

01222

**MANAGEMENT PROGRAMME
(Banking and Finance)**

Term-End Examination

June, 2016

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 ? Briefly explain the ALM process and discuss the role and functions of various sub-committees of Asset Liability Committee (ALCO) in a bank.
2. What do you understand by Risk Regulation ? Discuss the various factors taken into consideration by Reserve Bank of India, while designing the regulatory framework for Banks in this regard.
3. What are the risks faced by the banks in relation to project financing and working capital financing ? How can these risks be mitigated ?

4. What are 'Credit Derivatives' ? Explain the various types of Credit derivatives. Discuss the difference between credit derivatives and securitization.
 5. What is market risk ? How is it different from other types of risks ?
 6. What are Operational Risks in a bank ? Explain in detail the operational risk management process, adopted by banks.
 7. What are the broad principles of risk governance ? Discuss the key responsibilities of the Credit Risk Management Department (CRMD) in a bank.
 8. Discuss the need for risk sensitive incentive systems in banks and explain the principles of sound compensation for prudent risk taking.
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