



# Supervisory Update News Summary

AS OF DECEMBER 15, 2018

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Charles G. Cooper and John Ryan Talk Community Banks in Promontory Webinar	<a href="#">Blog</a> Nov. 29, 2018	Texas Department of Banking Commissioner Charles G. Cooper and CSBS President and CEO John Ryan joined Barb Rehm, senior managing director at Promontory Interfinancial Network, in a webinar to discuss the Business of Community Banking on Nov. 6. The full webinar can be accessed <a href="#">here</a> .	CSBS
Banking Commissioner Names Deputy Commissioner	<a href="#">Press Release</a> Nov. 20, 2018	Banking Commissioner Charles G. Cooper announced the promotion of W. Kurt Purdom to Deputy Commissioner. In his new position, he will have direct responsibility of overseeing the regulatory supervision of state-chartered banks and related activities.	TDB
Texas Department of Banking Receives Reaccreditation	<a href="#">Press Release</a> Nov. 30, 2018	The TDB received its sixth consecutive banking supervision accreditation from the CSBS. Receiving this designation verifies that the Department continues to maintain the highest standards and practices in state banking supervision set by the CSBS Accreditation Program.	TDB
FDIC-Insured Institutions Reported \$62 Billion in Net Income in Third Quarter 2018; Community Bank Net Income Increases to \$6.8 Billion	<a href="#">PR-86-2018</a> Nov. 20, 2018	Commercial banks and savings institutions insured by the FDIC reported aggregate net income of \$62 billion in the third quarter of 2018, up \$14 billion (29.3 percent) from a year ago. The improvement in earnings was attributable to higher net operating revenue and a lower effective tax rate. Financial results for the third quarter of 2018 are included in the FDIC's latest <a href="#">Quarterly Banking Profile</a> released today.	FDIC

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
FinCEN and Federal Banking Regulators Issue a Joint Statement to Encourage Innovative Industry Approaches to BSA/AML Compliance	<a href="#">PR-91-2018</a> Dec. 3, 2018  <a href="#">FIL-79-2018</a> Dec. 3, 2018  <a href="#">SR 18-10</a> Dec. 3, 2018	The FDIC, along with the other federal banking regulators and FinCEN, issued a <a href="#">joint statement</a> to encourage depository institutions to consider, evaluate, and, where appropriate, responsibly implement innovative approaches to meet their BSA/AML compliance obligations in order to strengthen the financial system against illicit financial activity.	FDIC FinCEN FRB OCC NCUA
FDIC Issues List of Banks Examined for CRA Compliance	<a href="#">PR-92-2018</a> Dec. 4, 2018	The FDIC issued its list of state nonmember banks recently evaluated for compliance with the CRA. The list covers evaluation ratings that the FDIC assigned to institutions in September 2018. The nine Texas state-chartered banks evaluated each received a “Satisfactory” rating.	FDIC
Deposit Insurance Fund Reserve Ratio Exceeds Minimum 1.35 Percent	<a href="#">FIL-78-2018</a> Nov. 28, 2018	On September 30, 2018, the Deposit Insurance Fund Reserve Ratio reached 1.36 percent, exceeding the statutorily required minimum reserve ratio of 1.35 percent ahead of the September 30, 2020, deadline required under the Dodd-Frank Act. FDIC regulations provide for two changes to deposit insurance assessments upon reaching the minimum: (1) surcharges on insured depository institutions with total consolidated assets of \$10 billion or more (large banks) will cease; and (2) small banks will receive assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from between 1.15 percent and 1.35 percent, to be applied when the reserve ratio is at or above 1.38 percent.	FDIC
FDIC Re-Issues its Processing Timeframe Guidelines for Applications, Notices, and Other Requests	<a href="#">FIL-81-2018</a> Dec. 6, 2018	The FDIC is re-publishing its timeframe guidelines for processing applications, notices, requests, and other filings (collectively, “filings”) submitted on behalf of existing and proposed institutions and other parties.  A list of filing types and the processing timeframe guidelines are posted to the FDIC’s website at: <a href="http://www.fdic.gov/regulations/applications/">www.fdic.gov/regulations/applications/</a> .	FDIC

