

**MANAGEMENT PROGRAMME
(BANKING AND FINANCE)**

Term-End Examination

00965

December, 2016

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Maximum Weightage : 70%

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

1. What is a Primary Market ? How does it channelise the savings of individuals to corporates ? Explain the characteristics of primary market instruments through which the firms can raise long-term and short-term funds.
2. What do you understand by financial analysis of banks ? How does financial statement analysis of banks differ from that of manufacturing firms ? List the five ratios that are not relevant for banking but are important for other industries.
3. What are the constituents of 'Owned Funds of Banks' ? Discuss about the various items which are shown in 'Reserves and Surpluses' (Schedule 2).

4. What is 'Cost of funds' ? Discuss the factors affecting the cost of funds and explain the reasons for high rate of interest in India.
 5. Explain the functions of Treasury Department in banks. Discuss the various controls required for efficient and effective functioning of the Treasury Department. Elucidate the classification of securities as required to be shown in the bank's Balance Sheet.
 6. Explain the following :
 - (a) Duration of a bond
 - (b) Convexity of bond
 7. What is operational risk ? Explain the methodologies for measurement of operational risk.
 8. Explain the objectives of pricing of bank's products and services. Discuss the various methods of pricing and different pricing strategies.
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