

00481

**MANAGEMENT PROGRAMME  
(Banking and Finance)**

**Term-End Examination**

**June, 2012**

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

*Time : 3 hours*

*Maximum Marks : 100*

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

*(ii) All questions carry equal marks.*

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1. Explain the need for Asset Liability Management (ALM) in a bank and discuss the pillars on which the ALM process rests.
2. What is Capital Adequacy Ratio (CAR) for bank as prescribed by Reserve Bank of India ? Discuss the statutory requirement in relation to the capital adequacy as required by Banking Regulation Act. Give details of the above two requirements.
3. What do you mean by 'Project Finance' ? What are the risks for a bank in extending project credit ? How can these risks be mitigated and managed ?

4. What is 'Liquidity Risk' ? How is it measured ? Explain with examples.
  5. What do you mean by 'Treasury Future' ? Explain the reasons for the use of treasury futures in banks.
  6. What is Operational Risk Management ? Why is it important for a bank ? Discuss the principles evolved by the Basel Committee for the effective management of such risks in the banks.
  7. What is the role of 'credit risk management committee' in a bank ? Identify the departments that are working under the supervision of this committee and discuss their functions.
  8. What is 'Stress Testing' ? Explain how is stress testing used as a technique of risk management in banks ?
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