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Review Process for Draft Deposit Insurance Proposals	<a href="#">FIL-82-2018</a> Dec. 6, 2018	The FDIC is establishing a process to allow prospective organizers the option to request FDIC review of a draft deposit insurance proposal prior to filing an official application. The FDIC will review draft proposals to identify potential issues, provide preliminary feedback, and work with organizers on their submissions before submitting a formal application	FDIC
FDIC Issues an Update to its Publication Entitled <i>Applying for Deposit Insurance – A Handbook for Organizers of De Novo Institutions</i> ; Finalizes its Deposit Insurance Applications Procedures Manual, and Establishes a Designated Applications Mailbox	<a href="#">FIL-83-2018</a> Dec. 6, 2018	The FDIC issued an update to its publication entitled <i>Applying for Deposit Insurance – A Handbook for Organizers of De Novo Institutions</i> and is issuing its Deposit Insurance Applications Procedures Manual in final form. The handbook, which was developed to facilitate the process of establishing new banks, was originally issued on December 22, 2016. The manual was issued for public comment on July 10, 2017 and provides comprehensive instruction to staff regarding the deposit insurance application process. The mailbox provides an additional channel for interested parties to ask questions of designated applications specialists.	FDIC
FDIC Updates Affordable Mortgage Lending Guide Information on Federal Agencies and Government Sponsored Enterprises	<a href="#">FIL-84-2018</a> Dec. 6, 2018	The FDIC has updated the <i>Affordable Mortgage Lending Guide, Part I: Federal Agencies and Government Sponsored Enterprises</i> to reflect the most up-to-date information available about the mortgage products offered through federal housing programs, Fannie Mae and Freddie Mac.	FDIC
FFIEC Emphasizes Risk-Focused Supervision in Second Update of the Examination Modernization Project	<a href="#">Press Release</a> Nov. 27, 2018	The FFIEC has provided a second update on its Examination Modernization Project.  On March 22, 2018, the FFIEC issued a press release providing a first update on the Examination Modernization Project. That update noted the steps taken to improve the examination process, which included the identification of areas with the potential for the most meaningful supervisory burden reduction. This second update is focused on tailoring examination plans and procedures based on risk, which is another area that holds promise for reducing burden.	FFIEC

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Federal Reserve Board Approves Fee Schedule for Federal Reserve Bank Priced Services	<a href="#">Press Release</a> Nov. 16, 2018	The FRB has announced the approval of fee schedules, effective January 2, 2019, for payment services the Federal Reserve Banks provide to depository institutions (priced services).	FRB
Agencies Announce Dollar Thresholds in Regulations Z and M for Exempt Consumer Credit and Lease Transactions	<a href="#">Press Release</a> Nov. 21, 2018	The FRB and BCFP announced the dollar thresholds in Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing) that will apply for determining exempt consumer credit and lease transactions in 2019. These thresholds are set pursuant to the Dodd-Frank Act amendments to the Truth in Lending Act and the Consumer Leasing Act that require adjusting these thresholds annually based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).	FRB BCFP
Agencies Announce Threshold for Smaller Loan Exemption from Appraisal Requirements for Higher-Priced Mortgage Loans	<a href="#">Press Release</a> Nov. 21, 2018	<p>The BCFP, FRB, and OCC announced that the threshold for exempting loans from special appraisal requirements for higher-priced mortgage loans during 2019 will increase from \$26,000 to \$26,700.</p> <p>The threshold amount will be effective January 1, 2019 and is based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as of June 1, 2018.</p>	FRB BCFP OCC
Federal Reserve Board Releases Results of Survey of Senior Financial Officers at Banks Regarding their Reserve Balance Management Strategies and Practices	<a href="#">Press Release</a> Nov. 29, 2018	The FRB has released results of a survey of senior financial officers at banks regarding their reserve balance management strategies and practices. The Senior Financial Officer Survey has been used on occasion by the Board to obtain information about deposit pricing and behavior, bank liability management, the provision of financial services, and reserve management strategies and practices. The most recent survey was conducted in collaboration with the FRB of New York between August 29, 2018, and September 12, 2018, and includes responses from banks that held roughly two-thirds of total reserve balances at the time of the survey.	FRB

