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MS-422

**MANAGEMENT PROGRAMME
(BANKING AND FINANCE) (MPB)**

Term-End Examination

June, 2023

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

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

1. Explain briefly the techniques of financial analysis and discuss how financial statement analysis of banks differ from similar analysis of manufacturing companies ? Explain some important ratios used for financial analysis of banks.
2. Briefly explain the items listed in Schedule 1 and 2 of a bank's balance sheet. Discuss the purpose and function of Investment Fluctuation Reserve Account.
3. What do you understand by cost of funds for banks ? Explain the factors that affect the cost of funds of a bank and discuss how Liquidity Adjustment Facility (LAF) impacts cost of funds for the banks.

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4. Explain the functions of the Treasury Department in banks and discuss necessary controls required for efficient and effective functioning of the treasury in a Bank.
5. Explain briefly the Project Appraisal methods and discuss the techniques of measuring project risk.
6. What is 'Credit Risk' ? Discuss the significance of credit risk measurement and management. Explain the various methods of credit risk measurement.
7. What is 'Liquidity Risk' ? Explain the approaches used for measurement of liquidity risk at balance sheet level and discuss the challenges encountered in using the GAP approach to measure liquidity risk.
8. Discuss the significance of 'Elasticity of Demand' and 'Price Elasticity' in pricing of banking products. Explain the various methods of pricing.