



# FACT SHEET

Federal Deposit Insurance Corporation

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Media Contact:  
Julianne Fisher Breitbeil  
(202) 898-6895  
[JBreitbeil@fdic.gov](mailto:JBreitbeil@fdic.gov)

## **FACT SHEET: Overview of the Community Bank Leverage Ratio Framework**

- The community bank leverage ratio (CBLR) framework is an **optional framework** that 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. The framework provides a simple measure of capital adequacy for qualifying community banking organizations, consistent with section 201 of the Economic Growth, Regulatory Relief and Consumer Protection Act.
- Qualifying community banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9 percent are considered to have satisfied the risk-based and leverage capital requirements in the generally applicable capital rule. In addition, these institutions are considered to have met the well-capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act.
- The main components and requirements of the CBLR framework are as follows:

<b>Community Bank Leverage Ratio (CBLR) Framework</b>	
<b>Qualifying Community Banking Organization</b>	<ul style="list-style-type: none"><li>• Leverage ratio greater than 9 percent</li><li>• Less than \$10 billion in average total consolidated assets</li><li>• Off-balance-sheet exposures of 25 percent or less of total consolidated assets</li><li>• Trading assets plus trading liabilities of 5 percent or less of total consolidated assets</li><li>• Not an advanced approaches banking organization</li></ul>
<b>Calculation of the Leverage Ratio</b>	Tier 1 capital / Average total consolidated assets
<b>Leverage Ratio Requirement</b>	Greater than 9 percent
<b>Grace Period</b>	<p>A two-quarter grace period (which begins at the end of the calendar quarter in which the electing banking organization ceases to satisfy any of the qualifying criteria) to either meet the qualifying criteria again or to comply with the generally applicable capital rule.</p> <ul style="list-style-type: none"><li>• Grace period applies when a banking organization's leverage ratio is 9 percent or less but greater than 8 percent.</li><li>• A banking organization that fails to maintain a leverage ratio greater than 8 percent would not be permitted to use the grace period and must comply with the generally applicable capital rule, and file the appropriate regulatory reports.</li><li>• Grace period does not apply in the case of a merger or acquisition.</li></ul>

A qualifying community banking organization may opt into and out of the community bank leverage ratio framework by completing the associated reporting requirements on its Call Report. To learn more, visit the press release related to [capital simplification for qualifying community banking organizations and early adoption of certain related simplifications to the regulatory capital requirements](#).



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, 5,303 as of June 30, 2019. 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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