ANNEXURE-I

KARNATAK UNIVERSITY

DEPARTMENT OF STUDIES IN COMMERCE

RESEARCH TOPIC:

ASSET- LIABILITY MANAGEMENT IN COMMERCIAL BANKS IN INDIA

NAME OF THE RESEARCHER: C S RAJAGOPAL

INTERVIEW SCHEDULE

DATE OF INTERVIEW:

NAME OF THE BANK:

NAME OF THE OFFICER:

DESIGNATION:

NOMENCLATURE OF DEPT:

ORGANIZATION CHART DETAILS:
POINTS FOR DISCUSSION

1. ALM INFORMATION SYSTEMS

1.1. Effective date of implementation of ALM System in the Bank:

1.2. Extent of Computerization in the Bank for efficient and effective MIS

<table>
<thead>
<tr>
<th>Category of Branch</th>
<th>% of No of Branches</th>
<th>% of size of business</th>
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<tbody>
<tr>
<td>A SELBs&amp; ELBs</td>
<td></td>
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<tr>
<td>B Large &amp; Medium Branches</td>
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<tr>
<td>C Small Branches</td>
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1.3. Level of Computerization in Branches:

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<tr>
<th>Level</th>
<th>ONLINE for MIS (ALM) &amp; Management Control</th>
<th>Computerization for branch business</th>
</tr>
</thead>
<tbody>
<tr>
<td>A SELBs&amp; ELBs</td>
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1.4. VISUALIZATION OF NECESSITY OF ALM- Proactive /Reactive to Reserve Bank of India Guidelines

1.5. ALM PHILOSOPHY & OBJECTIVE

1.6(i) EXTERNAL CONSULTANT HIRED? IF SO NAME

(ii) OR INTERNALLY TRAINED AND DEVELOPED? IF SO WHERE TRAINED?
2 ALM ORGANIZATION

2.1 CONSTITUTION OF ALCO: DATE:

2.11 FUNCTIONS- LIQ RM/OPR RM /CREDIT RM/ Pft Plg & Growth Pjn / TRADING RM/ FUNDING & CAPITAL PLANNING

2.12 MEMBERS OF ALCO, CMD-CEO /ED/GM (Cr)/ GM (Tr) / GM (IBD) /GM (Eco. Res)/ GM ()

2.13 NO OF MEMBERS (SIZE OF ALCO):

2.14 FREQUENCY OF MEETING

2.15 NATURE OF RISKS COVERED

2.16 ALM SUPPORT GROUP?

2.17 FUNCTIONS – MEMBERS

2.18 MIDDLE OFFICE?

2.19 FUNCTIONS- MEMBERS

3. RISK MANAGEMENT

3.1 RISK IDENTIFICATION STRATEGIES

3.2 RISK POLICY COMMITTEE: YES /NO

3.2.1 IF YES, MEMBERS: ED/GM (Cr)/ GM (Tr) / GM (IBD) /GM (Eco. Res)

3.3 FIXATION OF RISK LIMITS –

3.3.1 RISK LIMIT REVIEW PERIOD

3.3.2 RISK ASSESSMENT - MODELS – ASSUMPTIONS – REVIEW PERIOD

3.3.3 RISK ASSESSMENT STAFF -NEW RECRUITS?

IF NO, INTERNALLY TRAINED? WHERE TRAINED?

