

**Draft Revisions to the Instructions for  
the Regulatory Capital Reporting for  
Institutions Subject to the Advanced  
Capital Adequacy Framework (FFIEC 101)  
for the Proposed Credit Loss Accounting  
Revisions Proposed to Take Effect  
March 31, 2019**

These draft instructions, which are subject to change, reflect the proposed revisions to the FFIEC 101 that would take effect March 31, 2019, as described in the federal banking agencies' final Paperwork Reduction Act Federal Register notice for this proposal that was published in February 14, 2019.

Draft as of February 15, 2019

**Draft Revisions to the Instructions to the FFIEC 101  
Proposed to Take Effect March 31, 2019**

**Contents**

<u>Impacted Items</u>	<u>Page</u>
Schedule A, Item 2	A-1
Schedule A, Item 50	A-6
Schedule A, Item 76	A-9
Schedule A, Item 77	A-9
Schedule A, Item 90	A-11
Schedule A, Item 1.8	A-15

# Advanced Approaches Regulatory Capital Schedule A

An institution that has elected to apply the CECL transition provision (electing institution) should include its applicable CECL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution should include 75 percent of its CECL transitional amount during the first year of the transition period, 50 percent of its CECL transitional amount during the second year of the transition period, and 25 percent of its CECL transitional amount during the third year of the transition period.

## General Instructions

Information collected on this FFIEC 101 Schedule A will be publicly available for reports filed after an advanced approaches institution conducts a satisfactory parallel run and for reports filed by institutions subject to the SLR only. While the institution conducts its parallel run, the information collected on this schedule will be publicly available, except for line items 78, 79, as well as items 86 through 90.

The instructions below should be read in conjunction with the regulatory capital rules issued by the reporting institution's primary federal supervisor, as well as the reporting instructions for the Call Report, Schedule RC-R, or the FR Y-9C, Schedule HC-R. References to Schedule RC-R and Schedule HC-R item numbers in the instructions for this Schedule A are to items in Part I, not to items in Part II, of Schedule RC-R and Schedule HC-R.

## Item Instructions

### Common Equity Tier 1 Capital

#### **Item 1 Common stock plus related surplus, net of treasury stock.**

Report the amount of the institution's common stock plus related surplus, net of treasury stock, as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 1.

#### **Item 2 Retained earnings.**

Report the amount of the institution's total retained earnings as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 2.

#### **Item 3 Accumulated other comprehensive income (AOCI).**

Report the amount of the institution's AOCI as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 3.

#### **Item 4 Directly issued capital subject to phase out from common equity tier 1 capital.**

Not applicable: do not complete this line item.

#### **Item 5 Common equity tier 1 minority interest includable in common equity tier 1 capital.**

Report the amount of the institution's common equity tier 1 minority interest includable in common equity tier 1 capital as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 4.

#### **Item 6 Common equity tier 1 capital before regulatory deductions and adjustments.**

Report the sum of items 1, 2, 3, and 5.

### **Common equity tier 1 capital: adjustments and deductions**

#### **Item 7 Prudential valuation adjustments.**

Not applicable: do not complete this line item.

#### **Item 8 Goodwill net of associated deferred tax liabilities (DTLs).**

Report the amount of the institution's goodwill net of associated DTLs as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 6.

#### **Item 9 Other intangible assets, net of associated DTLs, other than goodwill and mortgage servicing assets (MSAs).**

Report the amount of the institution's intangible assets (other than goodwill and MSAs), net of associated

# Schedule A

**Item 50: Electing Institutions** subtract the applicable portion of the eligible credit reserves transitional amount from this item, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution subtracts 75 percent of its eligible credit reserves transitional amount during the first year of the transition period, 50 percent of its eligible credit reserves transitional amount during the second year of the transition period, and 25 percent of its eligible credit reserves transitional amount during the third year of the transition period.

## **Item 48 Total capital minority interest that is not included in tier 1 capital.**

Report the amount of the institution's total capital minority interest not included in tier 1 capital as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 29.

## **Item 49 of which: instruments subject to phase out.**

Report the portion of the institution's total capital minority interest that is not included in tier 1 capital that is subject to phase out.

## **Item 50 Eligible credit reserves includable in tier 2 capital.**

If the institution has completed its parallel run process: If eligible credit reserves exceed total expected credit losses, then report the amount by which eligible credit reserves exceed expected credit losses, up to a maximum amount of 0.60 percent of credit risk-weighted assets. **or adjusted allowances for credit losses (AACL), if applicable.**

If the institution is in the parallel run process: Report the amount of the institution's allowable allowance for loan and leases losses includable in tier 2 capital, as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 30.a. In addition, report eligible credit reserves includable in tier 2 capital in this Schedule A, item 79. This amount is confidential while the institution is in the parallel run process. Once the institution has completed its parallel run process, the reported amount is publicly available on this schedule and on Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 30.b.

