Examination and Visitation Frequency

The FDIC conducts examinations of institutions it supervises at intervals established by FDIC policy. Generally, newly chartered insured institutions or institutions that changed charters and are newly supervised by the FDIC receive a visitation within the first 12 months of operation/conversion and a full-scope examination within the first 24 months. To foster open dialogue and early communication during the initial stage of operations as a FDIC-supervised institution, the institution's supervisory region will arrange an introductory meeting with management prior to the initial visitation. After the first examination, the institution will follow the ~~Standard~~applicable Examination Frequency Schedule. The FDIC will conduct examinations at other institutions at intervals outlined in the ~~Standard~~ Examination Frequency Schedule that sets examination intervals by an institution's total asset size and the ratings assigned during the most recent Consumer Compliance examination and Community Reinvestment Act (CRA) evaluation.

When scheduling an examination, the objectives are to:

- Target examinations and supervisory efforts where risk of consumer harm is greatest;
- Allocate appropriate examination resources; and
- Conduct concurrent examinations, when requested by the bank, if practical.

Examination and Visitation Frequency

~~This Manual presents the~~ The Initial Examination Frequency Schedule for newly chartered insured institutions and charter conversions is set forth below in Table 1~~, the Standard~~. Examination Frequency ~~Schedule for institutions with~~ Schedules, based on an institution's total assets ~~of~~ from the two previous year-end Call Reports, are set forth below in Tables 2-4. Table 2 applies if an institution's total assets are $350 million or less ~~in Table 2, and the Standard Examination Frequency Schedule~~ for ~~institutions with total assets of greater than $350 million in~~ either of the two previous year-end Call Reports. Table 3~~. Examinations become subject to the greater than $350 million threshold when~~ applies if an institution's ~~reported~~ total assets are ~~in excess~~$3 billion or less for either of the two previous year-end Call Reports and total assets are over $350 million ~~as~~for both of ~~December 31 for the prior two calendar years. The~~the two previous year-end Call Reports. Table 4 applies if an institution's total assets are over $3 billion for both of the two previous year-end Call Reports.

As set forth in Tables 2-4, institutions will generally be on an examination ~~interval is measured as the period between~~cycle of 66-78 months, 54-66 months, or 24-36 months, depending on their asset size. Examination cycles are based on the date ~~one~~of the last joint Consumer Compliance examination ~~report was transmitted~~/CRA evaluation. For institutions with a "3", "4" or "5" Consumer Compliance rating and a CRA rating of "Needs to Improve" or "Substantial Noncompliance", the joint examination cycle will be shorter (either 1-12 months or 12-24 months).

The examination cycle will not reset if there is an intervening supervisory activity (such as a Consumer Compliance-Only examination, CRA-only evaluation, or visitation). For example, a $2 billion institution ~~and the start date of the subsequent examination at the same institution.~~ falls under Table 3 and will have a 54-66 month joint Consumer Compliance examination/CRA evaluation cycle. If the bank receives a "3" Consumer Compliance rating and a "Satisfactory" CRA rating, the institution will have a Compliance Only examination between 12-24 months. If the institution receives another "3" (or "4" or "5"), at that Consumer Compliance Only examination, it will have another Consumer Compliance Only examination between the next 12-24 months. Regardless of the rating at the Compliance Only examination, the next joint Consumer Compliance examination/CRA evaluation will be 54-66 months from the last joint Consumer Compliance examination/CRA evaluation and not 54-66 months from the Compliance Only examination.

~~Regional and/or field management may schedule visitations at its discretion.~~For institutions on an examination cycle of 66-78 months or 54-66 months, with no targeted Consumer Compliance examination or CRA evaluation, examiners will conduct a mid-point risk analysis of the institution and determine if an intervening supervisory activity, such as a targeted visitation, is needed. Examiners will conduct an intervening supervisory activity only when there is sufficient, articulable reason why such review cannot wait until the next regularly scheduled joint examination. Typically, Consumer Compliance and CRA ratings will not change at a visitation, but if the visitation ~~does result~~results in a rating change, the ~~Standard~~ Examination Frequency Schedule noted below will still apply. ~~Regional and/or field management~~The FDIC may also schedule joint Consumer Compliance examinations/CRA evaluations earlier than the standard schedule, when warranted, dependent upon supervisory ~~concern~~concerns or other factors~~. For example, for institutions~~, though such deviations are expected to be rare.

