

APPENDIX: RISK-BASED CAPITAL MATRIX

BANK: _____

CITY, ST: _____ CHARTER: _____

MATRIX FOR DETERMINING RISK-BASED CAPITAL LEVEL IN ENFORCEMENT ACTIONS
 Add the scores in each numbered category to determine how much tier 1 capital to risk-weighted assets a bank should have above the four percent regulatory minimum.

CIRCUMSTANCE: Factors to be assessed	Score	Basis Points
1. NEWLY CHARTERED BANK:		
Less than two years old	200	
Two to five years old	100	
Over five years old	0	
2. SPECIAL SUPERVISION BANK RATED:		
Composite three rated	25	
Composite four rated	50	
Composite five rated	100	
3. RISK OF CAPITAL INADEQUACY DUE TO LOSSES:		
Low risk of capital impairment due to losses	25	
Medium risk of capital impairment due to losses	50	
High risk of capital impairment due to losses	100	
4 a. SIGNIFICANT EXPOSURE TO INTEREST RATE RISK:		
Low interest rate risk	5	
Medium interest rate risk	25	
High interest rate risk	75	
Asset/liability management good	-5	
Asset/liability management needs improvement	5.to.25	
Asset/liability management inadequate	100	
4 b. SIGNIFICANT EXPOSURE TO FIDUCIARY RISK:		
Low fiduciary risk	10	
Medium fiduciary risk	30	
High fiduciary risk	45	
Fiduciary management good	-10	
Fiduciary management needs improvement	5.to.25	
Fiduciary management inadequate	100	
4 c. SIGNIFICANT EXPOSURE TO OPERATIONAL RISK:		
Low operational risk	10	
Medium operational risk	25	
High operational risk	50	
Operations management good	-10	
Operations management needs improvement	5.to.25	
Operations management inadequate	100	

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CIRCUMSTANCE: Factors to be assessed	Score	Basis Points
4 d. SIGNIFICANT EXPOSURE TO CREDIT CONCENTRATION RISK:		
Low credit concentration risk	5	
Medium credit concentration risk	50	
High credit concentration risk	100	
Credit concentration management good	-5	
Credit concentration management needs improvement	10.to.50	
Credit concentration management inadequate	100	
5. LEVEL OF LIQUIDITY:		
Good liquidity levels	0	
Adequate liquidity levels	50	
Poor liquidity levels	100	
Liquidity management good	0	
Liquidity management needs improvement	10.to.50	
Liquidity management inadequate	100	
6. HIGH VOLUME OF OR SEVERE PROBLEM LOANS:		
Criticized assets <50% of Tier 1 + ALLL	0	
Criticized assets >50% of Tier 1 + ALLL	25.to.300	
Loan portfolio management good	0	
Loan portfolio management needs improvement ...	25.to.75	
Loan portfolio management inadequate	100	
7. BANK GROWING RAPIDLY:		
Growth <10% per year	0	
Acquisition growth >10% per year	15.to.50	
Internal growth >10% per year	25.to.75	
Growth management good	0	
Growth management needs improvement	25.to.75	
Growth management inadequate	100	
8. BANK ADVERSELY AFFECTED BY AFFILIATES:		
Affiliates with minor impact on bank	50	
Affiliates with major impact on bank	100	
Affiliated bank undercapitalized	200	
12 CFR 3.10 FACTORS BASIS POINT TOTAL		
PLUS 12 CFR 3 MINIMUM		4.00
TOTAL TIER 1 CAPITAL TO RISK-WEIGHTED ASSETS NEEDED		

<p>9. <u>OPTIONAL OTHER RISK FACTORS:</u></p>
