm's risk profile, governance and risk management strategies, structure and interdependencies, business operations and activities, management information systems, and recovery and resolution capabilities. Evaluating capital and liquidity adequacy and resiliency under stressed conditions is also a key part of risk monitoring.

[16] 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.

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, the effectiveness of governance and risk management practices, and the potential risk posed by LCFIs. To support risk monitoring, the FDIC has developed systems and reporting to help identify existing and emerging risks. Monitoring reports cover a variety of aspects that include risk components, business lines and activity, market trends, and product analysis.

In addition, the FDIC utilizes tools such as the Supervisory Risk and Resolution Activities Plan, Division of Complex Institution Supervision and Resolution (CISR) Risk Monitor (CRM), Systemically Important Financial Institution (SIFI) Risk Report (SRR), and CAMELS Verification analysis to prioritize activities relating to oversight of LCFIs and to coordinate supervisory and resolution-related activities with the other banking agencies.[17]

Backup Supervision Activities for IDIs

At institutions where the FDIC is not the primary federal regulator, the agency has assigned backup supervision staff that work closely with other regulatory authorities to identify emerging risks and assess the overall risk profile of LCFIs. Risk monitoring is enhanced by the FDIC's backup supervision activities. These activities include participating in examination reviews with other regulatory agencies and exercising independent examination and enforcement authorities, when necessary, to support insurance pricing and resolution preparedness.

During 2025, FDIC staff participated in 100 examination activities with the FRB or OCC involving GSIBs, FBOs, and large regional banks. These examinations included, but were not limited to the evaluation of interest rate risk, liquidity risk, commercial real estate, corporate credit, IT and cybersecurity, exposure to nonbank financial institutions, third-party risk management, market risk, and trading activities.

RESOLUTION PLANNING

Title I 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 Council (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.

[17] The Supervisory Risk and Resolution Activities Plan 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 SIFIs, and the CAMELS Verification analysis includes an independent assessment of the appropriateness of supervisory CAMELS ratings for the IDIs held by these firms.

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 or shortcomings in the resolution plan that resulted in the determination.

In 2025, 79 firms submitted Title I resolution plans. The eight U.S. GSIBs submitted targeted resolution plans on or before July 1, which addressed areas identified in the 2024 feedback letters the FDIC and FRB sent to such firms in response to their 2023 resolution plans. The FDIC received 15 full resolution plans from large domestic banking organizations and FBOs with a significant U.S. presence submitted full resolution plans on or before October 1 that addressed the Title I resolution planning rule requirements issued by the agencies in 2024. By July 1, 56 FBOs with a limited U.S. presence had submitted reduced resolution plans that focused on material changes since their last plan submissions. The agencies anticipate sending feedback letters to these Title I filers in 2026.

Large Regional Bank Resolution Planning

The FDIC performs institution-specific resolution planning under the FDI Act for IDIs with over $50 billion in total assets. The IDI Rule[18] requires covered insured depository institutions (CIDIs) with $100 billion or more in total assets to submit resolution plans; CIDIs with at least $50 billion but less than $100 billion in total assets must submit informational filings.

In 2025, 12 CIDIs with $100 billion or more in total assets submitted IDI resolution plans and 11 others submitted interim supplements. Additionally, six CIDIs with at least $50 billion but less than $100 billion in total assets submitted informational filings.

In April 2025, the FDIC took action to modify its approach to IDI resolution planning to focus on the information most valuable for executing a resolution and to remove content that involved speculative analysis or was of relatively low value. The shift prioritizes execution of a large bank resolution through a weekend sale or, if necessary, briefly operating the bank while rapidly marketing the institution or its assets.[19] These changes were consistent with lessons learned from previous large bank failures and aim to maximize the likelihood of a lower-cost approach to bank resolution. In addition, the FDIC engaged with large banks in their capacity as potential acquirers to seek feedback on improving the effectiveness of the marketing process.[20] In December 2025, the FDIC announced plans to propose changes to the IDI resolution planning rule and enhanced its public website to increase transparency into the marketing and sale process of failing financial institutions.[21]

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[18] 12 Code of Federal Regulations (CFR) 360.10.
[19] FDIC, *FDIC Modifies Approach to Resolution Planning for Large Banks*, press release, April 18, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-modifies-approach-resolution-planning-large-banks
[20] FDIC, Acting Chairman Travis Hill, "Resolution Readiness and Lessons Learned from Recent Large Bank Failures", speech at the Single Resolution Mechanism's 10th Anniversary Conference, October 15, 2025, https://www.fdic.gov/news/speeches/2025/resolution-readiness-and-lessons-learned-recent-large-bank-failures.
[21] FDIC, *FDIC Provides Update on IDI Resolution Planning for Large Banks*, Financial Institution Letter, December 31, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/fdic-provides-update-idi-resolution-planning-large-banks and FDIC, *FDIC Provides Additional Transparency Regarding Marketing and Sale of Failing Financial Institutions*, Financial Institution Letter, December 30, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/fdic-provides-additional-transparency-regarding-marketing.

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 (OLA), however, and it can only be invoked under a statutorily prescribed recommendation and determination process coupled with an expedited judicial review process.

The FDIC continues to improve and mature its Title II framework, including strengthening governance practices, improving internal process documentation, and further specifying roles and responsibilities. This work remains part of the FDIC's ongoing strategic initiatives.

The FDIC undertakes institution-specific strategic planning to carry out its OLA with respect to the GSIBs operating in the United States. The planning and resolution optionality developed for these firms continue to be refined and informed by the firms' Title I plan submissions. In addition, work continues to develop resolution strategies for the eight FMUs that have been designated as systemically important by the FSOC.

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 2025, 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.

In 2025, the FDIC continued to enhance cooperation on cross-border resolution through its participation in the FSB ReSG and its subgroups on banks, insurance, and financial market infrastructures.

The FDIC also 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.



On November 4, 2025, the Division of Resolutions and Receiverships hosted representatives from the Korea Deposit Insurance Corporation at the Dallas Regional Office to discuss asset recovery, employee training, and other topics.

In June 2025, senior executives from resolution, regulatory and supervisory authorities, central banks, and finance ministries of the United States, United Kingdom, and European Banking Union met for a Trilateral Principal Level Exercise on cross-border resolution planning for GSIBs. This exercise was part of a series of exercises and exchanges intended to enhance understanding of each jurisdiction's framework for resolving GSIBs, strengthen cross-border coordination, and promote confidence in and commitment to the orderly resolution of GSIBs.



On June 6, 2025, FDIC employees participated in the Trilateral Principal Level Exercise at the Single Resolution Board (resolution authority of the European Banking Union) in Brussels.

Crisis Management Groups and Supervisory Colleges

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 providing a forum to address institution-specific resolution planning considerations with key authorities, supported by information-sharing arrangements. In 2025, the FDIC, in collaboration with the FRB, Commodity Futures Trading Commission, and Securities and Exchange Commission, held CMG meetings for all eight U.S. GSIBs and three U.S. CCPs.

In addition, the FDIC participates in supervisory colleges, which support supervisory information sharing among home and host country supervisors of cross-border banks.

Other Cross-Border Working Groups

In June 2025, FDIC staff participated in the EU-U.S. Financial Regulatory Forum hosted by the European Commission and the Treasury. The forum emphasized ongoing EU and U.S. engagement and focused on, among other things, market developments and financial stability, digital finance and payments, banking and insurance, AML/CFT, and capital markets.

The FDIC also participated in the U.S.-UK Financial Regulatory Working Group in June 2025 and discussed, among other things, the economic and financial stability outlook, regulatory developments, digital finance and innovation, and the investment environment.

Depositor and Consumer Engagement

The FDIC promotes efforts to build and strengthen positive connections between insured financial institutions and consumers, depositors, small businesses, and communities.

CONSUMER COMPLAINTS AND INQUIRIES

The FDIC National Center for Consumer and Depositor Assistance 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 assistance and publishes that information on its public website.[22]

Through December 31, 2025, the FDIC closed 28,489 written consumer complaints and inquiries. Of these, 12,478 were referred to other federal banking agencies for review, while the FDIC investigated the remaining 16,011. The FDIC responded to 98.9 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 a percentage of total volume, included: credit cards (31 percent), checking accounts (17 percent), installment loans (9 percent), consumer lines of credit (7 percent), and residential real estate (4 percent). The top four issues identified among consumer complaints and inquiries, as a percentage of total volume, included: credit reporting (35 percent), discrepancy transaction errors (8 percent), disclosures (4 percent), and collection practices (4 percent).

Deposit Insurance Coverage Information Assistance and Outreach

The FDIC works to ensure bankers and consumers have access to accurate information about FDIC rules for deposit insurance coverage. Through December 31, 2025, the FDIC's Contact Center at 1-877-ASK-FDIC handled 46,963 telephone cases pertaining to a variety of issues. This includes 10,704 identified as complex deposit insurance-related inquiries. In addition to telephone inquiries, the FDIC received over 1,848 written deposit insurance inquiries from consumers and bankers. The FDIC responded to 100 percent of these inquiries within two weeks.

In 2025, the Deposit Insurance Unit initiated a project to analyze and enhance the Electronic Deposit Insurance Estimator (EDIE) for mobile devices. The mobile-responsive design updates were implemented in September 2025 and included a new interface that adapts the layout, content, and usability, while also providing an optimal user experience across a wide range of smart devices with different screen sizes. EDIE is viewed extensively by bankers and consumers each year with approximately two million views or more following a surge in failed bank activity.

In 2025, the Legal Division's FDIC Insurance Misrepresentation Portal received 1,197 misrepresentation inquiries; this number is consistent with the 1,200 consumer submissions received in 2024. Additionally, the Legal Division reviewed other referrals of potential deposit insurance misrepresentation matters received through other channels. The Legal Division

[22] FDIC, *Transparency & Accountability - Consumer Protection & Deposit Insurance*, https://www.fdic.gov/about/transparency-accountability-consumer-protection-deposit-insurance.

imposed nine enforcement actions in 2025; made referrals to other agencies; and took down 360 fraudulent websites in partnership with other stakeholders, including the FDIC Office of Inspector General (OIG).

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."[23] Advertisements ran on various digital and social media channels.

PROMOTING ECONOMIC INCLUSION

The FDIC supports economic inclusion by helping 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 strengthen communities. The 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 June 2025, the FDIC conducted its *National Survey of Unbanked and Underbanked Households*, which continues to provide authoritative data on U.S. household participation in the banking system.[24] Survey results will be reported in 2026.

Consumer Education and Outreach

Another strategy to promote confidence in, and expand access to, the banking system is to make financial education broadly available. Financial education is central to the FDIC's efforts to help people gain the skills and confidence necessary to achieve financial goals and improve financial well-being. FDIC Consumer Education resources reached 1,577,271 online page views in 2025.



Money Smart Program

Money Smart, the FDIC's long-running financial education program, had 40,027 curricula and resource downloads in 2025. *How Money Smart Are You?* is one of the FDIC's most popular resources with more than 799,147 page views. Since its launch in September 2021, the game has had more than 156,000 players, and approximately 2,000 organization accounts. The FDIC has issued more than 538,000 certificates of completion.

Outreach and Engagement

Throughout 2025, the FDIC hosted or participated in 16 financial education events, reaching nearly 4,000 participants from banks, CDFIs, Housing Counseling Agencies, community-based organizations (CBOs), educators, and other stakeholders to advance consumer education. Of those events, the FDIC-hosted 12 Money Smart Train the Trainer, Orientation, and Town Hall national events, reaching over 7,000 registrants. Participants in these events indicated they plan to reach over 160,000 people using Money Smart materials.

[23] FDIC, *Know Your Risk. Protect Your Money*, https://www.fdic.gov/news/campaigns/know-your-risk.
[24] Previous survey results can be found at FDIC, *2023 FDIC National Survey of Unbanked and Underbanked Households*, https://www.fdic.gov/household-survey.

Publications

Consumer News[25] is an FDIC newsletter for consumers, offering helpful hints, quick tips, links to useful resources, and common-sense strategies to protect consumers' savings. *Money Smart News*[26] is an FDIC monthly newsletter for financial educators featuring tips, updates, and promising approaches to financial education. The publication also features success stories from bankers and CBOs who have successfully implemented *Money Smart* and other financial education approaches to consumers and communities across the country. *Consumer News* and *Money Smart News* reach 188,672 and 102,449 monthly subscribers, respectively.

Other publications include *Consumer Analytic Insights*,[27] a series for practitioners focusing on opportunities to expand and support Americans' participation in the nation's financial system and *Consumer Research Perspectives*,[28] a series for practitioners and researchers that uses data to explore questions related to economic inclusion.

Bank Account Access and Savings

The FDIC continued its efforts to promote economic inclusion and community development primarily through collaborations with financial institutions, CBOs, and federal and state agencies to improve access to banking products and services, including in low- and moderate-income (LMI) communities.



To advance these goals, the FDIC continued its national tax time savings initiative[29] to encourage more U.S. households to open bank accounts by working with Internal Revenue Service (IRS) Volunteer Income Tax Assistance (VITA) providers to file their taxes and receive tax credits and refunds for which they qualify. Through local and national public outreach activities, financial institutions were encouraged to collaborate with local VITA providers to address the need for access to banking services at IRS VITA sites[30] and to volunteer at VITA provider locations in response to the increased demand for taxpayer assistance.

Through events connected to the national tax time savings initiative, the FDIC reached over 1,200 bankers, intermediaries, and CBOs that directly serve LMI consumers. As a result, at least 145 collaborations were formed during the 2025 tax-filing season between VITA providers, banks, and local stakeholders working to expand access to affordable and sustainable accounts and other CRA-qualifying community development activities. These collaborations contributed to the filing of over 49,000 tax returns totaling approximately $62 million in refunds and 6,500 community development service hours performed by over 340 bank volunteers for VITA-related services. In addition, the Deposit Insurance campaign

[25] FDIC, *Consumer News*, https://www.fdic.gov/consumer-resource-center/fdic-consumer-news.
[26] FDIC, *Money Smart News*, https://www.fdic.gov/consumer-resource-center/money-smart-news.
[27] FDIC, *Consumer Analytic Insights*, https://www.fdic.gov/consumer-research/consumer-analytic-insights.
[28] FDIC, *Consumer Research Perspectives*, https://www.fdic.gov/consumer-research/consumer-research-perspectives.
[29] FDIC, *FDIC Supports Financial Stability through VITA Collaborations*, https://www.fdic.gov/consumer-resource-center/fdic-supports-financial-stability-through-vita-collaborations.
[30] FDIC, *FDIC Survey of VITA Providers*, https://www.fdic.gov/consumer-research/fdic-survey-vita-providers.

reached 33 million consumers during tax time through advertisements promoting direct deposit of tax refunds.

More broadly, throughout 2025, the FDIC coordinated 13 events and activities to facilitate increased access to affordable and sustainable bank accounts for consumers.

Community Development

The FDIC worked with supervised institutions to identify CRA-qualifying community development lending, investment, and service opportunities that support the markets they serve, including LMI communities. This included identifying opportunities for supervised institutions to build partnerships to expand access to affordable housing, providing workforce development opportunities, and offering technical assistance and financing to small business owners.

Throughout 2025, the FDIC hosted 46 community development-focused events for over 1,250 stakeholders, including over 620 financial institutions and 550 CBOs. These events have resulted in numerous financial institutions committing resources, time, and money toward developing their communities.

Rulemaking and Guidance

During 2025, the FDIC advanced a broad range of supervisory and regulatory initiatives aimed at promoting the safety and soundness of insured depository institutions, strengthening the resilience of the banking system, and ensuring that regulatory requirements remain effective, appropriately tailored, and transparent. These efforts included the following:

- Review of pending and final rules for consistency with applicable laws, regulations, Executive Orders, and leadership priorities;
- Review of guidance to identify duplicative, outdated, or overly prescriptive guidance;
- Assessment of the Uniform Financial Institutions Rating System;
- Adjustment of regulatory thresholds affecting FDIC-supervised institutions;
- Reform of the FDIC's Supervisory Appeals Guidelines;
- Streamlining of the application processes for branch relocations; and
- Policy initiatives regarding capital requirements, resolution planning, anti-money laundering and countering the financing of terrorism, consumer and depositor protection, and supervisory processes.

The following section summarizes the status of key policy actions undertaken during the year:

Key Rulemaking and Guidance	Status[31]
Unsafe or Unsound Practices, Matters Requiring Attention On October 7, 2025, the OCC and the FDIC issued a joint NPR that would define the term "unsafe or unsound practices" for purposes of Section 8 of the Federal Deposit Insurance Act and revise the supervisory framework for the issuance of matters requiring attention and other supervisory communications. See OCC, FDIC, *Agencies Issue Proposal to Focus Supervision on Material Financial Risks*, press release, October 7, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-issue-proposal-focus-supervision-material-financial-risks.	The comment period closed on December 29, 2025. The agencies are reviewing the comments received.
Adjusting and Indexing Certain Regulatory Thresholds On November 25, 2025, the FDIC Board adopted a final rule that was proposed in July 2025 to update certain regulatory thresholds in the FDIC's regulations to reflect inflation, including those under 12 CFR Part 363 related to annual independent audit and reporting requirements, and provides for future adjustments to those thresholds based on inflation. The final rule generally updates certain regulatory thresholds to reflect inflation from the date of initial implementation or the most recent adjustment and provides for future adjustments pursuant to an indexing methodology. The changes set forth in the final rule preserve the level of certain thresholds set forth in the FDIC's regulations, in real terms, and helps to provide for a more durable regulatory framework. See FDIC, *FDIC Finalizes Regulatory Threshold Updates and Indexing to Reflect Inflation*, press release, November 25, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-finalizes-regulatory-threshold-updates-and-indexing-reflect-inflation.	The final rule was published in the *Federal Register* on December 4, 2025, and took effect on January 1, 2026.
Community Bank Leverage Ratio On November 25, 2025, the FDIC, FRB, and OCC invited public comment on a proposal that would lower the CBLR requirement for certain depository institutions and depository institution holding companies from 9 percent to 8 percent, consistent with the lower bound provided in Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The proposal would also extend the length of time that certain depository institutions or depository institution holding companies can remain in the CBLR framework while not meeting all of the qualifying criteria (the "grace period") from two quarters to four quarters, subject to a limit of eight quarters in any prior five-year period. See FDIC, FRB, OCC, *Agencies Issue Proposal to Enhance Community Banks' Ability to Serve Their Communities While Maintaining Strong Capital Requirements*, press release, November 25, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-issue-proposal-enhance-community-banks-ability-serve-their.	The comment period for the joint NPR closed on January 30, 2026. The agencies are reviewing the comments received.

[31] Status for the Rulemaking and Guidance table is as of February 28, 2026.

Key Rulemaking and Guidance (continued)	Status[31]
Modifications to the Enhanced Supplementary Leverage Ratio Standards (eSLR) On November 25, 2025, the FDIC, FRB, and OCC jointly issued a final rule that modifies the eSLR standards applicable to U.S. bank holding companies identified as GSIBs and their depository institution subsidiaries. The final rule recalibrates the eSLR standards to help ensure the eSLR generally serves as a backstop to risk-based capital requirements and to address disincentives banking organizations subject to eSLR standards may have to engage in low-risk, low-return activities, including U.S. Treasury market intermediation. See FDIC, FRB, OCC, *Agencies Issue Final Rule to Modify Certain Regulatory Capital Standards*, press release, November 25, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-issue-final-rule-modify-certain-regulatory-capital-standards.	The final rule was published in the *Federal Register* on December 1, 2025, and will take effect on April 1, 2026.
Office of Supervisory Appeals On January 22, 2026, the FDIC Board approved a July 2025 proposal to amend the agency's Guidelines for Appeals of Material Supervisory Determinations (Guidelines). Under the new Guidelines, the FDIC is replacing the existing Supervision Appeals Review Committee with the Office of Supervisory Appeals (Office), an independent, standalone office within the FDIC. The Office will be the final level of review of material supervisory determinations, independent of the Divisions that make supervisory determinations. The Office will be staffed by reviewing officials who are hired externally, and each panel will have at least one reviewing official with bank supervisory experience and at least one reviewing official with industry experience. See FDIC, *FDIC Board of Directors Establishes Office of Supervisory Appeals*, press release, January 22, 2026, https://www.fdic.gov/news/press-releases/2026/fdic-board-directors-establishes-office-supervisory-appeals.	The FDIC adopted the Guidelines in January 2026. The revised Guidelines will become effective once the Office of Supervisory Appeals is fully operational. The FDIC is currently working to stand up the Office and expects to hire and onboard reviewing officials in the first half of 2026.
Modified Approach to Resolution Planning for Large Banks On April 18, 2025, the FDIC took action to modify its approach to IDI resolution planning to focus the IDI resolution-planning process on the operational information most relevant for the FDIC to resolve a large bank through a weekend sale or operate the institution for a short period of time while rapidly marketing the institution. As part of the modified approach, the FDIC exempted IDIs from certain content requirements for resolution plans, informational filings, and interim supplements. The FDIC also issued an updated set of frequently asked questions describing the exemptions and clarifying certain exemptions. See FDIC, *FDIC Modifies Approach to Resolution Planning for Large Banks*, press release, April 18, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-modifies-approach-resolution-planning-large-banks.	Complete

Key Rulemaking and Guidance (continued)	Status[31]
Prohibition on Use of Reputation Risk by Regulators On October 7, 2025, the FDIC and OCC issued a joint NPR to remove reputation risk from its supervisory framework. Specifically, the proposal would prohibit the agencies from (1) criticizing or taking adverse action on the basis of reputation risk and (2) requiring, instructing, or encouraging an institution to close customer accounts or take other actions on the basis of a person or entity's political, social, cultural, or religious views, among other reasons. See FDIC, OCC, *Agencies Issue Proposal to Prohibit Use of Reputation Risk by Regulators*, press release, October 7, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-issue-proposal-prohibit-use-reputation-risk-regulators.	The comment period closed on December 29, 2025. The agencies are reviewing the comments received.
Other Noteworthy Rulemaking, etc.	**Status[31]**
Guiding and Establishing National Innovation for U.S. Stablecoins Act On December 16, 2025, the FDIC Board approved an NPR that would implement the application provisions of the GENIUS Act, including how the FDIC anticipates evaluating applications based on the statutory factors, processing applications within specified timeframes, and establishing an appeal process for denied applications. See FDIC, *Notice of Proposed Rulemaking to Establish GENIUS Act Application Procedures for FDIC-Supervised Institutions Seeking to Issue Payment Stablecoins*, press release, December 16, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/notice-proposed-rulemaking-establish-genius-act-application.	On February 6, 2026, the FDIC Board approved a 90-day extension of the comment period, which is now scheduled to end on May 18, 2026.
Community Reinvestment Act On July 16, 2025, the FDIC, FRB, and OCC jointly issued a proposal to rescind the CRA final rule issued in October 2023 and replace it with the CRA framework that existed prior to the 2023 CRA final rule, with certain technical amendments. Because the 2023 CRA final rule is subject to legal action and has not taken effect, the agencies continue to apply the 1995 CRA Regulations to banks today. See FDIC, FRB, OCC, *Agencies Issue Joint Proposal to Rescind 2023 Community Reinvestment Act Final Rule*, press release, July 16, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-issue-joint-proposal-rescind-2023-community-reinvestment-act.	The comment period closed on August 18, 2025. The agencies are reviewing the comments received.

