

01511

**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

December, 2014

MS-494 : RISK MANAGEMENT IN BANKS

Time : 3 hours

Maximum Marks : 100

*Note : (i) Attempt **any five** questions.*

*(ii) All questions carry **equal** marks.*

1. Explain the concept of risk in Banks. Discuss the various measures undertaken by Reserve Bank of India while designing the regulatory framework for banks.
2. Discuss the following :
 - (a) KMV's Expected Default Frequency (EDF) Model
 - (b) Value at Risk Model
3. What are the risks faced by banks in relation to project financing and working capital financing ? How can these risks be mitigated ?
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 'Market Risk' ? Discuss the components of market risk and explain the models used to estimate market risk.
 6. What is 'Operational Risk' ? Explain the types of operational risks and distinguish between Operational risk and Operation risk. Discuss the Advanced Management Approach (AMA) for operational risk analysis and measurement.
 7. What is 'Stress Testing' ? Discuss the approaches of stress testing.
 8. Explain the commonly used risk adjusted performance evaluation metrics.
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