

Draft Instructions
for the New and Revised Call Report Items
for March 2014 and March 2015

FFIEC 031 and FFIEC 041

Draft as of January 10, 2014

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**Draft Instructions
for the New and Revised Call Report Items
for March 2014 and March 2015**

FFIEC 031 and FFIEC 041

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NOTE: These draft instructions apply to the Call Report revisions that take effect March 31, 2014, and March 31, 2015, as described in the two final Paperwork Reduction Act Federal Register notices being published in the Federal Register on January 14, 2014. Final drafts of the two final notices are available at <http://www.ffiec.gov/forms031.htm> and <http://www.ffiec.gov/forms041.htm>. These draft instructions are subject to change based on questions and comments received on this draft and also based on comments received on the proposed Call Report revisions. These Call Report revisions are subject to approval by the U.S. Office of Management and Budget.

Questions and comments on these draft instructions may be submitted to the FFIEC by going to <http://www.ffiec.gov/contact/default.aspx>, clicking on “Reporting Forms” near the middle of the Web page, and completing the Feedback Form.

**Draft Instructions
for the New and Revised Call Report Items
for March 2014**

Schedule RC-E – Deposit Liabilities

Memoranda

Item No. Caption and Instructions

- 5** **Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?** Indicate in the boxes marked “Yes” and “No” whether your institution offers one or more transaction account or nontransaction savings account deposit products intended, marketed, or presented to the public primarily for consumer use, i.e., deposit products offered primarily to individuals for personal, household, and family use. For purposes of this item, consumer deposit account products exclude time deposits.

Your institution should answer “Yes” if it offers one or more transaction account or nontransaction savings account deposit products intended primarily for consumer use even if it also offers other transaction account or nontransaction savings account deposit products intended for use by a broad range of depositors (which may include individuals) rather than being intended, marketed, or presented to the public primarily for individuals for consumer use and regardless of whether the products intended, marketed, or presented to the public primarily for consumer use carry the same terms as other deposit products intended for use by a broad range of depositors (which may include individuals).

Your institution should answer “No” if all of the transaction account and nontransaction savings account deposit products it offers are intended for use by a broad range of depositors (which may include individuals) or by non-consumer depositors and none of these products is intended, marketed, or presented to the public primarily for individuals for personal, household, or family use.

Transaction accounts include demand deposits, negotiable order of withdrawal (NOW) accounts, automatic transfer service (ATS) accounts, and telephone and preauthorized transfer accounts. Nontransaction savings accounts include money market deposit accounts (MMDAs) and other savings deposits. For the definitions of these types of accounts, see the Glossary entry for “deposits.”

Once a customer has opened a deposit account with the reporting institution that is a deposit product intended primarily for individuals for personal, household, or family use, the institution is not required thereafter to review the customer’s status or usage of the account to determine whether the transaction account is being used for personal, household, or family purposes. Thus, when reporting the amount of consumer deposit account balances in Memorandum items 6 and 7 of Schedule RC-E, the reporting institution is not required to identify those individual accounts within the population of a particular consumer deposit account product that are not being used for personal, household, or family purposes and remove the balances of these accounts from the total amount of deposit balances held in that consumer deposit account product.

Schedule RC-E – Deposit Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

NOTE: Memorandum items 6 and 7 are to be completed by institutions with \$1 billion or more in total assets that answered “Yes” to Schedule RC-E, Memorandum item 5, above.

- 6** **Components of total transaction account deposits of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of total transaction account deposits of individuals, partnerships, and corporations. The sum of Memorandum items 6.a, 6.b, and 6.c must equal Schedule RC-E, item 1, column A, above.

If an institution offers one or more transaction account deposit products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, but has other transaction account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution should report the entire amount of these latter transaction account deposit products in Memorandum item 6.c. For example, if an institution has a single negotiable order of withdrawal (NOW) account deposit product that it offers to all depositors eligible to hold such accounts, including individuals, sole proprietorships, certain nonprofit organizations, and certain government units, the institution would report the entire amount of its NOW accounts in Memorandum item 6.c. The institution should not identify the NOW accounts held by individuals for personal, household, or family use and report the amount of these accounts in Memorandum item 6.b, above.

- 6.a** **Deposits in noninterest-bearing transaction accounts intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column A, held in noninterest-bearing *transaction* accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude certified and official checks as well as pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.
- 6.b** **Deposits in interest-bearing transaction accounts intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column A, held in interest-bearing *transaction* accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.
- 6.c** **Deposits in all other transaction accounts of individuals, partnerships, and corporations.** Report the amount of all other transaction account deposits included in Schedule RC-E, item 1, column A, that were not reported in Schedule RC-E, Memorandum items 6.a and 6.b, above.
- 7** **Components of total nontransaction savings account deposits of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of total nontransaction savings account deposits of individuals, partnerships, and corporations. Exclude all time deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C. The sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal Schedule RC-E, item 1, column C, above.

Schedule RC-E – Deposit Liabilities (cont.)

Memoranda

Item No. Caption and Instructions

- 7**
(cont.) If an institution offers one or more nontransaction savings account deposit products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, but has other nontransaction savings account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution should report the entire amount of these latter nontransaction savings account deposit products in Memorandum item 7.a.(2) or 7.b.(2), as appropriate.
- 7.a** **Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of MMDA deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C, above. The sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Schedule RC-E, Memorandum item 2.a.(1), above.
- 7.a.(1)** **Deposits in MMDAs intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column C, held in MMDAs intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude MMDAs in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.
- 7.a.(2)** **Deposits in all other MMDAs of individuals, partnerships, and corporations.** Report the amount of all other MMDA deposits of individuals, partnerships, and corporations included in Schedule RC-E, item 1, column C, that were not reported in Memorandum item 7.a.(1).
- 7.b** **Other savings deposit accounts of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of other savings deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C, above. The sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Schedule RC-E, Memorandum item 2.a.(2), above.
- 7.b.(1)** **Deposits in other savings deposit accounts intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column C, held in other savings deposit accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude other savings deposit accounts in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.
- 7.b.(2)** **Deposits in all other savings deposit accounts of individuals, partnerships, and corporations.** Report the amount of all other savings deposits of individuals, partnerships, and corporations included in Schedule RC-E, item 1, column C, that were not reported in Memorandum item 7.b.(1).

Schedule RC-M – Memoranda

Item No. **Caption and Instructions**

- 8** **Internet Web site addresses and physical office trade names.** Because the Uniform Resource Locators (URLs) of Internet Web sites and the physical office trade names reported in items 8.a, 8.b, and 8.c are publicly available, each institution should ensure that it accurately reports its URLs and physical office trade names, if any. URLs of Internet Web sites and physical office trade names should not exceed 75 characters in length.

Examples of URLs are www.bank.com, www.isp.com/bank/, and bank.isp.com. When entering the URL of an Internet Web site in items 8.a and 8.b, the URL should not be prefaced with http:// because this is already included on the form. Do not provide e-mail addresses in the spaces for URLs of Internet Web sites.

- 8.a** **Uniform Resource Locator (URL) of the reporting institution’s primary Internet Web site (home page), if any.** The URL of an institution’s primary Internet Web site is the URL of the public-facing Web site that the institution’s customers or potential customers enter into Internet browser software in order to find the first page of the institution’s principal Web site.

If the reporting institution has a primary Internet Web site or home page, report in this item the URL of this Web site or home page (e.g., www.examplebank.com). If the reporting institution does not have its own Web site or home page, but information on or functions of the institution can be accessed through the URL of an affiliate’s Web site, the URL of that affiliate’s primary Web site should be reported in this item.

An institution that maintains more than one Web site that prominently displays the institution’s legal title should report in this item the URL of the Web site that best represents the institution. In this situation, the institution should determine whether it should report the URLs of these other Web sites in Schedule RC-M, item 8.b, below.

If an institution has no Web site or home page of its own and the institution cannot be accessed through the URL of an affiliate’s Web site, this item should be left blank.

- 8.b** **URLs of all other public-facing Internet Web sites that the reporting institution uses to accept or solicit deposits from the public, if any.** If the reporting institution directly or indirectly operates one or more public-facing Internet Web sites besides its primary Internet Web site, the institution should report the URLs of each of its other public-facing Web sites that it uses to accept or solicit deposits from the public in the text fields for items 8.b.(1) through 8.b.(10) and, if necessary, in Schedule RI-E, item 7, “Other explanations.” Do not report the URLs of public-facing Internet Web sites operated by the reporting institution that do not accept or solicit deposits from the public. In addition, do not report the URLs of Internet Web sites of any non-bank affiliates or subsidiaries that do not accept or solicit deposits from the public on behalf of the institution. Do not report the URLs of affiliated, separately chartered insured depository institutions.

When reporting the URLs for public-facing Web sites used to accept or solicit deposits, report only the highest level URLs. When an institution uses multiple top level domain names (e.g., .com, .net, and .biz), it should separately report the URLs that are otherwise the same except for the top level domain name.

Schedule RC-M – Memoranda (cont.)

Item No. Caption and Instructions

8.b For example, an institution with a legal title of XYZ Bank reports in Schedule RC-M that the
(cont.) URL of its primary Internet Web site is www.xyzbank.com. The institution also solicits
deposits using the Web site address “www.safeandsoundbank.com” and provides more
specific deposit information at “www.safeandsoundbank.com/checking” and
“www.safeandsoundbank.com/CDs.” Only the first of these three URLs
(i.e., “www.safeandsoundbank.com”) should be reported in this item 8.b. XYZ Bank also
uses the Web site address “www.xyzbank.biz” in the solicitation of deposits and it should
report this URL in this item 8.b. Finally, XYZ Bank operates a Web site for which the URL is
“www.xyzauto loans.com.” This Web site does not accept or solicit deposits and its URL
should not be reported in this item 8.b.

8.c **Trade names other than the reporting institution’s legal title used to identify one or
more of the institution’s physical offices at which deposits are accepted or solicited
from the public, if any.** An institution may use a trade name other than its legal title as
reflected in its charter to identify certain of its physical offices, for example, due to a merger
and an interest in maintaining the presence of the acquired institution’s well recognized name
in the community or communities it served.

If the reporting institution operates one or more physical offices to conduct banking activities
and uses one or more trade names other than its legal title to identify these physical offices
(for example, via signage displayed on the facilities), the institution should report each trade
name used by one or more of its physical offices at which it accepts or solicits deposits
from the public in the text fields for items 8.c.(1) through 8.c.(6) and, if necessary, in
Schedule RI-E, item 7, “Other explanations.” Do not report the trade names used by any
physical offices of the reporting institution at which the institution does not accept or solicit
deposits from the public. In addition, do not report the physical office trade names of any
non-bank affiliates or subsidiaries that do not accept or solicit deposits from the public on
behalf of the institution. Do not report the physical office trade names of affiliated, separately
chartered insured depository institutions.

For example, an institution with a legal title of XYZ Bank operates one or more branch offices
under the trade name of “Community Bank of ABC” (as identified by the signage displayed on
each facility) where it accepts and solicits deposits from the public. XYZ Bank should report
this trade name (and any other trade names it uses at other physical office locations where it
accepts or solicits deposits) in this item 8.c. XYZ Bank also has a loan production office that
operates under the trade name of “XYZ Consumer Loans” and a mortgage lending subsidiary
that operates physical offices using the trade name of “XYZ Mortgage Company”; deposits
are not accepted nor solicited on behalf of XYZ Bank at these physical offices. Thus, neither
of these two trade names should be reported in this item 8.c.

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Schedule RC-M – Memoranda (cont.)

Item No. Caption and Instructions

16 Remittance transfers offered to consumers.

When item 16 refers to “remittance transfers,” it refers to transfers that:

- (1) Are “remittance transfers” as defined by Subpart B of Regulation E (12 CFR § 1005.30(e)), or
- (2) Would qualify as “remittance transfers” under Subpart B of Regulation E (12 CFR § 1005.30(e)) but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f).

Subpart B of Regulation E took effect on October 28, 2013. For purposes of responding to the questions in Schedule RC-M, items 16.a and 16.b, below, as they apply to periods in 2012 and 2013 prior to that date, institutions should apply the definitions and terms in Subpart B of Regulation E as if they had nevertheless been in effect.

Under Subpart B of Regulation E, a “remittance transfer” is an electronic transfer of funds requested by a sender to a designated recipient that is sent by a remittance transfer provider. The term applies regardless of whether the sender holds an account with the remittance transfer provider, and regardless of whether the transaction is also an “electronic fund transfer,” as defined in Regulation E. See 12 CFR § 1005.30(e).

A “remittance transfer provider” is any person that provides remittance transfers for a consumer in the normal course of its business, regardless of whether the consumer holds an account with such person. See 12 CFR § 1005.30(f).

