

**Draft Revisions to the FFIEC 101 Instructions for Proposed Revisions
with Effective Dates Beginning with the March 31, 2020, Report Date**

These draft instructions, which are subject to change, present certain pages from the FFIEC 101 instruction book proposed to be revised beginning with the March 31, 2020, report date. Also included are the supplemental instructions¹ published by the FFIEC for other proposed revisions to the FFIEC 101 that were effective beginning with the March 31 and June 30, 2020, report dates, as appropriate. These supplemental instructions have been updated, as appropriate, since their publication by the FFIEC. These proposed revisions are described in the federal banking agencies' initial Paperwork Reduction Act (PRA) notice published in the *Federal Register* on July 22, 2020. The notice is available on the [FFIEC's web page for the FFIEC 101](#).

The draft instructions with effective dates of March 31, 2020, or June 30, 2020, pertain to interim final rules (IFRs) published by one or all of the banking agencies from March through June. The revisions impacting the FFIEC 101 include updates to the calculation of certain amounts reported on Schedule A, Advanced Approaches Regulatory Capital, including the Supplementary Leverage Ratio (SLR) Tables.

The draft instructions for these changes would be incorporated into the FFIEC 101 instruction book after the banking agencies have completed the PRA process for the FFIEC 101 revisions included in the initial *Federal Register* notice noted above and would thereby replace the FFIEC's supplemental instructions for the FFIEC 101.

¹See [First Quarter 2020 Capital-related Revisions: Interim Final Rules Supplemental Instructions \(FFIEC 101\) beginning with March 31, 2020](#) and [2Q2020 COVID-19 Related Supplemental Instructions \(FFIEC 101\)](#).

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DRAFT

The changes to the instructions on pages 4 through 17 are effective as of the March 31, 2020, report date.

DRAFT

Interim Final Rule for Money Market Liquidity Facility

To enhance the liquidity and functioning of money markets, the Federal Reserve Bank of Boston (FRBB) [launched](#) the Money Market Mutual Fund Liquidity Facility, or MMLF, on March 18, 2020. On March 23, 2020, the agencies published an [interim final rule](#), which permits banking organizations to exclude from regulatory capital requirements exposures related to the MMLF.

The interim final rule modifies the agencies' capital rule to allow banking organizations to neutralize the effects of purchasing assets through the MMLF on their risk-based and leverage capital ratios. This treatment extends to the community bank leverage ratio. Specifically, a banking organization may exclude from its total leverage exposure, average total consolidated assets, standardized total risk-weighted assets, and advanced approaches total risk-weighted assets, as applicable, any exposure acquired pursuant to a non-recourse loan from the MMLF. The interim final rule only applies to activities with the MMLF. The facility is scheduled to terminate on December 31, 2020, unless the facility is extended by the Federal Reserve Board.

Consistent with generally accepted accounting principles (GAAP), the agencies would expect banking organizations to report assets purchased through the MMLF on their balance sheets. To be eligible collateral for pledging to the FRBB, assets must be purchased from an eligible money market mutual fund at either the seller's amortized cost or fair value. Thereafter, banking organizations would subsequently measure the assets at amortized cost or fair value depending on the asset category in which the assets are reported on their balance sheets. The non-recourse nature of the transaction would impact the valuation of the liability to the Federal Reserve. After reflecting any appropriate discounts on the assets and associated liabilities, organizations are not expected to report any material net gains or losses (if any) at the time of purchase. Any discounts generally would be accreted over time into income and expense.

Advanced approaches banking organizations should not include assets purchased from the MMLF in "Total risk-weighted assets (RWAs)" reported in the FFIEC 101, Schedule A, item 60, or Call Report Schedule RC-R, Part I, item 48.b. For banking organizations subject to the supplementary leverage ratio requirement, assets purchased from the MMLF would receive similar treatment as under the "leverage ratio" and should be reported in the FFIEC 101, Schedule A, SLR Tables. Specifically, the average amount of these assets calculated as of each day of the reporting quarter should be reported in SLR Table 1, item 1.7.c, "Adjustments for deductions of qualifying central bank deposits for custodial banking organizations" and SLR Table 2, item 2.2.b, "Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations," even if a banking organization is not a custodial banking organization.

