



**Privacy Impact Assessment
of the
Examination Tools Suite (ETS)**

Program or application name:

Examination Tools Suite (ETS)

System Owner:

Board of Governors of the Federal Reserve System (“Board”) Division of Supervision and Regulation (S&R)

Contact information:

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Description of the application:

ETS is an examination tool developed by the Federal Deposit Insurance Corporation (FDIC) to facilitate safety and soundness examinations of regulated financial institutions. While ETS supports the entire examination process, the Federal Reserve System (FRS) primarily utilizes ETS for asset reviews conducted by examiners on safety and soundness examinations. ETS enables examiners to access electronic loan data provided by financial institutions via secure electronic channels, such as a website submission or secure email and to collaborate during loan reviews. During their examination, examiners utilize ETS as an analytical tool for assessing risk in financial institution asset portfolios (loans, other real estate owned, securities, etc.). In addition, it provides the ability to electronically document examiner analysis of individual assets chosen for review during examinations. ETS and supporting tools aggregate review findings from an examination allowing examiners to draw conclusions regarding credit risk at the regulated financial institutions and create work programs and supervisory products that document supervisory findings. Examination data can be temporarily saved within ETS during examinations as well as outside ETS via Archive files for use on future exams.

1. Information concerning individuals that is being collected and/or maintained:

ETS is not designed to permanently store personal information; however, various categories of personal information are captured, either directly or indirectly, as part of the examination process of collecting, aggregating, and analyzing loan data for a regulated financial institution during the course of examination events or ongoing supervision processes. The following fields in ETS may contain personally identifiable information (PII) about individuals:

- a. Loan customer identifier (Borrower ID);*
- b. Loan customer name;*
- c. Mailing address;
- d. Taxpayer Identification Number or Social Security Number;
- e. Loan account number;*
- f. Loan balances, interest rates and payment information*; and
- g. Non-public Confidential Bank Loan Classifications.

*These items are required as part of a submission.

Personally identifiable information about an individual's loan officer is typically also disclosed, such as the Loan Officer's Name or their Officer Number.

In order for Federal Reserve System employees to gain access to the ETS system, the following information is collected by the FDIC:

- a. Employee Name;
- b. Phone Numbers (Business and Smartphone/Cell);
- c. Business Contact Information (Agency and Mailing Address);
- d. Agency Point of Contact (Name and Phone Number);
- e. Authorizing Official Name; and
- f. Signatures of the Employee, Agency POC, and Authorized Official.

2. Source(s) of each category of information listed in item 1:

The identifiable information listed in item 1 is obtained by the Federal Reserve System (FRS) from regulated financial institutions through the examination or ongoing supervision process or from a state agency when participating on a joint agency examination. The source of the information is an electronic file extracted from the subject financial institution's loan accounting system. The Interagency Loan Data Request (ILDR) file requests eighty-two fields of information per borrower, but requires regulated financial institutions to supply at least the following thirty items of information as part of the file:

1. Borrower ID;
2. Borrower's Short Name;
3. Borrower's Long Name;
4. City;
5. State;
6. Zip code;
7. Taxpayer ID;
8. Lending Officer;
9. Note Number;
10. Balance Outstanding;
11. Original Amount;
12. Origination Date;
13. Maturity Date;

14. Interest Rate;
15. Interest Earned Not Collected;
16. Note Risk Rating;
17. Days Past Due;
18. Nonaccrual;
19. Times Past Due 30-59;
20. Times Past Due 60-89;
21. Times Past Due 90+;
22. Type;
23. FFIEC Code;
24. Participation Indicator;
25. Amount Sold;
26. Next Due Date;
27. Troubled Debt Restructure;
28. Payment Amount;
29. Last Payment Date; and
30. Number of Payments in Contract.

3. Purposes for which the information is being collected:

ETS supports the Board's statutory responsibility to evaluate the overall credit risk and, consequently, the safety and soundness of the financial institutions that it regulates. As part of the supervisory process, FRS staff review loans made by financial institutions to determine whether the loan portfolio is financially sound, within legal guidelines, will not have a significant impact on capital, is not overly concentrated with particular borrowers, and is prudently underwritten and managed to mitigate risk. FRS staff accomplish these purposes primarily by collecting and analyzing individual and aggregate loan data. Generally, individual loan data is selected from the loan portfolio based on examiner parameters and results of the analyses of these loans are aggregated into portfolio level evaluations of loan asset quality. The set of individual loan analyses, coupled with analysis of the aggregate loan portfolio, is used by FRS staff to evaluate the credit risk of supervised financial institutions. This data also permits FRS staff to evaluate bank performance relative to institutional peers.

Certain loan data may reference information about individuals; however, this information is primarily used to support the aggregated data analysis of a regulated financial institution's loan portfolio. References of individual loan analyses may occur in instances where FRS staff have a business need to evaluate issues relating

to, among others, individual loan concentrations, improper insider lending, fraud or suspicious activities identified during the course of the examination or continuous supervision process.