Examples of remittance transfers include the following (see Regulation E, Subpart B, comment 30(e)-3.i):

- (1) Transfers where the sender provides cash or another method of payment to a money transmitter or financial institution and requests that funds be sent to a specified location or account in a foreign country.
- (2) Consumer wire transfers, where a financial institution executes a payment order upon a sender’s request to wire money from the sender’s account to a designated recipient.
- (3) An addition of funds to a prepaid card by a participant in a prepaid card program, such as a prepaid card issuer or its agent, that is directly engaged with the sender to add these funds, where the prepaid card is sent or was previously sent by a participant in the prepaid card program to a person in a foreign country, even if a person located in a State (including a sender) retains the ability to withdraw such funds.
- (4) International automated clearing house (ACH) transactions sent by the sender’s financial institution at the sender’s request.
- (5) Online bill payments and other electronic transfers that a sender schedules in advance, including preauthorized remittance transfers, made by the sender’s financial institution at the sender’s request to a designated recipient.

Under Subpart B of Regulation E, the term “remittance transfer” does not include, for example:

- (1) Small value transactions, i.e., transfer amounts, as described in 12 CFR § 1005.31(b)(1)(i), of \$15 or less. See 12 CFR § 1005.30(e)(2)(i).
- (2) Securities and commodities transfers that are excluded from the definition of electronic fund transfer under 12 CFR § 1005.3(c)(4). See 12 CFR § 1005.30(e)(2)(ii).

Schedule RC-M – Memoranda (cont.)

Item No. Caption and Instructions

- 16**
(cont.)
- (3) A consumer's provision of a debit, credit or prepaid card, directly to a foreign merchant as payment for goods or services because the issuer is not directly engaged with the sender to send an electronic transfer of funds to the foreign merchant when the issuer provides payment to the merchant. See Regulation E, Subpart B, comment 30(e)-3.ii.A.
 - (4) A consumer's deposit of funds to a checking or savings account located in a State, because there has not been a transfer of funds to a designated recipient. See Regulation E, Subpart B, comment 30(e)-3.ii.B.
 - (5) Online bill payments and other electronic transfers that senders can schedule in advance, including preauthorized transfers, made through the Web site of a merchant located in a foreign country and via direct provision of a checking account, credit card, debit card or prepaid card number to the merchant, because the financial institution is not directly engaged with the sender to send an electronic transfer of funds to the foreign merchant when the institution provides payment to the merchant. See Regulation E, Subpart B, comment 30(e)-3.ii.C.

NOTE: Items 16.a.(1)(a) through (d) are one-time items to be completed by all institutions only as of March 31, 2014. Items 16.a.(2)(a) through (d) are to be completed by all institutions initially as of March 31, 2014, and semiannually thereafter in the June and December reports beginning June 30, 2014; these items will be renumbered as items 16.a.(1) through (4) effective June 30, 2014.

16.a Mechanisms offered to consumers in any state for sending remittance transfers to recipients abroad:

- 16.a.(1) In 2012, did your institution offer to consumers in any state any of the following mechanisms for sending remittance transfers to recipients abroad?** Indicate in the boxes marked "Yes" and "No" whether, at any point in calendar year 2012, your institution offered to consumers in any state any of the specified mechanisms for sending remittance transfers to recipients abroad.
- 16.a.(1)(a) International wire transfers.** Indicate in the boxes marked "Yes" and "No" whether, at any point in calendar year 2012, your institution offered international wire transfers to consumers in any state. Mark "Yes" for this item only if your institution offered international wire transfers as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent international wire transfers as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of international wire transfers.
- 16.a.(1)(b) International ACH transactions.** Indicate in the boxes marked "Yes" and "No" whether, at any point in calendar year 2012, your institution offered international automated clearing house (ACH) transactions to consumers in any state. Mark "Yes" for this item only if your institution offered international automated clearing house (ACH) transactions as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent international ACH transactions as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of international ACH transactions.
- 16.a.(1)(c) Other proprietary services operated by your institution.** Indicate in the boxes marked "Yes" and "No" whether, at any point in calendar year 2012, your institution offered other proprietary services operated by your institution to consumers in any state. Other proprietary services are any proprietary remittance transfer services other than international wire transfers and international ACH transactions. These types of services may include cash-based transfers, bill payment services, prepaid card services, or other services that qualify as

Schedule RC-M – Memoranda (cont.)

Item No. Caption and Instructions

- 16.a.(1)(c)** remittance transfer services. Mark “Yes” for this item only if your institution offered any such services as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent transfers as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of remittance transfers.
(cont.)
- 16.a.(1)(d)** **Other proprietary services operated by another party.** Indicate in the boxes marked “Yes” and “No” whether, at any point in calendar year 2012, your institution offered other proprietary services operated by another party to consumers in any state. Other proprietary services are proprietary remittance transfer services other than international wire transfers and international ACH transactions for which another entity was the provider. These types of services may include cash-based transfers, bill payment services, prepaid card services, or other services that qualify as remittance transfer services. Mark “Yes” for this item only if another institution was the provider to the consumer and your institution was acting as an agent or similar type of business partner that offers services to consumers sending remittance transfers. For purposes of responding to this question, do not consider (a) services in which your institution sent remittance transfers as a correspondent bank for another institution, or (b) services for which your institution was the provider to the consumer.
- 16.a.(2)** **As of the report date, did your institution offer to consumers in any state any of the following mechanisms for sending remittance transfers to recipients abroad?** Indicate in the boxes marked “Yes” and “No” whether, as of the report date, your institution offered to consumers in any state any of the specified mechanisms for sending remittance transfers to recipients abroad.
- 16.a.(2)(a)** **International wire transfers.** Indicate in the boxes marked “Yes” and “No” whether, as of the report date, your institution offered international wire transfers to consumers in any state. Mark “Yes” for this item only if your institution offered international wire transfers as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent international wire transfers as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of international wire transfers.
- 16.a.(2)(b)** **International ACH transactions.** Indicate in the boxes marked “Yes” and “No” whether, as of the report date, your institution offered international automated clearing house (ACH) transactions to consumers in any state. Mark “Yes” for this item only if your institution offered international ACH transactions as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent international ACH transactions as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of international ACH transactions.
- 16.a.(2)(c)** **Other proprietary services operated by your institution.** Indicate in the boxes marked “Yes” and “No” whether, as of the report date, your institution offered other proprietary services operated by your institution to consumers in any state. Other proprietary services are any proprietary remittance transfer services other than international wire transfers or international ACH transactions. These types of services may include cash-based transfers, bill payment services, prepaid card services, or other services that qualify as remittance transfer services. Mark “Yes” for this item only if your institution offered any such services as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent transfers as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of remittance transfers.

Schedule RC-M – Memoranda (cont.)

Item No. Caption and Instructions

16.a.(2)(d) Other proprietary services operated by another party. Indicate in the boxes marked “Yes” and “No” whether, as of the report date, your institution offered other proprietary services operated by another party to consumers in any state. Other proprietary services are proprietary remittance transfer services other than international wire and international ACH transactions for which another entity was the provider. These types of services may include cash-based transfers, bill payment services, prepaid card services, or others that qualify as remittance transfer services. Mark “Yes” for this item only if another institution was the provider to the consumer and your institution was acting as an agent or similar type of business partner that offers services to consumers sending remittance transfers. For purposes of responding to this question, do not consider (a) services in which your institution sent transfers as a correspondent bank for another institution, (b) services for which your institution was the provider to the consumer.

NOTE: Item 16.b is to be completed by all institutions as of March 31, 2014. Item 16.b is to be completed by all institutions annually thereafter in the June report only beginning June 30, 2014.

16.b Did your institution provide more than 100 remittance transfers in the previous calendar year or does your institution estimate that it will provide more than 100 remittance transfers in the current calendar year? Indicate your institution’s response to this question in the boxes marked “Yes” and “No.” Mark “Yes” for this item if your institution satisfies either of the criteria listed in the question. In other words, mark “Yes” if your institution provided more than 100 remittance transfers in the previous calendar year (regardless of how many transfers your institution estimates that it will provide in the current calendar year). Also mark “Yes” if your institution estimates that it will provide more than 100 remittance transfers in the current calendar year (regardless of how many transfers your institution provided in the previous calendar year).

Any estimates should be based on a reasonable and supportable estimation methodology. A remittance transfer should be counted as the date of the transfer. Count only remittance transfers for which your institution is the provider. Do not count or estimate remittance transfers that your institution sent as an agent or a correspondent bank for another provider.

NOTE: Item 16.c is to be completed by institutions that answered “Yes” to item 16.b in the current report, or, if item 16.b is not required to be completed in the current report, in the most recent prior report in which item 16.b was required to be completed. Item 16.c is to be completed initially as of March 31, 2014, and semiannually thereafter in the June and December reports beginning June 30, 2014 report.

16.c Indicate which of the mechanisms described in items 16.a.(2)(a), (b), and (c) above¹ is the mechanism that your institution estimates accounted for the largest number of remittance transfers that your institution provided during [the specified period].

Consider whether your institution marked “Yes” in its responses to items 16.a.(2)(a), (b), or (c). If you marked “Yes” in response to any of these subitems, estimate which of the three listed mechanisms accounted for the greatest number of remittance transfers that your institution provided during the appropriate specified period. For the March 2014 report, the estimate should cover the period from October 28, 2013, to December 31, 2013. For reports after the March 2014 report, the estimate should cover remittance transfers provided during the two quarters ending on the report date.

¹ For the June 30, 2014, and subsequent report dates, the item references used in the caption and instructions for item 16.c will be to items 16.a.(1), (2), and (3).

Schedule RC-M – Memoranda (cont.)

Item No. Caption and Instructions

16.c
(cont.) The same definitions used in item 16.a.(2)(a), (b), and (c) apply to this item. Any estimation methodology used should be reasonable and supportable. A remittance transfer should be counted as of the date of the transfer.

If you estimate that international wire transfers accounted for the greatest number of remittance transfers that your institution provided, enter “1.” If you estimate that international ACH transactions accounted for the greatest number of remittance transfers that your institution provided, enter “2.” If you estimate that proprietary services operated by your institution accounted for the greatest number of remittance transfers that your institution provided, enter “3.” If your institution did not provide any of the transfers described in items 16.a.(2)(a), (b), and (c), enter “0.”

NOTE: Item 16.d is to be completed by institutions that answered “Yes” to item 16.b in the current report, or, if item 16.b is not required to be completed in the current report, in the most recent prior report in which item 16.b was required to be completed. Item 16.d is to be completed initially as of March 31, 2014, and semiannually thereafter in the June and December reports beginning June 30, 2014 report.

- 16.d Estimated number and dollar value of remittance transfers provided by your institution during [the specified period].** Estimates should be based on a reasonable and supportable methodology. Estimated figures should include only remittance transfers for which your institution was the provider. Do not count transfers for which another entity was the provider and your institution sent the transfer as a correspondent bank or agent for the other provider. A remittance transfer should be counted as of the date of the transfer. For the March 2014 report, the estimate should cover the period from October 28, 2013 to December 31, 2013. For reports after the March 2014 report, the estimate should cover remittance transfers provided during the two quarters ending on the report date.
- 16.d.(1) Estimated number of remittance transfers.** Report the estimated number of remittance transfers that your institution provided during the specified period.
- 16.d.(2) Estimated dollar value of remittance transfers.** Report the estimated dollar value of remittance transfers that your institution provided during the specified period. The dollar value is not required to be estimated in thousands of dollars. In other words, if an estimate is in the millions of dollars, the institution may report zeros for the thousands of dollars.
- 16.d.(3) Estimated number of remittance transfers for which your institution applied the temporary exception.** Report the estimated number of remittance transfers that your institution provided during the specified period for which your institution applied the temporary exception set forth in 12 CFR § 1005.32(a) under which insured institutions may provide estimates for certain disclosures in some instances.

Schedule RC-R – Regulatory Capital

Note Regarding the Revisions to Schedule RC-R, Regulatory Capital:

- Effective March 31, 2014:
 - Existing items 1 through 33 of Schedule RC-R will be designated Part I.A – Regulatory Capital Components and Ratios. All institutions except advanced approaches institutions will complete Schedule RC-R, Part I.A, in their Call Reports for March 31 through December 31, 2014. No changes are being made to Part I.A for 2014.
 - New Part I.B – Regulatory Capital Components and Ratios will be added to Schedule RC-R. Advanced approaches institutions will complete Schedule RC-R, Part I.B, in their Call Reports for March 31 through December 31, 2014.
 - Existing items 34 through 62 and Memorandum items 1 and 2 of Schedule RC-R will be designated Part II – Risk-Weighted Assets. All institutions will complete Schedule RC-R, Part II, in their Call Reports for March 31 through December 31, 2014. No changes are being made to Part II for 2014.
- Effective March 31, 2015:
 - Part I.A – Regulatory Capital Components and Ratios will be removed from Schedule RC-R.
 - Part I.B – Regulatory Capital Components and Ratios will be designated Part I of Schedule RC-R and will be completed by all institutions beginning with the Call Report for March 31, 2015.
 - Part II – Risk-Weighted Assets of Schedule RC-R is to be replaced with a revised version of Part II that would incorporate the provisions of the banking agencies' revised regulatory capital rules. This revised version of Part II is to be completed by all institutions beginning with the Call Report for March 31, 2015. The proposed revisions to Part II will be the subject of a reporting proposal from the banking agencies in 2014.

