

**From:** [Jeff Spaulding](#)  
**To:** [Regs.Comments](#)  
**Cc:** [Sandy Goyette](#)  
**Subject:** New Schedule RC-R for Risk-Based Capital  
**Date:** Wednesday, July 23, 2014 7:52:54 AM

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I'm working through the new call report instructions for Schedule RC-R. In several places, the instructions have the user refer to the guidelines of the user's primary regulator for additional rules. There aren't that many primary regulators left. Why can't the instructions include the information for each of the remaining primary regulators without making us find additional rules outside of the call report instructions? It's hard enough trying to understand and incorporate the rules that are in the very lengthy call report instructions.

Here's an example:

**General Instructions for Part II**

The instructions for Schedule RC-R, Part II, items 1 through 21, provide general directions for the allocation of bank balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items to the risk weight categories in columns C through Q (and, for items 1 through 11 only, to the items adjusted from the totals reported in Schedule RC-R, Part II, column A in column B). These instructions should provide sufficient guidance for most banks for risk-weighting their balance sheet assets and credit equivalent amounts. However, these instructions do not address every type of exposure. **Banks should review the capital regulations of their primary federal supervisory authority for the complete description of capital requirements.**

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## Merritt, Shaquita

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**From:** Jeff Spaulding <Jspaulding@arrowbank.com>  
**Sent:** Thursday, July 24, 2014 11:35 AM  
**To:** Regs.Comments  
**Cc:** Terry Goodemote; Sandy Goyette; April L. VanDerwerken  
**Subject:** FFIEC 031 and 041  
**Attachments:** Schedule RC - R - Column J, Line 8.pdf; Schedule RC-R - Instructions Col J, Line 8.pdf

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Agency: OCC  
Subject: FFIEC 031 and 041

Comment for Revised Schedule RC-R:  
In the Draft Form, Column J, Line 8 is greyed-out, but the Draft Instructions include an amount for this item.

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# Schedule RC-R, Part II, Risk-Weighted Assets

FFIEC 031 and FFIEC 041

		(Column A) Totals From Schedule RC			(Column B) Adjustments to totals reported in Column A			Allocation by Risk Weight Category																																												
								0%			2%			4%			10%			20%			50%			100%			150%																							
		Dollar Amounts in Thousands																								Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou	Bil	Mil	Thou
5.	Loans and leases, net of unearned income																																																			
		RCXX XXXX			RCXX XXXX															RCXX XXXX			RCXX XXXX			RCXX XXXX																										
a.	Residential mortgage exposures																																5.a.																			
		RCXX XXXX			RCXX XXXX																								RCXX XXXX																							
b.	High volatility commercial real estate exposures																																5.b.																			
		RCXX XXXX			RCXX XXXX			RCXX XXXX												RCXX XXXX			RCXX XXXX			RCXX XXXX			RCXX XXXX																							
c.	Exposures past due 90 days or more or on nonaccrual <sup>3</sup>																																5.c.																			
		RCXX XXXX			RCXX XXXX			RCXX XXXX												RCXX XXXX			RCXX XXXX			RCXX XXXX			RCXX XXXX																							
d.	All other exposures LESS: Allowance for loan and lease losses																																5.d.																			
		RCXX XXXX			RCXX XXXX																																															
6.	Trading assets (excluding securitization exposures that receive standardized charges)																																6.																			
		RCXX XXXX			RCXX XXXX			RCXX XXXX												RCXX XXXX			RCXX XXXX			RCXX XXXX			RCXX XXXX																							
7.	All other assets <sup>4</sup>																																7.																			
		RCXX XXXX			RCXX XXXX			RCXX XXXX												RCXX XXXX			RCXX XXXX			RCXX XXXX																										
8.																																	8.																			

**Part II. (cont.)****Item No.    Caption and Instructions**

- 8**  
(cont.)
- *In column C—0% risk weight, include:*
    - The carrying value of Federal Reserve Bank stock included in Schedule RC-F, item 4;
    - Accrued interest receivable on assets included in the zero percent risk weight category (column C of Schedule RC-R, Part II, items 1 through 7); and
    - The carrying value of gold bullion not held for trading that is held in the bank's own vault or in another bank's vault on an allocated basis, and exposures that arise from the settlement of cash transactions (such as equities, fixed income, spot foreign exchange, and spot commodities) with a central counterparty where there is no assumption of ongoing credit risk by the central counterparty after settlement of the trade and associated default fund contributions.
  - *In column G—20% risk weight, include:*
    - The carrying value of Federal Home Loan Bank stock included in Schedule RC-F, item 4;
    - Accrued interest receivable on assets included in the 20 percent risk weight category (column G of Schedule RC-R, Part II, items 1 through 7); and
    - The portion of customers' acceptance liability reported in Schedule RC, item 11, that has been participated to other depository institutions.
  - *In column H—50% risk weight, include accrued interest receivable on assets included in the 50 percent risk weight category (column H of Schedule RC-R, Part II, items 1 through 7).*
  - *In column I—100% risk weight, include:*
    - Accrued interest receivable on assets included in the 100 percent risk weight category (column I of Schedule RC-R, Part II, items 1 through 7);
    - Delivery-versus-payment (DvP) and payment-versus-payment (PvP) transactions in which the counterparty has not made delivery or payment within 5 to 15 business days after the contractual settlement date as described in §.38 of the regulatory capital rules; and
    - The amount of all other assets reported in column A that is not included in columns B through Q.
    - Also include the amounts of items that do not exceed the 10% and 15% common equity tier 1 capital deduction thresholds and are included in capital, as described in §.22 of the regulatory capital rules. These amounts pertain to three items:<sup>15</sup>
      - Significant investments in the capital of unconsolidated financial institutions in the form of common stock;
      - Mortgage servicing assets; and
      - DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances.
  - *In column J—150% risk weight, include accrued interest receivable on assets included in the 150 percent risk weight category (column J of Schedule RC-R, Part II, items 1 through 7).*
  - *In column M—400% risk weight, for equity securities (other than those issued by investment firms) that do not have readily determinable fair values reported in Schedule RC-F, item 4, include the historical cost of these equity securities (as reported in Schedule RC-F, item 4)*

<sup>15</sup> Note: These items will become subject to a 250 percent risk weight beginning in 2018.