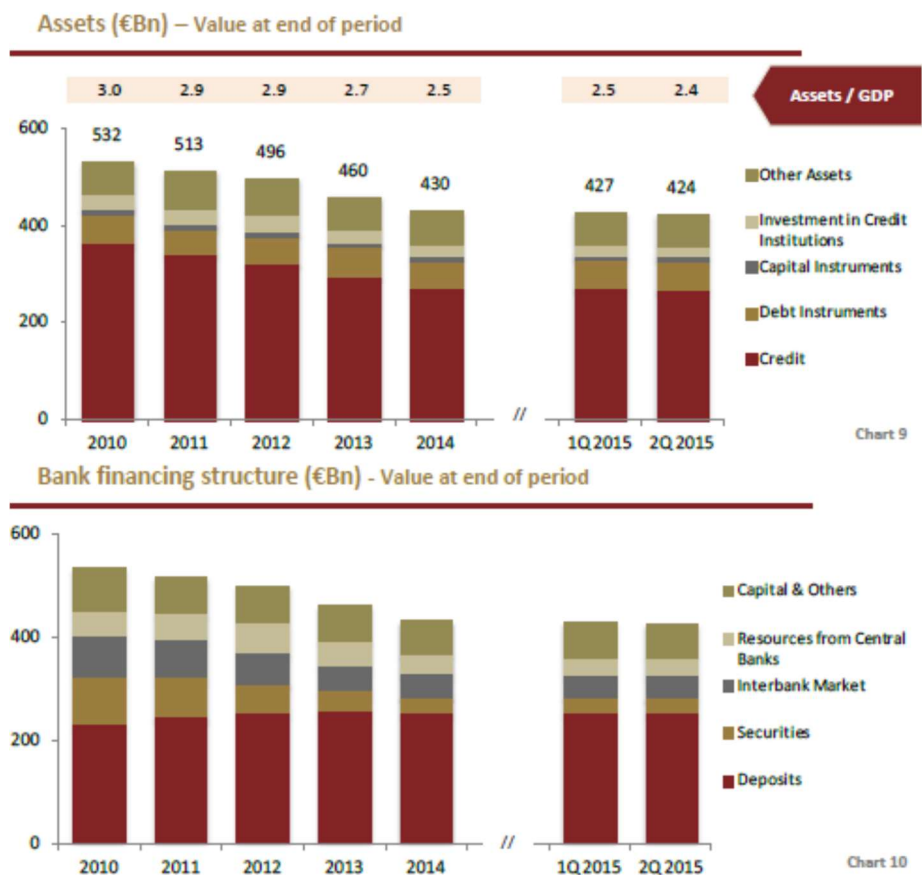


## Master in Monetary and Financial Economics

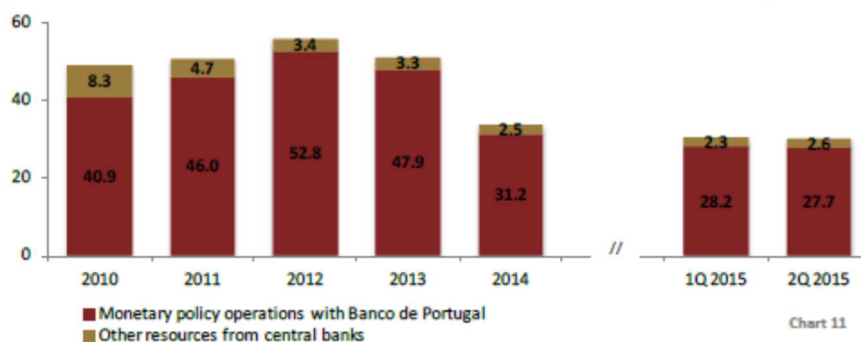
### Banking and Insurance

#### Exam – 10 January 2020

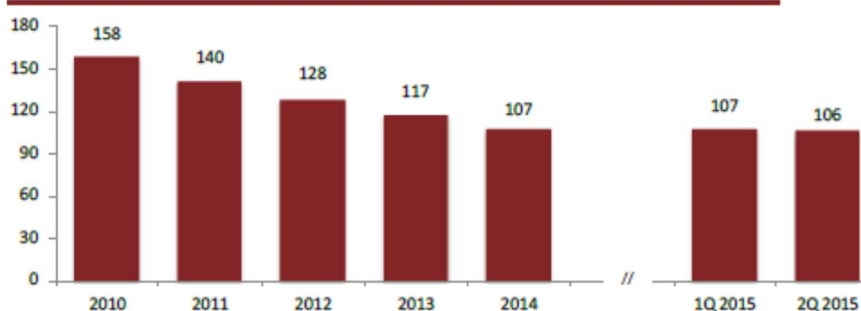
1. Considering the charts below, please identify the main impacts of the subprime crisis and the macroeconomic and financial adjustment program (2011-2014) on the Portuguese banking sector concerning:
  - 1.1. the major targets of the program (2,0)
  - 1.2. profitability (3,0)
  - 1.3. banks' funding strategy (2,0)
  - 1.4. credit risk (3,0)



