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PG-518

II Semester M.Com. (FA) (CBCS) Examination, July - 2019

FINANCIAL ACCOUNTING

Paper-2.6 : Asset Liability Management In Bank

Time : 3 Hours

Max. Marks : 70

SECTION - A

1. Answer **any Seven** questions. Each question carries **Two** marks : **7x2=14**
- (a) What is Interest rate risk ?
 - (b) Give the meaning of Sensitivity analysis.
 - (c) What is meant by Transfer pricing ?
 - (d) Give the meaning of discount value of money.
 - (e) Define currency risk.
 - (f) What do you understand by Duration analysis ?
 - (g) Give the meaning of Central funding unit.
 - (h) What are the objectives of ALM ?
 - (i) How do you calculate Capital adequacy ratio ?
 - (j) Give the meaning of Compliance risk.
 - (k) What is Value at Risk (V a R) ?
 - (l) Which are the different Credit Risk models in practice ?

SECTION - B

Answer **any Four** questions. Each question carries **five** marks :

4x5=20

- 2. Explain the relationship between Yield-to-Maturity and Time-to-Maturity.
- 3. Distinguish between Sensitivity Analysis and Scenario Analysis.
- 4. What do you understand by Asset Liability mismatch in banks ?
- 5. Distinguish between Positive Duration Gap and Negative Duration Gap.
- 6. What are the RBI guidelines for measurement of Interest rate risk and Liquidity risk in banks ?
- 7. "ALM is the process of maximizing assets in the long run rather than mitigating immediate risks." Discuss.

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SECTION - C

Answer **any Three** questions. Each question carries **Twelve** marks : **3x12=36**

8. Discuss the techniques of Gap analysis and Duration analysis in ALM.
9. Discuss different types of risks involved in ALM.
10. Explain the role of Stress testing in risk management.
11. Explain the relevance and practicality of ALM in Indian banks.
12. What is Funds Transfer Pricing (FTP) ? Explain how the FTP mechanism contributes to better performance evaluation.

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SECTION - B

4x5=20

- Answer any **Four** questions. Each question carries **five** marks :
2. Explain the relationship between Yield-to-Maturity and Time-to-Maturity.
 3. Distinguish between Sensitivity Analysis and Scenario Analysis.
 4. What do you understand by Asset Liability mismatch in banks ?
 5. Distinguish between Positive Duration Gap and Negative Duration Gap.
 6. What are the RBI guidelines for measurement of interest rate risk and liquidity risk in banks ?
 7. "ALM is the process of maximizing assets in the long run rather than mitigating immediate risks". Discuss.