

00251

**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

June, 2015

MS-494 : RISK MANAGEMENT IN BANKS

Time : 3 hours

Maximum Marks : 100

Note : *Attempt any five questions.*

All questions carry equal marks.

1. What do you understand by Asset Liability Management (ALM) in Banks ? Discuss its need and importance and explain the role of bank's treasury in managing different types of risks of a bank.
2. What is interest rate risk ? Discuss the synthetic methods used for interest rate risk management.
3. What are Credit Derivatives ? Explain the various types of Credit Derivatives.
4. What is liquidity risk ? Discuss the factors contributing to liquidity risk ? How is such risk measured ? Explain.
5. Explain the following :
 - (a) Currency Options
 - (b) Currency Swaps

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 are the broad principles of risk governance ? Discuss the role, functions and composition of Credit Risk Management Committee.
 8. Explain the following :
 - (a) Stress testing
 - (b) Elements of Tier I and II capital
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