## **Item 51 Tier 2 capital before deductions.**

Report the sum of items 46, 47, 48, and 50, plus the amount reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 31.

## **Tier 2 capital deductions**

### **Item 52 Investments in own tier 2 capital instruments.**

Report the amount of the institution's total investments in own tier 2 capital instruments as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 33.

### **Item 53 Reciprocal cross-holdings in the tier 2 capital of unconsolidated financial institutions.**

Report the amount of the institution's total reciprocal cross-holdings in tier 2 capital of unconsolidated financial institutions as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 33.

### **Item 54 Non-significant investments in the tier 2 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.**

Report the amount of the institution's non-significant investments in the tier 2 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments, as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 33.

### **Item 55 Significant investments in financial institutions not in the form of common stock to be deducted from tier 2 capital.**

Report the amount of the institution's total significant investments in financial institutions not in the form of common stock to be deducted from tier 2 capital as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 33.

### **Item 56 Other deductions from tier 2 capital.**

Report the amount of the institution's other deductions from tier 2 capital as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 33 that are not included in items 52 through 55 of this schedule.

Advanced approaches institutions with insurance underwriting activities: include 50 percent of the amount equal to the regulatory capital requirement for insurance underwriting risks established by the regulator of any insurance underwriting activities of the institution.

### **Item 57 Total tier 2 capital deductions.**

Report the sum of items 52 through 56.

### **Item 58 Tier 2 capital.**

Report the greater of: item 51 less item 57 or zero.

# Schedule A

For institutions that have not yet adopted ASU 2016-13, report

**Item 70 Minimum tier 1 capital ratio: 6.0%.**  
Not applicable: do not complete this line item.

**Item 71 Minimum total capital ratio: 8.0%.**  
Not applicable: do not complete this line item.

Amounts not deducted as a result of applicable thresholds (before risk-weighting)

**Item 72 Non-significant investments in the capital of unconsolidated financial institutions that are not deducted.**

Report the amount of non-significant investments in the capital of unconsolidated financial institutions that are not deducted from common equity tier 1, additional tier 1 or total capital (that is, not reported in items 18, 39, and 54 of this Schedule A).

**Item 73 Significant investments in the capital of unconsolidated financial institutions in the form of common, net of associated DTLs, stock that are not deducted.**

Report the amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that are not deducted from common equity tier 1 (that is, not reported in items 19 or 23 of this Schedule A).

**Item 74 MSAs net of associated DTLs that are not deducted.**

Report the amount of MSAs net of associated DTLs that are not deducted from common equity tier 1 capital (that is, not reported in items 20 or 24 of this Schedule A).

**Item 75 DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that are not deducted.**

Report the amount of DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that are not deducted from common equity tier 1 capital (that is, not reported in items 21 or 25 of this Schedule A).

Limitations on the amount of provisions included in tier 2 capital

**Item 76 Total allowance for loan and lease losses (ALLL) under the standardized approach.**

Report the amount of total ALLL under the standardized approach, which is equal to Schedule RC, item 4.c, "Allowance for loan and lease losses," less Schedule RI-B, part II, Memorandum item 1, "Allocated transfer risk reserve included in Schedule RI-B, part II, item 7, above," plus Schedule RC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

See Insert A.

**Item 77 Amount of ALLL includable in tier 2 capital under the standardized approach.** or AACL, if applicable,

Report the amount of the institution's ALLL includable in tier 2 capital under the standardized approach as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 30.a.

*Items 78 and 79 are kept confidential on reports filed during an institution's parallel run process.*

**Item 78 Total eligible credit reserves (calculated using advanced approaches).**

Report the amount of total eligible credit reserves.

**Item 79 Amount of eligible credit reserves includable in tier 2 capital.**

If eligible credit reserves exceed total expected credit losses, then report the amount by which eligible credit reserves exceed expected credit losses, up to a maximum amount of 0.60 percent of credit risk-weighted assets.

Non-qualifying capital instruments

**Item 80 Cap on common equity tier 1 non-qualifying capital instruments subject to phase-out.**

Report 0 for this item.

**Item 81 Amount of common equity tier 1 non-qualifying capital instruments excluded.**

Report 0 for this item.

