

Press Releases

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OTS 04-08 - OTS Proposes New Form for Collecting Risk Exposure Data

Office of Thrift Supervision

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For further information

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OTS PROPOSES NEW FORM FOR COLLECTING RISK EXPOSURE DATA

WASHINGTON - As part of an on-going effort to comprehensively enhance its interest rate risk modeling capabilities, the Office of Thrift Supervision (OTS) is introducing a new form for collecting data used to measure thrifts' interest-rate risk exposure. The changes are intended to reduce the data collection burden on institutions while improving the flexibility and utility of the data collected for OTS.

Reflecting comments received on a March 2003 proposal, the new form, Schedule Risk Exposure Data (RED), will be implemented in two phases, and will eventually replace the current form, Schedule Consolidated Maturity/Rate (CMR).

In the first phase, firms will not be asked to supply any new information. Schedule RED will replace all current supplemental reporting schedules, as well as a number of fields from Schedule CMR relating to derivatives and off-balance sheet positions. All other data will continue to be reported in the CMR format until the implementation of the second phase.

OTS will begin collecting data on Schedule RED for the quarter ending March 31, 2005. An implementation date for the second phase has not yet been established. However, OTS anticipates giving the industry 12-15 months advance notice to prepare for the new filing requirements.

In the second phase, institutions will be asked to provide all data in the Schedule RED format. Schedule RED will also collect some additional data to improve the quality of valuations. OTS intends only to ask for data that can be utilized to produce improved valuations by the Net Portfolio Value (NPV) model, the agency's key supervisory tool for measuring interest-rate risk. NPV model. The amount of additional data will be less than what was called for in the original proposal.

The changes are part of a larger agency effort to refine its measurement of net portfolio value and interest rate sensitivity. During the past year, OTS has made improvements to the models and reports that it uses to measure net portfolio value and interest rate risk. OTS intends to continue to make improvements to the existing NPV model during the next year to improve the quality of the model outputs within the limits of current institutional inputs.

Schedule CMR - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2004-08a.pdf>

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.