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**MANAGEMENT PROGRAMME  
(Banking and Finance)**

**Term-End Examination**

**December, 2016**

**MS-494 : RISK MANAGEMENT IN BANKS**

*Time : 3 hours*

*Maximum Marks : 100*

*Weightage 70%*

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**Note :** *Attempt any five questions. All questions carry equal marks.*

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1. What do you understand by Asset Liability Management (ALM)? Discuss the role of treasury in the ALM process.
2. What do you understand by securitisation? Mention the parties involved in its process and explain the advantages of this instrument.
3. Explain the concept of 'Credit Risk'. What are the building blocks of credit risk management process?
4. What is liquidity risk? How is it different from other risks? How is liquidity risk measured and managed? Explain.

5. What is Interest Rate Risk ? How are interest rate risk exposures measured ? Explain different uses of treasury futures for a large bank.
  
  6. What are Operational Risks in a bank ? Explain briefly the various approaches used for computation of operational risk capital under Based Accord. II.
  
  7. Write short notes on any two of the following :
    - (a) Tier II capital of banks.
    - (b) Non-performing Assets of banks.
    - (c) Treasury swaps.
  
  8. Explain the commonly used risk adjusted performance evaluation metrics. Why are risk adjusted performance evaluation systems required ? Explain.
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