Federal Deposit Insurance Corporation

Plt. 327, Subpt. A. App. C

### APPENDIX B TO SUBPART A OF PART 327—CONVERSION OF SCORECARD MEASURES INTO SCORE

#### 1. Weighted Average CAMELS Rating

Weighted average CAMELS ratings between 1 and 3.5 are assigned a score between 25 and 100 according to the following equation:

\[ S = 25 + \left( \frac{20}{3} \right) \times (C - 1) \]

where:
- \( S \) is the weighted average CAMELS score;
- \( C \) is the weighted average CAMELS rating.

#### 2. Other Scorecard Measures

For certain scorecard measures, a lower ratio implies lower risk and a higher ratio implies higher risk. These measures include:
- Concentration measure;
- Market risk measure;
- Average short-term funding to average total assets ratio; and
- Potential liquidation value to total domestic deposits ratio (loss severity measure).

For those measures, a value between the minimum and maximum cutoff values is converted linearly to a score between 0 and 100, according to the following formula:

\[ S = \left( \frac{V - \text{Min}}{\text{Max} - \text{Min}}\right) \times 100 + \text{Min} \]

where:
- \( S \) is score (rounded to three decimal points);
- \( V \) is the value of the measure;
- \( \text{Min} \) is the minimum cutoff value and
- \( \text{Max} \) is the maximum cutoff value.

For other scorecard measures, a lower value represents higher risk and a higher value represents lower risk. These measures include:
- Tier 1 leverage ratio;
- Core earnings to average quarter-end total assets ratio;
- Core deposits to total liabilities ratio; and
- Balance sheet liquidity ratio.

For those measures, a value between the minimum and maximum cutoff values is converted linearly to a score between 0 and 100, according to the following formula:

\[ S = \left( \frac{V - \text{Min}}{\text{Max} - \text{Min}}\right) \times 100 + \text{Min} \]

where:
- \( S \) is score (rounded to three decimal points);
- \( V \) is the value of the measure;
- \( \text{Min} \) is the minimum cutoff value and
- \( \text{Max} \) is the maximum cutoff value.

### APPENDIX C TO SUBPART A OF PART 327—CONCENTRATION MEASURES

The concentration score is the higher of the higher-risk assets to Tier 1 capital and reserves ratio or the growth-adjusted portfolio concentration score. The concentration score for highly complex institutions is the highest of the higher-risk assets to Tier 1 capital and reserves score, the Top 20 counterparty exposure to Tier 1 capital and reserves score, or the largest counterparty to Tier 1 capital and reserves score. The higher-risk assets to Tier 1 capital and reserves ratio and the growth-adjusted portfolio concentration measure are described below.

#### A. Higher-Risk Assets/Tier 1 Capital and Reserves

The higher-risk assets to Tier 1 capital and reserves ratio is the sum of the concentrations in each of four risk areas described below and is calculated as:

\[ \text{Higher-Risk Assets/Tier 1 Capital and Reserves} = \sum \text{Concentration Scores} \]