高顿财经

FRM 二级考试模拟题

2014 年 5 月

1. Local Company, a frequent user of swaps, often enters into transactions with Global Bank, a major provider of swaps. Recently, Global Bank was downgraded from a rating of AA+ to a rating of A, while Local Company was downgraded from a rating of A to a rating of A-. During this time, the credit spread for Global Bank increased from 20 bps to 150 bps, while the credit spread for Local Company increased from 130 bps to 170 bps. Which of the following is the most likely action that the counterparties will request on their credit value adjustment (CVA)?

A. The credit qualities of the counterparties have changed, but not enough to justify amending existing CVA arrangements.

B. Global Bank requests an increase in the CVA charge it receives.

C. Local Company requests a reduction in the CVA charge it pays.

D. CVA is no longer a relevant factor, and the counterparties will use other mitigates of counterparty risk.

answer: C 信用风险

2. The dependence structure between the returns of financial assets plays an important role in risk measurement. For liquid markets, which of the following statements is incorrect?

A. Correlation is a valid measure of dependence between random variables for only certain types of return distributions.

B. Even if the return distributions of two assets have a correlation of zero, the returns of these assets are not necessarily independent.

C. Copulas make it possible to model marginal distributions and the dependence structure separately.

D. Correlation estimates based on short lookback horizons (three months or less) are typically very stable.

answer: D 市场风险

3. A committee of risk management practitioners discusses the difference between pricing deep out-of-the-money call options on FB stock and pricing deep out-of-the-money call options on the EUR/JPY foreign exchange rate using the Black-Scholes-Merton (BSM) model. The practitioners price these options based on two distinct probability distributions of underlying asset prices at the option expiration date:

- A lognormal probability distribution
- An implied risk-neutral probability distribution obtained from the volatility smile for options of the same maturity

Using the lognormal instead of the implied probability distribution will tend to:
A. Price the option on FB relatively high and price the option on EUR/JPY relatively low.
B. Price the option on FB relatively low and price the option on EUR/JPY relatively high.
C. Price the option on FB relatively low and price the option on EUR/JPY relatively low.
D. Price the option on FB relatively high and price the option on EUR/JPY relatively high.
answer: A 市场风险

QUESTION 4 AND 5 REFER TO THE FOLLOWING INFORMATION
A profitable derivatives trading desk at a bank decides that its existing VaR model, which has been used broadly across the firm for several years, is too conservative. The existing VaR model uses a historical simulation over a three year look-back period, weighting each day equally. A quantitative analyst in the group quickly develops a new VaR model, which uses the delta normal approach. The new model uses volatilities and correlations estimated over the past four years using the Riskmetrics EWMA method.

For testing purposes, the new model is used in parallel with the existing model for four weeks to estimate the 1-day 95% VaR. After four weeks, the new VaR model has no exceedances despite consistently estimating VaR to be considerably lower than the existing model's estimates. The analyst argues that the lack of exceedances shows that the new model is unbiased and pressures the bank's model evaluation team to agree. Following an overnight examination of the new model by one junior analyst instead of the customary evaluation that takes several weeks and involves a senior member of the team, the model evaluation team agrees to accept the new model for use by the desk.
4. A VaR model replacement roughly similar to the one described above occurred at JPMorgan Chase for its Synthetic Credit Portfolio (SCP) in 2012. Which of the following correctly describes the outcome?
A. The new model immediately lowered the SCP's VaR by a large percentage, enabling the portfolio to stop breaching its risk limit.
B. Shortly after the implementation of the new model, JP Morgan's regulator inquired into the reasons for the model change and the considerable reduction in its risk estimate.
C. With the previous VaR model, the SCP routinely breached its risk limits, which had sparked detailed reviews of the SCP.
D. The new model was in effect for only a short time as JP Morgan became less concerned about reducing risk-weighted assets.
answer: A CURRENT ISSUER 第二篇

5. Which of the following statements about the risk management implications of this replacement is correct?

A. Delta normal VaR is more appropriate than historical simulation VaR for assets with non-linear payoffs.

B. Changing the look-back period and weighting scheme from three years, equally weighted, to four years, exponentially weighted, will understate the risk in the portfolio.

C. The desk increased its exposure to model risk due to the potential for incorrect calibration and programming errors related to the new model.

D. A 95% VaR model that generates no exceedances in four weeks is necessarily conservative.

answer: C 同第四

6. A bank uses the internal models approach for market risk and has generated the following risk measures (in USD millions) for the current trading book positions:

Confidence Level	Latest Available 10-day VaR	Average 10-day VaR of Previous 60 Days	Latest Available 10-day Stressed VaR	Average 10-day Stressed VaR of Previous 60 Days
99.0%	110	45	275	80
99.9%	280	85	888	350

The supervisory authority has set the multiplication factors to three for both VaR and stressed VaR. What is the capital requirement for general market risk?

A. USD 385 million

B. USD 410 million

C. USD 1,168 million

D. USD 1,330 million

answer: B 操作风险

7. You are asked to evaluate the VaR of a portfolio of two stocks, A and B, estimated at the 95% confidence level and gather the information in the following table:

Stock	Current Position (USD)	Individual VaR (USD)	Marginal VaR	Beta
A	2,000,000	263,177	0.068	1.3
B	3,000,000	444,110	0.080	0.9
Total	5,000,000			

What is the difference between the undiversified VaR and diversified VaR of this portfolio?

A. USD 314,487

B. USD 334,287

C. USD 353,550

D. USD 376,000

answer: B 投资管理

8. A credit risk analyst has estimated the probability of a particular firm defaulting in the next

year to be 1.25% using the Merton model. The risk analyst used his bank's definition of the default threshold, namely that default occurs when the firm's value falls below the value of its short term debt plus half the value of its long term debt. Suppose the bank switched from using the Merton model to using the KMV approach to estimate default risk with the following historical expected default frequency buckets:

Distance-to-Default	Expected Default Frequency
〈-4	0.3%
-4 to -3	0.3%
-3 to -2.5	0.6%
-2.5 to -2.0	1.6%
-2.0 to -1.6	3.8%
-1.6 to -1.2	8.3%
-1.2 to -0.9	14.9%
-0.9 to -0.6	22.7%

What would the new default probability be?

