

**MANAGEMENT PROGRAMME
(BANKING AND FINANCE)**

01451

Term-End Examination

December, 2014

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. What are the main assets and liabilities of a bank ? Discuss the significance of Asset-Liability management in a bank. How does the Asset-Liability gap affect the return, liquidity and risk of the bank ?
2. Discuss the techniques used for financial analysis of banks. How does financial analysis of banks differ from similar analysis of manufacturing companies ?
3. What is meant by 'Capital Adequacy Ratio' ? Discuss its significance and describe the different elements that comprise Tier I and Tier II capital of Indian banks.

4. What are the 'Borrowed Funds of Banks' ? List and briefly explain the various items shown in Schedule 3 and 4 of a bank's Balance Sheet.
 5. What are the functions of the Treasury Department in banks ? Explain the investment decision-making process. Discuss the classification of securities as required to be shown in the bank's Balance Sheet.
 6. What is 'Money Market' ? List and describe the various money market instruments used by the banks.
 7. What is Credit Risk ? Discuss the approaches to measure credit risk and the issues relating to the use of the same.
 8. Explain the objectives of pricing in the context of Banking Products. Discuss the inputs needed for pricing of banking products and services.
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