No. of Printed Pages : 2 **MMPB–004**

MASTER OF BUSINESS ADMINISTRATION (BANKING AND FINANCE) (MBF)

Term-End Examination

June, 2026

MMPB-004 : RISK MANAGEMENT IN BANKS

Time : 3 Hours *Maximum Marks : 100*

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

(ii) All questions carry equal marks.

1. What is the objective of Risk Management System in an organisation ? Explain the major types of risks that are relevant to the Banking Institutions.

2. Discuss the following incidents which have caused risk to the Banks and the lessons learned from each of these incidents to the Banking Industry :

   (i) Barings Bank Failure (1995)

   (ii) Latin American Debt Crisis (1982)

3. What is the role of Operational Risk Management Department in a Bank ? Discuss the specific activities carried out by this Department.
4. What are 'Credit Derivatives' ? Discuss the different types of Credit Derivatives.
5. What is Liquidity Risk ? How does it arise ? Explain the factors contributing to the liquidity issues for Banks.
6. What are Currency Options ? Explain the different exotic Options popular in Currency Market.
7. Explain, in brief, the different approaches to measure Operational Risk, and describe the Basic Indicator Approach, bringing out the advantages and disadvantages of this approach.
8. What is the significance of Risk Report in Banks ? Discuss the principles for effective risk aggregation and risk reporting in banks.

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