Advanced Approaches Regulatory Capital Schedule A

An institution that has instead elected to apply the 5-year 2020 CECL transition provision (5-year CECL electing institution) should also include in this item its applicable modified CECL transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 5-year CECL electing institution should increase retained earnings by 100 percent of its modified CECL transitional amount during the first and second years of the transition period, 75 percent of its modified CECL transitional amount during the third year of the transition period, 50 percent of its modified CECL transitional amount during the fourth year of the transition period, and 25 percent of its modified CECL transitional amount during the fifth 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.

An institution that has elected to apply the 3-year CECL transition provision (3-year electing institution) should also include in this item its

applicable CECL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, a 3-year CECL electing institution should include increase retained earnings by 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.

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.

Schedule A

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 DTLs, as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 7.

Item 10 Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs.

Report the amount of the institution's DTAs that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs, as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 8.

Item 11 Accumulated net gain or loss on cash-flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value).

Report the amount of the institution's accumulated net gain or loss on cash-flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 9.f.

Item 12 Expected credit loss that exceeds eligible credit reserves.

Report the amount of expected credit loss that exceeds the amount of eligible credit reserves as follows.

Before an institution either begins or completes its parallel run process, report zero in line item 12. If an institution is in the parallel run process, also report expected credit loss that exceeds eligible credit reserves in item 86.

When the institution completes its parallel run process, the amount of expected credit loss that exceeds the

amount of eligible credit reserves is reported in this line item, as well as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 10.b.

← **Insert A**

Item 13 Gain-on-sale associated with a securitization exposure.

Report the amount of the institution's gain-on-sale associated with a securitization exposure as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 10.b.

Item 14 Unrealized gain or loss related to changes in the fair value of liabilities that are due to changes in own credit risk.

Report the amount of the institution's total unrealized gain or loss related to changes in the fair value of liabilities that are due to changes in own credit risk as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 10.a.

Item 15 Defined benefit pension fund assets, net of associated DTLs.

Report the amount of the institution's defined benefit pension fund assets, net of associated DTLs, as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 10.b.

Item 16 Investments in own shares to the extent not excluded above as part of treasury stock.

Report the amount of the institution's investments in own shares to the extent not excluded as part of treasury stock as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 10.b.

Item 17 Reciprocal cross-holdings in the common equity of financial institutions.

Report the amount of the institution's reciprocal cross-holdings in the common equity of financial institutions as included in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 10.b.

Institutions that are not holding companies must also include in this line the amount of equity investments in financial subsidiaries that is included in Schedule RC-R of the Call Report, item 10.b.

Insert A

An institution that has exited parallel run and has elected to apply the 3-year CECL transition provision (3-year CECL electing institution) should decrease its eligible credit reserves by the applicable eligible credit reserves transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 3-year electing institution should reduce the amount of its eligible credit reserves by 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.

An institution that has exited parallel run and has elected to apply the 5-year 2020 CECL transition provision (5-year CECL electing institution) should decrease its eligible credit reserves by the applicable eligible credit reserves transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 5-year CECL electing institution should reduce the amount of its eligible credit reserves by 100 percent of its eligible credit reserves transitional amount during the first and second years of the transition period, 75 percent of its eligible credit reserves transitional amount during the third year of the transition period, 50 percent of its eligible credit reserves transitional amount during the fourth year of the transition period, and 25 percent of its eligible credit reserves transitional amount during the fifth year of the transition period.

DRAFT

Schedule A

Item 18 Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments.

Report the amount of the institution's non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 11.

Item 19 Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.

Report the amount of the institution's significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 13.

Item 20 MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.

Report the amount of the institution's MSAs net of associated DTLs that exceed the 10 percent common equity tier 1 capital deduction threshold as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 14.

Item 21 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 exceed the 10 percent common equity tier 1 capital deduction threshold.

Report the amount of the institution's total 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 exceed the 10 percent common equity tier 1 capital deduction threshold as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 15.b.

Item 22 Amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and 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 exceeds the 15 percent common equity tier 1 capital deduction threshold.

Report the amount of the institution's total amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of associated DTLs, that exceeds the 15 percent common equity tier 1 capital deduction threshold as reported in Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, item 16.

Item 23 of which: significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs.

Report the pro-rated amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs. An example of this calculation is provided in a worksheet calculation table, step 7, in Schedule RC-R or Schedule HC-R, item 16.

Item 24 of which: MSAs, net of associated DTLs.

Report the pro-rated amount of MSAs, net of associated DTLs. An example of this calculation is provided in a worksheet calculation table, step 7, in Schedule RC-R or Schedule HC-R, item 16.

