



BANKING COMMISSION

P.O. Box 1408

Majuro, Marshall Islands 96960

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INSTRUCTIONS AND REPORTING FORM 15

INTEREST RATE SENSITIVITY SCHEDULE

PURPOSE

The Interest Rate Sensitivity report assists the Banking Commission in assessing the exposure of a bank's current and future earnings and capital to interest rate changes.

STATUTORY REFERENCE

Under Section 137 (1) of the Banking Act the Commissioner is obligated to notify banks in writing of regulatory reporting requirements intended to strengthen supervision of the RMI banks.

Instruction 15 represents the official reference source applicable for the Interest Rate Sensitivity return for use by bank personnel with responsibility for regulatory reporting.

Banks that fail to submit timely and accurate Interest Rate Sensitivity returns may be subject to fines under Section 137 (3) of the Banking Act.

FREQUENCY/SUBMISSION DATE

All licensed banks are required to submit at the end of each calendar quarter a report on Interest Rate Sensitivity of assets and liabilities as at the end of each calendar quarter and lodge it within 30 days with the Banking Commission.

RECIPIENT

Banking Commission, MIDB Building, Floor 5 Room 501, Majuro.

Phone: (692) 625-6310; Fax: (692) 625-6309; E-mail: bankcomm@ntamar.net

SIGNING AUTHORITY

The Senior RMI Officer of the institution concerned or in his absence a designated officer must sign the completed return, to certify the accuracy of the information submitted.

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INTEREST RATE SENSITIVITY SCHEDULE

GENERAL DEFINITIONS

A Rate Sensitive Asset or Rate Sensitive Liability includes any asset or liability on the books of the bank which is interest bearing.

Report in the appropriate Lines the total interest-bearing assets or liabilities as reported in Form 1, Monthly Statement of Assets and Liabilities, which are expected to be repriced (i.e., the interest rate can be changed) within each of the indicated time periods (Columns b through f) as measured from the Report Date. Include in each column:

- the amount of the indicated interest bearing assets or liabilities with fixed interest rates which mature during the indicated time periods (see Example 1 below);
- the amount of the indicated assets or liabilities with floating or variable interest rates which can be changed during the indicated time periods (see Example 2 below); or
- the amount of any payments required during each of the indicated time periods on the indicated interest bearing assets or liabilities, i.e., loans due in regular fixed monthly payments (see Example 3 below).

Interest bearing assets which (i) are past due 90 (ninety) days or more for the payment of principal or interest, (ii) have been or are otherwise required to be placed on non-accrual in accordance with Directive 2, Accounting for Non-Performing Credits, should not be included.

Amounts reported in one column (time band) are to be reported in all subsequent columns (time bands). For example, if a time deposit had a remaining term to maturity of 2 months from the Report Date the amount of the time deposit would be included in Column (c), 0 to 3 Months, as well as in Columns (d) and Column (e).

Amounts reported in Column (e), 0 to 12 months, can not exceed the amount reported in the corresponding line of Form 1, Monthly Statement of Assets and Liabilities.

Examples:

1. Assume a loan with a fixed interest rate of 10% with an outstanding balance of \$25,000 as of the Report date. The loan is due in full on 15 August 200X (no other payments – principal or interest are due until maturity of the loan). The Report Date is 31 March 200X. The loan would be reported in Line 4, Loans & Advances, as follows:

	0 to 1 Month (b)	0 to 3 Months (c)	0 – 9 Months (e)	0 to 12 Months (f)
Loans and Advances	0	0	25,000	25,000

2. Assume a loan with a floating interest rate of Prime + 3% which has an outstanding balance of \$60,000 is due in monthly payments of \$1,000 plus interest and has a remaining term to maturity of 5 years as measured from the Report Date of 31 Mar 200X. The interest rate is adjustable every 90 days on 15 May, 15 August, 15 November and 15 February. The loan would be reported in Line 4, Loans & Advances, as follows:

	0 to 1 Month (b)	0 to 3 Months (c)	0 to 6 Months (d)	0 to 12 Months (f)
Loans and Advances	1,000	60,000	60,000	60,000

In the above example, the borrower is scheduled to make a \$1,000 payment on 15 April, within one month of the return date. The interest rate of Prime + 3% is due to be adjusted on 15 May, the following month, so the remaining balance on the loan of \$59,000 plus the \$1,000 payment required to be made in the previous month would be reported in Column (c). Remember, amounts reported in one column are to be included in all subsequent columns.

3. Assume as of the Report date a loan has a fixed interest rate of 10% with an outstanding balance of \$36,000 is due in monthly payments of \$1,162 and has a remaining term to maturity of three years as measured from the Return Date. The loan would be reported in Line 1.3., Loans & Advances, as follows:

	0 to 1 Month (b)	0 to 3 Months (c)	0 to 6 Months (d)	0 to 12 Months (f)
Loans and Advances	1,162	3,486	6,972	13,944

BANKING COMMISSION

JUNE 2009

(Bank/Branch)

As of the Quarter Ending

FORM 15 – INTEREST RATE SENSITIVITY SCHEDULE

Item (a)	0 to 1 Month (b)	0 to 3 Months (c)	0 to 6 Months (d)	0 to 12 Months (e)
Rate Sensitive Assets:				
1. Deposits with Banks:				
(a) Head Office & Branches				
(b) Foreign Banks				
(c) Domestic Banks				
2. Federal Funds Sold				
3. Securities				
(a) U.S. Government				
(b) Other				
4. Loans and Advances				
5. Other Interest Bearing Assets				
Total Rate Sensitive Assets (RSA):				
Rate Sensitive Liabilities:				
6. Deposits by:				
(a) Banks				
(b) Non-Resident NonBanks				
(c) Central Government				
(d) Checking Accounts				
(e) Checkable Savings				
7. Time Deposits				
8. Savings Deposits				
9. Borrowings:				
(a) Short Term				
(b) Long Term				
10. Other Interest Bearing Liabilities				
Total Rate Sensitive Liabilities (RSL):				