

National Testing Agency

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Banking and Financial Markets A Risk Management

Perspective-1

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Question Number : 1 Question Id : 60348916058 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

'Credit risk' reflects the _____ in the quality of assets of a financial institution and consequent potential _____ to the financial institution.

1. deterioration.....gain
2. improvement.....loss
3. deterioration.....loss
4. gain.....deterioration

Options :

60348960373. 1

60348960374. 2

60348960375. 3

60348960376. 4

Question Number : 2 Question Id : 60348916059 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

As per KMV model, _____ the 'statistical distance', _____ is the probability of default.

1. smaller.....greater
2. larger.....lower
3. smaller.....lower
4. grater.....smaller

Options :

60348960377. 1

60348960378. 2

60348960379. 3

60348960380. 4

Question Number : 3 Question Id : 60348916060 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Based on 'Pure Expectation Theory', when the overall expectation is that interest rates will fall going forward, the yield curve will _____.

1. slope upwards
2. remain flat
3. slope downwards
4. Not change

Options :

60348960381. 1

60348960382. 2

60348960383. 3

60348960384. 4

Question Number : 4 Question Id : 60348916061 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the domestic currency of a country appreciates, the firms in that country that source their components domestically will

1. be indifferent
2. lose
3. benefit
4. freeze

Options :

60348960385. 1

60348960386. 2

60348960387. 3

60348960388. 4

Question Number : 5 Question Id : 60348916062 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If on any date, if the spot exchange rate is equal to the strike price, then the option is _____.

1. In the money
2. Out of the money
3. At the money
4. Money

Options :

60348960389. 1

60348960390. 2

60348960391. 3

60348960392. 4

Question Number : 6 Question Id : 60348916063 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

"Protection Buyer" in a credit default swap wishes to _____ the risk associated with an asset (such as a loan) while "Protection Seller" agrees to _____ that risk.

1. shed.....reject
2. shed.....take-on
3. take-on.....shed
4. reject.....shed

Options :

60348960393. 1

60348960394. 2

60348960395. 3

60348960396. 4

Question Number : 7 Question Id : 60348916064 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

_____ the loss given default percentage on a loan, _____ will be the RAROC.

1. Higher.....lower
2. Higher.....higher
3. Lower.....lower
4. Similar.....greater

Options :

60348960397. 1

60348960398. 2

60348960399. 3

60348960400. 4

Question Number : 8 Question Id : 60348916065 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Eliminating liquidity risk requires the financial institution to hold assets that are highly _____, hence potential _____ in interest income.

1. priced.....increase
2. liquid.....increase
3. priced.....reduction
4. liquid.....reduction

Options :

- 60348960401. 1
- 60348960402. 2
- 60348960403. 3
- 60348960404. 4

Question Number : 9 Question Id : 60348916066 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

All open positions in the futures exchange are governed by _____ mechanisms, to eliminate the risk of defaults (by participants) devolving on the _____.

1. monitoring.....exchange
2. monitoring.....participants
3. margining.....exchange
4. margining.....participants

Options :

- 60348960405. 1
- 60348960406. 2
- 60348960407. 3
- 60348960408. 4

Question Number : 10 Question Id : 60348916067 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A Swap transaction comprises two foreign exchange transaction with _____ settlement dates and _____ trade date.

1. same.....same
2. same.....different
3. different.....same
4. different.....different

Options :

60348960409. 1

60348960410. 2

60348960411. 3

60348960412. 4

Question Number : 11 Question Id : 60348916068 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If USD 1.00 costs INR 50.00, then in the Indian foreign exchange market the 'indirect quote' will be:

1. INR/USD 50.00
2. INR/USD 0.02
3. USD/INR 50.00
4. USD/INR 0.02

Options :

60348960413. 1

60348960414. 2

60348960415. 3

60348960416. 4

Question Number : 12 Question Id : 60348916069 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Long-term debt in the balance sheet are not translated at the current exchange rate under _____ method of translation.

1. Current/Non-Current
2. Monetary/Non-Monetary
3. Temporal
4. Current Rate

Options :

- 60348960417. 1
- 60348960418. 2
- 60348960419. 3
- 60348960420. 4

Question Number : 13 Question Id : 60348916070 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Securitization enables financial institutions to _____ their long term loans and the associated risks to entities whose _____ are long term in nature.

