

Regulatory Bulletin

Handbook: Thrift Activities
Subject: Capital Adequacy

Section: 320
RB 36-2a

April 24, 1990

Interest Rates Used In Financial Projections Contained in Capital Plans

Summary: Attachments A and B of this Bulletin contain information on interest rates that should be used as guidelines for financial projections contained in capital plans. The Attachments update and replace Tables 1 and 2 of TB 36-2.

For Further Information Contact: Your District Office or the Supervision Division of OTS, Washington, D.C.

Thrift Bulletin 36-2a

Thrift Bulletin 36a, "Guidelines for FIRREA Capital Plans, Exemptions, and Exceptions," issued on March 8, 1990, indicated that the financial projections provided in any savings association's capital plan should be based on the continuation of existing interest rates and regional eco-

nommic conditions. Thrift Bulletin 36-1, "Guidelines on Interest, Prepayment, and Loan Origination Rates," provided further guidance on the preparation of financial projections contained in capital plans. In particular, Tables 1 and 2 of TB 36-1 provided data on interest rates that were to be used as guidelines in formulating conservative capital plan projections. In TB 36-1, this Office indicated that it would provide quarterly updates of Tables 1 and 2.

Attachments A and B of this Bulletin represent the quarterly update of Tables 1 and 2. They provide information on interest rates that should be used as guidelines for financial projections contained in capital plans submitted from the date of this Bulletin until the next quarter-end update is issued.

Attachments

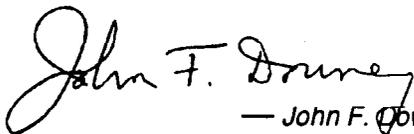

— John F. Downey
Acting Senior Deputy Director for Supervision

TABLE 1
 PROJECTED SHORT-TERM AND
 LONG-TERM TREASURY
 RATES BASED ON YIELD CURVE
 (As of the week of March 30, 1990)

<u>PERIOD</u>	<u>ONE-MONTH TREASURY BILL RATE</u>	<u>5-YEAR ZERO COUPON TREASURY RATE</u>
1990		
Q1	7.97	8.69
Q2	7.77	8.68
Q3	7.64	8.74
Q4	7.56	8.76
1991		
Q1	7.52	8.78
Q2	7.49	8.79
Q3	7.48	8.79
Q4	7.47	8.80
1992		
Q1	7.47	8.80
Q2	7.47	8.80
Q3	7.47	8.80
Q4	7.46	8.80
1993		
Q1	7.46	8.80
Q2	7.46	8.80
Q3	7.47	8.80
Q4	7.47	8.80
1994		
Q1	7.47	8.80
Q2	7.47	8.81
Q3	7.47	8.81
Q4	7.47	8.81

TABLE 2

SELECTED INTEREST RATES
(As of March 30, 1990)

Commercial Paper

30 Days	8.35%
60 Days	8.35
90 Days	8.33

London Interbank Offered Rates (LIBOR)

One Month	8.38%
Three Months	8.50
Six Months	8.69
One Year	8.94

Certificates of Deposit

One Month	7.76%
Two Months	7.82
Three Months	7.86
Six Months	7.89
One Year	8.17

Corporate Bonds

1-10yr. High Quality	9.52%
1-10yr. Med. Quality	10.05
10+yr. High Quality	9.74
10+yr. Med. Quality	10.18
High-Yield Corporate	15.18

Other

Prime Rate	10.00%
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