

NAME:

BankExec Pre-Course Assignment – MANDATORY COMPLETION

The purpose of this exercise is to introduce you to the bank you will be managing during the BankExec simulation and help familiarize you with the reports generated by the model. To complete this exercise you will need to access the “Starting Point,” which is the set of financial reports for your bank. Answer each of the following questions using the data provided in the Starting Point. You may find it helpful to refer to the BankExec Decision Manual. Answers are not expected to be lengthy, bullet points are appropriate.

1. Looking at the bank’s balance sheet (Report B01), identify these ratios:

- Loans to deposits
- Borrowed fund to total assets
- Owner’s equity to total assets

For each ratio briefly **discuss what is causing the changes** over the previous four quarters?

2. Examine the bank’s income statement (Report B02). Identify the following ratios:

- Spread
- ROA
- ROE

For each ratio, **what is causing the changes** over the previous four quarters?

3. Please identify the broad categories of information covered on reports B05 and B06.

4. Reports B10 and B12 provide information on the securities portfolio of the bank.

- What principal amount (\$) of the portfolio will mature within 12 months?
- What is the primary reason the market value of a security might change (show a gain or loss)?

5. Reports B20 and B22 provide information on the loan portfolio of the bank. Which loan category is the most profitable and **discuss why.**

6. Examine the current loan decisions of the bank as shown on report B24.
 - Identify the current rate offered and the current market rate in each of the five segments of the portfolio.
 - Explain what level of risk is identified by “credit policy grade 3.”
 - Explain the difference between business development codes and “H” and “L”.
7. Report B40 provides information on deposits of the bank.
 - In which deposit category did the bank experience its greatest dollar growth?
 - Which deposit category is the most expensive to the bank based on average balance?
8. Examine the current deposit decisions on Report B44. Identify the current rate offered and the current market rate in each of the deposit segments.
9. Report B64 provides information on purchased funds and capital. What is the difference between the CDs that appear on this page and the time deposits that appear on B40?
10. Examine reports C95 and C96.
 - How much many new loans will be available in the market over the next quarter?
 - What is indicated by the change in GDP during the most recent quarter?