Part I.B – Regulatory Capital Components and Ratios

General Instructions for Part I.B

The instructions for Schedule RC-R, Part I.B, should be read in conjunction with the revised regulatory capital rules issued by the reporting institution's primary federal supervisor.¹

Advanced approaches institutions:² Advanced approaches institutions must complete Schedule RC-R, Part I.B, starting on March 31, 2014. These institutions may use the amounts reported in Schedule RC-R, Part I.B to complete FFIEC 101, Schedule A, as applicable. As described in the General Instructions for FFIEC 101, an institution must begin reporting on the FFIEC 101, Schedule A, except for a few specific line items, at the end of the quarter after the quarter in which the institution

¹ See 78 FR 62018, October 11, 2013 (Board and OCC); 78 FR 55340, September 10, 2013 (FDIC).

² An advanced approaches institution as defined in the federal supervisor's revised regulatory capital rules (i) has consolidated total assets (excluding assets held by an insurance underwriting subsidiary) on its most recent year-end regulatory report equal to \$250 billion or more; (ii) has consolidated total on-balance sheet foreign exposure on its most recent year-end regulatory report equal to \$10 billion or more (excluding exposures held by an insurance underwriting subsidiary), as calculated in accordance with FFIEC 009; (iii) is a subsidiary of a depository institution that uses the advanced approaches pursuant to subpart E of 12 CFR part 3 (OCC), 12 CFR part 217 (Board), or 12 CFR part 325 (FDIC) to calculate its total risk-weighted assets; (iv) is a subsidiary of a bank holding company or savings and loan holding company that uses the advanced approaches pursuant to 12 CFR part 217 to calculate its total risk-weighted assets; or (v) elects to use the advanced approaches to calculate its total risk-weighted assets. As described in section 121 of the revised regulatory capital rules, an institution must adopt a written implementation plan no later than 6 months after the institution meets the criteria above and work with its primary federal supervisor on implementing the parallel run process.

Schedule RC-R – Regulatory Capital (cont.)

General Instructions for Part I.B (cont.)

triggers one of the threshold criteria for applying the advanced approaches rule or elects to use the advanced approaches rule (an opt-in institution),³ and it must begin reporting data on the remaining schedules of the FFIEC 101 at the end of the first quarter in which it has begun its parallel run period.

Advanced approaches institutions must continue to file Schedule RC-R, Regulatory Capital, as well as the FFIEC 101. Advanced approaches institutions should not complete Schedule RC-R, Part I.A, for report dates in 2014.

An institution that is subject to the advanced approaches rule remains subject to the rule unless its primary federal supervisor determines in writing that application of the rule is not appropriate in light of the institution's asset size, level of complexity, risk profile, or scope of operations.

Institutions not subject to advanced approaches rule: Starting on March 31, 2015, all other institutions must complete Schedule RC-R, Part I.B, using the instructions below for items 1 through 48.⁴ Institutions must complete the applicable items using the mandatory transition provisions which are included in certain items. Institutions, except for advanced approaches institutions, must apply the transition provisions starting with calendar year 2015. In general, transition provisions apply to the minimum regulatory capital ratios; the capital conservation buffer; the regulatory capital adjustments and deductions; and non-qualifying capital instruments. For example, transition provisions for the regulatory capital adjustments and deductions specify that certain items that were deducted from tier 1 capital previously will be deducted from common equity tier 1 capital under the revised regulatory capital rules, with the amount of the deduction changing each calendar year until the transition period ends. For some regulatory capital deductions and adjustments, the non-deducted portion of the item is either risk-weighted for the remainder of the transition period or deducted from additional tier 1 capital, as described in the instructions for the applicable items below.

Item Instructions for Part I.B

Item No. Caption and Instructions

Common Equity Tier 1 Capital

- 1 **Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares.** Report the sum of Schedule RC, items 24 and 25, less item 26.c, as follows:
 - (1) **Common stock:** Report the amount of common stock reported in Schedule RC, item 24, provided it meets the criteria for common equity tier 1 capital based on the regulatory capital rules of the institution's primary federal supervisor. Include capital instruments issued by mutual banking organizations that meet the criteria for common equity tier 1 capital.

³ An institution is deemed to have elected to use the advanced approaches rule on the date that its primary federal supervisor receives from the institution a board-approved implementation plan pursuant to section 121(b)(2) of the revised regulatory capital rules. After that date, in addition to being required to report on the FFIEC 101, Schedule A, the institution may no longer apply the AOCI opt-out election in section 22(b)(2) of the revised regulatory capital rules and it becomes subject to the supplementary leverage ratio in section 10(c)(4) of the rules and its associated transition provisions.

⁴ Beginning with the March 31, 2015, reporting date, Schedule RC-R, Part I.B, will replace Schedule RC-R, Part I.A.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 1** (2) **PLUS: Related surplus:** Adjust the amount reported in Schedule RC, item 25 as follows: include the net amount formally transferred to the surplus account, including capital contributions, and any amount received for common stock in excess of its par or stated value on or before the report date; exclude adjustments arising from treasury stock transactions.
- (cont.)
- (3) **LESS: Treasury stock, unearned ESOP shares, and any other contra-equity components:** Report the amount of contra-equity components reported in Schedule RC, item 26.c.

2 **Retained earnings.** Report the amount of the institution's retained earnings as reported in Schedule RC, item 26.a.

3 **Accumulated other comprehensive income (AOCI).** Report the amount of AOCI as reported under generally accepted accounting principles (GAAP) in the U.S. that is included in Schedule RC, item 26.b, subject to the transition provisions described in section (ii) in item 3.a below, if applicable.

3.a **AOCI opt-out election.**

(i) All institutions, except advanced approaches institutions

An institution that is not an advanced approaches institution may make a one-time election to become subject to the AOCI-related adjustments in Schedule RC-R, items 9.a through 9.e. That is, such an institution may opt-out of the requirement to include most components of AOCI in common equity tier 1 capital (with the exception of accumulated net gains and losses on cash flow hedges related to items that are not recognized at fair value on the balance sheet). An institution that makes an AOCI opt-out election must enter "1" for "Yes" in item 3.a. There are no transition provisions applicable to reporting Schedule RC-R, item 3, if an institution makes an AOCI opt-out election.

An institution (except an advanced approaches institution) must make its AOCI opt-out election on the institution's March 31, 2015, Call Report. For an institution that comes into existence after March 31, 2015, the AOCI opt-out election must be made on the institution's first Call Report. Each of the institution's depository institution subsidiaries, if any, must elect the same option as the institution. With prior notice to its primary federal supervisor, an institution resulting from a merger, acquisition, or purchase transaction may make a new AOCI opt-out election, as described in section 22(b)(2) of the revised regulatory capital rules.

(ii) Institutions that do not make an AOCI opt-out election and all advanced approaches institutions:

An institution that does not make an AOCI opt-out election and enters "0" for "No" in item 3.a and all advanced approaches institutions are subject to the AOCI-related adjustment in Schedule RC-R, item 9.f. In addition, beginning January 1, 2014, for advanced approaches institutions and January 1, 2015, for all other institutions that report "No" in item 3.a and through December 31, 2017, these institutions must report Schedule RC-R, item 3, subject to the following transition provisions:

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 3.a** (cont.) **Transition provisions:** Report AOCI adjusted for the transition AOCI adjustment amount in Schedule RC-R, item 3, as described below. AOCI components must be reported net of deferred tax effects, as reported under GAAP:
- (i) Determine the aggregate amount of the following items:
 - (1) Unrealized gains on available-for-sale securities that are preferred stock classified as an equity security under GAAP or available-for-sale equity exposures, plus
 - (2) Net unrealized gains (losses) on available-for-sale securities that are not preferred stock classified as an equity security under GAAP or available-for-sale equity exposures, plus
 - (3) Any amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (excluding, at the reporting institution's option, the portion relating to pension assets deducted in Schedule RC-R, item 10.b.(2)), plus
 - (4) Accumulated net gains (losses) on cash flow hedges related to items that are reported on the balance sheet at fair value included in AOCI, plus
 - (5) Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI.
 - (ii) Multiply the amount calculated in step (i) by the appropriate percentage in Table 1 below. This amount is the calendar-year transition AOCI adjustment amount.
 - (iii) Report in Schedule RC-R, item 3, the amount of AOCI reported in Schedule RC, item 26.b, minus the calendar-year transition AOCI adjustment amount calculated in step (ii).

Table 1 – Percentage of the transition AOCI adjustment amount to be applied to common equity tier 1 capital

Transition period	Percentage of the transition AOCI adjustment amount to be applied to common equity tier 1 capital
Calendar year 2014	80
Calendar year 2015	60
Calendar year 2016	40
Calendar year 2017	20
Calendar year 2018 and thereafter	0

- 4** **Common equity tier 1 minority interest includable in common equity tier 1 capital.** Report the aggregate amount of common equity tier 1 minority interest, calculated as described below and in section 21 of the revised regulatory capital rules. Common equity tier 1 minority interest is the portion of common equity tier 1 capital in a reporting institution's subsidiary not attributable, directly or indirectly, to the parent institution. Note that a bank may only include common equity tier 1 minority interest if: (a) the subsidiary is a depository institution or a foreign bank; and (b) the capital instruments issued by the subsidiary meet all of the criteria for common equity tier 1 capital (qualifying common equity tier 1 capital instruments). In general, the minority interest limitation applies only if a subsidiary has a surplus common equity tier 1 capital (that is, in excess of the subsidiary's minimum capital requirements and the applicable capital conservation buffer).

Example and a worksheet calculation: For each consolidated subsidiary that is a depository institution or a foreign bank, calculate common equity tier 1 minority interest includable at the reporting institution's level as follows:

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

4
(cont.)

Assumptions:

- Risk-weighted assets of the consolidated subsidiary are the same as the risk-weighted assets of the institution that relate to the subsidiary (\$1,000);
- The subsidiary's common equity tier 1 capital is \$80;
- The subsidiary's common equity tier 1 minority interest (that is, owned by minority shareholders) is \$24.

(1)	Determine the risk-weighted assets of the subsidiary using the risk-based capital framework applicable to that subsidiary.	\$1,000
(2)	Determine the risk-weighted assets of the institution that relate to the subsidiary depository institution. Note that the amount in this step (2) may differ from the amount in step (1) due to intercompany transactions and eliminations in consolidation.	\$1,000
(3)	Determine the lower of (1) or (2), and multiply that amount by 7.0%. ⁵	$\$1,000 \times 7\% = \70
(4)	Determine the dollar amount of the subsidiary's common equity tier 1 capital (assumed \$80 in this example). If this amount is less than step (3), include this amount in Schedule RC-R, item 4. Otherwise, continue to step (5).	\$80
(5)	Subtract the amount in step (3) from the amount in step (4). This is the "surplus common equity tier 1 capital of the subsidiary."	$\$80 - \$70 = \$10$
(6)	Determine the percent of the subsidiary's common equity tier 1 capital owned by third parties (the minority shareholders).	$\$24/\$80 = 30\%$
(7)	Multiply the percentage from step (6) by the dollar amount in step (5). This is the "surplus common equity tier 1 minority interest of the subsidiary," subject to the transition provisions below.	$30\% \times \$10 = \3
(8)	Subtract the amount in step (7) from the subsidiary's common equity tier 1 minority interest.	$\$24 - \$3 = \$21$
(9)	This is the "common equity tier 1 minority interest includable at the reporting institution's level" to be included in Schedule RC-R, item 4, for this subsidiary.	\$21

Transition provisions for surplus minority interest or non-qualifying minority interest:

a. Surplus minority interest:

An institution may include in common equity tier 1 capital, tier 1 capital, or total capital the percentage of the common equity tier 1 minority interest, tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014, that exceeds any common equity tier 1 minority interest, tier 1 minority interest or total capital minority interest includable under section 21 of the revised regulatory capital rules (surplus minority interest) as follows:

- (i) Determine the amounts of outstanding surplus minority interest (for the case of common equity tier 1, tier 1, and total capital).

⁵ The percentage multiplier in step (3) is the capital ratio necessary for the depository institution to avoid restrictions on distributions and discretionary bonus payments. Advanced approaches institutions must adjust this percentage to account for all the applicable buffers.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 4** (ii) Multiply the amounts in (i) it by the appropriate percentage in Table 2 below.
(cont.) (iii) Include the amounts in (ii) in the corresponding line items (that is, Schedule RC-R, item 4, item 22, or item 29).

