INSTRUCTIONS FOR COMPLETING SCHEDULE RC-R, REGULATORY CAPITAL, ON THE FFIEC 041 AND FFIEC 051 CALL REPORTS FOR NON-ADVANCED APPROACHES INSTITUTIONS THAT CHOOSE NOT TO EARLY ADOPT THE CAPITAL SIMPLIFICATIONS RULE FOR THE MARCH 31, 2020, REPORT DATE

On July 22, 2019, the banking agencies issued the capital simplifications rule. The key elements of the capital simplifications rule apply solely to institutions that are not subject to the advanced approaches capital rule[1] (i.e., non-advanced approaches institutions). Under the capital simplifications rule, non-advanced approaches institutions are subject to simpler regulatory capital requirements for mortgage servicing assets, certain deferred tax assets arising from temporary differences, and investments in the capital of unconsolidated financial institutions than those previously applied. The capital simplifications rule also simplifies, for non-advanced approaches institutions, the calculation for the amount of capital issued by a consolidated subsidiary of an institution and held by third parties (sometimes referred to as a minority interest) that is includable in regulatory capital.

These simpler capital requirements were originally effective April 1, 2020. On November 13, 2019, the agencies adopted a final rule permitting non-advanced approaches institutions to implement these simpler capital requirements on January 1, 2020, rather than April 1, 2020. Non-advanced approaches institutions can elect whether to implement these changes in the capital requirements in the quarter beginning January 1, 2020, or to implement them in the quarter beginning April 1, 2020. As a result, non-advanced approaches institutions may choose to begin implementing, i.e., early adopt, the capital treatment under the capital simplifications rule for the reporting period ending on March 31, 2020. All non-advanced approaches institutions must implement the capital treatment for mortgage servicing assets, certain deferred tax assets arising from temporary differences, investments in the capital of unconsolidated financial institutions, and the calculation of minority interest under the capital simplifications rule no later than the reporting period ending on June 30, 2020.

The capital simplifications rule affects both the measurement of regulatory capital in Part I of Schedule RC-R and the risk weighting of certain assets in Part II of Schedule RC-R. Therefore, when completing Parts I and II of Schedule RC-R as of the March 31, 2020, report date, non-advanced approaches institutions should ensure that they consistently apply the capital treatment for mortgage servicing assets, certain deferred tax assets arising from temporary differences, investments in the capital of unconsolidated financial institutions, and the calculation of minority interest under the capital simplifications rule or under the previous capital rule.

For purposes of preparing Call Report Schedule RC-R for the March 31, 2020, report date only:

- Non-advanced approaches institutions that choose to early adopt the capital simplifications rule in the quarter beginning January 1, 2020, should follow the revised instructions for Schedule RC-R, Parts I and II, in the FFIEC 031-FFIEC 041 Call Report instruction book (updated as of March 2020) or the FFIEC 051 Call Report instruction book (updated as of March 2020), as applicable.
- Non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule in the quarter beginning January 1, 2020

[1] An institution that is subject to the advanced approaches capital rule (i.e., an advanced approaches institution as defined in the federal banking agencies' regulatory capital rules) is (i) a subsidiary of a global systemically important bank holding company, as identified pursuant to 12 CFR 217.402; (ii) a Category II institution; (iii) 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 324 (FDIC) to calculate its risk-based capital requirements; (iv) a subsidiary of a bank holding company or savings and loan holding company that uses the advanced approaches pursuant to subpart E of 12 CFR part 217 to calculate its risk-based capital requirements; or (v) an institution that elects to use the advanced approaches to calculate its risk-based capital requirements.

Category II institutions include institutions with (1) at least $700 billion in total consolidated assets or (2) at least $75 billion in cross-jurisdictional activity and at least $100 billion in total consolidated assets. In addition, depository institution subsidiaries of Category II institutions are considered Category II institutions.

(i.e., elect to wait to adopt the simplifications rule in the quarter beginning April 1, 2020), should follow the instructions for Schedule RC-R, Parts I and II, presented below.

- Non-advanced approaches institutions that file the FFIEC 031 Call Report and choose not to early adopt the capital simplifications rule in the quarter beginning January 1, 2020 (i.e., elect to wait to adopt the final rule in the quarter beginning April 1, 2020), should follow the revised instructions for Schedule RC-R, Parts I and II, in the FFIEC 031-FFIEC 041 Call Report instruction book (updated as of March 2020), but must:
  - o Complete column B for Schedule RC-R, Part I, items 11 through 19, and must not complete column A for these items;
  - o Follow the instructions for advanced approaches institutions, and not the instructions for non-advanced approaches institutions, when completing Schedule RC-R, Part I, items 4, 22, and 41, which pertain to minority interest, and items 24, 28, and 45, which pertain to certain capital deductions; and
  - o Follow the instructions for advanced approaches institutions (unless otherwise indicated), and not the instructions for non-advanced approaches institutions, when completing Schedule RC-R, Part II, items 2.a, 2.b, 7, 8, and 26.

However, on the FFIEC 031, the FFIEC 041, and the FFIEC 051, non-advanced approaches institutions that have a community bank leverage ratio (CBLR) framework election in effect as of the March 31, 2020, report date (i.e., enter “1” for Yes in Schedule RC-R, Part I, item 31.a):

- Should not complete Schedule RC-R, Part I, items 39 through 54 on the FFIEC 051; items 39 through 55.b on the FFIEC 031 and the FFIEC 041; and
- Should not complete Schedule RC-R, Part II.

The following instructions apply only to non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date only. These instructions will no longer be valid for the June 30, 2020, and subsequent report dates.

SCHEDULE RC-R – REGULATORY CAPITAL

General Instructions for Schedule RC-R

The instructions for Schedule RC-R should be read in conjunction with the regulatory capital rules issued by the primary federal supervisory authority of the reporting bank or saving association (collectively, banks): for national banks and federal savings associations, 12 CFR Part 3; for state member banks, 12 CFR Part 217; and for state nonmember banks and state savings associations, 12 CFR Part 324.

Part I. Regulatory Capital Components and Ratios

General Instructions for Schedule RC-R, Part I.

For institutions that are not advanced approaches institutions (as described in footnote 1 above) and choose not to early adopt the capital simplifications rule in the quarter beginning January 1, 2020, the transition provisions applicable during 2017 under the banking agencies' regulatory capital rules have been extended through the March 31, 2020, report date for certain regulatory capital deductions and risk weights as well as certain minority interest requirements. For such non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report, the following Schedule RC-R instructions reflect the extension of the regulatory capital treatment of these capital deductions, risk weights, and minority interest requirements applicable to non-advanced approaches institutions for regulatory capital calculation purposes through the March 31, 2020, report date.

Community Bank Leverage Ratio Framework:

Opting into the Community Bank Leverage Ratio (CBLR) framework – A qualifying institution may opt into the CBLR framework. A qualifying institution opts into and out of the framework through its reporting in Call Report Schedule RC-R. A qualifying institution that opts into the CBLR framework (CBLR electing institution) must complete Schedule RC-R, Part I, items 1 through 38.c, and can make that election on Schedule RC-R, Part I, item 31.a. A qualifying institution can opt out of the CBLR framework by completing Schedule RC-R, Parts I and II, excluding Schedule RC-R, Part I, items 32 through 38.c.

In general, an institution may qualify for the CBLR framework if it has a leverage ratio greater than 9 percent (as reported in Schedule RC-R, Part I, item 31); has less than $10 billion in total consolidated assets (Schedule RC-R, Part I, item 32); is not an advanced approaches institution; has total trading assets and trading liabilities of 5 percent or less of total consolidated assets (Schedule RC-R, Part I, item 33); and has total off-balance sheet exposures (excluding derivatives other than sold credit derivatives and unconditionally cancelable commitments) of 25 percent or less of total consolidated assets (Schedule RC-R, Part I, item 34). However, the primary federal supervisory authority may disallow an otherwise qualifying institution's use of the CBLR framework based on the supervisory authority's evaluation of the risk profile of the institution.

A qualifying institution with a leverage ratio that exceeds 9 percent and opts into the CBLR framework shall be considered to have met: (i) the generally applicable risk-based and leverage capital requirements in the agencies' capital rules; (ii) the capital ratio requirements to be considered well capitalized under the agencies' prompt corrective action (PCA) framework (in the case of insured depository institutions); and (iii) any other applicable capital or leverage requirements (see 12 CFR 3 (OCC); 12 CFR 217 (Board); 12 CFR 324 (FDIC)).

Ceasing to have a CBLR greater than 9 percent or failing to meet any of the qualifying criteria – A qualifying institution that temporarily fails to meet any of the qualifying criteria, including the greater than 9 percent leverage ratio requirement, generally would still be deemed well-capitalized so long as the institution maintains a leverage ratio greater than 8 percent. At the end of the grace period (see below), the institution must meet all qualifying criteria to remain in the community bank leverage ratio framework

General Instructions for Schedule RC-R, Part I. (cont.)

or otherwise must apply and report under the generally applicable rule. Similarly, an institution with a leverage ratio of 8 percent or less is not eligible for the grace period and must comply with the generally applicable rule, i.e., for the calendar quarter in which the institution reports a leverage ratio of 8 percent or less, by completing all of Schedule RC-R, Parts I and II, excluding Schedule RC-R, Part I, items 32 through 38.c.

Under the CBLR framework, the grace period will begin as of the end of the calendar quarter in which the CBLR electing institution ceases to satisfy any of the qualifying criteria and will end after two consecutive calendar quarters. For example, if the CBLR electing institution no longer meets one of the qualifying criteria as of February 15, and still does not meet the criteria as of the end of that quarter, the grace period for such an institution will begin as of the end of the quarter ending March 31. The institution may continue to use the community bank leverage ratio framework as of June 30, but will need to comply fully with the generally applicable rule (including the associated reporting requirements) as of September 30, unless the institution once again meets all qualifying criteria of the CBLR framework, including a leverage ratio of greater than 9 percent, before that time.

Item Instructions for Schedule RC-R, Part I.

Item No. Caption and Instructions

Common Equity Tier 1 Capital

NOTE: **For items 1 through 3.a of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

1 **Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares.**

2 **Retained earnings.**

2.a **To be completed only by institutions that have adopted ASU 2016-13: Does your institution have a CECL transition election in effect as of the quarter-end report date?**

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

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

NOTE: **For items 4 through 6 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items for the March 31, 2020, report date.

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 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

Part I. (cont.)

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4 (cont.) may only include common equity tier 1 minority interest if: (a) the subsidiary is a depository institution; 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, calculate common equity tier 1 minority interest includable at the reporting institution's level as follows:

Assumptions:

- For this example, assume that 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.	*$1,000*
(2)	Using the standardized approach, determine the risk-weighted assets of the reporting 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 percent.[2]	*$1,000 x 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 common equity tier 1 minority interest (assumed to be $24 in this example) in Schedule RC-R, Part I, 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 provision below.	*30% x $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, Part I, item 4, for this subsidiary.	*$21*

[2] The percentage multiplier in step (3) is the capital ratio necessary for the depository institution to avoid restrictions on distributions and discretionary bonus payments.

Part I. (cont.)

Item No. **Caption and Instructions**

4 (cont.) ***Transition provision for 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 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).
(ii) Multiply the amounts in (i) by 20 percent.
(iii) Include the amounts in (ii) in the corresponding line items (that is, Schedule RC-R, Part I, item 4, item 22, or item 41).

In the worksheet calculation above, the transition provision 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 $0.60 (that is, $3 multiplied by 20%) in Schedule RC-R, Part I, item 4.

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

Common Equity Tier 1 Capital: Adjustments and Deductions

General Instructions for Common Equity Tier 1 Capital: Adjustments and Deductions

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

Note 2: As described in section 22(e) of the 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.

Part I. (cont.)

General Instructions for Common Equity Tier 1 Capital: Adjustments and Deductions (cont.)

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 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.

Item Instructions for Common Equity Tier 1 Capital: Adjustments and Deductions

Item No.	Caption and Instructions
6	**LESS: Goodwill net of associated deferred tax liabilities (DTLs).** Report the amount of goodwill included in Schedule RC-M, item 2.b. However, if the institution has a DTL that is specifically related to goodwill 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 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).
NOTE:	**For items 7 through 10.a of Schedule RC-R, Part I,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.
7	**LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs.**
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.**
9	**AOCI-related adjustments.**
9.a	**LESS: Net unrealized gains (losses) on available-for-sale securities.**
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.**
9.c	**LESS: Accumulated net gains (losses) on cash flow hedges.**

Part I. (cont.)

Item No.	Caption and Instructions
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.**
9.e	**LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI.**
9.f	**LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relates to the hedging of items that are not recognized at fair value on the balance sheet.**
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.**

NOTE: **For items 10.b, 12 through 15, and 17 through 19 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items for the March 31, 2020, report date. Items 11 and 16 have been removed from Schedule RC-R, Part I, in connection with the revisions to this schedule that take effect as of the March 31, 2020, report date for the implementation of the capital simplifications rule.

