INTERNATIONAL BANCSHARES
CORPORATION

January 6, 2026

Via electronic submission: www.fdic.gov/federal-register-publications

Ms. Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Interagency Regulatory Capital Revisions to the Community Bank Leverage Ratio Framework (RIN: 3064-AG17)

Dear Ms. Jones:

This letter is being submitted by International Bancshares Corporation ("IBC"), a publicly traded, multi-bank financial holding company headquartered in Laredo, Texas. IBC maintains 166 facilities and 256 ATMs, serving 75 communities in Texas and Oklahoma through five separately chartered banks ranging in size from approximately $500 million to $9.8 billion, with consolidated assets totaling over $16.5 billion. IBC is one of the largest independent commercial bank holding companies headquartered in Texas.

IBC appreciates the opportunity to comment on the Office of the Comptroller of the Currency ("OCC"), the Federal Deposit Insurance Corporation ("FDIC") and the Board of Governors of the Federal Reserve System ("FRB"), (hereinafter referred to as "the agencies"), joint Notice of Proposed Rulemaking ("NPR") to revise the Community Bank Leverage Ratio ("CBLR") framework. We recognize and support the agencies' objective to reduce unnecessary regulatory burden on community banks while preserving safety and soundness. Lowering the CBLR calibration from nine percent to eight percent and extending the grace period from two quarters to four quarters are well-intended steps toward broader adoption.

However, IBC observes that, in isolation, these adjustments may have limited impact on adoption decisions for the following types of community banks:

1. Institutions that are publicly traded;
2. Institutions that are subsidiaries of a publicly traded company; and
3. Institutions that are part of a bank holding company ("BHC") with total consolidated assets exceeding $10 billion.

Community banks meeting at least one of the above conditions may continue to choose not to opt into the CLBR due to (i) the public company disclosure regimes and FRB reporting requirements at the holding-company level, which require full risk-based capital ratios, and (ii) the CBLR framework at the insured depository institution ("IDI") level, or subsidiary banks, which would allow only a simplified leverage ratio. Until the agencies reconcile those regimes, the CBLR will remain operationally impractical for affected community banks, even if its calibration is lowered, because we must still calculate, reconcile, and publicly present risk-based capital ratios for investor reporting and FRB filings.

I. Practical Constraint: Dual Capital Systems for Public and >$10B BHCs

For IDIs eligible to opt into the CBLR, the rule is designed to offer relief from calculating and reporting risk-based ratios. But community banks, like IBC's subsidiary banks, in the three categories cited above cannot, in practice, realize that relief because we are obligated to maintain full risk-based capital reporting elsewhere:

- **FRB Reporting at the Holding-Company Level:** Bank holding companies subject to the FR Y-9C (and related schedules) must report risk-based and leverage capital measures at consolidation. Even if one or more subsidiary banks elect the CBLR, the BHC cannot avoid calculating standardized risk-weighted assets ("RWA") and risk-based ratios for consolidated reporting.

- **Public Company Disclosure Obligations:** Publicly traded entities are required to present risk-based capital information in SEC periodic reports and investor disclosures, such as the 10-K and 10-Qs, to meet market expectations, comparability, and prudential transparency. Investors, analysts, and rating agencies expect Basel-aligned risk-based metrics. That expectation persists irrespective of the IDI's option to use a leverage-only CBLR at the charter level.

The net effect is that community banks in these categories would operate under dual capital systems: produce CBLR measures for the charter and, in parallel, compute a full risk-based stack for the parent BHC's FRB and public reporting requirements. Given the practical realities of daily capital management and regulatory reporting, including established systems, it is significantly more efficient to calculate risk-based ratios at the charter level and roll them up using standard Call Report/Y-9C consolidation tools, rather than calculate CBLR locally and then recreate risk-based measures manually or after the fact to satisfy upstream reporting. In short, the incremental CBLR "simplification" gets consumed and then negated by the consolidation and disclosure overlay.

As a result, calibration changes alone, such as lowering the CBLR threshold or extending the grace period, do not address the underlying structural barrier. Unless reporting and disclosure requirements are aligned, the operational burden, duplication of controls, and complexity will persist, and adoption of the CBLR by these institutions will remain limited.

II. Requested Interagency Solutions to Unlock CBLR Adoption

IBC respectfully urges the agencies to expand eligibility across organization structures without forcing unnecessary and duplicative data aggregation, analysis, and reporting. Specifically, if the agencies consider raising any asset threshold applicable to holding companies for CBLR eligibility, this change should be paired with appropriate reporting accommodations so that newly eligible organizations are not immediately compelled to run dual capital systems. Additionally, the agencies should permit mixed-framework groups, where some banks utilize the CBLR and others remain on risk-based capital, to use a single consolidated risk-based computation at the parent level. This approach would avoid the need to recreate risk-based ratios at each CBLR subsidiary, thereby reducing operational complexity and regulatory burden.

III. Why Alignment Matters: Safety, Soundness, and Cost

IBC's view is not to diminish the value of risk-based capital at the consolidated level; rather, it is to avoid unnecessary duplication that diverts community-bank resources. Maintaining two separate capital calculation processes, one for CBLR at the charter level and another for risk-based capital both at the charter and parent level, creates significant operational inefficiencies. This duplication requires staff to perform parallel calculations, reconcile multiple sets of data, and manage overlapping reporting workflows, all of which add complexity and consume resources without providing additional supervisory benefit beyond what is already achieved through consolidated risk-based reporting at the parent level.

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IBC commends the agencies for revisiting the CBLR calibration and grace-period structure. From IBC's perspective, and for community banks that are publicly traded, part of a publicly traded entity, or part of a large bank holding company, the agencies' stated goals of reducing burden, encouraging community-bank resilience, and preserving safety and soundness can only be achieved if the CBLR is genuinely simplification for eligible IDIs within existing organizational structures. For institutions like ours, achieving alignment across reporting and disclosure requirements, rather than focusing solely on calibration, is essential to realizing these objectives.

Respectfully submitted,
INTERNATIONAL BANCSHARES CORPORATION

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Dennis Nixon
President and CEO