

Exam. Code : 110104

Subject Code : 3832

Bachelor of Vocation (Banking & Financial Services)

4th Semester

MARKET RISK MANAGEMENT

Paper-BVC-405

Time Allowed—3 Hours]

[Maximum Marks—50

Note :- Attempt 10 short answer questions from Section A carrying 1 mark each. The length of answer to each question should be in up to 5 lines. Attempt 2 questions each from Section B and Section C carrying 10 marks each. The length of answer to each question in Section B and Section C should be in up to 5 pages.

SECTION-A

I. Write notes on :

- (1) Credit Risk
- (2) Define Risk
- (3) Value at Risk
- (4) Volatility
- (5) Stress test
- (6) Monte Carlo VaR
- (7) Option Risk

- (8) Currency Risk
- (9) Liquidity Risk
- (10) CAMEL
- (11) Marking to market
- (12) Duration analysis.

SECTION-B

- II. Define market risk. Explain different types of market risks and their impact on banks.
- III. Why do the banks need risk management ? Explain the process of risk management in detail
- IV. Explain in detail Basel II norms.
- V. What is Value at Risk (VaR) ? How do we calculate VaR for two assets portfolio ? Illustrate with example.

SECTION-C

- VI. Explain historical simulation approach to VaR in detail. What is the difference between historical simulation and Monte Carlo simulation ?
- VII. Explain Variance-Covariance approach to VaR in detail.
- VIII. What is stress testing ? What are the benefits of stress tests for banks ? What are the difficulties in applying stress tests ?
- IX. What is scenario analysis ? How do the banks develop and select the scenario ?