

THRIFT INDUSTRY

Interest Rate Risk Measures

Office of Thrift Supervision

Risk Modeling and Analysis Division

Release Date:
3/31/2009



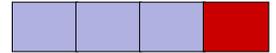
For further information,
please contact:
Scott Ciardi
(202) 906-6960

Risk Modeling and Analysis Division

Scott Ciardi, Director
Andrew Carayannis
Jeff Adams
Tom Wilderman

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

Fourth Quarter 2008



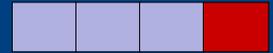
Report Note: Beginning this quarter, the Interest Rate Risk Measures report will be expanded to include separate peer group statistics for stocks and mutuals.

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.

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
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
5th	85	18.40
	90	20.86

WORST
 ↑
 BEST

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

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

WORST
 ↑
 BEST

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

Quintile	Percent of Industry	*Post-Shock NPV Ratio
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
5th	85	17.29
	90	19.59

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

Quintile	Percent of Industry	*NPV Ratio	
		-100 bp Less Than:	+200 bp
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
5th	85	18.52	17.50
	90	21.04	19.96

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

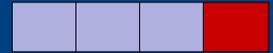
Quintile	Percent of Industry	*Change in NPV Ratio	
		-100 bp Less Than:	+200 bp
1st	10	-76	-220
	15	-66	-179
	20	-56	-157
2nd	30	-36	-119
	40	-25	-86
3rd	50	-14	-62
	60	-2	-37
4th	70	7	-8
	80	24	18
5th	85	35	41
	90	51	74

WORST
 ↑
 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 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
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
5th	85	20.21
	90	24.15

WORST
 ↑
 ↓
 BEST

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

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

WORST
 ↑
 ↓
 BEST

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

Quintile	Percent of Industry	*Post-Shock NPV Ratio
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
5th	85	19.09
	90	22.51

WORST
 ↑
 ↓
 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 9: NPV Ratio* by Interest Rate Scenarios of 12/31/2008

Quintile	Percent of Industry	*NPV Ratio	
		-100 bp Less Than:	+200 bp Less Than:
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
5th	85	20.61	19.09
	90	24.32	22.51

WORST
 ↑
 ↓
 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 10: Change in NPV Ratio* by Interest Rates of 12/31/2008

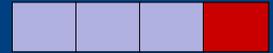
Quintile	Percent of Industry	*Change in NPV Ratio	
		-100 bp Less Than:	+200 bp Less Than:
1st	10	-66	-243
	15	-56	-222
	20	-46	-183
2nd	30	-31	-154
	40	-20	-114
3rd	50	-10	-88
	60	1	-61
4th	70	11	-35
	80	23	-3
5th	85	32	5
	90	47	28

WORST
 ↑
 ↓
 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 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 ↑ ↓ BEST	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
	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 ↑ ↓ BEST	1st	10	194
		15	167
		20	151
	2nd	30	114
		40	89
	3rd	50	75
		60	64
	4th	70	52
		80	37
	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 ↑ ↓ BEST	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
	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 Scenarios of 12/31/2008

	Quintile	Percent of Industry	*NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	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
	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 Rates of 12/31/2008

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	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
	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.

Prepared by the Risk Modeling and Analysis Division, OTS, Washington, D.C., 3/31/2009.