For non-advanced approaches institutions that choose to wait until the June 30, 2020, report date to adopt the capital simplifications rule for reporting regulatory capital data, the deductions from common equity tier 1 capital previously reported in Schedule RC-R, Part I, items 11 and 16, should be included in the amounts reported in Schedule RC-R, Part I, items 10.b and 17, in the March 31, 2020, Call Report. The instructions for items 11 and 16 that were included in the Call Report instructions for December 31, 2019, have been included in the instructions below for items 10.b and 17.

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, Part I, 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).

(2) **Defined benefit pension fund net asset, net of associated DTLs.** An institution that is not an insured depository institution should include any defined benefit pension fund net asset. This amount may be net of any associated DTLs in accordance with section 22(e) of the capital rules.

(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,

Part I. (cont.)

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10.b (cont.) and synthetic exposures to such capital instruments (as defined in the regulatory capital rules), to the extent such capital instruments are not excluded as part of treasury stock, reported in Schedule RC-R, Part I, 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 regulatory capital rules are met.

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 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.

(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.

(5) Equity investments in financial subsidiaries. Include the aggregate amount of the institutions' 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 of financial subsidiaries may not be consolidated with those of the parent institution for regulatory capital purposes. No other deduction is required for these investments in the capital instruments of financial subsidiaries.

(6) Deductions for non-includable subsidiaries. A savings association that has a non-includable subsidiary must deduct its outstanding investments (both equity and debt) in, and extensions of credit to, the subsidiary in this item 10.b.

(7) 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.

For the March 31, 2020, report date, institutions that have not early adopted the capital simplifications rule should include non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the

Part I. (cont.)

Item No. Caption and Instructions

10.b (cont.)

10 percent threshold for non-significant investments in this item 10.b. Such non-significant investments were previously reported in Schedule RC-R, Part I, item 11. Item 11 has been removed from Schedule RC-R, Part I, in connection with the revisions to this schedule that take effect as of the March 31, 2020, report date for the implementation of the capital simplifications rule.

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 threshold for non-significant investments, calculated as described below. The institution may 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, Part I, 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, Part I, 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, Part I, item 5, the amounts in Schedule RC-R, Part I, items 6, 7, 8, 9, 10.a, and 10.b [deductions (1) through (6) only].	*$1,000 - $0 = $1,000*
(4)	Multiply the amount in step (3) by 10 percent. 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). Include this amount in this Schedule RC-R, Part I, item 10.b. If (1) is less than (4), include zero in this item 10.b.	*Line (1) is greater than line (4); therefore, $200 - $100 = $100. Then ($100 x 100/200) = $50. Include $50 in this item 10.b.*

Part I. (cont.)

Item No. **Caption and Instructions**

10.b
(cont.)

(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.	*Of the $100 in common shares, $50 are included as a deduction in this item 10.b. The remaining $50 needs to be included in risk-weighted assets in Schedule RC-R, Part II. **

* In this case, effective January 1, 2015 (assuming that publicly traded equity exposures do not qualify for a 100 percent risk weight under section 52(b)(3)(iii) of the regulatory capital rules), $50 x 300% risk weight for publicly traded common shares under section 52(b)(5) of the capital rules = $150 in risk weighted assets for the portion of common shares in an unconsolidated financial institution that are not deducted.

Transition provisions for investments in capital instruments:

(i) Calculate the amount as described above in the instructions for “(7) 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” in this item 10.b.
(ii) Multiply the amount in (i) by 80 percent. Include this product in this item 10.b. In addition, for institutions that do not have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date:
(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.

11 Not applicable.

12 **Subtotal.** Report the amount in Schedule RC-R, Part I, item 5, less the amounts in Schedule RC-R, Part I, items 6 through 10.b.

This subtotal will be used in Schedule RC-R, Part I, items 13 through 15 and 17, 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.

Part I. (cont.)

Item No. **Caption and Instructions**

NOTE: Effective March 31, 2020, the caption for Schedule RC-R, Part I, item 13, has been changed from "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" to the caption shown below. For purposes of reporting in item 13 for the March 31, 2020, report date only, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date should follow the instructions for item 13 that were included in the Call Report instructions for December 31, 2019, which are presented below.

13 **LESS: Investments in the capital of unconsolidated financial institutions, net of associated DTLs, that exceed 25 percent of item 12.**

The following are the instructions for item 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," that were included in the Call Report instructions for December 31, 2019. Non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date should follow these instructions.

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, Part I, item 12, report the difference in this item 13.
(3) If the amount in (1) is less than 10 percent of Schedule RC-R, Part I, item 12, report zero in this item 13.

If the institution included embedded goodwill in Schedule RC-R, Part I, item 6, to avoid double counting, the institution may net such embedded goodwill already deducted against the 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 80 percent. Report this product as this item amount.
In addition, for institutions that do not have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date:
(iii) 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

Part I. (cont.)

Item No.	**Caption and Instructions**
13 (cont.)	of the regulatory capital rules. Report this amount in Schedule RC-R, Part II, item 2.b, 7, or 8, as appropriate.

NOTE: Effective March 31, 2020, the caption for Schedule RC-R, Part I, item 14, has been changed from "LESS: MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold" to the caption shown below. For purposes of reporting in item 14 for the March 31, 2020, report date only, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date should follow the instructions for item 14 that were included in the Call Report instructions for December 31, 2019, which are presented below.

14 LESS: MSAs, net of associated DTLs, that exceed 25 percent of item 12.

The following are the instructions for item 14, "LESS: MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold," that were included in the Call Report instructions for December 31, 2019. Non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date should follow these instructions.

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 greater than 10 percent of Schedule RC-R, Part I, item 12, report the difference in this item 14.
(3) If the amount in (1) is less than 10 percent of Schedule RC-R, Part I, item 12, enter zero in this item 14.

Transition provisions: Follow the transition provisions in the instructions for Schedule RC-R, Part I, item 13 (that is, apply 80 percent of the deduction and a 100 percent risk weight to the portion of items not deducted).

NOTE: Effective March 31, 2020, the caption for Schedule RC-R, Part I, item 15, has been changed from "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" to the caption shown below. For purposes of reporting in item 15 for the March 31, 2020, report date only, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date should follow the instructions for item 15 that were included in the Call Report instructions for December 31, 2019, which are presented below.

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 25 percent of item 12.

The following are the instructions for item 15, "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

Part I. (cont.)

Item No. Caption and Instructions

15 (cont.) deduction threshold," that were included in the Call Report instructions for December 31, 2019. Non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date should follow these instructions.

(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 allowance for loan and lease losses (ALLL) or allowances for credit losses (ACL), as applicable).
(2) If the amount in (1) is greater than 10 percent of Schedule RC-R, Part I, item 12, report the difference in this item 15.
(3) If the amount in (1) is less than 10 percent of Schedule RC-R, Part I, item 12, enter zero in this item 15.

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 the instructions for Schedule RC-R, Part I, item 13 (that is, apply 80 percent of the deduction and a 100 percent risk weight to the portion of items not deducted).

NOTE: Effective March 31, 2020, Schedule RC-R, Part I, item 16, is not applicable to non-advanced approaches institutions that choose to early adopt the capital simplifications rule in the quarter beginning January 1, 2020. Accordingly, the caption for item 16 has been changed from "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" to "Not applicable."

For purposes of the March 31, 2020, report date only, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule for the March 31, 2020, report date must continue to apply the 15 percent common equity tier 1 capital deduction threshold and report any resulting deductions in Schedule RC-R, Part I, item 17. The instructions for item 16 that were included in the Call Report instructions for December 31, 2019, have been included in the instructions for Schedule RC-R, Part I, item 17, below.

16 Not applicable.

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 investments in own additional tier 1 and tier 2 capital instruments, 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 before deductions (reported in Schedule RC-R, Part I, item 23) and tier 2 capital before deductions (reported in Schedule RC-R, Part I, item 44) to

<u>Part I. (cont.)</u>

Item No.	**Caption and Instructions**
17 (cont.)	absorb these deductions in Schedule RC-R, Part I, items 24 or 45, as appropriate. Similarly, institutions should report the total amount of any deductions to be made during the transition period pursuant to section 300(b) of the regulatory capital rules if the reporting institution does not have a sufficient amount of additional tier 1 capital before deductions or tier 2 capital before deductions to absorb these deductions.

Since the community bank leverage ratio (CBLR) framework does not have a total capital requirement, a CBLR electing institution is neither required to calculate tier 2 capital nor make any deductions that would have been taken from tier 2 capital under the generally applicable rule. Therefore, if a CBLR electing institution has investments in the capital instruments of an unconsolidated financial institution that would qualify as tier 2 capital of the CBLR electing institution under the generally applicable rule (tier 2 qualifying investments), and the institution's total investments in the capital of unconsolidated financial institutions exceed the threshold for deduction, the institution is not required to deduct the tier 2 qualifying investments.

In addition, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose <u>not</u> to early adopt the capital simplifications rule for the March 31, 2020, report date should include in this item 17 the 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, which in previous quarters was reported in Schedule RC-R, Part I, item 16.

The following are the instructions for item 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," that were included in the Call Report instructions for December 31, 2019. Non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose <u>not</u> to early adopt the capital simplifications rule for the March 31, 2020, report date should follow these instructions.

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).

<u>Transition provisions:</u>

Calculate the amount to be included in item 17 for the aggregate amount of threshold items that exceeds the 15 percent common equity tier 1 capital deduction threshold, 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, Part I, item 13, step 1, in the instructions for item 13 above);

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17 (cont.)

b. MSAs, net of associated DTLs (Schedule RC-R, Part I, item 14, step 1, in the instructions for item 14 above); 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, Part I, item 15, step 1, in the instructions for item 15 above).

(ii) Multiply the amount in Schedule RC-R, Part I, item 12, "Subtotal," by 15 percent. This is *the 15 percent common equity deduction threshold for transition purposes*.

(iii) Sum up the amounts that would have been reported in Schedule RC-R, Part I, items 13, 14, and 15 (in accordance with the instructions for these items above) prior to applying the transition provisions (that is, as if the 10 percent common equity tier 1 capital deduction threshold were fully phased in).

(iv) Deduct (iii) from (i).

(v) Deduct (ii) from (iv). If this amount is negative, include zero for this amount in item 17.

(vi) Multiply the amount in (v) by 80 percent. Include the resulting amount in this item 17.

Example and a 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, Part I, 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
- Amount of each item that exceeds the 10% common equity tier 1 capital deduction threshold (as if the amounts subject to the 10% limit were fully phased in):
  - Significant investments in the common shares of unconsolidated financial institutions net of associated DTLs = $5 (amount that would have been reported in Schedule RC-R, Part I, item 13, if the amount were fully phased in)
  - MSAs net of associated DTLs = $0 (amount that would have been reported in Schedule RC-R, Part I, item 14, if the amount were fully phased in)
  - 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 (amount that would have been reported in Schedule RC-R, Part I, item 15, if the amount were fully phased in).

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, Part I, item 12: 15% x $100 = $15

(iii) Sum of the amounts that would have been reported in Schedule RC-R, Part I, items 13, 14, and 15, if the amounts subject to the 10% common equity tier 1 capital deduction threshold were fully phased in: $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 x 80% (amount that applies in calendar year 2017) = $6.40

Include $6.40 in this item 17.

Part I. (cont.)

Item No. **Caption and Instructions**

18 **Total adjustments and deductions for common equity tier 1 capital.** Report the sum of Schedule RC-R, Part I, items 13 through 15 and 17.

19 **Common equity tier 1 capital.** Report Schedule RC-R, Part I, item 12 less item 18. Except for a CBLR electing institution under the community bank leverage ratio framework, the amount reported in this item is the numerator of the institution's common equity tier 1 risk-based capital ratio.

Additional Tier 1 Capital

NOTE: **For items 20 and 21 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

20 **Additional tier 1 capital instruments plus related surplus.**

21 **Non-qualifying capital instruments subject to phase out from additional tier 1 capital.**

NOTE: **For items 22 through 28 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items for the March 31, 2020, report date.

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, calculated as described below.

For each consolidated subsidiary, perform the calculations in steps (1) through (10) of the worksheet below. Sum 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-R, Part I, item 4.
- For this example, 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, Part I, item 4.

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22
(cont.)

(1)	Determine the risk-weighted assets of the subsidiary.	*$1,000*
(2)	Using the standardized approach, determine the standardized risk-weighted assets of the reporting 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)	Multiply the lower of (1) or (2) by 8.5%.[3]	*$1,000 x 8.5% = $85*
(4)	Determine the dollar amount of tier 1 capital for the subsidiary. If this amount is less than step (3), enter the sum of common equity tier 1 and additional tier 1 minority interest ($39 in this example) in 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 tier 1 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% x $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, Part I, 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: If an institution has non-qualifying minority interest and/or surplus minority interest, it will report the amount includable in additional tier 1 capital in this item 22. 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 in the instructions for Schedule RC-R, Part I, item 4, after taking into consideration (that is,

[3] 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.

