[illegible]

[illegible]

decrease in the interest rate sensitivity of the thrift industry during the [illegible]

sensitivity measure for the industry was 182 basis points, representing a [illegible]

decrease in the interest rate sensitivity of the [illegible]

[illegible] in the fourth quarter, as the median post-shock NPV [illegible]

[illegible]

interest rate [illegible]

[illegible] thrifts would experience such a [illegible]

QUARTERLY TREND ANALYSIS

[illegible] median sensitivity for the thrift industry in the [illegible]

at the end of the fourth quarter, taking a [illegible]

[illegible]

Chart 1

Despite the slight

tion in the industry's

the first quarter of 1996 and then remained

First, the yield curve at the

capital levels. H

(Chart 3). As might be expected, given the

variable-rate mortgages in those two quarters

Chart 3

Chart 4

7.0%

Sep 1996

4.5%

1 2 3 5 10 30

Years

9%

Risk Management

ASYMMETRY OF GAINS AND LOSSES

change in the industry's aggregate net [illegible]

[illegible] interest rate scenarios for the last [illegible]

[illegible]

[illegible]

[illegible]

losses is largely a result of the embedded call [illegible] interest rates decline, [illegible] falling interest rates increase the likelihood [illegible]

[illegible]

thrift industry [illegible]

[illegible] percentage change in individual [illegible]

[illegible]

Interest Rate Risk M[illegible]

Change in						
-100	2.2	5.4	4.8	9.9	10.3	10.3

scenario. Moreover, about 43 percent of the [illegible] 20 percent of their economic value if interest [illegible]

[illegible] compares with that at year-end 1993 for [illegible]

[illegible] fourth quarter of 1993. The reverse situation [illegible]

Chart 5

Estimated Change in NPV

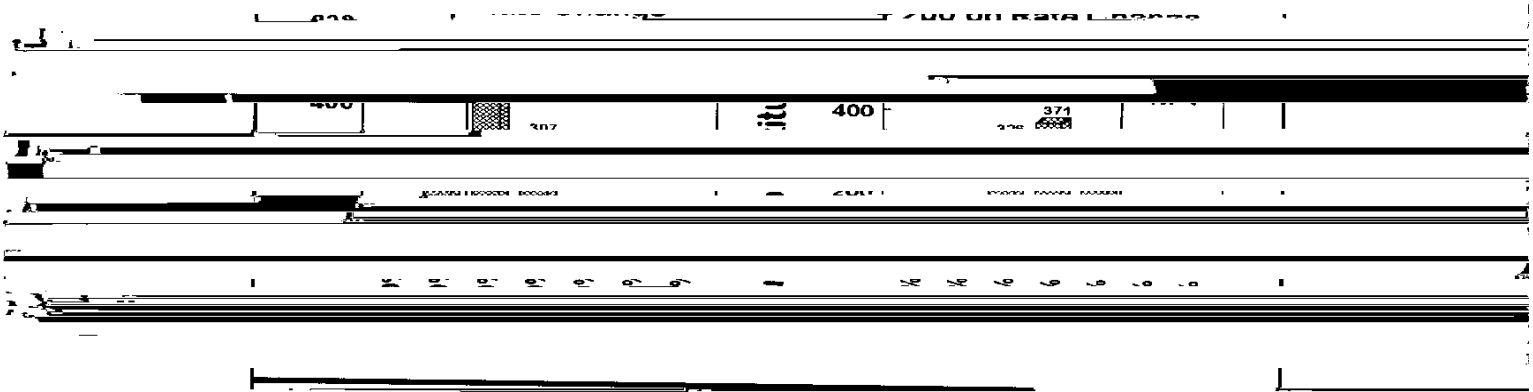
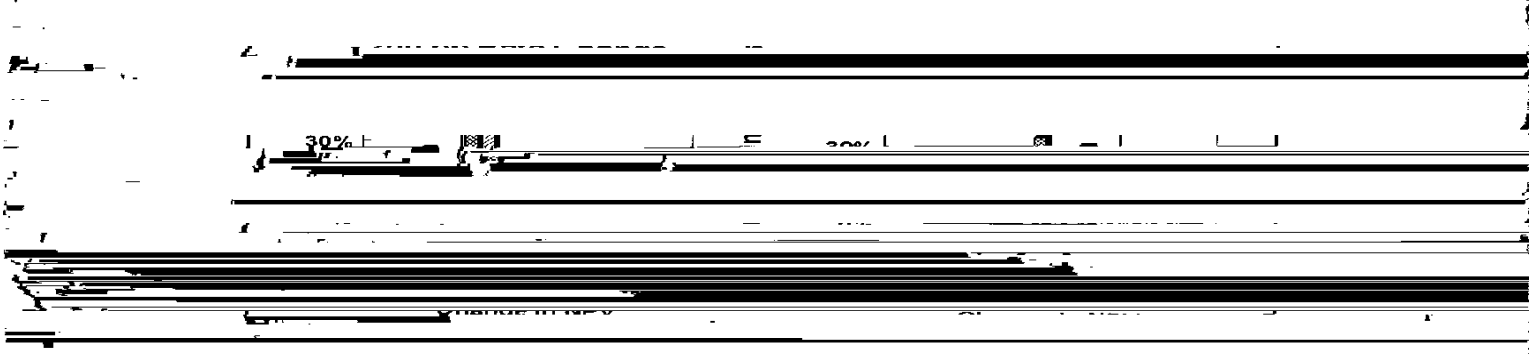


Chart 6

Estimated Ch



results are consistent with

sure measures below the 4.0 percent level.

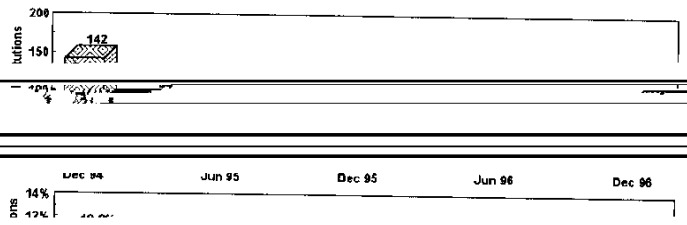
Chart 7 also shows that, despite the

measures below that level decreased sharpl

Risk Management Divisi

Chart 7

Institutions with Exposure Ratio



INDUSTRY PROFILE

The pre- and post-shock NPV capital ratios of each reporting thrift are plotted in chart, the horizontal axis represents the [illegible]

NPV ratios are equal. Each dot denotes the [illegible]

[illegible] institution whose post-shock NPV ratio is [illegible]

NPV sensitivity [illegible]

Further analysis indicates that 20 [illegible]

cess of the industry [illegible]

exposure measures below 4.0 percent are highly exposed [illegible]

quate capital levels. Chart 8 [illegible]

(Fourth Quarter, 1996)

Pre-Shock NPV Ratio

Median Post Shock NPV Ratio

Region had the smallest increase in the

The lower panel of Chart 9 shows the

End Notes:

1. [illegible]

[illegible]

Pre-Shock NPV Ratio	[illegible]
[illegible]	[illegible]
Sensitivity Measure	Differences [illegible] Ratios (expressed in basis points) [illegible] an interest rate shock
[illegible]	[illegible]

* *The OTS web site at [illegible]*