



FINAL

Interest Rate Risk Measures Second 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**, the **Percentage Change in NPV**, and the. 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 7%. 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 **OTS PubliFax** at **(202) 906-5660** and simply request document code **34721**. The preliminary measures for September 1997 will be available on PubliFax by **November 22, 1997** (request document code **34730**).

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

Table 1
IRR Exposure Measure*
As of June 30, 1997

Quintile	Percent of Industry	Post-Shock NPV Ratio Less Than:
1st	10	6.5 %
	15	7.2
	20	7.8
2nd	30	8.6
	40	9.4
3rd	50	10.2
	60	11.1
4th	70	12.4
	80	13.9
5th	85	15.2
	90	17.3

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

Table 2
Rate Sensitivity Measure*
As of June 30, 1997

Quintile	Percent of Industry	Decline in NPV Ratio Greater Than:
1st	10	-364 bp
	15	-326
	20	-296
2nd	30	-251
	40	-218
3rd	50	-187
	60	-153
4th	70	-120
	80	-94
5th	85	-83
	90	-67

* The Rate Sensitivity Measure is defined as the decline (in basis points) in the Net Portfolio (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 1,168 OTS-regulated institutions for which the June 1997 Interest Rate Risk Exposure Reports are Available

Prepared by the Risk Management Division, OTS, Washington, D.C., September 15, 1997

Table 3
Base-Case NPV Capital Ratio*
As of June 30, 1997

	Percent of	Post-Shock NPV Ratio Less Than:
	10	8.7
	15	9.2
		9.7
2nd	40	10.5
3rd	50	
	60	13.0
	70	14.2
		16.0
5th	90	17.1

* 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 June 30, 1997

Quintile	Percent of Industry	Percentage Change in NPV	
		-200bp	+200bp
		Less Than:	
1st	10	-4.6 %	-33.3 %
	15	-2.7	-29.9
	20	-1.2	-27.3
2nd	30	1.4	-23.6
	40	3.6	-20.4
3rd	50	5.8	-17.5
	60	8.1	-14.0
4th	70	10.6	-10.9
	80	13.9	-7.6
5th	85	15.8	-5.5
	90	18.2	-2.8

* 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 June 30, 1997**

Quintile	Percent of Industry	Post Shock NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	9.0 %	6.5 %
	15	9.6	7.2
	20	10.0	7.8
2nd	30	10.7	8.7
	40	11.7	9.5
3rd	50	12.7	10.4
	60	13.6	11.3
4th	70	15.1	12.6
	80	16.6	14.1
5th	85	17.9	15.4
	90	19.8	17.6

* 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 June 30, 1997**

Quintile	Percent of Industry	Post Shock NPV Ratio*	
		-200bp	+200bp
		Less Than:	
1st	10	-67 %	-362 %
	15	-45	-325
	20	-27	-294
2nd	30	1	-248
	40	25	-215
3rd	50	49	-184
	60	73	-146
4th	70	98	-110
	80	134	-72
5th	85	155	-47
	90	187	-18

* 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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