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22 (cont.) excluding) any amount of surplus common equity tier 1 minority interest (from 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 available to be included during the transition period in additional tier 1 capital ($8.86 (from step 7 of the worksheet in item 22) of surplus tier 1 minority interest minus $3.00 (from step 7 of the worksheet in item 4) of common equity tier 1 minority interest). In 2017, the institution would include an additional $1.17 in item 22 (20% of $5.86). Starting in 2018, the institution would include the amount of surplus minority interest included in 2017 (20% of $5.86 or $1.17) in regulatory capital.

23 **Additional tier 1 capital before deductions.** Report the sum of Schedule RC-R, Part I, 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 an institution should report additional tier 1 capital deductions in item 24 irrespective of the amount of additional tier 1 capital before deductions reported in item 23. If an institution does not have a sufficient amount of additional tier 1 capital before deductions in item 23 to absorb these deductions, then the institution must deduct the shortfall from common equity tier 1 capital in Schedule RC-R, Part I, item 17. For example, if an institution reports $0 of “Additional tier 1 capital before deductions” in item 23 and has $100 of additional tier 1 capital deductions, the institution would report $100 in item 24, add $100 to the amount to be reported in item 17, and report $0 in item 25, “Additional tier 1 capital.”

(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 capital 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.

(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 cross-holdings 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

Part I. (cont.)

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24 (cont.)

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, Part I, item 17.

(**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 deduction (7) in Schedule RC-R, Part I, item 10.b, 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 capital, 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 (step (4) of the example for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b), 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 the example for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b). 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 for investments in capital instruments in the instructions for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b.

(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 for investments in capital instruments in the instructions for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b.

Part I. (cont.)

Item No.	Caption and Instructions
24 (cont.)	**(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). 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 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.
25	**Additional tier 1 capital.** Report the greater of Schedule RC-R, Part I, item 23 minus item 24, or zero.

Tier 1 Capital

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

Total Assets for the Leverage Ratio

NOTE: Schedule RC-R, Part I, items 27 through 30, which pertain to the calculation of total assets for the leverage ratio, were numbered as items 36 through 39 in Schedule RC-R, Part I, of the Call Report for December 31, 2019.

27 **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.

An institution that has adopted FASB Accounting Standards Update No. 2016-13, which governs the accounting for credit losses and introduces the current expected credit losses methodology (CECL), and has elected to apply the CECL transition provision (CECL electing institution) should increase its average total consolidated assets by its applicable CECL transitional amount, in accordance with section 301(b)(4)(iv) of the regulatory capital rules. For example, a CECL electing institution should increase its average total consolidated assets as reported on the Call Report for purposes of the leverage ratio by 75 percent of its CECL transitional amount during the first year of the transition period, 50 percent of its CECL transitional amount during the second year of the transition period, and 25 percent of its CECL transitional amount during the third year of the transition period (see Table 1 in the instructions for Schedule RC-R, Part I, item 2).

28 **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, Part I, items 6, 7, 8, 10.b, 13 through 15, 17, and 24. Also exclude the amount reported in item 17 that is due to insufficient amounts of additional tier 1 capital, and which is included in the amount reported in item 24. (This is to avoid double counting.)

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NOTE: **For item 29 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for this item in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

29 **LESS: Other deductions from (additions to) assets for leverage ratio purposes.**

NOTE: **For items 30 through 31.a of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items for the March 31, 2020, report date.

30 **Total assets for the leverage ratio.** Report Schedule RC-R, Part I, item 27, less items 28 and 29.

Leverage Ratio

31 **Leverage ratio.** Report the institution's leverage ratio as a percentage, rounded to four decimal places. Divide Schedule RC-R, Part I, item 26 by item 30.

31.a **Does your institution have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date?**
Enter "1" for Yes or enter "0" for No. Refer to the qualifying criteria for using the CBLR framework, which are explained in the instructions for Schedule RC-R, Part I, items 32 through 34, in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

Qualifying Criteria and Other Information for CBLR Institutions

Schedule RC-R, Part I, items 32 through 37 and, if applicable, items 38.a through 38.c, are to be completed only by qualifying institutions that have elected to adopt the community bank leverage ratio (CBLR) framework or are within the grace period as of the quarter-end report date. (For further information on the grace period, see the General Instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.)

If your institution entered "1" in item 31.a, then items 32 through 37 and, if applicable, items 38.a through 38.c, must be completed. Institutions that do not qualify or have not adopted the community bank leverage ratio framework as of the quarter-end report date should leave items 32 through 38.c blank and go to Schedule RC-R, Part I, item 39. A qualifying institution can opt out of the community bank leverage ratio framework by completing Schedule RC-R, Parts I and II, excluding Schedule RC-R, Part I, items 32 through 38.c.

Part I. (cont.)

Item No. Caption and Instructions

NOTE: **For items 32 through 38.c of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution. As stated in those instructions, Schedule RC-R, Part I, items 38.a through 38.c, should be completed only by institutions that have adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses. Institutions that have not adopted ASU 2016-13 should leave items 38.a through 38.c blank.

32 Total assets.

33 Trading assets and trading liabilities.

34 Off-balance sheet exposures.

34.a Unused portion of conditionally cancellable commitments.

34.b Securities lent and borrowed.

34.c Other off-balance sheet exposures.

35 Unconditionally cancellable commitments.

36 Investments in the tier 2 capital of unconsolidated financial institutions.

37 Allocated transfer risk reserve.

38 Amount of allowances for credit losses on purchased credit-deteriorated assets.

38.a Loans and leases held for investment.

38.b Held-to-maturity debt securities.

38.c Other financial assets measured at amortized cost.

NOTE: A qualifying non-advanced approaches institution that has a community bank leverage ratio (CBLR) framework election in effect as of the March 31, 2020, report date (i.e., entered "1" for Yes in Schedule RC-R, Part I, item 31.a) should not complete Schedule RC-R, Part I, items 39 through 54 on the FFIEC 051; items 39 through 55.b on the FFIEC 041; and should not complete Schedule RC-R, Part II.

Tier 2 Capital

NOTE: **For items 39 and 40 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

39 Tier 2 capital instruments plus related surplus.

Part I. (cont.)

Item No. Caption and Instructions

40 **Non-qualifying capital instruments subject to phase-out from tier 2 capital.**

NOTE: **For item 41 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for this item in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

41 **Total capital minority interest that is not included in tier 1 capital.** 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 the results for each consolidated subsidiary and report the aggregate number in this item 41.

Example and a worksheet calculation: Calculate total capital minority interest that is not 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, Part I, items 4 and 22.
- For this example, 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.
- Other relevant numbers are taken from the examples in Schedule RC-R, Part I, items 4 and 22.

(1)	Determine the risk-weighted assets of the subsidiary.	*$1,000*
(2)	Using the standardized approach, determine the risk-weighted assets of the reporting 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 percent.[4]	*$1,000 x 10.5% = $105*
(4)	Determine the dollar amount of total capital for the subsidiary. If this amount is less than step (3), enter the sum of common equity tier 1, additional tier 1, and total capital minority interest ($54 in this example) in 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% x $25 = $10.39*

[4] 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.

Part I. (cont.)

Item No. Caption and Instructions

41
(cont.)

(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 (from examples in items 4 and 22)) = $13.48.*

Transition provision: For surplus minority interest that can be included in tier 2 capital during the transition period, follow the transition provision in the instructions for Schedule RC-R, item 4, after taking into consideration (that is, excluding) any amount of surplus tier 1 minority interest (from step 7 of the worksheet in item 22). In the example, 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 (from step 7 of the worksheet in item 41) of surplus total capital minority interest minus $8.86 (from step 7 of the worksheet in item 22) of tier 1 minority interest). An institution would include surplus minority interest of 20% of $1.53 or $0.31 in this item 41.

NOTE: **For items 42 through 44 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

42 **Allowance for loan and lease losses includable in tier 2 capital.**

43 **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.**

44 **Tier 2 capital before deductions.**

NOTE: **For items 45 through 51 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items for the March 31, 2020, report date.

45 **LESS: Tier 2 capital deductions.** Report total tier 2 capital deductions as the sum of the following elements.

Note that an institution should report tier 2 capital deductions in this item 45 irrespective of the amount of tier 2 capital before deductions reported in Schedule RC-R, Part I, item 44. If an institution does not have a sufficient amount of tier 2 capital before deductions in item 44

Part I. (cont.)

Item No. Caption and Instructions

45 (cont.) to absorb these deductions, then the institution must deduct the shortfall from additional tier 1 capital before deductions in Schedule RC-R, Part I, item 24, or, if there is not enough additional tier 1 capital before deductions, from common equity tier 1 capital in Schedule RC-R, Part I, item 17.

For example, if an institution reports $98 of "Tier 2 capital before deductions" in Schedule RC-R, Part I, item 44, and must make $110 in tier 2 capital deductions, the institution would report $110 in this item 45, include the additional $12 in deductions in Schedule RC-R, Part I, item 24 (and in Schedule RC-R, Part I, item 17, in the case of insufficient "Additional tier 1 capital before deductions" in Schedule RC-R, Part I, item 23, from which to make the deduction in Schedule RC-R, Part I, item 24), and report $0 in Schedule RC-R, Part I, item 46, "Tier 2 capital."

(1) Investments in own 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.

(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.

(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 the calculation in the instructions for deduction (7) in Schedule RC-R, Part I, item 10.b, above):

(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 tier 2 capital.

Part I. (cont.)

Item No. **Caption and Instructions**

45 (cont.)

(3) If (1) is greater than the ten percent threshold for non-significant investments (step 4 of the example for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b), 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 step 4 of the example for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b). 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 for investments in capital instruments in the instructions for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b.

(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 for investments in capital instruments in the instructions for deduction (7) in the instructions for Schedule RC-R, Part I, item 10.b.

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

46 **Tier 2 capital.** Report the greater of Schedule RC-R, Part I, item 44 minus 45, or zero.

Total Capital

47 **Total capital.** Report the sum of Schedule RC-R, Part I, items 26 and 46.

Total Risk-Weighted Assets

48 **Total risk-weighted assets.** Report the amount of total risk-weighted assets using the standardized approach (as reported in Schedule RC-R, Part II, item 31).

Risk-Based Capital Ratios

49 **Common equity tier 1 capital ratio.** Report the institution’s common equity tier 1 risk-based capital ratio as a percentage, rounded to four decimal places. Divide Schedule RC-R, Part I, item 19 by item 48.

Part I. (cont.)

Item No.	Caption and Instructions
50	**Tier 1 capital ratio.** Report the institution's tier 1 risk-based capital ratio as a percentage, rounded to four decimal places. Divide Schedule RC-R, Part I, item 26 by item 48.
51	**Total capital ratio.** Report the institution's total risk-based capital ratio as a percentage, rounded to four decimal places. Divide Schedule RC-R, Part I, item 47 by item 48.

Capital Buffer

NOTE: **For items 52 through 54 of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

General Instructions for Schedule RC-R, Part I, item 52.

FFIEC 051 Item No.	FFIEC 041 Item No.	Caption and Instructions
52	-	**Institution-specific capital conservation buffer necessary to avoid limitations on distributions and discretionary bonus payments.**
-	52	**Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments.**
-	52.a	**Capital conservation buffer.**
-	52.b	**Institutions subject to Category III capital standards only: Total applicable capital buffer.**

NOTE: Institutions must complete Schedule RC-R, Part I, item 53, if the amount reported in Schedule RC-R, Part I, item 52 on the FFIEC 051, item 52.a on the FFIEC 041, is less than or equal to the applicable minimum capital conservation buffer of 2.5000 percent. On the FFIEC 041, a Category III institution will need to consider any other applicable capital buffers and should use Schedule RC-R, Part I, item 52.b.

FFIEC 051 Item No.	FFIEC 041 Item No.	Caption and Instructions
53	53	**Eligible retained income.**

NOTE: Institutions must complete Schedule RC-R, Part I, item 54, to report the amount of distributions and discretionary bonus payments made during the calendar quarter ending on the report date if the amount of its capital conservation buffer as of the end of the previous calendar quarter report date was less than its applicable required buffer percentage on that previous calendar quarter report date.

FFIEC 051 Item No.	FFIEC 041 Item No.	Caption and Instructions
54	54	**Distributions and discretionary bonus payments during the quarter.**

Part I. (cont.)

Supplementary Leverage Ratio

NOTE: Schedule RC-R, Part I, items 55.a and 55.b, are not applicable to institutions that file the FFIEC 051.

