

OPTIONAL REGULATORY CAPITAL WORKSHEET
(Not to be submitted with your bank's Call Report)

December 31, 1997

This **optional** worksheet is designed to assist banks in the calculation of regulatory capital items requested in Call Report Schedule RC-R, items 3.a through 3.f. 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.

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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