Printed Pages – 4 Roll No. : ....

576342(76)

676542(76)

M. B. A. (Third Semester) Examination, Nov.-Dec. 2021

(New Scheme)

(Management Branch)

CORPORATE RISK MANAGEMENT

Time Allowed : Three hours

Maximum Marks : 80

Minimum Pass Marks : 32

Note : *Solve any two question out out three, in each section. Each questions carries equal marks..*

Section-'A'

1. (a) Explain why Financial risk analysis is neceesary for companies. How firms can manage risk using Derivative Product? 8

(b) What do you understand by Hedging? How one can Hedge financial risk using option and futures? 8

(c) Explain the terms regarding option : 8

(i) Delta

(ii) Gamma

(iii) Vega

(iv) Theta and Rho

Section-'B'

2. (a) Define Interest rate risk, now it affect the balance sheet of the company. What do you mean by Zero rate Forward rate? 8

(b) Define Voltility and Implied Volatility. Explain how voltility can be estimated. Explaion Volatility source? 8

(c) Describe three ways of handling instruments that are dependent of Interest rate when the model building approach is used to calculate VAR. 8

Section-'C'

3. (a) What is the need of corporate risk management? Explain different source of risk faced by the

companies. Explain the Risk Management process followd by the companies. 8

(b) Explain the Monte Carle simulation approach to evaluate risk faced by the companies. 8

(c) Compare Simulation Approach and Model Building Approach to risk analysis. 8

Section-'D'

4. (a) Define Historical Default Probability. Explain detail Intensity. How you can estimate Default Probability from Bond Prices? 8

(b) How credit risk mitigation can be achieved using netting, Collateralization and downward triggers techniques? 8

(c) Explain Credit VAR. How Credit Metrics procedures can be use to calculate Credit VAR? 8

Section-'E'

5. (a) Explain Operational Risk. How analysing loss severity and loss frequency can help the companies to manage risk? 8

(b) How model risk an affect the valuation of Structured Product? How the problem in an structured product model can be identified? 8

(c) How Liquidity risk affect profitability of the company? Differentiate traditional and modern approach to liquidy risk. 8