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FASB Issues Narrow-Scope Improvements to Accounting for Lessors	<a href="#">News Release</a> Dec. 10, 2108	<p>The FASB issued an Accounting Standards Update (<a href="#">ASU</a>) expected to reduce lessor’s implementation and ongoing costs associated with applying the new leases standard. The ASU also clarifies a specific lessor accounting requirement.</p> <p>Specifically, ASU 2018-20 addresses the following issues facing lessors when applying the leases standard:</p> <ul style="list-style-type: none"> <li>• Sales taxes and other similar taxes collected from lessees.</li> <li>• Certain lessor costs paid directly by lessees.</li> <li>• Recognition of variable payments for contracts with lease and nonlease components.</li> </ul>	FASB
OCC Publication Discusses Importance of Bank Financing for Rural Broadband Initiatives	<a href="#">NR 2018-126</a> Nov. 26, 2018	The OCC published the latest edition of its <a href="#">Community Developments Investments</a> newsletter, “Expanding Internet Access: Bank Financing for Rural Broadband Initiatives.” The newsletter explains how banks financing broadband initiatives can help reduce the digital divide and improve job, educational, and other opportunities in rural communities that are struggling economically with unreliable internet access. In addition, the newsletter explains how banks financing certain broadband development initiatives may receive CRA consideration for promoting economic development in rural communities and helping to revitalize distressed and low- and moderate-income communities.	OCC
OCC Reduces Assessments for Regulated Banks and Savings Associations	<a href="#">NR 2018-129</a> Nov. 30, 2018	The OCC announced it will reduce assessments on national banks, federal savings associations, and federal branches and agencies of foreign banks for 2019. The change—which takes effect with the March 31, 2019, assessment—will reduce the marginal rates in its General Assessment Fee Schedule by 10 percent. In addition to reducing its 2019 assessments, the agency also announced a change to its refund policy.	OCC
OCC Report Discusses Key Risks for Federal Banking System	<a href="#">NR 2018-131</a> Dec. 3, 2018	The OCC reported credit, operational, compliance, and interest rate risks are key themes for the federal banking system in its <i>Semiannual Risk Perspective for Fall 2018</i> .	OCC

