

**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.

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

---