



BlackRock Institutional Trust Co., NA
Comptroller of the Currency
National Bank Examiners
One Front St.
Suite 1000, 10th Floor
San Francisco, CA 94111

Supervisory Condition #2015-07
March 2015

August 6, 2013

Charles S. Hallac
Chief Executive Officer
BlackRock Institutional Trust Company, N.A.
400 Howard Street
San Francisco, CA 94111

Subject: Operating Agreement, Article III, Capital and Liquidity Requirements

Dear Mr. Hallac:

The purpose of this letter is to modify Article III of the Operating Agreement, dated December 7, 2009, by and between the Bank and the OCC, pursuant to paragraph three (3) of Article XI of the Operating Agreement.

In an application to OCC Western District Licensing, dated June 17, 2013, BlackRock Institutional Trust Co., N.A. (BTC) requested approval to reduce its minimum Tier 1 common equity in the amount of \$115 million. The stated purpose was to maintain adequate Tier 1 capital and to deploy potentially excess capital. The application to reduce permanent capital through a distribution to its parent, BlackRock Delaware Holdings, Inc., was formally approved by the OCC in a letter dated July 2, 2013.

In a letter dated July 22, 2013, BTC General Counsel Bradford C. Lewis, on behalf of BTC, formally requested an amendment to the Operating Agreement to reduce the Tier 1 Capital Requirement under the Agreement from \$500 million to \$385 million. In support of the request, Mr. Lewis provided Management's Assessment of Minimum Capital and Liquidity, dated, November 2012, and other information provided in the June 17, 2013 licensing application to reduce permanent equity capital.

We find that a reduction in the Minimum Tier 1 Capital Requirement, from \$500 million to \$385 million, is appropriate for BTC. Our decision is based primarily on the impact of the transfer of the iShares business out of BTC to another BlackRock subsidiary in 2012 (which reduced BTC's balance sheet assets by approximately 50% and strengthened the aggregate risk profile of BTC).

As detailed in Article III, the Board must continue to ensure that the Bank maintains a system to analyze and maintain levels of capital and liquidity commensurate with the risk profile, in conformance with OCC Bulletin 2007-21, *Supervision of National Trust Banks – Revised Guidance: Capital and Liquidity (June 26, 2007)*, and any subsequent guidance by the OCC.

On behalf of the OCC, I approve the establishment of a revised Minimum Tier 1 Capital Requirement of \$385 million and approve the amendment of Article III, paragraph (1) of the Operating Agreement. The change in the Minimum Tier 1 Capital Requirement, as described below, is effective immediately.

- (1) At all times, the Bank shall continue to maintain Tier 1 common equity at least equal to the greater of (a) \$385 million or (b) such higher amount as the OCC may require in connection with any action on any application, note or other request made by the Bank or as the OCC may require pursuant to the exercise of its regulatory authority under 12 C.F.R. Part 3 (“Minimum Tier 1 Capital Requirement”). At all times, the Bank shall keep in Liquid Assets an amount equal to the sum of \$100 million plus (b) the amount accrued by the Bank for bonus payments (“Minimum Liquid Capital Requirement”). The Minimum Tier 1 Capital Requirement and the Minimum Liquid Capital Requirement together shall constitute the Bank’s Minimum Capital Requirement (“Minimum Capital Requirement”).

As outlined in Article II of the Operating Agreement, the Board is reminded of the continued requirement that the Bank may not make a material change to or significant deviation from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, markets, and general business of the Bank without first obtaining the OCC’s prior written determination of no supervisory objective to such material change or deviation.

If you have any questions, please contact EIC Marietta L. Perkins at (415) 291-7225.

Sincerely,

/s

Vance S. Price
Deputy Comptroller
Large Bank Supervision