

**Formula Sheet: Exam #2**  
**Econ 4673**  
**Dr. Keen**

Total assets = total liabilities + bank capital

ROA = net profit after taxes/assets

EM = assets/equity capital

ROE = net profit after taxes/equity capital

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

$\Delta$ Market value = [(Assets $\times$ D<sub>A</sub>) – (Liabilities $\times$ D<sub>L</sub>)] $\times$ [ –  $\Delta$ R]

LR = equity capital/assets

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

R = RR + ER

Total reserves = nonborrowed reserves + borrowed reserves

$M^B = C + R$

RR = rr $\times$ ChD

$M^S = m \times M^B$

$M^S = C + ChD$

C = c $\times$ ChD

ER = e $\times$ ChD

$M^S = [(1 + c)/(c + rr + e)] \times M^B$