Adversely rated ~~"Needs to Improve" or "Substantial Noncompliance" for CRA, field management, at its discretion, may schedule a targeted CRA examination or a concurrent Compliance and CRA examination based upon the risk factors involved.~~ institutions (institutions not rated a "1" or "2" for Consumer Compliance and "Outstanding" or "Satisfactory" or CRA) will encounter more frequent supervisory activities (examination, evaluation, or visitation). Such activities will not reset the examination cycle. However, for institutions that have been adversely rated during the examination cycle, the next regular joint Consumer Compliance examination/CRA evaluation may be scheduled earlier, as appropriate, for supervisory efficiency.

~~Additionally, under certain circumstances, field management will need to be proactive in manually adding a supervisory activity to avoid potentially lengthy gaps in examinations. This could occur, for example, when a Compliance and CRA Examination for an institution with assets of $350 million or less results in a “3” Consumer Compliance rating and a “Satisfactory” or “Outstanding” CRA rating and field management schedules a Compliance-only examination at the 12-month point. If the Compliance-only examination results in an upgrade to the rating, the institution would not, per the following table, be subject to another examination until the next Compliance and CRA activity. Consequently, field management should manually schedule another Compliance-only activity to occur between the 30-36-month timeframe.~~

Under the Gramm-Leach-Bliley Act, a financial institution with aggregate assets of $250 million or less may be subject to more or less frequent CRA ~~examinations~~evaluations because of a determination of “reasonable cause.” ~~Examples~~Some examples of ~~“reasonable cause”~~when an evaluation may be more frequent include~~, among other things, identification of~~ where significant fair lending violations were identified during a Consumer Compliance-only examination that would affect overall CRA performance, or receipt of credible complaints indicating deterioration in ~~the bank’s~~an institution’s CRA performance~~, or requests from~~. Some examples of when an evaluation may be delayed include when an affiliated ~~institutions~~ institution requests to be examined concurrently~~.~~, or where an institution is under new data collection or reporting requirements.

Concurrent Examinations

The FDIC conducts concurrent Consumer Compliance/CRA, risk management, and specialty examinations to accommodate the preferences of the bank, unless doing so would be impractical or inefficient. Examinations of banks subject to Consumer Financial Protection Bureau (CFPB) supervision will be coordinated with the requirements of Section 1025(e) of the Dodd-Frank Act.

~~**Examination Frequency**~~

~~**Table 1 — Initial Examination Frequency Schedule for Newly Chartered and Insured Institutions and Charter Conversions**~~

~~Months In Operation~~	~~Compliance Examination/ CRA Evaluation~~	~~Compliance Only Examination~~	~~Visitation~~
~~0 – 12~~			~~✓~~
~~12 – 24~~	~~✓~~		
~~24 +~~	~~Use the appropriate Standard Examination Frequency Schedule~~		

~~**Table 2 — Standard Examination Frequency Schedule, Institutions with Total Assets of $350 Million or Less CRA/Compliance Examination Frequency (in months)**~~

~~CRA Rating~~	~~Outstanding~~	~~Satisfactory~~	~~Needs to Improve~~	~~Substantial Noncompliance~~
~~Compliance Rating 1~~	~~60 – 72 (Compliance/CRA)~~ ~~30 – 36 (Compliance)~~	~~60 – 72 (Compliance/CRA)~~ ~~30 – 36 (Compliance)~~	~~12 – 24 (CRA)~~ ~~30-36 (Compliance/CRA)~~	~~12 (CRA)~~ ~~30-36 (Compliance/CRA)~~
~~2~~	~~60 – 72 (Compliance/CRA)~~ ~~30 – 36 (Compliance)~~	~~60 – 72 (Compliance/CRA)~~ ~~30 – 36 (Compliance)~~	~~12 – 24 (CRA)~~ ~~24-30 (Compliance/CRA)~~	~~12 (CRA)~~ ~~24-30 (Compliance/CRA)~~
~~3~~	~~60 – 72 (Compliance/CRA)~~ ~~12 – 24 (Compliance)~~	~~48 – 60 (Compliance/CRA)~~ ~~12 – 24 (Compliance)~~	~~12-24 (Compliance/CRA)~~	~~12 (CRA)~~ ~~12-24 (Compliance/CRA)~~
~~4~~	~~60 – 72 (Compliance/CRA)~~ ~~12 (Compliance)~~	~~48 – 60 (Compliance/CRA)~~ ~~12 (Compliance)~~	~~12 (Compliance/CRA)~~	~~12 (Compliance/CRA)~~
~~5~~	~~60 – 72 (Compliance/CRA)~~ ~~12 (Compliance)~~	~~48 – 60 (Compliance/CRA)~~ ~~12 (Compliance)~~	~~12 (Compliance/CRA)~~	~~12 (Compliance/CRA)~~

