

Enrollment No.....



Faculty of Management Studies
End Sem (Odd) Examination Dec-2019
MS5EF04 Risk Management in Bank

Programme: MBA

Branch/Specialisation: Management/
Finance**Duration: 3 Hrs.****Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. What is risk? 1
 (a) Negative consequence that could occur
 (b) Negative consequence that will occur
 (c) Negative consequence that must occur
 (d) Negative consequence that shall occur
- ii. What is the expanded form of the term ALM used in banking sector? 1
 (a) Asset Liability Maintenance
 (b) Asset Liability Management
 (c) Asset Liability Manipulation
 (d) Asset Liability Maximization
- iii. Which of the following are to be followed by Commercial Banks for risk management? 1
 (a) Basel II norms (b) Basel III norms
 (c) Basel I norms (d) Solvency II norms
- iv. "Basel Committee on Banking Supervision" is also known as 1
 (a) Bank for International Settlements Committee
 (b) Banking Regulation Committee
 (c) Financial Stability Board
 (d) Global Financial System
- v. Operational Risk arises when 1
 (a) Failing to execute Operational procedures
 (b) Breakdowns in People & System
 (c) Both (a) and (b)
 (d) None of these

P.T.O.

[2]

- | | | |
|-------|--|----------|
| vi. | SPOR management stands for | 1 |
| | (a) Operational risk identification and assessment, appetite and tolerance | |
| | (b) Change management | |
| | (c) Disclosure | |
| | (d) All of these | |
| vii. | Liquidity risk means | 1 |
| | (a) Failure to Pay | |
| | (b) Inability to Convert asset in cash | |
| | (c) Procure Fund, but High cost affects Capital now & in future | |
| | (d) All off these | |
| viii. | Foreign risk arises when | 1 |
| | (a) Currency mismatch | |
| | (b) Variety of Sources | |
| | (c) Fluctuations in exchange rates | |
| | (d) All of these | |
| ix. | For Mitigating credit risk bank used to | 1 |
| | (a) Collateralizations by first priority claims with cash | |
| | (b) Landed Properties | |
| | (c) Third Party Guarantee | |
| | (d) All of these | |
| x. | Risk Management Process Ensures | 1 |
| | (a) Integrity (b) Accuracy | |
| | (c) Reasonableness (d) All of These | |
-
- | | | | |
|-----|------|---|----------|
| Q.2 | i. | What do you mean by risk? | 2 |
| | ii. | What are the different types of risk in banking? Explain. | 8 |
| OR | iii. | Define the process of risk management in bank. | 8 |
-
- | | | | |
|-----|------|---|----------|
| Q.3 | i. | What is the meaning of credit risk management? | 2 |
| | ii. | Explain the capital adequacy norms. | 8 |
| OR | iii. | Discuss the guidelines by RBI on risk management. | 8 |
-
- | | | | |
|-----|------|--|----------|
| Q.4 | i. | What is operational risk? | 2 |
| | ii. | Explain the capital allocation for operational risk. | 8 |
| OR | iii. | Give the principles of operational risk management (SPOR). | 8 |

[3]

- | | | | |
|-----|------|--|----------|
| Q.5 | i. | Define the liquidity risk and interest rate risk. | 4 |
| | ii. | Describe foreign exchange risk and types of foreign exchange risk. | 6 |
| OR | iii. | How we will measure and control over the risk in bank? | 6 |
-
- | | | | |
|------|------|---|----------|
| Q.6. | i. | Explain the prudential norms. | 4 |
| | ii. | What do you mean by risk management? Define the objectives of it. | 6 |
| OR | iii. | What are the methods of managing the risk? | 6 |

Marking Scheme
MS5EF04 Risk Management in Bank

Q.1	i.	What is risk?		1
		(a) Negative consequence that could occur		
	ii.	What is the expanded form of the term ALM used in banking sector?		1
		(b) Asset Liability Management		
	iii.	Which of the following are to be followed by Commercial Banks for risk management?		1
		(a) Basel II norms		
	iv.	"Basel Committee on Banking Supervision" is also known as		1
		(a) Bank for International Settlements Committee		
	v.	Operational Risk arises when		1
		(c) Both (a) and (b)		
	vi.	SPOR management stands for		1
		(d) All of these		
	vii.	Liquidity risk means		1
		(d) All of these		
	viii.	Foreign risk arises when		1
		(d) All of these		
	ix.	For Mitigating credit risk bank used to		1
		(d) All of these		
	x.	Risk Management Process Ensures		1
		(d) All of These		
Q.2	i.	Meaning of Risk	2 marks	2
	ii.	Types of risk (As per explanation)	8 marks	8
OR	iii.	Process of risk management(As per explanation)	8 marks	8
Q.3	i.	Meaning of credit risk management	2 marks	2
	ii.	Capital adequacy norms. (As per explanation)	8 marks	8
OR	iii.	RBI guidelines. (As per explanation)	8 marks	8
Q.4	i.	Meaning of operational risk	2 marks	2
	ii.	Capital allocation (As per explanation)	8 marks	8
OR	iii.	SPOR(As per explanation)	8 marks.	8

Q.5	i.	Define the liquidity risk	2 marks	4
		Define Interest rate risk.	2 marks	
OR	ii.	Foreign exchange risk	2 marks	6
		Types of foreign exchange risk.	4 marks	
	iii.	Measure and control over the risk in bank	(3 marks*2)	6
Q.6.	i.	The prudential norms.(As per explanation)	4 marks	4
	ii.	Risk management	3 marks	6
OR		Objectives	3 marks	
	iii.	Methods of managing the risk	6 marks	6