Other Noteworthy Rulemaking, etc. (continued)	Status[31]
Establishment and Relocation of Branches and Offices On December 16, 2025, the FDIC Board finalized a July 2025 proposed rule to streamline the processes for the establishment and relocation of domestic branches and main offices. The final rule is intended to improve the speed and certainty of, and reduce the regulatory burden associated with, branch and main office filings. The final rule is substantially similar to the proposal issued in July 2025, with small modifications. See FDIC, *FDIC Board of Directors Approves Final Rule on Establishment and Relocation of Branches and Offices*, press release, December 16, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-approves-final-rule-establishment-and-relocation.	The final rule was published in the *Federal Register* on December 29, 2025, and became effective on February 27, 2026.
Amendments to Official Signs and Advertising Requirements On January 22, 2026, the FDIC Board finalized an August 2025 proposal to amend regulations governing the display of the FDIC official digital sign and non-deposit signage. The rule simplifies requirements for banks' display of the FDIC official digital sign and non-deposit signage on digital deposit-taking channels, such as bank websites and mobile applications as well as on ATMs and like devices. See FDIC, *FDIC Board Approves Final Rule to Amend Official Signs and Advertising Requirements,* press release, January 22, 2026, https://www.fdic.gov/news/press-releases/2026/fdic-board-approves-final-rule-amend-official-signs-and-advertising.	The final rule was published in the *Federal Register* on January 29, 2026, and will take effect on March 2, 2026.
Special Assessment Collection On December 16, 2025, the FDIC Board approved an interim final rule to amend the collection of the special assessment to recover the loss to the DIF arising from the protection of uninsured depositors under the systemic risk determination announced on March 12, 2023, following the closures of SVB and Signature Bank, as required by the FDI Act. See FDIC, *Interim Final Rule on Special Assessment Collection*, press release, December 16, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/interim-final-rule-special-assessment-collection.	The comment period closed on January 20, 2026. The FDIC is reviewing the comments received.

Other Noteworthy Rulemaking, etc. (continued)	Status[31]
Crypto-Asset Safekeeping by Banking Organizations On July 14, 2025, the FDIC, FRB, and OCC issued a joint statement in their continued efforts to provide clarity on banks' engagement in crypto-asset-related activities. The statement highlights for banks potential risk-management considerations related to holding crypto-assets on their customers' behalf, or crypto-asset safekeeping. The joint statement discusses existing risk-management principles that apply to crypto-asset safekeeping and reminds banks that provide or are considering providing safekeeping of such assets that they must do so in a safe and sound manner and in compliance with applicable laws and regulations. The statement does not create any new supervisory expectations. See FDIC, FRB, OCC, *Agencies Issue Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping,* press release July 14, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-issue-joint-statement-risk-management-considerations-crypto-asset.	Complete
RFI on Industrial Banks and Industrial Loan Companies and Their Parent Companies On July 15, 2025, the FDIC issued an RFI on industrial banks and industrial loan companies and their parent companies to solicit information and comments from interested parties on how the agency reviews filings submitted by industrial banks and industrial loan companies. This feedback will help to inform how the FDIC evaluates the statutory factors applicable to each filing, considering the unique aspects of industrial bank business plans and the broad range of companies that may seek to establish an industrial bank. See FDIC, *FDIC Board Approves Request for Information on Industrial Banks and Industrial Loan Companies and Their Parent Companies*, press release, July 15, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-board-approves-request-information-industrial-banks-and-industrial.	The comment period closed on September 19, 2025. The FDIC is reviewing the comments received.
RFI on Potential Actions to Address Payments Fraud On June 17, 2025, the FDIC, OCC, and FRB issued an RFI related to payments fraud. The RFI offers the opportunity for interested stakeholders to identify ways the agencies could take action collectively or independently in their respective roles to help consumers, businesses, and financial institutions mitigate check, automated clearinghouse, wire, and instant payments fraud. See FDIC, OCC, FRB, *Request for Information on Potential Actions to Address Payments Fraud*, Financial Institution Letter, June 17, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/request-information-potential-actions-address-payments.	The comment period for the joint RFI closed on September 18, 2025. The agencies have reviewed the comments received and are considering additional actions to address payments fraud.

Withdrawal of Prior Rulemaking and Guidance

Guidance for Banks Engaged in Crypto-Related Activities

In March 2025, the FDIC issued FIL-7-2025, which provides new guidance for FDIC-supervised institutions engaging or seeking to engage in crypto-related activities. The new guidance, which rescinds FIL-16-2022, clarifies that FDIC-supervised institutions may engage in permissible crypto-related activities without receiving prior FDIC approval. The guidance affirms that FDIC-supervised institutions may engage in permissible activities, including activities involving new and emerging technologies such as crypto-assets and digital assets, provided that they adequately manage the associated risks.

See FDIC, *FDIC Clarifies Process for Banks to Engage in Crypto-Related Activities*, Financial Institution Letter, March 28, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-clarifies-process-banks-engage-crypto-related-activities.

Joint Statements on Crypto-Asset Related Activities

On April 24, 2025, the FDIC and the FRB jointly announced the withdrawal of two joint statements regarding banking organizations' crypto-asset-related activities. This action is intended to provide clarity that banking organizations may engage in permissible crypto-asset activities and provide products and services to persons and firms engaged in crypto-asset related activities, consistent with safety and soundness and applicable laws and regulations.

See FDIC, FRB, *Agencies Withdraw Joint Statements on Crypto*-Assets, press release, April 24, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-withdraw-joint-statements-crypto-assets.

Statement of Policy on Bank Merger Transactions

On May 20, 2025, the FDIC rescinded the agency's 2024 Statement of Policy on Bank Merger Transactions and reinstated the Statement of Policy on Bank Merger Transactions that was in effect prior to 2024 (2024 Policy). The 2024 Policy will remain in effect pending the FDIC's review of all aspects of the regulatory framework governing the evaluation of merger transactions.

See FDIC, *Statement of Policy on Bank Merger Transactions: Rescission and Reinstatement,* Financial Institution Letter, May 20, 2025, https://www.fdic.gov/news/financial-institution-letters/2025/statement-policy-bank-merger-transactions-rescission-and.

Proposed Rule on the Change in Bank Control Act

On March 3, 2025, the FDIC withdrew a proposed rule to amend Part 303 of the FDIC's rules and regulations of its filing requirements and processing procedures for notices filed under the Change in Bank Control Act (CBCA), published on August 19, 2024. The proposal would have removed an exemption from the requirement to submit a notice to the FDIC for an acquisition of voting securities of a depository institution holding company for which the Federal Reserve reviews a CBCA notice. The FDIC no longer intends to issue final rules with respect to this proposal. If the FDIC pursues regulatory action on these matters in the future, it will do so in accordance with the Administrative Procedure Act (APA).

See FDIC, *FDIC Board of Directors Withdraws Four Outstanding Proposed Rules*, press release, March 3, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-withdraws-four-outstanding-proposed-rules.

Withdrawal of Prior Rulemaking and Guidance (continued)

Interagency Principles for Climate-Related Financial Risk Management for Large Financial Institutions

On October 16, 2025, the FDIC, FRB, and OCC jointly announced the withdrawal of interagency Principles for Climate-Related Financial Risk Management for Large Financial Institutions. The agencies do not believe principles for managing climate-related financial risk are necessary because the agencies' existing safety and soundness standards require all supervised institutions to have effective risk management commensurate with their size, complexity, and activities. The notice was published in the Federal Register on November 18, 2025, and the principles were rescinded effective immediately.

See FDIC, FRB, OCC, *Agencies Announce Withdrawal of Principles for Climate-Related Financial Risk Management*, press release, October 16, 2025, https://www.fdic.gov/news/press-releases/2025/agencies-announce-withdrawal-principles-climate-related-financial-risk.

Interagency Leveraged Lending Guidance

On December 5, 2025, the FDIC and OCC rescinded the 2013 "Interagency Guidance on Leveraged Lending" and the 2014 "Frequently Asked Questions for Implementing March 2013 Interagency Guidance on Leveraged Lending." In conjunction with the rescission, the FDIC and OCC issued general principles for prudent risk management of commercial loans and other types of lending to their leveraged lending activities.

See FDIC, OCC, *Interagency Statement on OCC and FDIC Withdrawal from the Interagency Leveraged Lending Guidance Issuances*, press release, December 5, 2025, https://www.fdic.gov/news/press-releases/2025/ interagency-statement-occ-and-fdic-withdrawal-interagency-leveraged.

Proposed Rule on Parent Companies of Industrial Banks and Industrial Loan Companies

On July 15, 2025, the FDIC withdrew a proposed rule that would have amended Part 354 of the FDIC's rules and regulations, *Parent Companies of Industrial Banks and Industrial Loan Companies*, published August 12, 2024. The FDIC no longer intends to issue a final rule with respect to this proposal. If the FDIC decides to make changes in this area, it will do so in accordance with the APA.

See FDIC, *FDIC Board Approves Request for Information on Industrial Banks and Industrial Loan Companies and Their Parent Companies*, press release, July 15, 2025, https://www.fdic.gov/news/press-releases/2025/fdic-board-approves-request-information-industrial-banks-and-industrial.

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; CISR, along with DRR, 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 resolution transaction that is least costly 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

During 2025, there were two IDI failures: Pulaski Savings Bank, Chicago, Illinois, and The Santa Anna National Bank, Santa Anna, Texas. Both failures occurred on a Friday, and all insured depositors had access to insured funds within one business day. Further, no depositor had losses on their insured funds. The following chart provides a comparison of IDI failure activity over the past three years:

Failure Activity
Dollars in Billions

	For the years ended December 31		
	2025	2024	2023
Total Institutions	2	2	5
Total Assets of Failed Institutions[1]	$0.1	$6.0	$532.2
Total Deposits of Failed Institutions[1]	$0.1	$4.5	$440.6
Estimated Cost of Failure	$0.1	$0.82	$34.72
Covered by the Special Assessment	$0.0	$0.02	($16.7)2
Estimated Loss to the DIF	$0.1	$0.82	$18.02

[1] Total assets and total deposits data are based on the last quarterly Call Report filed by the institution prior to failure.
[2] Estimated amounts for the 2023 and 2024 failures were updated as of December 31, 2025.

Pulaski Savings Bank, Chicago, IL

Chicago-based Pulaski Savings Bank was closed on January 17, 2025 by the Illinois Department of Financial and Professional Regulation, which appointed the FDIC as receiver. To protect depositors, the FDIC entered into a purchase and assumption agreement with Millennium Bank of Des Plaines, Illinois, to assume all deposits of Pulaski Savings Bank.

As of September 30, 2024, Pulaski Savings Bank had approximately $49.5 million in total assets and $42.7 million in total deposits. At the time of failure, the FDIC estimated that the failure would cost the DIF about $28.5 million. Suspected fraud caused the failure of the bank and elevated the estimated cost of failure to the DIF.

The Santa Anna National Bank, Santa Anna, TX

Santa Anna, Texas-based The Santa Anna National Bank was closed on June 27, 2025 by the OCC, which appointed the FDIC as receiver. To protect depositors, the FDIC entered into a purchase and assumption agreement with Coleman County State Bank, Coleman, Texas, to assume the insured deposits of The Santa Anna National Bank.

As of June 18, 2025, The Santa Anna National Bank reported total assets of $63.8 million and total deposits of $53.8 million. At the time of closing, the FDIC estimated that the failure would cost the DIF about $23.7 million. Suspected fraud caused the failure of the bank and elevated the estimated cost to the DIF. As of December 31, 2025, approximately $2.4 million of the deposits exceeded FDIC insurance limits.

RECEIVERSHIP MANAGEMENT ACTIVITIES

As part of the receivership process, one of the FDIC's goals as receiver is to dispose of the retained assets (which, in some cases, includes subsidiaries) and resolve any remaining liabilities. Assets not sold to an assuming institution through the resolution process are retained by the receivership and promptly valued and liquidated through different sales channels – cash sales, securitizations, and joint venture transactions – to maximize the return to the receivership estate.

During 2025, the FDIC engaged in marketing activities to liquidate these retained assets, including multiple sales of loans and securities, resulting in total proceeds to the FDIC of over $142 million. Because of the FDIC's liquidation activities and other resolution and collection efforts, the book value of assets in inventory was reduced by $4.2 billion (14.7 percent) in 2025, leaving $24.3 billion of assets on the books of the receiverships at the end of 2025.

During 2025, 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

	For the years ended December 31		
Asset Type	**2025**	**2024**	**2023**
Securities	$82	$433	$12,917
Consumer Loans	1	4	0
Commercial Loans	3	35	10
Real Estate Mortgages	2	33	162
Other Assets/Judgments	15	101	4,237
Owned Assets	0	31	30
Net Investments in Subsidiaries	12	12	622
Structured and Securitized Assets	24,140	27,791	66,663
Total	**$24,255**	**$28,440**	**$84,641**

Proceeds generated from asset sales and collections are used to pay receivership claimants, including depositors whose accounts exceeded the deposit insurance limit. During 2025, receiverships paid dividends of $698,325 to depositors on the portion of their total deposits that exceeded the statutory deposit insurance limit in resolutions where the acquiring institution only assumed the insured deposits of the failed IDI.

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 2025, the FDIC terminated a total of 16 receiverships and added two new receiverships, which resulted in a net decrease of 14 active receiverships under management. Further, the FDIC terminated 75.0 percent of receiverships that were at least two years old and were not subject to unresolved loss-share or other long-term impediments.

The following chart shows overall receivership activity for the FDIC in 2025:

Receivership Activity	
Active Receiverships as of December 31, 2024	58
New Failed Bank Receiverships	2
Receiverships Terminated	(16)
Active Receiverships as of December 31, 2025	44

Professional Liability and Financial Crimes Recoveries

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 2025, the FDIC recovered $106.2 million from professional liability settlements. The FDIC authorized one professional liability lawsuit during 2025. As of December 31, 2025, the FDIC's caseload included seven professional liability lawsuits and one arbitration (down from 13 lawsuits and one arbitration at year-end 2024), and open investigations in 20 claim areas out of eight institutions.

Individuals convicted of criminal wrongdoing against a failed insured institution may be ordered to pay restitution or forfeit funds or property to the receivership. In 2025, the FDIC collected $8.8 million in connection with criminal restitution and forfeiture orders. The FDIC worked with the Department of Justice on restitution and orders issued by federal court. As of December 31, 2025, there were 699 active restitution and forfeiture orders (down 883 from 1,582 at year-end 2024). This included three orders held by the FRF (i.e., orders arising out of failed financial institutions in receivership or conservatorship by the FRF or the Resolution Trust Corporation).

Workforce Culture Transformation

Throughout 2025, the FDIC remained focused on its workplace culture transformation. The most critical of these efforts was revamping the investigative process for allegations of harassment and interpersonal misconduct. In particular, the Office of Professional Conduct (OPC) and the Office of Equal Employment Opportunity (OEEO) became operational this year. OPC receives and investigates allegations of harassment, interpersonal misconduct, and retaliation for reporting these allegations. OEEO investigates and reports on complaints of discrimination under the laws enforced by the Equal Employment Opportunity Commission (EEOC). Both offices publish data on allegations and substantiated findings, and OPC also publishes data on discipline and other corrective actions taken in response to substantiated findings. OPC and OEEO report directly to the FDIC Board and are independent of other FDIC offices to ensure investigations are unbiased and free of conflicts of interest.

Additionally, the FDIC has taken other measures this year to improve the workplace culture, including the initiatives below:

- ***Policies and Procedures:*** FDIC developed Directives for the Anti-Harassment Program, Anti-Retaliation and Whistleblower Protection Rights, and Personal Relationships in the Workplace to bring it into alignment with EEOC guidance and best practices. Additionally, OPC developed standard operating procedures to ensure consistency and impartiality in their intake and investigation process and their actions and litigation process.
- ***Mandatory Training:*** OPC rolled out new professional conduct training for all employees that reinforces the updated policies and procedures on how to identify, prevent, and report harassment, interpersonal misconduct, and retaliation with agency-specific scenarios.
- ***Improved Recordkeeping:*** FDIC developed an interim solution for tracking existing complaints. Additionally, OPC is working on developing a new case management system that will allow for more granular data collection and reporting and will allow OPC to identify trends about the allegations that it receives and investigates.
- ***Removed or Limited Bonus Opportunity:*** FDIC adopted a new policy to reduce or not pay bonuses and awards to an employee if the employee is disciplined for harassment, discrimination, retaliation, or other interpersonal misconduct.
- ***Performance Standards and Reviews:*** FDIC incorporated workplace culture standards into its leadership performance management program, which includes modeling and advocating for the FDIC's core values and general principles for ethical conduct; reinforcing the expectation that employees interact with others in a respectful, professional, and collaborative manner; and promptly responding to allegations of discrimination, harassment, or retaliation.

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 recruit, develop, and retain a highly skilled, results-driven workforce. In 2025, the FDIC's Human Resources Organization (HRO) focused on several initiatives in support of the governmentwide workforce optimization goals by streamlining recruitment and hiring, reducing duplicative processes, and strengthening succession planning to ensure a high-performing, accountable federal workforce.

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 required of the future workforce.

In 2025, the FDIC advanced its Corporate-wide approach to workforce and succession management by deepening collaboration with Divisions and Offices. The HRO partnered with RMS and DCP senior leadership in the Chicago Region to pilot the Career and Talent Planning Program, designed to empower employees to take ownership of their career progression within the FDIC. The program provides employees and managers with access to detailed position profiles and competencies that support succession planning, self-assessment tools to explore readiness for future opportunities, and structured resources to guide targeted career development discussions. The 2025 program ran from January 13 through February 28, marking the first coordinated regional implementation of this model.

The FDIC plans to expand the pilot in 2026 to other parts of the organization. This initiative complements the agency's continued work to define leadership and technical competencies for key positions, assess workforce readiness, and build a sustainable talent pipeline with the skills, experience, and motivation to lead.

The FDIC has continued to develop workforce dashboards and issue quarterly communications that analyze workforce trends and share actionable insights with leadership. These efforts strengthen the FDIC's ability to anticipate workforce needs, promote career mobility, and ensure mission-critical continuity in a changing financial landscape.

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 through webinars, conferences, and classroom training. The FDIC also delivers mandatory and required training programs and offers a comprehensive leadership development program to support the workforce and career development.

EMPLOYEE ENGAGEMENT

Employee engagement remains fundamental to empowering the FDIC workforce by reinforcing accountability, promoting merit, and strengthening alignment across all levels. As an employer of choice, the FDIC continually evaluates its human capital programs and strategies to ensure that employees remain fully engaged, results-oriented, and mission-aligned.



On July 28, 2025, Travis Hill, then Acting Chairman of the FDIC, engaged with non-managerial employees, managers, and senior leaders in a series of events at the San Francisco Regional Office.

Throughout 2025, the FDIC Chairman, then Acting Chairman, conducted a series of Town Hall meetings with employees in Divisions and Offices at Headquarters and Regional and Field Offices to discuss agency priorities and initiatives and to hear and respond to employee feedback. The agency also modernized its Exit Survey, refining it to better detect underlying drivers of attrition and retention.

