

EXECUTIVE SUMMARY

The ALM is an instrument that assists bank administration to acquire management decisions in a very casual way through an eye on the risk which bank was bare to. This is an integrated system to financial administration, need of instantaneous decisions on the varieties of amounts in financial assets and liabilities, both the mix and volume - with the complications of financial markets, in the organization using. This project was carried on Feroke service co-operative bank, Cheruvannur, Calicut.

ALM is Risk-management instrument, designed for earning appropriate profits while maintaining a reasonable additional of assets over liabilities. Its main objective is to balance the

- (1) Income earning capacity of an entity's assets accessible for pledging as collateral,
- (2) Current and estimated interest rates, and
- (3) Entity's debt comfort point. By controlling a company's assets and liabilities, management are able to pressure net earnings, which may interpret into raises stock prices. It's a powerful practice of Planning, organize and Controlling of liabilities and assets, and their volumes or maturities, mixes, and costs in order to keep liquidity and NII.