

From: Doug Tribble <dtribble@abt.bank>
Sent: Friday, April 05, 2019 11:12 AM
To: Comments
Subject: Regulatory Capital Rule: FDIC RIN 3064-AE91

Dear Chair McWilliams,

I am writing in response to the proposal to establish a community bank leverage ratio ("CBLR") as a way to simplify the capital requirements for community banks. Specifically, the proposal calls for the establishment of a CBLR consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act that would allow banks and holding companies of less than \$10 billion in assets with a tangible equity-to-assets leverage ratio of greater than 9 percent to opt into a CBLR framework and not be subject to other risk-based and leverage capital requirements. These banks would also be considered "well capitalized" under the banking agencies' Prompt Corrective Action (PCA) framework.

I am always appreciative of efforts to simplify and/or reduce regulatory burden. While I commend the agencies for several parts of the proposal, particularly the ease at which community banks may opt-in and opt-out of the CBLR framework, the proposed CBLR of 9 percent is too high. Establishing the ratio at 8 percent, as allowed by the statute, would calibrate the CBLR closer to current risk-based capital requirements for well-capitalized banks including the common equity tier one ratio of 6.5 percent and the tier one risk-based capital ratio of 8 percent. Furthermore, an 8 percent CBLR would put the ratio closer to the current 5 percent leverage requirement for well-capitalized banks. It is estimated by the ICBA that an 8% threshold would allow approximately 600 more community banks to be eligible to use the new framework.

The proposal to establish a new and separate PCA framework within the CBLR framework is not necessary and could result in unintended consequences. There is no need to establish "proxies" under the CBLR framework for adequately capitalized, undercapitalized and significantly undercapitalized PCA thresholds. Such proxies could serve as an unwarranted penalty for banks that elect the CBLR. Instead, a CBLR bank that falls below the CBLR should be given the opportunity to demonstrate that it is well capitalized under the current PCA Framework before being downgraded to adequately capitalize. To do otherwise could result in the CBLR becoming the new, de facto minimum capital requirement for CBLR banks. At this point in time, it is American Bank and Trust's intention to opt-out of this proposal and remain regulated under the current capital requirements as defined by the banking agencies.

Thank you in advance for your consideration and leadership providing regulatory relief to the community bankers in South Dakota.

Sincerely,

Doug Tribble
President and CEO
American Bank and Trust
200 E 10th St
Sioux Falls, SD 57104
dtribble@abt.bank