



Building Success. Together.

Commercial Lending, ALCO, and Profitability Reporting

Strategies for managing financial growth and risks effectively



Reading the Room

How confident are you in your ability to understand your bank's financial position?

1 = not confident

2 = somewhat confident

3 = confident

4 = very confident

Reading the Room

How frequently do you use your bank's financial statements?

1 = never

2 = annually

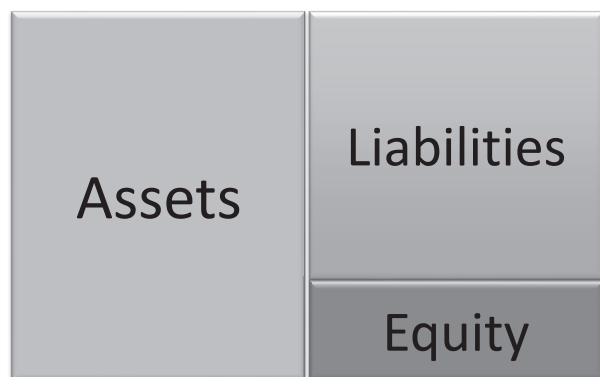
3 = quarterly

4 = monthly

SEGMENT I: BANK FINANCIAL CONDITION & PERFORMANCE

Balance Sheet

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$



- Unlike most businesses, which are sales & income statement driven (Sales-Cost of Goods Sold=Gross Profit), banking is balance sheet driven.
- For most financial institutions, greater than 80% of revenue is net interest income.
- Although other businesses mostly use income statement ratios to determine profitability and efficiency, financial institutions compare income statement items to balance sheet items.

Bank Financial Condition & Performance

Balance Sheet

	Year-Ended December 31, CY		Year-Ended December 31, CY
	<i>in thousands (000)</i>		<i>in thousands (000)</i>
ASSETS		LIABILITIES	
Cash and Cash equivalents:		Deposits:	
Cash and due from banks	19,295	Demand	157,550
Interest-bearing deposits	84,261	Interest-bearing demand	727,148
Total cash and cash equivalents	103,556	Total deposits	884,698
Securities:		Borrowed funds	
Available-for-sale, fair value	203,867	FHLB Advances	27,123
Held-to-maturity, at cost	2,308	Subordinated debt	35,310
Federal Reserve and FHLB stock, at cost	2,146	Other liabilities	23,099
Loans:		TOTAL LIABILITIES	970,230
Total loans (gross)	644,717		
Allowance for loan loss	14,017	STOCKHOLDERS' EQUITY	
Total loans (net)	630,700	Common Stock	20,589
Bank premises and equipment	15,363	Additional paid-in capital	61,627
Intangible Assets	467	Retained earnings (accumulated deficit)	(45,546)
BOLI	28,167	Accumulated other comprehensive income	(3,092)
Other Assets	17,234	TOTAL STOCKHOLDERS' EQUITY	33,578
TOTAL ASSETS	1,003,808	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,003,808

Bank Financial Condition & Performance

Balance Sheet- Asset Trends

Assets (\$000)	CY-4	CY-3	CY-2	CY-1	CY
Cash & Noninterest-bearing Deps	16,020	18,187	23,535	21,336	28,779
Interest-bearing Balances	48,614	69,537	15,517	11,582	246,170
Total Cash & Bals Due Dep Inst	64,634	87,724	39,052	32,918	274,949
Held-to-Maturity Securities	0	0	0	0	0
Total Available-for-sale Debt Securities (FV)	126,522	332,276	303,451	276,273	329,730
Equity Securities FV not HFT	1,164	1,177	1,156	1,401	1,700
Total Securities	127,686	333,453	304,607	277,674	331,430
Fed Funds Sold	0	0	0	0	0
Reverse Repurch Agreements	0	0	0	0	0
Tot Fed Funds & Reverse Repos	0	0	0	0	0
Loans & Leases Held for Sale	0	0	0	0	0
Total Loans & Leases (Excl HFS)	1,365,402	1,407,143	1,538,549	1,789,529	2,102,392
Total Reserves	11,392	13,361	14,707	18,111	23,099
Net Loans & Leases (Excl HFS)	1,354,010	1,393,782	1,523,842	1,771,418	2,079,293
Premises & Fixed Assets	32,121	31,688	32,501	33,089	38,964
Total OREO	102	126	105	36	0
Invest in Unconsolidated Subsid	2,340	2,201	3,021	3,566	3,841
Goodwill	9,122	9,122	9,122	9,122	35,325
Intangible Assts: Tot Intangible Excl Goodwill	1,311	785	395	139	10,344
Total Intangible Assets	10,433	9,907	9,517	9,261	45,669
Total Other Assets	57,936	53,614	78,433	118,303	106,086
Total Assets	1,649,262	1,912,495	1,991,078	2,246,265	2,880,232

