## STAGE 1 Interest Yield on Earning Assets Net STAGE 2 Interest minus: Spread Interest Cost Net Interest of Paying Margin on Liabilities Earning Asset STAGE 3 Net Interest plus/minus: times: Margin Core Net Interest Earning Assets Income plus: Position to Earning Assets Total Assets Gain (Loss) Net Income STAGE 4 Before Asse times: Net Interest Sales minus: Cost of Funds minus: plus/minus: General & Administrati Loss Expenses Provision Gain/Loss on Sale minus: plus/minus: Goodwill plus: Amortization Subsidiary Income **LEGEND** Return on Non-Core plus/minus: Average Income Assets STAGE 1 Other Income/ Expenses STAGE 2 Return on Equity times: plus/minus: STAGE 3 STAGE 4 Equity Multiplier

## **Derivation of Return on Assets and Return on Equity**