WORKFORCE OPTIMIZATION

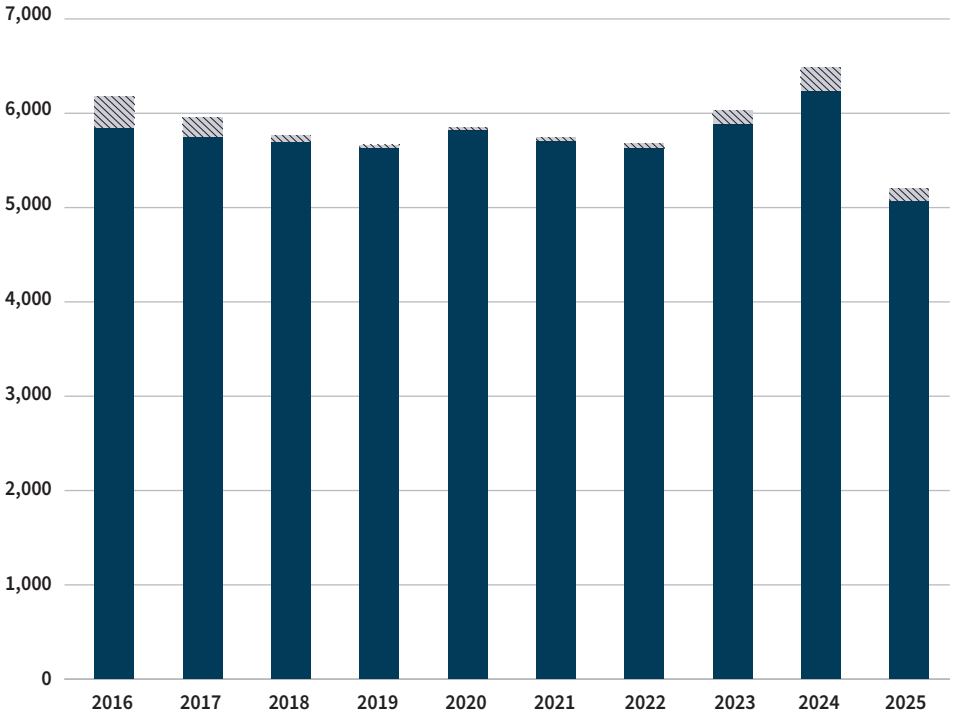
In 2025, the FDIC implemented a workforce optimization initiative designed to create a streamlined organizational structure, allowing the Corporation to more efficiently accomplish its mission without sacrificing its ability to fulfill its core functions. To achieve the new structure, Divisions and Offices engaged in a thoughtful review of the FDIC's workforce and focused on a number of principles, including identifying sections and offices within

the organization that can fulfill their missions with a smaller staffing footprint, increasing supervisory spans of control and reducing the number of managers, and reducing and removing redundancies. As a result, the FDIC's authorized staffing level decreased by 19.8 percent.

CORPORATE STAFFING TRENDS

At year-end 2025, the FDIC employed 5,008 staff on permanent appointments and an additional 129 staff on time-limited appointments. The chart below reflects total on-board FDIC staffing levels over the past 10 years.

FDIC YEAR-END STAFFING



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Non- Permanent	326	205	69	31	30	40	58	143	251	129
Permanent	5,770	5,675	5,624	5,562	5,746	5,630	5,554	5,809	6,153	5,008

The table below reflects the number of employees on-board at year-end 2025 and 2024 in each Division or Office.

Number of Employees by Division/Office (Year-End)[1]						
	Headquarters		Regional/Field		Total	
Division or Office:	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Division of Risk Management Supervision	132	178	2,091	2,476	2,223	2,654
Division of Depositor and Consumer Protection	121	152	577	787	698	939
Legal Division	258	321	125	165	383	485
Division of Resolutions and Receiverships	97	81	262	386	359	467
Division of Administration	248	323	79	111	327	434
Division of Information Technology	189	186	64	137	253	323
Division of Complex Institution Supervision and Resolution	103	120	145	195	248	315
Division of Insurance and Research	141	165	23	33	164	198
Executive Support Offices[2]	124	171	22	14	146	185
Division of Finance	128	143	2	4	130	147
Corporate University	58	70	10	18	68	88
Executive Offices[3]	15	24	0	0	15	24
Office of Inspector General	78	92	45	52	123	144
Total	**1,691**	**2,025**	**3,446**	**4,379**	**5,137**	**6,404**

[1] The FDIC reports staffing totals using an FTE methodology, which is based on an employee's scheduled work hours. Division/Office staffing has been rounded to the nearest whole FTE. 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, Appointive Director, Deputies to the Chairman, and the Chief Information Officer/Chief Privacy Officer.

Information Technology Modernization

The FDIC continues to make progress on its multi-year IT modernization program to align the Corporation's IT environment with modern industry practices and standards as well as key federal IT priorities. In 2025, the FDIC published the 2029 Target State Architecture (TSA), which provides an enterprise-wide view of IT and guides the FDIC toward common goals and the adoption of simple, best-fit technical solutions that are cost-effective and support business needs. The TSA continues prior-year efforts to achieve operational efficiencies by reducing duplicate technologies, promoting the use of shared IT services, and reusing IT capabilities to the extent possible.

Cloud Infrastructure Migration

The FDIC continues to modernize and migrate most of its information systems and data from legacy on-premises data centers to cloud technology platforms that offer enhanced IT capabilities, security, and resiliency. A key component of this modernization effort is a multi-year project to migrate the majority of the FDIC's mission-essential and mission-critical IT applications to the cloud by the end of 2026, which will enable the FDIC to quickly and efficiently stand-up IT solutions and pay for IT services on an as-needed basis. In 2025, the FDIC successfully migrated nine IT services to the cloud. The FDIC also streamlined its IT infrastructure and gained efficiencies by successfully decommissioning assets for 14 IT services. These actions reduced the number of servers in the Backup Data Center by 43.0 percent.

Modernizing Systems



The IT modernization program includes an objective to modernize the FDIC's bank examination business processes. In February 2025, the FDIC successfully implemented the first release of Supervision360 (S360), a multi-year effort to transition the agency's safety and soundness supervision-related systems from a legacy applications-based environment to a modern, cloud-based agile suite of applications. When fully implemented, S360 will significantly reduce the amount of manual data entry involving supervisory activities by consolidating the functionality of 18 legacy applications into a single platform and user interface. S360 will also increase the FDIC's ability to adapt to changes in the banking sector and improve data visibility and management. The FDIC completed four additional releases in 2025 and will continue to deliver S360 iteratively over the life of the program.

The FDIC undertook additional efforts in 2025 to improve the efficiency and effectiveness of bank examination activities using automation. For example, the FDIC launched an initiative called the Loan Information File Transfer that is designed to automate the intake and processing of bank loan documentation, thereby streamlining the process for conducting loan reviews during examinations.

In the area of resolutions and receiverships, the FDIC migrated many front-end, publicly facing, and internal back-office processes to the cloud, and plans to continue this work as additional legacy systems are replaced and decommissioned. In the area of finance, the FDIC undertook a multi-year initiative to modernize a 22-year-old legacy system used to support deposit insurance assessment operations and compliance. This effort is part of a broader initiative called the Treasury Integrated Platform, which will automate several manual finance-related functions. The FDIC also continued work to adopt the Treasury's Invoice Processing Platform, an e-invoicing platform that the Treasury offers as a shared service. This will move the FDIC from its current manual invoice process to a secure, automated, web-based system that will more efficiently manage vendor invoicing from purchase order to payment.

Securing Systems and Data

The FDIC continued prior-year efforts to maintain and enhance an information security program that continually evolves to meet new challenges. For example, the FDIC made progress in implementing a Zero Trust Architecture to safeguard IT resources consistent with Executive Order 14028 and the Cybersecurity and Infrastructure Security Agency's Zero Trust Maturity Model. By advancing Zero Trust, the FDIC improves its enterprise security posture and enhances processes and capabilities that provide secure and appropriate access to systems and data.

The FDIC also strengthened its governance over the Identity, Credential, and Access Management (ICAM) Program by re-establishing an executive steering committee and forming an advisory group of technical stakeholders and subject matter experts from the Divisions and Offices. In addition, the FDIC onboarded additional mission-essential and mission-critical applications and core infrastructure to the Authentication Hub, ICAM's centralized identity management solution. Further, the FDIC refreshed existing multi-factor authentication tokens for eligible users and conducted market research to evaluate certificate lifecycle management solutions that will automate management of digital certificates used by non-person entities.

Artificial Intelligence Innovation and Governance

The FDIC established an enterprise-wide Artificial Intelligence (AI) governance process to evaluate use cases for using AI for business purposes while managing risk, ensuring transparency, and maintaining strong oversight and alignment with federal and FDIC policies. The FDIC also implemented a secure suite of integrated cloud capabilities to meet enterprise advanced data analytic and AI business needs. In addition, the FDIC reviewed and updated its internal policies to encourage innovation and use of generative AI (GenAI) while including safeguards and oversight mechanisms to address security, privacy, and key risks.

Further, the FDIC began executing its enterprise AI workforce development plan by making specific training available for new AI tools and capabilities and individuals. The FDIC laid the foundation of a GenAI technology ecosystem to boost productivity at the Corporation. The FDIC began a pilot for assistive coding to help developers write code based on Large Language Models. The FDIC expects this will expedite IT modernization through GenAI tool

support of code analysis, debugging, code refactoring, and testing while also translating code between programming languages. The FDIC also initiated the deployment of general business productivity AI technology through pilots of GenAI tools that will provide immediate capability as well as the ability to extend the technology to specific FDIC mission needs as it matures.

II.

FINANCIAL HIGHLIGHTS

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

Deposit Insurance Fund Performance

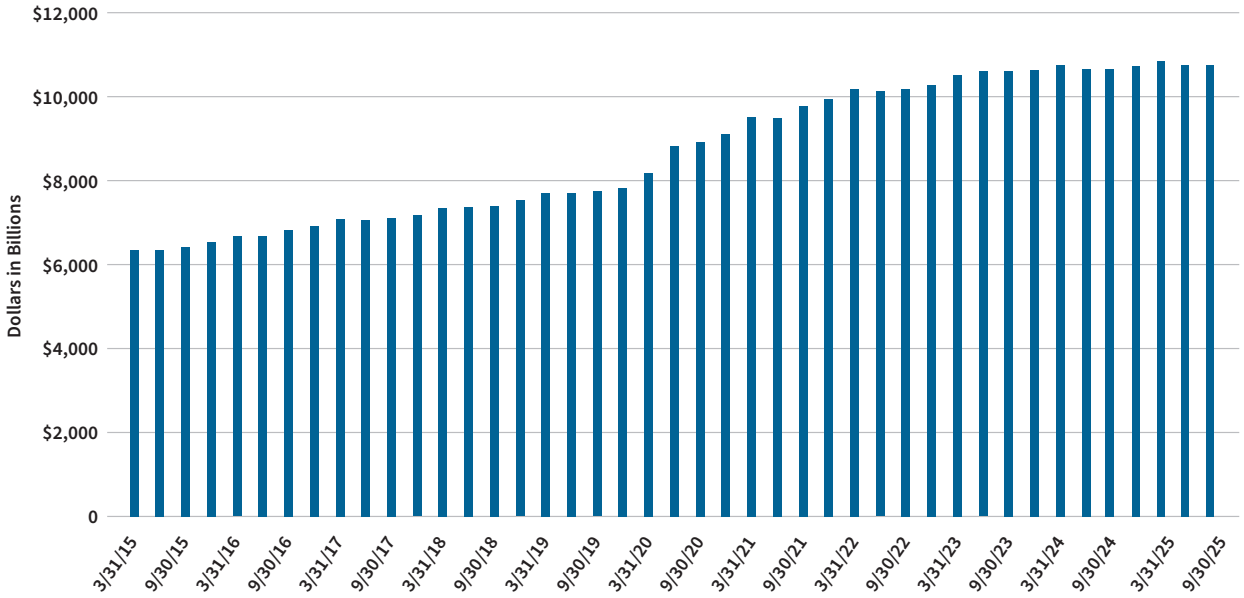
The DIF balance was $153.9 billion at December 31, 2025, an increase of $16.8 billion from the year-end 2024 balance. In 2025, the DIF's comprehensive income totaled $16.8 billion compared to comprehensive income of $15.3 billion in 2024. The year-over-year change of $1.5 billion was primarily due to a $1.7 billion decrease in negative provision for insurance losses and a $0.6 billion increase in interest revenue, partially offset by $1.0 billion decrease in assessment revenue.

Provision for insurance losses was negative $3.7 billion for 2025, compared to negative $2.0 billion for 2024. In 2025 and 2024, the negative provision for insurance losses were primarily due to reductions in estimated losses for the bank failures that occurred in 2023.

The DIF's cash, cash equivalents, and U.S. Treasury investment portfolio balances increased by $28.3 billion during 2025 to $126.2 billion at year-end 2025 from $97.9 billion at year-end 2024. This increase was primarily due to the collection of both regular and special assessments during the year as well as dividend payments from ongoing receiverships' asset liquidation efforts from the 2023 bank failures.

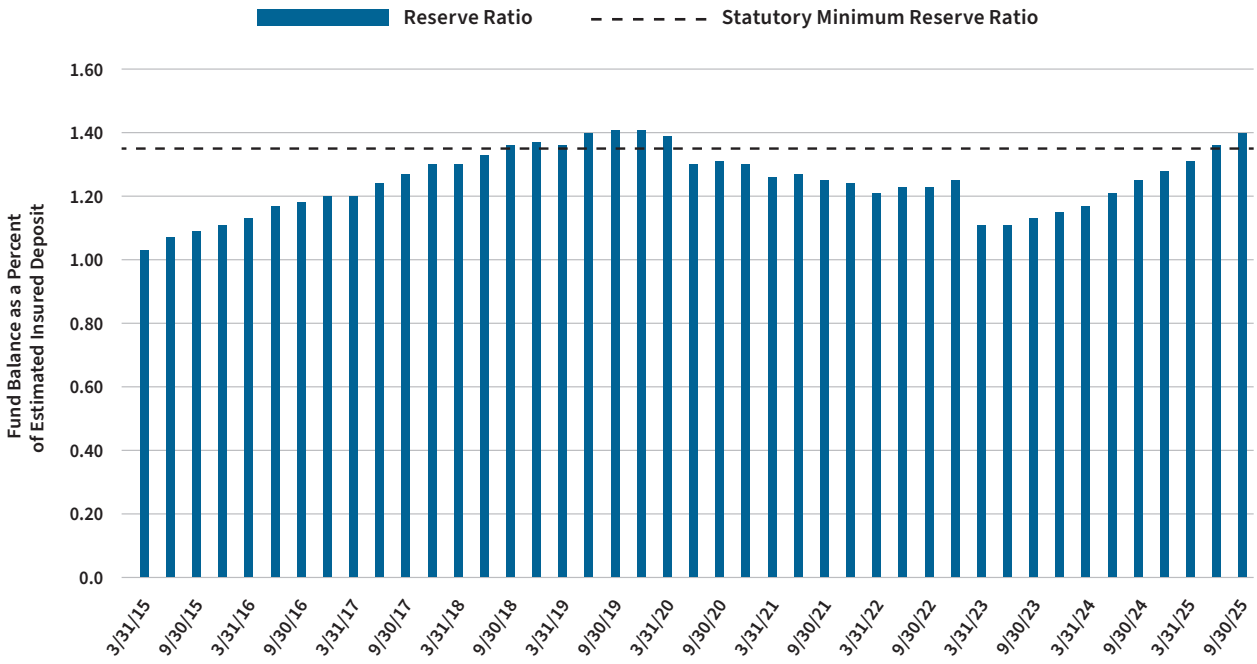
The DIF's reserve ratio increased 4 basis points during the third quarter to 1.40 percent. As of June 30, 2025, the FDIC achieved the requirements of its Restoration Plan when the reserve ratio exceeded 1.35 percent by reaching 1.36 percent; as a result, the FDIC is no longer operating under a Restoration Plan.

ESTIMATED DIF INSURED DEPOSITS



Source: Commercial Bank Call and Thrift Financial Reports

DIF RESERVE RATIOS



DIF Selected Statistics
Dollars in Millions

	For the years ended December 31		
	2025	**2024**	**2023**
Financial Results			
Revenue	$15,205	$15,689	$35,996
Operating Expenses	$2,436	$2,433	$2,126
Insurance and Other Expenses (includes provision for losses and realized loss on sale of investment securities)	($3,715)	($2,004)	$43,249
Net Income (Loss)	$16,484	$15,260	($9,379)
Comprehensive Income (Loss)	$16,753	$15,323	($6,440)
Insurance Fund Balance	$153,854	$137,101	$121,778
Fund as a Percentage of Insured Deposits (reserve ratio)	1.40%1	1.28%	1.15%
Selected Statistics			
Total DIF-Member Institutions[2]	4,3791	4,487	4,587
Problem Institutions[3]	571	66	52
Institution Failures	2	2	5
Total Assets of Failed Institutions in Year[4]	$109	$5,303	$552,539
Number of Active Failed Institution Receiverships	44	58	74

[1] As of September 30, 2025.
[2] Commercial banks and savings institutions. Does not include U.S. insured branches of foreign banks.
[3] Federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of "1" to "5" in ascending order of supervisory concern. "Problem" institutions are rated either a "4" or "5," depending upon the degree of risk and supervisory concern. The number of "problem" institutions is based on FDIC composite ratings.
[4] 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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2025 FDIC Operating Budget

The FDIC segregates its corporate operating budget and expenses into three separate components: ongoing operations, receivership funding, and the 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 2025.

FDIC Budget Component	2025 Budget (in millions)	2025 Expenses (in millions)	Budget Utilization (%)
Ongoing Operations	$2,722	$2,362	86.8%
Receivership Funding	$250	$126	50.5%
Office of Inspector General	$53	$48	89.4%
FDIC Total*	**$3,026**	**$2,536**	**83.8%**

*Note: Totals and budget utilization percentages may not be exact due to rounding.

As in prior years, the 2026 budget was formulated primarily based on an analysis of projected workload for each of the Corporation's three components. The approved 2026 FDIC Operating Budget is approximately $493.0 million, or 16.3 percent, lower than the 2025 Operating Budget, as detailed in the table below.

FDIC Budget Component	2026 Budget (in millions)	Change from 2025 Budget (in millions)	Change from 2025 Budget (%)
Ongoing Operations	$2,286	($437)	(16.0%)
Receivership Funding	$200	($50)	(20.0%)
Office of Inspector General	$47	($6)	(11.2%)
FDIC Total*	**$2,533**	**($493)**	**(16.3%)**

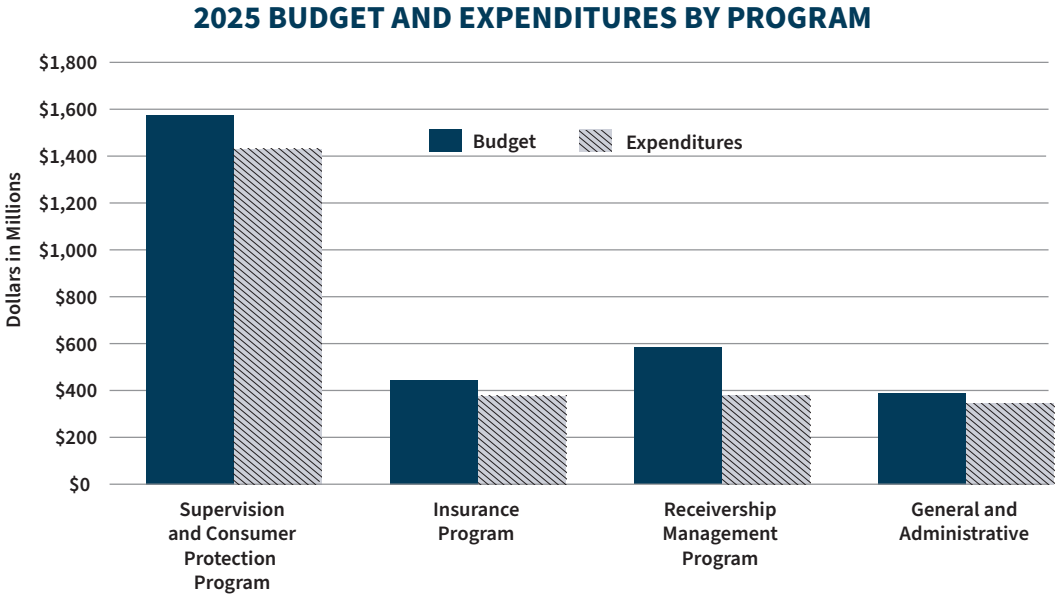
*Note: Totals and budget utilization percentages may not be exact due to rounding.

The decrease in the total proposed operating budget is largely due to the FDIC's 2025 organization restructuring efforts which streamlined the workforce while prioritizing the mission. The 2026 budget also incorporates meaningful savings resulting from implementation of other operational efficiencies.

2025 Budget and Expenditures by Program

(EXCLUDING INVESTMENTS)

The FDIC 2025 Corporate Operating Budget totaled approximately $3.0 billion with salaries and compensation accounting for more than 62.8 percent of the total budget. More than half of the 2025 budget was concentrated in the Supervision and Consumer Protection program. The chart below shows the 2025 budget and expenditures by program.



