

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

Term-End Examination

June, 2024

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. Explain the Interest Rate Risk Management (IRRM) and describe the Direct Methods/Traditional techniques used for IRRM.
2. In the context of Risk Models, explain the following :
 - (a) KMV's expected default frequency model
 - (b) Value at Risk models

3. What do you understand by Project Finance and Working Capital Finance ? Describe the risks for bank in offering these services and discuss how these risks can be mitigated.
4. What is liquidity risk and how is it different from other risks ? Discuss the importance of liquidity in banking operations and describe the factors contributing to liquidity risk.
5. What is Interest Rate Risk ? Describe the techniques used for measuring interest rate risk exposure.
6. What is Operational Risk ? Explain the Operational Risk Management process. Describe the basic indicator approach used for operational risk analysis and measurement.
7. What is Currency Options ? Explain currency options and describe how they can be used in managing currency risk.
8. What do you understand by Internal Capital Adequacy and Assessment Process (ICAAP) ? Discuss the ICAAP principles and the structural aspects.