

Q2. Lancaster Avenue Branch						231001
Assets	Revenue	Value	Yield	Share	Net	
			Revenue / Value	Value / Total assets	Yield x Share	
Cash reserve requirement	0 /	1,149,974 =	0.00%	4.82%	0.00%	
Investment securities	507,522	6,664,106	7.62%	27.95%	2.13%	
Consumer loans		857,605				
Commercial loans		389,865				
Mortgage loans		1,322,716				
Revolving credit loans		105,506				
Total loans	237,816 ÷	2,675,692	8.89%	11.22%	1.00%	
Excess funds	1,530,319 ÷	13,356,884	11.46%	56.01%	6.42%	
Total financial assets	2,275,657	23,846,656	9.54%	100.00%	9.54%	
Liabilities	Cost	Deposit	Cost rate	Share	Net	
	is interest	Value	Cost ÷ Value	Value / Total deposits	Cost Rate x Share	
Demand deposits	0	6,663,112	0.00%	27.94%	0.00%	
Time deposits	911,529	17,183,544	5.30%	72.06%	3.82%	
Total deposits	911,529	23,846,656		100.00%	3.82%	
Interest spread =	2,275,657 -	911,529 =	1,364,128 ÷	23,846,656 =	5.72%	
Interest spread =	9.54% -	3.82% =			5.72%	
Interest spread				1,364,128		
Commissions & service charges		30,466				
Other operating income		4,721	35,187			
Total income						
Personnel Expense		109,663				
Other operating expense		92,122	(201,785)	(166,598)		
Direct income before taxes				1,197,530		
Income taxes x 48.00%				578,191		
Contribution to internal operations				619,339		
Charge for internal operations				89,239		
Net earnings contribution				530,100		

Q2. American Bank as Whole						231001
Assets	Revenue	Value	Yield	Share	Net	
			Revenue / Value	Value / Total assets	Yield x Share	
Cash reserve requirement	0 /	68,286 =	0.00%	4.86%	0.00%	
Investment securities	23,652	383,568	6.17%	27.31%	1.68%	
Commercial loans	51,874	552,948	9.38%			
Mortgage loans	20,838	242,066	8.61%			
Consumer loans	19,448	163,582	11.89%			
Total loans	92,160	958,595	9.61%			
Provision for loan losses	6,310	7,802				
	85,850	950,793	9.03%	67.69%	6.11%	
Other interest & Federal funds	191	2,000	9.55%	0.14%	0.01%	
Total financial assets	109,693	1,404,646	7.81%	100.00%	7.81%	
Liabilities	Cost	Deposit	Cost rate	Share	Net	
	is interest	Value	Cost / Value	Value / Total deposits	Cost Rate x Share	
Demand	0	294,333		20.95%	0.00%	
Savings deposits	18,978	379,632	5.00%	27.03%	1.35%	
Time deposits	42,944	602,988	7.12%	42.93%	3.06%	
Total deposits	61,922	1,276,952	4.85%	90.91%	4.41%	
Other funds	1,803	52,093	3.46%	3.71%	0.13%	
Subordinated Notes	1,550	18,350	8.45%	1.31%	0.11%	
Total interest expense	65,275	1,347,395	4.84%	5.01%	4.65%	
Interest spread =	109,693 -	65,275 =	44,418 /	1,404,646 =	3.16%	
Interest spread =	7.81% -	4.65% =			3.16%	
Interest spread			44,418			
Other income		10,840				
Total other expenses		39,639				
Net Operating Expense			(28,799)			
Direct income before taxes			15,619			
Income taxes			(497)			
Income before securities gains & losses			16,116			
Securities gains & losses, net of related income taxes			(213)			
NET INCOME			15,903			
Total financial assets			1,404,646			
Premises and equipment		19,864				
Other real estate owned		3,029				
Accrued income receivable		14,278				
Other assets		3,224				
			40,394			
Total assets			1,445,040			

Financial Assets / Equity	1,404,646	/	97,646	=	14.39	231001
Interest spread =					3.16%	
Operating costs on assets	(28,799)	/	1,404,646	=	(2.05)%	
Net margin on assets				x	1.112%	
ROE (before taxes) [Multiply]					15.996%	
or directly						
ROE (before taxes)	\$ 15,619	x	97,646	=	15.996%	

5 Savings account breakeven analysis

	Passbook	Statement
Average funds yield of	9.54%	9.54%
ATM statutory reserve		12.00%
Cost of the reserve		1.15%
Effective yield	9.54%	8.40%
Operating costs	1.00%	1.00%
Net yield	8.54%	7.40%
Interest Expense	4.30%	5.00%
Net margin	4.24%	2.40%
Annual operating cost (from exh-8)		
12 x \$2.8213	\$33.86	x \$3.3593 \$40.31
Doughnuts	????	
Total costs	\$33.86	\$40.31
Break-even account balance		
Total costs / Net margin	\$798	\$1,681

6 Account openings per month	0.01748	0.02500
Time of account	57.208 months	40.000 months
		3.3333 years

When Fred was applying for a credit card, the manager of the credit card company asked him if he had much money in the bank. "I have," said Fred.

"How much?" asked the manager.

"I don't know exactly," said Fred, "I haven't shaken it lately."

Two accountants are in a bank, when armed robbers burst in. While several of the robbers take the money from the tellers, others line the customers, including the accountants, up against a wall, and proceed to take their wallets, watches, etc. While this is going on accountant number one jams something in accountant number two's hand. Without looking down, accountant number two whispers, "What is this?" to which accountant number one replies, "it's that \$50 I owe you