



**BOARD OF GOVERNORS**  
OF THE  
**FEDERAL RESERVE SYSTEM**

WASHINGTON, D.C. 20551

DIVISION OF BANKING  
SUPERVISION AND REGULATION

February 1, 2018

Subject: 2018 Horizontal Capital Review for Large and Noncomplex Firms

Dear Sir or Madam,

The Federal Reserve will assess the strength of the capital planning processes of bank holding companies and U.S. intermediate holding companies of a foreign banking organization that are large and noncomplex (LNC firms)<sup>1</sup> through a horizontal review of specific areas of capital planning, referred to as the Horizontal Capital Review (HCR), which will begin in the third quarter of 2018. The HCR will be conducted as part of the regular supervisory process, and any supervisory findings and concerns with the LNC firms' capital planning processes will be addressed through supervisory communications.

LNC firms are required to submit capital plans and are subject to the quantitative assessment in the Comprehensive Capital Analysis and Review (CCAR), but are not subject to the CCAR qualitative assessment. LNC firms should refer to the sections of the 2018 CCAR instructions related to the quantitative assessments of the firms' capital plans and public disclosure of supervisory assessments.<sup>2</sup>

LNC firms are required to submit their capital plans to the Board and the appropriate Reserve Bank by April 5, 2018. Supporting information will be requested several weeks later through a separate letter, based on the scope of the HCR.

Upon completion of the supervisory stress test, but before disclosure of the final CCAR results, the Federal Reserve will provide an LNC firm with the results of its post-stress capital analysis, and the firm will have the opportunity to make a one-time adjustment to its planned capital distributions. The

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<sup>1</sup> Under the capital plan rule (12 CFR 225.8), a firm is an LNC firm if it has total consolidated assets of at least \$50 billion but less than \$250 billion, average nonbank assets of less than \$75 billion, and has not been identified as a global systematically important bank holding company pursuant to subpart H of the Board's Regulation Q. The LNC firms required to participate in HCR 2018 are Ally Financial Inc.; American Express Company; BB&T Corporation; BBVA Compass Bancshares, Inc.; BMO Financial Corp.; BNP Paribas USA, Inc.; CIT Group Inc.; Citizens Financial Group, Inc.; Comerica Incorporated; Discover Financial Services; Fifth Third Bancorp; Huntington Bancshares Incorporated; KeyCorp; M&T Bank Corporation; MUFG Americas Holdings Corporation; Northern Trust Corporation; Regions Financial Corporation; Santander Holdings USA, Inc.; SunTrust Banks, Inc.; and Zions Bancorporation.

<sup>2</sup> Sections related to the qualitative assessment of firms' capital plans do not apply to LNC firms. In addition, where noted in the 2018 CCAR instructions, sections that only apply to firms subject to the Large Institution Supervision Coordination Committee framework and large and complex firms do not apply to LNC firms.

decisions for all firms participating in CCAR 2018, including LNC firms, including the reasons for any objection to a firm's capital plan, will be published on or before June 30, 2018. If a firm receives an objection to its capital plan based on a quantitative assessment, the firm may not make any capital distributions other than those capital distributions with respect to which the Federal Reserve has indicated in writing its non-objection.<sup>3</sup> The firm may, however, choose to resubmit its plan in advance of the next CCAR exercise in the following year.<sup>4</sup>

LNC firms should send any questions related to HCR through the secure HCR Communications mailbox, at [hcr.communications@frb.gov](mailto:hcr.communications@frb.gov). Questions related to FR Y-14 reporting schedules should be sent to the firm's Federal Reserve statistics contact.

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<sup>3</sup> 12 CFR 225.8(f)(2)(iv).

<sup>4</sup> 12 CFR 225.8(e)(4)(ii).