In the worksheet calculation above, the transition provisions for surplus minority interest would apply at step (7). Specifically, if the institution has \$3 of surplus common equity tier 1 minority interest of the subsidiary as of January 1, 2014, it may include \$2.40 (that is, \$3 multiplied by 80%) in Schedule RC-R, item 4, during calendar year 2014; \$1.80 during calendar year 2015; \$1.20 during calendar year 2016; \$0.60 during calendar year 2017; and \$0 starting on January 1, 2018.

b. Non-qualifying minority interest:

An institution may include in tier 1 capital or total capital the percentage of the tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014, that does not meet the criteria for additional tier 1 or tier 2 capital instruments in section 20 of the revised regulatory capital rules (non-qualifying minority interest). The institution must phase-out non-qualifying minority interest in accordance with Table 2, using the following steps for each subsidiary:

- (i) Determine the amounts of the outstanding non-qualifying minority interest (in the form of additional tier 1 and tier 2 capital).
- (ii) Multiply the amounts in (i) by the appropriate percentage in Table 2 below.
- (iii) Include the amounts in (ii) in the corresponding item (that is, Schedule RC-R, item 22 or item 29).

For example, if an institution has \$10 of non-qualifying minority interest that previously qualified as tier 1 capital, it may include \$8 (that is, \$10 multiplied by 80%) during calendar year 2014, \$6 during calendar year 2015, \$4 during calendar year 2016, \$2 during calendar year 2017, and \$0 starting in January 1, 2018.

Table 2 – Percentage of the amount of surplus or non-qualifying minority interest includable in regulatory capital during the transition period

Transition period	Percentage of the amount of surplus or non-qualifying minority interest that can be included in regulatory capital during the transition period
Calendar year 2014	80
Calendar year 2015	60
Calendar year 2016	40
Calendar year 2017	20
Calendar year 2018 and thereafter	0

- 5** **Common equity tier 1 capital before adjustments and deductions.** Report the sum of Schedule RC-R, items 1, 2, 3, and 4.

Common equity tier 1 capital: adjustments and deductions

Note 1: As described in section 22(b) of the revised regulatory capital rules, regulatory adjustments to common equity tier 1 capital must be made net of associated deferred tax effects.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

5 (cont.) *Note 2:* As described in section 22(e) of the revised regulatory capital rules, netting of deferred tax liabilities (DTLs) against assets that are subject to deduction is permitted if the following conditions are met:

- (i) The DTL is associated with the asset;
- (ii) The DTL would be extinguished if the associated asset becomes impaired or is derecognized under GAAP; and
- (iii) A DTL can only be netted against a single asset.

The amount of deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances, and of DTAs arising from temporary differences that the institution could not realize through net operating loss carrybacks, net of any related valuation allowances, may be offset by DTLs (that have not been netted against assets subject to deduction) subject to the following conditions:

- (i) Only the DTAs and DTLs that relate to taxes levied by the same taxation authority and that are eligible for offsetting by that authority may be offset for purposes of this deduction.
- (ii) The amount of DTLs that the institution nets against DTAs that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances, and against DTAs arising from temporary differences that the institution could not realize through net operating loss carrybacks, net of any related valuation allowances, must be allocated in proportion to the amount of DTAs that arise from net operating loss and tax credit carryforwards (net of any related valuation allowances, but before any offsetting of DTLs) and of DTAs arising from temporary differences that the institution could not realize through net operating loss carrybacks (net of any related valuation allowances, but before any offsetting of DTLs), respectively.

An institution may offset DTLs embedded in the carrying value of a leveraged lease portfolio acquired in a business combination that are not recognized under GAAP against DTAs that are subject to section 22(a) of the revised regulatory capital rules in accordance with section 22(e).

An institution must net DTLs against assets subject to deduction in a consistent manner from reporting period to reporting period. An institution may change its DTL netting preference only after obtaining the prior written approval of the primary federal supervisor.

In addition, note that even though certain deductions may be net of associated DTLs, the risk-weighted portion of those items may not be reduced by the associated DTLs.

6 **LESS: Goodwill net of associated deferred tax liabilities (DTLs).** Report the amount of goodwill included in Schedule RC, item 10.a.

However, if the institution has a DTL that is specifically related to goodwill acquired in a taxable purchase business combination that it chooses to net against the goodwill, the amount of disallowed goodwill to be reported in this item should be reduced by the amount of the associated DTL.

If an institution has significant investments in the capital of unconsolidated financial institutions in the form of common stock, the institution should report in this item goodwill

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

6
(cont.) embedded in the valuation of a significant investment in the capital of an unconsolidated financial institution in the form of common stock (embedded goodwill). Such deduction of embedded goodwill would apply to investments accounted for under the equity method. Under GAAP, if there is a difference between the initial cost basis of the investment and the amount of underlying equity in the net assets of the investee, the resulting difference should be accounted for as if the investee were a consolidated subsidiary (which may include imputed goodwill).

There are no transition provisions for this item.

7 **LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs.** Report all intangible assets (other than goodwill and MSAs) net of associated DTLs, included in Schedule RC-M, items 2.b and 2.c, that do not qualify for inclusion in common equity tier 1 capital based on the regulatory capital rules of the institution's primary federal supervisor. Generally, all purchased credit card relationships (PCCRs) and non-mortgage servicing assets, reported in Schedule RC-M, item 2.b, and all other identifiable intangibles, reported in Schedule RC-M, item 2.c, do not qualify for inclusion in common equity tier 1 capital and should be included in this item.

Further, if the institution has a DTL that is specifically related to an intangible asset (other than servicing assets and PCCRs) acquired in a nontaxable purchase business combination that it chooses to net against the intangible asset for regulatory capital purposes, the amount of disallowed intangibles to be reported in this item should be reduced by the amount of the associated DTL. However, a DTL that the institution chooses to net against the related intangible reported in this item may not also be netted against DTAs when the institution determines the amount of DTAs that are dependent upon future taxable income and calculates the maximum allowable amount of such DTAs for regulatory capital purposes.

For state member banks, if the amount reported for other identifiable intangible assets in Schedule RC-M, item 2.c, includes intangible assets that were recorded on the reporting bank's balance sheet on or before February 19, 1992, the remaining book value as of the report date of these intangible assets may be excluded from this item.

Transition provisions:

- (i) Calculate the amount as described in the instructions for this item 7.
- (ii) Multiply the amount in (i) by the appropriate percentage in accordance with Table 3 below. Report the product in this item 7.
- (iii) Subtract (ii) from (i), without regard to any associated DTLs, to calculate the balance amount that must be risk weighted during the transition period.
- (iv) Multiply the amount in (iii) by 100 percent and report the risk-weighted assets as part of "All other assets" in Schedule RC-R, Part II.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

7 (cont.) Table 3 – Deduction of intangible assets other than goodwill and MSAs during the transition period

Transition period	Percentage of the deductions from common equity tier 1 capital
Calendar year 2014	20
Calendar year 2015	40
Calendar year 2016	60
Calendar year 2017	80
Calendar year 2018 and thereafter	100

For example, in calendar year 2014, an institution will deduct 20 percent of intangible assets (other than goodwill and MSAs), net of associated DTLs, from common equity tier 1 capital. The institution must apply a 100 percent risk weight to the remaining 80 percent of the intangible assets that are not deducted.

8 LESS: 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 DTAs that arise from net operating loss and tax credit carryforwards, net of associated valuation allowances and net of associated DTLs.

Transition provisions:

- (i) Determine the amount as described in the instructions for this item 8.
- (ii) Multiply the amount in (i) by the appropriate percent in column A of Table 4 below. Report this product in Schedule RC-R, item 8.
- (iii) Multiply the amount in (i) by the appropriate percent in column B of Table 4 below. Report this product as part of Schedule RC-R, item 24, “Additional tier 1 capital deductions.” If the institution does not have enough additional tier 1 capital to effect the deduction, it must deduct any shortfall from common equity tier 1 capital and report such amount as part of this Schedule RC-R, item 8, 10.a, or 10.b, as appropriate.

Table 4 – Deductions of DTAs, gain-on-sale, defined benefit pension fund assets, changes in fair value of liabilities, and expected credit losses during the transition period

Transition period	Column A: Percentage of the adjustment applied to common equity tier 1 capital	Column B: Percentage of the adjustment applied to tier 1 capital
Calendar year 2014	20	80
Calendar year 2015	40	60
Calendar year 2016	60	40
Calendar year 2017	80	20
Calendar year 2018 and thereafter	100	0

9 AOCI-related adjustments. Institutions that entered “1” for Yes in Schedule RC-R, item 3.a, must complete Schedule RC-R, items 9.a through 9.e, only. Institutions that entered “0” for No in Schedule RC-R, item 3.a, must complete Schedule RC-R, item 9.f, only.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 9.a **LESS: Net unrealized gains (losses) on available-for-sale securities.** Report the amount of net unrealized gains (losses) on available-for-sale securities, net of applicable taxes, that is included in Schedule RC, item 26.b, “Accumulated other comprehensive income.” If the amount is a net gain, report it as a positive value in this item. If the amount is a net loss, report it as a negative value in this item.
- 9.b **LESS: Net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures.** Report as a positive value net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that is included in Schedule RC, item 26.b, “Accumulated other comprehensive income.”
- 9.c **LESS: Accumulated net gains (losses) on cash flow hedges.** Report the amount of accumulated net gains (losses) on cash flow hedges that is included in Schedule RC, item 26.b, “Accumulated other comprehensive income.” If the amount is a net gain, report it as a positive value in this item. If the amount is a net loss, report it as a negative value in this item.
- 9.d **LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans.** Report the amounts recorded in AOCI and included in Schedule RC, item 26.b, “Accumulated other comprehensive income,” resulting from the initial and subsequent application of ASC Subtopic 715-20 (formerly FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”) to defined benefit postretirement plans (an institution may exclude the portion relating to pension assets deducted in Schedule RC-R, item 10.b). If the amount is a net gain, report it as a positive value in this item. If the amount is a net loss, report it as a negative value in this item.
- 9.e **LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI.** Report the amount of net unrealized gains (losses) that are not credit-related on held-to-maturity securities and are included in AOCI as reported in Schedule RC, item 26.b, “Accumulated other comprehensive income.” If the amount is a net gain, report it as a positive value. If the amount is a net loss, report it as a negative value.
- Include (i) the unamortized balance of the unrealized gain (loss) that existed at the date of transfer of a debt security transferred into the held-to-maturity category from the available-for-sale category and (ii) the unaccreted portion of other-than-temporary impairment losses on available-for-sale and held-to-maturity debt securities that was not recognized in earnings in accordance with ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”).
- 9.f **To be completed only by institutions that entered “0” for “No” in item 3.a:**
- LESS: Accumulated net gain (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.** Report the amount of accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

9.f (cont.) items that are not recognized at fair value on the balance sheet. If the amount is a net gain, report it as a positive value. If the amount is a net loss, report it as a negative value.

10 **Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:**

10.a **LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk.** Report the amount of unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in the institution's own credit risk. If the amount is a net gain, report it as a positive value in this item. If the amount is a net loss, report it as a negative value in this item.

Advanced approaches institutions only: include the credit spread premium over the risk free rate for derivatives that are liabilities.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 8.

10.b **LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions.** Report the amount of all other deductions from (additions to) common equity tier 1 capital that are not included in Schedule RC-R, items 1 through 9, as described below.

(1) After-tax gain-on-sale in connection with a securitization exposure. Include any after-tax gain-on-sale in connection with a securitization exposure. Gain-on-sale means an increase in the equity capital of an institution resulting from a securitization (other than an increase in equity capital resulting from the institution's receipt of cash in connection with the securitization or reporting of a mortgage servicing asset on Schedule RC).

Transition provisions: Follow the transition provisions in Schedule RC-R, item 8.

(2) Defined benefit pension fund assets, net of associated DTLs. An institution that is not an insured depository institution should include any defined benefit pension fund asset, net of any associated DTLs.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 8.

(3) Investments in the institution's own shares to the extent not excluded as part of treasury stock. Include the institution's investments in (including any contractual obligation to purchase) its own common stock instruments, including direct, indirect, and synthetic exposures to such capital instruments (as defined in the revised regulatory capital rules), to the extent such capital instruments are not excluded as part of treasury stock, reported in Schedule RC-R, item 1.

If an institution already deducts its investment in its own shares (for example, treasury stock) from its common equity tier 1 capital elements, it does not need to make such deduction twice.

An institution may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty credit risk and all other criteria in section 22(h) of the revised regulatory capital rules are met.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

10.b The institution must look through any holdings of index securities to deduct investments
(cont.) in its own capital instruments. In addition:

- (i) Gross long positions in investments in an institution's own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same underlying index;
- (ii) Short positions in index securities to hedge long cash or synthetic positions may be decomposed to recognize the hedge; and
- (iii) The portion of the index composed of the same underlying exposure that is being hedged may be used to offset the long position only if both the exposure being hedged and the short position in the index are covered positions under the market risk rule, and the hedge is deemed effective by the institution's internal control processes.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

- (4) Reciprocal cross-holdings in the capital of financial institutions in the form of common stock.** Include investments in the capital of other financial institutions (in the form of common stock) that the institution holds reciprocally (this is the corresponding deduction approach). Such reciprocal crossholdings may result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's capital instruments.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

- (5) Equity investments in financial subsidiaries.** Include the aggregate amount of its outstanding equity investments, including retained earnings, in its financial subsidiaries (as defined in 12 CFR 5.39 (OCC); 12 CFR 208.77 (Board); and 12 CFR 362.17 (FDIC)). The assets and liabilities may not be consolidated with those of the parent institution. No other deduction is required for these investments in the capital instruments of financial subsidiaries.