Bank Financial Condition & Performance

Balance Sheet-Liability & Shareholder Equity Trends

Liabilities (\$000)	CY-4	CY-3	CY-2	CY-1	CY
Dep: U.S. Nonint-bear Deps	345,842	402,055	415,278	373,141	497,896
Dep: U.S. Int-bear Deposits	<u>1,083,308</u>	<u>1,327,392</u>	<u>1,392,955</u>	<u>1,465,451</u>	<u>2,018,203</u>
Dep: Total Dom Deposits	1,429,150	1,729,447	1,808,233	1,838,592	2,516,099
Fed Funds Purchased	0	0	0	0	0
Repurchase Agreements	0	0	0	0	0
Total Fed Funds & Repos	0	0	0	0	0
Total Other Borrowed Money	50,000	0	0	192,500	72,295
Subordinated Notes & Debentures	0	0	0	0	0
Oth Liabilities (Excl Min Int)	<u>13,246</u>	<u>6,776</u>	<u>16,700</u>	<u>23,699</u>	<u>24,500</u>
Tot Liabilities (Excl Min Int)	1,492,396	1,736,223	1,824,933	2,054,791	2,612,894
Equity (\$000)					
Preferred Stock & Surplus	0	0	0	0	0
Common Stock	563	588	588	588	693
Common Stock Surplus	104,756	109,731	109,731	109,731	162,569
Retained Earnings	51,441	67,762	76,681	95,192	116,061
Accumulated Oth Comp Inc	<u>106</u>	<u>(1,809)</u>	<u>(20,855)</u>	<u>(14,037)</u>	<u>(11,985)</u>
Total Equity Capital	156,866	176,272	166,145	191,474	267,338
Total Liabilities & Equity	1,649,262	1,912,495	1,991,078	2,246,265	2,880,232

Bank Financial Condition & Performance

Shareholder's Equity (i.e. Capital)

	Year-Ended December 31, CY	Year-Ended December 31, CY-1	Year-Ended December 31, CY-2	Year-Ended December 31, CY-3	Year-Ended December 31, CY-4	Well Capitalized Levels
Tier 1 Risk-based Ratio	6.88	5.95	6.85	6.03	7.28	8%
Tier 1 Common Capital (CET1) RB Ratio	5.39	4.45	5.56	NA	NA	6.5%
Risk Based Capital Ratio	11.58	10.20	11.35	10.13	10.54	10%
Leverage Ratio	4.71	4.07	4.72	4.27	5.93	5%
Equity/ Assets	3.35	3.81	3.62	2.75	4.62	
Tang Equity/ Tang Assets	3.30	3.75	3.55	2.67	4.54	

$$\text{CET 1} = \frac{\text{Total Capital} - \text{Preferred Stock} \pm \text{Miscellaneous Adjustments}}{\text{Risk-Weighted Assets}}$$

$$\text{Tier 1 RB Capital Ratio} = \frac{\text{Equity Capital} + \text{Disclosed Reserves}}{\text{Risk-Weighted Assets}}$$

$$\text{Leverage Ratio} = \frac{\text{Tier 1 Capital}}{\text{Tangible Assets}}$$

$$\text{Total Capital Ratio (RB Capital Ratio)} = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk-Weighted Assets}}$$

