

**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

December, 2012

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MS-422: BANK FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

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

1. Describe the assets and liabilities of banks as shown in their Balance Sheets. Explain the significance of Asset Liability Management in the context of bank financial management.
2. What is Capital Adequacy Ratio (CAR) ? Describe different elements that comprise Tier-I and Tier-II Capital of Indian banks.
3. What do you understand by 'Borrowed Funds of banks' ? Explain different sources of borrowings for banks and discuss their significance.
4. What are the functions of the Treasury Department in banks ? Discuss the classification of securities as shown in the banks' balance sheets. Describe the three fold classification of investments as prescribed by Reserve Bank of India for valuation of investments.

5. Write short notes on the following :
- (a) Money Market Mutual Funds
 - (b) Floating Rate Note
 - (c) Repos
 - (d) Inter Bank Participation Certificates
6. What is Credit Risk? Discuss the various approaches to credit risk measurement.
7. What is liquidity risk? What is its significance in banks ? Discuss the approaches used to measure the liquidity risk.
8. Why do the banks go for mergers ? Discuss the procedure for amalgamation of banks as prescribed under Section 44 A of the Banking Regulation Act, 1949.
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