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# DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – DECEMBER 2023

Semester: VI 551 AC65 RISK MANAGEMENT THEORY AND PRACTICE

Time: 3:00 Hours

Max. Marks: 100

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

1. a) Define risk management and explain why it's important in current business management? (10 Marks)  
b) Discuss the sources of risks. (10 Marks)
2. a) Explain the meaning of VAR and state its objectives in risk management.(10 Marks)  
b) Differentiate fixed income risk and equity risk. (10 Marks)
3. a) Illustrate the need for hedging in risk management. (10 Marks)  
b) Elucidate duration hedging. (10 Marks)
4. a) Explain the meaning of credit risk. (10 Marks)  
b) Discuss the types of credit derivatives. (10 Marks)
5. a) Explain the meaning of operational risk. (10 Marks)  
b) Illustrate how operational risk is identified? (10 Marks)
6. a) Define VAR and explain its importance in risk management. (10 Marks)  
b) Discuss the methods of VAR calculations. (10 Marks)
7. a) Illustrate the difference between pricing and hedging credit derivatives. (10 Marks)  
b) Elucidate credit risk models. (10 Marks)