1. transfer.....assets
2. transfer.....liabilities
3. sell.....assets
4. sell.....liabilities

Options :

- 60348960421. 1
- 60348960422. 2
- 60348960423. 3
- 60348960424. 4

Question Number : 14 Question Id : 60348916071 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Basel III attempted to address the ' _____ arbitrage' enjoyed by the _____ banking system.

1. Speculative.....shadow
2. Regulatory.....shadow
3. Speculative.....traditional
4. Regulatory.....traditional

Options :

60348960425. 1

60348960426. 2

60348960427. 3

60348960428. 4

Question Number : 15 Question Id : 60348916072 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Advanced Measurement Approach to operational risk requires the Bank to define _____ loss events in every _____ of the bank.

1. potential.....transaction
2. definite.....business
3. potential.....business
4. definite.....transaction

Options :

60348960429. 1

60348960430. 2

60348960431. 3

60348960432. 4

Question Number : 16 Question Id : 60348916073 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Basis Risk' refers to risk arising from cost of _____ and yield on _____ being linked to different _____ rates.

1. assets.....liabilities.....interest
2. liabilities.....assets.....benchmark
3. liabilities.....assets.....interest
4. assets.....liabilities.....benchmark

Options :

60348960433. 1

60348960434. 2

60348960435. 3

60348960436. 4

**Question Number : 17 Question Id : 60348916074 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

The 'Basic Indicator Approach' to measure operational risk is suitable for _____ banks with a _____ range of business activities.

1. small.....wide
2. large.....wide
3. small.....simple
4. large.....simple

Options :

60348960437. 1

60348960438. 2

60348960439. 3

60348960440. 4

**Question Number : 18 Question Id : 60348916075 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

As a result of Basel III guidelines, regulated Banks will find that their cost of capital will _____ and consequently lending rates will _____.

1. go-down.....go-down
2. go-up.....go-up
3. go-up.....go-down
4. go-down.....go-up

Options :

- 60348960441. 1
- 60348960442. 2
- 60348960443. 3
- 60348960444. 4

Question Number : 19 Question Id : 60348916076 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

An independent Central Bank is insulated from _____ pressures hence more likely to work on _____ objectives such as price stability, stable exchange rate, etc.

1. economic.....long-term
2. economic.....short-term
3. political.....long-term
4. political.....short-term

Options :

- 60348960445. 1
- 60348960446. 2
- 60348960447. 3
- 60348960448. 4

Question Number : 20 Question Id : 60348916077 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Solvency risk relates to the risk of a financial institution not having adequate _____ to cope with sudden _____ in the value of its assets.

1. cash flows.....decline
2. capital.....increase
3. cash flow.....increase
4. capital.....decline

Options :

60348960449. 1

60348960450. 2

60348960451. 3

60348960452. 4

Question Number : 21 Question Id : 60348916078 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which among the following is not a pillar of BASEL III?

1. Minimum capital standard
2. Market discipline
3. Continuous credibility assessment
4. Supervisory review

Options :

60348960453. 1

60348960454. 2

60348960455. 3

60348960456. 4

Question Number : 22 Question Id : 60348916079 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

CAR is calculated as a percentage on _____

1. Total risk-weighted asset excluding deferred revenue expenditure
2. Risk weighted asset excluding off-balance sheet assets
3. Only on RWA
4. Risk-weighted assets excluding current assets

Options :

60348960457. 1

60348960458. 2

60348960459. 3

60348960460. 4

Question Number : 23 Question Id : 60348916080 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Full form of NII

1. net income on investment
2. net interest income
3. non-investment income
4. none of the above

Options :

60348960461. 1

60348960462. 2

60348960463. 3

60348960464. 4

Question Number : 24 Question Id : 60348916081 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The risk that the counterparty will default in honouring the obligation:

1. Counter risk
2. Solvency risk
3. Credit risk
4. None of these

Options :

60348960465. 1

60348960466. 2

60348960467. 3

60348960468. 4

Question Number : 25 Question Id : 60348916082 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

BG and L/C issued by banks are:

1. Contingent liability
2. Contingent asset
3. Asset
4. Liability

Options :

60348960469. 1

60348960470. 2

60348960471. 3

60348960472. 4

Question Number : 26 Question Id : 60348916083 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Who among the following is an RBI approved domestic credit rating agency?