#### Insert A

For Call Report filers that have adopted ASU 2016-13, report the amount of total AACL under the standardized approach, which is equal to Schedule RI-B, part II, item 7, sum of Columns A and B, "Balance end of current period: Loans and leases held for investment and Held-to-maturity debt securities," and Memorandum item 6, "Allowance for credit losses on other financial assets carried at amortized cost (not included in item 7, above)" less Schedule RC-R, part II, Memorandum items 4.a, 4.b, and 4.c, "Amount of allowances for credit losses on purchased credit-deteriorated assets: Loans and leases held for investment, Held-to-maturity debt securities, and Other financial assets measured at amortized cost," less Schedule RI-B, part II, Memorandum item 1, "Allocated transfer risk reserve included in Schedule RI-B, part II, item 7, column A, above," plus Schedule RC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

For FR Y-9C filers that have adopted ASU 2016-13, report the amount of total AACL under the standardized approach, which is equal to Schedule HI-B, part II, item 7, sum of Columns A and B, "Balance end of current period: Loans and leases held for investment and Held-to-maturity debt securities," and Memorandum item 6, "Allowance for credit losses on other financial assets carried at amortized cost (not included in item 7, above)," less Schedule HC-R, part II, Memorandum items 5.a, 5.b, and 5.c, "Amount of allowances for credit losses on purchased credit-deteriorated assets: Loans and leases held for investment, Held-to-maturity debt securities, and Other financial assets measured at amortized cost," less Schedule HI-B, part II, Memorandum item 1, "Allocated transfer risk reserve included in Schedule HI-B, part II, item 7, column A, above," plus Schedule HC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."



# Schedule A

*Example:* A depository institution holding company has \$100 in tier 1 non-qualifying capital instruments subject to phase out as of January 1, 2014. These are the amounts that it would report in items 82 and 84, notwithstanding any reduction in tier 1 non-qualifying capital instruments subject to phase out:

Calendar year	Item 82: Cap on additional tier 1 non-qualifying capital instruments subject to phase out	Item 84: Cap on tier 2 non-qualifying capital instruments subject to phase out
2014	50 (table 4)	50 (table 4)
2015	25 (table 4)	75 (table 4)
2016	0 (table 4)	60 (table 6)
2017	0 (table 4)	50 (table 6)

- b. **Depository institutions:** multiply the aggregate principal amount of non-qualifying tier 2 capital instruments that were outstanding as of January 1, 2014 by the percentage in Table 5 for the corresponding calendar year.

## **Item 85 Amount of tier 2 non-qualifying capital instruments excluded.**

Report the total amount of instruments that were excluded from tier 2 capital as a result of the application of the cap in Schedule A, item 84.

## **Memoranda**

*Note:* Items 86-90 are kept confidential on reports filed during an institution's parallel run process.

## **Item 86 Expected credit loss that exceeds eligible credit reserves.**

Report the amount of expected credit loss that exceeds the amount of eligible credit reserves, as calculated under the advanced approaches rules.

## **Item 87 Advanced approaches RWA (from FFIEC 101, Schedule B, item 36).**

Report the amount of the institution's total RWAs calculated under the revised advanced approaches rules.

## **Item 88 Common equity tier 1 capital ratio (calculated using advanced approaches).**

If an institution is in the parallel run process: Report common equity tier 1 capital ratio calculated using the revised advanced approaches rules. Specifically, to calculate the numerator of this ratio, an institution must

deduct from item 29 the amount of expected credit loss that exceeds eligible credit reserves, reported in item 86, subject to the transition provisions. To calculate the denominator of this ratio, the institution must use the amount of the advanced approaches risk-weighted assets reported in item 87. Round the ratio to four decimal places.

After the institution completes its parallel run process: Report common equity tier 1 capital ratio calculated under the revised advanced approaches rules as item 29 divided by item 60, rounded to four decimal places.

## **Item 89 Tier 1 capital ratio (calculated using advanced approaches).**

If an institution is in the parallel run process: Report tier 1 capital ratio calculated using the revised advanced approaches rules. Specifically, to calculate the numerator of this ratio, add (i) common equity tier 1 capital reported in item 29, net of expected credit loss that exceeds eligible credit reserves, reported in item 86, subject to the transition provisions, and (ii) additional tier 1 capital as reported in item 44. To calculate the denominator of this ratio, the institution must use the amount of the advanced approaches risk-weighted assets reported in item 87. Round the ratio to four decimal places.

After the institution completes its parallel run process: Report tier 1 capital ratio calculated using the advanced approaches rule as item 45 divided by item 60, rounded to four decimal places.

