

# National Testing Agency

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## Introduction to Banking and Financial Markets.

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## Introduction to Banking and Financial Markets 1

<b>Section Id :</b>	864351616
<b>Section Number :</b>	1
<b>Section type :</b>	Online
<b>Mandatory or Optional :</b>	Mandatory
<b>Number of Questions :</b>	50

**Number of Questions to be attempted :** 50  
**Section Marks :** 100  
**Mark As Answered Required? :** Yes  
**Sub-Section Number :** 1  
**Sub-Section Id :** 864351788  
**Question Shuffling Allowed :** Yes

**Question Number : 1 Question Id : 86435114226 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

If a person wishes to receive 1000 CCU at the end of fifteen years at a return of 6.0% per annum compounded, he would have to save \_\_\_\_\_ CCU today.

- 1. 412.72 CCU
- 2. 410.35 CCU
- 3. 417.26 CCU
- 4. 427.17 CCU

**Options :**

- 86435147809. 1
- 86435147810. 2
- 86435147811. 3
- 86435147812. 4

**Question Number : 2 Question Id : 86435114227 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

A person has a choice to invest either in a taxable corporate bond paying 12% coupon or in a tax-free bond paying 8.75% coupon. In which bond should he invest, if he has to pay personal income tax @30%?

1. Taxable Corporate Bond
2. Tax-Free Bond
3. Both
4. None of the above

**Options :**

- 86435147813. 1
- 86435147814. 2
- 86435147815. 3
- 86435147816. 4

**Question Number : 3 Question Id : 86435114228 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

'Regulation' is meant to ensure the following:

1. All financial asset companies in the country will prosper
2. If one financial asset company fails, the other entities in the country will not be impacted
3. All financial asset companies fail in rapid succession
4. All of the above

**Options :**

- 86435147817. 1
- 86435147818. 2
- 86435147819. 3
- 86435147820. 4

**Question Number : 4 Question Id : 86435114229 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following factors contribute to interest rate risk?

1. Change in the risk profile of the investor
2. Unchanged risk profile of the investor
3. Change in the interest rate due to the change in macro-economic factors in the country
4. All of the above

**Options :**

- 86435147821. 1
- 86435147822. 2
- 86435147823. 3
- 86435147824. 4

**Question Number : 5 Question Id : 86435114230 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

If the expectation (as per pure expectation theory) is that yields will fall going forward. What happens to the flat yield curve then?

1. Slope downwards
2. Slope upwards
3. Shift in parallel
4. Doesn't change

**Options :**

- 86435147825. 1
- 86435147826. 2
- 86435147827. 3
- 86435147828. 4

**Question Number : 6 Question Id : 86435114231 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

REER \_\_\_\_\_ 100 denotes the currency is overvalued and \_\_\_\_\_ 100 denotes the currency is undervalued with respect to all currencies in its currency basket.

1. below ..... above
2. equal to ..... equal to
3. above ..... below
4. above ..... above

**Options :**

- 86435147829. 1
- 86435147830. 2
- 86435147831. 3
- 86435147832. 4

**Question Number : 7 Question Id : 86435114232 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following will be minimized when embed 'risk mitigation' (such as an insurance against default) at the time of issuing the loan?

1. Information asymmetry
2. Adverse selection
3. Moral Hazard
4. No impact

**Options :**

- 86435147833. 1
- 86435147834. 2
- 86435147835. 3
- 86435147836. 4

**Question Number : 8 Question Id : 86435114233 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

When the value of exports and imports are equal in any country, then they will have an \_\_\_\_\_ and \_\_\_\_\_ effect on the exchange rates.

1. opposite ..... similar
2. equal ..... similar
3. equal ..... opposite
4. opposite ..... opposite

**Options :**

- 86435147837. 1
- 86435147838. 2
- 86435147839. 3
- 86435147840. 4

**Question Number : 9 Question Id : 86435114234 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

NEER is an \_\_\_\_\_ to reflect the movement of a currency against a \_\_\_\_\_ of currencies.