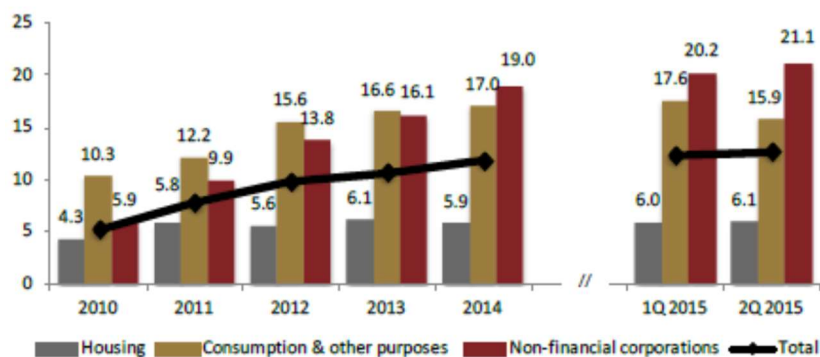
### Central Banks Financing (€Bn) - Value at end of period



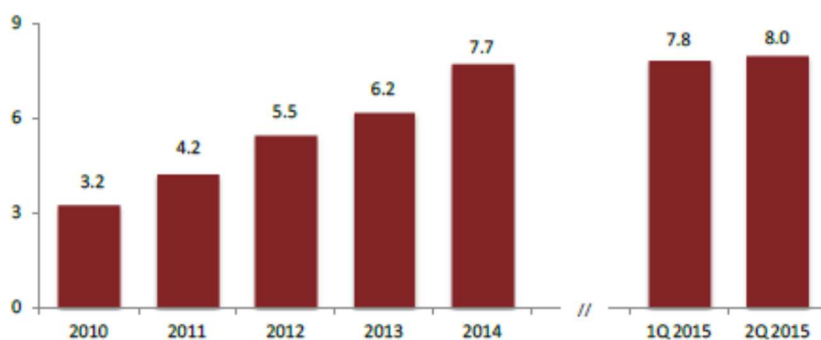
### Loan-To-Deposits ratio (%) - Value at end of period



### Credit at Risk ratio (% of gross credit) - Value at end of period



### Credit Impairments as % of gross credit - Value at end of period



ROA & ROE (%) – Value in the period



Note: Return is measured by earnings before taxes and minority interests.

Chart 17

Income and costs (% of gross income) – Value in the period

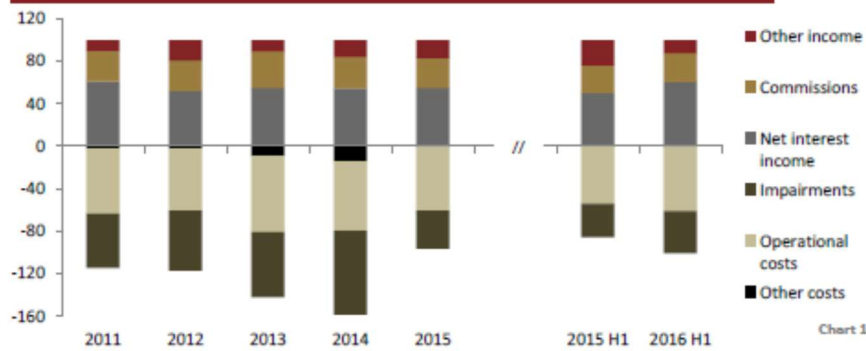


Chart 18

Cost-to-Income (%), Operational Costs (€Bn) – Value in the period

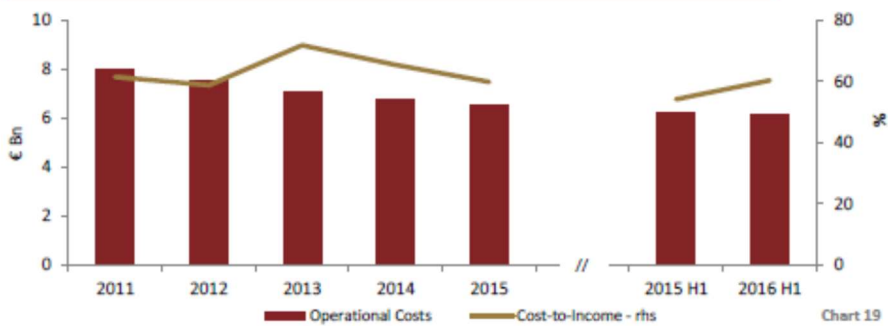


Chart 19



Source: Bank of Portugal (2015;2016), “Portuguese Banking System - Recent Developments Updated”, 2nd quarter.

2. Please consider the following information about Bank FinCorp (figures in Million €):

	<1week	1week-1month	1-3 months	3-6 months	6-12 months
<b>Static Liquidity Gaps</b>					
Marginal	100	200	-400	600	800
Cumulative	100	300	-100	500	1300
<b>Static Interest Rate Gaps</b>					
Marginal	200	150	300	500	800
Cumulative	200	350	650	1150	1950

- 2.1. Characterize the types of risks mentioned and assess the respective magnitudes, identifying the major resulting fragilities? (3,0)
- 2.2. What type of measures do you recommend to tackle these risks? (2,5)
- 2.3. Present and characterize the main alternative indicators to assess these risks. (2,0)
- 2.4. How do these risks illustrate the main roles performed in the economy by Financial Institutions, as well as the banking activity in Portugal. (2,5)