

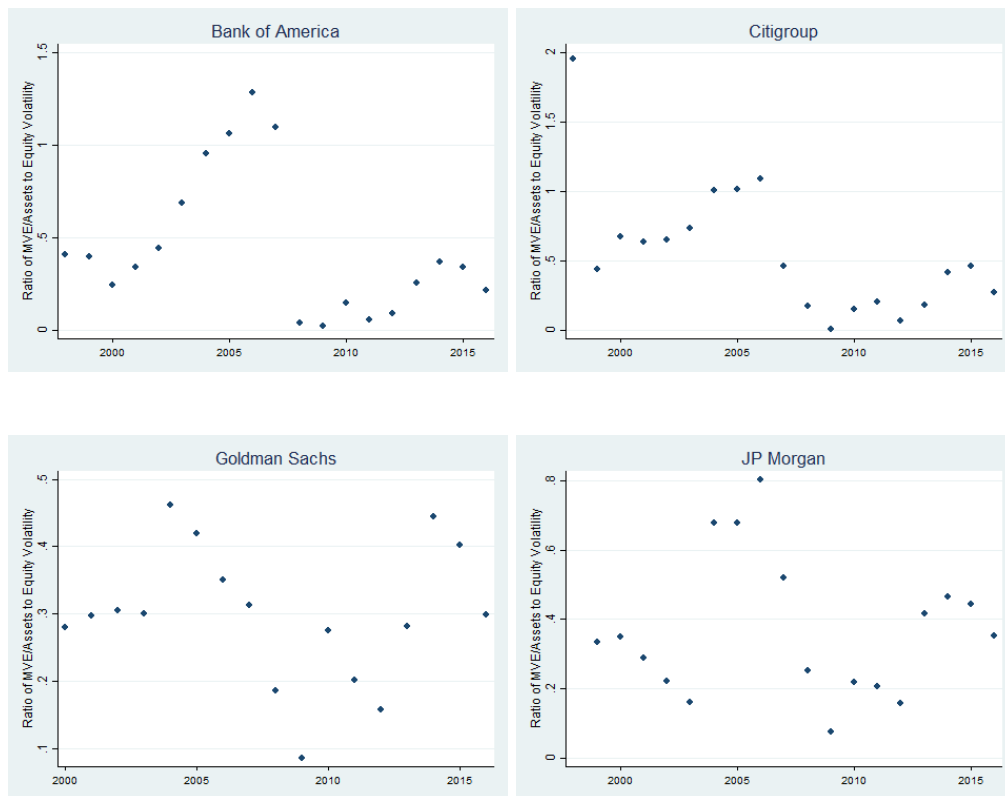
Understanding Long-Term Bank Trends

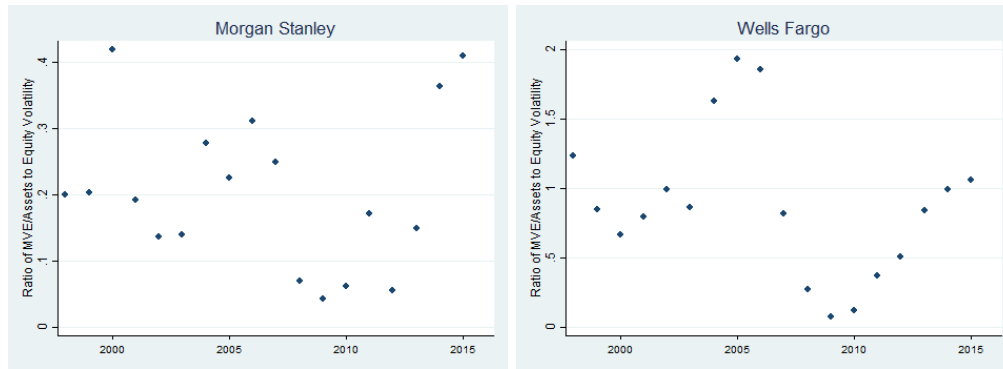
October 24, 2016

1 Relationship between MVE/Assets and Volatility Over Time

For each bank, we computed an implied measure of asset volatility by taking the ratio of MVE/assets to equity volatility and seeing how this has evolved over time.

