

QP CODE 2065516101

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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – DECEMBER 2024

Semester: VI 551CO61 RISK MANAGEMENT THEORY & PRACTICES

Time: 3:00 Hours

Max. Marks: 100

Answer any FIVE Questions (5 x 20 = 100 Marks)

1. a) Explain about Risk and Return in Risk Management with the aid of a chart. (10 Marks)
b) Explicate about the management of business Risk. (5 Marks)
c) Discuss about corporate risk management. (5 Marks)
2. a) Given a Variance of 0.0004139 calculate the currency volatility. (5 Marks)
b) Explain about stock market volatility. (5 Marks)
c) Discuss the key concepts of VaR. (10 Marks)
3. a) Explain about Hedging Linear Risk and list two hedging strategies. (5 Marks)
b) Discuss about the hedge ratio as regression Coefficient. (10 Marks)
c) Explain Duration hedging in brief. (5 Marks)
4. a) Elucidate about Settlement Risk and its types. (5 Marks)
b) Explain Credit Risk and its measurement. (10 Marks)
c) Explain Credit Derivatives. (5 Marks)
5. a) Explain about Operational Risk identification. (10 Marks)
b) Explain about Management of Operational Risk. (5 Marks)

- c) Explain the significance of credit risk management. **(5 Marks)**
- 6. a) Explain about Optimal Hedging. **(5 Marks)**
 - b) Discuss about Beta Hedging implementation. **(10 Marks)**
 - c) Briefly Explain about Non-linear Risk Hedging with strategies. **(5 Marks)**
- 7. a) Discuss the key steps of Management of Operational Risk. **(10 Marks)**
 - b) Explain about Risk Capital. **(5 Marks)**
 - c) Discuss about RAROC. **(5 Marks)**