Important Banking Formulas PDF

Formulas
Examples
with Units

List of 16
Important Banking Formulas

1) Agio Formula

Evaluate Formula

Formula

$$AO = (PP) + \frac{OWP}{ER} - SP$$

Example

$$1784.2143 = (1500) + \frac{600}{2.10} - 1.5$$

2) Annual Interest Rate with Discount Formula

Evaluate Formula

Formula

$$AIRD = \frac{CDA \cdot 360}{(IA - CDA) \cdot (TP - CDP)}$$

Example

$$5.2478 = \frac{250 \cdot 360}{(300 - 250) \cdot (350 - 7)}$$

3) Annual Rent of Annuity Formula

Evaluate Formula

Formula

$$ARA = \frac{SCL - FCL}{Py}$$

Example

$$112.5 = \frac{4700 - 3800}{8}$$

4) Calculative Deduction Formula

Evaluate Formula

Formula

$$CD = \frac{RepC - DV}{Py}$$

Example

$$137.5 = \frac{1600 - 500}{8}$$

5) Calculative Interest Formula

Evaluate Formula

Formula

$$CI = \frac{NV \cdot P}{NOS + PPS}$$

Example

$$4.6154 = \frac{120 \cdot 50}{100 + 1200}$$

6) Capitalised Earning Value of Property Formula

Evaluate Formula

Formula

$$CEVP = \frac{NRRPA \cdot 100}{RC}$$

Example

$$98214.2857 = \frac{5500 \cdot 100}{5.60}$$

7) Cash Value Formula

Evaluate Formula

Formula

$$CV = ALL \cdot \frac{AIR}{100 + 1} / \left(\frac{AIR}{100} \right)$$

Example

$$9900.9901 = 10000 \cdot \frac{0.06}{100 + 1} / \left(\frac{0.06}{100} \right)$$

8) Commercial Interest Formula

Evaluate Formula

Formula

$$CInt = \frac{D^{S} \cdot AIR \cdot PD}{100 \cdot 360}$$

Example

$$0.12 = \frac{200 \cdot 0.06 \cdot 360}{100 \cdot 360}$$

9) Conversion Parity Formula

Evaluate Formula

Formula

$$CP = \frac{NV \cdot P}{NOS + PPS}$$

Example

$$4.6154 = \frac{120 \cdot 50}{100 + 1200}$$

10) Effective Cash Discount Rate Formula

Evaluate Formula

Formula

$$ECDR = \frac{CDR \cdot 360}{TP - CDP}$$

Example

$$6.8222 = \frac{6.50 \cdot 360}{350 - 7}$$

11) Interest Charges Per Quarter Formula

Evaluate Formula

Formula

$$ICQ = \left(Cr \right) \cdot \frac{KIR + 1}{400}$$

Example

$$21.25 = \left(1000 \right) \cdot \frac{7.50 + 1}{400}$$

12) Interest Earnings Per Quarter Formula

Evaluate Formula

Formula

$$IEQ = \frac{A}{CB} \cdot \frac{KIR - 2}{400}$$

Example

$$3.75 = \frac{150000}{550} \cdot \frac{7.50 - 2}{400}$$

13) Liquidity Formula

Evaluate Formula

Formula

$$LY = \frac{LA + AR + S}{STP}$$

Example

$$3.1591 = \frac{2500 + 1750 + 2700}{2200}$$

14) Optimal Lot Size Formula

Evaluate Formula

Formula

$$OLS = \sqrt{\frac{2 \cdot SV \cdot CR}{SER + IER}}$$

Example

$$121.9875 = \sqrt{\frac{2 \cdot 1250 \cdot 150}{10.10 + 15.10}}$$

15) Optimal Ordering Frequency Formula

Evaluate Formula

Formula

$$OPOF = \sqrt{\frac{MRT \cdot AP \cdot SKER}{2 \cdot CPO}}$$

Example

$$990.1389 = \sqrt{\frac{1550 \cdot 1100 \cdot 2300}{2 \cdot 2000}}$$

16) Outperformance Point Formula

Evaluate Formula

Formula

$$OP = (SP) \cdot (ERE + 1) - DD$$

Example

$$19.25 = (1.5) \cdot (48.50 + 1) - 55$$

Variables used in list of Banking Formulas above

- **A** Assets
- **AIR** Annual Interest Rate
- **AIRD** Annual Interest Rate with Discount
- **ALL** Amount or Long Lease
- **AO** Agio
- **AP** Acquisition Price
- **AR** Accounts Receivable
- **ARA** Annual Rent of Annuity
- **CB** Credit Balance
- **CD** Calculative Deduction
- **CDA** Cash Discount Amount
- **CDP** Cash Discount Period
- **CDR** Cash Discount Rate
- **CEVP** Capitalised Earning Value of a Property
- **CI** Calculative Interest
- **CInt** Commercial Interest
- **CP** Conversion Parity
- **CPO** Cost Per Order
- **Cr** Credit
- **CR** Cost Per Run
- **CV** Cash Value
- D^S Deposits
- **DD** Dividend
- **DV** Declining Value
- **ECDR** Effective Cash Discount Rate
- **ER** Exchange Ratio
- **ERE** Expected Return Until Expiration
- **FCL** Finish Capital
- **IA** Invoice Amount
- **ICQ** Interest Charges Per Quarter
- **IEQ** Interest Earning Per Quarter
- **IER** Interest Expense Ratio
- **KIR** Key Interest Rate
- **LA** Liquid Assets
- **LY** Liquidity
- **MRT** Material Requirements

Constants, Functions, Measurements used in list of Banking Formulas above

- Functions: **sqrt**, sqrt(Number)
  A square root function is a function that takes a non-negative number as an input and returns the square root of the given input number.

- **NOS** Number of Shares
- **NRRPA** Net Rental Return Per Annum
- **NV** Nominal Value
- **OLS** Optimal Lot Size
- **OP** Outperformance Point
- **OPOF** Optimal Ordering Frequency
- **OWP** Option Warrant Price
- **P** Price
- **PD** Period in Days
- **PP** Purchase Price
- **PPS** Payment Per Share
- **Py** Period
- **RC** Rate of Capitalisation
- **RepC** Replacement Cost
- **S** Stock
- **SCL** Seed Capital
- **SER** Stock Expense Ratio
- **SKER** Stock Keeping Expense Ratio
- **SP** Share Price
- **STP** Short Term Payables
- **SV** Sales Volume
- **TP** Term for Payment

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