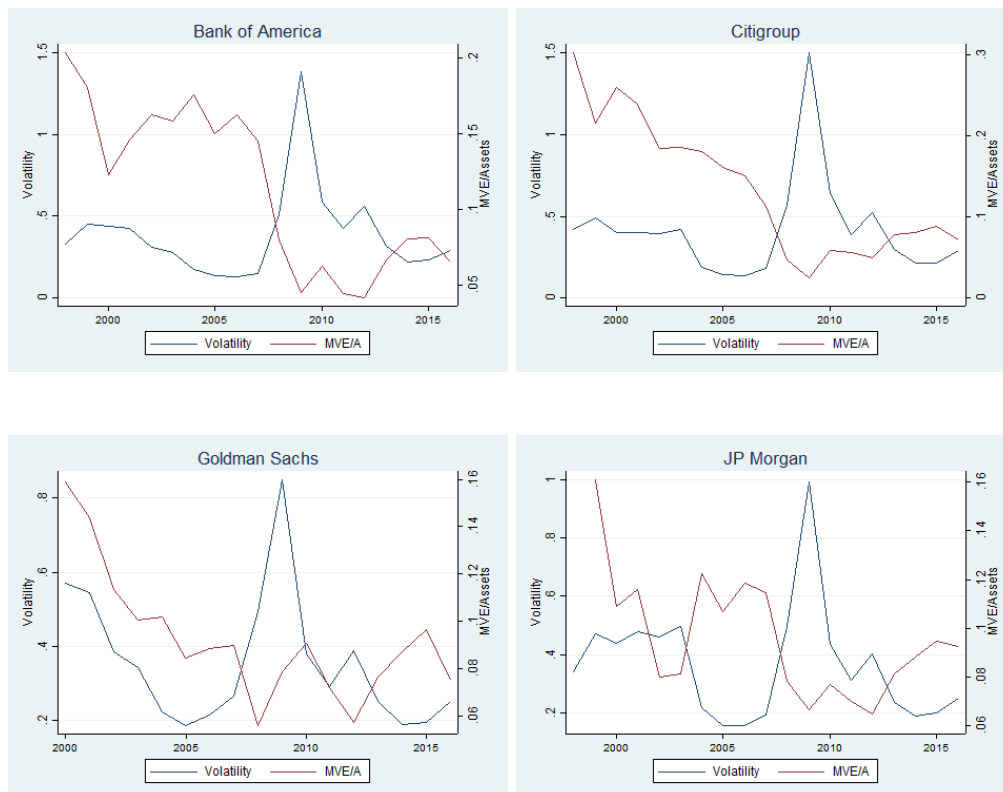
1.1 MVE ratio/volatility

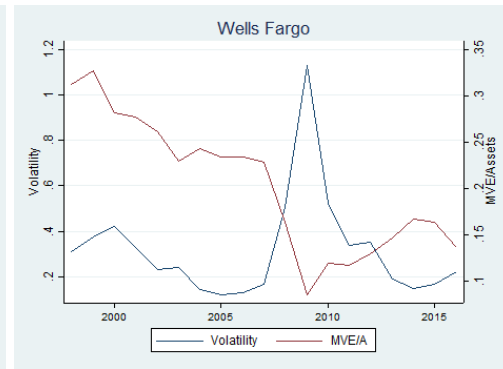
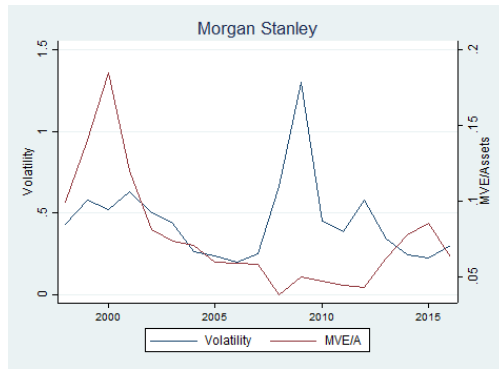




