Q1: In case of ____________ a bank receives the fee to guarantee repayments of loan that a customer has received from another lender.

Q2: Consider the following information pertaining to Bank ABC:

Cost of funds	5%
Provision for loan loss	1%
Direct Expenses	0.50%
Indirect Expenses	0.25%
Overhead expenses	0.25%
Allocated equity to loan ratio	10%
Opportunity cost of capital	18%
After tax capital charge	1.8%
Tax rate for Bank XXX	40%

For Bank ABC to earn the target return on equity of 18%, the loan rate should be 10%.

Q3: Using the information given below, the ROA for Bank-X is: 0.464%.

	ROE (%)	Total Equity Capital (in million)	Total Assets (in million)
X-Bank	8.16	14.8	260.5
Z-Bank	16.24	11.7	135.4
Y-Bank	2.06	63.0	972.6

Q4: ____________ ratio measures the adequacy of earnings

Q5: Going concern approach gives greater emphasis on the borrower's ability to repay the loan out of future cash flow rather than his ability to offer some tangible assets as security for the loan

Q6: ____________ measures the effectiveness of a firm's intermediation function in borrowing and lending money.

Q7: Bank of J. valued its stocks at INR 80, and paid a dividend of INR 4 per share for the last year. The dividends were expected to grow at the rate of 5% per year thereafter. The banks stocks are priced at INR 90 at the present. The rate of return to each shareholder for the current year is closest to ____________

Q8: Under Double pool method, average loan rate is used as transfer price for loans and mean deposit rate is used as transfer price for deposits

Q9: At the end of the financial year 2021, Bank A reports a total interest expense on all borrowings of $12 million and noninterest expenses of $5 million. The interest income from earning assets totaled $16 million and noninterest revenues totaled $2 million. The assets amounted to $480 million, of which earning assets represented 85 percent of that total while total interest-bearing liabilities amounted to 75 percent of total assets. Given the information, Bank A's earning spread is closest to -8.987×10^{-3} (or) -0.8987%

Q10: Bank XYZ has issued loans worth $1000 million at 8%. It is funded by deposits worth $900 million at 7% and stock holders' equity worth $90 million. In order to grow the bank has raised an additional $20 million in deposits and it invests those funds in two loans of $10million each. The loan loss reserve for the bank is $10million. The net income of the bank XYZ is closest to $ 82.8 million:

Q11. Consider the following excerpt from the Financial Statement of Bank ABC:

BALANCE SHEET		INCOME STATEMENT	
	2022		2022
Cash	9039	Total interest income	17915
Total securities	97371	Total interest expense	10021
Loans		Net interest income	7894
Real estate loans	50393	Non-interest income	571
Commercial loans	9615	Adjusted operating income	8465
Individual loans	8824	Overhead expenses	3624
Agricultural loans	20680	Provision for loans losses	1294
Other loans	3684	Pretax operating income	3547
Gross loans	93196	Securities gains(losses)	1240
Unearned income reserves	89	Pretax net operating income	4787
Reserves for loans losses	3006	Applicable income tax	2267
Net loans	90101	Net operating income	2520
		Net extraordinary items	0
		Net income	2520

The asset quality ratio (%) for the year 2022 is closest to ____________

Q12. Consider the following information:

Due from Banks	9039
Investment Securities with maturity of one year or less	11871
Central Bank Funds Sold	10500
Central Bank Funds Purchased	1500
Gross loans and leases	93667
Net Loans and Leases	90101
Deposits in foreign offices	29863
Brokered deposit	30987
Certificate of Deposits	6759

Using the above information, the Volatile Liability Dependency Ratio is closest to ____________%

Q13: ____________ ratio measures the loan productivity of commercial banks.

Q14: The P/E ratio for a stock is ____________ if the company's payout ratio is 55% and the return on equity being 16% and the required rate of return is 14%.

Q15: If the risk free rate is 6%, return from the market portfolio is 11.5%, beta of the stock is 1.55, growth rate of dividend is 3% and expected dividend is Rs. 3.75, then the current market price of the stock is 32.538 Rs.

Q16: A ₹1000, 5%, 20-year annual-pay bond has a YTM of 6.5%. If the YTM remains unchanged, the bond value will increase by ₹159.96 over the next three years.

Q17: The value of a 5 year 9% bond with a discount rate of 10% when compounded continuously is the closest to 943.242Rs (Assume par value= INR1000)

Q18: The value of a zero coupon bond on May 1st promising to pay ₹1000 on November 1st and trading at an annual rate of 6% is closest to ₹971.053 (consider actual /actual day count convention)

Q19: Consider a 10 year 7% semi-annual coupon bond with Face Value ₹1000 and required rate of return of 11%. The current yield on the bond is closest to 14.9%

Q20: A higher EVA can be achieved by boosting adjusted earnings (via lowering costs, increasing sales etc.) and increasing cost of equity. (True / False) False