

TILAK MAHARASHTRA VIDYAPEETH, PUNE
MASTER OF BUSINESS ADMINISTRATION (M.B.A.)
EXAMINATION : DECEMBER - 2023
SEMESTER – III

Sub: Risk Management (MFM306)

Date: 18/12/2023

Total marks: 60

Time: 10.00 am To 12.30 pm

SECTION – I

Q. 1. Fill in the blanks. (5)

1. What does the term "Risk Appetite" refer to in risk management?
 - a) The willingness to take risks
 - b) The aversion to risk
 - c) The taste for uncertainty
 - d) The fear of losses
2. What does Value at Risk (VaR) represent in risk management?
 - a) The maximum loss within a confidence interval
 - b) The minimum loss within a confidence interval
 - c) The average loss within a confidence interval
 - d) The total loss over a given period
3. What is the primary goal of risk management in banking?
 - a) Maximizing profits
 - b) Minimizing customer complaints
 - c) Minimizing the impact of risks on financial goals
 - d) Ignoring potential risks
4. Which of the following is a key component of the ERM framework?
 - a) Ignoring risks with low impact
 - b) Siloed risk management approach
 - c) Integrated risk management approach
 - d) Focusing solely on external risks
5. What is the role of the Chief Risk Officer (CRO) in Enterprise Risk Management?
 - a) Encouraging excessive risk-taking
 - b) Managing risks only in the financial domain
 - c) Overseeing the organization's overall risk management strategy
 - d) Focusing solely on short-term risks

Q. 2. Answer the following. (Any Two) (20)

1. Explain "Financial Risk Management" with its importance and Scope
2. Discuss calculation of portfolio risk of more than one Assets.
3. What are the Basel committee norms for banking?
4. What are the currency risks involved for global investing?

Q. 3. Write notes on. (Any Two)

(10)

1. Types of risks
2. Factors that impact financial rates and price
3. Credit ratings

SECTION – II

Q. 4. Case Study

(15)

ABC Bank, a small regional entity in India, provides diverse financial services such as savings accounts, loans, and investment products, having enjoyed consistent growth in recent years. However, the bank confronts an array of risks demanding vigilant management for sustained success. Mitigating credit risks necessitates thorough borrower credit assessments and strategies to address non-performing loans. The bank must navigate market risks, monitoring variables like interest rates and foreign exchange rates, while implementing prudent measures. Operational risks, including internal processes and technological vulnerabilities, require robust identification and fortification. Managing liquidity risks is crucial to maintaining an optimal balance between assets and liabilities for meeting short-term obligations. Compliance with dynamic regulatory standards, strategic risk alignment, and fostering a resilient risk culture further fortify the bank's foundations. ABC Bank's proactive stance in stress testing and addressing emerging risks ensures continued success in the intricate landscape of the banking sector.

- a) How can ABC Bank assess and manage credit risk in its loan portfolio?
- b) What strategies can the bank employ to mitigate the impact of non-performing loans?

Q. 5. Answer the following:

(10)

- a) Elaborate process of financial risk management for multinational companies.

OR

- b) “Risk Management is a crucial part in Insurance”, Justify the statement with appropriate examples.
