

Sr.No.10252

Exam Code: 110106

Subject Code : 2627

**Bachelor of Vocation (Banking & Financial Services) - 6th Semester
(2721)**

Paper : BVC 603 : Financial Risk Management

Time allowed: 2 hrs.

Max. Marks: 50

Note: There are EIGHT questions of equal marks. Candidates are required to attempt any FOUR questions.

SECTION A

1. Futures and options contracts are two commonly used tools for financial risk management; differentiate between them. Support your answer with appropriate examples.
2. Discuss in detail the process of risk management by a manufacturing organisation. Support your answer with suitable example.

SECTION B

3. What do you understand by financial risk faced by a business organisation. Explain sources of financial risk to the organisation.
4. Describe the following:
 - a. Liquidity risk
 - b. Foreign exchange risk
 - c. Interest rate risk
 - d. Business risk

SECTION C

5. Explain with the help of an example how a financial institution could hedge its position with the help of interest rate futures contracts.
6. You want to trade in stock futures contracts available on National Stock Exchange (NSE). Describe all the steps required to do so.

SECTION D

7. Describe the assumptions of Black-Scholes option pricing model.
8. What do you understand by a swap contract; explain a plain vanilla interest rate swap.

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