

**MASTER OF BUSINES
ADMINISTRATION
(BANKING AND FINANCE) (MPB)
Term-End Examination
December, 2023**

MS-494 : RISK MANAGEMENT IN BANKS

Time : 3 Hours

Maximum Marks : 100

(Weightage : 70%)

Note : *Attempt any **five** questions. All questions carry equal marks.*

1. Discuss the scope and objectives of Asset Liability Management (ALM) process in banks. Explain the issues involved in implementing a bank's ALM programme.
2. What is Interest Rate Risk ? Explain the Direct Methods/Traditional Techniques used for interest rate risk management.

3. What are 'Credit Derivatives' ? Explain the various types of credit derivatives. Discuss the pre-requisites for bank's participation in the credit derivatives market.
4. Discuss the importance of liquidity in banking operations and explain the concept of 'liquidity risk'. Describe the techniques used to measure liquidity risk.
5. Explain the factors affecting currency value and describe the importance of currency risk management. How are currency futures and options used to manage currency risk ?
6. Explain the concept of 'operational risk' and its types. Describe the 'Standardized Approach' (SA) used for operational risk analysis and measurement.
7. Describe the credit risk management structure of a bank and discuss the aspects covered in credit risk policy of a bank.
8. What is risk adjusted performance evaluation ? Explain the basic principles of incentive systems and discuss the sound compensation principles.