THRIFT INDUSTRY

Interest Rate Risk Measures

Office of Thrift Supervision

Risk Modeling and Analysis Division

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Report Note: Beginning this quarter, the Interest Rate Risk Measures report will be expanded to include separate peer group statistics for stocks and mutuals.

The attached tables present the preliminary industry statistics for several measures of interest rate risk (IRR): the Pre-Shock Net Portfolio Value (NPV) Ratio, the Interest Rate Sensitivity Measure, the Post-Shock NPV Ratio, and the Change in NPV Ratio. These measures are defined in footnotes found in the tables. These tables can be used to assess an institution's level of IRR relative to the industry and its respective mutual or stock peer group.

For example, an institution can find its approximate Pre-Shock NPV Ratio ranking by referring to TABLE 1 on the following page. Assume XYZ Savings has a Pre-Shock NPV Ratio of 18%. In the last column of the table, locate the first value that is larger than XYZ's Pre-Shock NPV Ratio. For XYZ Savings, this corresponds to the tenth row of the table.

The first column of the tenth row present XYZ's overall Pre-Shock ranking: XYZ's Pre-Shock NPV Ratio places this institution in the fifth quintile of the industry. The second column shows an institution's rank with greater precision. XYZ's Pre-Shock NPV Ratio is better than approximately 85 percent of the industry for the current quarter.

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The Preliminary Interest Rate Risk Measures report for the March, 2009 cycle will be available on the OTS Web page at http://www.ots.treas.gov/StatisticalReleases by May 20, 2009.

Interest Rate Risk Measures

TABLE 1: Pre-Shock NPV Ratio*as of 12/31/2008

	Quintile	Percent of Industry	*Pre-Shock NPV Ratio
WORST	1st	10	7.30
		15	8.06
		20	8.69
	2nd	30	9.55
		40	10.43
	3rd	50	11.35
		60	12.54
	4th	70	14.45
		80	16.69
BEST	5th	85	18.40
		90	20.86

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

TABLE 2: Interest Rate Sensitivity Measure* as of 12/31/2008

	Quintile	Percent of Industry	*Sensitivity Measure
WORST	1st	10	224
		15	182
		20	161
	2nd	30	131
		40	100
	3rd	50	81
		60	69
	4th	70	56
		80	42
BEST	5th	85	35
		90	28

* 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.

TABLE 3: Post-Shock NPV Ratio*as of 12/31/2008

	Quintile	Percent of Industry	*Post-Shock NPV Ratio
WORST	1st	10	6.19
		15	7.05
		20	7.73
	2nd	30	8.73
		40	9.51
	3rd	50	10.39
		60	11.40
	4th	70	13.17
		80	15.48
BEST	5th	85	17.29
		90	19.59

* 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.

TABLE 4: NPV Ratio* by Interest Rate Scenario as of 12/31/2008

	Quintile	Percent of Industry	*NPV Ratio -100 bp Less Than:	*NPV Ratio +200 bp Less Than:
WORST	1st	10	6.84	6.64
		15	7.80	7.59
		20	8.49	8.14
	2nd	30	9.34	9.03
		40	10.32	9.81
	3rd	50	11.14	10.80
		60	12.40	12.05
	4th	70	14.41	13.64
		80	16.79	16.05
BEST	5th	85	18.52	17.50
		90	21.04	19.96

* 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.

TABLE 5: Change in NPV Ratio* by Interest Rate as of 12/31/2008

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp Less Than:	*Change in NPV Ratio +200 bp Less Than:
WORST	1st	10	-76	-220
		15	-66	-179
		20	-56	-157
	2nd	30	-36	-119
		40	-25	-86
	3rd	50	-14	-62
		60	-2	-37
	4th	70	7	-8
		80	24	18
BEST	5th	85	35	41
		90	51	74

* 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 liabilities plus the net present value of off-balance sheet contracts. These results are based on 755 OTS-regulated institutions for which the Dec 2008 Interest Rate Risk Exposure Reports are available.
Prepared by the Risk Modeling and Analysis Division, OTS, Washington, D.C., 3/31/2009.

Interest Rate Risk Measures - Mutuals

TABLE 6: Pre-Shock NPV Ratio*as of 12/31/2008

	Quintile	Percent of Industry	*Pre-Shock NPV Ratio
WORST	1st	10	8.60
		15	9.42
		20	9.98
	2nd	30	11.05
		40	12.14
	3rd	50	13.70
		60	15.37
	4th	70	16.55
		80	18.88
BEST	5th	85	20.21
		90	24.15

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

TABLE 7: Interest Rate Sensitivity Measure* as of 12/31/2008

	Quintile	Percent of Industry	*Sensitivity Measure
WORST	1st	10	244
		15	224
		20	186
	2nd	30	155
		40	120
	3rd	50	97
		60	75
	4th	70	64
		80	49
BEST	5th	85	40
		90	35

* 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.