- (6) Advanced approaches institutions only that exit parallel run.⁶** Include the amount of expected credit loss that exceeds the institution's eligible credit reserves.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 8.

- 11** **LESS: 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.** An institution has a non-significant investment in the capital of an unconsolidated financial institution if it owns 10 percent or less of the issued and outstanding common shares of that institution.

Report the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that, in the aggregate, exceed the 10 percent

⁶ An advanced approaches institution that exits the parallel run is an advanced approaches institution that has completed the parallel run process and that has received notification from the primary federal supervisor pursuant to section 121(d) of subpart E of the revised regulatory capital rules.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

11 threshold for non-significant investments, calculated as described below. The institution may (cont.) apply associated DTLs to this deduction.

Example and a worksheet calculation:

Assumptions:

- Assume that an institution has a total of \$200 in non-significant investments in the capital of unconsolidated financial institutions, of which \$100 is in common shares. For this example, all of the \$100 in common shares is in the common stock of a publicly traded financial institution.
- Assume the amount reported on Schedule RC-R, item 5 (common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4), is \$1,000.
- Assume the amounts reported on Schedule RC-R, items 6 through 9.f, are all \$0.

(1)	Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions (including in the form of common stock, additional tier 1, and tier 2 capital).	\$200
(2)	Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock.	\$100
(3)	Subtract from Schedule RC-R, item 5, the amounts in Schedule RC-R, items 6, 7, 8, 9, and 10.	\$1,000 - \$0 = \$1,000
(4)	Multiply the amount in step (3) by 10%. This is “the ten percent threshold for non-significant investments.”	\$1,000 x 10% = \$100
(5)	If (1) is greater than (4), subtract (4) from (1) and multiply the result by the ratio of (2) divided by (1). Report this amount in this Schedule RC-R, item 11. If (1) is less than (4), enter zero in this item 11.	<i>Line (1) is greater than line (4); therefore \$200 - \$100 = \$100. Then (\$100 x 100/200) = \$50 Report \$50 in this item 11.</i>
(6)	Assign the applicable risk weight to the amount of non-significant investments in the capital of unconsolidated financial institutions that does not exceed the ten percent threshold for non-significant investments.	<i>Of the \$100 in common shares, \$50 are deducted in this item 11. The remaining \$50 needs to be included in risk-weighted assets in Schedule RC-R, Part II. *</i>

* In this case, \$50 x 300% risk weight for publicly traded common shares = \$150 in risk-weighted assets for the portion of common shares in an unconsolidated financial institution that are not deducted. Include this amount in Schedule RC-R, Part II, Risk-weighted Assets, in the “All other assets” item.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 11** (cont.) **Transition provisions for investments in capital instruments:**
- (i) Calculate the amount as described in the instructions for this item 11.
 - (ii) Multiply the amount in (i) by the appropriate percent in Table 5 below. Report this product in this item 11.
 - (iii) Subtract (ii) from (i); assign it the applicable risk weight; and report it in Schedule RC-R, Part II, as part of risk-weighted assets.

Table 5 – Deductions related to investments in capital instruments during the transition period

Transition period	Transition deductions – percentage of the deductions from common equity tier 1 capital
Calendar year 2014	20
Calendar year 2015	40
Calendar year 2016	60
Calendar year 2017	80
Calendar year 2018 and thereafter	100

- 12** **Subtotal.** Report the amount in Schedule RC-R, item 5, less the amounts in Schedule RC-R, items 6 through 11.

This subtotal will be used in Schedule RC-R, items 13 through 16, to calculate the amounts of items subject to the 10 and 15 percent common equity tier 1 capital threshold deductions (threshold items):

- (i) Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of DTLs,
- (ii) MSAs, net of associated DTLs; and
- (iii) DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs.

- 13** **LESS: 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.** An institution has a significant investment in the capital of an unconsolidated financial institution when it owns more than 10 percent of the issued and outstanding common shares of that institution.

Report the amount of 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, calculated as follows:

- (1) Determine the amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs.
- (2) If the amount in (1) is greater than 10 percent of Schedule RC-R, item 12, report the difference in this item 13.
- (3) If the amount in (2) is less than 10 percent of Schedule RC-R, item 12, report zero.

If the institution included embedded goodwill in Schedule RC-R, item 6, to avoid double counting, the institution may net such embedded goodwill already deducted against the

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

13
(cont.) exposure amount of the significant investment. For example, if an institution has deducted \$10 of goodwill embedded in a \$100 significant investment in the capital of an unconsolidated financial institution in the form of common stock, the institution would be allowed to net such embedded goodwill against the exposure amount of such significant investment (that is, the value of the investment would be \$90 for purposes of the calculation of the amount that would be subject to deduction).

Transition provisions for items subject to the threshold deductions:

- (i) Calculate the amount as described in the instructions for this item 13.
- (ii) Multiply the amount in (i) by the appropriate percent in Table 6 below. Report this product as this item amount. In addition:
- (iii) *From January 1, 2014, until January 1, 2018:* Subtract the amount in (ii) from the amount in (i), without regard to any associated DTLs; assign it a 100 percent risk weight in accordance with transition provisions in section 300 of the revised regulatory capital rules. Report this amount in Schedule RC-R, Part II, Risk-weighted Assets, in the “All other assets” item.
- (iv) *Starting on January 1, 2018:* Apply a 250 percent risk-weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted from common equity tier 1 capital, without regard to any associated DTLs. Report this amount in Schedule RC-R, Part II, Risk-weighted Assets, in the “All other assets” item.

Table 6 – Transition provisions for items subject to the threshold deductions

Transition period	Percentage of the deduction
Calendar year 2014	20
Calendar year 2015	40
Calendar year 2016	60
Calendar year 2017	80
Calendar year 2018 and thereafter	100

14 **LESS: MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.** Report the amount of MSAs included in Schedule RC-M, item 2.a, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold as follows:

- (1) Take the amount of MSAs as reported in Schedule RC-M, item 2.a, net of associated DTLs.
- (2) If the amount in (1) is higher than 10 percent of Schedule RC-R, item 12, report the difference in this item 14.
- (3) If the amount in (1) is lower than 10 percent of Schedule RC-R, item 12, enter zero.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 13 (that is, use table 6 in Schedule RC-R, item 13).

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

15 LESS: 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.

- (1) Determine the amount of DTAs arising from temporary differences that could not be realized through net operating loss carrybacks net of any related valuation allowances and net of associated DTLs (for example, DTAs resulting from the institution's ALLL).
- (2) If the amount in (1) is higher than 10 percent of Schedule RC-R, item 12, report the difference in this item 15.
- (3) If the amount in (1) is lower than 10 percent of Schedule RC-R, item 12, enter zero.

DTAs arising from temporary differences that could be realized through net operating loss carrybacks are not subject to deduction, and instead must be assigned to a 100 percent risk-weight category. For an institution that is a member of a consolidated group for tax purposes, the amount of DTAs that could be realized through net operating loss carrybacks may not exceed the amount that the institution could reasonably expect to have refunded by its parent holding company.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 13 (that is, use table 6 in item 13).

16 LESS: 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.

The aggregate amount of the threshold items (that is, 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) may not exceed 15 percent of the institution's common equity tier 1 capital, net of applicable adjustments and deductions (the 15 percent common equity tier 1 capital deduction threshold).

Transition provisions:

- A. *From January 1, 2014, until January 1, 2018, calculate this item 16 as follows:*
 - (i) Calculate the aggregate amount of the threshold items before deductions:
 - a. Significant investments in the capital of unconsolidated financial institutions in the form of common stock net of associated DTLs (Schedule RC-R, item 13, step 1);
 - b. MSAs net of associated DTLs (Schedule RC-R, item 14, step 1); and
 - c. DTAs arising from temporary differences that could not be realized through net operating loss carrybacks net of any related valuation allowance and net of DTLs (Schedule RC-R, item 15, step 1).
 - (ii) Multiply the amount in Schedule RC-R, item 12 (Subtotal) by 15 percent. This is *the 15 percent common equity deduction threshold for transition purposes.*
 - (iii) Sum up the amounts reported in Schedule RC-R, items 13, 14, and 15.
 - (iv) Deduct (iii) from (i).

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 16**
(cont.)
- (v) Deduct (ii) from (iv).
 - (vi) Multiply the amount in (iv) by the percentage in Table 6, in Schedule RC-R, item 13. Report the resulting amount in this item 16.

Example and a worksheet calculation:

Assume the following balance sheet amounts prior to deduction of these items:

- Common equity tier 1 capital subtotal amount reported in Schedule RC-R, item 12 = \$100
- Significant investments in the common shares of unconsolidated financial institutions net of associated DTLs = \$15.
- MSAs net of associated DTLs = \$7
- DTAs arising from temporary differences that could not be realized through net operating loss carrybacks net of any related valuation allowance and net of DTLs = \$6
- Amounts of each item that exceed the 10% limit:
 - Significant investments in the common shares of unconsolidated financial institutions net of associated DTLs = \$5 (reported in Schedule RC-R, item 13)
 - MSAs net of associated DTLs = \$0 (reported in Schedule RC-R, item 14)
 - DTAs arising from temporary differences that could not be realized through net operating loss carrybacks net of any related valuation allowances and net of DTLs = \$0 (reported in Schedule RC-R, item 15).

Calculation steps:

- (i) Sum of the significant investments in the common shares of unconsolidated financial institutions, MSAs, and DTAs (all net of associated DTLs) before deductions: $\$15 + \$7 + \$6 = \28
- (ii) 15% of the amount from Schedule RC-R, item 12: $15\% \times \$100 = \15
- (iii) Sum of the amounts reported in Schedule RC-R, items 13, 14, and 15: \$5
- (iv) Deduct the amount in step (iii) from the amount in step (i): $\$28 - \$5 = \$23$ (This is the amount of these three items that remains after the 10% deductions are taken.)
- (v) Deduct the amount in step (ii) from the amount in step (iv): $\$23 - \$15 = \$8$ (This is an additional deduction that must be taken).
- (vi) Determine the amount of the deduction for the applicable calendar year: $\$8 \times 40\%$ (amount that applies in calendar year 2015) = \$3.20
Report \$3.20 in this item 16.

- B. *Starting on January 1, 2018, calculate this item 16 as follows:*

Example and a worksheet calculation:

Assumptions:

- The amount reported in Schedule RC-R, item 12 is \$130. (This amount is common equity tier 1 after all deductions and adjustments, except for deduction of the threshold items).
- Assume that the associated DTLs are zero; also assume the following balance sheet amounts prior to deduction of these items:
 - Significant investments in the common shares of unconsolidated financial institutions net of associated DTLs = \$10.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

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(cont.)

	d. Total of a, b, and c	$\$10+13 + \$13 = \$36$
(5)	The 15 percent common equity tier 1 capital deduction threshold Calculate as follows:	
	a. Subtract the amount calculated in step (1.d) of this table from Schedule RC-R, item 12; b. Multiply the resulting amount by 17.65%	$(\$130 - \$60) \times 17.65\% = \$12.36$ <i>Rounds to \$12</i>
(6)	Amount of threshold items that exceed the 15 percent common equity tier 1 capital deduction threshold Report as follows:	
	a. If the amount in step (4.d) is greater than the amount in step (5), then subtract (5) from (4.d) and report this number in Schedule RC-R, item 16. (In addition, the institution must risk-weight the items that are not deducted at 250 percent in the risk-weighted asset section of this form.) b. If the amount in step (4.d) is less than the amount in step (5) amount, report zero in Schedule RC-R, item 16.	<i>The amount in step (4.d) (\$36) is greater than the amount in step 3 (\$12). Therefore: $\\$36 - \\$12 = \\$24$</i>
(7)	Advanced approaches institutions only need to complete this calculation: if the amount in step (6) is above zero, then pro-rate the threshold items' deductions as follows:	
	a. Significant investments in the capital of unconsolidated financial institutions in the form of common stock: multiply (6.a) by the ratio of (1.a) over (1.d). b. MSAs net of associated DTAs: multiply (6.a) by the ratio of (1.b) over (1.d). c. DTAs arising from temporary differences that could not be realized through net operating loss carrybacks: multiply (6.a) by the ratio of (1.c) over (1.d).	a. $\$12 \times (10/60) = \2 b. $\$12 \times (20/60) = \4 c. $\$12 \times (30/60) = \6 .

17 **LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions.** Report the total amount of deductions related to reciprocal cross holdings, non-significant investments in the capital of unconsolidated financial institutions, and non-common stock significant investments in the capital of unconsolidated financial institutions if the reporting institution does not have a sufficient amount of additional tier 1 capital and tier 2 capital to cover these deductions in Schedule RC-R, items 24 and 33.

18 **Total adjustments and deductions for common equity tier 1 capital.** Report the sum of Schedule RC-R, items 13 through 17.

