



PG – 757

II Semester M.F.A. Examination, June 2016
Paper – 2.6 : ASSET LIABILITY MANAGEMENT IN BANKS

Time : 3 Hours

Max. Marks : 80

SECTION – A

1. Answer **any ten** out of the following 12 sub-questions in about **3-4** lines. **Each** sub-question carries **2** marks. **(10×2=20)**
- What is Base Rate ?
 - What is Inclusive Finance ?
 - What are Stressed assets ?
 - Describe Second Basel Accord.
 - What is DRT ?
 - Elaborate Micro-Finance.
 - Explain ARCIL.
 - What is Default Risk ?
 - Describe Credit Syndication.
 - What are Currency Swaps ?
 - Write a note on CBIL.
 - What is Economic Value Added Theory ?

SECTION – B

Answer **any three** of the following questions in about **a page each**. **Each** question carries **5** marks. **(3×5=15)**

- What are the advantages of asset liability management ?
- Describe liquidity risk. How do you manage the same in banks ?
- Why it is necessary to manage forex risk ? How does it affect Bank's balance sheet ? Do you have any solutions ?
- Describe Systemic Risk. How does regulator manage the same ?
- "Credit portfolio of Banks is vulnerable to several risks". State the type of risks. What capability is necessary to identify and mitigate them ? Explain any two of such risks.

P.T.O.



SECTION - C

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

7. Explain the integrated Risk Management Systems.
8. Write a detailed note on the recent monetary policy of RBI.
9. Write an exhaustive note on capital adequacy and profit planning inter alia. Discuss supervisory mechanism prevalent in Indian banking system.
10. What do you understand by asset classification and income recognition system. How does it help in ALM ?

SECTION - D

Compulsory.

11. Answer the following questions. The question carries **15** marks.

XYZ Bank's position is as follows :

	1 day	1 month	6 months
Cash Inflows			
a) Maturing Assets	₹ 10	₹ 150	₹ 1,500
b) Saleable non-maturing assets	12	250	4,000
c) Access to Deposit liabilities	15	200	2,000
d) Established <i>Assets</i>	12	100	750
e) Ability to Securitize	5	50	400
	₹ 54	750	8,650
Cash Outflows			
a) Liabilities falling due	30	490	4,500
b) Lines of credit	16	300	2,960
c) Cash outflows	4	10	40
	₹ 50	800	7,500
Funding requirement	4	50	1,150
Cumulative net funding requirement	4	46	1,104

(Amount in crores of rupees)

You are required to analyse and interpret the above data with reference to liquidity risk management in Banks. What are the techniques available ? How do you manage to fund gaps ?



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)**

1. 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.