COMMUNITY BANKERS ASSOCIATION OF ILLINOIS, DAVID SCHROEDER

Proposal and Comment Information

Title: CBLR - Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework, R-1876

Comment ID: FR-2025-0067-01-C14

Submitter Information

Organization Name: Community Bankers Association of Illinois

Organization Type: Organization

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Community Bankers Association of Illinois®

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January 30, 2026

Chief Counsel's Office
Attention: Comments Processing
Office of the Comptroller of the Currency
400 7th Street, SW Suite 3E-218
Washington, DC 20219

Mr. Benjamin W. McDonough
Deputy Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Ms. Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments/Legal OES RIN 3064-AG17
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

> Regarding: Notice of Proposed Rulemaking: Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework – Docket ID OCC-2025-0141, Federal Reserve Docket No. R-1876 and RIN 7100-AH08, and FDIC RIN 3064-AG17

To whom it may concern:

The Community Bankers Association of Illinois ("CBAI"), which proudly represents nearly 250 Illinois community banks, welcomes the opportunity to provide our observations and recommendations to the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation ("Regulators") regarding revisions to the community bank leverage ratio framework ("Proposal"). CBAI understands that the Proposal would "lower the community bank leverage ratio (CBLR) requirement for certain depository institutions and depository institution holding companies (under $10 billion in consolidated assets) from 9 percent to 8 percent …" and "would also extend the length of time certain depository institutions or depository institution holding companies can remain in the CBLR framework while not meeting all of the qualifying criteria for the CBLR framework from two quarters to four quarters …" CBAI appreciates and supports this regulatory relief for community banks.

The path to this Proposal had its genesis in section 201 of S. 2155 - the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The rule was finalized and became effective in 2019/2020 for depository institutions and depository institution holding companies having less than $10 billion in total consolidated assets. The rule provided the Regulators with the discretion to set the CBLR at between 8% and 10%. At that time, the CBLR was set at 9% despite our urgings to set the rate at 8%. In March of 2020, the Coronavirus-related CARES Act temporarily lowered the CBLR requirement to 8% and provided for a gradual return to the 9% requirement. The CBLR requirement reverted to 9% in January of 2022.

CBAI agrees with the rationale in the Proposal for lowering the CBLR.

- The lower CBLR requirement would allow more community banks to qualify for this relief than are currently eligible, meaning that an estimated 95% would qualify for the CBLR framework.

- Reducing the CBLR would encourage greater adoption of the CBLR framework.

- The reduction in the threshold from 9% to 8% would provide a larger capital buffer between the amount of regulatory capital held and the CBLR requirement.

- The reduction in the threshold would provide additional balance sheet capacity for lending by community banks.

- The extension of the grace period from two to four quarters would permit more banksthat failed to meet the qualifying criteria to transition back to being within the framework without incurring additional unnecessary costs or operational challenges.

CBAI strongly supports the Proposal because it provides a simple measure of capital adequacy for qualifying community bank organizations by removing the regulatory burden of having to calculate and report risk-based capital ratios. Incorporating this decrease in the capital requirement to 8% as well as the extension of the grace period for returning to compliance will result in meaningful regulatory relief for effectively all community banks while maintaining capital levels that support their safety and soundness.

CBAI appreciates the opportunity to provide our comments and recommendations about this Proposal. Please contact me with any questions at 847/909-8341 or davids@cbai.com.

Sincerely,

/s/

David Schroeder
Senior Vice President
Federal Governmental Relations