

Thrift Industry Interest Rate Risk Measures

Fourth Quarter 2003 - Final

Office of Thrift Supervision

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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 Table 1. Assume XYZ Savings has a Post-Shock NPV Ratio of 7.4%. 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 Preliminary IRR Measures report for the March, 2004 cycle will be available on the OTS Web page at <http://www.ots.treas.gov/StatisticalReleases> by May 17, 2004.

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*Post-Shock NPV Ratio as of 12/31/2003

Quintile	Percent of Industry	*Post-Shock NPV Ratio <
1st	10	7.0
	15	7.9
	20	8.6
2nd	30	9.4
	40	10.3
3rd	50	11.2
	60	12.0
4th	70	13.4
	80	15.2
5th	85	16.7
	90	18.7

* 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 12/31/2003

Quintile	Percent of Industry	*Sensitivity Measure >
1st	10	347
	15	307
	20	270
2nd	30	228
	40	187
3rd	50	147
	60	112
4th	70	82
	80	58
5th	85	49
	90	39

* 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 12/31/2003

Quintile	Percent of Industry	*Pre-Shock NPV Ratio <
1st	10	9.0
	15	9.7
	20	10.2
2nd	30	11.0
	40	11.9
3rd	50	12.8
	60	13.8
4th	70	14.9
	80	17.3
5th	85	18.7
	90	20.5

* 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 12/31/2003

Quintile	Percent of Industry	* NPV Ratio	
		-100 bp	+200 bp
Less Than:			
1st	10	8.8	7.1
	15	9.5	7.9
	20	10.0	8.7
2nd	30	10.9	9.8
	40	11.8	10.7
3rd	50	12.9	11.6
	60	13.9	12.5
4th	70	15.2	13.8
	80	17.3	15.4
5th	85	18.8	17.1
	90	20.8	18.7

* 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.

*Change in NPV Ratio by Interest Rate Scenario as of 12/31/2003

Quintile	Percent of Industry	*Change in NPV Ratio	
		-100 bp	+200 bp
Less Than:			
1st	10	-64	-360
	15	-50	-315
	20	-39	-282
2nd	30	-21	-232
	40	-6	-187
3rd	50	8	-144
	60	20	-109
4th	70	33	-60
	80	50	-10
5th	85	60	16
	90	73	46

* 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.

Based on 863 OTS-regulated institutions for which the Dec 2003 Interest Rate Risk Exposure Reports are available.

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