



PRESS RELEASE

Federal Deposit Insurance Corporation • Each depositor insured to at least \$250,000

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FDIC's *Supervisory Insights* Summer Edition Focuses on Lending to the Oil and Gas Sector

The Federal Deposit Insurance Corporation (FDIC) today issued the Summer 2018 issue of *Supervisory Insights*, which highlights the specialized business of bank lending to the oil and gas (O&G) sector.

"Oil Price Volatility and Bank Performance: A View from the Supervisory Process" discusses how the steep drop in oil prices beginning in 2014 tested the risk-management practices of insured banks active in O&G lending and other banks operating in geographic areas that depend on the O&G industry.

"This article shares FDIC observations from its surveillance efforts and supervisory activities relative to these institutions," said Doreen R. Eberley, Director of the FDIC's Division of Risk Management Supervision. "The inherent volatility of commodities prices makes doing business in the O&G sector challenging, and energy-related analyses are continuing at the FDIC."

The information and analysis presented in the article "Credit Risk Grading Systems: Observations from a Horizontal Assessment" are drawn from examiner observations about the loan risk-rating systems at selected large state nonmember banks. It illustrates how strong credit grading systems incorporate clearly identifiable processes and establish a sound governance framework.

This issue of *Supervisory Insights* also includes a "Regulatory and Supervisory Roundup" section, which provides an overview of recently released regulations and other items of interest.

Supervisory Insights provides a forum for discussing how bank regulation and policy are put into practice in the field, promoting sound principles and practices for bank supervision, and communicating about the emerging issues that bank supervisors face. The journal is available on the FDIC's website at www.fdic.gov/regulations/examinations/supervisory/insights.

Suggestions for future topics and requests for permission to reprint articles should be emailed to supervisoryjournal@fdic.gov. Requests for print copies should be emailed to publicinfo@fdic.gov.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 5,542 as of June 30, 2018. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

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