1. integer ..... pair
2. integer ..... basket
3. index ..... basket
4. index ..... pair

**Options :**

- 86435147841. 1
- 86435147842. 2
- 86435147843. 3
- 86435147844. 4

**Question Number : 10 Question Id : 86435114235 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following attributes to a significant part of the liabilities in a bank's balance sheet?

1. Equity Shareholders
2. Bond Holders
3. Depositors
4. Borrowers

**Options :**

- 86435147845. 1
- 86435147846. 2
- 86435147847. 3
- 86435147848. 4

**Question Number : 11 Question Id : 86435114236 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Who among the following carries the 'counterparty risk' in an 'Over The Counter' transaction?

1. The Exchange
2. The individuals who are party to the transaction
3. The Central bank of that country
4. Government of that country

**Options :**

- 86435147849. 1
- 86435147850. 2
- 86435147851. 3
- 86435147852. 4

**Question Number : 12 Question Id : 86435114237 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following fear prevents financial intermediaries from lending or investing in firms?

1. Unforeseen Loss
2. Moral Hazard
3. Adverse Selection
4. Information Asymmetry

**Options :**

- 86435147853. 1
- 86435147854. 2
- 86435147855. 3
- 86435147856. 4

**Question Number : 13 Question Id : 86435114238 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Market interest rate is determined by the factors that control the \_\_\_\_\_ and \_\_\_\_\_ of loanable funds.

1. Inflation rate ..... tax rate
2. Coupon rate...interest rate
3. Supply...demand
4. Yield...return

**Options :**

- 86435147857. 1
- 86435147858. 2
- 86435147859. 3
- 86435147860. 4

**Question Number : 14 Question Id : 86435114239 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**



Liquidity premium theory suggests that the yield curve should always be:

1. Downward sloping
2. Upward sloping
3. Flat
4. Hockey stick

**Options :**

- 86435147861. 1
- 86435147862. 2
- 86435147863. 3
- 86435147864. 4

**Question Number : 15 Question Id : 86435114240 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

A company issued a 10-year bond two years ago. An investor bought the bond a year back and sells it today. How much would be the holding period for the investor in this scenario?

\_\_\_\_\_.

1. Ten years
2. Nine years
3. Two years
4. One year

**Options :**

- 86435147865. 1
- 86435147866. 2
- 86435147867. 3
- 86435147868. 4

**Question Number : 16 Question Id : 86435114241 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

In a REPO transaction, if the \_\_\_\_\_ value of the collaterals turn out to be \_\_\_\_\_ than the borrowed amount, additional collaterals are called for.

1. face ..... greater
2. face ..... less
3. mark-to-market ..... greater
4. mark-to-market ..... less

**Options :**

- 86435147869. 1
- 86435147870. 2
- 86435147871. 3
- 86435147872. 4

**Question Number : 17 Question Id : 86435114242 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

\_\_\_\_\_ is a post-dated payment instrument and is popularly referred to as

1. Time draft...Letter of Credit
2. Time draft...Bankers' Acceptance
3. Bankers' Acceptance...Purchase order
4. Letter of Credit...Bankers' Acceptance

**Options :**

- 86435147873. 1
- 86435147874. 2
- 86435147875. 3
- 86435147876. 4

**Question Number : 18 Question Id : 86435114243 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following does not support the statement 'investments in bonds issued by governments are generally risk-free'?

1. Governments of the country are considered the least risky
2. Government securities can be sold easily in the bond market
3. Government have more regulatory cushion from unforeseen liquidity risks
4. Coupon rate for government securities is generally higher than for corporate bonds

**Options :**

- 86435147877. 1
- 86435147878. 2
- 86435147879. 3
- 86435147880. 4

**Question Number : 19 Question Id : 86435114244 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

In the settlement process, buyer's security account is \_\_\_\_\_ with the shares purchased and the seller's bank account is \_\_\_\_\_ for the value of the shares sold.

1. debited...debited
2. credited...debited
3. debited...credited
4. credited...credited

**Options :**

- 86435147881. 1
- 86435147882. 2
- 86435147883. 3
- 86435147884. 4

**Question Number : 20 Question Id : 86435114245 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

The bid rate is the rate at which the foreign exchange dealer will \_\_\_\_\_ one unit of the base currency and ask rate in the rate at which the foreign exchange dealer will \_\_\_\_\_ one unit of the base currency.

