



## How Will I Be Rated?

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The Federal Reserve System's bank holding company rating system helps define a company's condition in a systematic way. The rating system consists of five core components, styled "RFI/C(D)," and eight subcomponents. Each of the components/subcomponents is rated on a 1 to 5 scale in ascending order of supervisory concern.

The ratings assigned depend on the company's size and complexity. Noncomplex companies with consolidated assets of \$3 billion or less receive only the Risk Management (R) and Composite (C) ratings, both of which generally mirror the management and composite ratings assigned to the lead bank by its primary regulator. Companies with consolidated assets greater than \$3 billion, and those considered "complex" regardless of size, receive the full complement of ratings.

R

Risk Management

Represents an evaluation of the ability of the board and management to identify, measure, monitor and control risk. **Subcomponents** (Includes four individually rated subcomponents)

F

Financial Condition

Represents an evaluation of the consolidated organization's financial strength, focusing on the ability of the organization's resources to support the level of risk associated with its activities. **Subcomponents** (Includes four individually rated subcomponents)

I

Impact

An assessment of the impact of the nondepository entities (bank holding companies and nonbank/financial subsidiaries) on the subsidiary depository institutions. Includes assessment of both financial condition and risk management practices, strategic considerations, operational, legal and reputational risks, cash flow and leverage.

C

Composite

Represents the overall assessment of the organization based on the quality and effectiveness of consolidated risk management, financial strength and the impact of the parent company and nondepository subsidiaries on the subsidiary depository institutions.

D

Depository Institutions

Identifies the overall condition of the subsidiary depository institution(s) and will generally reflect the composite CAMELS rating(s) assigned by the primary regulator(s).

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