



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

Financial Institution Letter
FIL-89-2018
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Examination Cycle

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 adopted as final without change the interim final rules issued on August 29, 2018 that permitted insured depository institutions (IDIs) with less than \$3 billion in total assets, and that meet certain other criteria, to qualify for an 18-month on-site examination cycle. These final rules adopt as final the parallel changes to the agencies' regulations governing the on-site examination cycle for U.S. branches and agencies of foreign banks, consistent with the International Banking Act of 1978.

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

Suggested Distribution:
FDIC-Supervised Institutions

Suggested Routing:
Chief Executive Officer
Compliance Officer

Related Topics:
FDIC Rules and Regulations, 12 CFR Parts 337 and 347

Attachment:
[Final Rules – Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks](#)

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Highlights:

- The FDIC and the other federal financial institution regulatory agencies adopted as final without change the interim final rules (IFR) issued on August 29, 2018, that implement Section 210 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (Economic Growth Act).
- Under the final rules, as under the IFR, an IDI with total assets of less than \$3 billion, and that meets other qualifying criteria, 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 IDIs 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 a change in control during the previous 12-month period, and not being subject to a formal enforcement proceeding or order.
- The expanded 18-month examination cycle applies similarly to qualifying U.S. branches or agencies of a foreign bank with total assets of less than \$3 billion.
- In all cases, the agencies reserve the regulatory authority to examine an IDI more frequently if it is deemed necessary.