

From: Carla Muennink <cmuennink@securitystbk.com>
Sent: Thursday, April 04, 2019 2:08 PM
To: Comments
Subject: Federal Reserve: Docket No. R-1638; FDIC: RIN 3064-AE91

Dear Executive Secretary Feldman,

Please consider my comments on your proposal to establish a "community bank leverage ratio" (CBLR) to implement Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA"). I applaud both Congress for passage of this important bill, and for your efforts in attempting to implement Section 201 to provide very important regulatory burden relief for community banks.

My bank is located in Pearsall, TX, has \$629 million in assets, Tier 1 leverage of 12.43% and Tier 1 risk based capital ratio of 17.27%.

The current risk based capital calculations are complex at best, and do not appear to be designed for the community bank model. Regardless of the outcome of a final rule, I urge you to revisit the calculation of risk based capital for community banks.

We are very familiar with the calculation of Tier 1 Leverage Ratios, and are required to provide this information on our quarterly call report submissions, and you are proposing yet another leverage capital calculation. We would appreciate not having another capital ratio to calculate, especially as we may determine that we will ultimately need to shift between the CBLR and the current risk based capital calculation.

We are especially concerned with the creation of a new Prompt Corrective Action (PCA) Framework, and believe that the current matrix should suffice. Community banks are especially sensitive to the restrictions on funding options, inability to branch or make acquisitions and other problematic issues that are realized with a "less than well capitalized" position. We urge you to reconsider this unnecessary provision.

While determining an appropriate level of capital is challenging at best, it would appear that an 8% leverage ratio, especially with the impending and unwelcome addition of CECL forthcoming, is appropriate for well-rated and well-run community banks. Regulators should and always will have the ability to demand additional capital when necessary.

We very much appreciate the efforts of the regulators to address this "simplification" of community bank capital requirements and calculations, it still remains significantly complex and potentially difficult to implement. Our bank will look forward to the final rule prior to making any decisions to hopefully take advantage of this very welcome regulatory burden relief.

Sincerely,

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