A. 0.3%

B. 1.6%

C. 2.8%

D. 3.8%

answer: B 信用风险

QUESTIONS 9 AND 10 REFER TO THE FOLLOWING INFORMATION

The portfolio manager for a hedge fund that trades index futures and currency options has asked a newly hired risk manager to use historical simulation VaR and ES to calculate the market risk for the fund's entire portfolio. The observation period is set to be the prior 100 trading days. The risk manager has generated the following chart of the 10 lowest portfolio returns during the most recent observation period.

Order	Return	Days Ago
1	-8.90%	98
2	-6.90%	69
3	-6.80%	99
4	-6.00%	41
5	-5.70%	92
6	-5.10%	90
7	-4.90%	44
8	-4.10%	26
9	-3.70%	37
10	-2.60%	5

The risk manager's best estimate of the 1-day 95% ES should be closest to the:

A. 1-day 90% VaR
B. 1-day 95% VaR
C. 1-day 97.5% VaR
D. 1-day 99% VaR
answer: C　　市场风险

10. Over the following 10 trading day the lowest portfolio return is -2.59%. Rounded to the nearest percent, what should the risk manager's result be for the updated 1-day 95% VaR?
A. 3%
B. 4%
C. 5%
D. 6%
answer: B　　市场风险

11. The market quoted credit default swap spreads for an A-rated counterparty are 325 bps per annum for all maturities out to five years. Assuming a loss given default rate of 40%, which of the following is closest to the implied risk-neutral probability that the counterparty will default at some point within the next two years?
A. 5%
B. 8%
C. 10%
D. 15%
answer: B　　信用风险

12. According to extreme value theory (EVT), when examining distributions of losses exceeding a threshold value, which of the following is correct?
A. To apply EVT, the underlying loss distribution must be either normal or lognormal.
B. The threshold value is typically chosen near the estimated mean of the underlying loss distribution.
C. The number of exceedances decreases as the threshold value decreases, which causes the reliability of the parameter estimates to increase.
D. As the threshold value is increased, the distribution of exceedances converges to a generalized Pareto distribution.
answer: D　　市场风险

13. Your bank is considering making a USD 500 million loan that will be fully funded by deposits paying an average annual interest rate of 2%. The loan has an interest rate 7% per year. The expected loss on this loan is assumed to be 1.5% and the operating costs associated with it are

assumed to be equal to 1% of the face value of the loan. Assuming that economic capital is set at 10% of the loan book and that it earns 6% per year, what is the risk-adjusted return on capital for this loan?

A. 19%

B. 25%

C. 29%

D. 31%

answer: D 操作风险

14. A risk manager wishes to fully hedge a GBP 100 million equity portfolio with a standard deviation of returns of 30% per year by using Asset A with a standard deviation of returns of 20% per year. The returns of the equity portfolio and Asset A are jointly normally distributed and have a correlation of 0.6. How much of Asset A will have to be sold short to accomplish this hedge?

A. GBP 18 million

B. GBP 33 million

C. GBP 90 million

D. GBP 150 million

answer: C 市场风险

15. A company that is domiciled in a country with a strong legal system is applying for a USD 1,000,000 loan with an annual interest rate of 5% to be used exclusively on expanding its business and not to repay current debt. The loan will be secured by the company's factory buildings, which have an appraised value of USD 2,000,000. The company views loans as an integral component of its working and long-term capital, and it has an annual operating profit of USD 30,000. Which of the following and long-term capital, and it has an annual operating profit of USD 30,000. Which of the following statements relating to the credit risk of this company can most likely be inferred from the given data?

A. The company's capacity to pay is low.

B. The company's willingness to pay is low.

C. The loan exhibits a high loss given default.

D. The loan's exposure at default will increase.

answer: A 信用风险

16. Analysts at a global bank are developing risk reporting systems to comply with the Basel Advanced Measurement Approaches. In setting a threshold for losses to be considered material for data collection purpose, which of the following is a prudent approach for the bank to use?

A. Use statistical evidence to justify that losses below the threshold would have an immaterial impact of capital calculations

B. Use statistical evidence to justify that losses below the threshold would have an immaterial impact of capital calculations

C. Select a single loss data threshold for all global subsidiaries which is equal to the appropriate threshold for the largest operation

D. Select a threshold based on the 99th percentile of the frequency distribution of its operational loss.

answer: A 操作风险

17. Capital conservation buffers have been established by the Basel Committee as part of measures designed to ensure that banks have enough capital to handle stress situations. Assuming no regulatory add-ons have been imposed, which of the following is correct?

A. If the bank has 8% Common Equity Tier 1 (CET1) capital with no Additional Tier 1 or Tier 2 capital, it would have zero conservation buffer and therefore be subject to a 100% constraint on capital distributions.

B. If the bank has 8% CET1 with no Additional Tier 1 or Tier 2 capital, it would satisfy the zero conservation buffer and therefore not be subjected to a constraint on capital distributions.

C. If the bank has 7% CET1 with no Additional Tier 1 or Tier 2 capital, it would have a 2.5% conservation buffer and therefore not be subjected to a constraint on capital distributions.

D. I the bank has 9.5% CET1 with no Additional Tier 1 or Tier 2 capital, it would have a 2.5% conservation buffer and therefore not be subjected to a constraint on capital distributions.

answer: A 操作风险

18. Which of the belowing statements about the process of estimating operational risk is correct?

A. When operational losses from two or more business units are combined, the unit with the heaviest-tailed distribution dominates the tail of the distribution of total losses.

B. An incidence of an extreme loss at a bank will usually result in changes to the bank's internal controls and processes which increase the likelihood of a similar loss event in the future.

C. The high excess kurtosis in typical operational loss distributions allows accurate quintile estimates to be made with a relatively small sample.

D. A bank with 10 years of historical loss data will have sufficient internal loss data to accurately estimate the percentile of its annual operational loss distribution.

answer: A 操作风险

19. Which of the following structured credit products does not allow its issuer to segregate the pool of underlying assets from its balance sheet?

A. Mortgage backed security

B. Collateralized debt obligation

C. Collateralized loan obligation

D. Covered bond

answer: D 信用风险

20. A portfolio risk analyst, who specializes in large capitalization US stock, is backtesting the firm's VaR model using two procedures:
Procedure A: Using the 'actual return' approach, the analyst measures the returns on a portfolio based upon the change in market values from the close of each business day to the close of the next business day.
Procedure B: Using the 'hypothetical return' approach, the analyst measures the returns on a portfolio based upon the change in market values of the assets held in the portfolio from the close of each business day to the close of the next business day, keeping all positions fixed.

