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| **SESSION** | **Aug/Sep 2023** |
| **PROGRAM** | **MASTER of business administration (MBA)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DBFI401 ALM and tREasury management** |
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**Assignment Set – 1**

**1. List out major functions of Asset Liability Management in Banks.Elaborate on maturity Gap Analysis Method (Residual Maturity Statement) to quantify Liquidity Risk by giving an example.**

**Ans 1.**

Asset Liability Management (ALM) in banks is a comprehensive and dynamic framework for managing the risks that arise from the mismatch between assets and liabilities. The main functions of ALM in banks include:

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**2. Being Treasury Head of your company, your department assumes a strategic role and undertake profit-making activities within the stipulated risk framework so as to reduce the cost of funds. Briefly explain major activities a treasury department will be engaged in achieving above objectives.**

**Ans 2.**

As the Treasury Head of a company, the department plays a critical strategic role in undertaking profit-making activities while adhering to a designated risk framework, with the ultimate goal of reducing the cost of funds. This involves a series of specialized activities, each contributing to the overall financial health and efficiency of the organization.

**1. Cash Management and Liquidity Planning**

One of the primary

**3.**

1. **Classify Assets of a Bank from the angle of irregularity in paying interest/installment & its operations.**
2. **Categorise following accounts:**

**a. A Cash Credit account where the over-drawings are existing for 30 days.**

**b. A term Loan account where the EMI has not been paid up-to 90 days from the due date.**

**c. An account remained NPA for one year.**

**d. An account turned NPA on 31.03.2021.**

Ans 3.

When discussing the classification of bank assets, particularly from the perspective of irregularities in interest or installment payments and overall operations, it's essential to understand the categorization of various account types based on their performance and compliance with repayment norms. This approach is crucial for maintaining financial stability and assessing credit

**Assignment Set – 2**

**4. The forex market is volatile and your organization is a major exporter. How will you ensure to protect the future foreign currency proceeds of your exports from adverse exchange rate movements? Discuss Foreign Currency Futures as a mitigating tool giving example.**

**Ans 4.**

To effectively manage the risks associated with volatile foreign exchange rates in a major exporting organization, it's crucial to implement strategies that safeguard future foreign currency proceeds. One such strategy is the use of Foreign Currency Futures. This financial instrument provides a hedge against adverse exchange rate movements, ensuring more predictable and stable

**5. Discuss salient features of any five money market instruments.**

Ans 5.

Money market instruments are essential tools for managing short-term funding requirements and maintaining liquidity in the financial system. These instruments offer low-risk, high-liquidity investment options, making them popular among both individual and institutional investors. Let's delve into five key money market instruments, exploring their unique features and roles within the

**6. Briefly explain Major Categories of Interest Rate Risk.**

**Ans 6.**

Interest rate risk is a fundamental concept in finance, particularly relevant for investors, financial institutions, and anyone dealing with loans or investments. It refers to the potential for investment losses due to fluctuations in interest rates. Understanding the major categories of interest rate risk is crucial for effective risk management and strategic financial planning.

**1.**