

00605

**MANAGEMENT PROGRAMME  
(Banking and Finance)**

**Term-End Examination**

**June, 2018**

**MS-422 : BANK FINANCIAL MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

*(Weightage 70%)*

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**Note :** (i) *Attempt any five questions.*

(ii) *All questions carry equal marks.*

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1. Explain the objectives and scope of financial management in Banking. Discuss the concept of Asset-Liability Management in banking and explain its significance in the context of bank financial management.
2. What are the Constituents of 'Owned Funds of Banks' ? Explain the different types of 'Reserves and Surpluses' as are shown in a bank's Balance Sheet. Explain the statutory requirements in this regard.
3. What do you understand by the cost of funds for the banks ? Explain the factors that affect the cost of funds of a bank and discuss the impact of Bank rate, Call money market rate and Liquidity Adjustment Facility (LAF) on cost of funds for the bank.

4. Explain the following :
    - (a) Duration of a Bond
    - (b) Convexity of a Bond
  
  5. Explain the techniques of measuring project risk. Discuss the Altman's model for measurement of credit risk.
  
  6. What is Credit Risk Management ? Discuss the components of an effective credit risk management framework.
  
  7. What are the various risks faced by the banks ? Discuss the process of risk management and explain the requirements for an effective risk management system.
  
  8. Discuss the objectives of pricing of banking products. Explain the different pricing methods used for pricing of banking products.
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