The two procedures result in significantly different numbers of exceptions. The most likely cause of the different number of exceptions is:
A. Poor calibration of the VaR model.
B. Intraday trading in the portfolios.
C. Incorrect return distribution assumptions used in Procedure A.
D. The reduction of hypothetical returns by commission fees.
answer: B 市场风险

21. A risk analyst is asked to verify a VaR model by checking the rate of exceedances of the model. In the past year, there were eight exceedances of the 99% VaR. Is this evidence sufficient to reject the hypothesis, using a 99% test confidence level, that this particular VaR model is unbiased?
A. No, because the computed z=2.20.
B. No, because the computed z=2.29.
C. Yes, because the computed z=2.87.
D. Yes, because the computed z=3.47.
answer: D 市场风险

22. A risk manager is advising the trading desk about entering into a digital credit default swap as a way to obtain credit protection. Which cash flow and delivery requirement will the desk most likely experience in the event of default of the underlying reference asset?
A. Receive the pre-agreed cash payment; deliver nothing.
B. Receive [(Par Value)-(Market Value of Reference Asset)]; deliver the reference asset.
C. Receive [(Par Value)-(Market Value of Reference Asset)]; deliver nothing.
D. Receive the pro-agreed cash payment; deliver the reference asset.
answer: A 信用风险

23. A risk manager is researching the risk profile of a hedge fund by conducting the following regression of the fund's returns on the positive and negative returns of the S&P 500 ():

The results show that and and both coefficients are significantly different from zero.
What conclusion can the risk manager draw from the regression results?

A. The returns of the hedge fund exhibit severe asymmetric sensitivity to market movements.

B. The changes in the market returns cause the "phase-locking" behavior of the hedge fund.

C. This hedge fund benefits more from a positive S&P 500 return than it loses from a similar negative S&P 500 return.

D. Survivorship bias strongly affects the return style of this hedge fund.

answer: A 投资风险管理

24. A mutual fund manager is stress testing a portfolio to simulate large outflows from the fund. In the simulation, the manager assumes a liquidation of 50,000 shares of a company with a share price of USD 20. The daily return of this position is lognormally distributed with an estimated mean of 0.0% and volatility of 1.0%, and the average bid-ask spread of this position is USD 0.80. Using the constant spread approach, what is the best estimate of the 1-day 95% liquidity-adjusted VaR of this position?

A. USD 26,500

B. USD 36,300

C. USD 43,100

D. USD 56,500

answer: B 市场风险

25. The Basel II/III standard approach and the Solvency II basic approach to capital requirements take very different approaches to the benefits of diversification across risk classes and legal entities when calculating required capital. Under their respective Pillar I rules, which of the following statements is correct?

A. Solvency II sums the risk factor capital requirements without including any diversification benefit.

B. Basel II/III specifies a correlation matrix to use when calculating diversification benefits.

C. Solvency II incorporates diversification at the group level.

D. Basel II/III penalizes concentration risk.

answer: C 操作风险

26. Risk managers in a medium sized bank are trying to implement new tools to measure and manage counterparty credit risk. Most exposure to the bank's counterparties is through derivative contracts, but only some of the derivative counterparties have posted collateral. The risk managers are debating how the margined and non-margined counterparty exposure should be treated when calculating the exposure at default. Which of the following statements is correct?

A. The forecasting period should be as long as the life of the contract for both margined counterparties as well as non-margined counterparties.
B. The forecasting period should be no smaller than half the life of the contract for non-margined counterparties and can be chosen at any length for margined counterparties given the presence of collateral.
C. An identical forecasting period which is shorter than the life of the contract should be chosen for margined and non-margined counterparties in order to be able to aggregate the risk exposures.
D. A short forecasting period can be used for margined counterparties, while for non-margined counterparties it should correspond to the contract lifetime.
answer: A 信用风险

27. Which of the following activities or transactions would most likely result in right-way risk with a counterparty?
A. Purchasing a put option from an A-rated company on that company's stock.
B. Entering into a forward contract to buy West Texas Intermediate (WTI) crude oil from an airline company at a fixed price.
C. Entering into a forward contract to buy WTI crude oil from a large oil producer at a fixed price.
D. Selling a put option to an A-rated company on that company's stock.
answer: B 信用风险

28. A risk manager checks the valuations provided by the trading desk of several swap books and notices that all swaps with a certain counterparty are discounted using the 6-month LIBOR curve, while all the other swaps use a different curve. When the risk manager asks a particular trader about the choice of curves, the trader responds by saying that these positions are uncollateralized and that the 6-month LIBOR curve is the most appropriate curve to use. According to best practice, is the trader correct and why?
A. The trader is incorrect. Being uncollateralized does not change the value of the derivative positions, therefore using a different curve is incorrect.
B. The trader is incorrect. It is better to discount with the Overnight Index Swap curve, and use a Credit Valuation Adjustment to account for the Credit risk.
C. The trader is correct. In case of an uncollateralized position, the 6-month LIBOR curve is the best way to account for the credit risk of the uncollateralized position.
D. The trader is correct. The 6-month LIBOR curve is a good estimate of bank's borrowing cost, and since the uncollateralized positions are funded at this cost, using 6-month LIBOR discounting makes the most sense.
answer: D 市场风险

29. During a market crash in a certain country, some chief risk officers conclude that the

mandated use of VaR according to national banking regulations could be amplifying the market crash. To justify this conclusion, which of the following statements is correct?

A. When the market fails, VaR-driven bank capital requirements tighten, and banks have to sell off their assets, which puts pressure on the prices of these assets and leads to further losses.

B. VaR-driven bank capital requirements are not responsive to market movements, and banks cannot create extra capacity to enter the market and buy distressed assets.

C. The use of stressed VaR makes the capital requirements of the banks unstable.

D. The use of stressed VaR increases the capital charges for the banks especially during crises.

answer: A 操作风险

30. Prior to Jon Corzine's arrival, MF Global incurred a large loss due to unauthorized trading. This loss was an operational risk event, but quickly exposed the firm to other risks as well. Which of the following correctly describes a risk that MF Global was exposed to resulting from the unauthorized trading?

