

M.B.A.- II (CBCS Pattern) Semester-III
PCB3EB2 - Risk Management and Derivatives

P. Pages : 1

Time : Three Hours



GUG/S/25/10708

Max. Marks : 70

- Notes :
1. Attempt **any five** question.
 2. All questions carry equal marks.

1. Define the Risk & explain the various types of the risk. 14
2. Discuss in detail the index & its economic Significance. 14
3. What is derivative? Discuss its participants & Economic Function of The Derivative Market. 14
4. State the basic assumption underlying Binomial Pricing Model. 14
5. Discuss option & various Strategies using in options. 14
6. Discuss the types and terminology used in future market. 14
7. Define the International portfolio diversification and risk management techniques. 14
8. Explain credit derivatives and its characteristics with suitable example. 14
9. Company A and X have been offered the following rate per annum on a \$ 200 million five year loan; 14

Company	Fixed Rate	Floating Rate
A	12.0	LIBOR + 0.1%
X	13.4	LIBOR + 0.6%

Company A requires a floating – rate loan; Company X requires a fixed rate loan. Design a swap that will net a bank acting as intermediary at 0.1 percent per annum and be equally attractive to both the companies.

10. Write a short note on **any two**. 14
 - a) Application of Index
 - b) Option Greeks
 - c) Binomial Model.
 - d) Corporate Exposure Management
