

## Interest Rate Risk Measures

### Office of Thrift Supervision

Risk Modeling and Analysis Division

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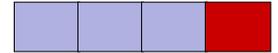
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**Fourth Quarter 2010**



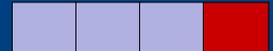
The attached tables present the final industry statistics for several measures of interest rate risk (IRR): the Pre-Shock Net Portfolio Value (NPV) Ratio, the Interest Rate Sensitivity Measure, the Post-Shock NPV Ratio, and the Change in NPV Ratio. These measures are defined in footnotes found in the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

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The Preliminary Interest Rate Risk Measures report for the March, 2011 cycle will be available on the OTS Web page at <http://www.ots.treas.gov/StatisticalReleases> by May 24, 2011.



# Interest Rate Risk Measures

**TABLE 1: Pre-Shock NPV Ratio\* as of 12/31/2010**

	Quintile	Percent of Industry	*Pre-Shock NPV Ratio
WORST ↑ ↓ BEST	1st	10	9.97
		15	10.55
		20	11.13
	2nd	30	11.93
		40	12.84
	3rd	50	13.70
		60	14.59
	4th	70	15.90
		80	18.27
	5th	85	19.89
90		22.01	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*Sensitivity Measure
WORST ↑ ↓ BEST	1st	10	306
		15	261
		20	230
	2nd	30	172
		40	130
	3rd	50	94
		60	73
	4th	70	49
		80	30
	5th	85	20
90		11	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*Post-Shock NPV Ratio
WORST ↑ ↓ BEST	1st	10	8.52
		15	9.37
		20	9.80
	2nd	30	10.75
		40	11.47
	3rd	50	12.41
		60	13.47
	4th	70	14.70
		80	16.73
	5th	85	17.91
90		20.30	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	1st	10	9.90	8.81
		15	10.60	9.54
		20	11.11	10.18
	2nd	30	11.99	11.00
		40	12.91	11.84
	3rd	50	13.92	12.84
		60	14.79	13.75
	4th	70	16.17	15.26
		80	18.78	17.02
	5th	85	20.32	18.09
90		22.42	20.30	

\* 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.

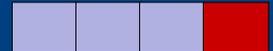
**TABLE 5: Change in NPV Ratio\* by Interest Rate as of 12/31/2010**

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	1st	10	-50	-306
		15	-35	-260
		20	-24	-229
	2nd	30	-7	-171
		40	6	-124
	3rd	50	18	-84
		60	31	-52
	4th	70	45	-10
		80	64	26
	5th	85	75	52
90		92	75	

\* 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 689 OTS-regulated institutions for which the Dec 2010 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Modeling and Analysis Division, OTS, Washington, D.C., 3/22/2011.



Interest Rate Risk Measures - Mutuals

**TABLE 6: Pre-Shock NPV Ratio\* as of 12/31/2010**

	Quintile	Percent of Industry	*Pre-Shock NPV Ratio
WORST ↑ ↓ BEST	1st	10	11.21
		15	11.70
		20	12.18
	2nd	30	13.20
		40	14.10
	3rd	50	14.92
		60	16.46
	4th	70	18.42
		80	20.42
	5th	85	21.78
	90	24.61	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*Sensitivity Measure
WORST ↑ ↓ BEST	1st	10	372
		15	333
		20	298
	2nd	30	243
		40	183
	3rd	50	137
		60	109
	4th	70	75
		80	49
	5th	85	34
	90	19	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*Post-Shock NPV Ratio
WORST ↑ ↓ BEST	1st	10	9.76
		15	10.19
		20	10.56
	2nd	30	11.25
		40	12.52
	3rd	50	13.58
		60	14.66
	4th	70	16.26
		80	18.74
	5th	85	19.82
	90	23.08	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	1st	10	10.90	9.76
		15	11.68	10.28
		20	12.39	10.57
	2nd	30	13.35	11.30
		40	14.42	12.82
	3rd	50	15.16	13.63
		60	16.64	15.22
	4th	70	18.95	16.73
		80	21.01	18.90
	5th	85	22.52	19.92
	90	25.21	23.08	

\* 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.

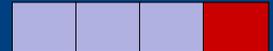
**TABLE 10: Change in NPV Ratio\* by Interest Rate as of 12/31/2010**

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	1st	10	-43	-370
		15	-23	-331
		20	-13	-297
	2nd	30	0	-238
		40	16	-183
	3rd	50	25	-136
		60	36	-105
	4th	70	56	-69
		80	78	-10
	5th	85	90	0
	90	103	27	

\* 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 262 OTS-regulated institutions for which the Dec 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 12/31/2010**

	Quintile	Percent of Industry	*Pre-Shock NPV Ratio
WORST ↑ ↓ BEST	1st	10	9.48
		15	10.12
		20	10.63
	2nd	30	11.34
		40	12.07
	3rd	50	12.91
		60	13.90
	4th	70	14.81
		80	16.42
	5th	85	17.61
90		20.15	

\* 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 12: Interest Rate Sensitivity Measure\* as of 12/31/2010**

	Quintile	Percent of Industry	*Sensitivity Measure
WORST ↑ ↓ BEST	1st	10	249
		15	206
		20	180
	2nd	30	141
		40	102
	3rd	50	77
		60	56
	4th	70	40
		80	27
	5th	85	17
90		8	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*Post-Shock NPV Ratio
WORST ↑ ↓ BEST	1st	10	8.02
		15	8.85
		20	9.39
	2nd	30	10.32
		40	11.20
	3rd	50	11.90
		60	12.82
	4th	70	13.84
		80	15.43
	5th	85	16.74
90		19.03	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	1st	10	9.45	8.22
		15	10.15	9.10
		20	10.58	9.58
	2nd	30	11.41	10.85
		40	12.27	11.55
	3rd	50	12.98	12.35
		60	14.01	13.17
	4th	70	14.92	14.31
		80	16.73	16.06
	5th	85	18.17	17.37
90		20.39	19.21	

\* 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 12/31/2010**

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp +200 bp Less Than:	
WORST ↑ ↓ BEST	1st	10	-58	-244
		15	-41	-202
		20	-32	-178
	2nd	30	-12	-127
		40	2	-89
	3rd	50	15	-59
		60	25	-27
	4th	70	38	11
		80	59	52
	5th	85	66	71
90		84	98	

\* 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 427 OTS-regulated institutions for which the Dec 2010 Interest Rate Risk Exposure Reports are available.

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