

No. of Printed Pages : 3

MS-494

**MANAGEMENT PROGRAMME
(BANKING AND FINANCE) (MPB)**

Term-End Examination

June, 2020

MS-494 : RISK MANAGEMENT IN BANKS

Time : 3 Hours

Maximum Marks : 100

(Weightage : 70%)

Note : (i) Attempt any five questions.

(ii) All questions carry equal marks.

1. What do you understand by Asset Liability Management (ALM) ? Explain the ALM process and discuss the role and functions of various subcommittees of the Asset Liability Committee (ALCO) in a Bank.

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2. Discuss in detail BASEL ACCORD II and explain the changes incorporated in BASEL ACCORD III vis-a-vis BASEL ACCORD II.
3. What is 'Credit Risk' ? Explain the difference between 'Project Finance' and 'other forms of finance' and discuss in detail the credit risk involved in project finance.
4. Explain the concept of 'Market Risk' and discuss about the constituent components of 'Market Risk'. Discuss the various models used to estimate market risk.
5. What is 'Interest Rate Risk' ? Explain the various methods used for measuring interest rate risk exposures.
6. Discuss the principles of operational risk management. Explain the Basic Indicator Approach (BIA) and Standardized Approach (SA) used for operational risk analysis and measurement.

7. What do you understand by 'Risk Appetite' ?
Explain a typical risk appetite metrics of a Bank and discuss the various aspects of Market Risk Policy and Liability Management Policy.
8. Explain the following :
- (i) Internal Capital Adequacy and Assessment Process (ICAAP)
 - (ii) Elements of Tier I and II capital