

MANAGEMENT PROGRAMME
(BANKING AND FINANCE)
Term-End Examination
June, 2022

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100
(Weightage : 70%)

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

1. What do you understand by 'Owned Funds of Banks' ? Describe in detail each of the items appearing under the head 'Reserves and Surpluses' in Schedule 2 of a bank's Balance Sheet.
2. What do you understand by 'Cost of Funds' for banks ? Discuss the impact of bank rate, refinance rate, call money market rates and liquidity adjustment facility rate on cost of funds for banks.
3. How is the price of a bond determined ? Explain the relationship between required yield and price of a bond. Discuss the techniques used for measuring bond price volatility.

4. Explain the Project Appraisal Methods used by banks and describe the techniques of measuring project risk.
 5. What is 'Portfolio Concentration Risk' ? Discuss the need for portfolio approach in credit risk management and describe the application of Portfolio Theory to credit portfolio management.
 6. What is 'Operational Risk' ? Describe the methodologies used for the measurement of operational risk.
 7. What is 'Liquidity Risk' ? Describe the tools used for liquidity risk measurement and discuss how it is managed.
 8. What are the various forms of restructuring of business firms ? Describe various types of mergers. Discuss the motives for mergers in general and specifically for banks. Describe briefly the procedure for amalgamation of banking companies.
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