Important Financial Institutions Management Formulas PDF

Formulas
Examples
with Units

List of 11
Important Financial Institutions Management Formulas

1) Capital Adequacy Ratio Formula

Evaluate Formula

Formula

$$CAR = \frac{T1C + T2C}{RWA}$$

Example

$$8 = \frac{2000 + 1600}{450}$$

2) Cash Reserve Ratio Formula

Evaluate Formula

Formula

$$CRR = \left(\frac{CR}{NDTL}\right) \cdot 100$$

Example

$$4 = \left(\frac{400000}{10000000}\right) \cdot 100$$

3) Credit Deposit Ratio Formula

Evaluate Formula

Formula

$$CDR = \left(\frac{TAdv}{TD}\right) \cdot 100$$

Example

$$60 = \left(\frac{450000}{750000}\right) \cdot 100$$

4) Debt Yield Formula

Evaluate Formula

Formula

$$D_Y = \frac{NOI}{\text{Loan Amt}}$$

Example

$$50 = \frac{50000}{1000}$$

5) Loan Default Rate Formula

Evaluate Formula

Formula

$$LDR = \text{mod}\,us\frac{NLD}{TNLI}$$

Example

$$1.5 = \text{mod}\,us\frac{15}{10}$$

6) Loan Loss Provision Coverage Ratio Formula

Evaluate Formula

Formula

$$LLPCR = \frac{EBT + LLP}{NCO}$$

Example

$$40.5 = \frac{1500 + 120000}{3000}$$

7) Net Interest Margin Formula

Evaluate Formula

Formula

$$NIM = \frac{NII}{AIEA}$$

Example

$$3.25 = \frac{1300}{400}$$

8) Net Worth Formula

Evaluate Formula

Formula

$$NW = TA - TL$$

Example

$$54990 = 100000 - 45010$$

9) Operational Efficiency Ratio Formula

Evaluate Formula

Formula

$$OER = \frac{OPEX + COGS}{NS}$$

Example

$$0.4584 = \frac{1255 + 40000}{90000}$$

10) Return on Operating Assets Formula

Evaluate Formula

Formula

$$ROA = \text{mod}\ us\frac{NI}{OpA}$$

Example

$$0.3448 = \text{mod}\ us\frac{200000}{580000}$$

11) Tier 1 Capital Ratio Formula

Evaluate Formula

Formula

$$T1CR = \frac{T1C}{RWA}$$

Example

$$4.4444 = \frac{2000}{450}$$

Variables used in list of Financial Institutions Management Formulas above

- **AIEA** Average Interest Earning Assets
- **CAR** Capital Adequacy Ratio
- **CDR** Credit Deposit Ratio
- **COGS** Cost of Goods Sold
- **CR** Cash Reserves
- **CRR** Cash Reserve Ratio
- **D_Y** Debt Yield
- **EBT** Pre-Tax Income
- **LDR** Loan Default Rate
- **LLP** Loan Loss Provision
- **LLPCR** Loan Loss Provision Coverage Ratio
- **Loan Amt** Loan Amount
- **NCO** Net Charge Offs
- **NDTL** Net Demand & Time Liabilities
- **NI** Net Income
- **NII** Net Interest Income
- **NIM** Net Interest Margin
- **NLD** Number of Loans Defaulted
- **NOI** Net Operating Income
- **NS** Net Sales
- **NW** Net Worth
- **OER** Operational Efficiency Ratio
- **OpA** Operating Assets
- **OPEX** Operating Expense
- **ROA** Return on Operating Assets
- **RWA** Risk Weighted Asset
- **T1C** Tier One Capital
- **T1CR** Tier One Capital Ratio
- **T2C** Tier Two Capital
- **TA** Total Assets
- **TAdv** Total Advances
- **TD** Total Deposits
- **TL** Total Liabilities
- **TNLI** Total Number of Loans Issued

Constants, Functions, Measurements used in list of Financial Institutions Management Formulas above

- Functions: **modulus**, modulus
  Modulus of a number is the remainder when that number is divided by another number.

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