NOTE: On the FFIEC 041, Schedule RC-R, Part I, items 55.a and 55.b, are to be completed only by institutions subject to Category III capital standards. All other institutions that file the FFIEC 041 should leave Schedule RC-R, Part I, items 55.a and 55.b, blank.

FFIEC 051 Item No.	FFIEC 041 Item No.	Caption and Instructions
NOTE:		**For items 55 through 55.b of Schedule RC-R, Part I**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part I, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.
-	55	**Institutions subject to Category III capital standards only: Supplementary leverage ratio information.**
-	55.a	**Total leverage exposure.**
-	55.b	**Supplementary leverage ratio.**

Part II. Risk-Weighted Assets

Community Bank Leverage Ratio Framework:

A qualifying community banking organization that decides to opt into the community bank leverage ratio (CBLR) framework should not complete Schedule RC-R, Part II. For the March 31, 2020, report date:

- All other institutions that file the FFIEC 041 Call Report should complete Schedule RC-R, Part I, excluding items 32 through 38.c, and Part II.
- All other institutions that file the FFIEC 051 Call Report should complete Schedule RC-R, Part I, excluding items 32 through 38.c, and Part II, items 26 through 31 and, if applicable, Memorandum item 4. Such institutions need not complete Schedule RC-R, Part II, items 1 through 25 and Memorandum items 1 through 3.

A qualifying institution can opt out of the CBLR framework by completing Schedule RC-R, Part I, excluding items 32 through 38.c, and the applicable portions of Schedule RC-R, Part II, depending on the report date and the report form the institution files. For information on the reporting requirements that apply when an institution ceases to have a leverage ratio greater than 9 percent or fails to meet any of the CBLR qualifying criteria and is no longer in the CBLR grace period, please refer to the General Instructions for Schedule RC-R, Part I, in the FFIEC 031-FFIEC 041 instruction book (updated as of March 2020) or the FFIEC 051 instruction book (updated as of March 2020), as applicable to your institution,

General Instructions for Schedule RC-R, Part II.

In the FFIEC 051 Call Report, institutions that do not have a CBLR framework election in effect as of the quarter-end report date should complete Schedule RC-R, Part II, items 1 through 25, columns A through U, as applicable, and Memorandum items 1 through 3 semiannually in the June and December reports only. Such institutions should complete Schedule RC-R, Part II, items 26 through 31 and, if applicable, Memorandum item 4 quarterly.

In the FFIEC 041 Call Report, institutions that do not have a CBLR framework election in effect as of the quarter-end report date should complete all of Schedule RC-R, Part II, quarterly.

The instructions for Schedule RC-R, Part II, items 1 through 22, provide general directions for the allocation of bank balance sheet assets, credit equivalent amounts of derivatives and off-balance sheet items, and unsettled transactions to the risk-weight categories in columns C through Q (and, for items 1 through 10 only, to the adjustments to the totals in Schedule RC-R, Part II, column A, to be reported in column B). In general, the aggregate amount allocated to each risk-weight category is then multiplied by the risk weight associated with that category. The resulting risk-weighted values from each of the risk categories are added together, and generally this sum is the bank's total risk-weighted assets, which comprises the denominator of the risk-based capital ratios.

These instructions should provide sufficient guidance for most banks for risk weighting their balance sheet assets and credit equivalent amounts. However, these instructions do not address every type of exposure. Banks should review the regulatory capital rules of their primary federal supervisory authority for the complete description of capital requirements.

NOTE: **For the topic on "Exposure Amount Subject to Risk Weighting" in the General Instructions for Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for this topic in the General Instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

Exposure Amount Subject to Risk Weighting

Part II. (cont.)

General Instructions for Schedule RC-R, Part II. (cont.)

NOTE: **For the topic on "Amounts to Report in Column B" in the General Instructions for Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for this topic for the March 31, 2020, report date.

Amounts to Report in Column B

The amount to report in column B will vary depending upon the nature of the particular item.

For items 1 through 8 and 11 of Schedule RC-R, Part II, column B should include the amount of the reporting bank's on-balance sheet assets that are deducted or excluded (not risk weighted) in the determination of risk-weighted assets. Column B should include assets that are deducted from capital such as:

- Goodwill;
- Other intangible assets (other than mortgage servicing assets (MSAs));
- Gain on sale of securitization exposures;
- Threshold deductions above the 10 percent individual or 15 percent combined limits for (1) DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, (2) MSAs, net of associated deferred tax liabilities (DTLs), and (3) significant investments in the capital of unconsolidated financial institutions in the form of common stock; and
- Any other assets that must be deducted in accordance with the requirements of a bank's primary federal supervisory authority.

Column B should also include items that are excluded from the calculation of risk-weighted assets, such as the allowance for loan and lease losses or allowances for credit losses, as applicable; allocated transfer risk reserves; and certain on-balance sheet asset amounts associated with derivative contracts that are included in the calculation of the credit equivalent amounts of the derivative contracts. In addition, for items 1 through 8 and 11 of Schedule RC-R, Part II, column B should include any difference between the balance sheet amount of an on-balance sheet asset and its exposure amount as described above under "Exposure Amount Subject to Risk Weighting." *Note: For items 1 through 8 and 11 of Schedule RC-R, Part II, the sum of columns B through R must equal the balance sheet asset amount reported in column A.*

For items 9.a through 9.d of Schedule RC-R, Part II, the amount a reporting bank should report in column B will depend upon the risk-weighting approach it uses to risk weight its securitization exposures and whether the bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a. For each of items 9.a through 9.d, a mathematical relationship similar to the one described above will hold true, such that the sum of columns B through Q must equal the balance sheet asset amount reported in column A.

- If a bank uses the 1,250 percent risk weight approach to risk weight an on-balance sheet securitization exposure, the bank will report in column B the difference between the carrying value of the exposure and the exposure amount that is to be risk weighted. For example, if a bank has a securitization exposure that is an AFS debt security with a $105 carrying value (i.e., fair value) including a $5 unrealized gain (in other words, a $100 amortized cost), the bank would report the following:
    - If the bank has not made (or cannot make) the AOCI opt-out election, the bank would report zero in item 9.b, column B. The bank would report the $105 exposure amount to be risk weighted in item 9.b, column Q–1250% risk weight.
    - If the bank has made the AOCI opt-out election, the bank would report any unrealized gain as a positive number in item 9.b, column B, and any unrealized loss as a negative number in item 9.b, column B. Therefore, in this example, the bank would report $5 in item 9.b, column B. Because

Part II. (cont.)

General Instructions for Schedule RC-R, Part II. (cont.)

the bank reverses out the unrealized gain for regulatory capital purposes because it has made the AOCI opt-out election, it does not have to risk weight the gain. (Note: The bank also would report the $100 exposure amount to be risk weighted in item 9.b, column Q–1250% risk weight.)

- If the bank uses the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach to risk weight an on-balance sheet securitization exposure, the bank will report in column B the same amount that it reported in column A.

For item 10 of Schedule RC-R, Part II, the amount a reporting bank should report in column B also will depend upon the risk-weighting approach it uses to risk weight its securitization exposures. If a bank uses the 1,250 percent risk weight approach to risk weight an off-balance sheet securitization exposure, the bank will report in column B any difference between the notional amount of the off-balance sheet securitization exposure that is reported in column A and its exposure amount. If the bank uses the SSFA or the Gross-Up Approach to risk weight an off-balance sheet securitization exposure, the bank will report in column B the same amount that it reported in column A. An example is presented in the instructions for Schedule RC-R, Part II, item 10. For item 10 of Schedule RC-R, Part II, the sum of columns B through Q must equal the amount of the off-balance sheet securitization exposures reported in column A.

For items 12 through 21 of Schedule RC-R, Part II, column B should include the credit equivalent amounts of the reporting bank's derivative contracts and off-balance sheet items that are covered by the regulatory capital rules. For the off-balance sheet items in items 12 through 19, the credit equivalent amount to be reported in column B is calculated by multiplying the face, notional, or other amount reported in column A by the appropriate credit conversion factor. The credit equivalent amounts in column B are to be allocated to the appropriate risk-weight categories in columns C through J (or to the securitization exposure collateral category in column R, if applicable). For items 12 through 21 of Schedule RC-R, Part II, the sum of columns C through J (plus column R, if applicable) must equal the credit equivalent amount reported in column B.

NOTE: **For the topic on "Treatment of Collateral and Guarantees" in the General Instructions for Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for this topic in the General Instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

Treatment of Collateral and Guarantees

NOTE: **For the topic on "Treatment of Equity Exposures" in the General Instructions for Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for this topic for the March 31, 2020, report date.

Treatment of Equity Exposures

The treatment of equity exposures are outlined in §.51 through §.53 of the regulatory capital rules. Banks must use different methodologies to determine risk weighted assets for their equity exposures:

- The Simple Risk Weight Approach, which must be used for all types of equity exposures that are not equity exposures to a mutual fund or other investment fund, and
- Full look-through, simple modified look-through, and alternative modified look-through approaches for equity exposures to mutual funds and other investment funds.

Part II. (cont.)

General Instructions for Schedule RC-R, Part II. (cont.)

Treatment of stable value protection
The regulatory capital rules define stable value protection (SVP) in §.51(a)(3).

A bank that purchases SVP on an investment in a separate account must treat the portion of the carrying value of the investment attributable to the SVP as an exposure to the provider of the protection. The remaining portion of the carrying value of the investment must be treated as an equity exposure to an investment fund.

A bank that provides SVP must treat the exposure as an equity derivative with an adjusted carrying value equal to the sum of the on-balance and off-balance sheet adjusted carrying value.

Adjusted carrying value
The adjusted carrying value of an equity exposure is equal to:

- **On-balance sheet equity exposure:** The carrying value of the exposure.
- **On-balance sheet equity exposure that is classified as AFS where the bank has made the AOCI opt-out election:** The carrying value of the exposure less any net unrealized gains on the exposure that are reflected in the carrying value but excluded from regulatory capital.
- **Off-balance sheet portion of an equity exposure (that is not an equity commitment):** The effective notional principal amount[5] of the exposure minus the adjusted carrying value of the on-balance sheet component of the exposure.

For an equity commitment (a commitment to purchase an equity exposure), the effective notional principal amount must be multiplied by the following credit conversion factors: 20 percent for conditional equity commitments with an original maturity of one year or less, 50 percent for conditional equity commitments with an original maturity of more than one year, and 100 percent for unconditional equity commitments.

Equity exposure risk weighting methodologies
(1) Simple Risk Weight Approach: Must be used for all types of equity exposures that are not equity exposures to a mutual fund or other investment fund. Under this approach, banks must determine the risk weighted asset amount of an individual equity exposure by multiplying (1) the adjusted carrying value of the exposure or (2) the effective portion and ineffective portion of a hedge pair by the lowest possible risk weight below:

  - *Zero percent risk weight:* An equity exposure to a sovereign, Bank for International Settlements, the European Central Bank, the European Commission, the International Monetary Fund, a multilateral development bank (MDB), and any other entity whose credit exposures receive a zero percent risk weight under §.32 of the regulatory capital rules.

  - *20 percent risk weight:* An equity exposure to a public sector entity, Federal Home Loan Bank, and the Federal Agricultural Mortgage Corporation (Farmer Mac).

  - *100 percent risk weight:* Equity exposures to:
    - Certain qualified community development investments,
    - The effective portion of hedge pairs,
    - Significant investments in the capital of unconsolidated financial institutions in the form of common stock that are not deducted from capital, and
    - Non-significant equity exposures, to the extent that the aggregate carrying value of the exposures does not exceed 10 percent of total capital. To utilize this risk weight, the

[5] The regulatory capital rules define the "effective notional principal amount" as an exposure of equivalent size to a hypothetical on-balance sheet position in the underlying equity instrument that would evidence the same change in fair value (measured in dollars) given a small change in the price of the underlying equity instrument.

Part II. (cont.)

General Instructions for Schedule RC-R, Part II. (cont.)

bank must aggregate the following equity exposures: unconsolidated small business investment companies or held through consolidated small business investment companies; publicly traded (including those held indirectly through mutual funds or other investment funds); and non-publicly traded (including those held indirectly through mutual funds or other investment funds).

- *300 percent risk weight:* Publicly traded equity exposures.
- *400 percent risk weight:* Equity exposures that are not publicly traded.
- *600 percent risk weight:* An equity exposure to an investment firm, provided that the investment firm would (1) meet the definition of *traditional securitization* in §.2 of the regulatory capital rules were it not for the application of paragraph (8) of the definition and (2) has greater than immaterial leverage.

(2) Full look-through approach: Used only for equity exposures to a mutual fund or other investment fund. Requires a minimum risk weight of 20 percent. Under this approach, banks calculate the aggregate risk-weighted asset amounts of the carrying value of the exposures held by the fund as if they were held directly by the bank multiplied by the bank's proportional ownership share of the fund.