1. CRISIL LIMITED
2. ICRA LIMITED
3. All of these
4. None of these

Options :

60348960473. 1

60348960474. 2

60348960475. 3

60348960476. 4

Question Number : 27 Question Id : 60348916084 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Liquidity coverage guidance considers:

1. Liquidity Coverage Ratio
2. NFSR
3. All of these
4. None of these

Options :

60348960477. 1

60348960478. 2

60348960479. 3

60348960480. 4

Question Number : 28 Question Id : 60348916085 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The purpose of _____ is to protect the banking sector from periods of excess aggregate credit growth.

1. CCB
2. CCCB
3. All of these
4. None of these

Options :

60348960481. 1

60348960482. 2

60348960483. 3

60348960484. 4

**Question Number : 29 Question Id : 60348916086 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

CRR will be in the form of:

1. Cash deposit with self
2. Cash deposits with Central bank of the country
3. Either of these
4. None of these

Options :

60348960485. 1

60348960486. 2

60348960487. 3

60348960488. 4

**Question Number : 30 Question Id : 60348916087 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

What is the credit conversion factor rate for the unutilized amount of Cash Credit?

1. 10%
2. 20%
3. 30%
4. 40%

Options :

60348960489. 1

60348960490. 2

60348960491. 3

60348960492. 4

Question Number : 31 Question Id : 60348916088 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

From a liquidity perspective, time deposits are less risky for the following reasons:

- i. Time deposits have a specific maturity date
- ii. Closure prior to the maturity date is permitted for time deposits
- iii. In most cases, a penalty will be imposed for premature closure of time deposits
- iv. Penalty waived on premature closure of time deposits

Select all that apply.

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

Options :

60348960493. 1

60348960494. 2

60348960495. 3

60348960496. 4

Question Number : 32 Question Id : 60348916089 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Early warning of likely default could be indicated by which of the following:

- i. Delays in repayment of the loan (principal or interest) by the borrower
- ii. Significant increase in credit turnover in the borrower's bank account
- iii. Significant decrease in debit turnover in the borrower's bank account
- iv. Actual financial performance vs financial projections

Select all that apply.

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

Options :

60348960497. 1

60348960498. 2

60348960499. 3

60348960500. 4

Question Number : 33 Question Id : 60348916090 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

_____ variability in the exchange rate between two currencies implies _____ foreign exchange risk.

- i. high.....low
- ii. high.....high
- iii. low.....high
- iv. low.....low

Select all that apply.

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

Options :

60348960501. 1

60348960502. 2

60348960503. 3

60348960504. 4

**Question Number : 34 Question Id : 60348916091 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Investors in a securitization portfolio receive cash flows whenever:

- i. Borrowers meet their periodic loan repayment obligations
- ii. Borrowers pre-pay/pre-close their loans
- iii. Servicing agent fulfills the periodic loan repayment obligations
- iv. Servicing agent (the Originator) make good the loss by invoking the available credit enhancement

Select all that apply.

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

Options :

60348960505. 1

60348960506. 2

60348960507. 3

60348960508. 4

**Question Number : 35 Question Id : 60348916092 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

In asset securitization, the Special Purpose Vehicle (SPV) performs which of the following functions:

- i. Fund the receivables
- ii. Manage the securitization portfolio
- iii. Issue the asset-backed securities to investors
- iv. Trade in the asset-backed securities

Select all that apply.

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

Options :

60348960509. 1

60348960510. 2

60348960511. 3

60348960512. 4

Question Number : 36 Question Id : 60348916093 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Central banks have mandated that financial institutions that come out unfavourably in the stress test should do the following:

- i. Pay higher dividends
- ii. Ensure higher plough-back
- iii. Rework their business plan
- iv. Increase the size of their assets portfolio

Select all that apply.

