

PDP1 Capital Standards for Eligible Public Depositories [Section 11-10.5-106(2)(b), C.R.S.]

For purposes of the Public Deposit Protection Act, a bank meeting adequate capital standards will maintain capital ratios as follows:

- A. An eligible public depository must have and maintain a total risk-based capital to risk-weighted assets ratio greater than or equal to 8 percent.
- B. If an eligible public depository's total risk-based capital to risk-weighted assets ratio is less than 8 percent, but greater than or equal to 6 percent, that eligible public depository shall adopt a written capital improvement plan that is acceptable to the Banking Board, and be able to meet the risk-based collateral requirements in Banking Board Rule PDP5.
- C. If an eligible public depository's total risk-based capital to risk-weighted assets ratio falls below 6 percent, ~~that eligible public depository shall comply with the requirements of Banking Board Rule PDP5(D). the eligible public depository shall submit a plan and timeframe for eliminating its public deposits not fully insured by the Federal Deposit Insurance Corporation (FDIC). The plan will be approved as submitted or modified by the Banking Board on a case-by-case basis.~~
- D. Higher than minimum capital ratios may be required for an individual eligible public depository when the Banking Board determines that the bank's capital is, or may become, inadequate. For example, higher capital ratios may be appropriate for:
 1. A newly chartered bank;
 2. A bank receiving special supervisory attention;
 3. A bank which has, or is expected to have, losses resulting in capital inadequacy;
 4. A bank having a high proportion of off-balance sheet risks, especially standby letters of credit; or exposed to a high degree of asset depreciation or interest rate, funding, transfer, or similar risks; or having a low level of liquid assets in relation to short-term liabilities;
 5. A bank that is growing rapidly, either internally or through acquisitions; or
 6. A bank that may be adversely affected by the activities or condition of its holding company, affiliate(s), or other persons or institutions including chain banking organizations, with which it has significant business relationships, including concentrations of credit.
- E. An eligible public depository's capital is inadequate if it does not meet the provisions of this Rule. For the purposes of this Rule, the total risk-based capital to risk-weighted assets ratio is the combined sum of tier 1 capital and tier 2 capital to risk-weighted assets.