



Federal Deposit Insurance Corporation  
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter  
FIL-45-2018  
September 7, 2018

## Examination Cycle

### Interim Final Rules on Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks

**Summary:** The FDIC and the other federal financial institution regulatory agencies have jointly adopted interim final rules (IFRs) permitting insured depository institutions (IDIs) with up to \$3 billion in total assets, and that meet certain other criteria, to qualify for an 18-month on-site examination cycle. The implementation of these rules reduces regulatory burden on small, well-capitalized and well-managed institutions, while allowing the agencies to better focus supervisory resources on IDIs that may present supervisory concerns.

**Statement of Applicability to Institutions with Total Assets Under \$1 Billion:** This Financial Institution Letter applies to FDIC-supervised financial institutions with total assets up to \$1 billion.

#### Suggested Distribution:

FDIC-Supervised Financial Institutions  
(Commercial and Savings)

#### Suggested Routing:

Chief Executive Officer  
Compliance Officer

#### Related Topics:

FDIC Rules and Regulations, 12 CFR Parts 337 and 347

#### Attachment:

Interim Rule – Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks (See [83 FR 43961](#), August 29, 2018)

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#### Note:

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#### Highlights:

- On August 29, 2018, the FDIC and the other federal financial institution regulatory agencies jointly issued the attached IFRs implementing Section 210 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (Economic Growth Act). Comments on the IFR are due October 29, 2018.
- The IFRs raise from \$1 billion to \$3 billion the total asset threshold below which an IDI may qualify for an 18-month (rather than 12-month) on-site safety-and-soundness examination cycle.
- As authorized by the Economic Growth Act, the agencies have determined that it is consistent with safety-and-soundness principles to permit institutions falling within this expanded total asset threshold, that received a CAMELS composite rating of "1" or "2," and that meet certain other criteria, to qualify for an 18-month on-site examination cycle.
- Other qualifying criteria include being well-capitalized, well-managed, not having undergone any change in control during the previous 12-month period, and not being subject to a formal enforcement proceeding or order.
- The extended 18-month examination cycle applies similarly to qualifying U.S. branches or agencies of a foreign bank.
- In all cases, the agencies reserve the right to examine more frequently if they deem it necessary.
- This FIL rescinds and replaces FIL-02-2017 issued to announce the previous final rule under the same name.