Item 25 of which: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs.

Report the pro-rated 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. An example of this calculation is provided in a worksheet calculation table, step 7, in Schedule RC-R or Schedule HC-R, item 16.



Insert B

Insert B

An institution that has elected to apply the 3-year transition option in the 2019 CECL rule (3-year CECL electing institution) should decrease its DTAs arising from temporary differences by the applicable DTA transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 3-year CECL electing institution should reduce the amount of its DTAs arising from temporary differences by 75 percent of its DTA transitional amount during the first year of the transition period, 50 percent of its DTA transitional amount during the second year of the transition period, and 25 percent of its DTA transitional amount during the third year of the transition period.

An institution that has elected to apply the 5-year 2020 CECL transition provision (5-year CECL electing institution) should decrease its DTAs arising from temporary differences by the applicable DTA transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 5-year CECL electing institution should reduce the amount of its DTAs arising from temporary differences by 100 percent of its DTA transitional amount during the first and second years of the transition period, 75 percent of its DTA transitional amount during the third year of the transition period, 50 percent of its DTA transitional amount during the fourth year of the transition period, and 25 percent of its DTA transitional amount during the fifth year of the transition period.

DRAFT

Schedule A

Item 47 Non-qualifying capital instruments subject to phase out from tier 2 capital.

Report the amount of the institution's total non-qualifying capital instruments subject to phase out from tier 2 capital, as reported in Schedule RC-R of the Call Report, item 40 or Schedule HC-R of the FR Y-9C, item 38.

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, item 41 or Schedule HC-R of the FR Y-9C, item 39.

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.

~~If the institution is in the parallel run process: Report the amount of the institution's eligible credit reserves for tier 2 capital, as reported in Schedule RC-R of the Call Report, item 42.a or Schedule HC-R of the FR Y-9C, item 40.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, item 42.b or Schedule HC-R of the FR Y-9C, item 40.b.~~

~~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 3-year electing institution should reduce the amount of its eligible credit reserves by subtracts 75 percent of its eligible credit reserves transi-~~

Insert C

itional 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 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, item 43 or Schedule HC-R of the FR Y-9C, item 41.

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, item 45 or Schedule HC-R of the FR Y-9C, item 43.

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, item 45 or Schedule HC-R of the FR Y-9C, item 43.

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, item 45 or Schedule HC-R of the FR Y-9C, item 43.

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, item 45 or Schedule HC-R of the FR Y-9C, item 43.

Insert C

An institution that has exited parallel run and has elected to apply the 5-year 2020 CECL transition provision (5-year CECL electing institution) should decrease its eligible credit reserves by the applicable eligible credit reserves transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 5-year CECL electing institution should reduce the amount of its eligible credit reserves by 100 percent of its eligible credit reserves transitional amount during the first and second years of the transition period, 75 percent of its eligible credit reserves transitional amount during the third year of the transition period, 50 percent of its eligible credit reserves transitional amount during the fourth year of the transition period, and 25 percent of its eligible credit reserves transitional amount during the fifth year of the transition period.

DRAFT

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.

For institutions that have not yet adopted ASU 2016-13, 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, column A, above,” plus Schedule RC-G, item 3, “Allowance for credit losses on off-balance sheet credit exposures.”

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.”

Item 77 Amount of ALLL includable in tier 2 capital under the standardized approach.

Report the amount of the institution’s ALLL or AACL, if applicable, 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.

← Insert D

Insert D

An institution that has elected to apply the 3-year CECL transition provision (3-year CECL electing institution) should decrease its eligible credit reserves by the applicable eligible credit reserves transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 3-year electing institution should reduce the amount of its eligible credit reserves by 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.

An institution that has elected to apply the 5-year 2020 CECL transition provision (5-year CECL electing institution) should decrease its eligible credit reserves by the applicable eligible credit reserves transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 5-year CECL electing institution should reduce the amount of its eligible credit reserves by 100 percent of its eligible credit reserves transitional amount during the first and second years of the transition period, 75 percent of its eligible credit reserves transitional amount during the third year of the transition period, 50 percent of its eligible credit reserves transitional amount during the fourth year of the transition period, and 25 percent of its eligible credit reserves transitional amount during the fifth year of the transition period.

DRAFT

Schedule A

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

If eligible credit reserves reported in item 78 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.

Item 82 Cap on additional tier 1 non-qualifying capital instruments subject to phase-out.

