



FINAL

Interest Rate Risk Measures

First Quarter 1997

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The attached tables contain the most recent industry statistics for several measures of interest rate risk (IRR): the **IRR Exposure Measure**, the **Interest Rate Sensitivity Measure**, the **Base-Case Net Present Value Capital Ratio** and the **Percentage Change in NPV**. 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 **IRR Exposure Measure** ranking by referring to Table 1. Assume XYZ Savings has an IRR exposure measure of 6.5%. In the last column of the table, locate the first value that is larger than XYZ's exposure measure. 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 exposure 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 exposure is actually among the bottom (worst) 15% of the industry.

To receive via fax this issue of the *Interest Rate Risk Measures*, call the **OTS PubliFax** service at **(202) 906-5660** and simply request document code **34711**. The preliminary IRR measures for **June 1997** will be available on PubliFax by **August 21, 1997** (request document code **34720**).

These tables are also available on the OTS Web page at <http://www.access.gpo.gov/ots>

Risk Management Data Release

Table 1
IRR Exposure Measure*
As of March 31, 1997

Quintile	Percent of Industry	Post-Shock NPV Ratio Less Than:
1st	10	5.9 %
	15	6.6
	20	7.1
2nd	30	8.0
	40	8.8
3rd	50	9.7
	60	10.6
4th	70	11.7
	80	13.4
5th	85	14.5
	90	16.3

* The Exposure Measure is defined as the Net Portfolio Value (NPV) capital ratio after a 200 basis point increase or decrease in rates, whichever produces the smaller ratio.

Table 2
Rate Sensitivity Measure*
As of March 31, 1997

Quintile	Percent of Industry	Decline in NPV Ratio Greater Than:
1st	10	369 bp
	15	338
	20	308
2nd	30	265
	40	235
3rd	50	203
	60	171
4th	70	134
	80	104
5th	85	90
	90	74

* The Rate Sensitivity Measure is defined as the decline (in basis points) in the Net Portfolio Value (NPV) Capital ratio caused by a 200 basis point increase or decrease in rates, whichever produces the larger decline.

Note: The NPV capital 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 1,209 OTS-regulated institutions for which the March 1997 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., June 12, 1997

Table 3
Base-Case NPV Capital Ratio*
As of March 31, 1997

Quintile	Percent of Industry	Base-Case NPV Ratio Less Than:
1st	10	8.3 %
	15	8.8
	20	9.2
2nd	30	10.0
	40	10.8
3rd	50	11.6
	60	12.6
4th	70	13.8
	80	15.4
5th	85	16.7
	90	18.4

* The Base-Case NPV Capital Ratio is defined as the initial (base-case) Net Portfolio Value (NPV) divided by the value of assets in the same rate scenario.

Table 4
TB-13 IRR Measure*
As of March 31, 1997

Quintile	Percent of Industry	Percentage Change in NPV	
		-200bp	+200bp
		Less Than:	
1st	10	-3.9 %	-36.7 %
	15	-1.6	-32.7
	20	-0.2	-30.2
2nd	30	2.8	-25.7
	40	5.5	-22.7
3rd	50	8.0	-19.3
	60	10.1	-16.0
4th	70	13.0	-12.7
	80	17.1	-9.4
5th	85	19.3	-7.1
	90	22.8	-4.5

* The TB-13 Measure is defined as the percentage change in the initial (base-case) Net Portfolio Value (NPV) caused by an interest rate shock of either -200 or +200 basis points.

Note: 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.

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Table 5
Post-Shock NPV Ratio*
As of March 31, 1997

Quintile	Percent of Industry	Post-Shock NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	8.9 %	5.9 %
	15	9.4	6.6
	20	9.8	7.1
2nd	30	10.6	8.0
	40	11.5	8.9
3rd	50	12.4	9.8
	60	13.4	10.7
4th	70	14.6	11.9
	80	16.2	13.5
5th	85	17.7	14.8
	90	19.0	16.7

* The Post-Shock NPV Ratio is defined as the Net Portfolio Value (NPV) ratio after an interest rate shock of either -200 or +200 basis points.

Table 6
Change in NPV Ratio*
As of March 31, 1997

Quintile	Percent of Industry	Change in NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	-60 bp	-366 bp
	15	-33	-337
	20	-14	-306
2nd	30	16	-263
	40	42	-233
3rd	50	69	-200
	60	94	-164
4th	70	121	-128
	80	152	-90
5th	85	181	-68
	90	211	-37

* The Change in NPV Ratio is defined as the change (in basis points) in the Net Portfolio Value (NPV) capital ratio caused by an interest rate shock of either -200 or +200 basis points.

Note: The NPV capital 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.

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