A. Counterparty credit risks as a result of the low credit quality of many of the trading counterparties

B. Asset liquidity risk as most of the trades involved illiquid assets that were difficult to unwind

C. Funding liquidity risk as the firm's debt was downgraded by rating agencies

D. Market risk related to the long positions in European sovereign debt

answer: C CURRENT ISSUE

QUESTIONS 31 AND 32 REFER TO THE FOLLOWING INFORMATION

A risk management consultant is involved in evaluating the capital planning at a US-based bank holding company (BHC) with over USD 100 billion in total consolidated assets. The evaluation includes looking at the stress testing program that is integral to the capital planning process.

31. In evaluating the BHC's design of stress scenarios, which of the following statements is correct?

A. Although the BHC may feel it is losing some of its independence, limiting the scenarios to those developed by the Federal Reserve will ensure regulatory compliance.

B. To avoid introducing bias, if the BHC uses private sector third-party-defined scenarios, they should be implemented without alteration.

C. In order to properly assess both right-way and wrong-way risk in stress environments, assumptions should be included that specifically benefit the BHC.

D. When developing scenarios internally, it is acceptable to combine expert judgment with quantitative models rather than relying only on the models.

answer: D current issue

32. In evaluating the modeling program at the BHC, which of the following statements is correct?

A. To reflect a range of economic conditions, the BHC should use long-run historical averages when estimating expected losses during periods of stress.

B. To compensate for the limited number of realized outcomes under stressful scenarios, when back-testing loss models, the BHC should compare results to those derived from different estimation approaches.

C. To avoid the imprecision that occurs when estimating loss models at a granular level, the BHC should strive to use aggregate high-level data for model estimation purposes.

D. To ensure consistency across business segments and portfolios, the BHC should use the fewest number of models possible to estimate losses across its business lines.

answer: B current issue

33. A bank enters into a swap agreement with a counterparty. The swap has no collateral requirements, and no netting agreements are present between the bank and the counterparty. The following data is available for the swap position:

- The counterparty expected exposure is 0.40% and approximately constant from month to month.
- The credit spread for a five year credit default swap on the counterparty is 500 bps.
- The counterparty's probability of default within five years is 10%.
- The 5-year effective duration of the swap is 4.0.

Assuming no wrong-way risk on the position, which value is the closest approximation of the credit value adjustment expressed as a running spread?

A. 2 bps

B. 4 bps

C. 5 bps

D. 8 bps

answer: A 信用风险

34. Many financial contracts, including corporate loans, mortgages, and swaps, are priced based on interbank lending and borrowing. The reliability and robustness of using interbank lending rates as reference rates has been questioned in recent years. Which of the following statements about interbank lending in the United States and Europe since 2007 is correct?

A. Bank reliance on unsecured interbank lending has increased and reliance on secured wholesale funding has decreased.

B. Bank reliance on both unsecured interbank lending and secured wholesale funding has decreased.

C. Bank reliance on both unsecured interbank lending and secured wholesale funding has increased.

D. Bank reliance on unsecured interbank lending has decreased and reliance on secured wholesale funding has increased.

answer: D current issue

35. Which of the following is a fundamental difference that must be understood and accounted for when comparing an AA-rated corporate bond and a private label AA-rated mortgage-backed security (MBS) pass-through?

A. Corporate bonds are exposed to systemic risk because a single corporate bond is undiversified, while MBS pools are immune to systemic risk because they consist of many mortgages.

B. Corporations have a dynamic capital structure because they can undergo restructuring by issuing more debt, while MBS pools have a relatively static capital structure.

C. Corporate ratings are based on default probabilities that are driven by quantitative models, while MBS ratings rely heavily on analyst judgment and qualitative factors.

D. Corporate ratings rely heavily on forecasts of economic conditions, while MBS ratings are based on the assumption of neutral economic conditions.

answer: B 市场风险

36. Historical credit default swap (CDS) spreads are not always available to be used to estimate VaR using historical simulation. Assume a firm requires two years of historical market data to compute its historical simulation VaR on a specific issuer but the first year of market data is not available. What is the best method to address the missing data issue?

A. Substitute the missing data with historical spreads on a market index such as CDX or ITraxx.

B. Extrapolate the missing data from data on the issuer's historical equity returns.

C. Calculate the historical simulation VaR for one year and scale the result by the square root of two .

D. Use available historical CDS spread data for another issuer in the same industry sector and credit rating.

answer: D 信用风险

37. The problem of asymmetric risk sharing between investors and fund managers in the hedge fund industry can be:

A. Increased by the existence of a high water mark.

B. Increased by high incentive fees for fund managers.

C. Decreased by low fund closure costs.

D. Decreased by limiting the amount that a fund manager can invest in any fund that he manages.

answer: B 投资风险管理

38. A large investment bank has just acquired a smaller regional competitor and is extending its best practices in the field of operational risk to the newly acquired company. As part of this process, management of the new subsidiary is reviewing which responsibilities should be

assumed by the board of directors and which should be assumed by senior management. For which of the following should the board of directors be responsible?

A. Implementing operational risk management systems across the organization

B. Developing a clear, effective and robust governance structure

C. Assigning responsibilities to , and reporting relationships between, the bank's risk managers

D. Periodically reviewing and approving the operational risk management framework

answer: D 操作风险

39. A risk analyst in a fund of funds is gauging the liquidity risk exposure of a hedge fund by examining the autocorrelation in the fund's returns. If found, a significant first-order autocorrelation coefficient of 0.5 for the monthly historical returns can be seen as an indicator of all of the following except:

A. High market frictions.

B. Historical return smoothing.

C. Engaging in a managed futures strategy.

D. Investments in the equity of non-public firms.

answer: C 投资风险管理

40. A German bank uses the loss distribution approach to estimate its operational risk. Which of the following decisions will most likely cause the bank to significantly overestimate its operational risk capital?

A. Establishing a minimum threshold of EUR 10,000 for internal and external operational loss events to be included in the dataset

B. Using a Gaussian copula to model dependence between several marginal loss distributions representing different business units at the bank

C. Assuming that operational loss events and severity across the bank's business units are perfectly dependent

D. Relying solely upon historical internal loss events and severity collected over the past five years

answer: C 操作风险

41. An analyst is reviewing the minutes of a recent credit review meeting at a bank. Listed below are four comments made at the meeting pertaining to the credit analysis of consumers, non-financial institutions, financial institutions, and sovereigns. Which of these statements is correct?