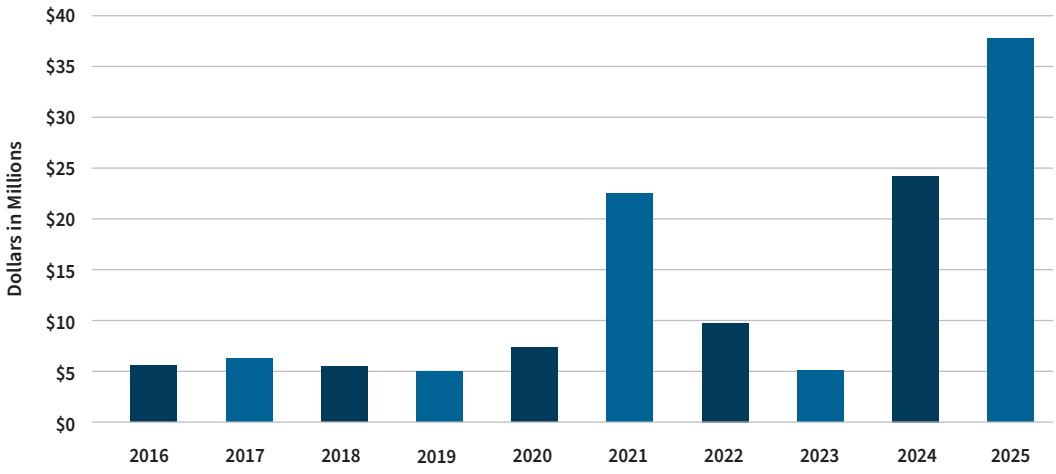
Investment Spending

The FDIC includes a separate Investment Budget to provide enhanced governance of major multi-year development efforts. Major investment projects have multi-year funding and are approved by the FDIC Board separately from the annual budget process.

The FDIC 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 steps to mitigate these risks as they arise. An investment portfolio performance review is provided to the FDIC Board on a quarterly basis.

Investment Budget spending rebounded from a low of $5.1 million in 2023 to $37.9 million in 2025 as three major new projects were added – the Cloud Infrastructure Migration project, the Treasury Integrated Platform project, and the Acquisition System – Next Generation project along with the continuation of the Risk Management Supervision Business Process Modernization project. Investment spending is estimated at $46.0 million for 2026.

INVESTMENT SPENDING



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Investment Expenses	$5.6	$6.3	$5.5	$5.0	$7.4	$22.6	$9.8	$5.1	$24.3	$37.9

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IV.

FINANCIAL SECTION

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Federal Deposit Insurance Corporation

Deposit Insurance Fund Balance Sheet

As of December 31

(Dollars in Thousands)		2025		2024
ASSETS				
Cash and cash equivalents	$	28,020,269	$	48,249,984
Investment in U.S. Treasury securities *(Amortized Cost of $97,893,297 and $49,626,809)* (Note 3)		98,189,275		49,660,740
Assessments receivable (Note 12)		3,043,977		3,280,724
Special assessments receivable (Note 5)		1,962,776		12,823,241
Interest receivable on investments and other assets, net		979,886		328,495
Receivables from resolutions, net of allowances of $64,293,212 and $65,614,381 (Note 4)		28,404,783		32,280,658
Property and equipment, net (Note 6)		335,005		303,285
Operating lease right-of-use assets (Note 7)		80,971		80,489
Total Assets	**$**	**161,016,942**	**$**	**147,007,616**
LIABILITIES				
Accounts payable and other liabilities (Note 8)	$	492,769	$	542,405
Operating lease liabilities (Note 7)		107,583		100,931
Liabilities due to resolutions (Note 9)		6,229,361		8,873,879
Postretirement benefit liability (Note 15)		266,035		263,096
Contingent liabilities:				
Anticipated failure of insured institutions (Note 10)		64,930		125,545
Litigation losses (Note 10)		2,100		600
Total Liabilities		**7,162,778**		**9,906,456**
Off-balance-sheet exposure (Note 16)				
FUND BALANCE				
Accumulated Net Income		153,541,662		137,056,764
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Unrealized gain on U.S. Treasury securities, net (Note 3)		295,978		33,931
Unrealized postretirement benefit gain (Note 15)		16,524		10,465
Total Accumulated Other Comprehensive Income		**312,502**		**44,396**
Total Fund Balance		**153,854,164**		**137,101,160**
Total Liabilities and Fund Balance	**$**	**161,016,942**	**$**	**147,007,616**

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)	2025	2024
REVENUE		
Assessments (Note 12)	$ 10,574,670	$ 11,643,463
Interest on U.S. Treasury securities	4,558,517	3,951,021
Other revenue	71,981	94,289
Total Revenue	**15,205,168**	**15,688,773**
EXPENSES AND LOSSES		
Operating expenses (Note 13)	2,435,545	2,433,136
Provision for insurance losses (Note 14)	(3,716,870)	(2,008,602)
Insurance and other expenses	1,595	4,683
Total Expenses and Losses	**(1,279,730)**	**429,217**
Net Income	**16,484,898**	**15,259,556**
OTHER COMPREHENSIVE INCOME		
Unrealized gain on U.S. Treasury securities, net	262,047	63,500
Unrealized postretirement benefit gain (Note 15)	6,059	124
Total Other Comprehensive Gain	**268,106**	**63,624**
Comprehensive Income	**16,753,004**	**15,323,180**
Fund Balance - Beginning	**137,101,160**	**121,777,980**
Fund Balance - Ending	**$ 153,854,164**	**$ 137,101,160**

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)	2025	2024
OPERATING ACTIVITIES		
Provided by:		
Assessments	$ 21,671,880	$ 19,198,454
Interest on U.S. Treasury securities	3,513,381	3,389,479
Recoveries from financial institution resolutions	5,003,148	54,243,735
Guarantee fees	0	147,135
Miscellaneous receipts	11,899	15,728
Used by:		
Operating expenses	(2,362,201)	(2,352,408)
Disbursements for financial institution resolutions	(113,493)	(949,049)
Miscellaneous disbursements	(2,877)	(3,023)
Net Cash Provided by Operating Activities	**27,721,737**	**73,690,051**
INVESTING ACTIVITIES		
Provided by:		
Maturity of U.S. Treasury securities	52,000,000	19,100,000
Used by:		
Purchase of U.S. Treasury securities	(99,889,922)	(49,395,937)
Purchase of property and equipment	(61,530)	(16,787)
Net Cash (Used) by Investing Activities	**(47,951,452)**	**(30,312,724)**
Net (Decrease) Increase in Cash and Cash Equivalents	**(20,229,715)**	**43,377,327**
Cash and Cash Equivalents - Beginning	**48,249,984**	**4,872,657**
Cash and Cash Equivalents - Ending	**$ 28,020,269**	**$ 48,249,984**

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

1. Operations of the Deposit Insurance Fund

OVERVIEW

The Federal Deposit Insurance Corporation (FDIC) is the 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 (Public Law 111-203, and, hereafter, 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 also 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 $250.2 billion and $232.0 billion as of December 31, 2025 and 2024, respectively.

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 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, 2025 and 2024. Therefore, consolidation is not required for the December 31, 2025 and 2024 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.

3. Investment in U.S. Treasury Securities

Investments in U.S. Treasury securities increased by $48.5 billion from $49.7 billion at year-end 2024 to $98.2 billion at year-end 2025 as a result of a change in investment strategy to extend the duration of the investment portfolio beginning in the second half of 2024 as well as the investment of funds from assessment collections and resolution liquidation activity proceeds. This line item on the Balance Sheet consisted of the following components by maturity.

December 31, 2025 (Dollars in Thousands) Maturity	Yield at Purchase	Face Value	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Fair Value
U.S. Treasury notes						
Within 1 year	4.02%	$ 66,500,000	$ 66,540,181	$ 153,234	$ 0	$ 66,693,415
After 1 through 5 years	3.82%	31,500,000	31,353,116	143,091	(347)	31,495,860
Total		**$ 98,000,000**	**$ 97,893,297**	**$ 296,325**	**$ (347) [1]**	**$ 98,189,275**

[1]These unrealized losses were related to one security and 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 security before recovery of its amortized cost basis. The fair value of the security was $2.0 billion as of December 31, 2025.

December 31, 2024 (Dollars in Thousands) 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) [1]**	**$ 49,660,740**

[1]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 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.

Accrued interest receivable on AFS securities, totaling $953 million and $285 million as of December 31, 2025 and 2024, 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.

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 advanced funds and/or incurred obligations and the expected repayment. Assets held by resolution entities are the main source of repayment of the DIF's receivables from resolutions.

As of December 31, 2025, the FDIC, as receiver, managed 44 active receiverships, including two receiverships established in 2025. The resolution entities held assets with a total book value of $35.7 billion as of December 31, 2025 and $42.6 billion as of December 31, 2024. Of these assets, $11.4 billion and $14.2 billion, respectively, were cash, investments, and other receivables. Other assets held by resolution entities are assets in liquidation of $24.3 billion and $28.4 billion as of December 31, 2025 and 2024, respectively.

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 historic empirical asset recovery data derived from 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.

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 of the DIF's receivables from resolutions. For three of the failures in 2023, 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 for a seven-to-eight-year period. For failed institutions resolved using a purchase and assumption transaction with an accompanying SLA, the projected future shared-loss payments and any end of agreement 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. The majority of shared-loss cost projections are based on third-party valuations estimating the cumulative loss of covered assets and the timing of recoveries.

In April 2025, one of the SLAs was early terminated by the acquiring institution with no shared-loss payments made by the receivership. Through December 31, 2025 and 2024, the remaining two receiverships with SLAs made cumulative shared-loss payments of $67 million and $21 million, respectively. As of December 31, 2025, both of these receiverships were estimated to pay a total of $1.1 billion over the duration of their SLAs, as compared to an estimate of $1.4 billion as of December 31, 2024.

Note that estimated asset recoveries on assets in liquidation and estimated future SLA-related payments 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.

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 ($24.3 billion) and current shared-loss covered assets (unpaid principal balance of $133.7 billion), which together total $158.0 billion, are primarily concentrated in residential loans ($91.6 billion), commercial loans ($42.1 billion), and structured transaction-related assets ($24.1 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 complete its resolution of both Silicon Valley Bank (SVB), Santa Clara, CA, and Signature Bank, New York, NY, in a manner that protected uninsured depositors. Under section 13(c)(4)(G) of the FDI Act, the loss to the DIF arising from the use of a systemic risk exception must be recovered from one or more special assessments. 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 systemic risk exception. Subsequently, in December 2025, the FDIC Board issued an interim final rule to amend the collection of the special assessment to ensure that the FDIC recovers the appropriate amount of losses estimated as of September 30, 2025, while minimizing the risk of overcollecting or undercollecting.

The assessment base for the special assessments is equal to estimated uninsured deposits, reported as of December 31, 2022, adjusted to exclude the first $5.0 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.

Through December 31, 2025, the DIF collected $14.7 billion in special assessments from the banking industry. After net adjustments to the estimated losses on uninsured deposits for the systemic risk failures, the remaining special assessments receivable was $2.0 billion as of December 31, 2025. The DIF does not recognize an allowance for credit losses for the special assessments receivable because the FDI Act requires the FDIC to collect the full loss arising from the use of a systemic risk exception.

Correspondingly, the DIF recognized special assessment revenue of $20.4 billion during 2023 for the total amount due from applicable IDIs to fully offset the estimated losses arising from the full coverage of uninsured deposits; as such, there

was no impact to the Fund Balance of the DIF for this coverage. In 2025 and 2024, assessment revenue and provision for insurance losses were both reduced by $2.5 billion and $1.3 billion, respectively, due to decreases in estimated losses attributable to the systemic risk exception for the failures of SVB and Signature Bank (see "Adjustments to estimated losses for prior year failures" in Note 14). These estimated losses will be periodically adjusted over the lives of the receiverships for both resolutions.

Under the interim final rule, the FDIC will provide an offset to regular quarterly deposit insurance assessments for IDIs subject to the special assessment if the amount collected exceeds losses following the resolution of pending litigation and again upon the termination of the receiverships for both resolutions. Additionally, as provided for in the 2023 final rule implementing the special assessment, if losses at the termination of the receiverships exceed the amount collected, the FDIC will implement a one-time final shortfall special assessment to ensure the full amount of actual losses is recovered.

6. Property and Equipment, Net

Depreciation expense was $30 million and $33 million for 2025 and 2024, respectively. The "Property and equipment, net" line item on the Balance Sheet consisted of the following components.

(Dollars in Thousands)	December 31 2025	December 31 2024
Land	$ 37,352	$ 37,352
Buildings (including building and leasehold improvements)	406,478	387,046
Application software (includes work-in-process)	98,056	88,772
Furniture, fixtures, & equipment	28,786	29,170
Accumulated depreciation	(235,667)	(239,055)
Total	**$ 335,005**	**$ 303,285**

Additionally, the FDIC has been engaging in cloud computing arrangements as part of its modernization efforts. As of December 31, 2025 and 2024, implementation costs for cloud computing arrangements of $56 million and $50 million, respectively, and accumulated amortization of $39 million and $20 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 $23 million and $34 million for 2025 and 2024, 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, 2025 and 2024.

(Dollars in Thousands)	December 31 2025	December 31 2024
Operating lease cost	$ 39,278	$ 30,593
Cash paid for amounts included in the measurement of operating leases	$ 42,204	33,713
ROU assets obtained in exchange for new operating lease liabilities	$ 35,304	34,479
Weighted Average		
Remaining lease term (in years)	4.59	4.62
Discount rate	3.71%	3.75%

The following table provides a maturity analysis of the FDIC's operating lease liabilities as of December 31, 2025.

(Dollars in Thousands)	December 31 2025
2026	$ 33,695
2027	28,155
2028	17,500
2029	12,154
2030	9,521
2031/Thereafter	15,766
Total future minimum lease payments	**$ 116,791**
Less: Imputed interest	(9,208)
Total operating lease liabilities	**$ 107,583**

As of December 31, 2025, the FDIC has additional operating leases which commence after December 31, 2025, with future payments totaling $108 million. These future payments are not included in the maturity analysis presented above.

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 a reserve account to cover interest shortfalls (the difference between the coupon rates collected on the PMNs and the 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, 2025 and 2024.

(Dollars in Millions)	December 31 2025	December 31 2024
Number of trusts	5	5
Initial trust collateral balances	$ 98,442	$ 98,442
Assets held by trusts:		
Trust collateral balances	$ 97,620	$ 98,016
Trust cash accounts	7,040	5,477
Total	$ 104,660	$ 103,493
Guaranteed Note balances:		
Principal	$ 93,333	$ 93,333
Accrued interest	3,984	2,103
Total	$ 97,317	$ 95,436
Guarantee fees collected to date	$ 272	$ 272
Amounts recognized in *Accounts payable and other liabilities*		
Deferred revenue for guarantee fees [1]	$ 153	$ 209

[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, 2025 and 2024, the DIF recorded liabilities totaling $4.5 billion and $6.8 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 $1.7 billion and $2.1 billion in unpaid deposit claims related to multiple receiverships as of December 31, 2025 and 2024, 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 continued to have strong capital and liquidity levels through the third quarter of 2025, which support lending and protect against potential losses. Total risk-based capital ratio declined 10 basis points to 15.52 percent in third quarter 2025 from the same quarter in 2024 due to an increase in risk-weighted assets. At the same time, institutions continue to navigate weakness in certain loan portfolios and elevated unrealized losses, among other challenges.

According to third quarter 2025 financial data submitted by FDIC-insured institutions, the banking industry reported year-to-date net income of $218.5 billion, up 8.5 percent from the same period a year ago. The increase in net income was due to higher net interest income and noninterest income but was partially offset by higher provision expenses and noninterest expense.

Provisions for credit losses reported by the banking industry through the third quarter of 2025 were $72.1 billion, versus $67.5 billion reported for the same time period a year ago. The increase was largely attributable to the acquisition of one large bank, as accounting standards require the acquiring institution to recognize a provision expense related to certain acquired assets. Credit quality metrics remained generally favorable, despite the past-due and nonaccrual rates for non-owner-occupied commercial real estate, multifamily commercial real estate, and credit card portfolios remaining well above their pre-pandemic averages.

FDIC's contingent liability decreased to $65 million as of December 31, 2025, compared to $126 million as of December 31, 2024. The decrease reflects improvement in financial conditions throughout the industry during the year.

In addition to the recorded contingent liability, the FDIC monitors 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 has estimated that it is reasonably possible that the DIF could incur additional estimated losses of approximately $292 million as of December 31, 2025, compared to $294 million at December 31, 2024. The actual losses, if any, will largely depend on future economic and market conditions and could differ materially from this estimate. 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 $2 million and $600 thousand for the DIF as of December 31, 2025 and 2024, respectively. In addition, the FDIC has identified zero and $600 thousand in reasonably possible losses from unresolved cases as of December 31, 2025 and 2024, respectively.

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 2025 and 2024, 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 November 2025, the FDIC published a notice maintaining the DRR at 2 percent for 2026. 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 September 2020, the FDIC established a Restoration Plan 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. As of June 30, 2025, the FDIC achieved the requirements of the Amended Restoration Plan when the reserve ratio exceeded 1.35% by reaching 1.36%; as a result, the FDIC is no longer operating under a restoration plan.

As of September 30, 2025 and December 31, 2024, the DIF reserve ratio was 1.40 percent and 1.28 percent, respectively.

ASSESSMENT REVENUE

Annual assessment rates averaged approximately 6.0 and 6.1 cents per $100 of the assessment base in 2025 and 2024, respectively. 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 $3.0 billion and $3.3 billion represents the estimated premiums due from IDIs for the fourth quarter of 2025 and 2024, 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 2025 will be billed and collected at the end of the first quarter of 2026. The DIF recognized $10.6 billion and $11.6 billion as assessment revenue from institutions during 2025 and 2024, respectively.

ASSESSMENT LITIGATION

In January 2017, the FDIC filed suit in the United States District Court for the District of Columbia (and amended this complaint in April 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 alleged 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. In March 2025, the District Court issued a decision in the FDIC's litigation with BoA, awarding a judgment in favor of the FDIC against BoA. Following entry of the judgment, BoA made the payment of approximately $540 million in insurance assessment premiums, plus an amount it calculated for pre- and post-judgment interest of $117 million, all of which was recognized as revenue in the "Assessments" line item on the Statement of Income and Fund Balance. The FDIC and BoA disagree on the amount of pre- and post-judgment interest that BoA is obligated to pay, due to a dispute over the applicable interest rates used in the calculation, and the parties have briefed that matter for the District Court, which has taken the issue under advisement. As of December 31, 2025 and 2024, the amount of interest

under dispute is not reflected in the financial statements of the DIF.

In September 2025, Capital One, N.A. (Capital One) filed suit in the United States District Court for the Eastern District of Virginia, alleging that the FDIC improperly calculated Capital One's special assessments (see Note 5) based on an incorrect determination of Capital One's uninsured deposits as of December 31, 2022. In total, Capital One disputes approximately $149 million of its special assessment, which includes amounts that have been invoiced and amounts for future invoices. Pending resolution of this matter, Capital One has fully pledged security for the full invoiced amount in dispute with a third-party custodian pursuant to a security agreement with the FDIC. As of December 31, 2025, the total amount of invoiced and unpaid special assessments (including accrued interest) was approximately $120 million. As of December 31, 2025 and 2024, this litigation did not impact the special assessments receivable. Furthermore, the accrued interest 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 2025	December 31 2024
Salaries and benefits	$ 1,738,272	$ 1,705,869
Outside services	348,867	356,206
Travel	52,304	72,266
Buildings and leased space	81,477	88,223
Software/Hardware maintenance	202,883	192,371
Depreciation of property and equipment	29,810	33,217
Other	21,442	27,579
Subtotal	**2,475,055**	**2,475,731**
Less: Expenses billed to resolution entities and others	(39,510)	(42,595)
Total	**$ 2,435,545**	**$ 2,433,136**

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.

December 31, 2025 (Dollars in Millions)	Provision for Insurance Losses	Receivables from Resolutions	Allowance for Credit Losses	Contingent Liabilities for: Anticipated Failures	Contingent Liabilities for: Litigation Losses	Liabilities due to Resolutions
Balance at January 1, 2025	**$ 0**	**$ 97,895**	**$ (65,614)**	**$ (126)**	**$ (1)**	**$ (8,874)**
Estimated losses for current year failures	55		(55)			
Change in contingent liability for anticipated failures, net [1]	(61)			61		
Adjustments to estimated losses for prior year failures	(3,706)		3,706			
Disbursements for failures [2]		303				(191)
Recoveries from resolutions [3]		(7,470)				2,471
Write-offs for inactivated receiverships	0	(1,633)	1,633			
Other	(5)	3,603	(3,963)		(1)	365
Balance at December 31, 2025	**$ (3,717)**	**$ 92,698**	**$ (64,293)**	**$ (65)**	**$ (2)**	**$ (6,229)**

[1]Represents 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.
[2]Includes $191 million of non-cash transactions from receiverships (see Note 9).
[3]Includes $2.5 billion of non-cash dividends from receiverships (see Note 9).

December 31, 2024 (Dollars in Millions)	Provision for Insurance Losses	Receivables from Resolutions	Allowance for Credit Losses	Contingent Liabilities for: Anticipated Failures	Contingent 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)**

[1]Represents 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.
[2]Includes $3.5 billion of non-cash transactions from receiverships (see Note 9).
[3]Includes $16.9 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).

