Thrift Industry
Interest Rate Risk Measures
First Quarter 1998

Release Date:
July 1, 1998

For further information, please contact:
Radu Filimon (202) 906-5733

Risk Management Division

*Anthony G. Cornyn, CFA
Director*

*Donald G. Edwards
Radu A. Filimon, Ph. D.
Eberhard Irmler
Cezary M. Jednaszewski
Jonathan D. Jones, Ph. D.
Stevan Stevanovic*

**1700 G Street, N.W.
Washington, D.C. 20552**

The attached tables contain the most recent 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**. 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 **Post-Shock NPV Ratio** ranking by referring to Table 1. Assume XYZ Savings has an Post-Shock NPV Ratio of 7.5%. In the last column of the table, locate the first value that is larger than XYZ's post-shock ratio. 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 post-shock 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 ratio is actually among the bottom (worst) 15% of the industry.

To receive via fax this issue of the *Interest Rate Risk Measures*, call **OTS PubliFax** at **(202) 906-5660** and simply request document code **34811.** The preliminary measures for June 1998 will be available on PubliFax by **August 21, 1998** (request document code **34820**).

These tables are also available on the OTS Web page at **http://www.ots.treas.gov**

Table 1
Post-Shock NPV Ratio*
As of March 31, 1998

F I N A L

Quintile	Percent of Industry	Post-Shock NPV Ratio Less Than:
1st	10	7.0 %
	15	7.6
	20	8.1
2nd	30	8.9
	40	9.6
3rd	50	10.5
	60	11.4
4th	70	12.6
	80	14.4
5th	85	15.7
	90	17.9

* The Post-Shock NPV Ratio is defined as the Net Portfolio Value (NPV) ratio after a 200 basis point
  increase or decrease in rates, which ever produces the smaller ratio.

Table 2
Interest Rate Sensitivity Measure*
As of March 31, 1998

Quintile	Percent of Industry	Sensitivity Measure Greater Than:
1st	10	333 bp
	15	295
	20	271
2nd	30	221
	40	181
3rd	50	153
	60	119
4th	70	95
	80	73
5th	85	59
	90	42

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

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.

Based on 1088 OTS-regulated institutions for which the March 1998 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., June 30, 1998.

Table 3
Pre-Shock NPV Ratio*
As of March 31, 1998

Quintile	Percent of Industry	Pre-Shock NPV Ratio Less Than:
1st	10	8.7 %
	15	9.2
	20	9.6
2nd	30	10.5
	40	11.2
3rd	50	12.2
	60	13.2
4th	70	14.5
	80	16.1
5th	85	17.4
	90	19.5

* The Pre-Shock NPV Ratio is defined as the base-case (pre-shock) NPV divided by the present value
  of assets in the same rate scenario.

Table 4
NPV Ratio by Interest Rate Scenario*
As of March 31, 1998

Quintile	Percent of Industry	NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	8.7 %	7.1 %
	15	9.3	7.7
	20	9.8	8.2
2nd	30	10.6	9.0
	40	11.5	9.8
3rd	50	12.6	10.8
	60	13.7	11.7
4th	70	15.1	12.9
	80	16.8	14.7
5th	85	18.2	16.0
	90	20.2	18.1

* 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.

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.

Based on 1088 OTS-regulated institutions for which the March 1998 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., June 30, 1998.

Table 5
Change in NPV Ratio by Interest Rate Scenario*
As of March 31, 1998

Quintile	Percent of Industry	Change in NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	-84 bp	-332 bp
	15	-59	-293
	20	-39	-267
2nd	30	-11	-218
	40	12	-175
3rd	50	34	-143
	60	59	-103
4th	70	84	-70
	80	120	-24
5th	85	142	-2
	90	173	24

* 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 -200 or +200 basis points.

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.

Based on 1088 OTS-regulated institutions for which the March 1998 Interest Rate Risk Exposure Reports are available.

Prepared by the Risk Management Division, OTS, Washington, D.C., June 30, 1998.