

## Assignment I

Assets		Liabilities and Equities	
Cash and due from banks	\$9,000.00	Saving Deposits	\$19,000.00
Investment Securities	\$23,000.00	Fixed Deposits	\$89,000.00
Repurchase Agreements	\$42,000.00	Retail B/Es	\$28,000.00
Loans	\$90,000.00	Debentures	\$19,000.00
Fixed Assets	\$15,000.00	<b>Total Liabilities</b>	<b><u>\$155,000.00</u></b>
Other Assets	\$4,000.00	Common Stocks	\$12,000.00
<b>Total Assets</b>	<b><u>\$183,000.00</u></b>	Paid in Capital	\$4,000.00
		Retained Earnings	\$12,000.00
		<b>Total Liabilities &amp; Equity</b>	<b><u>\$183,000.00</u></b>

## Income Statement

Interest on fees and loans	\$9,000.00
Interest on investment securities	\$4,000.00
Interest on repurchase agreements	\$6,000.00
Interest on bank deposits	\$1,000.00
<b>Total Interest Income</b>	<b>\$20,000.00</b>
Interest on deposits	\$9,000.00
interest on debentures	\$2,000.00
<b>Total interest Expense</b>	<b>\$11,000.00</b>
Operating Income	\$9,000.00
Provision for loan losses	\$2,000.00
Other income	\$2,000.00
Other expenses	\$1,000.00
<b>Income before taxes</b>	<b>\$8,000.00</b>
Taxes	\$3,000.00
<b>Net Income</b>	<b><u>\$5,000.00</u></b>

## 1. Return on Equity

$$ROE = \frac{\text{Net Income}}{\text{Shareholder's equity}} = \frac{\$5,000}{\$28,000} = 17.86\%$$

## 2. Return on Assets

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} = \frac{\$5,000}{\$183,000} = 2.73\%$$

## 3. Asset Utilization

$$\begin{aligned} \text{Asset Utilization Ratio} &= \frac{\text{Total Revenue Generated}}{\text{Average Total Assets}} \\ &= \frac{\text{Operating income} + \text{Other income}}{\text{Total Assets}} = \frac{\$20,000 + \$2,000}{\$183,000} \\ &= 10.93\% \end{aligned}$$

## 4. Equity Multiplier

$$\text{Equity Multiplier} = \frac{\text{Total Assets}}{\text{Total Stockholder's Equity}} = \frac{\$183,000}{\$28,000} = 6.536$$

## 5. Profit Margin

$$\text{Profit Margin} = \frac{\text{Net Income}}{\text{Total Revenue}} = \frac{\$5,000}{\$20,000 + \$2,000} = 22.73\%$$

## 6. Interest Expense Ratio

$$\text{Interest Expense Ratio} = \frac{\text{Interest Expenses}}{\text{Total Interest Income}} = \frac{\$11,000}{\$20,000} = 0.55$$

## 7. Provision for loan loss ratio

$$\text{Provision for loan loss ratio} = \frac{\text{Provision to loan loss}}{\text{Total Interest Income}} = \frac{\$2,000}{\$20,000} = 0.10$$

## 8. Non-interest expense ratio

$$\text{Noninterest expense ratio} = \frac{\text{Non interest expense}}{\text{Total Revenue}} = \frac{\$1,000}{\$22,000} = 0.04545$$

## 9. Tax ratio

$$\text{Tax ratio} = \frac{\text{Tax expense}}{\text{Total Revenue}} = \frac{\$3,000}{\$22,000} = 0.1364$$