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 2025	December 31 2024
Civil Service Retirement System	$ 352	$ 457
Federal Employees Retirement System (Basic Benefit)	196,072	196,870
Federal Thrift Savings Plan	50,117	49,881
FDIC Savings Plan	53,686	52,257
Total	**$ 300,227**	**$ 299,465**

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 2025	December 31 2024
Accumulated postretirement benefit obligation recognized in *Postretirement benefit liability*	$ 266,035	$ 263,096
Cumulative net actuarial gain recognized in accumulated other comprehensive income: *Unrealized postretirement benefit gain*	$ 16,524	$ 10,465
Amounts recognized in other comprehensive income: *Unrealized postretirement benefit gain*		
Actuarial gain	$ 6,059	$ 124
Net periodic benefit costs recognized in *Operating expenses*		
Service cost	$ 3,209	$ 4,065
Interest cost	14,520	12,376
Total	**$ 17,729**	**$ 16,441**

The annual postretirement contributions and benefits paid are included in the table below.

(Dollars in Thousands)	December 31 2025	December 31 2024
Employer contributions	$ 8,730	$ 8,795
Plan participants' contributions	$ 1,397	$ 1,400
Benefits paid	$ (10,127)	$ (10,195)

The expected contributions for the year ending December 31, 2026 are $16 million. Expected future benefit payments for each of the next 10 years are presented in the following table.

(Dollars in Thousands)						
2026	2027	2028	2029	2030	2031-2035
$ 14,243	$ 14,609	$ 14,907	$ 15,180	$ 15,499	$ 81,491

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

	December 31 2025	December 31 2024
Discount rate for future benefits (benefit obligation)	5.45%	5.65%
Rate of compensation increase	2.98%	3.36%
Discount rate (benefit cost)	5.65%	5.04%
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	2025

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, 2025 and December 31, 2024, estimated insured deposits for the DIF were $10.7 trillion.

17. Fair Value of Financial Instruments

As of December 31, 2025 and 2024, financial assets recognized and measured at fair value on a recurring basis include cash equivalents (see Note 2) of $28.0 billion and $48.2 billion, respectively, and the investment in U.S. Treasury securities (see Note 3) of $98.2 billion and $49.7 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 2025	December 31 2024
Operating Activities		
Net Income:	**$ 16,484,898**	**$ 15,259,556**
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of U.S. Treasury securities	(376,566)	(372,417)
Depreciation on property and equipment	29,810	33,217
Retirement of property and equipment	0	18
Provision for insurance losses	(3,716,870)	(2,008,602)
Unrealized gain on postretirement benefits	6,059	124
Change in Assets and Liabilities:		
Decrease (Increase) in assessments receivable	236,747	(44,958)
Decrease in special assessments receivable	10,860,465	7,599,943
(Increase) in interest receivable and other assets	(649,493)	(181,182)
Decrease in receivables from resolutions	7,531,732	66,904,574
(Increase) Decrease in operating lease right-of-use assets	(482)	258
(Decrease) Increase in accounts payable and other liabilities	(49,636)	131,890
Increase (Decrease) in operating lease liabilities	6,652	(686)
(Decrease) in liabilities due to resolutions	(2,644,518)	(13,639,206)
Increase in postretirement benefit liability	2,939	7,522
Net Cash Provided by Operating Activities	**$ 27,721,737**	**$ 73,690,051**

19. Subsequent Events

Subsequent events have been evaluated through March 19, 2026, the date the financial statements are available to be issued.

2026 FAILURES

Through March 19, 2026, one insured institution failed in 2026 with total estimated losses to the DIF of $20 million.

DIVIDENDS FROM RECEIVERSHIPS

In February 2026, the DIF received approximately $2.6 billion in dividends from the Signature Bridge Bank receivership as repayment of the DIF's receivables from resolutions (see Note 4).

Federal Deposit Insurance Corporation

FSLIC Resolution Fund Balance Sheet

As of December 31

(Dollars in Thousands)	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,063,286	$ 1,020,136
Total Assets	**$ 1,063,286**	**$ 1,020,136**
LIABILITIES		
Accounts payable and other liabilities	$ 8	$ 5
Total Liabilities	**8**	**5**
RESOLUTION EQUITY (NOTE 5)		
Contributed capital	125,469,317	125,469,317
Accumulated deficit	(124,406,039)	(124,449,186)
Total Resolution Equity	**1,063,278**	**1,020,131**
Total Liabilities and Resolution Equity	**$ 1,063,286**	**$ 1,020,136**

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)	2025	2024
REVENUE		
Interest on U.S. Treasury securities	$ 43,169	$ 51,007
Other revenue	102	119
Total Revenue	**43,271**	**51,126**
EXPENSES AND LOSSES		
Operating expenses	276	297
Losses related to thrift resolutions	(152)	(10)
Total Expenses and Losses	**124**	**287**
Net Income	**43,147**	**50,839**
Accumulated Deficit - Beginning	**(124,449,186)**	**(124,500,025)**
Accumulated Deficit - Ending	**$ (124,406,039)**	**$ (124,449,186)**

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)	2025	2024
OPERATING ACTIVITIES		
Provided by:		
Interest on U.S. Treasury securities	$ 43,169	$ 51,007
Recoveries from thrift resolutions	261	298
Used by:		
Operating expenses	(280)	(311)
Net Cash Provided by Operating Activities	**43,150**	**50,994**
Net Increase in Cash and Cash Equivalents	**43,150**	**50,994**
Cash and Cash Equivalents - Beginning	**1,020,136**	**969,142**
Cash and Cash Equivalents - Ending	**$ 1,063,286**	**$ 1,020,136**

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

FSLIC RESOLUTION FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

1. Operations/Dissolution of the FSLIC Resolution Fund

OVERVIEW

The Federal Deposit Insurance Corporation (FDIC) is the 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 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.

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 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 (AHDP) was established in 1989 to ensure the preservation of affordable housing for low-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, 2025, 17 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, 2025 and 2024, 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.

December 31, 2025 (Dollars in Thousands)	FRF-FSLIC	FRF-RTC	FRF Consolidated
Contributed capital	$ 43,864,980	$ 81,604,337	$ 125,469,317
Accumulated deficit	(42,827,025)	(81,579,014)	(124,406,039)
Total Resolution Equity	**$ 1,037,955**	**$ 25,323**	**$ 1,063,278**

December 31, 2024 (Dollars in Thousands)	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**

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. Since the inception of the FRF, the following activity has resulted in a net decrease to contributed capital:

- The FRF-FSLIC received a total of $2.3 billion in goodwill appropriations, and
- The FRF-RTC had returned $4.6 billion to the U.S. Treasury and made payments of $5.2 billion to the REFCORP.

In 2025 and 2024, the FRF did not have any activity that impacted 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

As of December 31, 2025 and 2024, the FRF's financial assets measured at fair value on a recurring basis are cash equivalents (see Note 2) of $1.0 billion and $995 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.

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 2025	December 31 2024
Operating Activities		
Net Income:	$ 43,147	$ 50,839
Change in Assets and Liabilities:		
Decrease in other assets, net [1]	0	161
Increase (Decrease) in accounts payable and other liabilities	3	(6)
Net Cash Provided by Operating Activities	**$ 43,150**	**$ 50,994**

[1]The FRF had no material other assets as of December 31, 2025 and 2024.

8. Subsequent Events

Subsequent events have been evaluated through March 19, 2026, 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.
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Independent Auditor's Report

To the Board of Directors of the Federal Deposit Insurance Corporation

In our audits of the 2025 and 2024 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, 2025, and 2024, 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, 2025; and
- with respect to the DIF and to the FRF, no reportable noncompliance for 2025 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, 2025, and 2024; 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, 2025, and 2024; the related statements of income and accumulated deficit and of

[1]A 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 2025.

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

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

[4]31 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, 2025, and 2024, 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, 2025, and 2024, 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, 2025, 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, 2025, 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, 2025, based on criteria established under FMFIA.

During our 2025 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.

[5]A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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, 2025, 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 audits 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 audits 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 2025 annual report: Mission, Vision, and Values; Message from the 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 audits 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 2025 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 34th 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 reiterated its commitment to sound financial management. The complete text of FDIC's response is reprinted in appendix II.

//SIGNED//

M. Hannah Padilla
Director
Financial Management and Assurance

March 19, 2026

APPENDIX I



TRAVIS HILL
CHAIRMAN

Management's Report on Internal Control over Financial Reporting

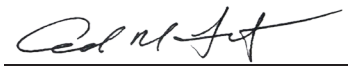
The Federal Deposit Insurance Corporation's (FDIC) internal control over financial reporting relevant to the Deposit Insurance Fund (DIF) and the FSLIC Resolution Fund (FRF) is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide 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 controls 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, 2025, 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 can provide reasonable assurance that FDIC's internal control over financial reporting relevant to the DIF and the FRF was effective as of December 31, 2025.



Travis Hill
Chairman



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

March 19, 2026

APPENDIX II

Federal Deposit Insurance Corporation

DEPUTY TO THE CHAIRMAN AND CHIEF FINANCIAL OFFICER

Ms. M. Hannah Padilla **March 19, 2026**
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

FDIC Management Response to the 2025 and 2024 Financial Statements Audit Report

Dear Ms. Padilla,

Thank you for the opportunity to respond to the U.S. Government Accountability Office's (GAO) draft report titled, *Financial Audit: Federal Deposit Insurance Corporation Funds' 2025 and 2024 Financial Statements*. We are pleased that the FDIC has received unmodified opinions for the 34th consecutive year on the financial statements of its funds: the Deposit Insurance Fund and the Federal Savings and Loan Insurance Corporation Resolution Fund. GAO also reported that the FDIC maintained, in all material respects, 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 recognizes the essential role that a strong internal control program plays in ensuring an agency achieves its mission and management's objectives. Our commitment to sound financial management and reliable reporting has been and will remain a top priority.

We want to thank the GAO audit staff for their continued professionalism and dedication.

Sincerely,

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

V.

RISK MANAGEMENT AND INTERNAL CONTROLS

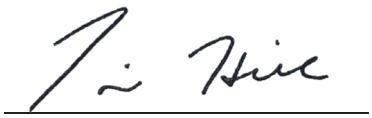
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Federal Deposit Insurance Corporation

TRAVIS HILL
CHAIRMAN

Federal Deposit Insurance Corporation
Statement of Assurance

FDIC management is responsible for managing risks and maintaining effective internal control 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, 2025. The FDIC is committed to maintaining effective internal controls corporate-wide in 2026.



Travis Hill
Chairman

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 of 1990 (CFO Act)
- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- Federal Financial Management Improvement Act of 1996 (FFMIA)
- Government Performance and Results Act of 1993 (GPRA), as amended
- Federal Information Security Modernization Act of 2014 (FISMA)
- Office of Management and Budget (OMB) Circular A-123
- U.S. Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government*



As a foundation for these efforts, the FDIC's Office of Risk Management and Internal Controls (ORMIC) administers the Enterprise Risk Management (ERM) program, oversees corporate-wide internal control activities, and works closely with every FDIC Division and Office to identify, assess, and mitigate risks. Divisions and Offices are required 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 (OIG) and GAO audit recommendations and strives to promptly implement agreed-upon actions. The FDIC has received unmodified opinions on its financial statement audits for 34 consecutive years, and these and other positive results reflect the effectiveness of the FDIC's ERM program and internal control activities.

In 2025, 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.

Internal Control Program

The FDIC's Internal Control Program provides reasonable assurance that key controls are adequate and working as intended.

All FDIC Divisions and Offices conduct program reviews and evaluations to ensure that programs, operations, and controls are working as intended. For example, in 2025, Divisions and Offices assessed FDIC compliance with contracting rules and regulations, assessed the ability of large banks to promptly calculate deposit insurance in the event of a failure, and conducted annual testing of FDIC applications to ensure controls were in place.

The FDIC's Fraud Risk Management program considers the potential for fraud in connection with FDIC operations and aims to ensure that preventive and detective controls are present and working as intended. Transactions that are more susceptible to fraud include contractor payments, payroll, and travel card purchases.

Divisions and Offices assess their risk of fraud, and based on the level of risk identified, implement additional controls to manage the risk. The FDIC continues to maintain an internal control environment designed to prevent, deter, and detect fraud and promptly refers instances of suspected fraud to the OIG.

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 OIG reports.

For the federal fiscal year period, October 1, 2024, through September 30, 2025, the OIG issued no reports with disallowed costs or funds put to better use. As noted in Table 1 below, as of September 30, 2025, 27 OIG recommendations remained open for more than one year. Subsequent to the OIG's Semi-Annual Report, 15 of the 27 recommendations have been closed. ORMIC is taking steps to ensure timely completion of all outstanding recommendations.

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-23-002 8/29/2023 *Sharing of Threat and Vulnerability Information with Financial Institutions*	The OIG recommends the FDIC Director of RMS in coordination with FDIC Chief, Intelligence and Threat Sharing Unit 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.	Status: Closed by OIG on 1/12/2026
AUD-23-004 9/25/2023 *The Federal Deposit Insurance Corporation's Information Security Program 2023*	The 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 CIOO updated its policy, requiring network accounts to be disabled as early as possible and no longer than 10 business days after the accounts have expired or are no longer associated with a user or individual. In July 2025, the FDIC completed a Corporate-wide initiative to ensure the prompt notification and timely removal of network (Active Directory) accounts, in accordance with the updated policy. Finally, FDIC established or enhanced communication and coordination protocols to ensure compliance. Status: Under OIG Review Due Date: 9/30/2025

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-23-004 9/28/2023 *The FDIC's Orderly Liquidation Authority (OLA)*	The 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 FMUs designated by the FSOC as systemically important.	Status: Closed by OIG on 2/17/2026
	The OIG recommends that the Acting Director, CISR: develop and consistently maintain comprehensive OLA 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 OLA resolution planning activities.	a. CISR updated and finalized its Systemic Resolution Framework Document (Tier I) in June 2024 and continues to further refine resolution framework documents through its annual review process. b. CISR updated and finalized Process Guides (Tier II) for operational-level activities in June 2024 and continues to further refine these guides through its annual review process. c. CISR drafted and finalized all institution-specific plans (Tier III) in June 2025, and continues to update them through its periodic review process.

Table 1:
OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-23-004 9/28/2023 (continued)		d. CISR is currently augmenting its resolution framework document for systemically important, nonbank financial companies and FMUs designated by the FSOC and also plans to update Process Guides in 2026. Both the framework document and related process guides will be finalized in 2026. At least annually, CISR will evaluate whether additional nonbank financial companies should be included in the policies and procedures. Due Date: 12/31/2026
	The OIG recommends the Acting Director, CISR conduct and document a representative survey or other assessment of the OLA-related skill sets existing or needed within CISR to ensure the Division's Professional Development Plan incorporates the results.	Status: Closed by OIG on 2/25/2026
	The OIG recommends the Acting Director, CISR regularly conduct and document OLA general and functional training and ensure that training is clearly linked to the key components of the systemic resolution framework and processes.	Status: Closed by OIG on 2/25/2026

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-02 10/23/2023 *Material Loss Review of Signature Bank of New York*	The OIG recommends that the Director, RMS reevaluate the FDIC's strategy to attract, retain, and allocate staffing, including how to enhance the supervision of LCFIs. This evaluation will be conducted by the Director, RMS, and recommendations will be coordinated with the Director, Division of Administration (DOA); the General Counsel; and the Director, CISR and documented through a memorandum to the FDIC Chairman.	Status: Closed by OIG on 2/6/2026

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-02 10/23/2023 (continued)	The OIG recommends that the Director, RMS implement target metrics and monitor variances for key supervisory outputs consistent with requirements contained in Continuous Examination Process Procedures, such as: a. Supervisory Plan percentage completed to actual percentage completed to identify and take timely corrective action when examination teams are not on track to achieve objectives detailed in annual supervisory plans. b. Target review start date to actual review start date to identify and take timely corrective action when examination teams are not on track to achieve objectives detailed in annual supervisory plans. c. Number of days elapsed between target review start date and exit meeting to expectation to identify and take corrective action when reviews are not being completed and informal results communicated to the bank timely. d. Number of days elapsed between target review start date and issuance of Supervisory Letter to expectation to identify and take corrective action when the results of reviews are not being completed and results communicated to the bank timely.	Status: Closed by OIG on 1/29/2026

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-02 10/23/2023 (continued)	e. Number of days elapsed between year-end and ROE issuance to expectation to identify and take corrective action when ROEs are not being completed and results communicated to the bank timely. f. Number of days elapsed between quarter-end and issuance of Ongoing Monitoring Reports to expectations to identify and take corrective action when ongoing monitoring is not being completed timely.	
EVAL-24-04 1/24/2024 *The FDIC's Purchase and Deployment of the FDIC Acquisition Management System*	The OIG recommends that the FDIC Chief Operating Officer (COO), in collaboration with the Chief Financial Officer and other FDIC Divisions, as necessary develop and provide training to Executive and Corporate Managers on the change management process and in developing and employing change management strategies and plans.	Status: Closed by OIG on 12/2/2025
REV-24-01 3/20/2024 *Review of the FDIC's Ransomware Readiness*	The OIG recommends that the FDIC conduct an analysis to identify viable alternatives for testing restoration of Active Directory from backups, or have senior management formally accept the risk of not testing these backups.	FDIC expects to have software licenses needed to enable Active Directory restoration testing capabilities by late February 2026. Once received, configured, and approved for use in production, the CIOO will test restoration of Active Directory from backups. Due Date: 5/31/2026

Table 1:
OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
REV-24-01 3/20/2024 (continued)	The OIG recommends that the FDIC evaluate and consider enhanced solutions to store backup data, as described in the report, and update the Storage Systems Backup Data Protection Standard Operating Procedures, as appropriate.	While testing backup protection configurations across lower environments, capacity issues with existing hardware were discovered. CIOO obtained new hardware which will be deployed to enable backup protection configurations in the production environment. Due Date: 6/30/2026
EVAL-24-05 7/31/2024 *The FDIC's Sexual Harassment Prevention Program*	The OIG recommends that the Chairman develop and implement a plan to routinely analyze the FDIC's sexual harassment training, ensure that it is current, and measure the impact that training is having on reducing harassment and retaliation in the Agency.	Status: Closed by OIG on 1/12/2026
	The OIG recommends that the Chairman/COO develop and implement a mechanism to ensure that corrective actions used to close recommendations related to the sexual harassment prevention program are sustained.	FDIC is developing several internal control metrics to sustain corrective actions and ensure a strong workforce culture where misconduct is not tolerated and those who engage in misconduct are held accountable. The FDIC Performance Goals outline this commitment, and Offices/Divisions report quarterly on related subgoals. OPC will evaluate whether interim measures or other actions that it recommends are implemented across the Corporation. Due Date: 3/31/2026

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-05 7/31/2024 (continued)	The OIG recommends that the Chairman: (a) incorporate a specific harassment-free culture standard into the Performance Management Program and Bonus Criteria for all staff; (b) incorporate harassment prevention into the bonus criteria for managers and executives; (c) develop and implement a process that considers violations of the anti-harassment policy when determining whether an employee should serve in a supervisory or managerial capacity; and (d) develop and implement a process that considers violations of the anti-harassment policy when determining whether an employee is eligible to receive a bonus.	The FDIC updated its performance standards for managers and executives to include requirements to uphold the FDIC's core values and incorporate language on taking training, adhering to reporting requirements, and leading a workforce free from discrimination, harassment, and retaliation. Additionally, FDIC developed a Human Resources Advisory, entitled *Discretionary Monetary Bonuses and Performance Awards*, dated August 20, 2025. The Advisory implements and provides guidance on the Board Resolution addressing discretionary monetary awards and performance bonuses. Due Date: 2/28/2026

Table 1:
OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-05 7/31/2024 (continued)	The OIG recommends the Chairman consider developing and implementing Agency-wide, consistent penalties or recommended penalty ranges to be used in disciplinary actions for harassing conduct, in accordance with applicable laws and regulations, and, as necessary and appropriate, incorporate the consistent penalties and recommended penalty ranges into policy and procedures.	OPC oversees discipline and other actions when allegations are substantiated and tracks disciplinary and non-disciplinary actions taken. Tracking and maintaining a record of the penalties and recommendations ensures consistency. OPC has been developing a more robust tracking system which is expected to launch in 2026. OPC publishes data on its internal website with examples of actions taken that have been de-identified to make employees aware of potential consequences for harassment, interpersonal misconduct, and retaliation for reporting those issues. OPC also has a page on its website dedicated to the accountability process. Mandatory, scenario-based, live training sessions for employees and managers help to ensure that the workforce is aware of potential consequences for misconduct. The OPC Director has also attended Division/Office and Regional management meetings to brief senior level staff about accountability. Due Date: 3/31/2026

Table 1:
OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-05 7/31/2024 (continued)	The OIG recommends the Director, DOA, conduct a review of prior allegations to ensure that it has an accurate and complete population of sexual harassment allegations and that it has maintained all allegation records in accordance with the FDIC record retention schedule, which requires that all records be maintained for seven years.	OPC is working with the CIOO to develop a new, cloud-based case management system to include an internal tracking system with the ability to perform data analytics. The system, which includes automations, will centralize complaints received, investigative activities, and information on corrective actions, including discipline. The data generated will help identify trends and misconduct patterns to inform policy decisions, assist with targeted training, design preventative measures, and provide consistent corrective actions. The new case management system launch is expected in 2026. In the interim, OPC has expanded fields in the current case management system to capture and report more granular data. In addition, OPC implemented a file plan to ensure proper records retention for its case files. Due Date: 3/31/2026