TABLE 8: Post-Shock NPV Ratio*as of 12/31/2008

	Quintile	Percent of Industry	*Post-Shock NPV Ratio
WORST	1st	10	7.57
		15	8.37
		20	9.02
	2nd	30	9.86
		40	11.29
	3rd	50	12.37
		60	14.17
	4th	70	15.35
		80	17.43
BEST	5th	85	19.09
		90	22.51

* 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.

TABLE 9: NPV Ratio* by Interest Rate Scenarioas of 12/31/2008

	Quintile	Percent of Industry	*NPV Ratio -100 bp Less Than:	*NPV Ratio +200 bp Less Than:
WORST	1st	10	8.33	7.71
		15	9.10	8.59
		20	9.69	9.14
	2nd	30	10.93	10.21
		40	12.05	11.65
	3rd	50	13.43	12.59
		60	15.32	14.24
	4th	70	16.71	15.47
		80	19.18	17.56
BEST	5th	85	20.61	19.09
		90	24.32	22.51

* 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.

TABLE 10: Change in NPV Ratio* by Interest Rateas of 12/31/2008

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp Less Than:	*Change in NPV Ratio +200 bp Less Than:
WORST	1st	10	-66	-243
		15	-56	-222
		20	-46	-183
	2nd	30	-31	-154
		40	-20	-114
	3rd	50	-10	-88
		60	1	-61
	4th	70	11	-35
		80	23	-3
BEST	5th	85	32	5
		90	47	28

* 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 liabilities plus the net present value of off-balance sheet contracts. These results are based on 288 OTS-regulated institutions for which the Dec 2008 Interest Rate Risk Exposure Reports are available.
Prepared by the Risk Modeling and Analysis Division, OTS, Washington, D.C., 3/31/2009.

Interest Rate Risk Measures - Stock

TABLE 11: Pre-Shock NPV Ratio*as of 12/31/2008

	Quintile	Percent of Industry	*Pre-Shock NPV Ratio
WORST	1st	10	6.67
		15	7.73
		20	8.10
	2nd	30	9.01
		40	9.75
	3rd	50	10.39
		60	11.28
	4th	70	12.41
		80	14.50
BEST	5th	85	16.30
		90	18.76

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

TABLE 12: Interest Rate Sensitivity Measure* as of 12/31/2008

	Quintile	Percent of Industry	*Sensitivity Measure
WORST	1st	10	194
		15	167
		20	151
	2nd	30	114
		40	89
	3rd	50	75
		60	64
	4th	70	52
		80	37
BEST	5th	85	32
		90	25

* 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.

TABLE 13: Post-Shock NPV Ratio*as of 12/31/2008

	Quintile	Percent of Industry	*Post-Shock NPV Ratio
WORST	1st	10	5.66
		15	6.46
		20	7.07
	2nd	30	8.13
		40	8.85
	3rd	50	9.56
		60	10.39
	4th	70	11.28
		80	13.55
BEST	5th	85	15.57
		90	17.71

* 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.

TABLE 14: NPV Ratio* by Interest Rate Scenarioas of 12/31/2008

	Quintile	Percent of Industry	*NPV Ratio -100 bp Less Than:	*NPV Ratio +200 bp Less Than:
WORST	1st	10	6.34	6.19
		15	7.22	6.86
		20	7.89	7.73
	2nd	30	8.80	8.57
		40	9.50	9.12
	3rd	50	10.26	9.94
		60	11.11	10.80
	4th	70	12.28	12.05
		80	14.50	13.87
BEST	5th	85	16.55	15.98
		90	18.67	18.11

* 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.

TABLE 15: Change in NPV Ratio* by Interest Rateas of 12/31/2008

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp Less Than:	*Change in NPV Ratio +200 bp Less Than:
WORST	1st	10	-82	-189
		15	-71	-160
		20	-58	-137
	2nd	30	-39	-99
		40	-28	-70
	3rd	50	-16	-50
		60	-5	-21
	4th	70	7	4
		80	25	41
BEST	5th	85	37	65
		90	59	87

* 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 liabilities plus the net present value of off-balance sheet contracts. These results are based on 467 OTS-regulated institutions for which the Dec 2008 Interest Rate Risk Exposure Reports are available.
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