1. buy...buy
2. sell...sell
3. buy...sell
4. sell...buy

**Options :**

- 86435147885. 1
- 86435147886. 2
- 86435147887. 3
- 86435147888. 4

**Question Number : 21 Question Id : 86435114246 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Exchange rate volatilities could be exasperated if \_\_\_\_\_ and \_\_\_\_\_ are permitted to trade freely in the foreign exchange market.

1. saints...rogues
2. saints...speculators
3. rogues...arbitragers
4. speculators...arbitragers

**Options :**

- 86435147889. 1
- 86435147890. 2
- 86435147891. 3
- 86435147892. 4

**Question Number : 22 Question Id : 86435114247 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Non-sterilized intervention would mean the Central bank intervenes only in the \_\_\_\_\_ market but not in the \_\_\_\_\_ market.

1. money...foreign exchange
2. foreign exchange...money
3. money...long term
4. long term...foreign exchange

**Options :**

- 86435147893. 1
- 86435147894. 2
- 86435147895. 3
- 86435147896. 4

**Question Number : 23 Question Id : 86435114248 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

In an 'exchange traded' environment, trades are \_\_\_\_\_ and settlement is \_\_\_\_\_ by the exchange.

1. transparent.....fixed
2. anonymous.....guaranteed
3. anonymous.....fixed
4. transparent.....guaranteed

**Options :**

- 86435147897. 1
- 86435147898. 2
- 86435147899. 3
- 86435147900. 4

**Question Number : 24 Question Id : 86435114249 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following is NOT true for securities issued by the government (G-Sec)?

1. The yield on G-Secs would be higher than the yield on short-term T-Bills
2. The yield on short-term T-Bills would be relatively more volatile than the yield on G-Secs
3. The yield on G-secs would be relatively more volatile than the yield on T-Bills
4. Changes in inflation and money supply would impact the short term T-bills more than the G-Secs

**Options :**

- 86435147901. 1
- 86435147902. 2
- 86435147903. 3
- 86435147904. 4

**Question Number : 25 Question Id : 86435114250 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

If the USD/CCU bid/ask spot rate is 65.20/45 and the one-month swap points is 15/25, then the one month USD/CCU forward rate is:

1. 65.35/50
2. 65.35/70
3. 65.65/50
4. 65.65/70

**Options :**

- 86435147905. 1
- 86435147906. 2
- 86435147907. 3
- 86435147908. 4

**Question Number : 26 Question Id : 86435114251 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

The interest rate on CDs would be marginally \_\_\_\_\_ than the discount rate on Treasury Bills for an identical term because issuers of the CDs are considered to be \_\_\_\_\_ risky than the government of that country.

1. higher...less
2. lower...less
3. lower...more
4. higher...more

**Options :**

- 86435147909. 1
- 86435147910. 2
- 86435147911. 3
- 86435147912. 4

**Question Number : 27 Question Id : 86435114252 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

In the private equity world, partnerships comprise institutional investors as \_\_\_\_\_ partners and a team of professional private equity investment managers as \_\_\_\_\_ partners.

1. private...public
2. limited...general
3. expensive...private
4. general...limited

**Options :**

- 86435147913. 1
- 86435147914. 2
- 86435147915. 3
- 86435147916. 4

**Question Number : 28 Question Id : 86435114253 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Indirect intervention implies Central banks will alter the \_\_\_\_\_ rate to minimise \_\_\_\_\_ rate volatility.

1. exchange.....exchange
2. exchange.....interest
3. interest.....exchange
4. interest.....interest

**Options :**

- 86435147917. 1
- 86435147918. 2
- 86435147919. 3
- 86435147920. 4

**Question Number : 29 Question Id : 86435114254 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

In the context of financial intermediation, 'Risk free manner' means 'no risk borne by the\_\_\_\_\_':

1. government
2. bank
3. savers
4. borrowers

**Options :**

- 86435147921. 1
- 86435147922. 2
- 86435147923. 3
- 86435147924. 4

**Question Number : 30 Question Id : 86435114255 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**



In a European put option strike price is USD/CCU 56.00 at a premium of CCU 0.25 per USD, what is the spot price at which the holder is indifferent to whether exercise the option or not.