A. Due to the relatively small amount of credit advanced to individual consumers, scoring models are typically used as the only factor in determining the creditworthiness of consumers.

B. Due to publicly available information on consumers and the lack of information on non-financial institutions, credit analysis for non-financial institutions tends to be less detailed than that for consumers.

C. Due to the similarity of institutions that comprise the financial sector, the credit analysis of financial institutions tends to be more straightforward than the credit analysis of other institutions.

D. Due to there being fewer sovereigns than non-financial institutions, the credit analysis of sovereigns tends to include fewer factors than that of non-financial institutions.

answer: C 信用风险

42. A due diligence specialist is evaluating the risk management process of a hedge fund in which his company is considering making an investment. Which of the following statements best describes criteria used for such an evaluation?

A. Because of the overwhelming importance of tail risk, the company should not invest in the fund unless it fully accounts for fat tails using extreme value theory at the 99.99% level when estimating VaR.

B. Today's best practices in risk management require that a fund employ independent risk service providers and that these service providers play important roles in risk-related decisions.

C. When considering a leveraged fund, the specialist should assess how the fund estimates risks related to leverage, including funding liquidity risks during periods of market stress.

D. The fund's valuation policy is highly critical, and in general if more than 10% of asset prices are based on model prices or broker quotes, the specialist should recommend against investment in the fund regardless of other information available about the fund.

answer: C 投资风险管理

43. The global financial crisis highlighted the critical two-way link between banks and sovereigns Weaknesses in either of the two sectors can easily spread to the other, setting off a dangerous chain reaction that can quickly extend across national borders. Which of the following statements about European banks and sovereigns in the years leading up to the European sovereign crisis is correct?

A. In several European countries, as private credit-to-GDP ratios and property prices soared far above their long-term trends, financial institutions slowly began decreasing their leverage.

B. As signs of significant stress in the financial system surfaced in the summer of 2007, credit default swap spreads for European banks and sovereigns indicate that investors were equally concerned about the creditworthiness of banks and sovereigns.

C. The expansionary phase of the business cycle boosted the public sector's accounts, which encouraged several European governments to spend more freely.

D. By mid-2008, the primary credit rating agencies recognized the increased risks to European sovereign creditworthiness and began to lower sovereign credit ratings.

answer: A current issue

44. An analyst in the model validation team is reviewing the firm's latest VaR model. Which

practice is most likely to introduce model risk into a firm's VaR model?

A. Using a 99% confidence level instead of a 95% confidence level for a new simulation run

B. Assuming a stable correlation between assets in a hedged portfolio across a quarterly forecast period

C. Running a Monte Carlo simulation to estimate the standard deviation of the model's output

D. Backtesting the 95% VaR model whenever the 99% VaR estimate yields more than two exceedances in any monthly period.

answer: B 操作风险

45. An underwriter structures a collateralized loan obligation (CLO) composed of 100 identical loans, each with a notional value of GBP 800,000 to be repaid in one year with an interest rate of LIBOR+3%. The CLO has one planned payment at maturity and its capital structure is given by:

Tranche	Face Value	Coupon
Equity	GBP 5 million	
Mezzanine debt	GBP 10 million	LIBOR+5.0%
Senior debt	GBP 65 million	LIBOR+0.5%

At maturity the CLO accumulates GBP 6,625,000 of losses from defaults and unpaid interest. If LIBOR was flat at 1% over the 1-year period, and assuming no recovery on the defaults, how would the losses be absorbed by the capital structure?

A. The equity tranche will lose some of its value, and the other tranches will not be affected.

B. The equity tranche will lose all of its value, and the other tranches will not be affected.

C. The equity tranche will lose some of its value, and the mezzanine tranche will lose some of its value.

D. The equity tranche will lose all of its value, and the mezzanine tranche will lose some of its value.

answer: B 信用风险

46. Based on guidance from the Basel Committee, which of the following best describes a key principle for effective data aggregation and risk reporting?

A. The main goal of aggregating risk data should be to meet recurring and standard risk management reporting requests.

B. A bank should use same metrics and systems to report risk factors and aggregate risk data across the organization to ensure consistent reporting results .

C. Data and information technology infrastructure should fully support risk reporting practices under all market conditions.

D. Data should be aggregated on a largely manual basis but must be subject to automated validation to reduce the potential for human error.

answer: C 操作风险

QUESTIONS 47 THROUGH 50 REFER TO THE FOLLOWING INFORMATION

A pension fund invests in a variety of asset classes including bonds, equities, commodities and currencies. To meet growing pension liabilities, the fund's board has been putting a lot of pressure on the chief investment officer (CIO) to increase returns. One proposal that came up at the last board meeting was to invest in hedge funds. The chief risk officer (CRO), in preparing a quarterly report to the board, is concerned about giving an accurate and appropriate representation of the risk the fund faces, responding to several requests from the CIO for information to be included in the report, and investigating the issue of risks related to investing in hedge funds.

47. The CRO has noticed an increase in the fund's 1-month 99% VaR and wants to provide information relevant to determining which asset classes are responsible for the increase. Assuming the correlations of returns between asset classes in the fund are not all zero, which of the following is the most appropriate measure to use?

A. Calculating the Sharpe ratio of each asset class in the fund

B. Computing the beta of each asset class in the fund

C. Calculating the component VaR of each asset class in the fund

D. Computing the marginal VaR of each asset class in the fund

answer: D 投资风险管理

48. The pension fund currently has significant credit exposure to Europe and Asia. The CRO recommends changing the assumptions in the fund's risk models by increasing the default correlation between bonds issued in Asia. If the default correlation is increased and all the other parameters are kept the same, which of the following is correct?

A. The fund's expected loss will increase.

B. The fund's unexpected loss will decrease.

C. The fund's expected loss will decrease.

D. The fund's unexpected loss will increase.

answer: D 投资风险管理

49. One of the board members has suggested that the CIO look at several hedge funds that have reported strong performance in recent years. The CRO is familiar with many of these funds and is aware that several invest heavily in illiquid assets and that this may cause standard risk measures based on daily returns to give a misleading picture of their risk. Which of following statements about daily risk measures applied to hedge funds that invest in illiquid assets is correct?