Table 1:
OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
AUD-24-01 9/04/2024 *Audit of Security Controls for the FDIC's Cloud Computing Environment*	The OIG recommends that the FDIC design and implement a plan to prevent, detect, and remediate security weaknesses on FDIC cloud platforms and applications related to insecure coding practices, misconfigured security settings, least privilege violations, outdated software versions, and ineffective monitoring.	Cloud-based Dynamic Application Security Testing is in progress and is expected to be completed in 2026. CIOO is also proceeding with procuring Penetration Testing as a Service to be implemented in 2026. Due Date: 12/31/2026
	The OIG recommends the FDIC establish an enterprise application security (AppSec) team that is responsible for performing security tests on FDIC applications to identify vulnerabilities and remediation plans.	CIOO assessed existing roles, responsibilities and processes for performing application security testing; consolidated existing AppSec Testing groups into a federated AppSec Testing Team; and consolidated testing processes. Status: Under OIG Review Due Date: 12/31/2025
	The OIG recommends the FDIC remediate the four findings and seven associated recommendations identified in Cloud Platform #5.	Status: Closed by OIG on 1/22/2026
	The OIG recommends the FDIC remediate the seven findings and 19 associated recommendations identified in Cloud Platform #1 and the applications built on Cloud Platform #1.	The seven findings have been remediated and the 19 associated recommendations have been implemented. Status: Under ORMIC Review Due Date: 12/31/2025

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
AUD-24-01 9/04/2024 (continued)	The OIG recommends the FDIC remediate the eight findings and 11 associated recommendations identified in Cloud Platform #2 and the applications built on Cloud Platform #2.	The eight findings have been remediated and the 11 associated recommendations have been implemented. Status: Under ORMIC Review Due Date: 12/31/2025
EVAL-24-06 9/23/2024 Conflicts of Interest in the Acquisition Process	The OIG recommends the COO develop a means of identifying and documenting acquisition-specific team members from the Program Offices, DOA Acquisition Services Branch, Legal Division, and Office of Minority and Women Inclusion.	Status: Closed by OIG on 1/22/2026

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-06 9/23/2024 (continued)	The OIG recommends the COO in coordination with the Director, DOA, develop procedures requiring acquisition team members, as defined in response to Recommendation 1, to complete a conflict of interest certification in which each team member is to assess and document that they do not have a potential or actual conflict of interest related to the specific acquisition prior to participating in any phase of the acquisition lifecycle (from planning to closeout). These procedures should require that evidence of acquisition team members' conflict of interest certifications is maintained in accordance with requisite FDIC records retention schedule requirements.	Status: Closed by OIG on 1/22/2026
	The OIG recommends the COO in coordination with the Director, DOA, develop procedures requiring acquisition team members, as defined in response to Recommendation 1, to re-certify annually that they remain free of actual or potential conflicts of interest as long as the acquisition is in place.	Status: Closed by OIG on 1/22/2026

Table 1: OIG Recommendations Open More than One Year as of September 30, 2025

Report No. and Issue Date	Recommendation	Management Action
EVAL-24-06 9/23/2024 (continued)	The OIG recommends the Director, DOA update the Acquisition Procedures and Guidance Manual to (1) define "reasonable planning," (2) require the documentation of "reasonable planning" for all acquisitions, and (3) require a written description of potential or actual acquisition-specific conflict of interest-related risks in planning documentation.	Status: Closed by OIG on 1/22/2026
	The OIG recommends the General Counsel in coordination with the Director, DOA, develop and deliver specialized acquisition-related conflict of interest training on at least an annual basis to all acquisition team members to strengthen employee knowledge and skills related to ethics laws and regulations.	Status: Closed by OIG on 11/24/2025
EVAL-24-07 9/25/2024 *The FDIC's Information Security Program 2024*	The OIG recommends that the Chief Information Officer enforce existing policies and procedures to consistently perform reviews and analyze system audit records, and document and maintain those reviews and analysis for privileged users and actions taken on [redacted] devices in accordance with FDIC policy.	Status: Closed by OIG on 2/25/2026

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VI.

APPENDICES

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A. Key Statistics

FDIC Actions on Financial Institutions Applications

	2025	2024	2023
Deposit Insurance	**8**	**12**	**5**
Approved[1]	8	12	5
Denied	0	0	0
New Branches	**420**	**382**	**398**
Approved	420	382	398
Denied	0	0	0
Mergers	**165**	**122**	**116**
Approved	165	122	116
Denied	0	0	0
Requests for Consent to Serve[2]	**65**	**81**	**61**
Approved	63	81	58
Section 19	0	0	0
Section 32	63	81	58
Denied	2	0	3
Section 19	0	0	0
Section 32	2	0	3
Notices of Change in Control	**12**	**7**	**15**
Letters of Intent Not to Disapprove	12	7	15
Disapproved	0	0	0
Brokered Deposit Waivers	**18**	**24**	**11**
Approved	18	24	11
Denied	0	0	0
Savings Association Activities[3]	**0**	**0**	**0**
Approved	0	0	0
Denied	0	0	0
State Bank Activities/Investments[4]	**9**	**22**	**13**
Approved	9	22	13
Denied	0	0	0
Conversion of Mutual Institutions	**6**	**4**	**4**
Non-Objection	6	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

	2025	2024	2023
Total Number of Actions Initiated by the FDIC	**105**	**140**	**117**
Termination of Insurance	**14**	**16**	**12**
Involuntary Termination	0	0	**0**
Sec. 8a for Violations, Unsafe/Unsound Practices or Conditions	0	0	0
Voluntary Termination	**14**	**16**	**12**
Sec. 8a by Order Upon Request	0	0	0
Sec. 8p No Deposits	14	14	11
Sec. 8q Deposits Assumed	0	2	1
Sec. 8b Consent and Cease-and-Desist Actions	**22**	**33**	**28**
Notices of Charges Issued	4	1	4
Orders to Pay Restitution	5	1	0
Consent and Cease and Desist Orders	13	26	22
Personal Cease and Desist Orders	0	5	2
Sec. 8e Removal/Prohibition of Director or Officer	**36**	**41**	**43**
Notices of Intention to Remove/Prohibit	4	4	4
Consent Orders	32	37	39
Sec. 8g Suspension/Removal When Charged With Crime	**0**	**0**	**0**
Civil Money Penalty Actions	**21**	**35**	**28**
Sec. 7a Call Report Penalty Orders	0	0	0
Sec. 8i Flood Act Civil Money Penalty Orders	18	32	24
Sec. 8i Civil Money Penalty Notices of Assessment	3	3	4
Sec. 10c Orders of Investigation	**12**	**14**	**4**
Sec. 19 Waiver Orders	**0**	**0**	**1**
Approved Section 19 Waiver Orders	0	0	1
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	**44**	**34**	**31**
Denials of Requests for Relief	0	0	0
Grants of Relief	0	0	0
Banks Making Reimbursement[1]	44	34	31
Suspicious Activity Reports (Open and closed institutions)1	**432,900**	**402,063**	**407,304**
Other Actions Not Listed[2]	**0**	**1**	**1**

[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 2025: 0; in 2024: one Order to Pay a Call Report penalty not under Section 7(a); and in 2023: one Order Dismissing Notice of Assessment of Civil Money Penalty and Order to Pay.

B. More About the FDIC

FDIC BOARD OF DIRECTORS



Travis Hill

Travis Hill is the 23rd Chairman of the Federal Deposit Insurance Corporation (FDIC) Board of Directors, currently serving a five-year term that began on January 2, 2026. Mr. Hill had previously served as the FDIC's Acting Chairman starting on January 20, 2025, and served as Vice Chairman beginning on January 5, 2023.

Prior to his terms on the Board, he was Deputy to the Chairman for Policy from 2018 to 2022 and, before that, served as Senior Advisor to the Chairman. In these roles, 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 V. Gould

Jonathan V. Gould was sworn in as the 32nd Comptroller of the Currency on July 15, 2025.

Prior to becoming Comptroller of the Currency, Mr. Gould was a partner at the law firm Jones Day. He previously served as the Senior Deputy Comptroller and Chief Counsel at the OCC and twice served on the staff of the U.S. Senate Committee on Banking, Housing, and Urban Affairs, including as its chief counsel. He has spent the bulk of his career in the private sector as a consultant and lawyer, advising banks and other financial services firms on regulatory matters and risk management.

Mr. Gould holds a bachelor's degree from Princeton University and a law degree from Washington and Lee University.



Russell Vought

Russ Vought is the only cabinet official to serve in both of President Trump's Administrations in the same role. He is both the 42nd and 44th Director of the White House Office of Management and Budget (OMB) and is responsible for overseeing the implementation of the President's policy, management, and deregulatory agendas across the Executive Branch.

Often referred to as the President's "toolkit," OMB under Director Vought's leadership is working to unburden American industry from overregulation, end the weaponization of government, cut woke and weaponized programs at home and abroad, and root out wasteful spending.

In 2021, Russ founded the Center for Renewing America, a grassroots organization fighting to shift paradigms and turn decades of conservative thought into government action.

Prior to serving in the first Trump Administration, Russ spent nearly 20 years working in Congress and with grassroots public policy organizations. He worked on Capitol Hill, serving as the Policy Director for the House Republican Conference, and as the Executive Director of the Republican Study Committee, and as a legislative assistant for U.S. Senator Phil Gramm. Russ graduated from Wheaton College in 1998, and from George Washington University Law School in 2004. He lives with his wife, Michelle, and two daughters in Arlington, VA.

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 BankFind Suite, 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 agents on staff and has access to a translation service, which is able to assist callers with over 40 different languages.

PUBLIC INFORMATION CENTER

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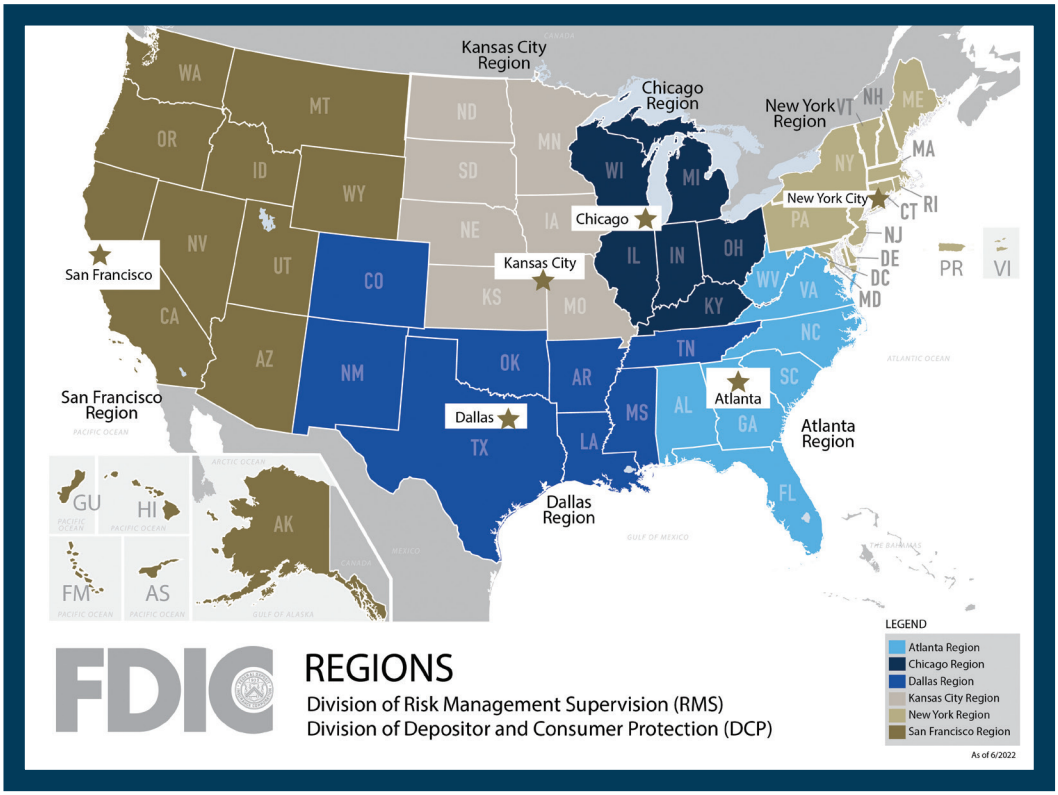
Online Comment form: https://ask.fdic.gov/fdicinformationandsupportcenter/s/

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.

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New Jersey
New York
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California
Federated States of Micronesia
Guam
Hawaii
Idaho
Montana
Nevada
Oregon
Utah
Washington
Wyoming



Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation

March 2026

☆☆☆☆☆☆☆☆

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.

Federal Deposit Insurance Corporation
Office of Inspector General

Date: March 26, 2026

Memorandum To: Board of Directors

From: /S/
Jennifer L. Fain
Inspector General

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

During the past year, the Federal Government, including the Federal Deposit Insurance Corporation (FDIC), has undergone significant restructuring and reform that continues to unfold. Our annual reporting of the Top Management and Performance Challenges facing the FDIC highlights areas that we believe warrant the FDIC's continued attention as it carries out its critical mission and briefly assesses the Agency's progress in addressing those challenges. By statute, the FDIC Office of Inspector General (OIG) is required to conduct this assessment for inclusion in the FDIC's Annual Performance and Accountability Report.

The Top Challenges that we identify below are based on the status, makeup, and processes in place at the FDIC as of mid-February 2026. They are based on our independent oversight through audits, evaluations, investigations, and reviews; discussions with FDIC management at all levels; inquiries and trends from our OIG Hotline; and other credible external sources. We acknowledge that the FDIC is likely to undergo significant changes going forward that may impact these currently identified Top Challenges.

We identified eight Top Management and Performance Challenges facing the FDIC:

1. Optimizing the FDIC Workforce
2. Maintaining a Safe and Accountable Workplace Culture
3. Strengthening Organizational Governance
4. Sustaining Readiness to Execute Resolution and Receivership Responsibilities
5. Ensuring Effective Supervision
6. Improving Contract Management
7. Enhancing Cyber and Data Security
8. Identifying and Combating External Fraud and Misrepresentation

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 will promote economy, efficiency and effectiveness at the FDIC.

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.

Top Management and Performance Challenges 2025

The Federal Government continues to undergo significant restructuring and reform. As such, the Federal Deposit Insurance Corporation (FDIC) has experienced substantial change over the past year, including the departure of several senior executives. Since the last Top Management and Performance Challenges (TMPC) report,[1] the President has nominated and the Senate has confirmed the Acting Chairman, Travis J. Hill, to be the 23rd Chairman of the FDIC after serving in an acting capacity for nearly a year. Two new Board Members representing the Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB) are also currently in place.[2] Throughout these leadership changes, the FDIC's mission remains essential to the stability of the banking sector and public trust and confidence in the U.S. financial system.

The long-term success of the FDIC depends on a sufficient cadre of skilled personnel, a safe and accountable workplace, effective governance and interdivisional coordination, resolution and receivership readiness, effective supervision, adherence to established internal controls, strong information security, and identification of fraud risks within the banking industry. Maintaining public confidence and the FDIC's role in ensuring financial and banking system stability remain essential priorities. This TMPC report highlights areas requiring close attention as the FDIC navigates recent changes and the eight challenges that we list below:

1. Optimizing the FDIC Workforce
2. Maintaining a Safe and Accountable Workplace Culture
3. Strengthening Organizational Governance
4. Sustaining Readiness to Execute Resolution and Receivership Responsibilities
5. Ensuring Effective Supervision
6. Improving Contract Management
7. Enhancing Cyber and Data Security
8. Identifying and Combating External Fraud and Misrepresentation

These eight areas were informed by our audits, evaluations, reviews, hotline complaints, investigations, as well as other relevant reports. The FDIC OIG will continue to provide independent oversight and serve the American people by preventing and detecting waste,

[1] FDIC OIG, *Top Management and Performance Challenges Facing the Federal Deposit Insurance Corporation* (TMPC-03-2025) (March 2025).

[2] 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 CFPB, and an appointive Director. No more than three members of the Board can belong to the same political party.

fraud, and abuse relating to the FDIC's programs and operations, and promoting economy, efficiency, and effectiveness in the FDIC's operations and programs.

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

Optimizing the FDIC Workforce

Effective human capital is the foundation of any strong government agency. Without effective human capital, agencies risk achieving their mission goals. At the time of our last TPMC report issued in March 2025, the Federal Government was undergoing significant restructuring and reform. Federal employees, including those at the FDIC, were offered the Deferred Resignation Program (DRP). New presidential directives required agencies to freeze hiring, align functions with statutory mandates, prepare for large-scale reductions in force, and limit future hiring to one new employee for every four departures. These measures marked a shift from growing the FDIC workforce after large bank failures in 2023 to active downsizing.

For the FDIC, these changes interact with previously identified human capital risks, particularly in succession management and filling mission-critical positions. Our audits previously concluded that ongoing staff attrition raised concerns about the FDIC's capacity to maintain sufficient skilled personnel for statutorily required examinations and to execute the resolution and receivership activities for failed financial institutions effectively. The full effect of the FDIC's workforce restructuring remains unknown, as these activities are ongoing and therefore present a continued challenge. The OIG plans to revisit and report on the FDIC's efforts in this area as progress continues.

Human Capital Risks and Workforce Challenges

According to the FDIC, the Agency experienced a 20 percent reduction in staff in 2025, transitioning from over 6,300 employees to just over 5,000 as of January 1, 2026.[3] This reduction included 593 FDIC employees who accepted the Deferred Resignation Program, 289 employees who took an offer under the Voluntary Early Retirement Authority or Voluntary Separation Incentive Payment option, and 481 other separations that resulted in large part from natural attrition, including retirements. Throughout 2025, 1,424 FDIC employees were eligible to retire – representing almost a quarter of the FDIC's workforce. As of February 15, an additional 17 percent (or 797) of the remaining FDIC staff were eligible for retirement in 2026. These figures highlight the scale of organizational transformation at the FDIC and the continued need for succession planning.

While organizational transformation can provide opportunities for the FDIC to reshape its business processes, realize efficiencies, and promote employee growth, management should continue to monitor the impact of staffing changes. Relative to the examiner workforce, the FDIC should continue to assess examination processes and maintain a cadre of skilled examiners. According to the FDIC, the proposed number of examiners will enable the FDIC to continue to fully meet its statutory requirements to conduct full scope examinations in 2025

[3] FDIC, *2026 Operating Budget* (December 2025).

and beyond. The reduction in risk examiners includes positions that were eliminated in 2025 due to the government-wide DRP and certain vacancies and reflects the continuing decline in the number of supervised institutions. The FDIC has further proposed reductions for 2026 due to changes the FDIC made to its Continuous Examination Program, which will involve fewer targeted reviews and fewer dedicated examiners at institutions with between $10 billion and $30 billion in assets. With respect to consumer compliance supervision, as part of its workforce optimization, the FDIC reduced examination frequency for most institutions with assets between $350 million and $3 billion, with a concomitant reduction in compliance examiner staffing requirements.

Safety and soundness examinations are essential tools for identifying and mitigating unforeseen risks in the banking sector and helping to protect the Deposit Insurance Fund (DIF). Although the FDIC's *Quarterly Banking Profile for the 3rd quarter of 2025* reflected a generally healthy sector, with strong earnings, widening margins, solid capital, and a declining number of problem banks, vulnerabilities in certain portfolios persist, such as commercial real estate, auto loans, and credit cards, where past due and nonaccrual levels remain elevated. Unknown risks could emerge rapidly, requiring enhanced supervision and more frequent, rigorous examinations. Sustaining this vigilance depends on maintaining a workforce with the requisite expertise and skills.

The impact of staff attrition extends beyond numbers; it can affect institutional knowledge, readiness for resolution and receivership activity, and the ability to respond to crises. In 2025, the Division of Resolutions and Receiverships (DRR) and the Division of Complex Institution Supervision and Resolution (CISR) also experienced organizational transformation. DRR experienced 22-percent staff attrition, and 28 percent of its remaining staff are retirement eligible in 2026. CISR also lost over 20 percent of its staff in 2025, with significant losses in its Resolution Readiness Branch. FDIC support Divisions for information technology (IT), contracting, administrative, financial, and legal services that play an important role during bank failures also faced reductions. As recommended in our resolution and readiness report, establishing and implementing an agency-wide resource committee to monitor and report on corporate resource needs, including existing recruiting strategies, staffing levels, and information technology resources would help strengthen resource planning and response capabilities.

Looking ahead, it is imperative for the FDIC to continue to engage in long-term workforce planning. The current 3-year training period for new examiners underscores the importance of forward-looking workforce strategies. In our memorandum, *FDIC Succession Management and Employee Retention Efforts* (June 2025), we highlighted several governance challenges related to workforce planning. The absence of executive sponsorship, clear governance structures, and defined roles has hindered the development of a centrally managed program. Data governance,

coordinated contracting, and IT infrastructure require immediate attention to support organization-wide succession and retention initiatives. As federal directives continue to reshape the workforce landscape, the FDIC must maintain a sustained focus on strategic workforce planning to ensure its continued effectiveness and mission fulfillment.

