

**MASTERS OF BUSINESS ADMINISTRATION
(FINANCIAL MARKETS)
(MBAFM)**

Term-End Examination

June, 2013

MCT-077 : CREDIT RISK ANALYSIS

Time : 3 hours

Maximum Marks : 100

-
- Note : (i) Attempt any five questions.
(ii) All questions carry equal marks.*
-

1. Explain how insurers reduce insolvency risk though diversification of underwriting risk, re - insurance and investment choices. 20
2. How do restrictions on insurers capital and assets of a company limit the credit risk ? Elucidate. 20
3. (a) How is short term liquidity ascertained ? 10
(b) What is long term solvency ratio ? 10
4. (a) How is credit analysis done ? 10
(b) What is credit scoring ? 10
5. How does securitisation manage credit risk ? 20
Explain with a suitable diagram.

6. Explain the following terms :
(a) Operating Leverage. 10
(b) Financial Leverage. 10
7. Enumerate the types of fund and non-fund credit facilities offered by a Bank. 20
8. Write short notes on *any two* : 2x10=20
(a) Loans and Derivatives
(b) Stress Testing
(c) Credit Loss Profit
(d) Risk Rating Model
-