



FINAL

Thrift Industry Interest Rate Risk Measures First Quarter 2000

Release Date:
June 30, 2000

For further information, please contact:
Radu Filimon (202) 906-5733

Risk Management Division

Anthony G. Cornyn, CFA
Director

Donald G. Edwards
Radu A. Filimon, Ph. D.
Eberhard Irmeler
Cezary M. Jednaszewski
Jonathan D. Jones, Ph. D.

1700 G Street, N.W.
Washington, D.C. 20552

The attached tables contain the most recent industry statistics for several measures of interest rate risk (IRR): the **Post-Shock Net Portfolio Value (NPV) Ratio**, the **Interest Rate Sensitivity Measure**, the **Pre-Shock NPV Ratio**, and the **Change in NPV Ratio**. The measures are defined in footnotes that are included with the tables. The tables can be used to assess an institution's level of IRR.

An institution can find its approximate **Post-Shock NPV Ratio** ranking by referring to Table 1. Assume XYZ Savings has a Post-Shock NPV Ratio of 5.2%. In the last column of the table, locate the first value that is larger than XYZ's post-shock ratio. For XYZ Savings, this corresponds to the second row of the table.

The first column of this row contains XYZ's overall ranking: XYZ's post-shock ratio places this institution in the first quintile (the worst 20%) of the industry. The second column

shows an institution's rank with greater precision. XYZ's post-shock ratio is actually among the bottom (worst) 15% of the industry.

This issue of the *Interest Rate Risk Measures* is available on the OTS Web page at <http://www.ots.treas.gov/docs/16010.pdf>. The preliminary measures for June (16021.pdf) will be available on the OTS Web page by August 22, 2000.

Note: The IRR Measures are no longer available on the OTS PubliFax system. All documents previously available on PubliFax will be provided through the OTS Web site. We will continue to use the PubliFax document numbering convention. If you have any questions or comments, please call the Dissemination Branch at (202) 906-5900, or e-mail them at public.info@ots.treas.gov.

**Table 1
Post-Shock NPV Ratio*
As of March 31, 2000**

Quintile	Percent of Industry	Post-Shock NPV Ratio Less Than:
1st	10	4.8 %
	15	5.4
	20	6.0
2nd	30	7.1
	40	8.2
3rd	50	9.0
	60	10.2
4th	70	11.4
	80	13.2
5th	85	14.9
	90	17.2

* The Post-Shock NPV Ratio is defined as the Net Portfolio Value (NPV) ratio after a 200 basis point increase or decrease in rates, which ever produces the smaller ratio.

**Table 2
Interest Rate Sensitivity Measure*
As of March 31, 2000**

Quintile	Percent of Industry	Sensitivity Measure Greater Than:
1st	10	422 bp
	15	387
	20	367
2nd	30	315
	40	273
3rd	50	238
	60	201
4th	70	163
	80	119
5th	85	98
	90	77

* The Interest Rate Sensitivity Measure is defined as the decline (in basis points) in the NPV ratio caused by a 200 basis point increase or decrease in rates, whichever produces the larger decline

Note: The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario. An institution's NPV is equal to the estimated present value of assets minus the present value of liabilities plus the net present value of off-balance sheet contracts.

Based on 1,010 OTS-regulated institutions for which the March 2000 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., June 29, 2000.

**Table 3
Pre-Shock NPV Ratio*
As of March 31, 2000**

Quintile	Percent of Industry	Pre-Shock NPV Ratio Less Than:
1st	10	7.7 %
	15	8.3
	20	8.8
2nd	30	9.6
	40	10.4
3rd	50	11.4
	60	12.3
4th	70	13.7
	80	15.4
5th	85	17.2
	90	19.4

* The Pre-Shock NPV Ratio is defined as the base-case (pre-shock) NPV divided by the present value of assets in the same rate scenario.

**Table 4
NPV Ratio by Interest Rate Scenario*
As of March 31, 2000**

Quintile	Percent of Industry	NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	8.8 %	4.8 %
	15	9.2	5.4
	20	9.7	6.0
2nd	30	10.5	7.1
	40	11.5	8.3
3rd	50	12.3	9.2
	60	13.4	10.4
4th	70	14.5	11.6
	80	16.7	13.5
5th	85	18.2	15.1
	90	20.6	17.6

* The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario.

Note: The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario. An institution's NPV is equal to the estimated present value of assets minus the present value of liabilities plus the net present value of off-balance sheet contracts.

Based on 1,010 OTS-regulated institutions for which the March 2000 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., June 29, 2000.

Table 5
Change in NPV Ratio by Interest Rate Scenario*
As of March 31, 2000

Quintile	Percent of Industry	Change in NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	-36 bp	-421 bp
	15	-8	-386
	20	11	-366
2nd	30	40	-313
	40	72	-270
3rd	50	100	-237
	60	132	-199
4th	70	165	-156
	80	203	-108
5th	85	221	-77
	90	248	-38

* The Change in NPV Ratio is defined as the change (in basis points) in the NPV ratio caused by an interest rate shock of either -200 or +200 basis points.

Note: The NPV ratio for any interest rate scenario is defined as the NPV in that rate scenario divided by the present value of assets in the same rate scenario. An institution's NPV is equal to the estimated present value of assets minus the present value of liabilities plus the net present value of off balance sheet contracts.

Based on 1,010 OTS-regulated institutions for which the March 2000 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., June 29, 2000.