19 **Common equity tier 1 capital.** Report Schedule RC-R, item 12 less item 18. The amount reported in this item is the numerator of the institution's common equity tier 1 risk-based capital ratio.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

Additional tier 1 capital

- 20** **Additional tier 1 capital instruments plus related surplus.** Report the portion of noncumulative perpetual preferred stock and related surplus included in Schedule RC, item 23, that satisfy all the criteria in the capital rules of the institution's primary federal supervisor.

Include instruments that were (i) issued under the Small Business Jobs Act of 2010, or, prior to October 4, 2010, under the Emergency Economic Stabilization Act of 2008 and (ii) were included in the tier 1 capital under the primary federal supervisor's general risk-based capital rules (for example, tier 1 instruments issued under the TARP program that are grandfathered permanently). Also include additional tier 1 capital instruments issued as part of an ESOP, provided that the repurchase of such instruments is required solely by virtue of ERISA for an institution that is not publicly-traded.

- 21** **Non-qualifying capital instruments subject to phase out from additional tier 1 capital.** Report the amount of non-qualifying capital instruments that may not be included in additional tier 1 capital, as described in item 20, and that is subject to phase out from additional tier 1 capital.

Depository institutions may include in regulatory capital debt or equity instruments issued prior to September 12, 2010, that do not meet the criteria for additional tier 1 or tier 2 capital instruments in section 20 of the revised regulatory capital rules but that were included in tier 1 or tier 2 capital, respectively, as of September 12, 2010 (non-qualifying capital instruments issued prior to September 12, 2010) up to the percentage of the outstanding principal amount of such non-qualifying capital instruments as of January 1, 2014, in accordance with Table 7 below, starting on January 1, 2014, for the case of advanced approaches depository institutions and on January 1, 2015, for non-advanced depository institutions.

The amount of non-qualifying capital instruments that is excluded from additional tier 1 capital in accordance with Table 7 may be included in tier 2 capital (in Schedule RC-R, item 28) without limitation, provided the instruments meet the criteria for tier 2 capital set forth in section 20(d) of the revised regulatory capital rules.

Transition provisions for non-qualifying capital instruments includable in additional tier 1 or tier 2 capital:

Table 7 applies separately to additional tier 1 and tier 2 non-qualifying capital instruments. For example, an advanced approaches institution that has \$100 in non-qualifying tier 1 instruments may include up to \$80 in additional tier 1 capital in 2014, and \$70 in 2015. If that same institution has \$100 in non-qualifying tier 2 instruments, it may include up to \$80 in tier 2 capital in 2014 and \$70 in 2015.

If the institution is involved in a merger or acquisition, it should treat its non-qualifying capital instruments following the requirements in section 300 of the revised regulatory capital rules.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

21 **Table 7 – Percentage of non-qualifying capital instruments includable in additional**
(cont.) **tier 1 or tier 2 capital during the transition period**

Transition period	Percentage of non-qualifying capital instruments includable in additional tier 1 or tier 2 capital
Calendar year 2014	80
Calendar year 2015	70
Calendar year 2016	60
Calendar year 2017	50
Calendar year 2018	40
Calendar year 2019	30
Calendar year 2020	20
Calendar year 2021	10
Calendar year 2022 and thereafter	0

22 **Tier 1 minority interest not included in common equity tier 1 capital.** Report the amount of tier 1 minority interest not included in common equity tier 1 capital that is includable at the consolidated level, as described below.

For each consolidated subsidiary, perform the calculations in steps (1) through (10) of the worksheet below. Sum up the results from step 10 for each consolidated subsidiary and report the aggregate number in this item 22.

For tier 1 minority interest, there is no requirement that the subsidiary be a depository institution or a foreign bank. However, the instrument that gives rise to tier 1 minority interest must meet all the criteria for either common equity tier 1 capital or additional tier 1 capital instrument.

Example and a worksheet calculation: calculate tier 1 minority interest not included in common equity tier 1 capital includable at the institution level as follows:

Assumptions:

- This is a continuation of the example used for common equity tier 1 minority interest from Schedule RC, item 4. Assume that risk-weighted assets of the subsidiary are the same as the risk-weighted assets of the institution that relate to the subsidiary: \$1,000 in each case.
- Subsidiary's tier 1 capital: \$110, which is composed of subsidiary's common equity tier 1 capital \$80 and additional tier 1 capital of \$30.
- Subsidiary's common equity tier 1 owned by minority shareholders: \$24.
- Subsidiary's additional tier 1 capital owned by minority shareholders: \$15
- Other relevant numbers are taken from the example in Schedule RC-R, item 4.

(1)	Determine the risk-weighted assets of the subsidiary.	\$1,000
(2)	Determine the risk-weighted assets of the institution that relate to the subsidiary. Note that the amount in this step (2) may differ from the amount in step (1) due to intercompany transactions and eliminations in consolidation.	\$1,000

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

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(cont.)

(3)	Multiply the lower of (1) or (2) by 8.5%. ⁷	$\$1,000 \times 8.5\% = \85
(4)	Determine the dollar amount of tier 1 capital for the subsidiary. If this amount is less than step (3), go directly to step (9). Otherwise continue on to step (5).	\$110
(5)	Subtract the amount in step (3) from the amount in step (4). This is the “surplus tier 1 capital of the subsidiary.”	$\$110 - \$85 = \$25$
(6)	Determine the percent of the subsidiary’s qualifying capital instruments that are owned by third parties (the minority shareholders).	$\$24 + 15 = \39 . Then $\$39/\$110 = 35.45\%$
(7)	Multiply the percentage from step (6) by the dollar amount in step (5). This is the “surplus tier 1 minority interest of the subsidiary.”	$35.45\% \times \$25 = \8.86
(8)	Determine the total amount of tier 1 minority interest of the subsidiary. Then subtract the surplus tier 1 minority interest of the subsidiary (step 7) from this amount.	$\$24 + \$15 = \$39$. Then $\$39 - \$8.86 = \$30.14$
(9)	The “tier 1 minority interest includable at the reporting institution’s level” is the amount from step (8) (or from step (4) when there is no surplus tier 1 minority interest of the subsidiary).	\$30.14
(10)	Subtract any minority interest that is included in common equity tier 1 capital (from Schedule RC-R, item 4). The result is the minority interest included in additional tier 1 capital.	$\$30.14 - \21 (from example in item 4) = \$9.14.

Note: As indicated, this example built onto the example under the instructions for item 4, where the subsidiary was a depository institution, and where its common equity tier 1 minority interest was includable in common equity tier 1 capital. However, if this were a subsidiary other than a depository institution, none of its minority interest arising from common equity tier 1 would have been includable in common equity tier 1 capital. If the subsidiary in the example were not a depository institution, the full calculated amount of minority interest (\$30.14) would be includable in additional tier 1 capital of the reporting institution since none of it would have been includable in common equity tier 1 capital.

Transition provisions: For surplus minority interest and non-qualifying minority interest that can be included in additional tier 1 capital during the transition period, follow the transition provisions instructions for Schedule RC-R, item 4 after taking into consideration (that is, excluding) any amount of surplus common equity tier 1 minority interest (see step 7 of the worksheet in item 4). In the example (and assuming no outstanding amounts of non-qualifying minority interest), the institution has \$5.86 of surplus tier 1 minority interest

⁷ The percentage multiplier in step (3) is the capital ratio necessary for the subsidiary depository institution to avoid restrictions on distributions and discretionary bonus payments. Advanced approaches institutions must adjust this percentage to account for all applicable buffers.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

22 (cont.) available to be included during the transition period in additional tier 1 capital (\$8.86 (see step 7 of the worksheet in item 22) of surplus tier 1 minority interest minus \$3.00 (see step 7 of the worksheet in item 4) of common equity tier 1 minority interest). In 2015, the institution would include an additional \$3.52 in item 22 (60% of \$5.86) and starting in 2018 the institution would not include any surplus minority interest in regulatory capital.

23 **Additional tier 1 capital before deductions.** Report the sum of Schedule RC-R, items 20, 21, and 22.

24 **LESS: Additional tier 1 capital deductions.** Report additional tier 1 capital deductions as the sum of the following elements.

Note that if an institution does not have a sufficient amount of additional tier 1 capital to reflect these deductions, then the institution must deduct the shortfall from common equity tier 1 capital (Schedule RC-R, item 17).

(1) Investments in own additional tier 1 capital instruments. Report the institution's investments in (including any contractual obligation to purchase) its own additional tier 1 instruments, whether held directly or indirectly.

An institution may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty risk.

The institution must look through any holdings of index securities to deduct investments in its own capital instruments. In addition:

- (i) Gross long positions in investments in an institution's own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same index;
- (ii) Short positions in index securities that are hedging long cash or synthetic positions can be decomposed to recognize the hedge; and
- (iii) The portion of the index that is composed of the same underlying exposure that is being hedged may be used to offset the long position if both the exposure being hedged and the short position in the index are covered positions under the market risk capital rule, and the hedge is deemed effective by the institution's internal control processes.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

(2) Reciprocal cross-holdings in the capital of financial institutions. Include investments in the additional tier 1 capital instruments of other financial institutions that the institution holds reciprocally, where such reciprocal crossholdings result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's capital instruments. If the institution does not have a sufficient amount of a specific component of capital to effect the required deduction, the shortfall must be deducted from the next higher (that is, more subordinated) component of regulatory capital.

For example, if an institution is required to deduct a certain amount from additional tier 1 capital and it does not have additional tier 1 capital, then the deduction should be from common equity tier 1 capital in Schedule RC-R, item 17.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

24
(cont.)

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

(3) Non-significant investments in additional tier 1 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.

As noted in the instructions for RC-R, item 11 above, an institution has a non-significant investment in the capital of an unconsolidated financial institution if it owns 10 percent or less of the issued and outstanding common shares of that institution. Calculate this amount as follows:

- (1) Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock, additional tier 1, and tier 2 capital.
- (2) Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of additional tier 1 capital.
- (3) If the amount in (1) is greater than the ten percent threshold for non-significant investments (Schedules RC-R, item 11, step (4)), then multiply the difference by the ratio of (2) over (1). Report this product in this item 24.
- (4) If the amount in (1) is less than the 10 percent threshold for non-significant investments, report zero.

For example, assume an institution has a total of \$200 in non-significant investments (step 1), including \$60 in the form of additional tier 1 capital (step 2), and its ten percent threshold for non-significant investments is \$100 (as calculated in step 4 of item 11). Since the aggregate amount of non-significant investments exceeds the ten percent threshold for non-significant investments by \$100 (\$200-\$100), the institution would multiply \$100 by the ratio of 60/200 (step 3). Thus, the institution would need to deduct \$30 from its additional tier 1 capital.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

(4) Significant investments in the capital of unconsolidated financial institutions not in the form of common stock to be deducted from additional tier 1 capital. Report the total amount of significant investments in the capital of unconsolidated financial institutions in the form of additional tier 1 capital.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

(5) Other adjustments and deductions. Include adjustments and deductions applied to additional tier 1 capital due to insufficient tier 2 capital to cover deductions (related to reciprocal cross holdings, non-significant investments in the tier 2 capital of unconsolidated financial institutions, and significant investments in the tier 2 capital of unconsolidated financial institutions).

Also include adjustments and deductions related to the calculation of DTAs, gain-on-sale, defined benefit pension fund assets, changes in fair value of liabilities due to changes in own credit risk, and expected credit losses during the transition period described in Schedule RC-R, item 8.

In addition, insured state banks with real estate subsidiaries whose continued operations have been approved by the FDIC pursuant to Section 362.4 of the FDIC's Rules and

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

24 Regulations generally should include as a deduction from additional tier 1 capital their equity investment in the subsidiary. (Insured state banks with FDIC-approved phase-out plans for real estate subsidiaries need not make these deductions.) Insured state banks with other subsidiaries (that are not financial subsidiaries) whose continued operations have been approved by the FDIC pursuant to Section 362.4 should include as a deduction from additional Tier 1 capital the amount required by the approval order.

(cont.)

25 **Additional tier 1 capital.** Report the greater of Schedule RC-R, item 23 minus item 24, or zero.

Tier 1 capital

26 **Tier 1 capital.** Report the sum of Schedule RC-R, items 19 and 25.

Tier 2 capital

27 **Tier 2 capital instruments plus related surplus.** Report tier 2 capital instruments (that satisfy all eligibility criteria in the regulatory capital rules of the institution's primary federal supervisory authority) and related surplus.

Include instruments that were (i) issued under the Small Business Jobs Act of 2010, or, prior to October 4, 2010, under the Emergency Economic Stabilization Act of 2008 and (ii) were included in the tier 2 capital non-qualifying capital instruments (e.g., TruPS and cumulative perpetual preferred) under the primary federal supervisor's general risk-based capital rules.

28 **Non-qualifying capital instruments subject to phase out from tier 2 capital.** Starting on January 1, 2014, for advanced approaches depository institutions and on January 1, 2015, for all other depository institutions, report the total amount of non-qualifying capital instruments that were included in tier 2 capital and outstanding as of January 1, 2014, and that are subject to phase out.