A. Correlation with other investments will be artificially lowered, giving the appearance of low systematic risk.

B. Infrequent trading reduces the smoothing effects from mark-to-market valuation, giving the appearance of high volatility.

C. Returns of illiquid assets tend to exhibit negative serial correlation, leading to higher long-term volatility.

D. All else being equal, illiquid assets tend to have lower Sharpe ratios, causing the incorrect appearance of an illiquid premium.

answer: B

50. One hedge fund being reviewed recently made a presentation to the fund's investment team which includes the CRO. At the presentation, the representative from the hedge fund stated that one of their strategies involves seeking potential fixed income arbitrage opportunities by identifying particular government-guaranteed Ginnie Mae (GNMA) MBS that trade at higher yields than equivalent Treasury securities. Which of the following statements regarding these yield difference is correct?

A. Both securities have no default risk. Therefore, the yield differences represent arbitrage opportunities which the hedge funds can take advantage of by buying GNMA MBS and selling short equivalent Treasury securities.

B. Both securities have no default risk. Therefore, the yield differences represent arbitrage opportunities which the hedge funds can take advantage of by selling short GNMA MBS and buying equivalent Treasury securities.

C. The yield differences do not necessarily represent arbitrage opportunities. The GNMA MBS trade at higher yields than equivalent Treasury securities due mostly to their higher default probabilities.

D. The yield differences do not necessarily represent arbitrage opportunities. The GNMA MBS trade at higher yields than equivalent Treasury securities due mostly to their negative convexities.

answer: D

51. A credit analyst at a bank has been asked to produce an exposure analysis for three of the loans in the bank's portfolio. Loan information assembled by the analyst as well as the bank's internal default assumptions are shown below:

Loan	Tenor(years)	Notional(USD)	Loss Given Default	S&P Rating
1	2	30,000,000	0.75	
2	3	100,000,000	0.90	A
3	1	100,000,000	0.70	

	Probability of Default (PD)		
	Tenor (years)		
Loan Quality	1	2	3
Investment Grade	0.01	0.02	0.03
Non-investment Grade	0.05	0.1	0.2

There is no collateral provided by the borrower for these loans so the analyst uses the notional amounts provided above as the Exposure at Default. Which of the following correctly orders the expected loss for each loan from lowest to highest?

A. Loan 1 ＜ Loan 2 ＜ Loan 3
B. Loan 1 ＜ Loan 3 ＜ Loan 2
C. Loan 2 ＜ Loan 3 ＜ Loan 1
D. Loan 2 ＜ Loan 1 ＜ Loan 3
answer: A 信用风险

52. Computing VaR on a portfolio containing a very large number of positions can be simplified by mapping these positions to a smaller number of elementary risk factors. Which of the following mappings would be adequate?
A. EUR/GBP forward contracts are mapped on the EUR/CHF spot exchange rate.
B. Each position in a corporate bond portfolio is mapped on the bond with the closest maturity among a set of government bonds.
C. Government bonds paying regular coupons are mapped on zero-coupon government bonds.
D. A position in natural gas futures is mapped on a risk factor reflecting the returns of energy producers.
answer: C 市场风险

53. Which statement about risk control in portfolio construction is correct?
A. Quadratic programming allows for risk control through parameter estimation but generally requires many more inputs estimated from market data than other methods require.
B. The screening technique provides superior risk control by concentrating stocks in selected sectors based on expected alpha.
C. When using the linear programming technique, risk is controlled by selecting the portfolio with the lowest level of active risk.
D. When using the stratification technique, risk control is implemented by overweighting the categories with lower risks and underweighting the categories with higher risks.
answer: A 投资风险管理

54. A bank operates in a country that has mandated full compliance with the Basel III Accord. The bank's capital is provided in the table below:
Risk-Weighted Assets Amount (USD millions)
Total risk-weighted assets for credit risk1,355
RWA for credit risk-Basel III IRB Approach 1,137
CVA capital charge 218
Total capital charge for market risk36
Total capital charge for operational risk 48
Other Pillar 1 capital requirements0
What level of Risk-Weighted Assets should the bank report according to Basel requirements?
A. USD 1,137 million

B. USD 1,439 million
C. USD 1,853 million
D. USD 2,405 million
answer: D 操作风险

55. During the euro-zone crisis, the value of sovereign credit default swaps (SCDS) went up sharply, as market participants became nervous about the financial stability of some European countries. Some EU officials feared that this could have a dangerous effect on the value of the underlying government bonds. In late 2011, the European Union banned "naked" positions in SCDS (i.e. being long SCDS without also being long the underlying bond). Which of the following is the most likely outcome of such a restriction?
A. As the ban decreased the value of SCDS positions, the use of SCDS for hedging purposes increased.
B. Without speculators participating in the market, SCDS prices became a less accurate indicator of European credit stress.
C. Since only holders of the underlying government bonds were eligible buyers, the market for SCDS became better defined, and therefore, the liquidity risk of SCDS decreased.
D. With market participants such as hedge funds unable to buy SCDS without holding the underlying bond, the use of SCDS for negative basis trades was eliminated.
answer: A 投资风险管理

56. A bank is the fixed rate payer in a 4-year interest rate swap. The probability distribution for the portfolio mark-to-market (MTM) is shown in the following table:

Portfolio MTM (USD)	Probability
-4,000,000	10%
-1,500,000	20%
400,000	35%
2,500,000	20%
4,500,000	15%

The counterparty risk expected exposure of this swap is:
A. USD -700,000.
B. USD 615,000
C. USD 1,315,000
D. USD 4,500,000
answer: C 信用风险

57. Nordlandia is a country with a developed economy maintaining its own currency, the Nordlandian dirham (NLD), and whose most important export is demestically produced oil and natural gas. In a following is most consistent with being part of a coherent scenario?

