FDIC

Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-6-2019
February 5, 2019

Proposed Rulemaking to Revise the Deposit Insurance Assessment System to Apply the Community Bank Leverage Ratio Framework

Summary: On December 18, 2018, the FDIC Board of Directors authorized publication of a Notice of Proposed Rulemaking (NPR) that would apply the Community Bank Leverage Ratio (CBLR) framework proposed by the FDIC, Federal Reserve, and OCC (the Federal banking agencies) on November 21, 2018, to the deposit insurance assessment system. Comments on this NPR will be accepted for 60 days after publication in the *Federal Register*.

Statement of Applicability: This proposal is applicable to all FDIC-insured institutions with less than $10 billion in total consolidated assets, except for advanced approaches banking organizations.

Suggested Distribution:
All FDIC-insured institutions

Suggested Routing:
Chief Executive Officer
Chief Financial Officer
Call Report Preparer

Related Topics:
Assessments, 12 CFR Part 327

Attachments:
RIN 3064-AE98, Assessments
Assessment Estimation Tool under the proposed CBLR Framework

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Highlights:

- In November 2018, the federal banking agencies proposed to provide qualifying community banking organizations the option to adopt the CBLR, a simplified measure of capital adequacy, and complete a simpler regulatory capital schedule on the Consolidated Reports of Condition and Income (Call Report).
- Qualifying community banking organizations that elect to use the proposed CBLR framework (CBLR banks) no longer would be required to report certain data on the Call Report, including tier 1 capital and the tier 1 leverage ratio, that are used as part of assessments calculations.
- The FDIC would calculate the assessment base and assessment rate of a CBLR bank using the regulatory capital items under the proposed framework; however, the NPR would provide a CBLR bank with the option to continue to use tier 1 capital, the tier 1 leverage ratio, or both, for assessments purposes.
- All CBLR banks would be assessed using the small bank pricing methodology.
- The NPR clarifies that a CBLR bank that meets the definition of “custodial bank” under the assessment regulations would have no change to its custodial bank deduction or reporting items required to calculate the deduction.
- To assist banks in understanding the effects of the NPR, the FDIC is providing a spreadsheet tool that estimates deposit insurance assessment amounts under the NPR (using data as of September 30, 2018).
- Comments on the NPR will be accepted for 60 days after publication in the *Federal Register*.