



Supervisory Update News Summary

AS OF APRIL 15, 2017

TITLE	TYPE/DATE	DESCRIPTION	SOURCE
<p>State Regulators Highlight EGRPRA Priorities for Financial Regulatory Relief</p>	<p>Press Release March 24, 2017</p>	<p>State financial regulators highlight their perspectives and offer suggestions to further reduce regulatory burden related to certain issues raised as part of the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) review process.</p> <p>State regulators participated in the EGRPRA review as a representative body through the State Liaison Committee (SLC), a member of the FFIEC. The SLC recommendations are contained in Appendix 1 within the FFIEC's joint report to Congress.</p> <p>Key opportunities to further reduce regulatory burden include:</p> <ul style="list-style-type: none"> • Simplify capital rules for smaller and less-complex institutions • Continue and expand efforts to reduce Call Report burden. • Reexamine the regulatory threshold for appraisals. • Reevaluate the use of the Herfindahl-Hirschman Index (HHI) in determining market concentration. 	<p>CSBS</p>
<p>Banking Agencies Issue Joint Report to Congress Under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) of 1996</p>	<p>PR-22-2017 March 21, 2017</p>	<p>Continuing their efforts to reduce regulatory burdens while ensuring the safety and soundness of the nation's financial institutions, member agencies of the FFIEC issued a joint report to Congress detailing their review of rules affecting financial institutions. In particular, the agencies' review focused on the effect of regulations on smaller institutions, such as community banks and savings associations.</p> <p>The report describes several joint actions planned or taken by the federal financial institutions regulators, including:</p> <ul style="list-style-type: none"> • Simplifying regulatory capital rules for community banks and savings associations; • Streamlining reports of condition and income (Call Reports); • Increasing the appraisal threshold for commercial real estate loans; and • Expanding the number of institutions eligible for less frequent examination cycles. <p>The report also describes the individual actions taken by each agency to update its own rules, eliminate unnecessary requirements, and streamline supervisory procedures.</p>	<p>FDIC FRB OCC NCUA</p>

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<p>Agencies Complete Resolution Plan Evaluation of 16 Domestic Firms; Provide Resolution Plan Guidance to Four Foreign Banking Organizations</p>	<p>PR-23-2017 March 24, 2017</p>	<p>The FDIC and the FRB jointly announced that they had completed their evaluation of the 2015 resolution plans of 16 domestic banks and separately issued guidance to four foreign banks.</p> <p>The domestic banks evaluated were: American Express Company, Ally Financial Inc., BB&T Corporation, Capital One Financial Corporation, Comerica Incorporated, Discover Financial Services, Fifth Third Bancorp, Huntington Bancshares Incorporated, KeyCorp, M&T Bank Corporation, Northern Trust Corporation, Regions Financial Corporation, SunTrust Banks, Inc., The PNC Financial Services Group, Inc., U.S. Bancorp, and Zions Bancorporation.</p> <p>The agencies identified shortcomings in Northern Trust Corporation's resolution plan, which must be satisfactorily addressed in the firm's 2017 plan due by December 31. For the 15 firms without shortcomings, the agencies are tailoring their expectations for the firms' 2017 resolution plans to reflect the size and complexity of the firms. As a result, the agencies will limit the amount of information the firms are required to submit by December 31, 2017.</p> <p>The agencies issued guidance to four foreign firms -- Barclays PLC, Credit Suisse, Deutsche Bank AG, and UBS AG -- to help them improve their resolution plans and to reflect the significant restructuring that they have undertaken to form intermediate holding companies. The guidance is organized around a number of key vulnerabilities, such as capital, liquidity, and governance mechanisms.</p>	<p>FDIC FRB</p>
<p>FDIC Announces Meeting of Advisory Committee on Community Banking</p>	<p>PR-24-2017 March 24, 2017</p>	<p>The FDIC held a meeting of the Advisory Committee on Community Banking on Tuesday, March 28. Senior staff discussed and provided updates on the FDIC's Community Banking Initiative, Applying for Deposit Insurance: A Handbook for Organizers of De Novo Institutions, credit risk trends and supervisory expectations, as well as the Youth Savings Pilot and Symposium. There was also a presentation on the Report to Congress on the Regulatory Review under the EGRPRA.</p> <p>The agenda for the meeting and a link to the recorded webcast are available at FDIC's Advisory Committee on Community Banking website.</p>	<p>FDIC</p>