1. 56.00
2. 56.25
3. 55.75
4. Need more information

**Options :**

- 86435147925. 1
- 86435147926. 2
- 86435147927. 3
- 86435147928. 4

**Question Number : 31 Question Id : 86435114256 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

The role of financial \_\_\_\_\_ is to intermediate funds from \_\_\_\_\_ to \_\_\_\_\_.

1. Savers...Borrowers...Intermediaries
2. Intermediaries...Borrowers...Savers
3. Intermediaries...Savers...Borrowers
4. Markets...Savers...Borrowers

**Options :**

- 86435147929. 1
- 86435147930. 2
- 86435147931. 3
- 86435147932. 4

**Question Number : 32 Question Id : 86435114257 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Using the unabridged Fisher equation, determine the nominal interest rate if expected inflation is 4.25% and the real interest rate is 1.75%.

(Please submit your answer rounded off to two decimal places; i.e. if your answer is 5.789% or equivalently 0.05789, then you should submit an answer of 5.79)

- 1. 5.59
- 2. 5.95
- 3. 6.07
- 4. 6.78

**Options :**

- 86435147933. 1
- 86435147934. 2
- 86435147935. 3
- 86435147936. 4

**Question Number : 33 Question Id : 86435114258 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

The price of a bond at any given point will be \_\_\_\_\_ than its face value if coupon rate is \_\_\_\_\_ than its yield to maturity.

- i. Lower...lower
- ii. Lower...higher
- iii. Higher...higher
- iv. Higher...lower

Select all that apply.

- 1. Only i
- 2. Only iii
- 3. Both i and iii
- 4. Both ii and iv

**Options :**

- 86435147937. 1
- 86435147938. 2
- 86435147939. 3
- 86435147940. 4

**Question Number : 34 Question Id : 86435114259 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

If the two-year interest rate quoted today is 8.75% and the one-year interest rate quoted today is 7.0%, what would be the one-year forward rate?

- 1. 10.44
- 2. 10.35
- 3. 10.53
- 4. 10.65

**Options :**

- 86435147941. 1
- 86435147942. 2
- 86435147943. 3
- 86435147944. 4

**Question Number : 35 Question Id : 86435114260 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following are two main triggers for insolvency in a financial asset company?

- i. Plant and Machinery that cannot be liquidated
- ii. Bad loans, i.e. loans that are not repaid by the borrowers
- iii. Investments that have a 'mark-to-market' loss
- iv. Assets that can be turned into cash readily

Select all that apply.

- 1. Only i
- 2. Only iv
- 3. Both ii and iv
- 4. Both ii and iii

**Options :**

- 86435147945. 1
- 86435147946. 2
- 86435147947. 3
- 86435147948. 4

**Question Number : 36 Question Id : 86435114261 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following would explain the reason for the dissimilarity between yields on commercial paper and treasury bills?

- i. Discounted nature of the instruments
- ii. Interest rate differential
- iii. Credit risk of the issuers
- iv. Rollover risk

Select all that apply.

- 1. Only ii
- 2. Both iii and iv
- 3. i, ii, and iv
- 4. ii, iii, and iv

**Options :**

86435147949. 1

86435147950. 2

86435147951. 3

86435147952. 4

**Question Number : 37 Question Id : 86435114262 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Rearrange the following options according to the process flow in a Bankers' Acceptance:

- (a) Exporter sends relevant documents to his bank;
- (b) Exporter ships the goods;
- (c) Importer issues purchase order;
- (d) Holder sells the time draft in the secondary market;
- (e) Importer's bank issues a Letter of Credit;
- (f) Exporter's bank forwards Letter of Credit to the exporter.

- 1. a, b, c, d, e, f
- 2. c, e, f, b, a, d
- 3. b, d, e, a, c, f
- 4. d, e, f, c, a, b

**Options :**

- 86435147953. 1
- 86435147954. 2
- 86435147955. 3
- 86435147956. 4

**Question Number : 38 Question Id : 86435114263 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Which of the following denote 'structural differences' between bonds and equity stocks issued by any firm?

