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MANAGEMENT PROGRAMME
(Banking and Finance)

Term-End Examination

December, 2012

MS-494: RISK MANAGEMENT IN BANKS

Time : 3 hours

Maximum Marks : 100

Note : (i) Answer any five questions.

(ii) All questions carry equal marks.

1. "Bank Treasury has a major role in managing the different risks of a bank." Discuss fully this statement.
2. What do you mean by 'Interest rate risk' ? Explain the different classes of interest rate risk.
3. What are 'Credit Derivatives' ? Discuss the various types of credit derivative instruments and explain the process of a credit derivative transaction with the help of an example.
4. What do you mean by 'Market Risk' ? Discuss the factors that contribute to the market risk. Explain how can the market risk be managed.

5. What is a 'currency option' ? Discuss some of the exotic options that are popular in currency derivatives market.
 6. What is 'operational Risk' ? Discuss the different steps involved in the process of managing operational risk.
 7. Discuss the roles and responsibilities of the Asset Liability Management Committee and the different offices/departments working under its supervision.
 8. What is the need for 'Risk Sensitive Incentive Systems' ? Discuss the important sound principles of compensation.
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