- Depository institution holding companies:** Report 0 for this item.
- Depository institutions:** multiply the aggregate principal amount of non-qualifying additional tier 1 capital instruments that were outstanding as of January 1, 2014 by the percentage in Table 2 for the corresponding calendar year.

Table 2 – Transition provisions for non-qualifying capital instruments for depository institutions

Transition Period	Cap on non-qualifying capital instruments
Calendar year 2020	20
Calendar year 2021	10
Calendar year 2022 and thereafter	0

Item 83 Amount of additional tier 1 non-qualifying capital instruments excluded.

Report the total amount of non-qualifying capital instruments that were excluded from additional tier 1 capital as a result of the application of the cap in Schedule A, item 82.

Item 84 Cap on tier 2 non-qualifying capital instruments subject to phase-out.

- Depository institution holding companies:** Report 0 for this item.
- 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 2 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 reported in item 78, 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

Schedule A

An institution that has instead elected to apply the 5-year 2020 CECL transition provision (5-year CECL electing institution) should also include in this item its applicable modified CECL transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 5-year CECL electing institution should increase its total leverage exposure by 100 percent of its modified CECL transitional amount during the first and second years of the transition period, 75 percent of its modified CECL transitional amount during the third year of the transition period, 50 percent of its modified CECL transitional amount during the fourth year of the transition period, and 25 percent of its modified CECL transitional amount during the fifth year of the transition period.

Item 1.7.c Adjustments for deductions of qualifying central bank deposits for custodial banking organizations.⁴

Report (as a positive amount) deductions for qualifying central bank deposits from the total leverage exposure, limited to the amount of deposit liabilities on the consolidated balance sheet of the custodial banking organization that are linked to fiduciary or custodial and safekeeping accounts. For purposes of this paragraph, a deposit account is linked to a fiduciary or custodial and safekeeping account if the deposit account is provided to a clients that maintains a fiduciary or custodial and safekeeping account with the custodial bank, and the deposit account is used to facilitate the administration of the fiduciary or custodial and safekeeping account.

Item 1.8 Total leverage exposure.

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

An institution that has elected to apply the 3-year CECL transition provision (3-year CECL electing institution) should also include in this item its applicable CECL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an 3-year CECL electing institution should include increase its total leverage exposure by 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.

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 2.1 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.

4. Custodial bank means: A national bank or Federal savings association that is a subsidiary of a depository institution holding company that is a custodial banking organization under 12 CFR 217.2.

Schedule A

For repo-style transactions that are not subject to a qualifying master netting agreement, an institution must calculate counterparty credit risk on a transaction-by-transaction basis.

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

Item 2.16 Total exposures for repo-style transactions.
Report the sum of SLR Table 2, items 2.12, 2.14, and 2.15, minus item 2.13.

Off-balance sheet exposures

An institution must report the following amounts with respect to its off-balance sheet exposures. All off-balance sheet exposures must be reported as the mean of the amount calculated as of the last day of each of the three months of the reporting quarter.

Item 2.17 Off-balance sheet exposures at gross notional amounts.

The notional amount of all off-balance sheet exposures (excluding off-balance sheet exposures associated with repo-style transactions, repurchase or reverse repurchase or securities borrowing or lending transactions that qualify for sales treatment under GAAP, and derivative transactions).

Item 2.18 Adjustments for conversion to credit equivalent amounts (report as a positive amount).

Report the aggregate adjustments for conversion of off-balance sheet exposures in SLR Table 2, item 2.17, to credit equivalent amounts as follows:

1. For unconditionally cancellable commitments that receive a credit conversion factor (CCF) of 10 percent for purposes of calculating the SLR, multiply the notional amount of these commitments by 90 percent.
2. For commitments that receive a CCF of 20 percent under section 33(b) of the regulatory capital rule, multiply the notional amount of these commitments by 80 percent.
3. For commitments that receive a CCF of 50 percent under section 33(b) of the regulatory capi-

tal rule, multiply the notional amount of these commitments by 50 percent.

Add the amounts in steps 1-3 and report the sum in this item 2.18. Note that no adjustment is made to off-balance sheet exposures that receive a CCF of 100 percent under section 33(b) of the regulatory capital rule.

Item 2.19 Total off-balance sheet exposures.
Report SLR Table 2, item 2.17, minus item 2.18.

Capital and total leverage exposure

Item 2.20 Tier 1 capital.

