

IV Semester B.B.M. Examination, June/July 2010
BANKING SYSTEM

Time : 3 Hours

Max. Marks : 80

SECTION – A

1. Answer **any five** questions. **Each** question carries **two** marks : **(2×5=10)**
- a) What is banking ?
 - b) What is CAMELS ?
 - c) What are the components of non interest expense ?
 - d) What are rate sensitivity liabilities ?
 - e) What are the types of cash assets ?
 - f) What is hedging ?

SECTION – B

- Answer **any four** questions. **Each** question carries **five** marks. **(4×5=20)**
- 2. Briefly explain the basic services provided by investment banks.
 - 3. What are the primary differences between a bank holding company and a financial holding company ?
 - 4. Describe why the efficiency ratio is considered as a meaningful measure of cost control.
 - 5. What is leverage capital ratio ?
 - 6. How does a future contract differ from a forward contract ?

P.T.O.

SECTION – C

Answer **any five** questions. **Each** question carries **ten** marks.

(10×5=50)

7. Explain 'Profitability analysis' in banking.
8. Explain how securitisation impacts quality of assets that banks keep in their portfolio.
9. What are the advantages and disadvantages for a bank contemplating holding more cash ? Explain.
10. What is the difference between a correspondent, respondent and bankers bank ? Explain.
11. Explain GAP analysis as an effective tool to measure bank performance.
12. Briefly enumerate the conceptual difference between trend, seasonal and cyclical components of a banks loans and deposits.
13. Explain different types of off-balance sheet activities of banks and the relative risks involved.
14. Which of the following banks have better productivity ? Both the banks have uniform assets base and conduct same volume and type of business off-balance sheet.

	Tri-cities Bank	Pacific Bank
Assets per employee	\$ 15,30,000	\$ 18,80,000
Personal expenses per employee	\$ 33,750	\$ 42,600
