# Thrift Industry
# Interest Rate Risk Measures
## Fourth Quarter 2000

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The attached tables contain the most recent industry statistics for several measures of interest rate risk (IRR): **Post-Shock Net Portfolio Value (NPV) Ratio, Interest Rate Sensitivity Measure**, and **Pre-Shock NPV Ratio**. These 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 5.9%. 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 actually ranks 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/16040.pdf. The preliminary measures for March (16111.pdf) will be available on the OTS Web page by May 21, 2001.

**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 December 31, 2000**

| Quintile | Percent of Industry | Post-Shock NPV Ratio Less Than: |
|----------|---------------------|----------------------------------|
| 1st | 10 | 5.7 % |
|  | 15 | 6.3 |
|  | 20 | 6.7 |
| 2nd | 30 | 7.6 |
|  | 40 | 8.3 |
| 3rd | 50 | 9.2 |
|  | 60 | 10.1 |
| 4th | 70 | 11.6 |
|  | 80 | 13.4 |
| 5th | 85 | 15.1 |
|  | 90 | 17.6 |

\* 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 December 31, 2000**

| Quintile | Percent of Industry | Sensitivity Measure Greater Than: |
|----------|---------------------|-----------------------------------|
| 1st | 10 | 359 bp |
|  | 15 | 330 |
|  | 20 | 301 |
| 2nd | 30 | 253 |
|  | 40 | 213 |
| 3rd | 50 | 182 |
|  | 60 | 143 |
| 4th | 70 | 111 |
|  | 80 | 76 |
| 5th | 85 | 60 |
|  | 90 | 41 |

\* 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 958 OTS-regulated institutions for which the December 2000 Interest Rate Risk Exposure Reports are available.

Prepared by the Economic Analysis Division, OTS, Washington, D.C., March 29, 2001.

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

| Quintile | Percent of Industry | Pre-Shock NPV Ratio Less Than: |
|---|---|---|
| 1st | 10 | 7.7 % |
|  | 15 | 8.2 |
|  | 20 | 8.5 |
| 2nd | 30 | 9.3 |
|  | 40 | 10.0 |
| 3rd | 50 | 10.9 |
|  | 60 | 12.1 |
| 4th | 70 | 13.4 |
|  | 80 | 15.6 |
| 5th | 85 | 17.1 |
|  | 90 | 19.9 |

* 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 December 31, 2000**

| Quintile | Percent of Industry | NPV Ratio* | |
|---|---|---|---|
|  |  | -200bp | +200bp |
|  |  | Less Than: | |
| 1st | 10 | 7.9 % | 5.8 % |
|  | 15 | 8.5 | 6.4 |
|  | 20 | 8.9 | 6.8 |
| 2nd | 30 | 9.8 | 7.6 |
|  | 40 | 10.7 | 8.5 |
| 3rd | 50 | 11.5 | 9.3 |
|  | 60 | 12.7 | 10.4 |
| 4th | 70 | 14.3 | 11.7 |
|  | 80 | 16.5 | 13.4 |
| 5th | 85 | 18.3 | 15.3 |
|  | 90 | 20.7 | 17.9 |

* 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.

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

| Quintile | Percent of Industry | Change in NPV Ratio* | |
|---|---|---|---|
| | | -200bp | +200bp |
| | | Less Than: | |
| 1st | 10 | -51 bp | -356 bp |
| | 15 | -26 | -328 |
| | 20 | -11 | -300 |
| 2nd | 30 | 13 | -251 |
| | 40 | 38 | -209 |
| 3rd | 50 | 64 | -175 |
| | 60 | 83 | -136 |
| 4th | 70 | 107 | -96 |
| | 80 | 133 | -50 |
| 5th | 85 | 150 | -28 |
| | 90 | 176 | 6 |

* 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.

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