4. Who will have access to the information:

ETS access is limited to authorized FRS staff who have obtained a license from the FDIC. In addition to the license, ETS requires multi-factor authentication to access the application. An annual review is conducted of licensed users to ensure ownership and access is limited to authorized personnel.

Authorized employees within the FRS are provided with access to identifiable information in ETS for official business purposes on a need-to-know basis. More specifically, access to the information in ETS is generally restricted to FRS staff designated to scrub and/or scope the data (if applicable), members of the bank examination loan review team assigned to the particular financial institution, their supervisors and managers, and post-exam review staff (if applicable). However, information from ETS is also shared internally to facilitate other necessary supervisory and regulatory functions. Care is taken to ensure that only those employees who are authorized and have a need for the information for official business purposes have access to that information. PII is purged from ETS and supplemental programs at the completion of the examination cycle. Archive files containing identifiable and examiner-inputted information are created post-examination and are retained outside of the ETS application in secure locations accessible by authorized supervisory staff.

In addition, data may be shared as needed for the conduct of joint supervisory initiatives with the staff of other bank regulatory agencies, including the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and state banking regulators pursuant to explicit information sharing agreements that require the implementation of access restrictions and security safeguards.

5. Whether the individuals to whom the information pertains have an opportunity to decline to provide the information or to consent to particular uses of the information (other than required or authorized uses):

Individuals do not have an opportunity to decline to provide the information or consent to particular uses of the information collected and maintained in ETS. The information concerning individuals is collected directly from the financial

institution, rather than from the individual to whom it may pertain, during the bank examination or continuous supervision process pursuant to the institution's statutory obligation to provide any and all financial records to its federal regulator. The information is acquired by the financial institution from its customers as a routine business activity.

6. Procedure(s) for ensuring that the information maintained is accurate, complete, and up-to-date:

All identifiable information collected by ETS is obtained directly from the financial institution during the course of the bank examination process. In addition, an examiner or designated individual is responsible for ensuring the file is properly imported, reconciled against separately provided documents and processed correctly by comparing and/or sampling the data. Reconcilements can encompass the total portfolio balance and various risk factors to ensure data accuracy. Additionally, the reconciliation process can aid in the assessment of an institution's management information systems (MIS). Records of reconciliation are typically obtained from the financial institution to validate the electronic data contained in ETS and gain insight into any internal adjustments or accounting methods employed by the financial institution. In some instances, FRS staff receive loan data from financial institutions in alternate formats. FRS staff may update the ETS database with this data in order to include this information in the evaluation of loan asset quality. FRS staff may also correct typographical errors that would otherwise result in misreporting of data. Furthermore, FRS staff may standardize codes and naming conventions within the ETS database in accordance with approved Board procedures which will lend to more efficient analysis and data aggregation.

7. The length of time the data will be retained, and how will it be purged:

Information maintained in ETS is removed by the participating examiners once the examination needs are completed. Records of the examination, including workpaper documentation and digital Archive files created from the ETS application, are saved to secure locations. In accordance with Board retention guidelines, the Archive files created from the ETS application and related documents are maintained for five (5) years after the end of the year in which the examination is closed, after which the documents and data are destroyed excluding documentation supporting active or terminated enforcement actions, relate to open Matters Requiring Attention (MRAs) or Matters Requiring Immediate Attention (MRIAs), relate to an appeal of material supervisory determination, or relate to any

coordinated or horizontal reviews. Aggregate or summary data may be held for longer periods to support business cycle and trend analysis. The data is retained in a separate web platform; however, the associated PII is purged 60 days after the report of examination mail date. Paper documents are destroyed by shredding. Electronic information is destroyed by deleting/purging information from the appropriate data base(s).

8. The administrative and technological procedures used to secure the information against unauthorized access:

The FRS and Board use a combination of methods to secure the information contained in ETS. Access to the ETS application is restricted to approved authorized employees. In addition, data transmissions via the ETS application are encrypted. Electronic information is stored in an encrypted format on access-controlled servers and workstations. FRS and Board offices are restricted-access facilities, and FRS information stored at financial institutions is secured by FRS owned devices. Electronic and print copies of ETS data developed during the course of an examination are shared outside of the examination team only with FRS and Board supervisory staff or other approved regulatory agency supervisory staff requiring access to that information to conduct their job functions. After the exam concludes, ETS data is stored in secure locations, where access is limited to authorized FRS supervisory personnel. Information security configurations for electronic databases, application systems, procedures, and examination documentation are periodically reviewed by the Information Security Officers of the Federal Reserve System and the Board to ensure ongoing compliance with NIST and Board requirements.

9. Whether a new system of records under the Privacy Act will be created. (If the data is retrieved by name, unique number, or other identifier assigned to an individual, then a Privacy Act system of records may be created):

ETS does not require the publication of a system of records under the Privacy Act since ETS is indexed by financial institution name, not by reference to an individual's name or other personal identifier. While identifiable information may subsequently be retrieved by reference to an individual's name or other personal identifier in connection with an examination or continuous supervision of a particular financial institution, this is not a customary practice, nor can the individual's information be independently retrieved without reference to financial institution name.

