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# PRESIDENCY UNIVERSITY

## BENGALURU

### Mid - Term Examinations – October 2025

**Date:** 08-10-2025

**Time:** 02.00pm to 03.30pm

<b>School:</b> SOC/SOM-UG	<b>Program:</b> B.COM (BANKING AND FINANCE)	
<b>Course Code:</b> COM3043	<b>Course Name:</b> RISK MANAGEMENT IN BANKING	
<b>Semester:</b> V	<b>Max Marks:</b> 50	<b>Weightage:</b> 25%

<b>CO - Levels</b>	<b>CO1</b>	<b>CO2</b>	<b>CO3</b>	<b>CO4</b>	<b>CO5</b>
<b>Marks</b>	<b>26</b>	<b>24</b>	-	-	-

**Instructions:**

- (i) *Read all questions carefully and answer accordingly.*
- (ii) *Do not write anything on the question paper other than roll number.*

### Part A

**Answer ALL the Questions. Each question carries 2 marks.**

**5Q x 2M=10M**

<b>1</b>	Define liquidity risk in banking.	<b>2 Marks</b>	<b>L1</b>	<b>CO1</b>
<b>2</b>	State two purpose of managing liquidity	<b>2 Marks</b>	<b>L2</b>	<b>CO1</b>
<b>3</b>	What is meant by credit risk in retail lending?	<b>2 Marks</b>	<b>L2</b>	<b>CO1</b>
<b>4</b>	Define systematic risk.	<b>2 Marks</b>	<b>L2</b>	<b>CO2</b>
<b>5</b>	What is a yield curve?	<b>2 Marks</b>	<b>L2</b>	<b>CO2</b>

### Part B

**Answer ALL the Questions. Each question carries 10 marks.**

**4Q x 10M=40M**

<b>6.</b>	Explain the importance of liquidity management in banks. How do CRR and SLR help in managing liquidity?	<b>10 Marks</b>	<b>L2</b>	<b>CO1</b>
<b>Or</b>				
<b>7.</b>	Discuss the concept of capital adequacy. Explain the role of Basel I norms in solvency management.	<b>10 Marks</b>	<b>L2</b>	<b>CO1</b>

<b>8.</b>	Discuss the operational risks in Banks. Explain different ways of measuring and managing operational risk in banks.	<b>10 Marks</b>	<b>L2</b>	<b>CO 1</b>
<b>Or</b>				
<b>9.</b>	Describe the framework for liquidity risk management in Banks.	<b>10 Marks</b>	<b>L2</b>	<b>CO 1</b>

<b>10.</b>	Discuss the main credit risk assessment models used by banks to evaluate borrowers.	<b>10 Marks</b>	<b>L3</b>	<b>CO 2</b>
<b>Or</b>				
<b>11.</b>	What is the duration gap analysis? How is it used to measure and manage interest rate risk?	<b>10 Marks</b>	<b>L3</b>	<b>CO 2</b>

<b>12.</b>	Explain the key risks faced in lending to SMEs. How can banks monitor and control these risks?	<b>10 Marks</b>	<b>L2</b>	<b>CO 2</b>
<b>Or</b>				
<b>13.</b>	Discuss the importance of measuring interest rate risk in banks. How does interest rate volatility affect bank profitability and stability?	<b>10 Marks</b>	<b>L2</b>	<b>CO 2</b>