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

I. 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:

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

where:

- \( S \) = the weighted average CAMELS score; and
- \( C \) = the weighted average CAMELS rating.

II. Other Scorecard Measures

For certain scorecard measures, a lower ratio implies higher risk and a higher ratio implies lower risk. These measures include:

- Concentration measure;
- Credit quality measure;
- Market risk measure;
- Average short-term funding to average total assets ratio; and
- Potential losses 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:

\[ S = (V - \text{Min}) \times 100 / (\text{Max} - \text{Min}) \]

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:

\[ S = (V - \text{Min}) \times 100 / (\text{Max} - \text{Min}) \]

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.

I. CONCENTRATION MEASURES

The concentration score for large banks is the higher of the higher-risk assets to Tier 1 capital and reserves score or the growth-adjusted portfolio concentrations 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.

1 For the purposes of this Appendix, the term “bank” means insured depository institution.