1. Select the correct description for each of the financial institution categories.   1 point

Central Banks	Oversee and manage all the banks in their respective country and set monetary policy. ⌄
Retail Banks	Offer products and services to individual consumers including chequing/checking and savings accounts, loans, mortgages, and credit cards ⌄
Commercial Banks	Work with small, medium, and large businesses to serve their financial needs by offering services such as business loans and trade finance ⌄
Investment Banks	Offer products and services to individual consumers including chequing/checking and savings accounts, loans, mortgages, and credit cards ⌄

2. Select the appropriate type of financial institutions for each description below.   1 point

Full-service banks that offer retail banking, commercial banking, and investment banking services to any potential client.	Universal Banks ⌄
Financial institutions that serve a specific demographic and are owned by members.	Credit Unions ⌄
Banks that focus on serving individual consumers and owner-operated small companies, and tend to focus on their immediate community.	Community Banks ⌄
Banks that offer retail and small business banking services through online platforms.	Online Banks ⌄
Banks that focus on helping clients access capital markets and raise capital.	Investment Banks ⌄
Banks that focus on retail banking and commercial banking services and tend to have an international reach, with their main operations based in their home market.	Large Banks ⌄

3. Which of the following statements about private banking is true?   1 point

○ Private banking refers to banking services provided to small businesses which is owner-operated and have very simple banking needs.
○ Private banking provides products and services such as chequing/checking and savings accounts and personal loans to all individual consumers.
◉ Private banking is often provided on a personal basis through a dedicated relationship manager.

4. Select the correct descriptions of business, commercial, and corporate banking.   1 point

Business Banking	Serves owner-operated businesses with an annual revenue of up to $5 million and have a need for loans of less than $1 million. ⌄
Commercial Banking	Serves medium-sized business with up to 500 employees and multiple operating locations. ⌄
Corporate Banking	Serve businesses with over $200 million in revenue that are growing through mergers and acquisitions or moving into the publicly traded space. ⌄

5. Mr. Sampson has $2 million in cash sitting in an operating account and is looking to invest in the stock market and earn profits on a portfolio of equities. He is most likely to seek what service?   1 point

○ Investment banking
○ Retail banking
◉ Private banking
○ Commercial banking

6. Bulge bracket refers to: 1 point

○ Credit-related advisory services provided to corporate clients
◉ Investment banking services provided to multinational corporates in dealing with very large financial transactions
○ Investment banking services provided to a specific type of business
○ Business banking service provided to support small businesses' financing needs

7. Technology Inc. is a software company based in the United States, with over 600 employees in 10 locations across the country. The company has recently signed a EUR 2 million contract with a European supplier and is looking for foreign exchange service to help facilitate the transaction. This is an example of services which would be provided in: 1 point

◉ Commercial Banking
○ Retail Banking
○ Corporate Banking
○ Business Banking

8. Which of the following is NOT a typical product or service offered in retail banking?   1 point

○ Debit and credit cards
○ Personal loans
◉ Tax advisory service
○ Mortgages

9. Which of the following items is NOT found on the asset side of a bank's balance sheet?   1 point

○ Trading assets
○ Other assets
◉ Deposits
○ Loans

10. Given the following information on a bank's balance sheet, calculate the net interest income.   1 point

Assets	$MM	Yield	Liabilities & Equity	$MM	Yield
Loans to Customers	3,600	4.3%	Client Deposits	2,950	2.7%
Trading Assets	880	3.1%	Trading Liabilities	1,730	2.9%
Deposits with Banks	500	2.5%	Long-term Debt	600	5.3%
Property	470		Equity	170	
Total Assets	5,450		Total L&E	5,450	

○ $212.58MM
◉ $80.33MM
○ $172.80MM
○ $12.50MM

11. Which of the following formulas is correct?   1 point

◉ ROE = (Gross Profit / Total Assets) x (Total Assets / Equity)
○ ROE = (Profit After Tax / Current Assets) x (Current Assets / Equity)
○ ROE = (Gross Profit / Current Assets) x (Current Assets / Equity)
○ ROE = (Profit After Tax / Total Assets) x (Total Assets / Equity)

12. Given the following balance sheet structures of two companies, what is each company's ROE and which company has the higher ROE figure.   1 point

	Assets	Return	Debt	Cost	Equity
Company A	1,250	3.5%	750	2.0%	500
Company B	1,250	3.5%	680	2.0%	570

○ Company B; 5.93%
◉ Company A; 5.75%
○ Company A; 5.29%
○ Company B; 3.60%

13. Calculate the operating efficiency ratio using the following information.   1 point

Interest Income / Expense	$MM
Net Interest Income	4,680
Bank Salaries	1,275
Travel and Meals Expense	320
Rent and Utilities	1,650

○ 67.4%
◉ 69.3%
○ 62.5%
○ 65.7%

14. Which of the following statements about asset-liability matching (ALM) is NOT true?   1 point

○ Proper ALM minimizes the interest rate risk and liquidity risk within a bank.
○ In ALM, treasury managers need to project the timing of cash outflows and make sure there is sufficient income to meet any cash needs.
○ ALM requires investing, buying, selling, and allocating a bank's assets to cover its liabilities when needed.
◉ ALM is the practice of ensuring there are equal amounts of assets and liabilities on a bank's balance sheet.