PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Finalizes Rules to Simplify Capital Calculation for Qualifying Community Banking Organizations and to Early Adopt Certain Related Simplifications to the Regulatory Capital Requirements

The FDIC today finalized a rule that introduces an optional simplified measure of capital adequacy for qualifying community banking organizations (i.e., the community bank leverage ratio (CBLR) framework), as required by the Economic Growth, Regulatory Relief and Consumer Protection Act. The CBLR framework is designed to reduce burden by removing the requirements for calculating and reporting risk-based capital ratios for qualifying community banking organizations that opt into the framework.

In order to qualify for the CBLR framework, a community banking organization must have a tier 1 leverage ratio of greater than 9 percent, less than $10 billion in total consolidated assets, and limited amounts of off-balance-sheet exposures and trading assets and liabilities. A qualifying community banking organization that opts into the CBLR framework and meets all requirements under the framework will be considered to have met the well-capitalized ratio requirements under the Prompt Corrective Action regulations and will not be required to report or calculate risk-based capital.

The CBLR framework will be available for banks to use in their March 31, 2020, Call Report. The FDIC will issue a compliance guide to accompany the rule.

The FDIC also finalized a rule that permits non-advanced approaches banking organizations to use the simpler regulatory capital requirements for mortgage-servicing assets, certain deferred tax assets arising from temporary differences, investments in the capital of unconsolidated financial institutions, and minority interest when measuring their tier 1 capital as of January 1, 2020. Banking organizations may use this new measure of tier 1 capital under the CBLR framework.

Finally, the FDIC also finalized a rule that makes technical changes to incorporate the CBLR framework into the deposit insurance assessment system. A bank that uses the CBLR framework will not have any changes to how its assessment rate is calculated.

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Attachments:

Memorandum and resolution re: Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Organizations.

Memorandum and resolution re: Regulatory Capital Rule: Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996; Revised Effective Date.

Memorandum and resolution re: Final Rule to Apply CBLR Framework to Deposit Insurance Assessment System.

FACT SHEET: Overview of the Community Bank Leverage Ratio Framework