Depository institutions may include in regulatory capital debt or equity instruments issued prior to September 12, 2010, that do not meet the criteria for additional tier 1 or tier 2 capital instruments in section 20 of the revised regulatory capital rules but that were included in tier 1 or tier 2 capital respectively as of September 12, 2010 (non-qualifying capital instruments issued prior to September 12, 2010) up to the percentage of the outstanding principal amount of such non-qualifying capital instruments as of January 1, 2014, in accordance with Table 7 in Schedule RC-R, item 21.

29 **Total capital minority interest that is not included in tier 1 capital.** Starting on January 1, 2014, for advanced approaches depository institutions and on January 1, 2015, for all other depository institutions, report the amount of total capital minority interest not included in tier 1 capital, as described below. For each consolidated subsidiary, perform the calculations in steps (1) through (10) below. Sum up the results for each consolidated subsidiary and report the aggregate number in this item 29.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

29 **Example and a worksheet calculation:** Calculate total capital minority interest that is not (cont.) included in tier 1 capital includable at the institution level as follows:

Assumptions:

- This is a continuation of the example used in the instructions for Schedule RC-R, items 4 and 22.
- Assume that risk-weighted assets of the subsidiary are the same as the risk-weighted assets of the institution that relate to the subsidiary: \$1,000 in each case.
- Subsidiary’s total capital: \$130, which is composed of subsidiary’s common equity tier 1 capital \$80, and additional tier 1 capital of \$30, and tier 2 capital of \$20.
- Subsidiary’s common equity tier 1 capital owned by minority shareholders: \$24.
- Subsidiary’s additional tier 1 capital owned by minority shareholders: \$15.
- Subsidiary’s total capital instruments owned by minority shareholders: \$15.

(1)	Determine the risk-weighted assets of the subsidiary.	\$1,000
(2)	Determine the risk-weighted assets of the institution that relate to the subsidiary. Note that the amount in this step (2) may differ from the amount in step (1) due to intercompany transactions and eliminations in consolidation.	\$1,000
(3)	Determine the lower of (1) or (2), and multiply that amount by 10.5%. ⁸	$\$1,000 \times 10.5\%$ $= \$105$
(4)	Determine the dollar amount of total capital for the subsidiary. If this amount is less than step (3), go directly to step (9). Otherwise continue on to step (5).	\$130
(5)	Subtract the amount in step (3) from the amount in step (4). This is the “surplus total capital of the subsidiary.”	$\$130 - \105 $= \$25$
(6)	Determine the percent of the subsidiary’s total capital instruments that are owned by third parties (the minority shareholders).	$\$24 + \$15 +$ $\$15 = \$54.$ $Then \$54/\130 $= 41.54\%$
(7)	Multiply the percentage from step (6) by the dollar amount in step (5). This is the “surplus total capital minority interest of the subsidiary”	$41.54\% \times \$25 =$ $\$10.39$
(8)	Determine the total amount of total capital minority interest of the subsidiary. Then subtract the surplus total capital minority interest of the subsidiary (step 7) from this amount.	$\$24 + \$15 +$ $\$15 = \$54.$ $Then \$54 -$ $\$10.39 =$ $\$43.62.$
(9)	The “total capital minority interest includable at the institution level” is the amount from step (8) or step (4) where there is no surplus total capital minority interest of the subsidiary.	$\$43.62$ (report the lesser of $\$43.62$ or $\$54$).
(10)	Subtract from (9) any minority interest that is included in common equity tier 1 and additional tier 1 capital. The result is the total capital minority interest not included in tier 1 capital includable in total capital.	$\$43.62 - (\21 $+ \$9.14) =$ $\$13.48.$

⁸ The percentage multiplier in step (3) is the capital ratio necessary for a subsidiary depository institution to avoid restrictions on distributions and discretionary bonus payments. Advanced approaches institutions must adjust this amount for all applicable buffers.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

29 (cont.) ***Transition provisions:*** For surplus minority interest and non-qualifying minority interest that can be included in tier 2 capital during the transition period, follow the transition provisions instructions for Schedule RC-R, item 4 after taking into consideration (that is, excluding) any amount of surplus tier 1 minority interest (see step 7 of the worksheet in item 22). In the example (and assuming no outstanding amounts of non-qualifying minority interest), the institution has \$1.53 of surplus total capital minority interest available to be included during the transition period in tier 2 capital (\$10.39 (see step 7 of the worksheet in item 29) of surplus total capital minority interest minus \$8.86 (see step 7 of the worksheet in item 22) of tier 1 minority interest). In 2015, the institution would include an additional \$0.92 in item 29 (60% of \$1.53) and starting in 2018 the institution would not include any surplus minority interest in its regulatory capital.

30.a **Allowance for loan and lease losses includable in tier 2 capital.** Report the portion of the institution's allowance for loan and lease losses (ALLL) that is includable in tier 2 capital. None of the institution's allocated transfer risk reserve, if any, is includable in tier 2 capital.

Advanced approaches institutions only: During the reporting periods in 2014, the amount reported in this item cannot exceed 1.25 percent of the institution's gross risk-weighted assets as determined under sections 20(d) and 22 of the revised regulatory capital rules. The starting point for this calculation is risk-weighted assets calculated under the general risk-based capital rules reported in Schedule RC-R, Part II, item 59, less market risk equivalent assets reported in Schedule RC-R, Part II, item 58. The resulting amount must be adjusted as follows:

- (a) Add the amount of the following items reported in item 42, column B (All other assets) of Schedule RC-R, Part II: any disallowed goodwill and other intangible assets reported; disallowed servicing assets and purchased credit card relationships; disallowed deferred tax; and the equity investments in unconsolidated banking and finance subsidiaries that are reported in Schedule RC, item 8, and are deducted for risk-based capital purposes in Schedule RC-R, Part I.B, item 10.b; and
- (b) Subtract amounts deducted under section 22(a) of the revised regulatory capital rules (Schedule RC-R, Part I.B, items 6 through 8, and the amounts reported in 10.b for after-tax gain-on-sale in connection with a securitization exposure; defined benefit pension fund assets, net of associated DTLs; equity investments in financial subsidiaries, and, for advanced approaches institutions only that exit parallel run, the amount of expected credit loss that exceeds the institution's eligible credit reserves). These subtractions must be done in accordance with the applicable transition provisions of the revised regulatory capital rules.

The allowance for loan and lease losses equals 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."

All institutions: Starting on January 1, 2015, the amount reported in this item cannot exceed 1.25 percent of the institution's risk-weighted assets base for the ALLL calculation reported in Schedule RC-R, Part II. In calculating the risk-weighted assets base for this purpose, an institution would not include items that are deducted from capital under section 22(a). However, an institution would include risk-weighted asset amounts of items deducted from capital under sections 22(c) through (f) of the revised regulatory capital rule, in

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

30.a (cont.) accordance with the applicable transition provisions. While amounts deducted from capital under sections 22(c) through (f) are included in the risk-weighted asset base for the ALLL calculation, such amounts are excluded from standardized total risk-weighted assets used in the denominator of the risk-based capital ratios.

The allowance for loan and lease losses equals 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."

30.b **Advanced approaches institutions that exit parallel run only: eligible credit reserves includable in tier 2 capital.** Report the amount of eligible credit reserves includable in tier 2 capital as reported in FFIEC 101 Schedule A, item 50.

31 **Unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures includable in tier 2 capital.**

(i) Institutions that entered "1" for "Yes" in Schedule RC-R, item 3.a:

Report the pretax net unrealized holding gain (i.e., the excess of fair value as reported in Schedule RC-B, item 7, column D, over historical cost as reported in Schedule RC-B, item 7, column C), if any, on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures includable in tier 2 capital, subject to the limits specified by the capital guidelines of the reporting institution's primary federal supervisor. The amount reported in this item cannot exceed 45 percent of the institution's pretax net unrealized gain on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures.

(ii) Institutions that entered "0" for "No" in Schedule RC-R, item 3.a:

Transition provisions for phasing out unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures:

- (1) Determine the amount of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that an institution currently includes in tier 2 capital.
- (2) Multiply (1) by the percentage in Table 8 and include this amount in tier 2 capital.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 31** **Table 8 – Percentage of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that may be included in tier 2 capital**
(cont.)

Transition period	Percentage of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that may be included in tier 2 capital
Calendar year 2014	36
Calendar year 2015	27
Calendar year 2016	18
Calendar year 2017	9
Calendar year 2018 and thereafter	0

For example, during calendar year 2014, include up to 36 percent of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures in tier 2 capital. During calendar years 2015, 2016, 2017, and 2018 (and thereafter), these percentages go down to 27, 18, 9 and zero, respectively.

- 32.a** **Tier 2 capital before deductions.** Report the sum of Schedule RC-R, items 27 through 30.a, plus item 31.
- 32.b** **Advanced approaches institutions that exit parallel run only: tier 2 capital before deductions.** Report the sum of Schedule RC-R, items 27 through 29, plus items 30.b and 31.
- 33** **LESS: Tier 2 capital deductions.** Report total tier 2 capital deductions as the sum of the following elements.

If an institution does not have a sufficient amount of tier 2 capital to reflect these deductions, then the institution must deduct the shortfall from additional tier 1 capital (Schedule RC-R, item 24) or, if there is not enough additional tier 1 capital, from common equity tier 1 capital (Schedule RC-R, item 17).

For example, if tier 2 capital is \$98, and if the bank must make \$110 in tier 2 deductions, it would report \$98 on line 33, and would take the additional \$12 deduction in Schedule RC-R, item 24 (and in Schedule RC-R, item 17, in the case of insufficient additional tier 1 capital to make the deduction in Schedule RC-R, item 24).

In addition, advanced approaches institutions with insufficient tier 2 capital for deductions will make the following adjustments: an advanced approaches institution will make deductions on this schedule under the generally applicable rules that apply to all institutions. It will use FFIEC 101 Schedule A, to calculate its capital requirements under the advanced approaches. Therefore, in the case of an advanced approaches institution with insufficient tier 2 capital to make tier 2 deductions, it will use the corresponding deduction approach and the generally applicable rules to take excess tier 2 deductions from additional tier 1 capital in Schedule RC-R, item 24, and if necessary from common equity tier 1 capital in Schedule RC-R, item 17. It will use the advanced approaches rules to take deductions on the FFIEC 101 form.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

33
(cont.) For example, assume tier 2 capital is \$100 under the advanced approaches and \$98 under the generally applicable rules (due to the difference between the amount of eligible credit reserves includable in tier 2 capital under the advanced approaches, and ALLL includable in tier 2 capital under the standardized approach). If the required deduction from tier 2 capital is \$110, then the advanced approaches institution would add \$10 to the required additional tier 1 capital deductions (on FFIEC 101 Schedule A, item 42, and FFIEC 101 Schedule A, item 27, if necessary), and would add \$12 to its required additional tier 1 capital deductions for the calculation of the standardized approach regulatory capital ratios in this schedule (Schedule RC-R, item 24, and Schedule RC-R, item 17, if necessary).

(1) Investments in own additional tier 2 capital instruments. Report the institution's investments in (including any contractual obligation to purchase) its own tier 2 instruments, whether held directly or indirectly.

An institution may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty risk.

The institution must look through any holdings of index securities to deduct investments in its own capital instruments. In addition:

- (i) Gross long positions in investments in an institution's own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same index;
- (ii) Short positions in index securities that are hedging long cash or synthetic positions can be decomposed to recognize the hedge; and
- (iii) The portion of the index that is composed of the same underlying exposure that is being hedged may be used to offset the long position if both the exposure being hedged and the short position in the index are covered positions under the market risk capital rule, and the hedge is deemed effective by the institution's internal control processes.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

(2) Reciprocal cross-holdings in the capital of financial institutions. Include investments in the tier 2 capital instruments of other financial institutions that the institution holds reciprocally, where such reciprocal crossholdings result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's capital instruments.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

(3) Non-significant investments in tier 2 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.

Calculate this amount as follows (similar to Schedule RC-R, item 11):

- (1) Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock, additional tier 1, and tier 2 capital.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 33** (cont.) (2) Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital.
(3) If (1) is greater than the ten percent threshold for non-significant investments (Schedules RC-R, item 11, step (4)), then, multiply the difference by the ratio of (2) over (1). Report this product in this item.
(4) If (1) is less than the ten percent threshold for non-significant investments, enter zero.

For example, assume an institution has a total of \$200 in non-significant investments (step 1), including \$40 in the form of tier 2 capital (step 2), and its ten percent threshold for non-significant investments is \$100 (as calculated in Schedule RC-R, item 11, step 4). Since the aggregate amount of non-significant investments exceed the ten percent threshold for non-significant investments by \$100 (\$200-\$100), the institution would multiply \$100 by the ratio of 40/200 (step 3). Thus, the institution would need to deduct \$20 from its tier 2 capital.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

- (4) Significant investments in the capital of unconsolidated financial institutions not in the form of common stock to be deducted from tier 2 capital.** Report the total amount of significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital.

