Name:

**Enrolment No:** 



## UPES

## End Semester Examination, May 2024

Course: Basel Accords Program: Integrated B.Com-MBA Course Code: FINC3060 Semester: II Time : 03 hrs. Max. Marks: 100

## **Instructions:**

SECTION A 10Qx2M=20Marks							
S. No.		Marks	СО				
Q 1	<ul> <li>What does VaR measure?</li> <li>A) The average return of an investment over a specific time horizon</li> <li>B) The guaranteed profit in a best-case scenario</li> <li>C) The maximum potential loss of a portfolio over a given time period, at a specific confidence level</li> <li>D) The historical volatility of a financial asset</li> </ul>	2	CO1				
Q2.	<ul> <li>Which financial institution primarily acts as an intermediary between savers and borrowers?</li> <li>A) Hedge fund</li> <li>B) Investment bank</li> <li>C) Central bank</li> <li>D) Commercial bank</li> </ul>	2	CO1				
Q3.	<ul> <li>Which financial product provides investors with exposure to a diversified pool of mortgages?</li> <li>A) Corporate bonds</li> <li>B) Treasury bonds</li> <li>C) Mortgage-backed securities</li> <li>D) Municipal bonds</li> </ul>	2	CO1				
Q4.	<ul> <li>Which risk type is associated with the potential for losses due to inadequate or failed internal processes, systems, or people?</li> <li>A) Credit risk</li> <li>B) Market risk</li> <li>C) Operational risk</li> <li>D) Liquidity risk</li> </ul>	2	CO1				
Q5.	<ul> <li>The GARP Code of Conduct primarily emphasizes:</li> <li>A) Transparency in financial markets</li> <li>B) Ethical behavior in risk management</li> <li>C) Maximizing shareholder wealth</li> <li>D) Regulatory compliance</li> </ul>	2	CO1				
Q6.	A financial derivative that allows the holder to buy or sell an underlying asset at a predetermined price on a specified date is called a:	2	C01				

	A) Forward contract		
	B) Swap		
	C) Option		
	D) Future contract		
Q7.	Which risk management tool evaluates the potential impact of extreme		
	events on a portfolio?		
	A) Option valuation	2	CO1
	B) Expected shortfall (ES)	-	cor
	C) VaR mapping		
	D) Fixed income valuation		
Q8.	The Capital Asset Pricing Model (CAPM) is primarily used to:		
	A) Measure market risk		
	B) Assess operational risk	2	CO1
	C) Determine credit risk		
	D) Estimate liquidity risk		
Q9.	Which financial market structure involves trading directly between parties		
	without the involvement of an exchange?		
	A) OTC markets	2	CO1
	B) Exchange markets	-	001
	C) Derivatives markets		
	D) Spot markets		
Q10.	Which Basel accord introduced capital requirements for operational risk?		
	A) Basel I	_	
	B) Basel II	2	CO1
	C) Basel 2.5		
	D) Basel III		
	SECTION B		
0.1.1	4Qx5M=20  Marks		
Q11.	Differentiate between risk assessment, risk measurement, and risk	5	CO2
0.1.0	management. How do these stages work together?		~~~
Q12.	Discuss why RAROC is important for financial institutions and how it	_	CO2
	helps them make informed decisions about investments and capital	5	
010	allocation?		<b>GO2</b>
Q13.	Distinguish between expected and unexpected loss in context of credit risk.	5	CO2
Q14.	Explain the concept of mortgage-backed securities (MBS) and discuss their	5	CO2
	role in the financial markets.	U	
	SECTION-C		
	3Qx10M=30 Marks		
Q15.	Analyze the concept of credit risk and its significance for financial		
	institutions and discuss methods for evaluating and managing credit risk		
	effectively.	10	CO3
		10	
	Or		

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