Subject Code: KMBNFM05

PAPER ID-410905

Roll No:

MBA
(SEM IV) THEORY EXAMINATION 2023-24
FINANCIAL AND CREDIT RISK ANALYTICS

TIME: 3 HRS **M.MARKS: 100**

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.

SECTION A

1. Attempt *all* questions in brief. 2 x 10 = 20

Q no.	Question	Marks	CO
a.	Define Financial Credit.	02	1
b.	Outline the significance of documentation.	02	1
c.	Clarify credit thrust and priorities when evaluating lending opportunities.	02	2
d.	Differentiate between sole banking arrangements and multiple banking arrangements.	02	2
e.	Classify the types of NFB facilities available in the banking sector.	02	3
f.	Describe types of performance and financial guarantees.	02	3
g.	Differentiate risk and uncertainty.	02	4
h.	Define the role of independent internal audit, compliance, and risk management.	02	4
i.	State the purpose of credit rating.	02	5
j.	Outline the benefits of comparing internal and external credit ratings.	02	5

SECTION B

2. Attempt any *three* of the following: 3 x 10 = 30

a.	Explore the Seven C's of credit analysis, and how do they influence lending decisions.	10	1
b.	Determine the purpose of a loan and assess the source of repayment when making lending decisions.	10	2
c.	Examine the different types of letters of credit (LC) assessed for loan limits.	10	3
d.	Point out that operational risk differs from other types of financial risks, and the key components of an effective operational risk management framework.	10	4
e.	Explain the key components of an internal credit rating model, and how do banks develop and implement such models to assess credit risk.	10	5

SECTION C

3. Attempt any *one* part of the following: 1 x 10 = 10

a.	Practice the key steps involved in the credit process from application to approval.	10	1
b.	Explore the various types of credit facilities available, including Cash Credit, Overdrafts, Demand Loan, and Bill Finance schemes like Drawee Bill Scheme and Bill Discounting.	10	1

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4. Attempt any *one* part of the following: 1 x 10 = 10

a.	Explain the process of credit appraisal, including validating proposals and the various dimensions involved.	10	2
b.	Illustrate the factors influence the creditworthiness of a borrower, and how do banks evaluate it.	10	2

5. Attempt any *one* part of the following: 1 x 10 = 10

a.	Explain the unfunded lines of credit, highlighting their importance in financial transactions and risk management.	10	3
b.	Summarize how Reserve Bank of India regulate the issuance of bank guarantees, particularly in terms of the maximum period and volume of guarantee obligations	10	3

6. Attempt any *one* part of the following: 1 x 10 = 10

a.	Ensure the principles of good corporate governance, and contribution to effective operational risk management.	10	4
b.	Evaluate the importance of a strong risk management culture in financial institutions, and how can whistle-blower policies and other initiatives help foster such a culture.	10	4

7. Attempt any *one* part of the following: 1 x 10 = 10

a.	Prescribe the methodology of rating agencies to determine the credit ratings, and factors do they consider in their analysis.	10	5
b.	Analyze the process of bank to find a borrower's working capital, liquidity, and operating and cash cycle to evaluate their financial health and ability to repay loans.	10	5