

BancPath Report FAQ

Does the model capture floors on variable rate loans?

Yes, floors are captured from analyzing the loan data file provided by management. Evidence of the floor capture can be illustrated in the Variable Rate Loan report found in the Loan Management report section. Additionally, a bank with a significant number of variable rate loans with floors will show more interest rate risk in a rising rate environment when the rates are ramped over time compared to when rates are instantaneously shocked up. This variability is due to a shocked rate will pierce more floors sooner allowing for the loans to reprice more favorably for management.

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Author: Sean Doherty

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