1) Financial Risk of a Firm can be avoided …
   a) If Firms Capital Structure is not leveraged.
   b) If Capital Structure is balanced between Equity and Debt.
   c) It is independent of Capital structure.
   d) No it can not be avoided.

2) Debt is a tax deductible and therefore.
   a) Debt is cheaper than Equity
   b) Debt is costlier than Equity
   c) Tax is also paid on interest Payment to lenders of company.
   d) None of the Above.

3) Credit Risk is similar as.
   a) Interest Rate Risk
   b) Liquidity Risk
   c) Default Risk
   d) Inflation risk

4) A proprietary trading by Bank may include trading in only
   a) Equity
   b) Debt
   c) Derivative
   d) All the Above.

5) The Bond price changes on account of Change in yield is called
   Price sensitivity of Bond and is best explained in terms of
   a) Bond Convexity
   b) Bond Volatility
   c) Bond Duration
   d) Bond Immunization.

6) Standard Deviation is measurement of
   a) Total risk
   b) Systematic Risk
   c) Market risk
   d) Non Systematic Risk

7) The downward rating of Asset of Bank Portfolio is an example of
   a) Liquidity Risk
   b) Credit Risk
   c) Interest Rate Risk
   d) Reinvestment Risk
8) A Loan Portfolio of a Bank Book display
   a) Prudential Credit Policy
   b) Policy of defined Lending Limit
   c) Credit quality and Risk Management
   d) All of the Above.

9) The Problem associated with American banks in 2008 were associated primarily due to
   a) Poor Quality Advances
   b) Inadequate collateral against the advances.
   c) Financial Re engineering of illiquid underlying Security in balance Sheet
   d) All of the Above.

10) Capital Adequacy is back on Bank Agenda post 2008 World wide as part of
   a) Risk management Tool.
   b) Capital Enhancement Strategy.
   c) Profit enhancement Strategy
   d) All of the Above

11) CAMELS is acronym associated with Risk management in
   a) Banking Sector In India
   b) Insurance Sector In India
   c) Mutual Sector In India
   d) Broking Firm In India

12) Post 2008, Banks are undergoing and assessing stress test as part of reinforcing
   a) Enhancement of Profit Potential
   b) Risk Management
   c) Efficiency of Banking Business
   d) None of the Above.

13) Operational Risk in bank is best explained by …
   a) It leads to Inefficiency in the output.
   b) It can lead to Systematic failure of banking transaction.
   c) It is about wrong assessment and inadequate distribution of internal resource and system.
   d) All of the above.
14) Worsening of Credit Quality leads to
   a) Credit Spread Risk
   b) Duration risk
   c) Counterparty Risk
   d) Market Risk

15) Assets on account of advances in banking Industry can be classified under risk category on account of
   a) Underlying rate of advance
   b) Underlying Collateral
   c) Maturity of Advances
   d) All of the Above