

Questions

1. What is asset liability management?
2. Explain the steps in asset liability management process.
3. What is gap analysis? How is it performed?
4. What is duration analysis? Explain the methodology.
5. How is interest rate risk managed by banks?
6. What are derivatives?
7. How are derivatives used by banks for interest rate risk management?
8. What are off balance sheet items? What type of risks banks face in holding off balance sheet items?
9. What are the assumptions behind duration analysis?
10. Discuss the technique of interest rate risk management used by bank.
11. Determine the gap for a bank with an asset sensitive value of 49 crore and liability sensitive value of 120 crore.
12. Determine if a bank is conservative or aggressive if it has a positive gap position.
13. Determine the change in interest rate income if gap is 36 crore and expected change in interest rate is 50 basis points.
14. Determine the relative gap if total assets of a bank are 1000 crore, rate sensitive assets are 75 crore and rate sensitive liabilities are 65 crore.
15. Determine the gap ratio if rate sensitive assets of a bank are 500 crore and rate sensitive liabilities are 750 crore.