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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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Subject Code: KMBNFM05

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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 |