October 29, 2018

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
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Washington, DC 20219

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks (RIN 3064-AE76; Federal Reserve Docket No R-1615; OCC Docket ID-2018-0014)

Dear Sir or Madam:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on the interim final rules issued by the OCC, the FDIC, and the Federal Reserve (collectively, the "Banking Agencies") implementing section 210 of the Economic Growth,

[1] The Independent Bankers of America® creates and promotes an environment where community banks flourish. With more than 52,000 locations nationwide, community banks constitute 99 percent of all banks, employ more than 760,000 Americans and are the only physical banking presence in one in five U.S. counties. Holding more than $4.9 trillion in assets, $3.9 trillion in deposits, and $3.4 trillion in loans to consumers, small businesses and the agricultural community, community banks channel local deposits into the Main Streets and neighborhoods they serve, spurring job creation, fostering innovation and fueling their customers' dreams in communities throughout America. For more information, visit ICBA's website at www.icba.org.

Regulatory Relief, and Consumer Protection Act (the "Regulatory Relief Act") to permit the Banking Agencies to examine qualifying insured depository institutions (IDIs) with under $3 billion in total assets not less than once during each 18-month period. Prior to the enactment of the Regulatory Relief Act, qualifying IDIs with under $1 billion in total assets were eligible for an 18-month on-site examination cycle.

ICBA's Comments

ICBA commends the Banking Agencies for issuing interim final rules that are effective immediately and for exercising their discretionary authority under the Federal Deposit Insurance Act to extend eligibility for an 18-month examination cycle to qualifying IDIs with an "outstanding" or "good" composite rating with less than $3 billion in total assets. One of the reasons that ICBA advocated so strongly for enactment of the Regulatory Relief Act was Section 210 and the expansion of the eligibility of the 18-month exam cycle. We agree with the Banking Agencies that extending the examination cycle from 12 months to 18 months for these community banks with relatively simple risk profiles should not increase their risk of financial deterioration or failure. As the Banking Agencies note in their explanation of the proposal, considering their off-site monitoring activities, their discretion to examine IDIs more frequently as necessary, and the capital, managerial, and supervisory criteria under the Federal Deposit Insurance Act, increasing the maximum asset amount limitation for IDIs from less than $1 billion to less than $3 billion is entirely consistent with the principles of safety and soundness.

Additionally, we agree with the Banking Agencies that these interim final rules will allow them to better focus their supervisory resources on the larger IDIs and U.S. branches and agencies of foreign banks. Preparations for bank exams, and the exams themselves, distract community bank management from serving their communities to their full potential. We strongly believe that an extended exam cycle allows examiners to focus their limited resources on the banks that pose the greatest systemic risk.

The Banking Agencies estimate that the interim final rules will increase the number of banks and savings associations that may qualify for an extended 18-month examination cycle by approximately 420, bringing the total number to 4,798 banks and savings associations. We applaud the Banking Agencies for implementing the extended exam cycle immediately through interim final rules and for reducing the regulatory burden associated with examinations for a larger group of community banks.

ICBA appreciates the opportunity to comment on the interim final rules concerning Expanded Examination Cycle for Certain Small Insured Depository Institutions and U.S. Branches and Agencies of Foreign Banks. If you have any questions or would like additional information, please do not hesitate to contact me by email at Chris.Cole@icba.org.

Sincerely,
/s/Christopher Cole

Christopher Cole
Executive Vice President and Senior Regulatory Counsel

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