

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH

Program: MFM - IV (Batch 2017-2020)

Subject: Management of Banks

(End Term examination)

Date : 12/04/2019

Marks: 50

Time : 3 Hrs.

Note: Question 1 is compulsory and solve any 3 from the Question 2 to 6.

1. Following are the financial details of two banks in India for last five years, based on the information available answer the following question

Bank A						
Ratio (Standalone)	Mar 2018	Mar 2017	Mar 2016	Mar 2015	Mar 2014	Mar 2013
Margin Ratios						
Book NAV/Share(Rs)	164	174	156	175	813	732
NIM (%)	2.27	2.04	2	1.9	1.86	2.12
CASA (%)	35.81	32.16	26.36	26.39	25.75	25.32
Net NPA ratio	5.49	4.72	5.06	1.89	1.52	1.28
Bank B						
Ratio (Standalone)	Mar 2018	Mar 2017	Mar 2016	Mar 2015	Mar 2014	Mar 2013
Book NAV/Share(Rs)	247.2	232.83	223.12	188.47	813.47	707.5
NIM (%)	2.92	3.28	3.34	3.27	3.21	2.92
CASA (%)	53.76	51.41	47.34	44.78	45.01	44.38
NPAs Ratio (%)	3.4	2.11	0.74	0.46	0.44	0.36

Questions (Any Four) (4x5=20)

a) What is Book value per share? What is the significance of Book value in banking industry?

Which of these bank is doing well in terms of book value?

b) What are the sources of fund for a banking company? Explain CASA ratio and compare the CASA ratio of both the banks.

c) Explain Net Interest Margin (NIM) for a bank. Compare the NIM of the banks for last 5 year

d) What are the assets in a banking company? Which of the above bank has better quality of assets? Explain

e) What is the significance of retail asset in a bank? How does retail asset of bank impacts the NIM of a bank?

2. Read the following article and answer the question

SBI raises Rs 1,251 cr by issuing Basel III-compliant bonds

PTI@moneycontrol.com

The country's largest lender State Bank of India (SBI) on Friday said it has raised Rs 1,251.30 crore by issuing Basel III-compliant bonds. "The Committee of Directors for Capital Raising at its meeting held today on 22 March 2019 deliberated and accorded approval to allot 12,513 non-convertible, taxable, perpetual, subordinated, unsecured Basel III-compliant additional tier-I bonds, for inclusion in additional tier-I capital of the bank...aggregating to Rs 1,251.30 crore," SBI said in a regulatory filing.

Questions (2x5=10)

- a) What are Basel III Guidelines? How is it different from Basel II?
- b) What are Tier I & Tier II capital in banking industry? How does this fundraising by SBI impact the performance of bank?

3. What is merchant banking? What are their services? How are they different from commercial Banking ? Marks 10

4. How is technology driving the banking industry? Explain the concept of "Open Banking" and its prospect in India Marks 10

5. What is financial Inclusion? How can payment bank and small finance bank drive the financial inclusion in India? Marks 10

6. The risk weighted asset of a bank for credit risk are Rs 5000 crore. The bank has instruments qualifying for inclusion in the Tier1 capital amounting to Rs 350 crore. The bank also has instrument qualifying for inclusion in Tier II capital amounting to Rs200 crore. Calculate the capital adequacy ratio of the bank. Is it above minimum regulatory requirement as per Basel 3 Guideline? What is the significance of Capital Adequacy Ratio (CAR)? How can a bank increase CAR (Marks 10)
