

**MANAGEMENT PROGRAMME  
(Banking and Finance)**

**Term-End Examination**

**December, 2015**

**MS-494 : RISK MANAGEMENT IN BANKS**

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. What do you understand by Asset Liability Management (ALM) ? Discuss the ALM process and explain the setup of Asset-Liability Committee (ALCO) in banks.
2. Explain the various types of risks faced by banks. Describe in detail the interest rate risk and liquidity risk.
3. What is credit risk ? Explain the credit risk involved in project finance and working capital finance.
4. What is 'Market Risk' ? Discuss the components of market risk and explain different models of estimating market risks.

5. Explain the following :
    - (a) Treasury Swaps
    - (b) Treasury Options
  
  6. What is Operational Risk ? Explain the Basic Indicator Approach (BIA) and Standardized Approach of Operational Risk analysis and measurement.
  
  7. What do you understand by Capital to Risk-weighted Assets Ratio (CRAR) ? Why has this ratio been prescribed by Reserve Bank of India for banks ? Give the main details of this requirement.
  
  8. What is risk adjusted performance evaluation ? Explain the basic principles of incentive systems and discuss the sound compensation principles.
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