



## CBLR Temporary Relief Deadline Approaches

Despite CBAI urging policymakers to extend a relief provision in the CARES Act, which relaxed certain capital requirements applicable to qualified community banks during the pandemic, this temporary relief will expire on December 31, 2021. Specifically, the Community Bank Leverage Ratio (CBLR), which applies to banks under \$10 billion in assets, will increase from 8.5% to 9% at year-end.

This increased regulatory threshold presents a problem for many community banks whose capital ratios have decreased because of significant deposit growth from government stimulus programs through no fault of their own. Community banks have welcomed these relief measures to help their customers and communities, but they are now at risk of losing hard-won regulatory Call Report relief.

Fortunately, there is a grace period of up to two calendar quarters during which a qualified bank could continue to use the CBLR framework, and as long as the bank can return to compliance within two quarters (and does not fall more than 100 basis points below the applicable CBLR), it will be considered in compliance with this capital rule. CBAI will continue to urge policymakers to extend this relief through 2022 and even beyond that date, if necessary.

[Read CBLR Fact Sheet »](#)

[Financial Institution Letter FIL-35-2020 »](#)

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