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January 30, 2026

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[Docket ID OCC-2025-0141]

Benjamin W. McDonough
Deputy Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
[Docket No. R-1876 and RIN 7100—A1-108]

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

Re: Community Bank Leverage Ratio (CBLR)

Dear Sirs and Madam:

Pursuant to notice filed in the *Federal Register* of December 1, 2025, the Texas Bankers Association (TBA) takes this opportunity to submit the following comments on the proposed rule to lower the Community Bank Leverage Ratio (CBLR) from 9% to 8%. This is a long-overdue adjustment, and we urge prompt finalization of the pending proposal.

TBA is the oldest and largest state banking association in the nation representing approximately 375 federally insured depository institutions headquartered or doing business in the State of Texas. The median asset size for a TBA member bank is \$400 million, and most of our banks would be affirmatively impacted by this regulatory change. More importantly, the true beneficiaries would be the local communities in which they conduct business.

Our comment letter submitted on April 9, 2019 when this issue was last under consideration by the respective federal bank supervisory agencies,¹ observed that while Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 established a range of “not less than 8 percent and not more than 10 percent,”² we recommended 8% percent rather than the 9% ratio as specified in the proposed regulation and which became effective as such on January 1, 2020.³

Recognizing the statutory floor set by Section 201, we do think it is important to note and to take in consideration the fact that the numerically established ratio remains measurably higher than its face amount would otherwise indicate as, under current rules, there are numerous additional categories of deductions including goodwill, noncontrolling (minority) interests in consolidated subsidiaries, deferred tax assets, as well as so-called intangible assets. On the latter point, the underlying statutory language does reference “tangible equity capital,”⁴ but existing regulatory flexibility fully allows the federal supervisory agencies which designate by regulation which assets acknowledged under Generally Accepted Accounting Principles are disallowed as “intangible” for purposes of calculating capital.

Question 4 in the commentary accompanying the *Federal Register* notice raises this issue from a cost/benefit standard to which we view each step in the direction of shifting toward a system of a straightforward capital to assets leverage ratio as the best form of regulatory simplification. The data in the proposed rule would also appear to confirm that capital buffers in the community banking sector are such that simplification would not detract from safety and soundness.

At TBA, one of our guiding principles is that every community bank is systemically important to the communities it serves, which broaches the most important aspect of this noteworthy significant regulatory initiative, namely expanded lending capacity for community banks.

The U.S. banking system at the close of the last reporting period (3rd Qtr. 2025) had the banking industry’s reported total assets at \$25.1 trillion versus \$21.2 trillion at the end of the third quarter in the year 2000.⁵ As is universally recognized, however, that growth has come at the upper level of the industry in terms of individual bank size. Moreover, and as was unfortunately demonstrated just two years ago, the proportionate asset share of large banks also grows substantially during a crisis period.

¹ 84 *Fed. Reg.* 3064-65 (Feb. 8, 2019).

² Public Law 115–174, § 201, Capital Simplification for Qualifying Community Banks; codified at 12 C.F.R. § 217.12.

³ 84 *Fed. Reg.* 61776 (Nov. 13, 2019).

⁴ § 201(a)(1).

⁵ FDIC *Quarterly Banking Profile* (Third Quarter, 2025 & 2020).

Nevertheless, tangible equity capital stands very high across all industry categories but with the capital ratio at community banks standing proportionately higher than those of the broader banking industry, reflecting increased resilience and, once again, well within the appropriate range for the proposed CBLR reduction.

In our referenced prior comment letter, we estimated the difference between an 8% versus 9% CBLR would represent a differential of more than \$200 billion in asset power as measured by the standard capital to lending capacity of 10-11 percent. That calculation remains essentially the same but all the more essential now with businesses and individual family finances still recovering from inflationary pressure.

Before concluding, we want to commend the federal banking agencies for the many deregulatory steps already undertaken over the last year and to reiterate that the CBLR proposal is the most critical next step. The numerical threshold of 9% was too high when it was adopted and the current methodology for calculation remains well short of what Sec. 201 of the 2018 Regulatory Relief Act was meant to accomplish.

Thank you for the opportunity to provide these comments.

Sincerely,

A solid black rectangular box used to redact the signature of Chris Furlow.

Chris Furlow
President & CEO