

(i) The weight assigned to 1,250 percent equals $\frac{K_A - A}{D - A}$; and

(ii) The weight assigned to 1,250 percent times K_{SSFA} equals $\frac{D - K_A}{D - A}$. The risk weight

will be set equal to:

Risk Weight =

$$\left[\left(\frac{K_A - A}{D - A} \right) \cdot 1,250 \text{ percent} \right] + \left[\left(\frac{D - K_A}{D - A} \right) \cdot 1,250 \text{ percent} \cdot K_{SSFA} \right]$$

(d) SSFA equation. (1) The FDIC-supervised institution must define the following

parameters:

$$K_A = (1 - W) \cdot K_G + (0.5 \cdot W)$$

$$a = -\frac{1}{p \cdot K_A}$$

$$u = D - K_A$$

$$l = \max(A - K_A, 0)$$

$e = 2.71828$, the base of the natural logarithms.

(2) Then the FDIC-supervised institution must calculate K_{SSFA} according to the

following equation:

$$K_{SSFA} = \frac{e^{a \cdot u} - e^{a \cdot l}}{a (u - l)}$$

(3) The risk weight for the exposure (expressed as a percent) is equal to $K_{SSFA} \times 1,250$