Bank Financial Condition & Performance

Income Statement-Revenue Trends

Income Statement (\$000)	CY-4	CY-3	CY-2	CY-1	CY
Total Interest Income	53,725	53,370	67,108	102,546	144,752
Total Interest Expense	<u>7,282</u>	<u>4,764</u>	<u>12,973</u>	<u>43,794</u>	<u>64,097</u>
Net Interest Income	46,443	48,606	54,135	58,752	80,655
Provisions for Credit Losses	<u>4,468</u>	<u>1,885</u>	<u>1,195</u>	<u>1,425</u>	<u>5,051</u>
Net Interest Income after Provision	41,975	46,721	52,940	57,327	75,604
Total Noninterest Income	8,571	11,369	8,750	9,125	10,796
Unrealized Holding Gains on Equity Sec	373	14	(21)	245	299
Realized Gain on Securities	394	0	0	0	(1,556)
Total Noninterest Expense	<u>34,958</u>	<u>36,924</u>	<u>38,007</u>	<u>39,795</u>	<u>51,738</u>
Net Income before Income Taxes	16,355	21,180	23,662	26,902	33,405
Income Taxes	<u>2,795</u>	<u>3,859</u>	<u>4,529</u>	<u>5,045</u>	<u>6,536</u>
Net Income	13,560	17,321	19,133	21,857	26,869

Bank Financial Condition & Performance

Review the Basics-Top of The House Ratios

$$\text{Return on Avg. Assets: } \frac{\text{Net Income}}{\text{Average Total Assets}}$$

$$\text{Return on Avg. Equity: } \frac{\text{Net Income}}{\text{Average Total Equity}}$$

$$\text{Net Interest Margin(NIM): } \frac{\text{Net Interest Income}}{\text{Average Earning Assets}}$$

$$\text{Yield on Earning Assets: } \frac{\text{Interest \& Dividend Income}}{\text{Average Earning Assets}}$$

Bank Financial Condition & Performance

Review the Basics-Top of The House Ratios

$$\text{Cost of Funds: } \frac{\text{Interest Expense}}{\text{Average Int. Bearing Liabilities \& Non Int. Bearing Deposits}}$$

$$\text{Efficiency Ratio: } \frac{\text{Operating Expense}}{\text{Net Int. Income + Non Interest Income}}$$

$$\text{Expense Ratio: } \frac{\text{Operating Expense}}{\text{Average Assets}}$$

Bank Financial Condition & Performance

Top of The House Ratios and Trends

Profitability Ratios (%)	CY-4	CY-3	CY-2	CY-1	CY
ROAA	0.86	0.95	0.98	1.02	1.00
ROAE	9.02	10.49	11.39	12.40	10.78
Net Interest Margin	3.11	2.82	2.94	2.90	3.20
Yield on Earning Assets	3.60	3.09	3.64	5.07	5.74
Cost of Funds	0.43	0.24	0.62	1.93	2.27
Efficiency Ratio (FTE)	61.82	60.23	59.30	57.69	53.95
Expense Ratio	2.21	2.03	1.95	1.86	1.92

As the bank grows, expense ratio should decline (economies of scale).

SEGMENT II: ALCO & REPORTING

Purpose of the Asset-Liability Committee (ALCO)



Liquidity Risk

- Bank has sufficient funds to meet obligations
- Managing cash flows
- Maintaining contingency funding plan



Interest Rate Risk

- Managing impact of interest rate changes
- Analyzing interest rate change sensitivity of assets & liabilities
- Implement strategies to mitigate risk



Profitability

- Optimize net interest margin (NIM)
- Balancing risk and return to maximize profitability



Overall Risk Management

- Coordinate lending and funding activities
- Managing cash and investment portfolio to support strategy and growth.
- Comply with laws, regs (and policies)

The ALCO is responsible for:

- Coordinating the bank's funding and lending strategies.
- Managing the bank's cash and investment activities.
- Ensuring compliance with regulatory requirements.