(3) Simple modified look-through approach: Used only for equity exposures to a mutual fund or other investment fund. Requires a minimum risk weight of 20 percent. Under this approach, risk-weighted assets for an equity exposure is equal to the exposure's permitted adjusted carrying value multiplied by the highest risk weight that applies to any exposure the fund is to hold under the prospectus, partnership agreement, or similar agreement that defines the funds permissible investments.

(4) Alternative modified look-through approach: Used only for equity exposures to a mutual fund or other investment fund. Requires a minimum risk weight of 20 percent. Under this approach, banks may assign the adjusted carrying value on a pro rata basis to different risk-weight categories based on the limits in the fund's prospectus, partnership agreement, or similar contract that defines the fund's permissible investments.

NOTE: **For the following 11 topics included in the General Instructions for Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these topics in the in the General Instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

Treatment of Sales of 1-4 Family Residential First Mortgage Loans With Credit-Enhancing Representations and Warranties

Treatment of Exposures to Sovereign Entities and Foreign Banks

Summary of Risk Weights for Exposures to Government and Public Sector Entities

Risk-Weighted Assets for Securitization Exposures

Banks That Are Subject to the Market Risk Capital Rule

Adjustments for Financial Subsidiaries

Part II. (cont.)

General Instructions for Schedule RC-R, Part II. (cont.)

Treatment of Embedded Derivatives

Reporting Exposures Hedged with Cleared Eligible Credit Derivatives

Treatment of Certain Centrally Cleared Derivative Contracts

Treatment of FDIC Loss-Sharing Agreements

Allocated Transfer Risk Reserve (ATRR)

Item Instructions for Schedule RC-R, Part II.

Balance Sheet Asset Categories

Item No.	Caption and Instructions
NOTE:	**For item 1 of Schedule RC-R, Part II**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for this item in the instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.
1	**Cash and balances due from depository institutions.**
NOTE:	**For items 2, 2.a, and 2.b of Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items for the March 31, 2020, report date.
2	**Securities.** Do not include securities that qualify as securitization exposures in items 2.a and 2.b below; instead, report these securities in Schedule RC-R, Part II, items 9.a and 9.b. In general, under the regulatory capital rules, securitizations are exposures that are "tranched" for credit risk. Refer to the definitions of *securitization, traditional securitization, synthetic securitization* and *tranche* in §.2 of the regulatory capital rules.
2.a	**Held-to-maturity securities.** Report in column A the amount of held-to-maturity (HTM) securities reported in Schedule RC, item 2.a, excluding those HTM securities that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.
	The amount of those HTM securities reported in Schedule RC, item 2.a, that qualify as securitization exposures are to be reported in Schedule RC-R, Part II, item 9.a, column A. The sum of Schedule RC-R, Part II, items 2.a and 9.a, column A, must equal Schedule RC, item 2.a.
	Exposure amount to be used for purposes of risk weighting – bank has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule RC-R, Part I, item 3.a: For a security classified as HTM where the bank has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the bank is the carrying value of the security, which is the value of the asset reported (a) on the balance sheet of the bank determined in accordance with GAAP and (b) in Schedule RC-R, Part II, item 2.a, column A.

Part II. (cont.)

Item No. **Caption and Instructions**

2.a (cont.) Exposure amount to be used for purposes of risk weighting – bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a:
For a security classified as HTM where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the bank is the carrying value of the security reported (a) on the balance sheet of the bank and (b) in Schedule RC-R, Part II, item 2.a, column A, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI. For purposes of determining the exposure amount of an HTM security, an unrealized gain (loss), if any, on such a security that is included in AOCI is (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, or (ii) the unaccreted portion of other-than-temporary impairment losses on an HTM debt security that was not recognized in earnings in accordance with ASC Topic 320, Investments-Debt Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”). Thus, for an HTM security with such an unrealized gain (loss), report in column B any difference between the carrying value of the security reported in column A of this item and its exposure amount reported under the appropriate risk weighting column C through J.

- *In column B*, include the amount of:
  - Non-significant investments in tier 2 capital of unconsolidated financial institutions that are reported in Schedule RC, item 2.a, and have been deducted from capital in Schedule RC-R, Part I, item 45.
  - Significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital that are reported in Schedule RC, item 2.a, and have been deducted from capital in Schedule RC-R, Part I, item 45.

  For an institution that has adopted the current expected credit losses methodology (CECL), include as a negative number in column B:
  - The portion of Schedule RI-B, Part II, item 7, column B, “Balance end of current period” for HTM debt securities that relates to HTM securities reported in column A of this item, less
  - The portion of Schedule RC-R, Part II, Memorandum item 4.b, “Amount of allowances for credit losses on purchased credit-deteriorated assets” for HTM debt securities that relates to purchased credit-deteriorated HTM securities reported in column A of this item.

  For example, if an institution reports $100 in Schedule RI-B, Part II, item 7, column B, and $10 in Schedule RC-R, Part II, Memorandum item 4.b, the institution would report ($90) in this column B.

- *In column C–0% risk weight.* The zero percent risk weight applies to exposures to the U.S. government, a U.S. government agency, or a Federal Reserve Bank, and those exposures otherwise unconditionally guaranteed by the U.S. government. Include exposures to or unconditionally guaranteed by the FDIC or the NCUA. Certain foreign government exposures and certain entities listed in §.32 of the regulatory capital rules may also qualify for the zero percent risk weight. Include the exposure amounts of securities reported in Schedule RC-B, column A, that do not qualify as securitization exposures that qualify for the zero percent risk weight. Such securities may include portions of, but may not be limited to:
  - Item 1, "U.S. Treasury securities,"
  - Item 2, those obligations issued by U.S. Government agencies,

Part II. (cont.)

Item No. **Caption and Instructions**

2.a (cont.)

- Item 4.a.(1), those residential mortgage pass-through securities guaranteed by GNMA,
- Item 4.b.(1), those other residential mortgage-backed securities issued or guaranteed by U.S. Government agencies, such as GNMA exposures,
- Item 4.c.(1)(a), those commercial mortgage-backed securities (MBS) “Issued or guaranteed by FNMA, FHLMC, or GNMA” that represent GNMA securities, and
- Item 4.c.(2)(a), those commercial MBS “Issued or guaranteed by U.S. Government agencies or sponsored agencies” that represent GNMA securities.
- The portion of any exposure reported in Schedule RC, item 2.a, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight.

- *In column G–20% risk weight.* The 20 percent risk weight applies to general obligations of U.S. states, municipalities, and U.S. public sector entities. It also applies to exposures to U.S. depository institutions and credit unions, exposures conditionally guaranteed by the U.S. government, as well as exposures to U.S. government-sponsored enterprises. Certain foreign government and foreign bank exposures may qualify as indicated in §.32 of the regulatory capital rules. Include the exposure amounts of securities reported in Schedule RC-B, column A, that do not qualify as securitization exposures that qualify for the 20 percent risk weight. Such securities may include portions of, but may not be limited to:
  - Item 2, those obligations issued by U.S. Government-sponsored agencies,
    Item 3, "Securities issued by states and political subdivisions in the U.S." that represent general obligation securities,
  - Item 4.a.(1), those residential mortgage pass-through securities issued by FNMA and FHLMC,
  - Item 4.b.(1), Other residential mortgage-backed securities "Issued or guaranteed by U.S. Government agencies or sponsored agencies,"
  - Item 4.c.(1)(a), those commercial MBS “Issued or guaranteed by FNMA, FHLMC, or GNMA” that represent FHLMC and FNMA securities,
  - Item 4.c.(2)(a), those commercial MBS “Issued or guaranteed by U.S. Government agencies or sponsored agencies” that represent FHLMC and FNMA securities,
  - Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies," and
  - Any securities categorized as “structured financial products” on Schedule RC-B that are <u>not</u> securitization exposures and qualify for the 20 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.a, for purposes of calculating risk-weighted assets.
  - The portion of any exposure reported in Schedule RC, item 2.a, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.

- *In column H–50% risk weight,* include the exposure amounts of securities reported in Schedule RC-B, column A, that do <u>not</u> qualify as securitization exposures that qualify for the 50 percent risk weight. Such securities may include portions of, but may not be limited to:
  - Item 3, "Securities issued by states and political subdivisions in the U.S.," that represent revenue obligation securities,
  - Item 4.a.(2), "Other [residential mortgage] pass-through securities," that represent residential mortgage exposures that qualify for 50 percent risk weight. (Pass-through securities that do not qualify for the 50 percent risk weight should be assigned to the 100 percent risk-weight category.)

Part II. (cont.)

Item No. Caption and Instructions

2.a

- Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (excluding portions subject to an FDIC loss-sharing agreement and interest-only securities) that represent residential mortgage exposures that qualify for 50 percent risk weight, and
  - Item 4.b.(3), "All other residential MBS." Include only those MBS that qualify for the 50 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: Do not include MBS portions that are tranched for credit risk; those must be reported as securitization exposures in Schedule RC-R, Part II, item 9.a. Exclude interest-only securities.
  - The portion of any exposure reported in Schedule RC, item 2.a, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.

- *In column I–100% risk weight*, include the exposure amounts of securities reported in Schedule RC-B, column A, that do not qualify as securitization exposures that qualify for the 100 percent risk weight. Such securities may include portions of, but may not be limited to:
  - Item 4.a.(2), "Other [residential mortgage] pass-through securities," that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (excludes portions subject to an FDIC loss-sharing agreement), that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - Item 4.b.(3), "All other residential MBS," Include only those MBS that qualify for the 100 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. (Note: Do not include MBS that are tranched for credit risk; those should be reported as securitization exposures in Schedule RC-R, Part II, item 9.a.),
  - Item 4.c.(1)(b), "Other [commercial mortgage] pass-through securities,"
  - Item 4.c.(2)(b), "All other commercial MBS,"
  - Item 5.a, "Asset-backed securities," and
  - Any securities reported as "structured financial products" in Schedule RC-B, item 5.b, that are not securitization exposures and qualify for the 100 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.a, for purposes of calculating risk-weighted assets.
  - The portion of any exposure reported in Schedule RC, item 2.a, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - Also include all other HTM securities that do not qualify as securitization exposures reported in Schedule RC, item 2.a, that are not included in columns C through H and J.

- *In column J–150% risk weight*, include the exposure amounts of securities reported in Schedule RC-B, column A, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.

- For HTM securities that are directly and unconditionally guaranteed by foreign central governments or are exposures to foreign banks that do not qualify as securitization exposures and must be risk-weighted according to the Country Risk Classification (CRC) methodology, assign these exposures to risk-weight categories based on the CRC methodology described in the General Instructions for Schedule RC-R, Part II, and the instructions for Schedule RC-R, Part, II, item 2.a, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

Part II. (cont.)

Item No. Caption and Instructions

2.b **Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading.** For institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investments in mutual funds, and eliminates the concept of available-for-sale (AFS) equity securities (see the Note preceding the instructions for Schedule RC, item 2.c), report in column A the fair value of AFS debt and equity securities reported in Schedule RC, item 2.b, excluding those AFS securities that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The fair value of those AFS securities reported in Schedule RC, item 2.b, that qualify as securitization exposures must be reported in Schedule RC-R, Part II, item 9.b, column A. The sum of Schedule RC-R, Part II, items 2.b and 9.b, column A, must equal Schedule RC, item 2.b.

For institutions that have adopted ASU 2016-01, report in column A the sum of:
(1) The fair value of AFS debt securities reported in Schedule RC, item 2.b; and
(2) The fair value of equity securities with readily determinable fair values not held for trading reported in Schedule RC, item 2.c;
excluding those debt and equity securities that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

Exposure amount to be used for purposes of risk weighting by a bank that has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule RC-R, Part I, item 3.a:
For a security reported in Schedule RC-R, Part II, item 2.b, column A, where the bank has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the bank is:

- **For a debt security:** the carrying value, which is the value of the asset reported on the balance sheet of the bank determined in accordance with GAAP (i.e., the fair value of the AFS debt security) and in column A.
- **For equity securities and preferred stock classified as an equity under GAAP:** the adjusted carrying value.[6]

Exposure amount to be used for purposes of risk weighting by a bank that has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a:

- For institutions that have not adopted ASU 2016-01, for a security classified as AFS where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the bank is:
  - **For a debt security:** the carrying value, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI.
  - **For equity securities and preferred stock classified as an equity under GAAP:** the carrying value less any net unrealized gains that are reflected in such carrying value but are excluded from the bank's regulatory capital components.

[6] Adjusted carrying value applies only to equity exposures and is defined in §.51 of the regulatory capital rules. In general, it includes an on-balance sheet amount as well as application of conversion factors to determine on-balance sheet equivalents of any off-balance sheet commitments to acquire equity exposures. For institutions that have not made the AOCI opt-out election, the on-balance sheet component is equal to the carrying value. Refer to §.51 for the precise definition.