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FDIC Releases Report on Its Youth Savings Pilot	PR-25-2017 March 28, 2017 FIL-13-2017 March 28, 2017	<p>The FDIC released a report on its Youth Savings Pilot program at a meeting of its Community Banking Advisory Committee. The pilot program identifies promising approaches to combining financial education with the opening of safe, low-cost savings accounts for school-aged children. Financial education and school-based savings programs introduce young people to financial concepts and services at an early age, and promote savings habits at a formative age.</p> <p>The FDIC is also launching a Youth Banking Network, a platform to support banks as they work with school and nonprofit partners to create and expand youth savings programs.</p>	FDIC
FDIC Makes Public February Enforcement Actions	PR-26-2017 March 31, 2017	<p>FDIC released a list of orders of administrative enforcement actions taken against banks and individuals in February. There are no administrative hearings scheduled for April 2017.</p> <p><i>Consent Orders Issued</i></p> <p>Issued 2/13/2017 to Texas Champion Bank, Corpus Christi</p>	FDIC
FDIC Highlights Free Financial Education Tools During National Financial Capability Month	PR-27-2017 April 3, 2017	<p>In recognition of National Financial Capability Month, the FDIC is highlighting the financial education tools it has developed to help people of all ages build their financial knowledge and skills to achieve brighter financial futures. These tools include lesson plans for educators to teach children in all grade levels about banking and financial issues, material to help adults learn more about how bank accounts work, recently updated materials to help older Americans avoid financial exploitation, and educational resources for small business owners.</p>	FDIC
FDIC Issues List of Banks Examined for CRA Compliance	PR-28-2017 April 5, 2017	<p>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 January 2017. One state-chartered bank in Texas was evaluated during this period and received a Satisfactory rating.</p>	FDIC

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<p>FDIC Announces a New Resource to Help Community Bankers Understand Products and Programs Offered by the Federal Home Loan Banks</p>	<p>PR-29-2017 April 6, 2017</p> <p>FIL-16-2017 April 6, 2017</p>	<p>The FDIC published a new guide to help community bankers learn more about the programs and products offered by the FHLBs to facilitate mortgage lending.</p> <p>The <i>Affordable Mortgage Lending Guide, Part III: Federal Home Loan Banks</i> describes many of the products and services offered by FHLBs, including the Affordable Housing Program and the Community Investment Program, advances, the Mortgage Purchase Program, and the Mortgage Partnership Finance® program. The guide also describes FHLB products that support single-family home purchases, such as down payment and closing cost assistance, many of which can be used in conjunction with programs offered by other federal and state housing finance agencies and government-sponsored enterprises. The guide also describes alternatives for selling mortgages on the secondary market. For easy reference, the guide includes a list of the products and programs offered by FHLBs, as well as individual summaries for each of the 11 Federal Home Loan Banks.</p> <p>The <i>Affordable Mortgage Lending Guide, Part I: Federal Agencies and Government-Sponsored Enterprises</i> was released in September 2016 and <i>Part II: State Housing Finance Agencies</i> was released in November 2016.</p>	<p>FDIC</p>
<p>FDIC to Host Economic Inclusion Summit in Arlington, Virginia</p>	<p>PR-30-2017 April 7, 2017</p>	<p>The FDIC will host an Economic Inclusion Summit on Wednesday, April 26, to discuss "Strategies to Bring Consumers into the Financial Mainstream." The summit will bring together representatives from banks; bank trade associations; non-profit organizations; national, state, and local government agencies; and the public.</p> <p>The day-long summit will explore strategies for increasing underserved consumers' access to the mainstream financial system, including strategies for:</p> <ul style="list-style-type: none"> • Establishing safe and sustainable banking relationships, • Leveraging partnerships for banking access and financial empowerment, and • Growing customer relationships and building long-term loyalty among diverse customers. <p>Experts also will discuss research that can inform economic inclusion efforts and the future of economic inclusion.</p>	<p>FDIC</p>