Purpose of the Asset-Liability Committee (ALCO)

More Specifically-ALCO Committee Charter Outlines Responsibilities



Investment Policy – Develop criteria and risk appetite for investment portfolio



Contingency Funding Plan (CFP) – Line of credit and borrowing capacity and utilization, wholesale deposits



Interest Rate Risk Policy – risk limits, exposure and trends

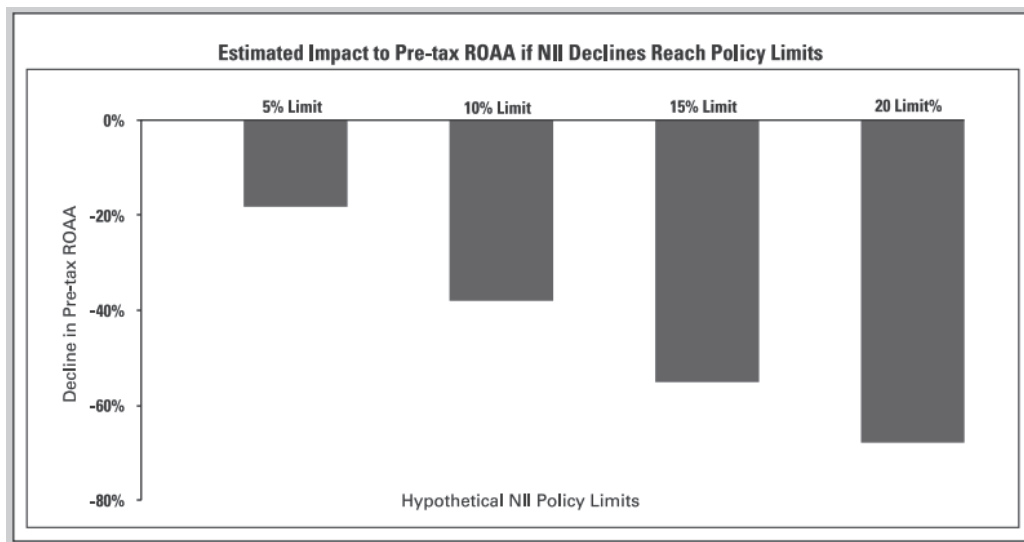


Liquidity Policy – In addition to CFP, cash position, loan/deposit limits



Model Validation- Back testing of models for improving accuracy

Interest Rate Risk



Source: FDIC.gov [Effective Governance Processes for Managing Interest Rate Risk](#) | FDIC.gov

What limits are reasonable for changes in net interest income (NII)?

- Each bank is unique in the risk it is willing to take
- The bank's financial condition and risk profile should be the guiding factors that influence the tolerance levels of IRR.

Interest Rate Risk

Estimates of Income Statement Impact of Rate Changes

	-100 bps	Flat	+100 bps	+200 bps	+300 bps
Total Interest Income(\$000)	32,000	33,000	34,000	35,000	35,800
Total Interest Expense(\$000)	4,400	5,000	5,500	5,900	6,250
NET INTEREST INCOME(\$000)	27,600	28,000	28,500	29,100	29,550
Change in Net Interest Income	-1.4%		1.8%	3.9%	5.5%

Source: FDIC.gov [Effective Governance Processes for Managing Interest Rate Risk](#) | FDIC.gov

Basic models will run scenarios based on a parallel rate movement, typically by increments of 100 basis points (bps)

Interest Rate Risk

Interest Rate Sensitivity	CY-4	CY-3	CY-2	CY-1	CY
Rate-sensitive Assets (000)	420,385	522,592	646,392	902,970	1,072,961
Rate-sensitive Liabilities (000)	109,922	138,306	90,591	350,541	400,593
Rate-sensitive Time Deposits (000)	109,922	138,306	90,591	208,041	400,593
One Year Cumulative Repricing Gap (000) ¹	310,463	384,286	555,801	552,429	672,368
One Year Gap/ Assets (%)	18.82	20.09	27.91	24.59	23.34
Rate-sensitive Assets/ Assets (%)	25.49	27.33	32.46	40.20	37.25
Rate-sensitive Liab/ Assets (%)	6.66	7.23	4.55	15.61	13.91

¹ Rate sensitive assets (assets that are expected to mature or reprice within 1 year) less rate sensitive liabilities (liabilities that are expected to mature or reprice within 1 year).

Positively gapped banks should experience net interest margin (NIM) declines in falling rate environments and conversely NIM increases in rising rate environments.