Report the tier 1 capital amount as reported in Schedule A, item 45.

An institutions that does not complete Schedule A, except for the SLR disclosures, must use the corresponding item as reported on the institution's Schedule RC-R of the Call Report or Schedule HC-R of the FR Y-9C, as applicable.

Item 2.21 Total leverage exposure.

Report the sum of SLR Table 2, items 2.3, 2.11, 2.16, and 2.19.

← **Insert E**

Supplementary leverage ratio

Item 2.22 Supplementary leverage ratio.

Report the ratio of SLR Table 2, item 2.20, divided by item 2.21, as a percentage, rounded to four decimal places.

Item 2.23 Holding companies subject to enhanced SLR standards only: Leverage buffer.

Report SLR Table 2, item 2.22, minus the SLR minimum in section 10(a)(5) of the regulatory capital rule (3 percent) as a percentage, rounded to four decimal places. If the holding company's supplementary leverage ratio is less than or equal to the minimum requirement of 3 percent, the holding company's leverage buffer is zero.

Insert E

An institution that has elected to apply the 3-year CECL transition provision (3-year CECL electing institution) should also include in this item its applicable CECL transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 3-year CECL electing institution should increase its total leverage exposure by 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.

An institution that has instead elected to apply the 5-year 2020 CECL transition provision (5-year CECL electing institution) should also include in this item its applicable modified CECL transitional amount in accordance with section 301 of the regulatory capital rules. Specifically, a 5-year CECL electing institution should increase its total leverage exposure by 100 percent of its modified CECL transitional amount during the first and second years of the transition period, 75 percent of its modified CECL transitional amount during the third year of the transition period, 50 percent of its modified CECL transitional amount during the fourth year of the transition period, and 25 percent of its modified CECL transitional amount during the fifth year of the transition period.

DRAFT

The changes to the instructions on pages 19 and 20 are effective as of the June 30, 2020, report date.

DRAFT

Interim Final Rule for Paycheck Protection Program Liquidity Facility (PPPLF) and Paycheck Protection Program (PPP) Loans

To enhance the liquidity of small business lenders and improve the functioning of the broader credit markets, the PPPLF was authorized by the Board of Governors of the Federal Reserve System on April 8, 2020, under section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)). Under the PPPLF, the Federal Reserve Banks will extend nonrecourse loans to eligible lenders, with the extensions of credit secured by SBA-guaranteed PPP loans that the lenders have originated or purchased. On April 13, 2020, the agencies published an [interim final rule](#), which permits banking organizations to exclude from regulatory capital requirements Paycheck Protection Program (PPP)¹ covered loans pledged under the PPPLF.² The interim final rule also clarifies that PPP covered loans as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) receive a zero percent risk weight.

The interim final rule modifies the agencies' capital rule and allows PPPLF-eligible banking organizations to neutralize the regulatory effects of PPP covered loans on their risk-based capital ratios, as well as PPP covered loans pledged under the PPPLF on their leverage capital ratios. When calculating leverage capital ratios, a banking organization may exclude from average total consolidated assets and, as applicable, total leverage exposure a PPP covered loan as of the date that it has been pledged under the PPPLF. Accordingly, a PPP covered loan that has not been pledged as collateral in connection with an extension of credit under the PPPLF would be included in the calculation of the banking organization's average total consolidated assets and, as applicable, total leverage exposure. This treatment extends to the community bank leverage ratio. No new extensions of credit will be made under the PPPLF after December 31, 2020, unless the Federal Reserve Board and U.S. Department of Treasury jointly determine to extend the Facility.

Consistent with U.S. generally accepted accounting principles (U.S. GAAP), the agencies would expect banking organizations to report PPP covered loans on their balance sheets. Starting with the June 30, 2020, report date, advanced approaches banking organizations would not include PPP covered loans in "Total risk-weighted assets" reported in the FFIEC 101, Schedule A, item 60. For banking organizations subject to the supplementary leverage ratio requirement that file the FFIEC 101, PPP covered loans pledged to the PPPLF would be deducted as part of the calculation of total leverage exposure for the supplementary leverage ratio. Specifically, PPP covered loans pledged to the PPPLF would be reported in SLR Table 1, item 1.7.c, "Adjustments for deductions of qualifying central bank deposits for custodial banking organizations," and in SLR Table 2, item 2.2.b, "Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations," even if a banking organization is not a custodial banking organization.³

Interim Final Rules for Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks from the Supplementary Leverage Ratio

On April 14, 2020, the Board published an [interim final rule](#) to temporarily exclude U.S. Treasury securities (Treasuries) and deposits in their accounts at Federal Reserve Banks (deposits at Federal Reserve Banks) from total leverage exposure for bank holding companies, savings and loan holding companies, and intermediate holding companies subject to the supplementary leverage ratio through March 31, 2021 (holding company SLR IFR).⁴

¹ The Paycheck Protection Program was established by Section 1102 of the 2020 CARES Act.