Part II. (cont.)

Item No. **Caption and Instructions**

2.b (cont.)

- For institutions that have adopted ASU 2016-01, for a security reported in Schedule RC-R, Part II, item 2.b, column A, where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the bank is:
  - o **For a debt security:** the carrying value, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI.
  - o **For equity securities and preferred stock classified as an equity under GAAP with readily determinable fair values,** the adjusted carrying value.[7]

- *In column B*, a bank that has made the AOCI opt-out election should include the difference between the fair value and amortized cost of those AFS debt securities that do not qualify as securitization exposures. This difference equals the amounts reported in Schedule RC-B, items 1 through 6, column D, minus items 1 through 6, column C, for those AFS debt securities included in these items that are not securitization exposures.
  - o When fair value exceeds cost, report the difference as a positive number in Schedule RC-R, Part II, item 2.b, column B.
  - o When cost exceeds fair value, report the difference as a negative number (i.e., with a minus (-) sign) in Schedule RC-R, Part II, item 2.b, column B.

- *In column B*, for a bank that has made the AOCI opt-out election and has not adopted ASU 2016-01:
  - o If AFS equity securities with readily determinable fair values have a net unrealized gain (i.e., Schedule RC-B, item 7, column D, exceeds item 7, column C), the portion of the net unrealized gain (55 percent) not included in Tier 2 capital should be included in Schedule RC-R, Part II, item 2.b, column B. The portion that is not included in Tier 2 capital equals Schedule RC-B, item 7, column D minus column C, minus Schedule RC-R, Part I, item 43.

  Example: A bank reports an AFS debt security that is not a securitization exposure on its balance sheet in Schedule RC, item 2.b, at a carrying value (i.e., fair value) of $105. The amortized cost of the debt security is $100. The bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a. The AFS debt security has a $5 unrealized gain that is included in AOCI. In Schedule RC-R, Part II, item 2.b, the bank would report in Schedule RC-R, Part II, item 2.b:

  a. $105 in column A. This is the carrying value of the AFS debt security on the bank's balance sheet.
  b. $5 in column B. This is the difference between the carrying value (i.e., fair value) of the debt security and its exposure amount that is subject to risk weighting. For a bank that has made the AOCI opt-out election, column B will typically represent the amount of the unrealized gain or unrealized loss on the security. Gains are reported as positive numbers; losses as negative numbers. (Note: If the bank has not made or cannot make the opt-out election, there will be no adjustment to be reported in column B.)

[7] Adjusted carrying value applies only to equity exposures and is defined in §.51 of the regulatory capital rules. In general, it includes an on-balance sheet amount as well as application of conversion factors to determine on-balance sheet equivalents of any off-balance sheet commitments to acquire equity exposures. For institutions that have made the AOCI opt-out election, the adjusted carrying value of an on-balance sheet equity exposure, such as an equity security with a readily determinable fair value not held for trading, is equal to the carrying value of the equity exposure, i.e., the value of the asset on the balance sheet determined in accordance with U.S. GAAP. Refer to §.51 for the precise definition.

Part II. (cont.)

Item No. Caption and Instructions

2.b (cont.)

c. $100 is the exposure amount subject to risk weighting. This amount will be reported under the appropriate risk weight associated with the exposure (columns C through J). For a bank that has made the opt-out election, the exposure amount typically will be the carrying value (i.e., fair value) of the debt security excluding any unrealized gain or loss.

- *In column B*, for a bank that has made the AOCI opt-out election and has adopted ASU 2016-01, no amount should be included for equity securities and preferred stock classified as an equity under GAAP with readily determinable fair values that are reported in Schedule RC-R, Part II, item 2.b, column A.

- *In column B*, include the amount of:
  - Non-significant investments in the capital of unconsolidated financial institutions that are reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), and have been deducted from capital in Schedule RC-R, Part I, item 10.b (deduction (7)), item 24, and item 45.
  - Significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), and have been deducted from capital in Schedule RC-R, Part I, item 24 and item 45.
  - Significant investments in the capital of unconsolidated financial institutions in the form of common stock reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), that are subject to the 10 percent and 15 percent common equity tier 1 capital threshold limitations and have been deducted for regulatory capital purposes in Schedule RC-R, Part I, item 13 and item 17.

- *In column C–0% risk weight*, the zero percent risk weight applies to exposures to the U.S. government, a U.S. government agency, or a Federal Reserve Bank, and those exposures otherwise unconditionally guaranteed by the U.S. government. Include exposures to or unconditionally guaranteed by the FDIC or the NCUA. Certain foreign government exposures and certain entities listed in §.32 of the regulatory capital rules may also qualify for zero percent risk weight. Include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the zero percent risk weight. Such debt securities may include portions of, but may not be limited to:
  - Item 1, "U.S. Treasury securities,"
  - Item 2, those obligations issued by U.S. Government agencies,
  - Item 4.a.(1), those residential mortgage pass-through securities guaranteed by GNMA,
  - Portions of item 4.b.(1), Other residential mortgage-backed securities (MBS) "Issued or guaranteed by U.S. Government agencies or sponsored agencies," such as GNMA exposures,
  - Item 4.c.(1)(a), certain portions of commercial MBS “Issued or guaranteed by FNMA, FHLMC, or GNMA” that represent GNMA securities, and
  - Item 4.c.(2)(a), certain portions of commercial MBS “Issued or guaranteed by U.S. Government agencies or sponsored agencies” that represent GNMA securities.
  - The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight.

Part II. (cont.)

Item No. **Caption and Instructions**

2.b (cont.)

- *In column G–20% risk weight*, the 20 percent risk weight applies to general obligations of U.S. states, municipalities, and U.S. public sector entities. It also applies to exposures to U.S. depository institutions and credit unions, exposures conditionally guaranteed by the U.S. government, as well as exposures to U.S. government sponsored enterprises. Certain foreign government and foreign bank exposures may qualify for the 20 percent risk weight as indicated in §.32 of the regulatory capital rules. Include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the 20 percent risk weight. Such debt securities may include portions of, but may not be limited to:
    - Item 2, those obligations issued by U.S. Government-sponsored agencies (exclude interest-only securities),
    - Item 3, "Securities issued by states and political subdivisions in the U.S." that represent general obligation securities,
    - Item 4.a.(1), those residential mortgage pass-through securities issued by FNMA and FHLMC (exclude interest-only securities),
    - Item 4.b.(1), Other residential MBS "Issued or guaranteed by U.S. Government agencies or sponsored agencies," (exclude interest-only securities)
    - Item 4.c.(1)(a), those commercial MBS “Issued or guaranteed by FNMA, FHLMC, or GNMA” that represent FHLMC and FNMA securities (exclude interest-only securities),
    - Item 4.c.(2)(a), those commercial MBS “Issued or guaranteed by U.S. Government agencies or sponsored agencies” that represent FHLMC and FNMA securities (exclude interest-only securities),
    - Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (exclude interest-only securities), and
    - Any securities categorized as “structured financial products” on Schedule RC-B that are not securitization exposures and qualify for the 20 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.b, for purposes of calculating risk-weighted assets. Exclude interest-only securities.
    - The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.

- *In column H–50% risk weight*, include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the 50 percent risk weight. Such debt securities may include portions of, but may not be limited to:
    - Item 3, "Securities issued by states and political subdivisions in the U.S.," that represent revenue obligation securities,
    - Item 4.a.(2), "Other [residential mortgage] pass-through securities," (that represent residential mortgage exposures that qualify for the 50 percent risk weight. (Pass-through securities that do not qualify for the 50 percent risk weight should be assigned to the 100 percent risk weight category.)
    - Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (exclude portions subject to an FDIC loss-sharing agreement and interest-only securities) that represent residential mortgage exposures that qualify for the 50 percent risk weight, and

Part II. (cont.)

Item No. Caption and Instructions

2.b (cont.)

- ○ Item 4.b.(3), "All other residential MBS." Include only those MBS that qualify for the 50 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: Do not include MBS that are tranched for credit risk; those should be reported as securitization exposures in Schedule RC-R, Part II, item 9.b. Do not include interest-only securities.
- o The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.

- *In column I–100% risk weight,* include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the 100 percent risk weight. Such debt securities may include portions of, but may not be limited to:
  - o Item 4.a.(2), "Other [residential mortgage] pass-through securities," that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - o Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (excluding portions subject to an FDIC loss-sharing agreement) that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - o Item 4.b.(3), "All other residential MBS." Include only those MBS that qualify for the 100 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: Do not include MBS portions that are tranched for credit risk; those should be reported as securitization exposures in Schedule RC-R, Part II, item 9.b.
  - o Item 4.c.(1)(b), "Other [commercial mortgage] pass-through securities,"
  - o Item 4.c.(2)(b), "All other commercial MBS,"
  - o Item 5.a, "Asset-backed securities,"
  - o Any securities reported as "structured financial products" in Schedule RC-B, item 5.b, that are not securitization exposures and qualify for the 100 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.b, for purposes of calculating risk-weighted assets.
  - o The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - o All other AFS debt securities that do not qualify as securitization exposures reported in Schedule RC, item 2.b, that are not included in columns C through H, J through N, or R.

Also include in *column I–100% risk weight* the exposure amounts of publicly traded equity exposures with readily determinable fair values and equity exposures to investment funds with readily determinable fair values (including mutual funds) reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), to the extent that the aggregate carrying value of the bank's equity exposures does not exceed 10 percent of total capital. If the bank's aggregate carrying value of equity exposures is greater than 10 percent of total capital, the bank must report the exposure amount of its equity exposures to investments funds with readily determinable fair values (including mutual funds) in column R (and the risk-weighted asset amount of such AFS equity exposures in column S) and the exposure amount of its other equity exposures with readily determinable fair values in either columns L or N, as appropriate.

Part II. (cont.)

Item No. **Caption and Instructions**

2.b (cont.)

In addition, include in *column I–100% risk weight* the portion of Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), that represents the adjusted carrying value of exposures that are significant investments in the common stock of unconsolidated financial institutions that are not deducted from capital. For further information on the treatment of equity exposures, refer to §.51 to §.53 of the regulatory capital rules.

- *In column J–150% risk weight*, include the exposure amounts of securities reported in Schedule RC-B, column C, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.

- *In column L–300% risk weight*,
  - For a bank that has not adopted ASU 2016-01, for publicly traded AFS equity securities with readily determinable fair values reported in Schedule RC-B, item 7 (except equity securities to investment firms), include the fair value of these equity securities (as reported in Schedule RC-B, item 7, column D) if they have a net unrealized loss. If these equity securities have a net unrealized gain, include their adjusted carrying value (as reported in Schedule RC-B, item 7, column C) plus the portion of the unrealized gain (up to 45 percent) included in tier 2 capital (as reported in Schedule RC-R, Part I, item 43).
  - For a bank that has adopted ASU 2016-01, for publicly traded equity securities with readily determinable fair values reported in Schedule RC, item 2.c (except equity securities to investment firms), include the fair value of these equity securities as reported in Schedule RC, item 2.c.

- *In column N–600% risk weight*,
  - For a bank that has not adopted ASU 2016-01, for AFS equity securities to investment firms with readily determinable fair values reported in Schedule RC-B, item 7, include the fair value of these equity securities (as reported in Schedule RC-B, item 7, column D) if they have a net unrealized loss. If these equity securities have a net unrealized gain, include their adjusted carrying value (as reported in Schedule RC-B, item 7, column C) plus the portion of the unrealized gain (up to 45 percent) included in tier 2 capital (as reported in Schedule RC-R, Part I, item 43).
  - For a bank that has adopted ASU 2016-01, for equity securities to investment firms with readily determinable fair values reported in Schedule RC, item 2.c, include the fair value of these equity securities as reported in Schedule RC, item 2.c.

- *In columns R and S—Application of Other Risk-Weighting Approaches*, include the bank's equity exposures to investment funds with readily determinable fair values (including mutual funds) reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), if the aggregate carrying value of the bank's equity exposures is greater than 10 percent of total capital. Report in column R the exposure amount of these equity exposures to investment funds. Report in column S the risk-weighted asset amount of these equity exposures to investment funds as measured under the full look-through approach, the simple modified look-through approach, or the alternative modified look-through approach described in §.53 of the regulatory capital rules. All three of these approaches require a minimum risk weight of 20 percent. For further information, refer to the discussion of "Treatment of Equity Exposures" in the General Instructions for Schedule RC-R, Part II.

Part II. (cont.)