Interest Rate Risk

Economic Value of Equity (EVE)

Change in Rates (bps)	-100		+100	+200	+300
Percent Change Economic Value of Equity	-6.9%		1.7%	2.7%	4.3%
Policy Limit	-10%		-10%	-20%	-30%

What limits are reasonable for changes in Economic Value of Equity?

- Except for investment securities classified as “available for sale,” most balance sheet items are reported at “book value”, i.e. the value you put it on the books for.
- As rates rise, the “economic value” of existing loans declines.

Source: FDIC.gov [Effective Governance Processes for Managing Interest Rate Risk](#) | FDIC.gov

Liquidity Risk

Liquidity (%)	CY-4	CY-3	CY-2	CY-1	CY
Liquidity Ratio 1	6.13	7.15	7.35	8.46	12.74
Earning Assets/ IBL	136.04	136.37	133.43	125.38	128.20
Secs (FV)/ Secs (Amt Cost)	101.83	99.30	91.65	93.88	95.60
Pledged Secs/ Securities	79.02	89.08	68.81	49.26	82.51
Loans/ Deposits (%)	95.54	81.36	85.09	97.33	83.56
Brokered Deposits/ Deposits	1.75	1.45	0.00	1.10	0.81
Jumbo Time Deposits/ Domestic Deposits	3.59	3.07	2.68	2.94	8.17
Loan Growth Rate (%)	16.48	3.06	9.34	16.31	17.48
Deposit Growth Rate (%)	23.64	21.01	4.56	1.68	36.85

1 (Cash&Balances Due+Securities+Fed Funds Sold&Repos+Trading Account Assets-Pledged Securities)/ Total Liabilities

Bank balance sheets move like aircraft carriers. If loans grow faster than deposits for multiple periods and liquidity ratio declines and loans/deposits rise, short term fixes are usually rate driven. Marketers must anticipate bank liquidity needs.

Lending and ALCO

How Can Lending Play an Effective Role?



Product Management – Manage products that are suitable for customer needs (price sensitive or not price sensitive). Product features that can make products stickier and therefore longer duration.



Product Mix- Know the bank's emerging balance sheet needs in terms of loan and deposit diversity (no concentrations per industry or collateral, or big funding whales) and the strategy needed to attract customers demanding products that benefit bank and customer.



Pricing- Press the levers of pricing to 1) reward desirable behaviors such as loyalty, 2) grow volumes.



Data Analytics- Know your customer is not for compliance purposes only. Nearly \$1T left FDIC-insured banks during 2022-23 Fed tightening because we mistook friction for loyalty.

SEGMENT III: PROFITABILITY

Profitability Measurement

Profit Drivers

Personal Money Market Accounts

	MRQ-4	MRQ-3	MRQ-2	MRQ-1	MRQ	% Change	
						Prior Quarter	Year Ago Quarter
1 Average Balance (000)	\$361,998	\$352,952	\$335,237	\$319,297	\$319,299	0.00%	-11.80%
2 Credit for Deposits (FTP)	2.12%	2.18%	2.28%	2.36%	2.37%	0.01%	0.25%
3 Rate Paid on Balances	0.21%	0.56%	1.12%	1.31%	1.32%	0.01%	1.11%
4 Net Product Spread	1.91%	1.62%	1.16%	1.05%	1.05%	0.00%	-0.86%
5 Product Fee Income	0.02%	0.01%	0.01%	0.01%	0.00%	-0.01%	-0.02%
6 Total Product Revenue	1.93%	1.63%	1.17%	1.06%	1.05%	-0.01%	-0.88%
7 Operating Expense	0.51%	0.52%	0.53%	0.58%	0.60%	0.02%	0.09%
8 Pre-Tax Profit (Pre-tax ROA)	1.42%	1.11%	0.64%	0.48%	0.45%	-0.03%	-0.97%
9 Equity Allocation	2.00%	2.00%	2.00%	2.00%	2.00%	0.00%	0.00%
10 Pre-Tax ROE	71.00%	55.50%	32.00%	24.00%	22.50%	-1.50%	-48.50%
11 Number of Accounts	2,841	2,983	3,013	2,953	2,894	(59)	53
12 Average Balance Per Account	\$127,419	\$118,319	\$111,268	\$108,140	\$110,348	\$2,207	(\$17,072)
13 Annualized OpEx Per Account	\$650	\$615	\$590	\$627	\$662	\$35	\$12

Driver 1:
Spread

Driver 2:
Fees

Driver 3:
Expenses

Driver 4:
Volume

Driver 5:
Balance

*All percentages are as percent of the portfolio's balance

Source: The Kafafian Group, Inc. Actual percentages and numbers are for demonstration purposes only.