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Consolidated Reports of Condition and Income (Call Report)	FIL-15-2017 April 6, 2017	A new streamlined FFIEC 051 Call Report is available this quarter for use by eligible small institutions, generally those with domestic offices only and total assets of less than \$1 billion. As previously announced, the streamlined Call Report is part of an effort by the federal banking agencies, as members of the FFIEC to reduce data reporting and other burdens for small institutions. In addition to the new FFIEC 051, revisions to the FFIEC 031 and FFIEC 041 versions of the Call Report also take effect this quarter. The Call Report for the March 31, 2017, report date must be submitted to the agencies' Central Data Repository (CDR) by Sunday, April 30, 2017. Certain institutions with foreign offices have an additional five calendar days to file their reports.	FDIC
OCC Reports Fourth Quarter 2016 Bank Trading Revenue Increased to \$6 Billion	NR-2017-34 March 23, 2017	<p>Trading revenue of U.S. commercial banks and savings associations increased to \$6 billion in the fourth quarter of 2016, \$1.7 billion higher than the fourth quarter a year earlier, according to a report released by the OCC.</p> <p>Revenue grew 40 percent in the fourth quarter of 2016 from the same quarter a year earlier, according to data presented in the OCC's Quarterly Report on Bank Trading and Derivatives Activities. The OCC also reported that trading revenue in the fourth quarter fell slightly from the \$6.4 billion reported in the third quarter 2016.</p> <p>The largest driver of the year-over-year increase in trading revenue was interest rate and foreign exchange trading. Trading in interest rate products benefited from significant market moves in interest rates during the quarter, including a rise in the U.S. Treasury rate over the course of the quarter.</p>	OCC
Mortgage Performance Continues to Improve	NR-2017-35 March 24, 2017	<p>The overall performance of first-lien mortgages continues to improve, and the number of loans in delinquency continues to decline, according to the OCC's most recent quarterly report on mortgages.</p> <p>The OCC Mortgage Metrics Report, Fourth Quarter 2016, showed 94.7 percent of mortgages included in the report were current and performing at the end of the quarter, compared with 94.1 percent a year earlier.</p>	OCC

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Retail Lending: New Comptroller's Handbook Booklet	OCC Bulletin 2017-17 April 12, 2017	<p>The OCC issued the “Retail Lending” booklet of the Comptroller’s Handbook. This new booklet, part of the “Safety and Soundness” category of the Comptroller’s Handbook, discusses the risks associated with retail lending and provides a framework for evaluating retail credit risk management activities. This booklet supplements the core assessment sections of the “Large Bank Supervision,” “Community Bank Supervision,” and “Federal Branches and Agency Supervision” booklets of the Comptroller’s Handbook</p> <p>The “Retail Lending” booklet describes:</p> <ul style="list-style-type: none"> • characteristics of an effective retail credit risk management framework; • criteria examiners should consider when evaluating retail credit originations, account management, collections, and portfolio management activities and processes; and • objectives of control functions commonly used in a retail lending business to measure performance, make decisions about risk, and assess the effectiveness of processes and personnel. 	OCC

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<p>Viroqua Woman Sentenced for Bank Embezzlement</p>	<p>Press Release April 3, 2017</p>	<p>Kimberly Redders, 53, Viroqua, Wis., was sentenced by U.S. District Judge William M. Conley to time-served, plus two-years of supervised release, for bank embezzlement. Redders was also ordered to pay a \$2,500 fine. Redders pleaded guilty to the offense on January 6, 2017.</p> <p>Redders began working at Union Bank & Trust in Evansville, Wis., in 1996. She was promoted to head teller in 2000, and became responsible for counting the cash deposits. In December 2015, an audit revealed a significant shortage of cash on hand. A full cash audit was conducted on January 15, 2016. During that audit, Redders came forward and admitted that she had embezzled over \$200,000 from the bank since 2000.</p> <p>In choosing a non-custodial sentence, Judge Conley noted the unique nature of the case. He noted that Redders stopped stealing from the bank after her son's death in September 2012, that she had voluntarily stepped forward and taken responsibility for the cash shortage during the audit, and that she reimbursed the bank in full for the embezzled funds prior to being charged.</p> <p>The charge against Redders was the result of an investigation conducted by the FDIC, Office of Inspector General, and the FRB.</p>	<p>OIG-FDIC</p>
<p>Former Jackson County Loan Officer Sentenced to 18 Months in Prison for Bank Fraud Affecting Call Report Accuracy</p>	<p>Press Release March 17, 2017</p>	<p>Kevin R. Griffin, 44, of Alford, Florida, was sentenced to 18 months in federal prison and ordered to pay over \$480,000 in restitution to First Federal Bank of Florida for committing bank fraud, directly affecting the accuracy of the bank's Call Report.</p> <p>Griffin was employed by the Bank of Bonifay, which later became the First Federal Bank of Florida. Between 2010 and 2012, Griffin used his position as a loan officer to give customers undocumented loans that were actually funded by embezzling money from other customers' bank accounts without authorization. Griffin obtained loans for customers using other customers' bank assets as collateral, without permission, and forging loan documents. Griffin also embezzled money from bank customers for his own personal benefit. After the fraud was discovered, Griffin's employment with the bank was terminated.</p>	<p>OIG – FRB CFPB</p>

