

Interest Rate Risk Measures

Office of Thrift Supervision

Risk Modeling and Analysis Division

Release Date:
12/22/2010



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Third Quarter 2010

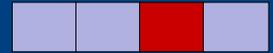


The attached tables present the final industry statistics for several measures of interest rate risk (IRR): the Pre-Shock Net Portfolio Value (NPV) Ratio, the Interest Rate Sensitivity Measure, the Post-Shock NPV Ratio, and the Change in NPV Ratio. These measures are defined in footnotes found in the 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.

The Preliminary Interest Rate Risk Measures report for the December, 2010 cycle will be available on the OTS Web page at <http://www.ots.treas.gov/StatisticalReleases> by February 22, 2010.



Interest Rate Risk Measures

TABLE 1: Pre-Shock NPV Ratio* as of 9/30/2010

Quintile	Percent of Industry	*Pre-Shock NPV Ratio
1st	10	9.33
	15	10.15
	20	10.69
2nd	30	11.56
	40	12.36
3rd	50	13.33
	60	14.28
4th	70	15.78
	80	18.11
5th	85	19.71
	90	22.11

WORST
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TABLE 2: Interest Rate Sensitivity Measure* as of 9/30/2010

Quintile	Percent of Industry	*Sensitivity Measure
1st	10	271
	15	227
	20	193
2nd	30	142
	40	104
3rd	50	83
	60	62
4th	70	44
	80	31
5th	85	22
	90	14

WORST
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TABLE 3: Post-Shock NPV Ratio* as of 9/30/2010

Quintile	Percent of Industry	*Post-Shock NPV Ratio
1st	10	8.40
	15	9.09
	20	9.61
2nd	30	10.58
	40	11.27
3rd	50	12.12
	60	13.21
4th	70	14.57
	80	16.60
5th	85	17.93
	90	20.32

WORST
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* 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.

* 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.

* 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 9/30/2010

Quintile	Percent of Industry	*NPV Ratio	
		-100 bp	+200 bp
1st	10	9.18	8.92
	15	9.96	9.55
	20	10.55	10.03
2nd	30	11.46	10.93
	40	12.29	11.80
3rd	50	13.36	12.64
	60	14.41	13.78
4th	70	15.86	15.13
	80	18.48	16.97
5th	85	19.72	18.43
	90	22.11	20.83

WORST
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* 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 9/30/2010

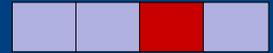
Quintile	Percent of Industry	*Change in NPV Ratio	
		-100 bp	+200 bp
1st	10	-62	-266
	15	-47	-223
	20	-39	-190
2nd	30	-23	-134
	40	-11	-96
3rd	50	0	-58
	60	11	-20
4th	70	25	12
	80	43	49
5th	85	53	75
	90	67	105

WORST
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* 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 700 OTS-regulated institutions for which the Sep 2010 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Modeling and Analysis Division, OTS, Washington, D.C., 12/22/2010.



Interest Rate Risk Measures - Mutuals

TABLE 6: Pre-Shock NPV Ratio* as of 9/30/2010

Quintile	Percent of Industry	*Pre-Shock NPV Ratio
1st	10	10.69
	15	11.28
	20	12.11
2nd	30	13.08
	40	13.99
3rd	50	14.87
	60	16.40
4th	70	18.27
	80	20.23
5th	85	21.30
	90	24.37

WORST
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TABLE 7: Interest Rate Sensitivity Measure* as of 9/30/2010

Quintile	Percent of Industry	*Sensitivity Measure
1st	10	321
	15	294
	20	260
2nd	30	199
	40	154
3rd	50	111
	60	86
4th	70	64
	80	43
5th	85	31
	90	21

WORST
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TABLE 8: Post-Shock NPV Ratio* as of 9/30/2010

Quintile	Percent of Industry	*Post-Shock NPV Ratio
1st	10	9.60
	15	10.06
	20	10.63
2nd	30	11.53
	40	12.50
3rd	50	13.82
	60	14.87
4th	70	16.36
	80	18.64
5th	85	19.99
	90	22.11

WORST
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* 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.

* 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.

* 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 Scenario as of 9/30/2010

Quintile	Percent of Industry	*NPV Ratio	
		-100 bp	+200 bp
1st	10	10.55	9.76
	15	11.29	10.45
	20	11.82	10.86
2nd	30	13.12	11.80
	40	14.03	12.86
3rd	50	14.95	14.17
	60	16.51	15.23
4th	70	18.61	16.72
	80	20.60	18.90
5th	85	22.11	20.25
	90	24.67	22.25

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* 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 Rate as of 9/30/2010

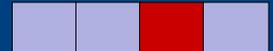
Quintile	Percent of Industry	*Change in NPV Ratio	
		-100 bp	+200 bp
1st	10	-48	-318
	15	-37	-289
	20	-26	-254
2nd	30	-12	-198
	40	-2	-153
3rd	50	6	-108
	60	22	-77
4th	70	39	-32
	80	53	7
5th	85	65	24
	90	79	56

WORST
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* 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 271 OTS-regulated institutions for which the Sep 2010 Interest Rate Risk Exposure Reports are available.

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Interest Rate Risk Measures - Stock

TABLE 11: Pre-Shock NPV Ratio* as of 9/30/2010

Quintile	Percent of Industry	*Pre-Shock NPV Ratio
1st	10	8.83
	15	9.46
	20	9.94
2nd	30	10.98
	40	11.68
3rd	50	12.34
	60	12.96
4th	70	14.27
	80	16.24
5th	85	17.67
	90	19.71

WORST
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BEST

TABLE 12: Interest Rate Sensitivity Measure* as of 9/30/2010

Quintile	Percent of Industry	*Sensitivity Measure
1st	10	214
	15	180
	20	152
2nd	30	113
	40	89
3rd	50	67
	60	48
4th	70	39
	80	25
5th	85	19
	90	12

WORST
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BEST

TABLE 13: Post-Shock NPV Ratio* as of 9/30/2010

Quintile	Percent of Industry	*Post-Shock NPV Ratio
1st	10	7.94
	15	8.63
	20	9.02
2nd	30	9.88
	40	10.77
3rd	50	11.41
	60	12.23
4th	70	13.58
	80	15.14
5th	85	16.38
	90	18.69

WORST
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BEST

* 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.

* 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.

* 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 Scenario as of 9/30/2010

Quintile	Percent of Industry	*NPV Ratio	
		-100 bp	+200 bp
1st	10	8.49	8.34
	15	9.22	9.10
	20	9.79	9.65
2nd	30	10.79	10.54
	40	11.61	11.27
3rd	50	12.29	12.04
	60	13.20	12.88
4th	70	14.30	13.95
	80	16.09	15.94
5th	85	17.67	16.86
	90	20.01	18.75

WORST
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BEST

* 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 Rate as of 9/30/2010

Quintile	Percent of Industry	*Change in NPV Ratio	
		-100 bp	+200 bp
1st	10	-66	-210
	15	-55	-172
	20	-45	-139
2nd	30	-30	-100
	40	-16	-67
3rd	50	-4	-28
	60	6	8
4th	70	21	40
	80	36	75
5th	85	46	95
	90	58	129

WORST
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BEST

* 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 429 OTS-regulated institutions for which the Sep 2010 Interest Rate Risk Exposure Reports are available.

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