Transition provisions: Follow the transition provisions in Schedule RC-R, item 11.

- (5) Other adjustments and deductions.** Include any other applicable adjustments and deductions applied to tier 2 capital in accordance with the revised regulatory capital rules of the primary federal supervisor.

34.a **Tier 2 capital.** Report the greater of Schedule RC-R, item 32.a less item 33, or zero.

34.b **Advanced approaches institutions that exit parallel run only: Tier 2 capital.** Report the greater of Schedule RC-R, item 32.b minus item 33, or zero.

35.a **Total capital.** Report the sum of Schedule RC-R, items 26 and 34.a.

35.b **Advanced approaches institutions that exit parallel run only: Total capital.** Report the sum of Schedule RC-R, items 26 and 34.b.

Total assets for the leverage ratio

36 **Average total consolidated assets.** All banks and savings associations must report the amount of average total consolidated assets as reported in Schedule RC-K, item 9.

37 **LESS: Deductions from common equity tier 1 capital and additional tier 1 capital.** Report the sum of the amounts deducted from common equity tier 1 capital and additional tier 1 capital in Schedule RC-R, items 6, 7, 8, 10.b, 11, 13 through 17, and item 24.

38 **LESS: Other deductions from (additions to) assets for leverage ratio purposes.** supervisor, report the amount of any deductions from (additions to) total assets for leverage capital purposes that are not included in Schedule RC-R, item 37, as well as the items below,

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

38 if applicable. If the amount is a net deduction, report it as a positive value in this item. If the amount is a net addition, report it as a negative value in this item.
(cont.)

Institutions that do not make an AOCI opt-out election and all advanced approaches institutions:

Available-for-sale debt securities and available-for-sale equity securities are reflected at amortized cost and at the lower of cost or fair value, respectively, when calculating average total consolidated assets for Schedule RC-K, item 9. Therefore, include in this item as deductions from (additions to) assets for leverage ratio purposes the amounts needed to adjust (i) the quarterly average for available-for-sale debt securities included in Schedule RC-K, item 9, from an average based on amortized cost to an average based on fair value, and (ii) the quarterly average for available-for-sale equity securities included in Schedule RC-K, item 9, from an average based on the lower of cost or fair value to an average based on fair value. If the deferred tax effects of any net unrealized gains (losses) on available-for-sale debt securities were excluded from the determination of average total consolidated assets for Schedule RC-K, item 9, also include in this item as a deduction from (addition to) assets for leverage ratio purposes the quarterly average amount necessary to reverse the effect of this exclusion on the quarterly average amount of net deferred tax assets included in Schedule RC-K, item 9.

Transition provisions for institutions that do not make an AOCI opt-out election and all advanced approaches institutions: Include in this item 38 the amount of deductions from (additions to) assets for leverage ratio purposes for available-for-sale debt and equity securities and deferred tax effects as determined above reduced by the appropriate percentage in Table 1 in Schedule RC-R, item 3.a. For example, in 2015, if the amount of these deductions (additions) is a \$10,000 deduction, include \$4,000 in this item 38 [$\$10,000 - (\$10,000 \times 60\%) = \$4,000$].

39 **Total assets for the leverage ratio.** Report Schedule RC-R, item 36 less items 37 and 38.

Total risk-weighted assets

40.a **Total risk-weighted assets.** Report the amount of total risk-weighted assets using the general risk-based capital rules (as reported in Schedule RC-R, Part II, item 62), until January 1, 2015. Starting on January 1, 2015, report total risk-weighted assets calculated under the standardized approach in the revised regulatory capital rules.

Advanced approaches institutions only: In 2014, adjust the reported amount of the risk-weighted assets by the amounts deducted from regulatory capital.

40.b **Advanced approaches institutions that exit parallel run only: Total risk-weighted assets using advanced approaches rule.** Report the amount from FFIEC 101 Schedule A, item 60.

Capital Ratios

41 **Common equity tier 1 capital ratio.** Report the institution's common equity tier 1 risk-based capital ratio as a percentage, rounded to two decimal places.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 41** Column A: Divide Schedule RC-R, item 19 by item 40.a.
(cont.)
Advanced approaches institutions that exit parallel run only: Column B: Divide Schedule RC-R, item 19 by item 40.b. The lower of the reported capital ratios in Column A and Column B will apply for prompt corrective action purposes.
- 42** **Tier 1 capital ratio.** Report the institution's tier 1 risk-based capital ratio as a percentage, rounded to two decimal places.

Column A: Divide Schedule RC-R, item 26 by item 40.a.

Advanced approaches institutions that exit parallel run only: Column B: Divide Schedule RC-R, item 26 by item 40.b. The lower of the reported capital ratios in Column A and Column B will apply for prompt corrective action purposes.
- 43** **Total capital ratio.** Report the institution's total risk-based capital ratio as a percentage, rounded to two decimal places.

Column A: Divide Schedule RC-R, item 35.a by item 40.a.

Advanced approaches institutions that exit parallel run only: Column B: Divide Schedule RC-R, item 35.b by item 40.b. The lower of the reported capital ratios in Column A and Column B will apply for prompt corrective action purposes.
- 44** **Tier 1 leverage ratio.** Report the institution's tier 1 leverage ratio as a percentage, rounded to two decimal places.

Column A: Divide Schedule RC-R, item 26 by item 39.

Advanced approaches institutions that exit parallel run only: Column B: Divide Schedule RC-R, item 26 by item 39. Report zero in Column A.
- 45** **Advanced approaches institutions only: Supplementary leverage ratio.** Starting on January 1, 2015, report the supplementary leverage ratio, as calculated for purposes of the FFIEC 101, Schedule A, item 98. Advanced approaches institutions must complete this item even if they are in the parallel run process and have an additional time to file the FFIEC 101 report.

Capital Buffer

- 46** **Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments.** Starting on January 1, 2016, report items 46.a and 46.b as follows:
- 46.a** **Capital conservation buffer.** Capital conservation buffer is equal to the lowest of the following ratios: (i) Schedule RC-R, item 41, less the applicable percentage in the column titled "Common equity tier 1 capital ratio percentage" in Table 9 below; (ii) Schedule RC-R, item 42, less the applicable percentage in the column titled "Tier 1 capital ratio percentage" in Table 9 below; and (iii) Schedule RC-R, item 43, less 8 percent.

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

46.a **Transition provisions:** Common equity tier 1 and tier 1 minimum capital requirements are:
(cont.)

Table 9 – Transition provisions for regulatory capital ratios

Transition Period	Common equity tier 1 capital ratio percentage	Tier 1 capital ratio Percentage
Calendar year 2014	4.0	5.5
Calendar year 2015 and thereafter	4.5	6.0

46.b **Advanced approaches institutions that exit parallel run only: Total applicable capital buffer.** Report the total applicable capital buffer, as reported in FFIEC 101 Schedule A, item 64.

For all institutions: Transition provisions for the capital conservation buffer: In order to avoid limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers, an institution must hold a capital conservation buffer above its minimum risk-based capital requirements.

The amount reported in Schedule RC-R, item 46.a (or the lower of Schedule RC-R, items 46.a and 46.b, if an advanced approaches institution has exited parallel run) must be greater than the following phased-in capital conservation buffer in Table 10. Otherwise, the institution will face limitations on distributions and certain discretionary bonus payments and will be required to complete Schedule RC-R, items 47 and 48.

Table 10 – Transition provisions for the capital conservation buffer

Transition Period	Capital conservation buffer percentage above which institutions avoid limitations on distributions and certain discretionary bonuses
Calendar year 2016	0.625
Calendar year 2017	1.25
Calendar year 2018	1.875
Calendar year 2019 and thereafter	2.5

Note: Advanced approaches institutions, including those that have not exited parallel run, will need to consult the regulation for the transition period if the countercyclical buffer is in place or if the institution is subject to countercyclical buffers in other jurisdictions. Starting on January 1, 2016, any countercyclical buffer amount applicable to an advanced approaches institution should be added to the amount applicable in Table 10, in order for that institution to determine if it will need to complete Schedule RC-R, items 47 and 48.

NOTE: Starting on January 1, 2016, institutions must complete items 47 and 48 if the amount in item 46.a (or the lower of items 46.a and 46.b for an advanced approaches institution that has exited parallel run) is less than or equal to the applicable minimum capital conservation buffer: Institutions must complete Schedule RC-R, items 47 and 48, if the amount reported in Schedule RC-R, item 46.a (or the lower of Schedule RC-R, items 46.a and 46.b, if an advanced approaches institution has exited parallel run) is less than or equal to the applicable capital conservation buffer described above in Table 10 of Schedule RC-R, item 46 (plus any other applicable capital buffers, if the institution is an advanced approaches institution).

Schedule RC-R – Regulatory Capital (cont.)

Part I.B (cont.)

Item No. Caption and Instructions

- 47 **Eligible retained income.** Report the amount of eligible retained income as the net income attributable to the institution for the four calendar quarters preceding the current calendar quarter, based on the institution's most recent quarterly regulatory report or reports, as appropriate, net of any distributions and associated tax effects not already reflected in net income.

For example, the amount of eligible retained income to be reported in this line item 47 for the June 30 report date would be based on the net income attributable to the institution for the four calendar quarters ending on the preceding March 31.

- 48 **Distributions and discretionary bonus payments during the quarter.** Report the amount of distributions and discretionary bonus payments during the quarter.

**Draft Instructions
for the New Call Report Items
for March 2015**

Schedule RI – Income Statement

Memoranda

Item No. Caption and Instructions

15 **Service charges on deposit accounts (in domestic offices).** Memorandum items 15.a through 15.d are to be completed by institutions with \$1 billion or more in total assets that answered “Yes” to Schedule RC-E, (part I,) Memorandum item 5, “Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?” Such institutions should report in the appropriate subitem service charges on deposit accounts (in domestic offices) included in Schedule RI, item 5.b, “Service charges on deposit accounts (in domestic offices).”

Once a customer has opened a deposit account with the reporting institution that is a deposit product intended primarily for individuals for personal, household, or family use, the institution is not required thereafter to review the customer’s status or usage of the account to determine whether the transaction account is being used for personal, household, or family purposes. Thus, when reporting the amount of service charges on consumer deposit account products in Schedule RI, Memorandum items 15.a through 15.c, below, the reporting institution is not required to identify those individual accounts within the population of a particular consumer deposit product that are not being used for personal, household, or family purposes and remove any service charges levied against these accounts from the total amounts of overdraft-related, periodic maintenance, and customer automated teller machine (ATM) fees charged to customer accounts within that consumer deposit product.

The sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b.

15.a **Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.** For deposit account products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, report the amount of service charges and fees related to the processing of payments and debits against insufficient funds, including “nonsufficient funds (NSF) check charges,” that the reporting institution assesses with respect to items that it either pays or returns unpaid, and all subsequent charges levied against overdrawn accounts, such as extended or sustained overdraft fees charged when accounts maintain a negative balance for a specified period of time, but excluding those fees equivalent to interest and reported in Schedule RI, item 1, “Interest and fee income on loans.”

15.b **Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.** For deposit account products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, report the amount of service charges for account holders’ maintenance of their deposit accounts with the reporting institution (often labeled “monthly maintenance charges”), including charges resulting from the account owners’ failure to

Schedule RI – Income Statement (cont.)

Memoranda

Item No. Caption and Instructions

- 15.b**
(cont.) maintain specified minimum deposit balances or meet other requirements (e.g., requirements related to transacting and purchasing other services), as well as fees for transactional activity in excess of specified limits for an account and recurring fees not subject to waiver. Recurring fees not subject to waiver include fixed monthly or other periodic charges levied against a consumer deposit account that the account owner cannot avoid under any circumstances, including, for example, by maintaining other deposit or loan accounts with the institution, maintaining a minimum deposit balance, or engaging in a specified level of account activity (such as the number of debit card transactions) during a month or other period.
- 15.c** **Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.** For deposit account products maintained at the reporting institution and intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, report the amount of service charges levied by the reporting institution for transactions, including deposits to or withdrawals from deposit accounts, conducted through the use of ATMs or remote service units (RSUs) owned, operated, or branded by the institution, other institutions, or other third-party, non-bank ATM operators.
- Exclude service charges levied by the reporting institution against deposit accounts maintained at other institutions for transactions conducted through the use of ATMs or RSUs owned, operated, or branded by the reporting institution. Also exclude debit card interchange fees. Such service charges and interchange fees should be reported in Schedule RI, item 5.l, "Other noninterest income," not in Schedule RI, item 5.b.
- 15.d** **All other service charges on deposit accounts.** Report all other service charges on deposit accounts (in domestic offices) levied by the reporting institution and not reported in Schedule RI, Memorandum items 15.a, 15.b, and 15.c. Include service charges and fees on the reporting institution's deposit account products intended for use by a broad range of depositors (which may include individuals), rather than being intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. For deposit account products intended for use by a broad range of depositors, the reporting institution need not identify the fees charged to accounts held by individuals for personal, household, or family use and need not report these fees in one of the three categories of consumer deposit account fees above.