

Statement  
of  
Thomas J. Curry  
Comptroller of the Currency  
Before the FDIC Board Meeting

January 21, 2016

Thank you, Mr. Chairman.

Before we vote, I'd like to say a few words about one of the items in the summary agenda package that I think is extremely important. That item is an interim final rule that will allow well-managed community banks and thrifts with less than \$1 billion in assets to qualify for the 18-month exam cycle.

This is an idea that we at the OCC have been talking about for some time now in the context of the EGRPRA process—the Economic Growth and Regulatory Paperwork Reduction Act requirement that we take a periodic look at regulations that are unnecessary and overly burdensome. The 18-month exam cycle, which has been limited to institutions with less than \$500 million in assets, struck me as an area where we could offer meaningful regulatory relief to a large group of community banks and thrifts with very little safety and soundness risk. I'm very pleased that Congress provided the expanded authority as part of the highway bill that was signed into law last month.

We know that institutions that receive a composite CAMELS rating of 1 or 2 are far less likely to fail over the five years following that exam than institutions with a lower CAMELS rating. Also, in order to qualify for the extended exam cycle, a bank or thrift

must meet additional capital, managerial and supervisory criteria. And it should be kept in mind that no national bank or federal savings association goes without oversight between examinations. Our examiners maintain regular contact with bank management and are very conversant with a bank's financial condition.

While the 18-month cycle will reduce the burden on well-managed community banks and thrifts, it will also allow the federal banking agencies to focus our supervisory resources on those institutions that need it most—those that present capital, managerial, or other issues of significant supervisory concern. We don't have unlimited supervisory resources, and it's important that we manage those resources wisely. This rule will help greatly in that effort, and I'd like to thank the staff at the OCC, the FDIC and the other agencies for the work they've done to move it forward.

Let me close by saying that I'm pleased to vote for it today, and that I have signed an identical rule on behalf of the OCC that will apply to national banks and federal savings associations.

Thank you.