

2Hrs 30Mins

Total Marks: 75

Instructions:

1. All questions are compulsory subject to internal choice.
2. Use of simple calculator is permitted.

Q1A. State whether following statements are true or false (any8) (08)

1. The simplest form of interest rate risk is that the value of fixed income security which will fall because of an increase in market interest rates.
2. Systematic risk can be triggered at the losses of the economy on whole.
3. Equity spot markets in India follow T+2 settlement day period.
4. In 1944 – 1971 most of the countries around globe adopted Bretton Wood systems.
5. Options determine the theoretical fair value for a call or put option given certain known variables.
6. G-securities bear minimum default risk.
7. Zero Coupon bonds are always redeemed at face value only.
8. Loss of default depends upon exposure value and recovery rate.
9. The internal rating system reviews financial information only.
10. Duration analysis is defined as the average life of a financial instrument.

Q1B. Match the Column (any7) (07)

A	B
1. EAD	a. Moody's Corporation
2. Digital Banking	b. Buying a right
3. Annuities	c. Market Index
4. Selling Volatility	d. Cyber Security
5. Bond Rating Service	e. Minimum Rating P-2
6. Credit Availability	f. Straddle
7. Derivative	g. Exposure at Default
8. Fixed Rate Bonds	h. Risk
9. Commercial Paper	i. Pre-determined Interest Rate
10. Nifty	j. Stream of fixed cash flows

Q2 A. Discuss and Explain in brief the characteristics of Derivatives. (08)

B. Explain the eight components of COSO ERM Integrated Framework in brief. (07)

OR

Q2 A. Calculate the net pay off for the WRITER of put option in each case with the help of following information - (08)

The holder has an obligation to pay premium of Rs 2600 in each case.

SR.no	Exercise Price	Current Market Price
1.	15750	15750
2.	26250	24260
3.	28500	32500
4.	18350	21000

B. Discuss the characteristics of T- Bills (07)

Q3 A. Hedging refers to risk avoidance” Do you agree? Support your answer with appropriate explanation. (08)

B. Distinguish between Debt Funds and Debt Securities. (07)

OR

- Q3 A. Explain in brief the qualitative disclosure under Basel III norms (08)
 B. Compare and Contrast Certificate of Deposits and Commercial Papers (07)

- Q4 A. Calculate Beta with the help of following information (10)

Year	Average Share Price (Rs)	DPS (Rs)	Average Index	Dividend Yield (%)	Risk free Return (%)
2017	570	30	11500	12	7
2016	490	25	9500	15	6
2015	480	22	8500	14	5.5
2014	425	15	7500	10	5

- Q4 B. Give a brief outline on the role and components of BCBS. (05)

OR

- Q4 A. What do you understand by Credit Risk? List out the information required for evaluation of credit risk of an applicant. (08)

- Q4 B. Discuss the need and importance of risk measurement. (07)

- Q5 A. Critically evaluate Value at Risk as measure of risk. (08)

- B. Discuss the factors impact of market volatility on option pricing. (07)

OR

- Q5 Write Short notes on **any 3** (15)

1. ALCO
2. Operational Risk
3. Credit Life Cycle
4. RAROC
5. Futures