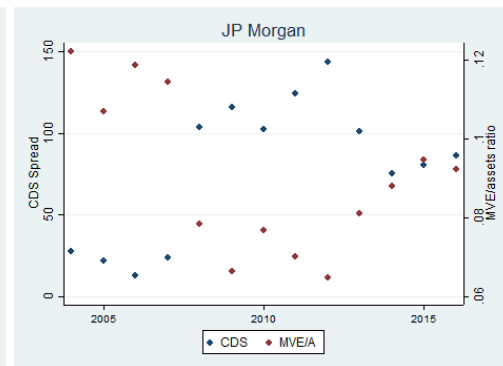
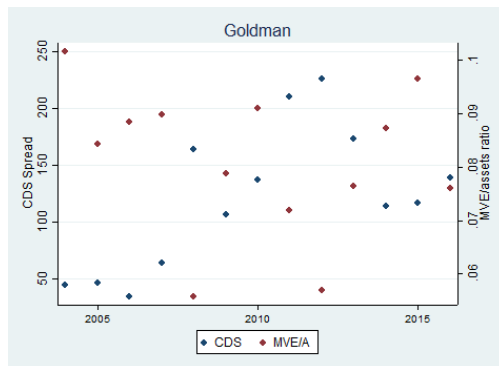
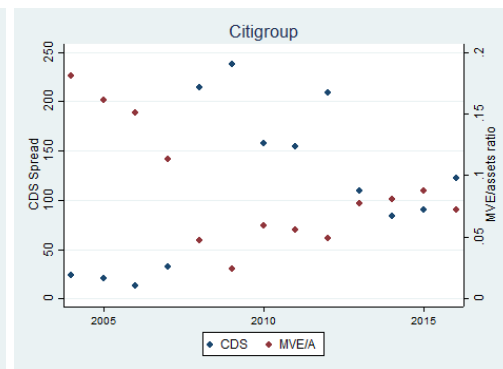
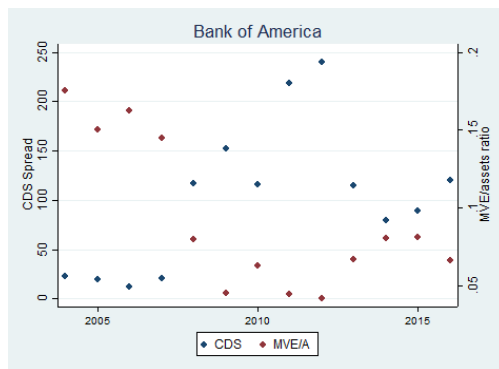
1.2 MVE/assets and volatility over time

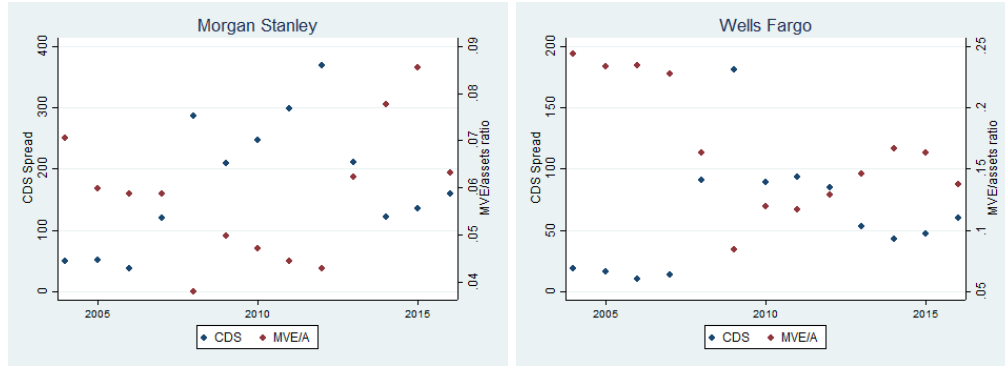
To understand what is driving the graphs above, we also graphed the MVE/assets and volatility series separately.





2 Relationship between MVE/Assets and CDS Spread Over Time





3 Pre-crisis bubble

We compare our six banks to the S&P 500 to see if there is a large pre-crisis bubble. To do this, we take the closing price of (1) our six banks and (2) the KBW Nasdaq Bank Index and divide it by the S&P 500. We use a three month moving average to compute these ratios.