Maintaining a Safe and Accountable Workplace Culture

Concerns about a toxic workplace culture at the FDIC emerged in November 2023 and continued into 2025, drawing increased attention from both internal and external stakeholders. The primary issues identified were persistent harassment and inappropriate behavior over several years, ineffective reporting mechanisms and widespread fear of retaliation, and lack of meaningful disciplinary action for misconduct.

In response, we initiated two projects in December 2023 to address these allegations and concerns regarding the FDIC's culture, sexual harassment, and other forms of misconduct. The first project focused on evaluating the effectiveness of the FDIC's sexual harassment prevention program. The second project examined broader cultural and systemic failures (Part 1) and specifically investigated the conduct of certain members of senior leadership (Part 2).

- In our report, *FDIC's Sexual Harassment Prevention Program* (July 2024), we found that the FDIC had not established an effective program to encourage reporting or to consistently investigate and address allegations of sexual harassment. This environment of distrust was exacerbated by the FDIC's inability to sustain many improvements recommended in our earlier report, *Preventing and Addressing Sexual Harassment* (July 2020).

- In our report, *Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct—Part 1* (December 2024), we found a majority of the 2,300 employee survey respondents reported feeling safe, valued, and respected, with generally positive views of co-workers and immediate managers. However, more than one-third said they had experienced or witnessed harassment. FDIC management could not always provide complete information about disciplinary actions, and there was no agency-wide policy on penalties or recommended ranges to ensure fair and consistent discipline. Additionally, policies did not require reporting of allegations of harassment involving employees to the Chairman or Board of Directors, leaving senior executives without sufficient information to address the problems effectively.

- In our report, *Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct—Part 2* (July 2025), preliminary evidence led to investigations of harassment and misconduct allegations against five senior officials. While the severity of misconduct varied, evidence showed that each official engaged in some degree of inappropriate workplace behavior. Certain actions failed to protect victims and did not consistently align with the FDIC's policies and core values, such as accountability, fairness, and integrity. The investigations also validated FDIC employee perceptions described in Part 1. Many employees believed the Agency would not

effectively implement its action plan because some executives leading the efforts had allegations against them. Evidence showed that three senior officials assisted each other in discreetly and quickly resolving complaints when misconduct allegations arose.

During fiscal year (FY) 2025, the FDIC made considerable progress in addressing the findings in these reports, taking corrective actions to close several recommendations to improve its anti-harassment program and workplace culture. In November 2025, the FDIC reported making a number of noteworthy changes in its *Report on Culture Transformation*.

Importantly, the FDIC created two independent offices, each reporting to the FDIC Board of Directors: the Office of Professional Conduct (OPC) and Office of Equal Employment Opportunity (OEEO). OPC intakes, investigates, oversees (and in some cases decides) discipline, and defends disciplinary appeals for complaints of harassment, interpersonal misconduct, and retaliation for reporting such misconduct. OEEO investigates and reports on complaints of discrimination under the laws enforced by the Equal Employment Opportunity Commission.

Key leadership changes have also occurred—the former Chairman and about half of the FDIC's Division and Office Directors and other direct reports to the Chairman have been replaced over the past year. In addition, 26 employees have separated from the Agency specifically due to substantiated allegations of misconduct.

The FDIC has revised its anti-harassment training; centralized its harassment complaint process and relocated its discrimination complaint process to the OPC and OEEO, respectively; made enhancements at the FDIC Student Residence Center (SRC) by among other things establishing a code of conduct, increased security measures, and increased reporting requirements.

The FDIC has also updated or developed new Directives for the Anti-Harassment Program, Anti-Retaliation and Whistleblower Protection Rights, and Personal Relationships in the Workplace; improved its recordkeeping by developing an interim solution for tracking complaints and working on implementing a new case management system; and incorporated a workplace culture standard into its performance management program.

While the FDIC has made progress, as noted above, in improving its workplace culture, 5 of 30 OIG recommendations remain open and outstanding, indicating that work remains. We will continue to work with the FDIC to ensure that OIG recommendations are addressed and the FDIC continues in a positive direction with respect to improving workplace culture.

Strengthening Organizational Governance

In prior years we have found that the FDIC Divisions and Offices have worked in a siloed, independent fashion rather than addressing risks faced by the FDIC in a cohesive, enterprise-wide manner and ensuring the FDIC is able to effectively meet its mission requirements and program goals.

Fostering Agency-Wide Coordination to Work as One-FDIC

The FDIC has identified interdivisional coordination and information sharing as elevated risks in its enterprise risk management (ERM) risk profile since 2020. In FY 2025, we continued to find examples where the lack of FDIC internal coordination has impacted the FDIC's 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 IT environment were sufficiently scalable. In addition, the FDIC had not completed an Agency-wide staffing analysis to identify the 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.

Measuring Progress Towards Mission Goals

FDIC Board Members and senior leaders should be able to measure program goal achievement to determine if programs are on track or need adjustments to staffing, budgets, processes, or other activities. Our work has found examples where FDIC programs often lacked clear goals and metrics, or existing ones did not adequately measure program effectiveness or status.

- **Resolving Large Regional Banks.** In our report, *FDIC Readiness to Resolve Large Regional Banks* (December 2024), we found that the FDIC had processes to monitor and report on Division and Agency-level goals related to large regional bank readiness. However, these goals focused on monitoring specific activities and did not provide a comprehensive view of the FDIC's overall readiness for large bank resolutions. The FDIC had not conducted an overall readiness assessment before the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank in Spring 2023. As a result, the FDIC was not as prepared as it could have been for resolving large regional banks. Improving evaluation

and monitoring, including formal tracking of corrective actions, regular testing of internal controls, and continued assessment of overall bank resolution planning will help improve the FDIC's readiness for future large regional bank resolution events.

- **Examining Bank Service Providers.** In our memorandum, *Significant Service Provider Examination Program* (SSP) (August 2025), we found that while the FDIC has established an examination framework and conducts examinations of those servicers providing core banking, payment processing, cloud service, and other technology services, it has not defined measurable program-level goals or metrics to assess overall effectiveness and efficiency of the program. As a result, we could not conclude whether the program effectively evaluates SSP risk or determines appropriate supervisory attention. We identified an opportunity to strengthen the program by clearly defining program-level goals and noted similar issues in *The FDIC's Regional Service Provider Examination Program* (RSP) (December 2023).
- **FDIC-Owned Real Estate.** In our audit, *The FDIC's Student Resident Center* (January 2026), we found that the FDIC has not determined the cost benefits or organizational risks of operating the SRC. Specifically, the FDIC could not provide documentation that SRC cost benefits have been assessed since 1986, or that organizational risks have been formally identified, assessed, or addressed. This is partly due to the FDIC's lack of asset management processes and procedures, centralized SRC-related data, and performance goals and objectives for SRC operations.

Effective governance enables the FDIC to coordinate roles, responsibilities, and actions across its Divisions and Offices. Developing clear metrics helps the FDIC Board of Directors and senior leaders assess progress toward program and mission goals and prevent wasteful spending of the DIF.

During FY 2025, the FDIC made considerable progress in addressing findings and took corrective actions to close several recommendations in this area. These actions included strengthening coordination and collaboration across Divisions for resolution readiness and during major business process changes. The FDIC also improved its ability to measure progress towards goals by closing recommendations to enhance the effectiveness of programs such as for Regional Service Providers and InTREx. Additionally, the FDIC developed performance measures to assess threat and vulnerability information sharing with financial institutions.

Sustaining Readiness to Execute Resolution and Receivership Responsibilities

The FDIC insures deposits in the nation's financial institutions and is responsible for the supervision and examination of state-chartered banks and thrifts that are not members of the Federal Reserve System for safety and soundness and consumer protection. The FDIC also resolves failed banks, conducts resolution planning for large and complex institutions, and manages receiverships.

As of September 30, 2025, the FDIC insured an estimated $10.66 trillion in domestic deposits in 4,379 institutions, of which the FDIC supervised 2,772. The DIF balance totaled $150.1 billion. Active receiverships totaled 44, with assets in liquidation of about $24.99 billion.

Following the 2023 failures of large regional banks—Silicon Valley Bank, Signature Bank of New York, and First Republic Bank—we initiated a series of reviews to assess the adequacy of the FDIC's resolution readiness and response to those failures. In FY 2025, we reported on the FDIC's preparedness to resolve large regional banks and its approach to procuring resolution and receivership services. As described below, we found that certain aspects of the FDIC's readiness efforts require further improvements to minimize losses to bank customers and the DIF, and potential costs incurred by insured depository institutions. Also, as noted in our prior assessment of Top Management and Performance Challenges, with regard to the FDIC's Orderly Liquidation Authority (OLA), we reported that the FDIC had not fully defined individual practitioner-level roles and responsibilities related to an OLA resolution.[4] Failures may occur quickly, not allowing the FDIC to fully define, assign, and train personnel for resolution tasks.

Improving Readiness for Large Regional Bank Failures

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 insufficient to ensure an efficient crisis response. The FDIC monitored specific readiness activities but did not assess its overall readiness for such resolutions. Specifically, CISR and DRR staff identified 15 major technology gaps, including inadequate scalability of IT processes for large bank failures. Before the 2023 failures, the FDIC did not address these gaps, instead it relied on the failed banks' systems and staff to mitigate some issues. The report also noted missing elements in resolution procedures, such as the absence of a receivership expense model and a method for estimating bridge bank resolution costs. CISR's procedures did not clearly define key resolution roles used during the 2023 failures. Additionally, CISR has consistently operated below authorized staffing levels, and

[4] FDIC OIG, *The FDIC's Orderly Liquidation Authority* (EVAL-23-004) (September 2023). As of February 15, 2026, 4 of 17 recommendations to improve key elements for executing the FDIC's OLA responsibilities remained open.

the FDIC has not ensured that CISR can obtain or retain the necessary human resources to meet its objectives, nor has it adjusted processes to require fewer staff.

Procurement of Resolution of Receivership Services

In our report, *The FDIC's Procurement of Resolution and Receivership Services* (June 2025), we found that the FDIC's procurement of financial advisory and consulting services under Receivership Basic Ordering Agreements was inadequate to address potential future failures or crises. Key deficiencies included too few identified contractors, no upfront pricing framework, no emergency acquisition response team, and weak documentation and testing of emergency procurement processes.

The FDIC must remain prepared to execute all aspects of its resolution and receivership powers to maintain financial stability, even as it restructures staffing and processes. Emergency preparedness to procure the services needed to resolve unexpected financial institution failures and systemic financial risks is key to the FDIC's mission of maintaining stability and public confidence in the U.S. financial system. Improving the FDIC's emergency acquisition procedures will enhance the FDIC's ability to procure critical services during an emergency and to facilitate resolutions in the most effective manner.

Ensuring Effective Supervision

The FDIC serves as the primary federal regulator for 2,772 of the 4,379 insured depository institutions nationwide (as of September 30, 2025). The FDIC examines banks using a risk-focused approach to assess safety and soundness and consumer protection, Community Reinvestment Act performance, and adherence to laws and regulations. FDIC examinations are essential for maintaining public confidence in the banking system and protecting the DIF. By accurately identifying risks, the FDIC formulates corrective measures for individual institutions and develops broader supervisory strategies. Beyond conducting examinations, the FDIC—either independently or in collaboration with other federal regulators—issues guidance on safety, soundness, and consumer protection, with particular attention to emerging issues and technologies.

During the financial crisis of 2008-2011, FDIC 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 risks before they impact a bank's financial condition and to ensure early risk mitigation. These risks are ever-changing. Currently, to address identified risks, the FDIC continues to take steps to reform its supervisory processes.

Today, artificial intelligence (AI) technology is evolving and presents both opportunities and risks. In banking, AI can serve to enhance automation, fraud detection, and customer service; reduce costs and compliance risks; and aid in data-driven decision making. To mitigate potential risks, appropriate risk management frameworks and practices that are commensurate with the use, materiality, complexity, and sophistication of AI are essential. Some banks are engaged or interested in engaging in various crypto-related activities. On July 14, 2025, the FDIC, OCC, and the Federal Reserve issued a joint statement to provide clarity on banks' engagement in crypto-asset-related activities.[5] The statement highlights for banks potential risk-management considerations related to holding crypto-assets on their customers' behalf, or crypto-asset "safekeeping." The joint statement reminds banks that provide or are considering providing safekeeping of such assets that they must do so in a safe and sound manner and in compliance with applicable laws and regulations.

[5] Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, *Joint Statement on Crypto-Asset Safekeeping by Banking Organizations* (July 2025).

Escalating Supervisory Actions

Section 38 of the Federal Deposit Insurance (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. In FY 2025, we conducted a material loss review of a large regional bank failure, Republic First Bank (described below). Similar to the *Material Loss Review of First Republic Bank* (November 2023), we reported that FDIC examiners identified risks at the bank but did not take supervisory action consistent with effective supervision practices.

- In our report, *Material Loss Review of Republic First Bank* (November 2024), we found that the direct cause of the bank's failure was its inability to hold its held-to-maturity debt securities to maturity, requiring the securities to be reclassified as available-for-sale. The unrealized losses were disclosed to the public but were not required to be fully reflected in the Republic First Bank's balance sheet and therefore were not reflected in the bank's capital ratios. Once the losses were fully recognized, all of the bank's capital ratios immediately fell below zero and the bank was closed. The FDIC was aware of the risk associated with unrealized losses at Republic First Bank and within the broader banking industry. In the First Republic Bank report mentioned above, we issued a recommendation for the FDIC to 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 2026, the FDIC proposed rules to address noncapital or capital deficiencies.

- In the report, *Bank Supervision: Federal Reserve and FDIC Should Address Weaknesses in Their Process for Escalating Supervisory Concerns* (November 2024), the Government Accountability Office (GAO) identified weaknesses in the FDIC's procedures to escalate supervisory concerns. The GAO found that the FDIC did not have a centralized system to track recommendations for supervisory actions, limiting its ability to identify emerging risks across its supervised banks. Additionally, 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." The FDIC also does not require large bank case managers to rotate to other banks after a few years, a practice that GAO noted helps ensure supervisory independence. According to the FDIC, it has taken steps to address GAO's findings where appropriate.

Prompt supervisory action on identified risks enables the FDIC to better safeguard the DIF and maintain public trust in the banking system.

Supervision of Third-Party Service Providers

Under the Bank Service Company Act of 1962, the FDIC, the Federal Reserve Board, and the OCC have the statutory authority to examine covered services provided by technology service providers to their regulated financial institutions. The FDIC conducts service provider examinations to evaluate the overall risk exposure and risk management performance and determine the degree of supervisory attention needed to ensure weaknesses are addressed and risks are properly managed by financial institutions using service providers.

The FDIC performs these examinations using two risk designations: SSP and RSP. SSPs are large and complex service providers designated as agreed upon by the Federal Banking Agencies for special monitoring and collaborative interagency supervision at the national level. In contrast, RSPs are smaller in size, less complex, and collaboration occurs at the regional, district or supervisory offices of the Federal Banking Agencies.

Examining Bank Service Providers. In our memorandum, *Significant Service Provider Examination Program* (August 2025), we found that while the FDIC has established an examination framework and conducts examinations, it has not defined measurable program-level goals or metrics to assess overall effectiveness and efficiency of the program. As a result, we could not conclude whether the program effectively evaluates SSP risk or determines appropriate supervisory attention. We identified an opportunity to strengthen the program by clearly defining program-level goals and noted similar issues, as we mentioned earlier, in *The FDIC's Regional Service Provider Examination Program* (December 2023).

Specifically, the OIG recommended the Director of the Division of Risk Management Supervision complete efforts to develop and implement program-level goals and metrics for both the RSP and SSP Examination Programs. The FDIC concurred with our recommendation and will complete efforts to develop and implement performance goals and metrics for the RSP and SSP Examination Programs. These efforts should help ensure more robust supervision of the risk to the FDIC presented by technology service providers.

Reforming the FDIC's Supervisory Framework

During 2025 and continuing into 2026, the FDIC has taken several steps to reform its supervisory framework. For example, the FDIC revised its supervisory framework to focus on material financial risks rather than administrative compliance.[6] The joint proposal issued by the OCC and FDIC established a definition of "unsafe or unsound practices"[7] and included guidance on when examiners can take formal early action; narrowing the definition and updating processes suggests that regulators aim to address genuine threats to insolvency—capital depletion or

[6] The Honorable Travis Hill, Nomination Hearing, 119th Cong. (2025) (*Opening Statement of Travis Hill*).
[7] *Unsafe or Unsound Practices, Matters Requiring Attention*, 90 Fed. Reg. 48835 (October 30, 2025).

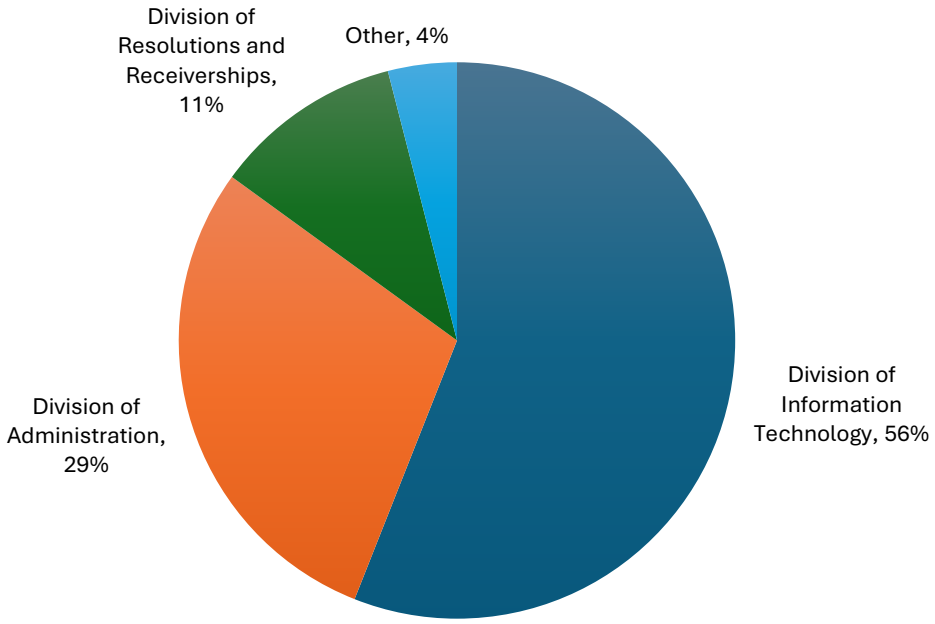
liquidity crises versus procedural issues. Also, the FDIC and the OCC issued the notice of a proposed rulemaking that would codify the removal of reputation risk from their supervisory program. The supervisory framework reforms are in their early stages of implementation, and their long-term impact remains to be seen.

Effective supervision of FDIC institutions for compliance with safety, soundness, financial crimes, sanctions risk, and consumer protection requirements is essential for maintaining public confidence in the banking system and protecting the DIF. Identifying emerging risks from new technologies, new banking practices, or changed economic conditions is critical to ensuring that the FDIC supervisory framework evolves to match changes in the financial sector.

Improving Contract Management

The FDI Act authorizes the FDIC to acquire goods and services necessary to achieve its mission. Between January 1, 2020 and December 31, 2025, the FDIC awarded 1,831 contract actions totaling more than $4.7 billion. The figure below shows how these contracts are distributed throughout the FDIC. Contract management remains a top management challenge. Our work continues to highlight the need for stronger contracting controls and a culture that prioritizes compliance with internal controls and processes.

Percent of Active Contracts ($) by FDIC Division/Office



Source: Division of Administration, Acquisition Services Branch

Adhering to Contracting Requirements and Internal Controls

In previous reports, we have identified shortcomings in the FDIC's contract management and internal control processes. These deficiencies have led to overpayments, unauthorized contractual commitments, and the abandonment of a systems contract after incurring nearly $10 million in costs. The significance and pervasiveness of these issues underscore the need for continued FDIC-wide emphasis on compliance with internal controls and responsible stewardship of operating costs incurred by the DIF. Through our audit of the procurement of resolution and receivership services, for example, we found that strengthening emergency acquisition procedures will improve the FDIC's ability to procure critical services during emergencies and support effective resolutions.

In our more recent audit of the FDIC's *Oversight of the Infrastructure Support Services Contract* (January 2026), we examined the FDIC's oversight of a $300 million Basic Ordering Agreement to provide day-to-day information technology operational support for its infrastructure facilities, hardware, software, and systems and identified contract oversight weaknesses. We reported that while the FDIC had made progress in addressing the weaknesses we identified during the audit, oversight of the contract was not effective in ensuring that key contract personnel and the Contractor complied with internal policies and procedures or the infrastructure support services contract terms and conditions. We noted weaknesses in service level metric monitoring, review and approval of contractor invoices, and practices for protecting data and ensuring timely completion of role-based training for contractor personnel. The audit also found funds to be put to better use for service level credits due and questioned costs resulting from missing data to support contract invoices.

Improving Procurement of Services

In our report, *The FDIC's Procurement of Resolution and Receivership Services* (June 2025), we found that the FDIC's procurement of financial advisory and consulting services under Receivership Basic Ordering Agreements (RBOA) is inadequate to address potential future failures and crises. We identified several critical deficiencies:

- An insufficient number of contractors with RBOAs,
- Lack of an upfront pricing framework,
- Absence of an emergency response acquisition team,
- Lack of the development and implementation of emergency acquisition procedures,
- Weak documentation analysis and establishment of documented deliverables, and
- Non-performance of retrospective reviews of the FDIC's implementation of emergency acquisition procedures and lack of training and guidance to Division of Complex Institution Supervision and Resolution Executive Management and employees.

