

**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

June, 2010

00928

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

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

1. "Financial Statements are analysed to answer several questions relating to the performance of an organisation". Discuss this statement and identify the questions that are likely to be answered with this analysis. Explain the techniques used for this purpose.
2. Briefly discuss the functions and importance of Bank Capital. Describe different elements that comprise Tier-I and Tier-II capital of Indian Banks.
3. What is the importance of cost of funds for Banks ? Discuss the Bank Rate Policy and Liquidity Adjustment Facility introduced by Reserve Bank of India and discuss their impact on the cost of funds of a Bank.

4. Discuss the important features of the following :
 - (a) Certificate of Deposits
 - (b) Commercial Papers

 5. Why do prices of Treasuries fluctuate ? How do you measure bond price volatility ?

 6. Why is it important for banks to measure and manage the credit risk ? Discuss the broad approaches to credit risk measurement at individual loan intrinsic level.

 7. Briefly explain the broad categories of risks that the Banks are exposed to. Discuss the various steps involved in managing the risks in Banks.

 8.
 - (a) Why do banks go for mergers ? Explain with suitable examples ?
 - (b) Discuss briefly the core principles that are to be incorporated while designing the future restructuring strategies of weak banks as suggested by the Verma Group.
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