

## Bank Balance Sheet 1

Assets		Liabilities	
Required Reserves	\$100,000	Demand Deposits	\$500,000
Excess Reserves	\$100,000	Owner's Equity	\$0
Loans	\$300,000		
<b>Total</b>	<b>\$500,000</b>	<b>Total</b>	<b>\$500,000</b>

- A. What is the reserve ratio?
- B. How will this bank's reserves change if \$50,000 is withdrawn from checking accounts?
- C. How will the withdrawal affect M1?
- D. What will be the new value of excess reserves?

## Bank Balance Sheet 2

Assets		Liabilities	
Required Reserves	\$10,000	Demand Deposits	\$200,000
Excess Reserves	\$20,000	Owner's Equity	\$0
Loans	\$170,000		
<b>Total</b>	<b>\$200,000</b>	<b>Total</b>	<b>\$200,000</b>

- A. What is the reserve ratio?
- B. How will this bank's reserves change if \$10,000 is withdrawn from checking accounts?
- C. How will the withdrawal affect M1?
- D. What will be the new value of excess reserves?