These contracting-related gaps leave the FDIC vulnerable during times of crisis and hinder its ability to respond effectively. Effective contracting is essential for both routine operations and crisis response. The FDIC should have appropriate processes and internal controls to ensure it receives the goods and services it contracts for, and that agency employees consistently adhere to these controls and processes. By improving its emergency acquisition procedures, the FDIC will be better equipped to procure critical services during emergencies and facilitate resolutions efficiently, ultimately reducing operating expenditures for the DIF.

During FY 2025, the FDIC made progress in addressing prior procurement-related findings, closing several recommendations—including those to address the potential for conflicts of interest, contract portfolio reporting, and other contract oversight issues, as identified in our

work.[8] Still, with the high number of contract actions and their significant dollar value, vigilant oversight and strong internal controls are critical to ensure that the FDIC receives the goods and services it contracts for and that FDIC employees follow these processes and implement appropriate controls to reduce DIF operating expenses.

[8] FDIC OIG, *Conflicts of Interest in the Acquisition Process* (EVAL-24-06) (September 2024) and FDIC OIG, *Contract Oversight Management* (EVAL-20-01) (October 2019).

Enhancing Cyber and Data Security

Effective cybersecurity and data security of FDIC systems is critical to all aspects of the FDIC's mission and goals, 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. Although the FDIC's Office of the Chief Information Security Officer has primary responsibility for leading the FDIC's information security and privacy programs, the Division of Information Technology plays a critical role in implementing security and privacy controls in the operational IT environment, and all FDIC employees and contractors have responsibility for security.

Cybersecurity and data security remain management challenges for the FDIC. Our assessments show that while the FDIC implemented an effective information security program in FY 2025, operational inconsistencies remain. We have identified areas where the FDIC can further improve its IT systems' control posture and issued recommendations to address ongoing access vulnerabilities, cloud security gaps, and scalability concerns. These steps will help ensure systems can meet both ongoing mission execution and elevated operation demands during periods of stress and crisis.

- **Information Security Program.** In *The FDIC's Information Security Program—2025* (September 2025), the report concluded that the FDIC achieved a Maturity Level 4 ("Managed and Measurable") under the FY 2025 Federal Information Security Modernization Act of 2014 metrics, indicating an effective program with several controls and practices that meet requirements. However, the evaluation identified notable internal control weaknesses that diminish certain aspects of the program. The FDIC did not implement privileged access review frequency requirements for both systems tested in the review, and the FDIC used an incomplete and inaccurate user recertification listing for one tested system.
- **Cloud Security Controls.** Our third cloud-related report, *Audit of Security Controls for a Cloud Platform and Application* (September 2025), evaluated the security controls of a fifth cloud platform and its application. The audit covered nine critical IT security demands through policy review, testing, interviews, and penetration testing. Two primary security deficiencies were identified in Identity and Access Management and Protection of Cloud Secrets. Seven technical weaknesses were also identified in Insecure Coding Practices and Cloud Service Provider vulnerabilities, with the latter requiring remediation by the provider. The audit found that the FDIC needs to further strengthen

its cloud security practices, focusing on identity and access management, data protection, and secure coding. Misconfigured controls could expose systems and data to malicious exploitation.

- **Information Technology Scalability.** Our report, *FDIC Readiness to Resolve Large Regional Banks* (December 2024), identified 15 significant technology and security gaps in the resolution of large banks, driven by the size and complexity of these resolutions. As noted earlier in our discussion of Coordination to Operate as One FDIC, DRR and CISR did not sufficiently coordinate the technology gaps they identified with the Chief Information Officer Organization, resulting in inadequate assurance that all resolution-related systems could support a large bank resolution. The FDIC's September 2025 ERM Risk Inventory identified Resolution Technology at an elevated 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.

During FY 2025, the FDIC made substantial progress in addressing prior IT-related findings, closing multiple recommendations—including those to remediate wireless networking vulnerabilities, implement cloud computing services, and enhance Windows Active Directory. The FDIC also resolved three FISMA-related recommendations from prior FYs 2022 and 2024.

According to the FDIC's *2024 Annual Report* (March 2025), the FDIC completed the first phase of its multi-year IT modernization initiative by migrating several mission-critical applications and services to cloud environments, aimed at reducing its primary data center footprint. The FDIC reported that it improved cloud data management and analytics, launched a Data Orchestration Platform, and advanced modernization by adopting agile and DevSecOps practices, launching Supervision 360, and planning to replace a legacy system for managing deposit insurance assessment operations and compliance. The FDIC also reported enhanced cybersecurity by implementing Zero Trust principles, updating authentication, improving identity and access management, and aligning security controls with National Institute of Standards and Technology standards and Office of Management and Budget (OMB) guidelines.

Implementing the Use of Artificial Intelligence

The control issues identified above—such as access vulnerabilities, cloud security gaps, and scalability concerns—are equally relevant as the FDIC expands its own use of AI. In September 2025, the FDIC published its AI compliance plan, which details strategies to foster AI innovation, strengthen AI governance, and build public trust in AI applications. In fostering AI innovation, the FDIC has not identified unique barriers to the responsible use of AI at the FDIC and has proactively taken steps to enhance access to the necessary software tools, open-source

libraries, and deployment and monitoring capabilities needed to rapidly develop, test, and maintain AI applications.

The FDIC maintains an AI Coordination Committee to develop, document, and share AI governance and risk management procedures; has developed an enterprise-level AI workforce development plan; and is conducting internal training in AI fundamentals for practitioners and AI enablers. In approving AI Governance, the FDIC is reviewing its internal policies on IT infrastructure, data, cybersecurity, and privacy to maintain alignment with the requirements of OMB Memorandum M-25-21, Executive Order 14179, Executive Order 13960, and applicable laws, and has created an AI Use Case Inventory. To foster public trust in federal use of AI, each Division and Office maintains an OMB-compliant template in which potential high-impact uses are documented. The FDIC is also taking steps to implement risk management practices and (per M-25-21) will monitor and address any non-compliant AI.

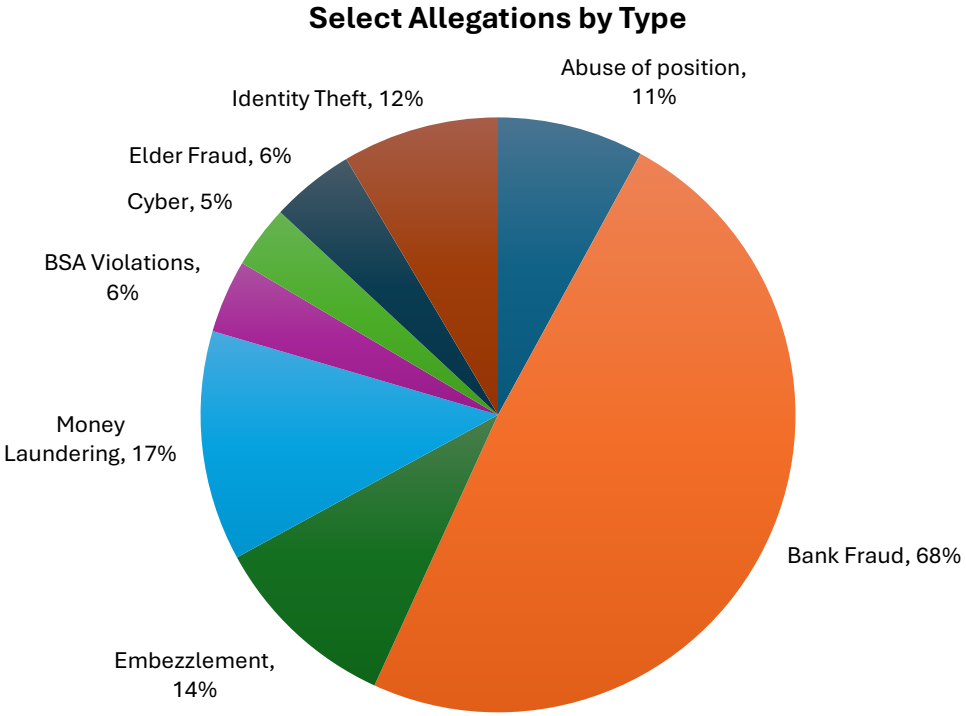
Given the sensitivity of the information that the FDIC maintains, along with the ever-evolving threats to cyber and data security, the FDIC should continue to ensure that its systems and data in the cloud or on premises are secured, control weaknesses are effectively addressed, and new technologies are prudently used to strengthen the FDIC mission. Failure to do so could result in damage to FDIC systems and data, hindering its ability to maintain stability and confidence in the nation's financial system.

Identifying and Combating External Fraud and Misrepresentation

The FDIC OIG has broad authority to investigate complex misconduct within FDIC-supervised and insured institutions, focusing on high-risk activities such as bank fraud, money laundering, embezzlement, cybercrime, currency manipulation, and Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) violations. Investigations often involve senior executives, insiders, customers/borrowers, financial professionals, and organizations including banks, FinTech firms, and international financiers. By targeting sophisticated schemes and diverse actors, the FDIC OIG protects FDIC assets, programs, and public trust. We are sharing our analysis of recent allegations of fraud so that the FDIC and the public have heightened awareness of the risks and challenges that various types of fraudulent activity can pose to institutions and consumers.

Insider Fraud

Insider fraud remains a significant risk within financial institutions. In FY 2025, we opened 127 investigations covering a wide range of allegations, including bank fraud, money laundering, embezzlement, identity theft, abuse of position, elder fraud, Bank Secrecy Act (BSA) violations, and cyber-related offenses. Bank fraud emerged as the most common issue, with both financial institution (FI) employees and executive managers implicated. See the chart below depicting select allegations by type.



Source: OIG Office of Investigations' Case Management System

Our analysis of FY 2025 open case data shows that both FI employees and executive management are frequently implicated in a variety of fraud types, including abuse of position, embezzlement, money laundering, and identity theft cases. These findings highlight the need for continued monitoring and robust internal controls at all FI organizational levels. Embezzlement cases showed a clear pattern, as employees were involved more often than executive managers, suggesting weaknesses in internal controls, including poor segregation of duties, excessive delegation of authority, and inadequate oversight. Similarly, abuse of position was primarily associated with employees, while executive managers were also involved, to a lesser extent. Money laundering, BSA violations, cyber-related offenses, elder fraud, and identity theft were also investigated, with employees generally more frequently implicated than executive managers. While our analysis focused on internal FI actors, it is important to note that the involvement of FI customers in fraud cases is also high, especially in categories such as bank fraud and money laundering. This observation highlights, along with insider threats, external risks from customers remain a significant concern for financial institutions. See the table below for more details.

Allegations by Financial Institution Personnel and Customers

Allegation Type	Count*	FI Employee	FI Executive Manager	FI Personnel	FI Customer
Abuse of Position	14	8 (57%)	3 (21%)	11 (79%)	0 (0%)
Bank Fraud	86	38 (47%)	8 (9%)	46 (53%)	37 (43%)
Embezzlement	18	13 (72%)	4 (22%)	17 (94%)	3 (17%)
Money Laundering	22	6 (27%)	0 (0%)	6 (27%)	17 (77%)
BSA Violations	7	3 (43%)	1 (14%)	4 (57%)	5 (71%)
Cyber-related	6	2 (33%)	0 (0%)	2 (33%)	0 (0%)
Elder Fraud	8	5 (63%)	0 (0%)	5 (63%)	2 (25%)
Identity Theft	15	7 (47%)	1 (7%)	8 (53%)	7 (47%)

*The count is the frequency of occurrence of allegation type. The total allegation count is greater than the open investigations as a single case may involve multiple allegations.

Source: OIG Office of Investigations' Case Management System

Our investigative work consistently demonstrates that fraud and misconduct most often involve those entrusted with institutional operations. While the FDIC has a robust infrastructure and has allocated significant resources to investigate and pursue FI insiders who engage in wrongdoing, often partnering with the OIG, this pattern highlights a critical area of ongoing risk. By continuing to recognize the prevalence of insider involvement, the FDIC can prioritize enhanced oversight of fraud in its examination process, including review of internal control frameworks and proactive engagement with institutions. Addressing these challenges is essential not only for strengthening institutional resilience and accountability but also

protecting consumers and maintaining public confidence in the integrity of the U.S. financial system.

Scams Targeting Unwitting Consumers

As we noted in our prior TMPC report, scams targeting consumers continue to rise and grow increasingly sophisticated. The FDIC OIG continues to receive reports of the four most common types of schemes: relationship scams, investment scams, government impersonation scams, and business email compromise scams. In relationship scams, a fraudster creates a fake online identity to gain a victim's trust and manipulate them emotionally. Investment scams involve offers of low- or no-risk investments and guaranteed returns with complex strategies to manipulate or steal from the victim. As we described last year, a "Pig Butchering" romance scheme 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 before the scammer disappears with the monetary investment.

We have investigated numerous government impersonation scams that often involve unsolicited phone calls, text messages, or e-mails that claim to be from the FDIC or FDIC OIG. Scammers frequently use the FDIC or the OIG's seal or logo and even names of actual employees, to make their demand for funds appear legitimate.

In cases of FDIC impersonation, scammers may contact an individual with the claim of a grant or monetary award and request personal or financial information or ask for money or gift cards. These schemes often require advance payment, which is a warning sign. According to the Federal Trade Commission's Consumer Sentinel Network Data Book, consumers reported losing over $12.5 billion to fraud in 2024, a roughly 25-percent increase over $10 billion reported in 2023. Impersonation scams accounted for nearly $2.95 billion in reported losses, resulting from 845,806 reports.[9]

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. As a scare tactic, 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, cryptocurrency, or other forms of payment.

Still 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.

[9] Federal Trade Commission, *Consumer Sentinel Network Data Book 2024* (March 2025).

According to the FBI's Internet Crime Complaint Center (IC3) 2024 Internet Crime Report, individuals reported losing $6.57 billion to investment scams and $2.77 billion to business email compromise scams in 2024. These figures stem from 47,919 complaints and 21,442 complaints, respectively.[10] The number of complaints about scams, and the amount of losses, reported to the IC3 generally grew in the past 4 years.

As an emerging type of scam, in December 2024, the FBI warned that criminals are increasingly using generative AI to commit fraud on a larger scale. Generative AI enables scammers to create convincing fraudulent content more efficiently, making schemes such as romance and investment scams harder to detect. While creating synthetic content with AI is not inherently illegal, such content can be misused to facilitate crimes like fraud and extortion.[11]

Addressing Misuse of the FDIC Name and Logo

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 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, 2025, the FDIC had received approximately 1,200 misrepresentation allegations through its portals, which is roughly the same number of allegations received in 2024 and a 60-percent increase from 2023. The FDIC took hundreds of actions in 2025, including initiating the takedown of approximately 360 websites that, working in partnership with other stakeholders, including the OIG, were determined to be fraudulent; making referrals to other appropriate agencies; and issuing one public cease and desist letter.

FDIC awareness of the detrimental effects of fraud occurring at insured and supervised institutions can help prevent and deter such fraud from occurring. Further, by continuing to protect consumers from fraudulent schemes and misrepresentations, the FDIC can help safeguard taxpayer savings, provide them with trusted financial products and services, and foster public confidence in the FDIC. The FDIC regularly engages in outreach to FI and consumers to help build awareness around the potential for fraud faced by both FIs and consumers. See FDIC Consumer News | FDIC.gov and Money Smart | FDIC.gov. The OIG will continue to work with the FDIC and law enforcements partners to investigate and combat fraud that undermines the integrity of the financial sector.

[10] Internet Crime Complaint Center (IC3), *Federal Bureau of Investigation Internet Crime Report 2024* (2025).
[11] IC3, *Criminals Use Generative Artificial Intelligence to Facilitate Financial Fraud* (December 2024).

D. Acronyms

(INCLUDES ACRONYMS IN THE FINANCIAL STATEMENTS)

A

AFS	Available-For-Sale
AHDP	Affordable Housing Disposition Program
AI	Artificial Intelligence
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
APA	Administrative Procedures Act
APP/APR	Annual Performance Plan and Annual Performance Report
AppSec	Application Security
ASC	Accounting Standards Codification

B

BCBS	Basel Committee on Banking Supervision
BoA	Bank of America
Board	FDIC Board of Directors
BSA	Bank Secrecy Act

C

Call Report	Consolidated Reports of Condition and Income
CAMELS	**C**apital adequacy, **A**sset quality, **M**anagement capability, **E**arnings sufficiency, **L**iquidity position, and **S**ensitivity to market risk
Capital One	Capital One, N.A.
CBCA	Change in Bank Control Act
CBLR	Community Bank Leverage Ratio
CBO	Community Based Organization
CCP	Central Counterparty
CDFI	Community Development Financial Institution
CFO Act	Chief Financial Officers Act
CFPB	Consumer Financial Protection Bureau
CFR	Code of Federal Regulations
CIDI	Covered Insured Depository Institution
CIOO	Chief Information Officer Organization
CIP	Customer Identification Program
CISR	Division of Complex Institution Supervision and Resolution
CMG	Crisis Management Group
CMP	Civil Money Penalty
COO	Chief Operating Officer
CRA	Community Reinvestment Act
CRM	CISR Risk Monitor
CSRS	Civil Service Retirement System

D

DCP	Division of Depositor and Consumer Protection
DIF	Deposit Insurance Fund
DOA	Division of Administration
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DRP	Deferred Resignation Program
DRR	Division of Resolutions and Receiverships

E

EDIE	Electronic Deposit Insurance Estimator
EEOC	Equal Employment Opportunity Commission
ERM	Enterprise Risk Management
eSLR	Enhanced Supplemental Leverage Ratio
EU	European Union

F

FASB	Financial Accounting Standards Board
FBI	Federal Bureau of Investigation
FBO	Foreign Banking 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
FI	Financial Institution
FIL	Financial Institution Letter
FinCEN	Financial Crimes Enforcement Network
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act
FISMA	Federal Information Security Modernization Act
FMFIA	Federal Managers' Financial Integrity Act
FMU	Financial Market Utility
FRB	Board of Governors of the Federal Reserve System
FRF	FSLIC Resolution Fund
FS-ISAC	Financial Services Information Sharing and Analysis Center
FSB	Financial Stability Board
FSLIC	Federal Savings and Loan Insurance Corporation
FSOC	Financial Stability Oversight Council
FTE	Full-Time Equivalent
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	U.S. Government Accountability Office
GenAI	Generative Artificial Intelligence
GENIUS Act	Guiding and Establishing National Innovation for U.S. Stablecoins Act
GNPL Securities	Ginnie Mae Project Loan Securities
GPRA	Government Performance and Results Act
GSIB	Global Systemically Important Bank

H

HRO	Human Resources Organization

I

ICAM	Identity, Credential, and Access Management
IC3	FBI's Crime Complaint Center
IDI	Insured Depository Institution
IRS	Internal Revenue Service
IT	Information Technology

J

JP Morgan	JP Morgan Chase Bank, N.A.

L

LCFI	Large Complex Financial Institution
LMI	Low- and Moderate-Income
LURA	Land Use Restriction Agreement

M

MDI	Minority Depository Institution
MOL	Maximum Obligation Limitation
MOU	Memorandum of Understanding

N

N.A.	National Association
NCUA	National Credit Union Administration

NPR	Notice of Proposed Rulemaking
NRRA	National and Regional Risk Analysis

O

OCC	Office of the Comptroller of the Currency
OEEO	Office of Equal Employment Opportunity
OIG	Office of Inspector General
OLA	Orderly Liquidation Authority
OLF	Orderly Liquidation Fund
OMB	U.S. Office of Management and Budget
OO	Office of the Ombudsman
OPC	Office of Professional Conduct
OPM	Office of Personnel Management
ORMIC	Office of Risk Management and Internal Controls

P

PMN	Purchase Money Note
PRA	Paperwork Reduction Act

Q

QBP	Quarterly Banking Profile

R

REFCORP	Resolution Funding Corporation
RBOA	Receivership Basic Ordering Agreement
ReSG	FSB's Resolution Steering Group
RFI	Request for Information
RMS	Division of Risk Management Supervision
ROE	Reports of Examination
ROU	Right-of-Use
RRA	Research and Regulatory Analysis
RSP	FDIC's Regional Service Provider Examination Program
RTC	Resolution Trust Corporation

S

S360	Supervision360
SIFI	Systemically Important Financial Institution
SLA	Shared-Loss Agreement
SNC	Shared National Credit
SRR	SIFI Risk Report
SSP	Significant Service Provider Examination Program
SVB	Silicon Valley Bank
SVBB	Silicon Valley Bridge Bank, N.A.

T

TIN	Tax Identification Number
TMPC	Top Management and Performance Challenges
Treasury	U.S. Department of the Treasury
TSA	Target State Architecture
TSP	Federal Thrift Savings Plan

U

UFIRS	Uniform Financial Institutions Rating System
UK	United Kingdom
U.S.	United States
U.S.C.	United States Code

V

VIE	Variable Interest Entity
VITA	Volunteer Income Tax Assistance

2025

Federal Deposit Insurance Corporation

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FDIC

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