INTERNATIONAL BANCSHARES CORPORATION

August 18, 2025

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Jennifer M. Jones, Deputy
Executive Secretary,
Attention: Comments—RIN 3064–ZA50
Federal Deposit Insurance Corporation,
550 17th Street NW
Washington, DC 20429

Re: Comment on Proposed Rule—Adjusting and Indexing Certain Regulatory Thresholds

Dear Ms. Jones:

International Bancshares Corporation ("IBC") is 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 ("IBC Banks") ranging in size from approximately $490 million to $9.5 billion, with consolidated assets totaling over $16 billion. IBC is one of the largest independent commercial bank holding companies headquartered in Texas, and the Federal Deposit Insurance Corporation ("FDIC") is the primary federal regulator of the IBC Banks.

IBC has been a strong advocate of common sense regulations. We have commented, on several instances, for the need to update certain thresholds to reflect current economic conditions. We agree with the FDIC that the changes would provide a more durable regulatory framework.

Regulatory thresholds are used to determine the scope of certain regulations. Thresholds generally are based on the institutions' on-balance sheet assets, and in other instances, may require combining various metrics. Thresholds are generally static, with no mechanism for periodic adjustments to reflect inflation. In other instances, thresholds are embedded within the regulation and are updated after a period of time (e.g., Regulation CC).

The consequences of static thresholds are well known to IBC and to the broader community banking sector. As inflation erodes the real value of these thresholds, institutions such as ours—whose subsidiaries remain below the $10 billion asset threshold—face the risk of being swept into regulatory frameworks designed for significantly larger and more complex entities. This misalignment results in disproportionate compliance burdens, particularly in areas such as audit committee composition, internal control reporting, and disclosure requirements.

As disclosed in IBC's 2024 Form 10-K, our subsidiaries are not subject to stress testing requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") due to being below the $10 billion asset threshold. The IBC Banks' size is critical to our operational model, which emphasizes localized decision-making and empowerment, efficiently structured governance and organizational frameworks, and tailored community engagement. The proposed adjustments to thresholds under 12 CFR Part 363—particularly the increase of the general applicability threshold from $500 million to $1 billion and the internal control reporting threshold from $1 billion to $5 billion—are especially relevant. These changes would help ensure that institutions like ours are not prematurely subjected to requirements that may not yield any, let alone proportional, safety and soundness benefits.

In 2024, IBC's financial reports reflected strong economic performance and prudent risk management. However, the cost of compliance continues to rise. IBC has consistently advocated for regulatory modernization and relief for community and mid-sized banks. As we noted in our EGRPRA and merger policy comment letters, the cumulative effect of outdated and static regulatory thresholds is to create a "small enough to fail" environment, where community banks are disproportionately burdened by compliance costs that do not result in increased safety and soundness and that are not commensurate with their risk profiles. This is particularly acute for holding companies like IBC, which operate multiple charters across diverse markets but remain well below the asset size and complexity of the nation's largest banks.

The FDIC's proposal to implement automatic biennial adjustments, with interim updates triggered by cumulative inflation exceeding 8%, is a prudent and balanced approach. This cadence balances responsiveness with administrative stability and reduces the need for frequent rulemaking. We also support the FDIC's decision to round thresholds to two significant digits, which will simplify implementation and avoid unnecessary complexity.

IBC encourages the FDIC to provide additional guidance on how indexed thresholds will apply to subsidiaries of holding companies with consolidated assets exceeding $10 billion, but with individual bank charters below that threshold. As we have noted in prior comment letters, regulatory requirements should be applied in a manner that recognizes the operational independence and risk profiles of individual charters, rather than imposing a "one size fits all" approach based solely on parent company consolidation.

We support the FDIC's intent to coordinate with other federal banking agencies to harmonize threshold adjustments across regulatory frameworks. Consistency among the FDIC, OCC, and Federal Reserve is essential to avoid duplicative or conflicting requirements, which can create confusion and inefficiency for banks operating across multiple regulatory jurisdictions.

The proposed adjustments to thresholds under 12 CFR Part 363 are particularly important for community banks and those serving rural markets. By raising the general applicability threshold from $500 million to $1 billion and the internal control reporting threshold from $1 billion to $5 billion, the FDIC will help ensure that smaller institutions are not unduly burdened by requirements that were originally intended for larger, more complex organizations. This is consistent with the FDIC's statutory mandate to tailor regulation to the size, complexity, and risk profile of covered institutions.

The cost of compliance is a significant concern for IBC and similarly situated institutions. As we have detailed in prior comment letters, the cumulative effect of regulatory burden diverts resources away from core banking activities and community investment.

IBC appreciates the FDIC's leadership in proposing this rule and believes it represents a meaningful step toward a more equitable and durable regulatory framework. By indexing thresholds to inflation, the FDIC will help ensure that regulatory requirements remain aligned with institutional size, complexity, and risk—without imposing undue burden on community banks.

Thank you for the opportunity to provide input. We look forward to continued engagement with the FDIC on this and future rulemakings.

Sincerely,

INTERNATIONAL BANCSHARES CORPORATION

[redacted]

Dennis E. Nixon, President and CEO