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
OCC Reports Slight Improvement in Mortgage Performance	<a href="#">NR 2018-135</a> Dec. 11, 2018	The OCC reported a slight improvement in the performance of first-lien mortgages in the federal banking system during the third quarter of 2018. The <a href="#">OCC Mortgage Metrics Report, Third Quarter 2018</a> , showed 95.4 percent of mortgages included in the report were current and performing at the end of the quarter, compared to 94.8 percent a year earlier.	OCC
OCC Reports Third Quarter 2018 Bank Trading Revenue	<a href="#">NR 2018-136</a> Dec. 12, 2018	The OCC reported trading revenue of U.S. commercial banks and federal savings associations of \$7.1 billion in the third quarter 2018, which was \$0.2 billion, 2.7 percent, more than the previous quarter. In the report, <a href="#">Quarterly Report on Bank Trading and Derivatives Activities</a> , the OCC also noted that trading revenue in the third quarter 2018 increased by 1.7 percent compared with the \$6.9 billion reported in the third quarter 2017.	OCC
Calendar Year 2019 Fees and Assessments Structure	<a href="#">OCC Bulletin 2018-43</a> Nov. 30, 2018	This bulletin informs all national banks, federal savings associations, and federal branches and agencies of foreign banks (collectively, banks) of fees and assessments charged by the OCC for calendar year 2019. The bulletin becomes effective January 1, 2019.	OCC
Governor Abbott Names Plunket Chair of Finance Commission of Texas	<a href="#">Press Release</a> Nov. 20, 2018	Governor Greg Abbott has named Paul Plunket, III chair of the Finance Commission of Texas. Plunket was first appointed to the commission in 2008 and reappointed in 2014. The commission is the governing body of the state banking, savings and loan, and consumer credit agencies.	TxGov
Governor Greg Abbott Extended the State Disaster Declaration in December for Texas Counties Affected by Hurricane Harvey	<a href="#">Proclamation</a> Dec. 4, 2018	Texas Governor Greg Abbott extended the disaster proclamation for 60 counties affected by Hurricane Harvey. Included in the original proclamation of August 23, 2017, were the counties of Aransas, Austin, Bee, Brazoria, Calhoun, Chambers, Colorado, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Harris, Jackson, Jefferson, Jim Wells, Karnes, Kleberg, Lavaca, Liberty, Live Oak, Matagorda, Nueces, Refugio, San Patricio, Victoria, Waller, Wharton, and Wilson. Subsequently added on August 26, 2017, were Angelina, Atascosa, Bastrop, Burleson, Bexar, Brazos, Caldwell, Cameron, Comal, Grimes, Guadalupe, Hardin, Jasper, Kerr, Lee, Leon, Madison, Milam, Montgomery, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Washington, and Willacy counties.	TxGov

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TITLE	TYPE/DATE	DESCRIPTION	SOURCE
Joint Statement on the Establishment of the Canada-Mexico-United States Financial Regulatory Forum	<a href="#">Press Release</a> Dec. 6, 2018	The Department of Finance Canada, the Ministry of Finance and Public Credit of Mexico, and the U.S. Department of the Treasury announced the establishment of the Canada-Mexico-United States Financial Regulatory Forum. The Financial Regulatory Forum will provide an annual venue for Canada, Mexico, and the United States to share information and exchange views on cross-border issues, emerging financial sector developments, financial stability risks, and regulatory practices with the ultimate goal of advancing regulatory cooperation.	Treasury
Treasury Sanctions North Korean Officials and Entities in Response to the Regime's Serious Human Rights Abuses and Censorship	<a href="#">Press Release</a> Dec. 10, 2018	<p>The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today designated three individuals in response to the North Korean regime's ongoing and serious human rights abuses and censorship. Treasury is taking this action in conjunction with the State Department's "Report on Serious Human Rights Abuses and Censorship in North Korea," which is being submitted in accordance with the North Korea Sanctions and Policy Enhancement Act of 2016 (NKSPEA).</p> <p>Any property or interests in property within (or transiting) U.S. jurisdiction of those designated by OFAC are frozen. Additionally, transactions by U.S. persons involving the designated persons are generally prohibited.</p>	Treasury-OFAC
Treasury Sanctions Three Individuals for Their Roles in the Conflict in South Sudan	<a href="#">Press Release</a> Dec. 14, 2018	<p>The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) imposed sanctions on three individuals pursuant to Executive Order (E.O) 13664: Israel Ziv and Obac William Olawo, for being leaders of entities whose actions have the purpose or effect of expanding or extending the conflict in South Sudan, and Gregory Vasili, for actions that have undermined peace, stability, and security in South Sudan. Additionally, OFAC designated six entities for being owned or controlled by two of the aforementioned individuals. The behavior of each designated person stands in direct opposition to significant U.S. efforts to help those affected by the conflict in South Sudan and establish a lasting peaceful resolution to the current conflict.</p> <p>As a result of today's action, any property or interests in property of those designated by OFAC that is within or transiting U.S. jurisdiction or the possession or control of a U.S. person must be blocked and reported to OFAC.</p>	Treasury-OFAC

