

OPTIONAL REGULATORY CAPITAL WORKSHEET

(Not to be submitted with your bank's Call Report)

For March 31, 1998

This *optional* worksheet is designed to assist banks in the calculation of those regulatory capital items applicable to all banks in Call Report Schedule RC-R, item 3. The worksheet uses Call Report item references to the extent possible to help simplify calculations; however, certain items may require the bank to obtain data from bank records. Banks are *not* required to use this worksheet and may use any reasonable approach to determining the requested regulatory capital items. Because of the limited number of banks subject to the market risk capital guidelines, this worksheet does not include any calculations pertaining to these guidelines.

The following *optional* worksheet is divided into 3 parts. **Part 1** is a worksheet for calculating Tier 1 and Tier 2 capital and risk-based capital ratios. **Part 2** is a worksheet with accompanying instructions for calculating the gross risk-weighted assets needed for Part 1. It is structured to categorize assets by risk weight using the Call Report balance sheet format with a more defined section for off-balance sheet transactions. The Part 2 worksheet is formatted to easily display aggregate data totals by asset and risk weight categories. A bank that performs its own calculation of gross risk-weighted assets may include this amount in Part 1 rather than completing Part 2.

Part 3 is a worksheet for calculating "average total assets" and the Tier 1 leverage ratio.

For risk-based capital purposes, banks are not required to identify each on-balance sheet asset and off-balance sheet item subject to risk-based capital that qualifies for a risk weight of less than 100 percent (50 percent for off-balance sheet derivatives). Thus, each bank should decide for itself how detailed an analysis of its assets and off-balance sheet items it wishes to perform and how many of the specific lower risk-weighted items it wishes to identify. In other words, a bank can pick and choose among the asset items and the credit equivalent amounts of off-balance sheet items that have a risk weight that is less than the maximum and risk-weight them accordingly, or simply risk-weight some or all of these items at a 100 percent risk weight (50 percent for off-balance sheet derivatives).

Because the worksheet cannot address all situations that may arise in the calculation of regulatory capital items and ratios, the provisions of the capital standards issued by a bank's primary federal supervisory authority take precedence over the worksheet. A bank's regulatory capital calculations are subject to examiner review, regardless of whether this optional worksheet or the bank's own method of calculation is used.

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