Item No.	Caption and Instructions
2.b (cont.)	• For available-for-sale debt securities and equity securities with readily determinable fair values not held for trading that are directly and unconditionally guaranteed by foreign central governments or are exposures to foreign banks that do not qualify as securitization exposures and must be risk-weighted according to the Country Risk Classification (CRC) methodology, assign these exposures to risk-weight categories based on the CRC methodology described in the General Instructions for Schedule RC-R, Part II, and the instructions for Schedule RC-R, Part, II, item 2.b, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.
NOTE:	**For items 3 through 6 of Schedule RC-R, Part II**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.
3	**Federal funds sold and securities purchased under agreements to resell:**
3.a	**Federal funds sold (in domestic offices).**
3.b	**Securities purchased under agreements to resell.**
4	**Loans and leases held for sale.**
4.a	**Residential mortgage exposures.**
4.b	**High volatility commercial real estate exposures.**
4.c	**Exposures past due 90 days or more or on nonaccrual.**
4.d	**All other exposures.**
5	**Loans and leases held for investments.**
5.a	**Residential mortgage exposures.**
5.b	**High volatility commercial real estate exposures.**
5.c	**Exposures past due 90 days or more or on nonaccrual.**
5.d	**All other exposures.**
6	**LESS: Allowance for loan and lease losses.**
NOTE:	**For items 7 and 8 of Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for these items for the March 31, 2020, report date.
7	**Trading assets.** Report in column A the fair value of trading assets reported in Schedule RC, item 5, excluding those trading assets that are securitization exposures, as defined in §.2 of the regulatory capital rules.

Part II. (cont.)

Item No.	**Caption and Instructions**
7 (cont.)	The fair value of those trading assets reported in Schedule RC, item 5, that qualify as securitization exposures must be reported in Schedule RC-R, Part II, item 9.c, column A. The sum of Schedule RC-R, Part II, items 7 and 9.c, column A, must equal Schedule RC, item 5.

If the bank is subject to the market risk capital rule, include in column B the fair value of all trading assets that are covered positions as defined in Schedule RC-R, Part II, item 27 (except those trading assets that are both securitization exposures and covered positions, which are excluded from column A of this item 7 and are to be reported instead in Schedule RC-R, Part II, item 9.c, column A). The bank will report its standardized market risk-weighted assets in Schedule RC-R, Part II, item 27. For further information on the market risk capital rule and the meaning of the term "covered position," refer to the discussion of "Banks That Are Subject to the Market Risk Capital Rule" in the General Instructions for Schedule RC-R, Part II, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

For banks not subject to the market risk capital rule and for those trading assets reported in column A that are held by banks subject to the market risk capital rule and do not meet the definition of a covered position:

- *In column B*, if the bank completes Schedule RC-D, include the fair value of derivative contracts that are reported as assets in Schedule RC-D, item 11. If the bank does not complete Schedule RC-D, include the portion of the amount reported in Schedule RC, item 5, that represents the fair value of derivative contracts that are assets. <u>Exclude</u> from column B those derivative contracts reported in these items that qualify as securitization exposures. For purposes of risk weighting, include the credit equivalent amounts of these derivatives, determined in accordance with the regulatory capital rules, in the risk-weight categories in Schedule RC-R, Part II, items 20 and 21, as appropriate. Do not risk weight these derivatives in this item.

  In column B, include the amount of:
  - ○ Non-significant investments in the capital of unconsolidated financial institutions that are reported in Schedule RC, item 5, and have been deducted from capital in Schedule RC-R, Part I, item 10.b (deduction (7)), item 24, and item 45.
  - ○ Significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are reported in Schedule RC, item 5, and have been deducted from capital in Schedule RC-R, Part I, item 24 and item 45.
  - o Significant investments in the capital of unconsolidated financial institutions in the form of common stock reported in Schedule RC, item 5, that are subject to the 10 percent and 15 percent common equity tier 1 capital threshold limitations and have been deducted for regulatory capital purposes in Schedule RC-R, Part I, item 13 and item 17.

  Also include in column B the fair value of any unsettled transactions (failed trades) that are reported as trading assets in Schedule RC, item 5. For purposes of risk weighting, unsettled transactions are to be reported in Schedule RC-R, Part II, item 22.

- *In column C–0% risk weight*,
  - o include the portion of the amount reported in Schedule RC, item 5, that qualifies for the zero percent risk weight and are not securitization exposures, which may include the fair value of U.S. Treasury securities, securities issued by U.S. Government agencies, and mortgage-backed securities (MBS) guaranteed by GNMA.

Part II. (cont.)

Item No. **Caption and Instructions**

7
(cont.)

- ○ Also include the portion of the fair value of any trading assets that is secured collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of trading assets collateralized by deposits at the reporting institution.

- *In column G–20% risk weight*,
  - o include the portion of the amount reported in Schedule RC, item 5, that qualifies for the 20 percent risk weight and are not securitization exposures, which may include the fair value of securities issued by U.S. Government-sponsored agencies; general obligations issued by states and political subdivisions in the United States; MBS issued by FNMA and FHLMC; and asset-backed securities, structured financial products, other debt securities, loans and acceptances, and certificates of deposit that represent exposures to U.S. depository institutions..
  - o Also include the portion of the fair value of any trading assets that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of trading assets covered by FDIC loss-sharing agreements.

- *In column H–50% risk weight*,
  - o include the portion of the amount reported in Schedule RC, item 5, that qualifies for the 50 percent risk weight and are not securitization exposures, which may include the fair value of revenue obligations issued by states and political subdivisions in the United States and MBS.
  - o Also include the portion of the fair value of any trading assets that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.

- *In column I–100% risk weight*, include the portion of the amount reported in Schedule RC, item 5, that qualifies for the 100 percent risk weight and are not securitization exposures, which may include the fair value of MBS and other debt securities that represent exposures to corporate entities and special purpose vehicles (SPVs).
  - o Also include the fair value of significant investments in the capital of unconsolidated financial institutions in the form of common stock held as trading assets that does not exceed the 10 percent and 15 percent common equity tier 1 capital deduction thresholds and are included in capital, as described in §.22 of the regulatory capital rules.
  - o Also include publicly traded equity exposures and equity exposures to investment funds (including mutual funds) reported in Schedule RC, item 5, to the extent that the aggregate carrying value of the bank's equity exposures does not exceed 10 percent of total capital. If the bank's aggregate carrying value of equity exposures is greater than 10 percent of total capital, the bank must report its trading equity exposures in columns L, M, or N, as appropriate.
  - o Also include the fair value of trading assets reported in Schedule RC, item 5, that is not included in columns C through H, J through N, and R. Exclude those trading assets reported in Schedule RC, item 5, that qualify as securitization exposures and report them in Schedule RC-R, Part II, item 9.c.
  - o Also include the portion of the fair value of any trading assets that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.

- *In column J–150% risk weight*, include the exposure amounts of trading assets reported in Schedule RC, item 5, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.

Part II. (cont.)

Item No. **Caption and Instructions**

7 (cont.)

- *In column L–300% risk weight*, include the portion of the amount reported in Schedule RC, item 5, that does not qualify as securitization exposures that represents the fair value of publicly traded equity securities with readily determinable fair values.

- *In column M–400% risk weight*, include the portion of the amount reported in Schedule RC, item 5, that does not qualify as securitization exposures that represents the fair value of equity securities (other than those issued by investment firms) that do not have readily determinable fair values.

- *In column N–600% risk weight*, include the portion of the amount reported in Schedule RC, item 5, that does not qualify as securitization exposures that represents the fair value of equity exposures to investment firms.

- *In columns R and S–Application of Other Risk-Weighting Approaches*, include:
  - The portion of any trading assets reported in Schedule RC, item 5, that is secured by qualifying financial collateral that meets the definition of a *securitization exposure* in §.2 of the regulatory capital rules or is a mutual fund only if the bank chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the Simple Approach outlined in §.37 of the regulatory capital rules. Under the Simple Approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
  - Equity exposures to investment funds (including mutual funds) reported as trading assets in Schedule RC, item 5, if the aggregate carrying value of the bank's equity exposures is greater than 10 percent of total capital. These exposures are subject to a minimum risk weight of 20 percent.
  - For information on the reporting of such trading assets in columns R and S, refer to the instructions for Schedule RC-R, Part, II, item 7, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

- For trading assets that must be risk-weighted according to the Country Risk Classification (CRC) methodology, assign these assets to risk-weight categories based on the CRC methodology described in the General Instructions for Schedule RC-R, Part II, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

8 **All other assets.** Report in column A the sum of the amounts reported in Schedule RC, item 6, "Premises and fixed assets"; item 7, "Other real estate owned"; item 8, "Investments in unconsolidated subsidiaries and associated companies"; item 9, "Direct and indirect investments in real estate ventures"; item 10, "Intangible assets"; and item 11, "Other assets," excluding those assets reported in Schedule RC, items 6 through 11, that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The amount of those assets reported in Schedule RC, items 6 through 11, that qualify as securitization exposures (as well as the amount reported in Schedule RC, item 11, for accrued interest receivable on on-balance sheet securitization exposures, regardless of where the securitization exposures are reported on the balance sheet in Schedule RC) must be reported in Schedule RC-R, Part II, item 9.d, column A.

The sum of item 8, columns B through R (including items 8.a and 8.b, column R), must equal item 8, column A. Amounts reported in Schedule RC-R, Part II, items 8.a and 8.b, column R, should not also be reported in Schedule RC-R, Part II, item 8, column R.

Part II. (cont.)

Item No. **Caption and Instructions**

8 (cont.) Treatment of Defined Benefit Postretirement Plan Assets – Applicable Only to Banks That Have Made the Accumulated Other Comprehensive Income (AOCI) Opt-Out Election in Schedule RC-R, Part I, item 3.a

If the reporting institution sponsors a single-employer defined benefit postretirement plan, such as a pension plan or health care plan, accounted for in accordance with ASC Topic 715, Compensation-Retirement Benefits (formerly FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"), the institution should adjust the asset amount reported in column A of this item for any amounts included in Schedule RC, item 26.b, "Accumulated other comprehensive income," affecting assets as a result of the initial and subsequent application of the funded status and measurement date provisions of ASC Topic 715. The adjustment also should take into account subsequent amortization of these amounts from AOCI into earnings. The intent of the adjustment reported in this item (together with the amount reported in Schedule RC-R, Part I, item 9.d) is to reverse the effects on AOCI of applying ASC Topic 715 for regulatory capital purposes. Specifically, assets recognized or derecognized as an adjustment to AOCI as part of the incremental effect of applying ASC Topic 715 should be reported as an adjustment to assets in column B of this item. For example, the derecognition of an asset recorded as an offset to AOCI as part of the initial incremental effect of applying ASC Topic 715 should be reported in this item as a negative amount in column B and as a positive amount in column I. As another example, the portion of a benefit plan surplus asset that is included in Schedule RC, item 26.b, as an increase to AOCI and in column A of this item should be excluded from risk-weighted assets by reporting the amount as a positive number in column B of this item.

- *In column B*, include the amount of:
  - o Any goodwill reported in Schedule RC-M, item 2.b, without regard to any associated DTLs;
  - o Intangible assets (other than goodwill and mortgage servicing assets (MSAs)) reported as a deduction from common equity tier 1 capital in Schedule RC-R, Part I, item 7, without regard to any associated DTLs;
  - o Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs reported in Schedule RC-R, Part I, item 8;
  - o The fair value of over-the-counter derivative contracts (as defined in §.2 of the regulatory capital rules) and derivative contracts that are cleared transactions (as described in §.2 of the regulatory capital rules) that are reported as assets in Schedule RC, item 11 (banks should risk weight the credit equivalent amount of these derivative contracts in Schedule RC-R, Part II, item 20 or 21, as appropriate);
    - ▪ Note: The fair value of derivative contracts reported as assets in Schedule RC, item 11, that are neither over-the-counter derivative contracts nor derivative contracts that are cleared transactions under §.2 of the regulatory capital rules should not be reported in column B. Such derivative contracts include written option contracts, including so-called "derivative loan commitments," i.e., a lender's commitment to originate a mortgage loan that will be held for resale. The fair value of such derivative contracts should be reported in the appropriate risk-weight category in this item 8.
  - o Non-significant investments in the capital of unconsolidated financial institutions that are reported in Schedule RC, item 8 or item 11, and have been deducted from capital in Schedule RC-R, Part I, item 10.b (deduction (7)), item 24, and item 45.
  - o Significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are reported in Schedule RC, item 8 or item 11, and have been deducted from capital in Schedule RC-R, Part I, item 24 and item 45.

Part II. (cont.)

Item No. Caption and Instructions

8 (cont.)

- Items subject to the 10 percent and 15 percent common equity tier 1 capital threshold limitations that have been deducted for regulatory capital purposes in Schedule RC-R, Part I, items 13 through 15 and 17. These excess amounts pertain to three items:
  - Significant investments in the capital of unconsolidated financial institutions in the form of common stock;
  - MSAs; and
  - DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances; and
- Unsettled transactions (failed trades) that are reported as “Other assets” in Schedule RC, item 11. For purposes of risk weighting, unsettled transactions are to be reported in Schedule RC-R, Part II, item 22.