Loan Product Profitability

Loan Product	Q1 2025		Q2 2025		Q3 2025		Change
	Pre-Tax Profit %	ROE %	Pre-Tax Profit %	ROE %	Pre-Tax Profit %	ROE %	
Fixed Mortgages	1.21	29.45	1.28	31.86	1.21	29.95	1.7%
Multi-Family Loans	2.06	23.31	2.15	24.32	2.12	23.40	0.4%
Commercial Mortgage	1.66	21.20	1.69	20.96	1.88	22.62	6.7%
Adjustable Mortgages	0.71	18.81	0.77	20.96	0.81	21.71	15.4%
Commercial Construction	1.49	15.68	1.51	16.08	1.02	10.70	-31.8%
C&I Loans	0.70	8.22	0.72	8.47	0.76	8.96	9.0%
Indirect Auto	0.34	5.60	0.22	3.94	0.08	1.31	-76.6%
Home Equity LOC	-0.06	-2.59	-0.05	-2.88	0.10	-0.35	-86.5%
Commercial LOC	-0.25	-3.45	0.47	5.00	-0.44	-5.51	59.7%
Residential Construction Loans	-0.59	-13.02	-1.26	-25.08	-0.97	-18.80	44.4%
Home Equity Loans	-0.94	-22.14	-0.17	-6.24	-0.84	-21.72	-1.9%
Small Business Loans	-15.07	-45.81	-12.16	-35.00	-12.86	-37.51	-18.1%

Source: Wolf Q3 2025 Performance Measurement Peer Data

Deposit Product Profitability

Deposit Product	Q1 2025		Q2 2025		Q3 2025		Change
	Pre-Tax Profit %	ROE %	Pre-Tax Profit %	ROE %	Pre-Tax Profit %	ROE %	
NIB Business	1.70	62.72	1.77	63.81	1.49	55.49	-11.5%
MM Personal	1.29	59.07	1.22	54.94	1.15	46.40	-21.4%
IB Business	1.25	45.72	1.29	42.81	1.20	40.62	-11.2%
Personal Savings	1.14	53.75	1.11	50.77	0.93	39.98	-25.6%
MM Business	0.72	31.63	0.68	29.87	0.64	24.80	-21.6%
MM Public	0.44	21.94	0.45	22.34	0.26	13.31	-39.3%
IB Public	0.53	17.70	0.51	17.16	0.34	11.19	-36.8%
Reg CD	0.10	3.83	0.13	4.39	0.21	7.17	87.2%
IB Personal	0.59	16.10	0.62	16.52	0.19	0.16	-99.0%
IRA CD	-0.44	-12.51	-0.41	-11.88	-0.23	3.93	-131.4%
Business Savings	-0.99	-52.54	-0.97	-51.82	-0.63	-30.01	-42.9%
NIB Personal	-2.60	-96.71	-2.00	-76.56	-1.71	-66.03	-31.7%
Saving Clubs	-42.36	-2117.00	-33.28	-1663.97	-11.82	-590.94	-72.1%

Source: Wolf Q4 2025 Performance Measurement Peer Data

Profitability Measurement

How It's Made

- Funds Transfer Pricing (FTP)** – Determining the spread (Yield minus Cost) of an account, typically by matching the interest income (for an asset account) or interest expense (for a liability account) to a market instrument (such as an FHLB borrowing) of the same duration.
- Risk Adjusted Return on Capital (RAROC)** – Account pre-tax profit divided by assigned capital. Capital is assigned to account based on its balance and risk characteristics.
- Cost Assignment** – For organizational profitability, assigning support center costs to profit centers based on the work being done in the support center. For product and customer profitability, assigning organizational costs to products and/or customers based on the work being done, products supported, or customers served by organizational units.

