



PG – 713

II Semester M.F.A. Examination, June 2015
(CBCS)
FINANCE AND ACCOUNTING
Paper – 2.6 : Asset – Liability Management

Time : 3 Hours

Max. Marks : 70

Instruction : Attempt all Sections.

SECTION – A

Answer **any seven** questions out of ten. **Each** question carries **two** marks. **(7×2=14)**

- a) What is a basis risk ?
- b) What is net-position risk ?
- c) Describe sensitivity analysis.
- d) What is transaction exposure ?
- e) Describe money market instruments.
- f) What do you understand by the term credit quality ?
- g) What are credit default swaps ?
- h) What are D-mat accounts ?
- i) Describe NII.
- j) What is NIM ?

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. **(4×5=20)**

2. What do you understand by gap analysis ?
3. Explain simulation approaches.
4. What are the factors which give rise to liquidity risk ? How do you tackle them ?
5. What are the methods for measuring and managing liquidity ?
6. What is core capital ? Why it is emphasized ?
7. What is VaR ? Why it is useful ?

P.T.O.



SECTION - C

Answer any three questions out of five. Each question carries twelve marks. (3x12=36)

8. Explain in detail risk monitoring and control mechanism in banks.
9. Explain in detail the components of an effective stress test, with the assistance of a suitable example.
10. What is credit risk? Go into details of identification, measurement, managing the credit risk.
11. What are the guidelines of RBI regarding ALM of banks?
12. Explain securitization. How and why it helps in managing the bank? Explain credit default swaps and credit derivative.



PG – 883

II Semester M.F.A. Degree Examination, June 2015
(Semester Scheme)
FINANCE AND ACCOUNTING
Paper – 2.6 : Asset-Liability Management in Banks

Time : 3 Hours

Max. Marks : 80

Instructions : Answer all Sections. Section – D is compulsory.

SECTION – A

1. Answer **any ten** out of the following **12** sub-questions in **each** about **3-4** lines. **(10×2=20)**
- What do you understand by ALM ?
 - What is time value of money ?
 - What is credit risk ?
 - What do you mean by interest rate risk ?
 - What is exchange risk ?
 - What do you mean by REPOs ?
 - What do you mean by volatile funds ?
 - What is exchange risk ?
 - What is securitization ?
 - What is contingent risk ?
 - What is stress test analysis ?
 - What do you mean by NPAs ?

SECTION – B

Answer **any three** of the following in about **a page**. **Each** question carries **five** marks.

(3×5=15)

- Explain ALM practices in Indian banks.
- Describe various types of risks in banking sector.
- Explain about interest rate risk management in banking sector.

P.T.O.

PG - 883



5. What are the special skills required to monitor risks in banking sector ?
6. What do you mean by Central Funding Unit concept ?

SECTION - C

Answer **any two** of the following questions. Restrict your answer to **3 pages** for **each** question. **Each** question carries **15** marks. (2x15=30)

7. Explain the emerging dimensions in banking sector.
8. Explain various approaches adopted to quantify interest rate risks.
9. Explain stress test analysis of macroeconomic environment.
10. How to procure appropriate software for banks ?

SECTION - D

11. Answer the following question. The question carries **15** marks.
A company has an asset base of Rs. 2,000 crores out of which, 75 per cent carry 100 per cent risk weight and the remaining have a 50 per cent risk weight. Compute Capital Adequacy Ratio (CAR) of the company, if it has a capital of Rs. 300 crores and comment on the credit risk position of the company.



PG – 883

II Semester M.F.A. Degree Examination, June-2015
(Semester Scheme)
FINANCE AND ACCOUNTING
Paper – 2.6 : Asset-Liability Management in Banks

Time : 3 Hours

Max. Marks : 80

Instructions : Answer all Sections. Section – D is compulsory.

SECTION – A

1. Answer **any ten** out of the following **12** sub-questions in **each** about **3-4** lines. **(10x2=20)**
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 - What is time value of money ?
 - What is credit risk ?
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 - What do you mean by REPOs ?
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 - What is stress test analysis ?
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SECTION – B

Answer **any three** of the following in about **a page**. **Each** question carries **five** marks.

(3x5=15)

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P.T.O.



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PG – 588

II Semester M.F.A. Degree Examination, June/July 2014
(Semester Scheme)

FINANCE AND ACCOUNTING

Paper – 2.6 : Asset-Liability Management in Banks

Time : 3 Hours

Max. Marks : 80

Instruction : Attempt all Sections. Section D is compulsory.

SECTION – A

1. Answer **any ten** of the following **12** sub-questions in about **3-4** lines. **Each** sub-question carries **two** marks. **(10x2=20)**
- What is default risk ?
 - What is risk ?
 - What is base rate ?
 - Elaborate ALM and its significance.
 - What do you understand by the term de-regulation of interest rate regime ?
 - What is the impact of technology on ALM ?
 - What is NII ?
 - What is NIM ?
 - Explain approaches to quantification of risk.
 - Explain duration analysis.
 - What is the role of ALCO ?
 - Explain RSA/RSL.

SECTION – B

Answer **any three** of the following questions in about a page **each**. **Each** question carries **five** marks. **(3x5=15)**

2. Describe risk measurement techniques.

P.T.O.



3. What is the necessity for ALM ? Justify.
4. How do you manage liquidity risk ?
5. Explain Capital adequacy norms as per Basel III.
6. What are stressed asset ?

SECTION - C

Answer **any two** of the following questions restrict your answer to **3 pages for each** question. **Each** question carries **15 marks.** **(2x15=30)**

7. Explain the various items in a Bank's Balance Sheet.
8. What are the RBI guidelines to banks in respect of ALM ?
9. Explain the relevance of time value of money in ALM.
10. What factors determine asset liquidity ? What is the relationship between asset liquidity and ALM ?

SECTION - D

Compulsory.

(1x15=15)

Explain in detail Credit Risk Mitigation measures used by banks. Elaborate the role of CARE, CRISIS, Fitch and ICRA in the area of longterm ratings and short term ratings of risk weightage in the credit portfolio.