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MBA-INT
(SEM IX) THEORY EXAMINATION 2024-25
FINANCIAL AND CREDIT RISK ANALYSIS

TIME: 3 HRS**M.MARKS: 100****Note:** Attempt all Sections. In case of any missing data; choose suitably.**SECTION A****1. Attempt all questions in brief. 2 x 10 = 20**

Q no.	Question	CO	Level
a.	What are the objectives of financial credit?	1	K1
b.	What do you mean by modes of delivery?	1	K2
c.	Define credit thrust and credit priorities.	2	K2
d.	Explain consortium lending.	2	K1
e.	What are the advantages of non-fund facilities (NFB)?	3	K3
f.	What are loan commitments?	3	K3
g.	Define risk and uncertainty in the context of the financial sector.	4	K5
h.	What is a system audit?	4	K2
i.	Why is credit analysis important in lending?	5	K2
j.	What is credit rating?	5	K1

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

a.	Define credit risk and discuss its significance in lending operations. How do financial institutions manage credit risk?	2	K2
b.	Discuss the dimensions of credit appraisal, including the validation of proposals, structuring of loan documents, and assessment of credit risk. How do these dimensions contribute to effective credit decision-making?	1	K1
c.	Discuss the assessment process for bank guarantees limits, considering factors such as the creditworthiness of the applicant, the nature of the guarantee, and the bank's risk appetite.	2	K2
d.	Explain the roles of independent internal audit, compliance function, and risk management function in mitigating operational risks.	3	K3
e.	Analyze credit risk analysis, focusing on debt ratios and leverage risk. Discuss how these factors influence creditworthiness and borrowing capacity.	5	K5

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

a.	Outline the credit analysis process followed by financial institutions, from borrower evaluation to credit decision-making.	1	K2
b.	Discuss the regulatory framework governing credit operations, including key regulations and their impact on the credit industry.	2	K2

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

a.	Evaluate the role of collateral in credit appraisal, discussing its significance as a risk mitigation tool and its impact on loan terms and conditions.	2	K2
b.	Explain the factors considered in evaluating the creditworthiness of a borrower. How do these factors influence the terms and conditions of the loan?	1	K3



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

a.	Analyze bills purchase/discounting under LC, explaining the mechanism and benefits for both buyers and sellers involved in international trade transactions.	3	K2
b.	Explore the period of claim under a guarantee, discussing the timeline for invoking a bank guarantee and the process involved in settling claims under different types of guarantees.	3	K3

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

a.	Explore the significance of corporate governance in fostering a robust risk management culture within financial institutions.	4	K2
b.	Explain the principles and practices of operational risk management.	4	K3

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

a.	Discuss the methodologies used in credit rating and the factors considered in determining credit ratings.	5	K2
b.	Compare and contrast internal and external credit ratings, discussing their advantages, limitations, and applicability in credit risk management.	5	K5

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