

Formula Sheet: Exam #2
Econ 4673
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Total assets = total liabilities + bank capital

ROA = net profit after taxes/assets

EM = assets/bank capital

ROE = net profit after taxes/bank capital

Δ Profits = [Assets(st) – Liabilities(st)] \times Δ R

Δ Market value = [(Assets \times D_A) – (Liabilities \times D_L)] \times [– Δ R]

LR = bank capital/assets

RWA = 0.0*R&GS + 0.2*B + 0.5* MB&RM + 1.0*L