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Register Number :

Name of the Candidate :

**M.B.A. DEGREE EXAMINATION, 2010****(BANKING & TAXATION)****(SECOND YEAR)****PAPER - XV****270. RISK MANAGEMENT***December)**(Time: 3 Hours*

Maximum: 100 Marks

**SECTION – A****Answer any FIVE questions****(5×5=25)**

1. Define Risk Management.
2. What are the various components of a Bank's Balance Sheet?
3. What are the factors which cause liquidity risk?
4. Write a brief note on risk mitigation.
5. Write a brief note on value at risk.
6. Write a note on securitisation.
7. What are the products for Foreign Exchange Market?
8. What is the role played by treasury in Asset Liability Management?

**SECTION – B****Answer any THREE questions****(3×20=60)**

9. How do you classify risks? Discuss.
10. Discuss the various methods of measuring and managing liquidity.

11. What are the sources of Interest rate risks?
12. Discuss the major risks in banking business.
13. Discuss a) Money Market Products    b) Securities Market Product

**SECTION – C**  
**Compulsory**

**(1×15=15)**

14. An Indian firm imported machinery from an MNC in New York for USD 2 million. The firm is permitted to pay the amount six months from now. The interest rate is 10% per annum in India and 8% per annum in the United States. The current spot rate is USD/INR 45. The six month forward rate is USD/INR 46.  
How will the firm lodge its foreign currency exposure?

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