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

Options :

60348960513. 1

60348960514. 2

60348960515. 3

60348960516. 4

**Question Number : 37 Question Id : 60348916094 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

In an RMBS transaction, credit (default) risk is eliminated using which of the following:

- i. Cash collaterals provided by the borrowers (homeowners)
- ii. 'Subordinated' structure
- iii. Credit derivatives such as CDS
- iv. Options and Futures

Select all that apply.

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

Options :

60348960517. 1

60348960518. 2

60348960519. 3

60348960520. 4

**Question Number : 38 Question Id : 60348916095 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Net Demand and Time Liabilities (NDTL) would be the sum of:

- i. Positive Net Inter-Bank Liabilities (NIBL)
- ii. Long Term liabilities
- iii. Current and Savings Account
- iv. Time Deposits
- v. Negative Net Inter-Bank Liabilities (NIBL)

Select all that apply

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

Options :

60348960521. 1

60348960522. 2

60348960523. 3

60348960524. 4

**Question Number : 39 Question Id : 60348916096 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Which of the following would be classified as risk-sensitive assets or as risk-sensitive liabilities in the balance sheet of a financial institution?

- i. Home mortgages
- ii. Investment in bonds
- iii. Cash
- iv. Commercial loans
- v. Off-balance sheet asset

Select all that apply.

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

Options :

60348960525. 1

60348960526. 2

60348960527. 3

60348960528. 4

Question Number : 40 Question Id : 60348916097 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Assets that can be securitized are evaluated for which of the following attributes:

- i. Homogeneity of the assets in the portfolio
- ii. The average size of the receivables
- iii. Maximum size of the receivables
- iv. Quality of the underlying assets
- v. Maturity composition of the assets

Select all that apply.

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

Options :

60348960529. 1

60348960530. 2

60348960531. 3

60348960532. 4

Question Number : 41 Question Id : 60348916098 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Banking Industry worldwide is highly regulated for which of the following reasons:

- i. Banks are a channel to implement monetary policy
- ii. Banks own high level of fixed assets
- iii. Banks hold a major portion of public savings
- iv. Banks operate with low equity capital
- v. Banks intermediate funds between savers and borrowers

Select all that apply.

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

Options :

60348960533. 1

60348960534. 2

60348960535. 3

60348960536. 4

**Question Number : 42 Question Id : 60348916099 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Pillar- 1 under Basel II covers which of the following risks:

- i. Liquidity risk
- ii. Operational risk
- iii. Credit risk
- iv. Solvency risk
- v. Market risk

Select all that apply.

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

Options :

60348960537. 1

60348960538. 2

60348960539. 3

60348960540. 4

**Question Number : 43 Question Id : 60348916100 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

Operational risk in a financial institution could result from:

- i. Breakdown in the institution's information technology platform
- ii. An exponential increase in non-performing loans
- iii. The terrorist attack on the institution's fixed assets
- iv. Increase in fixed assets
- v. Inadequate internal processes

Select all that apply.

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

Options :

60348960541. 1

60348960542. 2

60348960543. 3

60348960544. 4

**Question Number : 44 Question Id : 60348916101 Question Type : MCQ Option Shuffling : No
Is Question Mandatory : No**

Correct Marks : 2 Wrong Marks : 0

In the context of Risk-Weighted Assets, rank order the following in ascending order of risk-weight:

- A. Unsecured loans are given by a bank
- B. Cash
- C. Mortgage loans
- D. Investment in government securities (Treasury Bonds)
- E. Investment in corporate bonds issued by AAA-rated firms

- 1. B --> C --> D --> A --> E
- 2. B --> D --> C --> E --> A
- 3. D --> C --> E --> B --> A
- 4. E --> D --> B --> A --> C

Options :

- 60348960545. 1
- 60348960546. 2
- 60348960547. 3
- 60348960548. 4

Question Number : 45 Question Id : 60348916102 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

To hedge against a loan of CCU 100 million that the firm wishes to take three months from now, its CFO is like to use the futures market. Place the following actions in the correct sequence in order to help him hedge the risk:

- A. Borrow CCU 100 million in the spot market three months from now;
- B. Sell CCU 100 million in the futures market now;
- C. Buy CCU 100 million in the futures market three months from now.

