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Replaced - See OCC 2026-15

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Community Bank Leverage Ratio Framework: Interagency Statement

Summary

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) today issued an interagency statement on the optional community bank leverage ratio framework. The temporary relief measures affecting the framework will expire on December 31, 2021.[1] Beginning on January 1, 2022, the community bank leverage ratio requirement will revert to greater than 9 percent as established under the 2019 final rule.[2] The community bank leverage ratio framework includes a two-quarter grace period that allows a qualifying community bank[3] to continue reporting under the framework and be considered "well capitalized" as long as its leverage ratio falls no more than 1 percentage point below the applicable community bank leverage ratio requirement.

To

Chief Executive Officers of All National Banks and Federal Savings Associations; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Note for Community Banks

The community bank leverage ratio framework is optional. A qualifying community bank with less than $10 billion in total consolidated assets as of the report date and that meets other prudential criteria is eligible to opt into the framework.

Highlights

- The interagency statement serves as a reminder that a qualifying community bank that elects the community bank leverage ratio framework will be subject to a community bank leverage ratio requirement of greater than 9 percent when it submits its March 31, 2022, call report.
- Starting on January 1, 2022, a qualifying community bank must report a leverage ratio greater than 8 percent to use the two-quarter grace period. The grace period allows a qualifying community bank additional time to build capital and manage its

balance sheet to either remain in the framework or prepare to comply with the generally applicable risk-based and leverage capital requirements.

- The interagency statement clarifies that a community bank would not be viewed negatively within the examination process due solely to its use of the grace period.

Further Information

Please contact Benjamin Pegg, Risk Expert, or Jung Sup Kim, Risk Specialist, Capital Policy, at (202) 649-6370; or Carl Kaminski, Assistant Director, or Daniel Perez, Counsel, Chief Counsel's Office, at (202) 649-5490.

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Related Link

- "Interagency Statement on the Community Bank Leverage Ratio Framework" (PDF)

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[1] Refer to 85 Fed. Reg. 64003 (October 9, 2020).

[2] Refer to 84 Fed. Reg. 61776 (November 13, 2019).

[3] A qualifying community bank is a national bank or federal savings association that has total consolidated assets of less than $10 billion and that meets other prudential criteria.

Topic(s): CAPITAL