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INDUSTRY PUBLICATIONS
BCFP - <a href="#">Quarterly Consumer Credit Trends: Natural Disasters and Credit Reporting</a> - November 2018
CSBS - <a href="#">Research Paper: Community Banks and Technology</a> - December 2018
Department of Banking - <a href="#">Overall Banking Activity</a> - November 2018, with data as of September 30, 2018
Department of Banking - <a href="#">Agency Profile</a> - December 2018 - Data as of September 30, 2018
Department of Banking - <a href="#">Banker Economic and Business Survey</a> - Fourth Quarter 2018 Results
Department of Banking - <a href="#">Top 100 Banks in Texas</a> - Data as of September 30, 2018
FDIC - <a href="#">Quarterly Banking Profile – Third Quarter 2018</a> - Comprehensive summary of financial results for all FDIC-insured institutions
FDIC <a href="#">State Profiles – Third Quarter 2018</a> - Quarterly summary of banking and economic conditions in each state.
FRB <a href="#">Beige Book</a> - Summary of Commentary on Current Economic Conditions - December 5, 2018
FRB - <a href="#">Supervision and Regulation Report</a> - November 2018
FRB - <a href="#">Financial Stability Report</a> - Summarizing the FRB’s framework for assessing the resilience of the U.S. financial system, November 2018
FRB Dallas - <a href="#">Your Texas Economy</a> - An overview of the Texas economy as of November 20, 2018, examining job growth, unemployment trends, and the performance of key industry sectors
FRB Cleveland - <a href="#">The Threats, the Criminals, the Motives: Cybersecurity at the Fed</a> - November 2018
FRB St. Louis - Housing Market Perspectives: <a href="#">Recession Signals: Four Housing Indicators to Watch in 2019</a>



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### OTHER RESOURCES

[Bloomberg Business and Financial News](#)

[Bureau of Consumer Financial Protection \(BCFP\)](#)

[The Financial Forecast Center - Discount Rate Information](#)

[FFIEC Information Technology Handbook InfoBase](#)

[FFIEC BSA/AML Examination Manual InfoBase](#)

[Financial Accounting Standards Board \(FASB\)](#)

[Financial Action Task Force \(FATF\)](#)

[Financial Crimes Enforcement Network \(FinCEN\)](#)

[Office of Foreign Assets Control, U.S. Treasury \(OFAC\)](#)

[Real Estate Market Reports \(Texas A&M RE Center\)](#)

[Temporary Liquidity Guarantee Program](#)

[Texas Constitution and Statutes](#)

[The Texas Economy – Texas Comptroller](#)

[Texas and National Economy – Federal Reserve Bank of Dallas](#)

[Troubled Asset Relief Program \(TARP\)](#)

[Uniform Bank Performance Reports \(UBPR\) and Users Guide](#)

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### ACRONYMS AND ABBREVIATIONS

ACRONYM/ABBREVIATION	MEANING
AML	Anti-Money Laundering
ASU	Accounting Standards Update
BCFP	Bureau of Consumer Financial Protection (formerly CFPB)
BIS	Bank for International Settlements
BSA	Bank Secrecy Act
CFR	Code of Federal Regulations
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FASB	Financial Accounting Standards Board
FC	Finance Commission of Texas
FCA	Farm Credit Administration
FDIC	Federal Deposit Insurance Corporation
FDIC-OIG	FDIC Office of Inspector General
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Authority
FHFA	Federal Housing Finance Agency

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<b>ACRONYM/ABBREVIATION</b>	<b>MEANING</b>
FinCEN	Financial Crimes Enforcement Network
FRB (or Fed or FR)	Federal Reserve Board or Federal Reserve
FTC	Federal Trade Commission
HUD	Housing and Urban Development Department
NCUA	National Credit Union Association
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OIG	Office of Inspector General
SDN	Specially Designated National
SEC	Securities and Exchange Commission
TDB	Texas Department of Banking
TSSB	Texas State Securities Board
Treasury	U.S. Department of Treasury