

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

Term-End Examination

December, 2022

MS-494 : RISK MANAGEMENT IN BANKS

Time : 3 hours

Maximum Marks : 100

(Weightage : 70%)

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

1. What do you understand by 'Asset Liability Management (ALM)' ? Briefly explain the role and functions of the various subcommittees of the Asset Liability Committee (ALCO) in a bank and discuss the issues involved in implementing a bank ALM programme.
2. Explain in detail the various components of risk in banks. Describe the various synthetic methods used for interest rate risk management.
3. Discuss the rationale and goals of risk regulations for banks. Describe the regulatory framework for banks as devised by the Reserve Bank of India for banks operating in India.

4. What is 'Credit Risk' ? Describe the features of project finance and the parties involved in project finance. Discuss the credit risks that the banks face while granting such advances. How can these risks be mitigated ?
 5. Discuss the importance of liquidity in banking operations and describe the factors contributing to liquidity risk. Explain the techniques used for measuring liquidity risk.
 6. What is 'Interest Rate Risk' ? How is interest rate risk exposure measured ?
 7. What is 'Operational Risk' ? Distinguish between Operational risk and Operations risk. Describe the Basic Indicator Approach for analysis and measurement of operational risk.
 8. What do you understand by Risk-Adjusted Return ? How is 'Risk-Adjusted Return on Capital (RAROC)' calculated ?
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