A. An increase in domestic inflation and appreciation of the NLD
B. A significant increase in crude oil prices and a decrease in the Nordlandian housing price index
C. A drop in crude oil prices and appreciation of the NLD
D, A sustained decrease in natural gas prices and a decrease in the Nordlandian stock index
answer: D 市场风险

58. The credit risk team at a large investment management firm estimates interest rate changes using the Cox-Ingersoll-Ross model. A junior portfolio manager has asked them to explain the interaction between the level and volatility of the short-term interest rate under the model. Which explanation correctly describes this relationship?
A. Basis point volatility of the short-term rate increases as the level of the short-term rate increases.
B. Basis point volatility of the short-term rate is independent of the level of the short-term rate.
C. Basis point volatility of the short-term rate increases as the level of the short-term rate decreases.
D. Basis point volatility of the short-term rate initially increases as the level of the short-term rate increases before declining after the short-term rate passes the long term equilibrium for the short-term rate.
answer: A 市场风险

59. A mortgage analyst is reviewing a refinancing event. A New York City apartment building was originally purchased for USD 5,000,000 and financed with an interest-only hybrid adjustable rate mortgage (with a loan-to-value ratio, or LTV, of 80%) at an initial annual fixed rate of 2.75%. Before the interest-only period elapses, the building's appraised value drops to USD 4,000,000. The owner decides to refinance the existing mortgage with a 15-year fixed mortgage at an annual rate of 4.5% (LTV 80%) and uses cash to pay off the remainder of the original mortgage's principal balance. Assuming standard payments, which of the following is the best estimate of the immediate change in monthly payments as a result of the refinancing?
A. USD 15,000
B. USD 20,000
C. USD 25,000
D. USD 30,000
answer: A 市场风险

60. In the past few years, the markets have experienced very low interest rates, in some rate cases below zero. A risk manager is selecting an interest rate model which should reflect the following properties:
- Negative values should revert to a mean rate.
- The tree should be recombining to make computation feasible.

- The rates should be able to move between positive and negative values.

After researching various models, which of the following is most appropriate?

A. Black-Karasinski model

B. Vasicek model

C. Ho-Lee model

D. Constant drift model

answer: B 市场风险

61. A pension fund holds the following long positions on a non-dividend-paying biotech stock that is currently trading at USD 90:

- 70 call options with strike price of USD 70 and one month to expiration
- 20 call options with strike price of USD 110 and one month to expiration
- 80 forward contracts with one month to maturity

Each contract is on one share. If the daily volatility of the stock returns is 1.57% with a mean daily return of 0%, which of the following amounts would be closest to the 1-day 99% VaR of the portfolio, assuming 252tradiing days in a year?

A. USD 330

B. USD 385

C. USD 440

D. USD 495

answer: C 市场风险

62. Which of the following types of credit derivatives creates the least counterparty credit exposure for the protection buyer?

A. Total return swap

B. Equity default swap

C. Credit-linked note

D. Senior basket credit default swap

answer: C 信用风险

63. A bank's risk analyst has completed an inventory of firm-wide risks and has classified these risks as market, credit, or operational. Which of the following observations from the bank's data would be most consistent with typical features of industry data?

A. The operational risk distribution has a large number of small losses.

B. The credit risk distribution is symmetric and has relatively thin tails compared to normal distribution.

C. The market risk distribution has a large negative skew and very high kurtosis.

D. The firm-wide risk distribution is very similar to a normal distribution.

answer: A 操作风险

64. In reviewing the risk of the mortgage products held on the bank's balance sheet, the risk group starts by re-categorizing the various products held on the books. What distinguishes pass-through mortgage backed securities (MBS) from collateralized mortgage obligations (CMOs)?

A. Pass-through MBS can only be issued by government agencies and CMOs can be issued by government agencies and private issuers.

B. Pass-through MBS can be issued by government agencies and private issuers and COMs can only be issued by government agencies.

C. All investors in pass-through MBS are exposed to prepayment risk equally and in a CMO the prepayment risk may differ among the investors.

D. All investors in a CMO are exposed to prepayment risk equally and in a pass-through MBS the prepayment risk may differ among the investors.

answer: C 市场风险

65. A risk manager is analyzing the output of an age-weighted historical VaR model. After a long period of high volatility, the market has been very stable recently. The risk manager is concerned that the output may underestimate the risk in the market. The model would generate a higher risk estimate by:

A. Using a lower VaR confidence level.

B. Using volatility weighting in addition to age weighting.

C. Using bootstrapping to calculate VaR.

D. Using a smaller exponential rate of decay of the age weights.

answer: B 市场风险

QUESTIONS 66 AND 67 REFER TO THE FOLLOWING INFORMATION

You are a risk manager at a bank that has a large exposure as a protection seller in single-name credit default swaps (CDS). To value the positions, the trading desk collects bid and ask quotes from several dealers at the end of the day and uses these as guidance for determining a fair price for each position. Typically, the traders use a price near the bid price (the bid price being the premium someone will pay to buy protection) and have told you that they do this in order to be conservative. Recently, as bid/ask spreads have widened in the CDS market, the chief risk officer (CRO), who is under a lot of pressure to assist the bank through a difficult market period, has begun to push internally for pricing to be done using the mid-point between the bid and the ask quotes for all over-the-counter (OTC) derivatives.

66. What consequences might arise from the CRO's proposed switch for the CDS desk?

A. The bank will post a one-time gain related to the CDS positions which might help the bank's profitability but could cause unwanted scrutiny from regulators.

B. the bank will have to post more collateral related to the CDS positions and this could cause a liquidity problem.

C. The bank will not be in compliance with Basel requirements to use a conservative approach to pricing OTC instruments.

D. The bank will effectively reduce the periodic premium payments it must make on the CDS and this will help its liquidity position.

answer: B 信用风险

67. The treasury department of the bank has recently proposed becoming a protection buyer via single-name CDS for hedging purposes. Many of these CDS are on the same firms that the bank currently is a protection seller on. Since CDS tend to be illiquid and the treasury department does not have regular derivative-market contacts, it will use a standard CDS valuation model to price the contracts. To ensure accuracy, however, the model inputs and assumptions will be independently verified by the traders in the bank's CDS dealer function on a weekly basis. Which statement regarding this proposal is most accurate?

A. In pricing illiquid instruments that are used only for hedging purposes, banks should mark-to-model whenever possible.

B. In order to be in compliance with Basel regulations, the traders must verify the inputs and assumptions daily, not weekly.

C. Any change in the value of the CDS positions used for financial reporting purposes may have to be adjusted for regulatory reporting purposes.

