

Interest Rate Risk Measures

Office of Thrift Supervision Capital Markets Division

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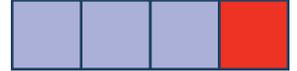
For further information
please contact:
Scott Ciardi
(202) 906-6960

Capital Markets Division

Scott Ciardi, Director
Jonathan D. Jones

1700 G Street, N. W.
Washington, D.C.

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The attached tables present the final 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. These measures are defined in footnotes found in the tables. These tables can be used to assess an institution's level of IRR.

For example, an institution can find its approximate Post-Shock NPV Ratio ranking by referring to Table 3 on the following page. Assume XYZ Savings has a Post-Shock NPV Ratio of 8.6%. In the last column of the table, locate the first value that is larger than XYZ's Post-Shock NPV Ratio. For XYZ Savings, this corresponds to the second row of the table.

The first column of the second row presents XYZ's overall Post-Shock ranking: XYZ's Post-Shock NPV 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 NPV Ratio is among the bottom (worst 15%) of the industry for the current quarter.

The Interest Rate Risk Measures reports are no longer available on the OTS PubliFax system. All documents previously available on PubliFax will be provided through the OTS Website.



Interest Rate Risk Measures

TABLE 1: Pre-Shock NPV Ratio* as of 12/31/2004

	Quintile	Percent of Industry	*Post-Shock NPV Ratio <
WORST	1st	10	9.8
		15	10.6
		20	10.9
	2nd	30	11.7
		40	12.7
BEST	3rd	50	13.7
		60	14.7
	4th	70	16.2
		80	18.6
	5th	85	20.4
	90	23.5	

* 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 12/31/2004

	Quintile	Percent of Industry	*Post-Shock NPV Ratio <
WORST	1st	10	344
		15	293
		20	267
	2nd	30	222
		40	184
BEST	3rd	50	145
		60	109
	4th	70	79
		80	59
	5th	85	51
	90	41	

* 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 12/31/2004

	Quintile	Percent of Industry	*Post-Shock NPV Ratio <
WORST	1st	10	8.3
		15	9.0
		20	9.6
	2nd	30	10.5
		40	11.2
BEST	3rd	50	12.1
		60	13.1
	4th	70	14.3
		80	16.4
	5th	85	18.2
	90	21.0	

* 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 12/31/2004

	Quintile	Percent of Industry	*NPV Ratio -100 bp +200 bp Less Than:	
WORST	1st	10	9.7	8.3
		15	10.3	9.1
		20	10.8	9.6
	2nd	30	11.6	10.7
		40	12.5	11.6
BEST	3rd	50	13.6	12.5
		60	14.7	13.6
	4th	70	16.3	14.7
		80	18.8	16.8
	5th	85	20.7	18.6
	90	23.2	21.5	

* 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 12/31/2004

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp +200 bp Less Than:	
WORST	1st	10	-60	-322
		15	-46	-282
		20	-37	-258
	2nd	30	-23	-218
		40	-11	-172
BEST	3rd	50	1	-142
		60	15	-97
	4th	70	28	-56
		80	45	-17
	5th	85	55	0
	90	69	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 pb 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 799 OTS-regulated institutions for which the December 2004 Interest Rate Exposure Reports are available.