

00545

**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

June, 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 Asset Liability Management ? Briefly explain the ALM process and discuss the role and functions of various sub-committees of Asset Liability Committee (ALCO) in a Bank.
2. What is Interest Rate Risk ? Explain the different techniques used for the measurement and management of interest rate risk.
3. What are 'Credit Derivatives' ? Explain the various types of Credit Derivatives. Discuss the difference between credit derivatives and securitization.
4. What is liquidity risk and how is it different from other risks ? Explain two different measures of finding out the liquidity risk.

5. What is currency risk ? Discuss the importance of managing such risk. How are various currency derivatives used to manage currency risk ?
 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. Explain the following :
 - (a) Stress testing
 - (b) Elements of Tier I and II capital
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