² See 85 FR 20387 (April 13, 2020).

³ A banking organization would report PPP covered loans pledged to the PPPLF in item 1.7.c of SLR Table 1 and item 2.2.b of SLR Table 2 as the average amount of these assets calculated as of each day of the reporting quarter.

⁴ See 85 FR 20578 (April 14, 2020).

On June 1, 2020, the agencies published an [interim final rule](#) to provide depository institutions subject to the supplementary leverage ratio the ability to temporarily exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure (depository institution SLR IFR).⁵ A depository institution that opts into this treatment (electing depository institution) is required to obtain prior approval of distributions from its primary Federal banking regulator. The prior approval requirement applies to distributions to be paid beginning in the third quarter of 2020. The interim final rule will terminate after March 31, 2021.

Under the holding company SLR IFR, top-tier advanced approaches and Category III bank holding companies, savings and loan holding companies, and intermediate holding companies would continue to report on-balance sheet Treasuries and deposits at Federal Reserve Banks in the FFIEC 101, Schedule A, SLR Table 1, item 1.1, “Total consolidated assets as reported in published financial statements,” and Table 2, item 2.1, “The balance sheet carrying value of all on-balance sheet assets.” To adjust their total leverage exposure in SLR Tables 1 and Table 2, these banking organizations would report on-balance sheet Treasuries and deposits at Federal Reserve Banks in SLR Table 1, item 1.7.c, “Adjustments for deductions of qualifying central bank deposits for custodial banking organizations,” and in SLR Table 2, item 2.2.b, “Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations,” even if a holding company is not a custodial banking organization.^{6,7} Custodial banking organizations would also exclude from total leverage exposure deposits with qualifying foreign central banks. Specifically, those organizations would be able to exclude such deposits from total leverage exposure up to the average amount of funds in deposit accounts at the custodial banking organization that are linked to fiduciary or custodial and safekeeping accounts at the custodial banking organization calculated as of each day of the reporting quarter; see SLR Table 1, item 1.7.c, and SLR Table 2, item 2.2.b.⁸

Under the depository institution SLR IFR, an electing depository institution (as defined above) that is a top-tier advanced approaches or Category III banking organization would exclude on-balance sheet U.S. Treasuries and deposits at Federal Reserve Banks from total leverage exposure in the same manner as discussed above for top-tier advanced approaches and Category III holding companies.⁹ Custodial banking organizations would also exclude from total leverage exposure deposits with qualifying foreign central banks in the same manner as discussed above.

For purposes of reporting the supplementary leverage ratio as of June 30, 2020, holding companies and electing depository institutions would be permitted to exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure as if these interim final rules had been in effect for the entire second quarter of 2020. The temporary exclusions from total leverage exposure would be available through the March 31, 2021, report date.

⁵ See 85 FR 32980 (June 1, 2020).

⁶ A banking organization may not deduct on-balance sheet Treasuries in SLR Table 2, item 2.12, “Gross assets for repo-style transactions, with no recognition of netting,” if it already reports such on-balance sheet Treasuries in SLR Table 2, item 2.2.b.

⁷ A banking organization would report Treasuries and deposits at Federal Reserve Banks in item 1.7.c of SLR Table 1 and item 2.2.b of SLR Table 2 as the average amount of these assets calculated as of each day of the reporting quarter.

⁸ The agencies issued a final rule, effective April 1, 2020, which implements section 402 of the Economic Growth, Regulatory Relief, and Consumer Protection Act by amending the capital rule to allow a banking organization that qualifies as a custodial banking organization to exclude from total leverage exposure deposits at qualifying central banks, subject to limits (402 rule). 85 FR 4569 (January 27, 2020).

⁹ Electing depository institutions should also refer to the “June 2020 COVID-19 Related Supplemental Instructions (Call Report)” available on the [FFIEC Report Forms](#) webpage.