- i. Bonds offer a contracted return whereas equity stocks offer a residual return
- ii. An investor can simultaneously hold the bonds as well as equity stocks issued by a firm
- iii. Return on equity stocks are intrinsically more volatile than the return on bonds
- iv. Risks in investing in the bonds issued by a firm are lower than the risk in investing in the equity stock issued by the same firm

Select all that apply.

- 1. Only ii
- 2. Both i and iv
- 3. i, iii, and iv
- 4. ii, iii, and iv

**Options :**

- 86435147957. 1
- 86435147958. 2
- 86435147959. 3
- 86435147960. 4

**Question Number : 39 Question Id : 86435114264 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Firm ABC has earnings before interest and tax of CCU 1500 million, corporate tax rate of 30%, and total long-term capital of 10,000 million currency units comprising: CCU 7,000 million of equity capital and CCU 3,000 million of debt (at an interest rate of 10% per annum). Say, 40% of the firm's debt is replaced by preference shares (on which dividend is payable @ 9% per annum). With that change, the revised capital structure of the firm will be:

1. Equity capital: CCU 4,200 million ; debt: CCU 3,000 million; preference capital: CCU 2,800 million
2. Equity capital: CCU 5,000 million; debt: CCU 1,000 million; preference capital: CCU 4,000 million
3. Equity capital: CCU 7,000 million; debt: CCU 1,800 million ; preference capital: CCU 1,200 million
4. Equity capital: CCU 7,000 million; debt: CCU 2,000 million ; preference capital: CCU 1,000 million

**Options :**

- 86435147961. 1
- 86435147962. 2
- 86435147963. 3
- 86435147964. 4

**Question Number : 40 Question Id : 86435114265 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**



The bond-holder will \_\_\_\_\_ if the yield to maturity goes \_\_\_\_\_ from the time he buys the bond to the time he decides to sell it.

- i. make a profit.....up
- ii. suffer a loss.....up
- iii. make a profit.....down
- iv. suffer a loss.....down

Select all that apply.

- 1. Only i
- 2. Both i and iv
- 3. Both ii and iii
- 4. Both ii and iv

**Options :**

- 86435147965. 1
- 86435147966. 2
- 86435147967. 3
- 86435147968. 4

**Question Number : 41 Question Id : 86435114266 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Control rights of the equity stockholders include:

1. Voting right proportioned to the percentage of equity stocks owned
2. Receive payment of the dividends proportional to their stock-holding in the firm
3. Elect the board of directors of the company
4. Approve the issue of additional equity stocks

Select all that apply.

1. Only ii
2. Both i and iv
3. i, iii, and iv
4. ii, iii, and iv

**Options :**

- 86435147969. 1
- 86435147970. 2
- 86435147971. 3
- 86435147972. 4

**Question Number : 42 Question Id : 86435114267 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

In the REPO market, the entity seeking liquidity is the \_\_\_\_\_ and the counter-party becomes the \_\_\_\_\_.

1. security borrower.....cash provide
2. cash provider.....security lender
3. security lender.....cash provider
4. cash provider.....security borrower

**Options :**

- 86435147973. 1
- 86435147974. 2
- 86435147975. 3

86435147976. 4

**Question Number : 43 Question Id : 86435114268 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

The currencies that have emerged most recently among the top ten currencies traded in the foreign exchange markets globally include:

- i. Chinese Yuan
- ii. Indian Rupee
- iii. Thai Baht
- iv. Mexican Peso

Select all that apply.

- 1. Only i
- 2. Only iii
- 3. Both i and iii
- 4. Both i and iv

**Options :**

86435147977. 1

86435147978. 2

86435147979. 3

86435147980. 4

**Question Number : 44 Question Id : 86435114269 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

If the exchange rate USD/THB is 36.00 and THB appreciates by 10% and USD/MYR is 4.0 and MYR depreciates by 5%, what is the new MYR/THB exchange rate?