3.4 RISK MONITORING STRATEGY- MODEL USED

3.5 RISK REPORTING METHODOLOGY
4. LIQUIDITY & INTEREST RATE RISK MANAGEMENT:

4.1 STRATEGY FOR MANAGEMENT OF INTEREST RATE RISK (IRR)

4.1.1 GAP ANALYSIS – INCREMENTAL BUCKETS STUDY

4.1.2 DURATION GAP ANALYSIS – MACAULAY’S DURATION

4.1.3 SIMULATION

4.1.4 VALUE AT RISK

4.2 STYLE OF IRR MANAGEMENT – AGGRESSIVE / DEFENSIVE

5. CURRENCY RISK MANAGEMENT

5.1 STRATEGIES FOR FERM

5.2 TOOLS /TECHNIQUES USED : OPTIONS/FUTURES /FORWARDS

5.3 OPEN FOREIGN EXCHANGE POSITION LIMITS?

5.3.1 DAY LIGHT LIMIT/OVERNIGHT LIMIT

5.4 MARKET MANDATE AT GAPS

6. TREASURY/TRADING RISK MANAGEMENT :

6.1. DEALING ROOM?

6.2. BACK OFFICE?
7. CREDIT RISK MANAGEMENT

7.1 CREDIT RISK POLICY

7.1.1 WHEN INITIATED – PROACTIVE / REACTIVE

7.2 CREDIT RISK STRATEGY

7.3 ORGANIZATION STRUCTURE FOR CRMC

7.3.1 FUNCTIONS

7.3.2 RESPONSIBILITIES

7.4 ORGANIZATION STRUCTURE FOR CRMD

7.4.1 FUNCTIONS

7.4.2 RESPONSIBILITIES

7.5 CREDIT RATING FRAMEWORK (CRF)

7.5.1 NUMBER OF GRADES USED – 5 POINT SCALE/ 9 POINT SCALE

7.5.2 NATURE OF EXPOSURES RATED

7.6 CREDIT RISK MODELS FOLLOWED

7.6.1 RAROC-PRICING STRATEGY

7.7 INTERACTION WITH EXTL. CR. ASSMT INSTITUTION (ECAI)

7.8 PORTFOLIO MANAGEMENT – POLICY – EXPOSURE LIMITS

7.9 MANAGING CREDIT RISK (OPERATIONAL ASPECTS)

7.9.1 CAPITAL ADEQUACY RATIO

7.9.2 ASSET QUALITY MANAGEMENT – ab initio or post recovery

7.9.3 LIQUIDITY

7.9.4 PROFITABILITY

7.9.5 SECTORAL EXPOSURES – RISK CONCENTRATION
7.10 CREDIT RISK IN OFF-B/S EXPOSURES
7.11 VIEWS ON COUNTRY RISK LIMITS
7.12 CREDIT REVIEW MECHANISM- CREDIT AUDIT - HOW OFTEN
7.13 NEW BASEL-II CAPITAL ACCORD-

Prob. of Default (PD)
Loss given default (LGD)
Exposure at default (EAD)

8. OPERATIONAL RISK MANAGEMENT:

8.1 CONSTITUTION OF MONITORING COMMITTEE : YES / NO
8.1.1. OPINION ON ITS CONTRIBUTION : PREVENTIVE / CURATIVE
8.1.2 OPINION ABOUT CAPITAL COVERAGE: PRECISE / SUBJECTIVE

8.2 ANY REMEDY FOR OPERATIONAL RISK POSSIBLE? YES / NO
8.2.1 IF YES, PLEASE NAME SOME
8.2.2 OPINION ABOUT INTERNAL AUDIT AS A MONITORING TOOL
8.2.3 OPINION ABOUT INSURANCE AS A SOURCE OF REMEDY

9. GENERAL FEEDBACK:

9.1 IS THE IMPORTANCE OF (ANY) RISK/S OVER PLAYED? YES/NO
9.1.1 IF YES, WHICH RISK?-CREDIT-OPERATIONAL-FOR.EX-LIQ-IRR?

9.2 COMPLIANCE OF ALL THE GUIDELINES PRACTICALLY POSSIBLE? - YES /NO
9.2.1 IF NO, WHICH ONES? -WHY?

10. ANNEXURE

I STATEMENT OF STRUCTURAL LIQUIDITY
II STATEMENT OF INTEREST RATE SENSITIVITY
III STATEMENT OF SHORT-TERM DYNAMIC LIQUIDITY