D. The valuation model used by the treasury department, if determined to be useful, should be adopted by the trading desk.

answer: D 信用风险

68. An Asian call option is issued on a non-dividend-paying stock with a strike price of USD 50 and time to expiration of one year. If five days before expiration the price of the stock is USD 60 and the volatility is 10% annually, which of the following is closest to the delta of the option?

A. -0.5

B. 0.0

C. 0.5

D. 1.0

answer: B 市场风险

69. Which of the following Credit Support Annex (CSA) features would best mitigate the risk of a volatile market value of the posted collateral in a bilateral agreement?

A. Permission to rehypothecate the securities

B. Specification of a high threshold amount

C. Using a two-way CSA

D. Requirement to post an independent amount answer: D 信用风险

70. A 2-year zero-coupon bond with a face value of USD 1,000 is currently priced at USD 952.48. The firm uses a binominal pricing model with a 1-year time step for all of its valuations. If interest rates go down over the next year, the model estimates the bond's value to be USD 970, and if interest rates go up over the next year, the model estimates the bond's value to be USD 950. Using the risk-neutral probabilities implied by the model, and assuming the risk-free rate of interest is 1% per year, what should be the current value of a 1-year European call option on this bond with a strike price of USD 960?

A. USD 3.96

B. USD 5.94

C. USD 6.00

D. USD 9.90

answer: B 市场风险

71. A risk plan at an investment management organization should be incorporated as a separate section of the organization's strategic planning documents. Which of the following statements about the development of a risk plan is correct?

A. The risk plan should avoid setting explicit goals for expected return and volatility as these are portfolio managers' responsibilities.

B. The risk plan should avoid specifying how much of the organization's risk capital should be directed towards a particular objective.

C. The risk plan should focus on how key dependencies behave in bad environments only as good environments do not pose significant risk.

D. The risk plan should make a distinction between potential loss events that are merely disappointing and those that could threaten the survival of the firm.

answer: D 操作风险

72. A portfolio manager plans to add a new position of USD 100,000 to current portfolio of USD 10 million. The following information is included in his decision process:

	Portfolio	Asset A	Asset B
Mean return	20%	25%	25%
Correlation with portfolio	1.00	0.95	0.40
Volatility	35%	25%	30%
Tracking error	15%	12%	14%

Given a risk-free rate of 5%, which asset should the portfolio manager choose and why?

A. Asset A, since it has a lower Sharpe ratio.

B. Asset A, since it has a higher correlation.

C. Asset B, since it has a higher beta.

D. Asset B, since it has a higher Treynor ratio.
answer: D 投资风险管理

73. A bank is considering the acquisition of a smaller rival bank. As part of due diligence, a risk manager is investigating claims that the target bank had engaged in "predatory lending" during the housing bubble. Which of the following behaviors is evidence that predatory lending took place?
A. Granting an Alt-A loan based on unverified income and employment
B. Inducing a borrower to refinance repeatedly in order to collect fees
C. Steering borrowers into prime loans when they could only qualify for subprime loans
D. Concealing the true identity of the borrower from the lender
answer: C 信用风险

74. Pricing instruments usually requires first determining whether to use real-world or risk-neutral parameters. Which of the following statements about real-world and risk-neutral values is correct?
A. The KMV expected default frequency is a risk-neutral measure because it is based on the Merton model for debt pricing.
B. Risk-neutral values are more suitable for risk management applications than real-world values.
C. Risk-neutral values are based on no-arbitrage conditions in the market.
D. Risk-neutral default probabilities are usually equal to or lower than corresponding real-world default probabilities.
answer: C 信用风险

75. A bank has the following single name credit default swap contracts with a counterparty, with each contract maturing on March 31 of the maturity year.

Notional (USD)	Long/Short	Maturity Year	Coupon (bps)
50,000,000	Long Protection	2020	250
40,000,000	Short Protection	2020	150
5,000,000	Short Protection	2017	200

The bank is concerned with the counterparty's default risk and wants to reduce its exposure. If it uses trade compression for all possible trades, what is the resulting coupon of the compressed trades in basis points?
A. 100
B. 250
C. 375
D. 650
answer: A 信用风险

76. The Basel Committee suggests that banks should maintain three strong line of defense to help ensure an effective process of operational risk governance. according to the Basel Committee, the first line of defense should be the responsibility of:

A. A functionally independent corporate operational risk function.

B. Management staff of individual business lines.

C. An independent committee review of key processes and controls.

D. Knowledgeable third parties responsible for outsourced risk management functions.

answer: B 操作风险

77. In the years leading up to Jon Corzine's arrival at MF Global, short-term interest rates fell around the world. What impact did lower short-term interest rates have on MF Global's business?

A. By lowering the firm's cost of funds, it allowed MF Global to increase its net revenue.

B. By lowering the discount rate used for valuing its bond holdings, it allowed MF Global to record large gains on the asset side of its balance sheet.

C. By lowering the rate at which it could invest client cash and margin balances, it reduced MF Global's net revenue.

D. By decreasing the amount it received on its interest rate swap positions, it reduced MF Global's net revenue and resulted in large losses on the asset side of its balance sheet.

answer: B current issue

78. Consider a bank with a liquidity coverage ratio (LCR) of 120% which has USD 12 billion of high-quality liquid assets, all of which are Level 1 assets. The bank estimates its total expected outflows over the next 30 days to be USD 40 billion and its expected inflows to be USD 30billion over the same period. A day later, the bank receives an incremental, unexpected USD 2 billion in deposits from unrelated but AA-rated banks and invests the proceeds in Level 1 assets. What is the bank's new LCR after this unexpected inflow?

A. 100%

B. 117%

C. 133%

D. 140%

answer: D 操作风险

79. A USD 1,000,000 credit portfolio contains 15 holdings of equal face value. The portfolio's holdings are assumed to be independent, each with a recovery rate of 0% and a default probability of 5%. The credit VaR at a 95% confidence level for this portfolio is closest to:

A. USD 67,000.

B. USD 83,000.

C. USD 133,000.
D. USD 200,000.
answer: C 信用风险

80. Hedge funds may fail for many reasons so picking a fund requires extensive research. As an investor, when performing due diligence on a fund, which of the following findings would be of least concern?
A. Use of high leverage
B. Use of multiple prime brokers
C. High concentration of investments
D. Exposure to tail events
answer: B 投资风险管理