

01134

**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

December, 2018

MS-494 : RISK MANAGEMENT IN BANKS

Time : 3 hours

Maximum Marks : 100

Weightage 70%

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- Note : (i) Attempt any five questions.
(ii) All questions carry equal marks.*
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1. What do you understand by Risk Regulation ? Discuss the various factors taken into consideration by Reserve Bank of India, while designing the regulatory framework for banks in this regard.
2. Discuss the following :
 - (a) KMV's Expected Default Frequency (EDF) Model
 - (b) Value at Risk Model
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 the models used to estimate market risk.
 5. What is Interest Rate Risk ? How is interest rate risk exposure measured ? Explain the various derivative instruments used for mitigating interest rate risk.
 6. What are the principles of operational risk management ? Explain the Standardized Approach (SA) and the Alternative Standardized Approach of Operational risk analysis and measurement.
 7. What is risk adjusted performance evaluation ? Explain the basic principles of incentive systems and discuss the sound compensation principles.
 8. What are the broad principles of Risk Governance ? Discuss the role, functions and composition of Credit Risk Management Committee.
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