- 1. 10.40
- 2. 7.77
- 3. 8.59
- 4. 9.20

**Options :**

- 86435147981. 1
- 86435147982. 2
- 86435147983. 3
- 86435147984. 4

**Question Number : 45 Question Id : 86435114270 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Using the annuity formula, determine the loan amount if the monthly mortgage payment is 400,000 CCU, the interest rate is 12% per annum and tenor of the loan is 10 years.

- 1. 29,807,021 CCU
- 2. 28,792,003 CCU
- 3. 27,880,209 CCU
- 4. 26,927,080 CCU

**Options :**

- 86435147985. 1
- 86435147986. 2
- 86435147987. 3
- 86435147988. 4

**Question Number : 46 Question Id : 86435114271 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

How much a person would have to set aside today if S/he wish to receive 100,000 CCU at the end of ten years at a return of 4.25% per annum compounded?

(Please select your answer rounded off to two decimal places; i.e. if your answer is 57.893, then you should submit an answer of 57.89)

1. 59,897.29 CCU
2. 55,695.83 CCU
3. 65,953.73 CCU
4. 56,953.73 CCU

**Options :**

- 86435147989. 1
- 86435147990. 2
- 86435147991. 3
- 86435147992. 4

**Question Number : 47 Question Id : 86435114272 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

An investor has two choices:

- (1) Invest USD 100,000 in the USD money market for 3 months at 3% per annum.
- (2) Convert USD 100,000 to GBP at the spot rate of GBP/USD 1.1550, invest in the London money market at 5% per annum.

If interest rate parity is to hold, what should be the 3 months forward exchange rate GBP/USD?

1. 1.1503
2. 1.1483
3. 1.1493
4. 1.1473

**Options :**

86435147993. 1  
 86435147994. 2  
 86435147995. 3  
 86435147996. 4

**Question Number : 48 Question Id : 86435114273 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Suppose there are four banks in any financial system: Bank A, Bank B, Bank C and Bank D.

Call Money Market Assumption: The financial system in that country is in equilibrium on that day.

Estimate the net cash surplus (or shortfall) for bank B and would it lend or borrow?

PARTICULARS	BANK A	BANK B	BANK C	BANK D
Cash Inflow	6000	11000	7000	15000
Cash Outflow	3350	10000	9100	11870
Reserve Requirments	720	1320	840	1800

1. -320, Lend
2. 1330, No Action
3. -320, Borrow
4. 1930, Lend

**Options :**

86435147997. 1  
 86435147998. 2  
 86435147999. 3  
 86435148000. 4

**Question Number : 49 Question Id : 86435114274 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

Bidding for T-Bill auction:

If the total securities on offer is: 425 million CCU

Face value of security: 100 CCU

Competitive bids received:

<b>Bidders</b>	<b>Price</b>	<b>Yield</b>	<b>Amount of securities bid for</b>
Bidder A	99.46	0.54	90 million CCU
Bidder B	99.44	0.55	110 million CCU
Bidder C	99.43	0.57	225 million CCU
Bidder D	99.41	0.59	100 million CCU

If the auction cut off yield is 0.57:

What would be the price for allotment of securities and which of the bidders will not get the allotment?

1. 99.44 CCU and Bidder A
2. 99.44 CCU and Bidder D
3. 99.43 CCU and Bidder A
4. 99.43 CCU and Bidder D

**Options :**

86435148001. 1
86435148002. 2
86435148003. 3
86435148004. 4

**Question Number : 50 Question Id : 86435114275 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 2 Wrong Marks : 0**

An investor has two choices:

(A) Invest USD 100,000 in the USD money market for 3 months at 4% per annum.

(B) Convert USD 100,000 to EUR at the spot rate of EUR/USD 1.25, invest in the German money market at 6% per annum.

If interest rate parity is to hold, what should be the 3 months forward exchange rate EUR/USD?

1. 1.22 EUR/USD
2. 1.24 EUR/USD
3. 1.26 EUR/USD
4. 1.28 EUR/USD

**Options :**

- 86435148005. 1
- 86435148006. 2
- 86435148007. 3
- 86435148008. 4