An institution that has adopted the current expected credit losses methodology (CECL) should report as a negative number in column B:

- The portion of Schedule RI-B, Part II, Memorandum item 6, “Allowance for credit losses on other financial assets measured at amortized cost,” that relates to assets reported in column A of this item, less
- The portion of Schedule RC-R, Part II, Memorandum item 4.c, “Amount of allowances for credit losses on purchased credit-deteriorated assets” for other financial assets measured at amortized cost that relates to assets reported in column A of this item.

For example, if an institution reports $100 in Schedule RI-B, Part II, Memorandum item 6 (and the entire amount relates to assets reported in this item 8, column A), and $10 in Schedule RC-R, Part II, Memorandum item 4.c (and the entire amount relates to assets reported in this item 8, column A), the institution would report ($90) in this column B.

An institution that has adopted CECL and has elected to apply the CECL transition provision (CECL electing institution) should report as a positive number in column B its applicable DTA transitional amount from temporary difference DTAs, in accordance with section 301 of the regulatory capital rules. Specifically, a CECL electing institution reduces its temporary difference DTAs by 75 percent of its DTA transitional amount during the first year of the transition period, 50 percent of its DTA transitional amount during the second year of the transition period, and 25 percent of its DTA transitional amount during the third year of the transition period.

Report as a negative number in column B the amount of default fund contributions in the form of commitments made by a clearing member to a central counterparty’s mutualized loss-sharing arrangement.

- *In column C–0% risk weight*, include:
  - The carrying value of Federal Reserve Bank stock included in Schedule RC-F, item 4;
  - Accrued interest receivable on assets included in the zero percent risk weight category (column C of Schedule RC-R, Part II, items 1 through 7);
  - The carrying value of gold bullion not held for trading that is held in the bank's own vault or in another bank's vault on an allocated basis, and exposures that arise from the settlement of cash transactions (such as equities, fixed income, spot foreign exchange, and spot commodities) with a central counterparty where there is no assumption of ongoing credit risk by the central counterparty after settlement of the trade and associated default fund contributions; and

Part II. (cont.)

Item No. **Caption and Instructions**

8 (cont.)

- ○ The portion of assets reported in Schedule RC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of these assets collateralized by deposits in the reporting institution.

- *In column G–20% risk weight*, include:
  - ○ The carrying value of Federal Home Loan Bank stock included in Schedule RC-F, item 4;
  - o Accrued interest receivable on assets included in the 20 percent risk weight category (column G of Schedule RC-R, Part II, items 1 through 7);
  - o The portion of customers' acceptance liability reported in Schedule RC, item 11, that has been participated to other depository institutions; and
  - o The portion of assets reported in Schedule RC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of these assets covered by FDIC loss-sharing agreements.

- *In column H–50% risk weight*, include accrued interest receivable on assets included in the 50 percent risk weight category (column H of Schedule RC-R, Part II, items 1 through 7). Also include the portion of assets reported in Schedule RC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.

- *In column I–100% risk weight*, include:
  - o Accrued interest receivable on assets included in the 100 percent risk weight category (column I of Schedule RC-R, Part II, items 1 through 7);
  - o The amount of all other assets reported in column A that is not included in columns B through H, J through N, or R;
  - o The amounts of items that do not exceed the 10 percent and 15 percent common equity tier 1 capital deduction thresholds and are included in capital, as described in §.22 of the regulatory capital rules. These amounts pertain to three items:
    - ▪ Significant investments in the capital of unconsolidated financial institutions in the form of common stock;
    - ▪ MSAs; and
    - ▪ DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances;
  - o Publicly traded equity exposures, equity exposures without readily determinable fair values, and equity exposures to investment funds, to the extent that the aggregate carrying value of the bank's equity exposures does not exceed 10 percent of total capital. If the bank's aggregate carrying value of equity exposures is greater than 10 percent of total capital, the bank must report its equity exposures reported in Schedule RC, items 6 through 11, in either columns L, M, or N, as appropriate; and
  - ○ The portion of assets reported in Schedule RC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.

- *In column J–150% risk weight*, include accrued interest receivable on assets included in the 150 percent risk weight category (column J of Schedule RC-R, Part II, items 1 through 7). Also include the portion of assets reported in Schedule RC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 150 percent risk weight.

Part II. (cont.)

Item No. **Caption and Instructions**

8 (cont.)

- *In column L–300% risk weight*, include the fair value of publicly traded equity securities with readily determinable fair values that are reported in Schedule RC, items 8 and 9.

- *In column M–400% risk weight*, include the historical cost of equity securities (other than those issued by investment firms) that do not have readily determinable fair values that are reported in Schedule RC-F, item 4.

- *In column N–600% risk weight,* include the historical cost of equity securities issued by investment firms that do not have readily determinable fair values that are reported in Schedule RC-F, item 4.

- *In columns R and S of item 8–Application of Other Risk-Weighting Approaches*, include:
  - The portion of any asset reported in Schedule RC, items 6 through 11 (except separate account bank-owned life insurance and default fund contributions to central counterparties, which are to be reported in columns R and S of items 8.a and 8.b, respectively), that is secured by qualifying financial collateral that meets the definition of a *securitization exposure* in §.2 of the regulatory capital rules or is a mutual fund only if the bank chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the Simple Approach outlined in §.37 of the regulatory capital rules. Under the Simple Approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
  - Equity exposures to investment funds (including mutual funds) reported in Schedule RC, item 8 or 11 (except separate account bank-owned life insurance and default fund contributions to central counterparties, which are to be reported in columns R and S of items 8.a and 8.b, respectively), if the aggregate carrying value of the bank's equity exposures is greater than 10 percent of total capital. These exposures are subject to a minimum risk weight of 20 percent.
  - For information on the reporting of such assets in columns R and S, refer to the instructions for Schedule RC-R, Part, II, item 8, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

- *In columns R and S of item 8.a—Separate Account Bank-Owned Life Insurance*, include the bank's investments in separate account life insurance products, including hybrid separate account life insurance products. Exclude from columns R and S any investment in bank-owned life insurance that is solely a general account insurance product (report such general account insurance products in *column I—100 percent risk weight*). Report in column R the carrying value of the bank's investments in separate account life insurance products, including hybrid separate account products. Report in column S the risk-weighted asset amount of these insurance products. When a bank has a separate account policy, the portion of the carrying value that represents general account claims on the insurer, including items such as deferred acquisition costs (DAC) and mortality reserves realizable as of the balance sheet date, and any portion of the carrying value attributable to a Stable Value Protection (SVP) contract should be risk weighted at the 100 percent risk weight as claims on the insurer or the SVP provider. The remaining portion of the investment in separate account life insurance products is an equity exposure to an investment fund that should be measured under the full look-through approach, the simple modified look-through approach, or the alternative modified look-through approach, all three of which require a minimum risk weight of 20 percent. For further information, refer to the discussion of "Treatment of Equity Exposures" in the General Instructions for Schedule RC-R, Part II.

Part II. (cont.)

Item No. **Caption and Instructions**

8 (cont.)

- *In columns R and S of item 8.b—Default Fund Contributions to Central Counterparties*

  Note: Item 8.b only applies to banks that are clearing members, and therefore will not be applicable to the vast majority of banks. Banks must report the aggregate on-balance sheet amount of default fund contributions to central counterparties (CCPs) in column A. Banks must report the aggregate off-balance sheet amount, if any, of default fund contributions to CCPs as a negative amount in column B of item 8. For information on the reporting of default fund contributions to central counterparties in columns R and S, refer to the instructions for Schedule RC-R, Part II, item 8, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports (updated as of March 2020).

- For the portions of those exposures described above in the instructions for Schedule RC-R, Part II, item 8, that are exposures to sovereigns or foreign banks reported in Schedule RC, items 6 through 11, that must be risk-weighted according to the Country Risk Classification (CRC) methodology, assign these exposures to risk-weight categories based on the CRC methodology described in the General Instructions for Schedule RC-R, Part II, and the instructions for Schedule RC-R, Part, II, item 8, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

Securitization Exposures: On- and Off-Balance Sheet

NOTE: In the FFIEC 051 Call Report, institutions that do not have a CBLR framework election in effect as of the quarter-end report date should complete Schedule RC-R, Part II, items 9.a through 10, columns A, B, Q, T, and U, semiannually in the June and December reports only. In the FFIEC 041 Call Report, institutions that do not have a CBLR framework election in effect as of the quarter-end report date should complete Schedule RC-R, Part II, items 9.a through 10, columns A, B, Q, T, and U, quarterly.

NOTE: **For items 9 through 25 of Schedule RC-R, Part II**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

9 **On-balance sheet securitization exposures.**

9.a **Held-to-maturity securities.**

9.b **Available-for-sale securities.**

9.c **Trading assets.**

9.d **All other on-balance sheet securitization exposures.**

10 **Off-balance sheet securitization exposures.**

Total Balance Sheet Assets

11 **Total balance sheet assets.**

Part II. (cont.)

Item No. **Caption and Instructions**

Derivatives, Off-Balance Sheet Items, and Other Items Subject to Risk Weighting (Excluding Securitization Exposures

12 **Financial standby letters of credit.**

13 **Performance standby letters of credit and transaction-related contingent items.**

14 **Commercial and similar letters of credit with an original maturity of one year or less.**

15 **Retained recourse on small business obligations sold with recourse.**

16 **Repo-style transactions.**

17 **All other off-balance sheet liabilities.**

18 **Unused commitments.**

18.a **Original maturity of one year or less.**

18.b **Original maturity exceeding one year.**

19 **Unconditionally cancelable commitments.**

20 **Over-the-counter derivatives.**

21 **Centrally cleared derivatives.**

22 **Unsettled transactions (failed trades).**

Totals

23 **Total assets, derivatives, off-balance sheet exposures, and other items subject to risk weighting by risk-weight category.**

24 **Risk-weight factor.**

25 **Risk-weighted assets by risk-weight category.**

NOTE: **For item 26 of Schedule RC-R, Part II,** non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions below for this item for the March 31, 2020, report date.

26 **Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold.** In the FFIEC 051 for the March 31, 2020, report date, report the amount of the risk-weighted assets base for purposes of the allowance for loan and lease losses 1.25 percent threshold.

Part II. (cont.)

Item No.	**Caption and Instructions**
26 (cont.)	In the FFIEC 041 for the March 31, 2020, report date, report the sum of:

- Schedule RC-R, Part II:
  - Items 2.b through 20, column S,
  - Items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U, and
  - Item 25, columns C through Q
- Schedule RC-R, Part I:
  - The portion of item 10.b composed of "Investments in the institution's own shares to the extent not excluded as part of treasury stock,"
  - The portion of item 10.b composed of "Reciprocal cross-holdings in the capital of financial institutions in the form of common stock,"
  - The portion of item 10.b composed of "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,"
  - Items 13 through 15,
  - The portion of item 17 composed 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,
  - Item 24, excluding the portion of item 24 composed of tier 2 capital deductions reported in Part I, item 45, for which the institution does not have a sufficient amount of tier 2 capital before deductions reported in Part I, item 44, to absorb these deductions, and
  - Item 45.

For institutions that have adopted the current expected credit losses methodology (CECL), the risk-weighted assets base reported in this item 26 is for purposes of calculating the adjusted allowances for credit losses (AACL) 1.25 percent threshold.

NOTE: **For items 27 through 31 of Schedule RC-R, Part II**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.

27 **Standardized market-risk weighted assets (applicable only to banks that are covered by the market risk rules).**

28 **Risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve.**

29 **LESS: Excess allowance for loan and lease losses.**

30 **LESS: Allocated transfer risk reserve.**

31 **Total risk-weighted assets.**

Part II. (cont.)

Memoranda

Item No.	**Caption and Instructions**
NOTE:	**For Memorandum items 1 through 4 of Schedule RC-R, Part II**, non-advanced approaches institutions that file the FFIEC 041 or the FFIEC 051 Call Report and choose not to early adopt the capital simplifications rule should follow the instructions for these items in the instructions for Schedule RC-R, Part II, updated as of March 2020, in the FFIEC 031-FFIEC 041 instruction book or the FFIEC 051 instruction book, as applicable to your institution.
1	**Current credit exposure across all derivative contracts covered by the regulatory capital rules.**
2	**Notional principal amounts of over-the-counter derivative contacts.**
3	**Notional principal amounts of centrally cleared derivative contracts.**
2.a and 3.a	**Interest rate.**
2.b and 3.b	**Foreign exchange rate and gold.**
2.c and 3.c	**Credit (investment grade reference asset).**
2.d and 3.d	**Credit (non-investment grade reference asset).**
2.e and 3.e	**Equity.**
4	**Amount of allowances for credit losses on purchased credit-deteriorated assets.**
4.a	**Loans and leases held for investment.**
4.b	**Held-to-maturity debt securities.**
4.c	**Other financial assets measured at amortized cost.**