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Advisory on the FATF-Identified Jurisdictions with AML/CFT Deficiencies	FIN-2017-A002 April 5, 2017	On February 24 2017, the Financial Action Task Force (FATF) updated its list of jurisdictions with strategic AML/CFT deficiencies. These changes may affect U.S. financial institutions' obligations and risk-based approaches with respect to relevant jurisdictions.	FinCEN
FASB Issues Accounting Standards Update 2017-08 Receivables— Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities	ASU No. 2017-08 March 30, 2017	<p>FASB is issuing this Update to amend the amortization period for certain purchased callable debt securities held at a premium. FASB is shortening the amortization period for the premium to the earliest call date. Under current GAAP, entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity.</p> <p>For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period.</p>	FASB
Treasury Designates Indonesian and Malaysian ISIS Operatives and Leaders	Press Release March 30, 2017	OFAC took action to disrupt the Islamic State of Iraq and Syria's (ISIS) global financial and facilitation networks by designating two individuals – Muhammad Bahrun Naim Anggih Tamtomo and Muhammad Wannady Bin Mohamed Jedi – as Specially Designated Global Terrorists pursuant to Executive Order (E.O.) 13224. The individuals designated today are Syria- and Iraq-based ISIS members who provide financial and operational support for ISIS's recruitment and attack plotting in Indonesia, Malaysia, and elsewhere in Southeast Asia. This action targets ISIS's recruitment and financial support of terrorist attacks in Southeast Asia and continues Treasury's efforts against the ISIS's operations globally.	US TREAS

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Treasury Sanctions Agents Linked to North Korea's Weapons of Mass Destruction Proliferation and Financial Networks	Press Release March 31, 2017	OFAC designated one entity and 11 individuals in response to North Korea's ongoing development of weapons of mass destruction (WMD) and continued violations of United Nations Security Council Resolutions (UNSCRs). Today's action targets North Korean nationals working as agents of the regime in Russia, China, Vietnam, and Cuba to provide financial support or WMD procurement services for UN- or U.S.-designated sanctioned entities. As a result of today's action, any property or interests in property of the designated persons in the possession or control of U.S. persons or within the United States must be blocked, and U.S. persons are prohibited from dealing with any of the designated parties.	US TREAS
Treasury Sanctions Libya-Based ISIS Financial Facilitators and Algerian ISIS Supporter and Arms Trafficker	Press Release April 13, 2017	OFAC designated Libya-based Islamic State of Iraq and Syria (ISIS) financial facilitators Ali Ahmidah al-Safrani and Abd al Hadi Zarqun, as well as Algerian ISIS supporter Hamma Hamani. Al-Safrani and Zarqun were designated pursuant to Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism. Hamani was designated pursuant to E.O. 13224 and E.O. 13726, which targets those engaging in actions or policies that threaten the peace, security, or stability of Libya including through the supply of arms or related materiel. Al-Safrani and Zarqun are Libyan nationals and have played important roles in ISIS's financial operations in Libya. Hamani is an Algerian national who provided support to ISIS. As a result of today's action, all property and interests in property of al-Safrani, Zarqun, and Hamani subject to U.S. jurisdiction are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.	US TREAS

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INDUSTRY PUBLICATIONS

TDB's [Texas Bank Report](#) - April 2017 Edition with Data as of December 31, 2016

[FDIC State Profiles](#) - Fourth Quarter 2016 - Texas

[FDIC Quarterly - Fourth Quarter 2016: Banks Attract More Deposits While Operating Fewer Offices](#)

FRB Dallas - [Southwest Economy](#) - First Quarter 2017

FRB Dallas - [Economic Indicators](#)

Austin, DFW, El Paso, Houston, Permian Basin, San Antonio, and Texas

FRB Dallas - [Texas Business Outlook Surveys](#)

Manufacturing, Service Sector and Retail

FinCEN - [Interacitve SAR Stats](#)

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OTHER RESOURCES
Bloomberg Business and Financial News
Consumer Financial Protection Bureau (CFPB)
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)
FinCEN - Money Services Businesses (MSB)
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
BSA	Bank Secrecy Act
CFPB	Consumer Financial Protection Bureau
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
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Authority

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ACRONYM/ABBREVIATION	MEANING
FHFA	Federal Housing Finance Agency
FinCEN	Financial Crimes Enforcement Network
FRB (or Fed or FR)	Federal Reserve Board
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
Treasury	U.S. Department of Treasury