No. of Printed Pages : 3 **MS–494**

MANAGEMENT PROGRAMME

(BANKING & FINANCE)

(MBF)

Term-End Examination

June, 2026

MS-494 : RISK MANAGEMENT IN BANKS

Time : 3 Hours *Maximum Marks : 100*

Weightage : 70%

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

(ii) All questions carry equal marks.

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1. Discuss the process and significance of Asset Liability Management (ALM) in a bank. How does ALM contribute to balancing profitability and liquidity ?

2. Explain the major categories of financial risks faced by banks. How do regulations influence the management of these risks ?

3. Explain the different sources and types of credit risks that banks are exposed to. Analyze how these risks impact loan portfolios.

4. Elaborate on the structure and functioning of the Credit Risk Management Committee in banks. How does it ensure prudent lending decisions and safeguard against defaults ?

5. Define and differentiate between Operational Risk and Operations Risk as per Basel II guidelines. Discuss their implications for banks in risk management.

6. Examine the types of operational risks faced by banks and discuss the strategies that can be adopted for effective operational risk management.

7. Discuss the role of Board of Directors and Senior Management Committees in the risk management organization of banks. How do they ensure integrated risk governance ?

8. Critically analyze the concept of Risk Adjusted Performance Measurement (RAPM) in banks. How can aligning employee incentives with risk outcomes improve organizational performance ?

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