## **Item 90 Total capital ratio (calculated using advanced approaches).**

If an institution is in the parallel run process: Report total capital ratio calculated using the revised advanced approaches rules. Specifically, to calculate the numerator of this ratio, add (i) common equity tier 1 capital reported in item 29, net of expected credit loss that exceeds eligible credit reserves, reported in item 86, subject to the transition provisions, (ii) additional tier 1 capital as reported in item 44, and (iii) tier 2 capital reported in item 58, net of the institution's allowance for loan and lease losses reported in item 50 and plus eligible credit reserves includable in tier 2 capital as reported in item 79. To calculate the denominator of this ratio, the institution must use the amount of the advanced approaches risk-weighted assets reported in item 87. Round the ratio to four decimal places.

or adjusted allowances for credit losses, if applicable,

# Schedule A

An institution that has elected to apply the CECL transition provision (electing institution) should include its applicable CECL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution should include 75 percent of its CECL transitional amount during the first year of the transition period, 50 percent of its CECL transitional amount during the second year of the transition period, and 25 percent of its CECL transitional amount during the third year of the transition period.

for exposures to derivatives transactions in SLR Table 1, item 1.4, and repo-style transactions in SLR Table 1, item 1.5, that are reported on a quarter end basis and the mean of the amount calculated for these components as of each day of the reporting quarter.

This amount may be positive, negative, or zero. The value will be zero for this item if there is no difference between the quarter end value reported in SLR Table 1, item 1.1 and the mean of the amount of total consolidated assets calculated as of each day of the reporting quarter. Report this amount as a negative value if the mean of the amount of total consolidated assets calculated as of each day of the reporting quarter is greater than the quarter end value reported in SLR Table 1, item 1.1. Report this amount as a positive value if the mean of the amount of total consolidated assets calculated as of each day of the reporting quarter is less than the quarter end value reported in SLR Table 1, item 1.1.

## Item 1.8 Total leverage exposure.

Report the sum of SLR Table 1, items 1.1 through 1.6, minus items 1.7a and 1.7b. This item must equal SLR Table 2, item 2.21.

## SLR Table 2: Supplementary leverage ratio

### On-balance sheet exposures

An institution must report the following amounts with respect to its on-balance sheet exposures.

#### Item 1.2 The balance sheet carrying value of all on-balance sheet assets (excluding on-balance sheet assets for derivative transactions and repo-style transactions, but including collateral).

Report the balance sheet carrying value, of all on-balance sheet assets (excluding on-balance sheet carrying value for derivative transactions and repo-style transactions), net of allowance for loan and lease losses (ALLL) as defined in the regulatory capital rule. Specifically, do not include in this item the value of receivables in reverse repurchase transactions. However, include in this item securities provided in a repurchase agreement, securities pledged in a securities borrowing transaction, securities lent in a securities lending transaction, and cash and other collateral received under

any such repo-style transaction. Also include in this item the amount of on-balance sheet cash and collateral received from a counterparty in derivative transactions and the amount of on-balance sheet receivable (or other) assets resulting from the posting of cash to counterparties in derivative transactions.

Report this item as the mean of the amount calculated as of each day of the reporting quarter.

#### Financial subsidiaries:

If a financial subsidiary is not consolidated into the institution for purposes of the institution's balance sheet, exclude from this item the quarterly average for the institution's ownership interest in the financial subsidiary accounted for under the equity method of accounting that is included in the institution's balance sheet carrying value of all on-balance sheet assets in this item 2.1.

If a financial subsidiary is consolidated into the institution for purposes of the institution's balance sheet, exclude from this item the quarterly average of the assets of the subsidiary that is included in the institution's balance sheet carrying value of all on-balance sheet assets in this item 2.1, minus any deductions from common equity tier 1 capital and additional tier 1 capital attributable to the financial subsidiary that have been included in SLR Table 2, item 2.2. Include in this item the quarterly average of institution assets representing claims on the financial subsidiary, other than the institution's ownership interest in the subsidiary, that were eliminated in consolidation.

Because the institution's claims on the subsidiary were eliminated in consolidation, these assets would not otherwise be included.

#### Non-includable subsidiaries:

A savings association with a non-includable subsidiary should make similar exclusions from SLR Table 2, item 2.1, determined in the same manner as described above for financial subsidiaries, except that for a non-includable subsidiary accounted for under the equity method of accounting, the exclusion should be the quarterly average for the savings association's outstanding investments (both equity and debt) in, and extensions of credit to, the subsidiary.