FINAL

Thrift Industry
Interest Rate Risk Measures
Second Quarter 2001

Economic Analysis Division

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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 7.2%. 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/16120.pdf. The preliminary measures for September (16131.pdf) will be available on the OTS Web page by November 28, 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 June 30, 2001

Quintile	Percent of Industry	Post-Shock NPV Ratio Less Than:
1st	10	7.0 %
	15	7.6
	20	8.1
2nd	30	8.9
	40	9.8
3rd	50	10.7
	60	11.6
4th	70	12.9
	80	14.8
5th	85	16.4
	90	18.3

* 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 June 30, 2001

Quintile	Percent of Industry	Sensitivity Measure Greater Than:
1st	10	391 bp
	15	352
	20	324
2nd	30	276
	40	236
3rd	50	199
	60	166
4th	70	132
	80	94
5th	85	77
	90	63

* 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 964 OTS-regulated institutions for which the June 2001 Interest Rate Risk Exposure Reports are available.

Prepared by the Economic Analysis Division, OTS, Washington, D.C., September 28, 2001.

Table 3
Pre-Shock NPV Ratio*
As of June 30, 2001

Quintile	Percent of Industry	Pre-Shock NPV Ratio Less Than:
1st	10	9.1 %
	15	9.7
	20	10.2
2nd	30	11.1
	40	11.8
3rd	50	12.6
	60	13.7
4th	70	14.9
	80	17.1
5th	85	18.6
	90	20.8

* 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 June 30, 2001

Quintile	Percent of Industry	NPV Ratio* -200bp	NPV Ratio* +200bp
		Less Than:	
1st	10	9.2 %	7.0 %
	15	9.9	7.7
	20	10.5	8.1
2nd	30	11.3	9.0
	40	12.2	9.9
3rd	50	13.1	10.8
	60	14.2	11.9
4th	70	15.7	13.1
	80	17.9	15.0
5th	85	19.3	16.5
	90	21.7	18.6

* 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.

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Table 5   **F I N A L**
Change in NPV Ratio by Interest Rate Scenario*
As of June 30, 2001

Quintile	Percent of Industry	Change in NPV Ratio* -200bp	Change in NPV Ratio* +200bp
		Less Than:	
1st	10	-70 bp	-389 bp
	15	-38	-350
	20	-23	-321
2nd	30	7	-274
	40	30	-233
3rd	50	52	-196
	60	74	-161
4th	70	102	-113
	80	133	-68
5th	85	150	-48
	90	173	-10

* 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 964 OTS-regulated institutions for which the June 2001 Interest Rate Risk Exposure Reports are available.

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