- 1. A --> C --> B
- 2. C --> B --> A
- 3. B --> A --> C
- 4. A --> B --> C

Options :

60348960549. 1

60348960550. 2

60348960551. 3

60348960552. 4

Question Number : 46 Question Id : 60348916103 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Net Worth of a Bank is CCU 100 million. The Board of Directors of the Bank has decreed that loan losses attributable to any industry sector cannot exceed 20% of the Bank's Net Worth. If the expected loss percentage in a specific sector due to loan default is 50%, the maximum loan to that sector by the Bank can be _____.

1. CCU 20.00 million
2. CCU 30.00 million
3. CCU 40.00 million
4. CCU 10.00 million

Options :

60348960553. 1

60348960554. 2

60348960555. 3

60348960556. 4

Question Number : 47 Question Id : 60348916104 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Please go through the summarized balance sheet of a Bank given below and compute the **Tier-II Capital** that should be considered to estimate the Capital Adequacy Ratio of the Bank.

<u>Assets</u>		<u>Risk Weight</u>
Investment in Treasury & Municipal Bonds	500	5%
Investment in Corporate Bonds	700	100%
Commercial Loans (Unsecured)	1000	100%
Mortgage Loans	900	60%
Fixed Assets	600	0%
Cash	100	0%
TOTAL ASSETS	3800	

<u>Liabilities</u>	
Equity Capital	55
Retained Earnings	125
Provision for Bad Loans	150
Subordinated Debt	50
Customer Deposits	3420
TOTAL LIABILITIES	3800

<u>Off-Balance Sheet Items</u>		<u>RW</u>	<u>CF</u>
Letter of Credit Issued	1000	100%	50%
Foreign Exchange Contracts	1000	100%	15%
Interest Rate Swaps	500	100%	10%

1. 200
2. 180
3. 150
4. Need more information

Options :

- 60348960557. 1
- 60348960558. 2
- 60348960559. 3
- 60348960560. 4

Question Number : 48 Question Id : 60348916105 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Data for the last two years interest rate for a 15 day (fortnight) deposit is:

- (a) Mean value of 6%
- (b) Standard deviation of 0.60%
- (c) 26 fortnights in a year

Estimate the likely interest rate range (maximum and minimum) for a 15 day deposit commencing the coming fortnight at 95% (two sigma) confidence level.

- 1. 6.432 - 6.292
- 2. 6.325 - 5.597
- 3. 6.235 - 5.765
- 4. 6.142 - 5.553

Options :

- 60348960561. 1
- 60348960562. 2
- 60348960563. 3
- 60348960564. 4

Question Number : 49 Question Id : 60348916106 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The average return on a Portfolio of loan is 22% and the standard deviation is 35%. There is another loan that gives a return of 28% with a standard deviation of 42%. If the correlation coefficient is 0.27 and equal weightage on the new portfolio, calculate the return and risk for the 'New Portfolio'.

- 1. Return=26 ; Risk=31.28
- 2. Return=26 ; Risk=29.77
- 3. Return=25 ; Risk=29.17
- 4. Return=25 ; Risk=30.75

Options :

- 60348960565. 1
- 60348960566. 2
- 60348960567. 3
- 60348960568. 4

Question Number : 50 Question Id : 60348916107 Question Type : MCQ Option Shuffling : No

Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Please go through the summarized balance sheet of a Bank given below and answer the questions that follow:

Assets		Risk Weight	Liabilities	
Investment in Treasury & Municipal Bonds	500	5%	Equity Capital	55
Investment in Corporate Bonds	700	100%	Retained Earnings	125
Commercial Loans (Unsecured)	1000	100%	Provision for Bad Loans	150
Mortgage Loans	900	60%	Subordinated Debt	50
Fixed Assets	600	0%	Customer Deposits	3420
Cash	100	0%	TOTAL LIABILITIES	3800
TOTAL ASSETS	3800			

Off-Balance Sheet Items	Risk Weights	Conversion Factor
Letter of Credit Issued	1000	100%
Foreign Exchange Contracts	1000	100%
Interest Rate Swaps	500	100%

Compute the Capital Adequacy Ratio based on the above information.

1. 12.82%
2. 12.14%
3. 11.67%
4. 11.15%

Options :

60348960569. 1

60348960570. 2

60348960571. 3

60348960572. 4