~~**Table 3 — Standard Examination Frequency Schedule, Institutions with Total Assets of Greater Than $350 Million CRA/Compliance Examination Frequency (in months)**~~

~~CRA Rating~~	~~Outstanding~~	~~Satisfactory~~	~~Needs to Improve~~	~~Substantial Noncompliance~~
~~Compliance Rating 1~~	~~24 – 36~~	~~24 – 36~~	~~12 – 24~~	~~12~~
~~2~~	~~24 – 36~~	~~24 – 36~~	~~12 – 24~~	~~12~~
~~3~~	~~12 – 24~~	~~12 – 24~~	~~12 – 24~~	~~12~~
~~4~~	~~12~~	~~12~~	~~12~~	~~12~~
~~5~~	~~12~~	~~12~~	~~12~~	~~12~~

Table 1 - Initial Examination Frequency Schedule for Newly Chartered and Insured Institutions and Charter Conversions

New Institution Category	Consumer Compliance & CRA Visitation	Consumer Compliance Examination/ CRA Evaluation

Denovo Institution	Within 12 months of operation	Within 24 months of operation
Charter Conversion Institution	Within 12 months of charter conversion	Within 24 months of charter conversion
After 24 months, the institution will follow the applicable Examination Frequency Schedule based on asset size.		

Table 2 - Consumer Compliance/CRA Examination Frequency Schedule (in months) for Institutions with Total Assets < $350 Million for either of the two previous year-end Call Reports

<table>
<tr><th rowspan="2">Consumer Compliance Rating</th><th colspan="5">CRA Rating</th></tr>
<tr><th>Outstanding</th><th>Satisfactory</th><th>Needs to Improve</th><th>Substantial Non-compliance</th><th>Not Applicable/ Special Purpose Designation</th></tr>
<tr><td>1</td><td colspan="2" rowspan="2">33-45 (Mid-Point RA)
66-78 (C&C)</td><td rowspan="2">12-24 (CRA)
33-45 (Mid-Point RA)
66-78 (C&C)</td><td rowspan="2">1-12 (CRA)
33-45 (Mid-Point RA)
66-78 (C&C)</td><td rowspan="2">33-45 (Mid-Point RA)
66-78 (Compliance)</td></tr>
<tr><td>2</td></tr>
<tr><td>3</td><td colspan="2">12-24 (Compliance)
66-78 (C&C)</td><td>12-24 (C&C)</td><td>1-12 (CRA)
12-24 (C&C)</td><td>12-24 (Compliance)</td></tr>
<tr><td>4</td><td colspan="2" rowspan="2">1-12 (Compliance)
66-78 (C&C)</td><td colspan="2" rowspan="2">1-12 (C&C)</td><td rowspan="2">1-12 (Compliance)</td></tr>
<tr><td>5</td></tr>
</table>

Table 3 - Consumer Compliance/CRA Examination Frequency Schedule (in months) for Institutions with Total Assets > $350 Million for both of the two previous year-end Call Reports and < $3 Billion for either of the two previous year-end Call Reports

<table>
<tr><th rowspan="2">Consumer Compliance Rating</th><th colspan="5">CRA Rating</th></tr>
<tr><th>Outstanding</th><th>Satisfactory</th><th>Needs to Improve</th><th>Substantial Noncompliance</th><th>Not Applicable/ Special Purpose Designation</th></tr>
<tr><td>1</td><td colspan="2" rowspan="2">27-39 (Mid-Point RA)
54-66 (C&C)</td><td rowspan="2">12-24 (CRA)
27-39 (Mid-Point RA)
54-66 (C&C)</td><td rowspan="2">1-12 (CRA)
27-39 (Mid-Point RA)
54-66 (C&C)</td><td rowspan="2">27-39 (Mid-Point RA)
54-66 (Compliance)</td></tr>
<tr><td>2</td></tr>
<tr><td>3</td><td colspan="2">12-24 (Compliance)
54-66 (C&C)</td><td>12-24 (C&C)</td><td>1-12 (CRA)
12-24 (C&C)</td><td>12-24 (Compliance)</td></tr>
<tr><td>4</td><td colspan="2" rowspan="2">1-12 (Compliance)
54-66 (C&C)</td><td colspan="2" rowspan="2">1-12 (C&C)</td><td rowspan="2">1-12 (Compliance)</td></tr>
<tr><td>5</td></tr>
</table>