Thrift Industry Interest Rate Risk Measures

First Quarter 2004 - Final

Office of Thrift Supervision
Economic Analysis Division
Washington, DC 20552

For further information, please contact:
David H. Malmquist, (202) 906-5639

Release Date: 06/16/04

Economic Analysis Division

David H. Malmquist, Director
Scott Ciardi
Arthur Hogan
Jonathan D. Jones

1700 G Street, N.W.
Washington, DC 20552

Note: For this quarter, the IRR Measures' downward shift uses -100 bp and the upward shift uses +200 bp.

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 the table labeled "Post-Shock NPV Ratio as of 03/31/2004" on the following page. Assume XYZ Savings has a Post-Shock NPV Ratio of 7.7%. 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.

Note : The Interest Rate Risk Measures reports are no longer available on the OTS PubliFax system. All documents previously available on PublicFax will be provided through the OTS Web site. The Final IRR Measures report for the June, 2004 cycle will be available on the OTS Web page at http://www.ots.treas.gov/StatisticalReleases by August 16, 2004.

Thrift Industry Interest Rate Risk Measures

First Quarter 2004 - Final

Release Date: 06/16/04

*Post-Shock NPV Ratio as of 03/31/04		
Quintile	Percent of Industry	*Post-Shock NPV Ratio <
1st	10	7.4
	15	8.1
	20	8.7
2nd	30	9.7
	40	10.6
3rd	50	11.6
	60	12.6
4th	70	14.0
	80	15.9
5th	85	17.8
	90	20.1

* The Post-Shock NPV Ratio is defined as the Net Portfolio Value (NPV) ratio after a +200 bp increase or -100 bp decrease in rates, whichever produces the smaller ratio.

*Interest Rate Sensitivity Measure as of 03/31/04		
Quintile	Percent of Industry	*Sensitivity Measure >
1st	10	328
	15	286
	20	253
2nd	30	206
	40	167
3rd	50	134
	60	99
4th	70	77
	80	57
5th	85	49
	90	40

* The Interest Rate Sensitivity Measure is defined as the decline (in basis points) in the NPV ratio caused by a +200 bp increase or -100 bp decrease in rates, whichever produces the larger decline.

*Pre-Shock NPV Ratio as of 03/31/04		
Quintile	Percent of Industry	*Pre-Shock NPV Ratio <
1st	10	9.0
	15	9.5
	20	10.2
2nd	30	11.1
	40	12.0
3rd	50	13.0
	60	14.1
4th	70	15.6
	80	17.9
5th	85	19.2
	90	22.3

* 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.

*NPV Ratio by Interest Rate Scenario as of 03/31/04			
Quintile	Percent of Industry	* NPV Ratio	
		-100 bp Less Than:	+200 bp
1st	10	8.7	7.6
	15	9.4	8.3
	20	10.0	9.0
2nd	30	10.9	10.1
	40	11.9	11.1
3rd	50	12.9	12.1
	60	14.1	13.0
4th	70	15.7	14.5
	80	17.9	16.2
5th	85	19.4	17.9
	90	22.4	20.1

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

*Change in NPV Ratio by Interest Rate Scenario as of 03/31/04			
Quintile	Percent of Industry	*Change in NPV Ratio	
		-100 bp Less Than:	+200 bp
1st	10	-65	-319
	15	-56	-277
	20	-47	-243
2nd	30	-31	-203
	40	-19	-163
3rd	50	-6	-123
	60	7	-83
4th	70	19	-47
	80	33	-4
5th	85	44	25
	90	57	62

* 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 -100 bp or +200 bp.

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 assets minus the present value of liabilities plus the net present value of off-balance sheet contracts.
Based on 863 OTS-regulated institutions for which the Mar 2004 Interest Rate Risk Exposure Reports are available.
Prepared by the Economic Analysis Division, OTS, Washington, D.C., 06/16/04.