THRIFT INDUSTRY

Interest Rate Risk Measures

Third Quarter 2008

Office of Thrift Supervision

Risk Modeling and Analysis Division

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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.

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 ninth row of the table.

The first column of the ninth row present XYZ's overall Pre-Shock ranking: XYZ's Pre-Shock NPV Ratio places this institution in the fourth 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 80 percent of the industry for the current quarter.

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The Preliminary Interest Rate Risk Measures report for the December, 2008 cycle will be available on the OTS Web page at http://www.ots.treas.gov/StatisticalReleases by February 20, 2009.

Interest Rate Risk Measures

TABLE 1: Pre-Shock NPV Ratio*as of 9/30/2008

	Quintile	Percent of Industry	*Pre-Shock NPV Ratio
WORST	1st	10	8.6
		15	9.3
		20	9.9
	2nd	30	10.8
		40	11.4
	3rd	50	12.7
		60	13.7
	4th	70	15.5
		80	17.8
BEST	5th	85	19.4
		90	21.6

* 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 9/30/2008

	Quintile	Percent of Industry	*Sensitivity Measure
WORST	1st	10	331
		15	310
		20	276
	2nd	30	221
		40	191
	3rd	50	149
		60	115
	4th	70	86
		80	55
BEST	5th	85	41
		90	32

* 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 9/30/2008

Quintile	Percent of Industry	*Post-Shock NPV Ratio
1st	10	6.6
	15	7.6
	20	8.2
2nd	30	9.1
	40	10.0
3rd	50	10.9
	60	12.1
4th	70	13.6
	80	15.7
5th	85	17.4
	90	19.2

* 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 9/30/2008

	Quintile	Percent of Industry	*NPV Ratio -100 bp Less Than:	*NPV Ratio +200 bp Less Than:
WORST	1st	10	8.7	6.6
		15	9.5	7.6
		20	10.0	8.2
	2nd	30	10.9	9.3
		40	11.8	10.2
	3rd	50	12.9	11.1
		60	14.1	12.3
	4th	70	15.7	14.0
		80	18.0	16.0
BEST	5th	85	19.9	17.5
		90	22.0	20.1

* 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 9/30/2008

	Quintile	Percent of Industry	*Change in NPV Ratio -100 bp Less Than:	*Change in NPV Ratio +200 bp Less Than:
WORST	1st	10	-33	-339
		15	-21	-314
		20	-11	-279
	2nd	30	2	-228
		40	16	-191
	3rd	50	28	-150
		60	38	-115
	4th	70	52	-81
		80	70	-43
BEST	5th	85	79	-22
		90	94	5

* 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 761 OTS-regulated institutions for which the Sep 2008 Interest Rate Risk Exposure Reports are available.
Prepared by the Risk Modeling and Analysis Division, OTS, Washington, D.C., 12/18/2008.