

CS/BIRM/SEM-5/BIRM-506/2011-12

2011

ENTERPRISE RISK MANAGEMENT

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words
as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any ten of the following :

10 × 1 = 10

i) The full form of NPA is

a) Non-Protected Account

b) New-Promotional Asset

c) Non-Productive Asset

d) None of these.

ii) Which of the following is not a method of handling risk ?

a) Loss control b) Retention

c) Mark to mark d) None of these.

iii) The rate offered by bank on Euro currency deposits is
known as

a) Market Rate of Interest b) CRR

c) LIBOR d) None of these.

iv) Shifting in technology, patent expiration are examples of

a) Market Risk b) Strategic risk

c) Operational risk d) None of these.

v) Non-Diversifiable Risk is the other name of which of the
following risks ?

a) Market risk b) Pure Risk

c) Unique Risk d) None of these.

vi) Call option is

a) a special type of financing operation

b) a clause of insurance policy

c) a special type of banking operation

d) a special type of financial derivative.

vii) Risk Management is a

a) Technique b) Process

c) Philosophy d) Object.

viii) VAR analysis is similar to the concept of

a) maximum probable loss

b) maximum exposed loss

c) maximum loss

d) maximum market value loss.

ix) Uncertainty regarding the organizations goals and objectives is described under

a) speculative risk b) pure risk

c) strategic risk d) all of these.

x) NEV stands for

a) Net Extra Value

b) Net Economic Value

c) Net Enterprise Value

d) Non-Expenditure Value.

xi) Which of the following statements about speculative risks is true ?

a) They are almost always insurable by private insurers.

b) They are more easily predictable than pure risks

c) Their occurrence may benefit society

d) They involve only a chance of loss.

xii) Katelyn was just named Risk Manager of ABC

Company. She has decided to create a risk management program which considers all of the risks faced by ABC—pure, speculative, operational, and strategic—in a single risk management program. Such a program is called a (n)

- a) financial risk management program
- b) enterprise risk management program
- c) fundamental risk management program
- d) consequential risk management program.

GROUP – B

(Short Answer Type Questions)

Write short notes on any three of the following.

$3 \times 5 = 15$

- 2. What are the prerequisites of enterprise risk management ?
- 3. Articulate the differences between credit risk and market risk.
- 4. Define strategic risk. How can strategic planning be used to many risk. $2 + 3$
- 5. What are the sources of risk ?
- 6. Write a note on funded credit derivative.

GROUP – C

(Long Answer Type Questions)

Answer any three of the following. $3 \times 15 = 45$

- 7. a) Define Merger and Acquisition.
- b) Describe the strategic issues in merger and acquisition.

$5 + 10$

- 8. a) What do you mean by derivatives ?
- b) What are its types ?
- c) Explain the economic functions of derivatives ? $3 + 9 + 3$
- 9. a) How can you define market risk management ?
- b) Point out different methods to handle and control Market risk in detail.

c) Differentiate between risk and uncertainty. 3 + 10 + 2

10. a) What do you mean by ERM ?

b) What are the prerequisites of ERM ?

c) As a risk manager how do you measure operational risk ? 5 + 5 + 5

11. Write short notes on any three of the following : 3 × 5

a) Role of a risk officer

b) Pure risk

c) Methods of Credit risk management

d) Operational risk

e) Strategic risk management.