**Step 2**: Calculate modified transitional amounts, and the regulatory impact:

---

**On a quarterly basis for up to two years, an electing organization must then calculate the cumulative impact of CECL on regulatory capital as follows:**

<table>
<thead>
<tr>
<th>Increase retained earnings by the &quot;Modified CECL Transitional Amount&quot;</th>
<th>Decrease AACL by the &quot;Modified AAACL Transitional Amount&quot;</th>
<th>Two Additional Regulatory Capital Adjustments:</th>
</tr>
</thead>
</table>
| **Computed as follows:**  
CECL Transitional Amount  
+  
Change between end-of-period reported AAACL and the AAACL as of beginning of fiscal year that the Firm adopts CECL, multiplied by the 25% scaling factor  
=  
Modified CECL Transitional Amount | **Computed as follows:**  
AAACL Transitional Amount  
+  
Change between end-of-period reported AAACL and the AAACL as of beginning of fiscal year that the Firm adopts CECL, multiplied by the 25% scaling factor  
=  
Modified AAACL Transitional Amount | **Computed as follows:**

1. Decrease Temporary Difference DTA by the DTA Transitional Amount

2. Increase reported average total consolidated assets by the Modified CECL- Transitional Amount

---