

TABLE 4.—§ 702.106 STANDARD CALCULATION OF RBNW REQUIREMENT—Continued

Risk portfolio	Amount of risk portfolio (as percent of quarter-end total assets) to be multiplied by risk weighting	Risk weighting
(c) Investments (by weighted-average life):	0 to 1 year03
	>1 year to 3 years06
	>3 years to 10 years12
	>10 years20
(d) Low-risk assets	All %00
(e) Average-risk assets	All %06
(f) Loans sold with recourse	All %06
(g) Unused MBL commitments	All %06
(h) Allowance	Limited to equivalent of 1.50% of total loans (expressed as a percent of total assets).	(1.00)

A credit union's RBNW requirement is the sum of eight standard components. A standard component is calculated for each of the eight risk portfolios, equal to the sum of each amount of a risk portfolio times its risk weighting. A credit union is classified "undercapitalized" if its net worth ratio is less than its applicable RBNW requirement.

3. Revise Appendix A to Subpart A of Part 702 to read as follows:

APPENDIX A.—EXAMPLE STANDARD COMPONENTS FOR RBNW REQUIREMENT, § 702.106

[Example calculation in bold]

Risk portfolio	Dollar balance	Amount as percent of quarter-end total assets	Risk weighting	Amount times risk weighting (percent)	Standard component (percent)
Quarter-end total assets	200,000,000	100.0000			
(a) Long-term real estate loans	60,000,000	30.0000=			2.20
Threshold amount: 0 to 25%		25.0000	.06	1.5000	
Excess amount: over 25%		5.0000	.14	0.7000	
(b) MBLs outstanding	35,000,000	17.5000			1.10
Threshold amount: 0 to 15%		15.0000	.06	0.9000	
Intermediate tier: 15% to 25%		2,5000	.08	0.2000	
Excess amount: over 25%		0.0	.14	0.0	
(c) Investments	50,000,000=	25.0000=			1.51
Weighted-average life:					
0 to 1 year	24,000,000	12.0000	.03	0.3600	
>1 year to 3 years	15,000,000	7.5000	.06	0.4500	
>3 years to 10 years	10,000,000	5.0000	.12	0.6000	
>10 years	1,000,000	0.5000	.20	0.1000	
(d) Low-risk assets	4,000,000	2.0000	.00		0
Sum of risk portfolios (a) through (d) above	149,000,000	74.5.000			
(e) Average-risk assets	51,000,000	25.5000^a	.06		1.53
(f) Loans sold with recourse	40,000,000	20.0000	.06		1.20
(g) Unused MBL commitments	5,000,000	2.5000	.06		0.15
(h) Allowance	2,040,000.00^b	1.0200	(1.00)		(1.02)
Sum of standard components: RBNW requirement ^c					6.67

^a The Average-risk assets risk portfolio percent of quarter-end total assets equals 100 percent minus the sum of the percentages in the four risk portfolios above i.e., Long-term real estate loans, MBLs outstanding, Investments, and Low-risk assets).

^b The Allowance risk portfolio is limited to the equivalent of 1.50 percent of total loans. For an example computation of the permitted dollar balance of Allowance, see worksheet in Appendix B below.

^c A credit union is classified "undercapitalized" if its net worth ratio is less than its applicable RBNW requirement. The dollar equivalent of RBNW requirement may be computed for informational purposes as the RBNW requirement percent of total assets.

4. Revise Appendix D to Subpart A of Part 702 to read as follows: