

Code No: MB164C/R16

MBA IV Semester Regular Examinations, April-2018

RISK MANAGEMENT

Time: 3 Hours

Max. Marks: 60

*Answer Any FIVE Questions
All Questions Carry Equal Marks
Question No. 8 is Compulsory*

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| 1. a | List out the different types of Financial Institutions present in India? Explain the specific functions of each type of institution? | 8M |
| b | “Liquidity risk trigger other risks”. Elaborate the statement | 4M |
| 2. a | Explain the Repricing Gap Model for measuring interest rate risk? Also mention the limitations of the model? | 8M |
| b | Calculate the repricing gap and the impact on Net Interest Income ,if there is a 3% increase in interest rate, for Rs.300 crores of Rate sensitive assets and Rs.200 crores of Rate sensitive liabilities. | 4M |
| 3. a | Differentiate between a Forward contract and a Futures contract? | 6M |
| b | What are the various types of currency derivatives that are available for foreign exchange risk management? | 6M |
| 4. a | Explain the BASEL I agreement report in detail | 8M |
| b | Mention the Revised Risk Management norms of SEBI. | 4M |
| 5. a | Explain Moody’s KMV Portfolio Manager model for assessing credit risk? | 7M |
| b | Define a bond? Explain the characteristics of a bond? | 5M |
| 6. a | Explain the working of Bank for International Settlement.(BIS) | 6M |
| b | What is meant by maturity gap? Explain the maturity gap model in detail? | 6M |
| 7. a | Plot the Organizational structure for Market Risk? | 6M |
| b | Define the term Risk? Explain the sources of various risks? | 6M |

CASE STUDY

8. The share of X Co.ltd. is currently sold for Rs.60. There is a call option available at strike price of Rs.56 for a period of 6 months. Find out the value of the Call Option using Black-Scholes model, given that the rate of interest of the investor is 14% and the standard deviation of the return of the share is 30%.
Given that the value of $e^{-0.07}$ is 0.9324