Profitability Measurement

How It's Made-FTP

	<u>Balance</u>		<u>Annual Interest</u>		<u>Rate</u>
Home Equity Loan (5 Year Fixed/Amortizing)	\$43,278	➡	\$1,731	➡	4.00%
FTP (4 Year FHLB Borrowing)	NA		\$714		1.65%
Co-terminous Spread			\$1,017		2.35%
Business Checking	\$65,840	➡	\$0	➡	0.00%
FTP (Blended Average)			\$1,103		1.68%
Co-terminous Spread			\$1,103		1.68%
Blended Average			Weight	Result	
90 Day FHLB Borrowing	0.40%	10.00%		0.04%	
1-Year FHLB Borrowing	0.90%	15.00%		0.14%	
5-Year FHLB Borrowing	2.00%	75.00%		1.50%	
				1.68%	

Profitability Measurement

Capital Assignment-RAROC Customer Sample

		<u>Low</u>		<u>Medium</u>		<u>High</u>	
Risk Rating Scale		1	2	3	4	5	
Capital Assignment		0%	4%	6%	8%	10%	
		<u>Credit</u>	<u>Interest Rate</u>	<u>Liquidity</u>	<u>Composite</u>	<u>Assigned Capital</u>	<u>Capital (\$000)</u>
Risk Categories		55%	35%	10%	100%		
Risk Weights							
Loans:	Balance						
Loan on building(CRE)	250,000	2	4	4	2.90	5.80%	14,500
Home equity loan	50,000	3	3	3	3.00	6.00%	3,000
Deposits/funding:							
Business checking	30,000	1	2	2	1.45	2.90%	870
Funding gap	270,000	1	2	2	1.45	1.80%	4,860
Total Capital for Customer	23,230						
Capital Ratio	7.74%						
Pre-tax ROE Hurdle Rate	15.00%						
Pre-tax Profit Requirement	\$3,485						

Bringing It All Together

Customer Profitability

		Percent of Average Balances			
	Business DDA		Commercial Mortgage	Home Eq. Loans	
1	Credit for Funds	3.45%	Interest Income	6.27%	6.32%
2	Interest Expense	0.00%	Cost of Funds	3.95%	4.57%
3	Total Interest Spread	3.44%	Total Interest Spread	2.25%	1.72%
4	Funds Credit Allocated Equity	0.15%	Funds Credit Allocated Equity	0.39%	0.24%
5	Net Interest Spread	3.58%	Net Interest Spread	2.62%	1.93%
6	Non-Interest Income	0.72%	Provision for Credit Loss	0.69%	0.21%
7	Total Income	4.35%	Marginal Inc (Loss) After Prov.	2.07%	1.76%
8	Non-Interest Expense	3.76%	Non-Interest Income	0.10%	0.10%
9	Pretax Profit (Loss)	0.39%	Total Income	2.15%	1.83%
10			Non-Interest Expense	0.66%	1.29%
11	Number of Accounts	2,525	Pretax Profit (Loss)	1.16%	0.61%
12	Average Balance per Account	\$18,432			
13	Non-Interest Income per Account	\$36.88	Number of Accounts	405	1,185
14	Annualized Cost per Account	\$719.87	Average Balance per Account	\$505,002	\$58,427
15	Annualized Net Income per Account	\$76.28	Non-Interest Income per Account	\$71.09	\$9.82
16			Annualized Cost per Account	\$3,535.46	\$781.60
17			Annualized Net Income per Account	\$6,762.85	\$670.03

Customer Balances from RAROC Sample:		Profits			
18	Commercial Mortgage	\$250,000	\$2,900	Capital Allocation to Customer	7.74%
19	Home Equity Loan	50,000	305		
20	Business DDA	30,000	117	Profit Hurdle for 15% ROE	\$3,485
	Total Profit	\$3,322		----->>>>>>	\$3,322
				Customer profit over (short) of hurdle	(\$163)