such that the maturity of the long position and short position are deemed to match for purposes of the maturity requirement, even if the maturity of the short position is less than one year; and

(iii) For an investment in the FDIC-supervised institution’s own capital instrument under paragraph (c)(1) of this section or an investment in a capital of an unconsolidated financial institution under paragraphs (c)(4), (c)(5), and (d)(1)(iii) of this section:

(A) An FDIC-supervised institution may only net a short position against a long position in the FDIC-supervised institution’s own capital instrument under paragraph (c)(1) if the short position involves no counterparty credit risk.

(B) A gross long position in an FDIC-supervised institution’s own capital instrument or in a capital instrument of an unconsolidated financial institution resulting from a position in an index may be netted against a short position in the same index. Long and short positions in the same index without maturity dates are considered to have matching maturities.

(C) A short position in an index that is hedging a long cash or synthetic position in an FDIC-supervised institution’s own capital instrument or in a capital instrument of an unconsolidated financial institution can be decomposed to provide recognition of the hedge. More specifically, the portion of the index that is composed of the same underlying instrument that is being hedged may be used to offset the long position if both the long position being hedged and the short position in the index are reported as a trading asset or trading liability (whether on- or off-balance sheet) on the FDIC-supervised institution’s Call Report, and the hedge is deemed effective by the FDIC-supervised institution’s internal control processes, which have not been found to be inadequate by the FDIC.
§ 324.32 General risk weights.

(a) Sovereign exposures—(1) Exposures to the U.S. government. (i) Notwithstanding any other requirement in this subpart, an FDIC-supervised institution must assign a zero percent risk weight to:
   (A) An exposure to the U.S. government, its central bank, or a U.S. government agency; and
   (B) The portion of an exposure that is directly and unconditionally guaranteed by the U.S. government, its central bank, or a U.S. government agency. This includes a deposit or other exposure, or the portion of a deposit or other exposure, that is insured or otherwise unconditionally guaranteed by the FDIC or National Credit Union Administration.

   (ii) An FDIC-supervised institution must assign a 20 percent risk weight to the portion of an exposure that is conditionally guaranteed by the U.S. government, its central bank, or a U.S. government agency. This includes an exposure, or the portion of an exposure, that is conditionally guaranteed by the FDIC or National Credit Union Administration.

(2) Other sovereign exposures. In accordance with Table 1 to §324.32, an FDIC-supervised institution must assign a risk weight to a sovereign exposure based on the CRC applicable to the sovereign or the sovereign’s OECD membership status if there is no CRC applicable to the sovereign.

(b) Certain supranational entities and multilateral development banks (MDBs). An FDIC-supervised institution must assign a zero percent risk weight to an exposure to the Bank for International Settlements, the European Central Bank, the European Commission, the

### TABLE 1 TO §324.32—RISK WEIGHTS FOR SOVEREIGN EXPOSURES—Continued

<table>
<thead>
<tr>
<th>Risk Weight (in percent)</th>
<th>7</th>
<th>150</th>
</tr>
</thead>
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<tr>
<td>OECD Member with No CRC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Non-OECD Member with No CRC</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Sovereign Default</td>
<td>150</td>
<td></td>
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</tbody>
</table>

### TABLE 1 TO §324.32—RISK WEIGHTS FOR SOVEREIGN EXPOSURES

<table>
<thead>
<tr>
<th>CRC</th>
<th>0–1</th>
<th>2</th>
<th>3</th>
<th>4–6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>20</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

(3) Certain sovereign exposures. Notwithstanding paragraph (a)(2) of this section, an FDIC-supervised institution may assign to a sovereign exposure a risk weight that is lower than the applicable risk weight in Table 1 to §324.32 if:

(i) The exposure is denominated in the sovereign’s currency;

(ii) The FDIC-supervised institution has at least an equivalent amount of liabilities in that currency; and

(iii) The risk weight is not lower than the risk weight that the home country supervisor allows FDIC-supervised institutions under its jurisdiction to assign to the same exposures to the sovereign.

(4) Exposures to a non-OECD member sovereign with no CRC. Except as provided in paragraphs (a)(3), (a)(5) and (a)(6) of this section, an FDIC-supervised institution must assign a 100 percent risk weight to an exposure to a sovereign if the sovereign does not have a CRC.

(5) Exposures to an OECD member sovereign with no CRC. Except as provided in paragraph (a)(6) of this section, an FDIC-supervised institution must assign a 0 percent risk weight to an exposure to a sovereign that is a member of the OECD if the sovereign does not have a CRC.

(6) Sovereign default. An FDIC-supervised institution must assign a 150 percent risk weight to a sovereign exposure immediately upon determining that an event of sovereign default has occurred, or if an event of sovereign default has occurred during the previous five years.

(b) Certain supranational entities and multilateral development banks (MDBs). An FDIC-supervised institution must assign a zero percent risk weight to an exposure to the Bank for International Settlements, the European Central Bank, the European Commission, the