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**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

June, 2011

MS-422 : BANK FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

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

1. What is meant by Capital Adequacy Ratio (CAR) ? Describe the element of Tier 1 and Tier II capital and explain the significance of this Norms.
2. What is Call Money Market ? Who are the participants in Call Money Market and why do they participate ? Describe the prudential norms for call market borrowings and lendings.
3. Comment on the cost of funds for banks and explain the impact of Bank rate and Liquidity Adjustment Facility (LAF) on cost of funds for banks.
4. What are the risks faced by the banks ? How are they managed ? Explain the requirements of an effective risk management system.

5. What is liquidity risk ? How does it arise ? Discuss the tools used to measure and manage it.
 6. Explain the pricing issues in the context of Banking industry and discuss the objectives of pricing for banking services.
 7. Discuss the legal frame work for Bank Mergers and Acquisitions in India.
 8. Explain how is the price of a bond determined ? Discuss how is the convexity of the price yield curve measured ?
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