

CAIIB PAPER NO. II – BANK FINANCIAL MANAGEMENT

1. Japanese correspondent bank requests you to credit INR 10 Mn. to their vostro account, how many USD they should credit to your nostro account if spot rate is 1 USD = INR 63.11/15.
2. Japanese correspondent bank has credited USD 100000/- to your nostro account, how many INR you will credit to their vostro account if the spot rate is 1 USD = INR 63.43/47.
3. If USD is quoted at INR 63.45/51, for how much Ram Prasad can get one USD if the margin is 0.08.
4. If USD is quoted at INR 63.14/18, how much Ram Prasad can get for one USD if the margin is 5 Paisa.
5. In the context of treasury what do you mean by YOURS.
6. In the context of treasury what do you mean by MINE.
7. 'Value Date' means the date on which.
8. What does 'Swap' mean.
9. Out of the followings, what is indicative of 'Negative Gap'.
10. Sanctioned Limit = 5 Lac, Balance Outstanding = Dr.3 Lac, RVS = 1.2 Lac. Account has been, for the first time, identified as NPA as on 31st March 2015. What will the classification & how much provision to be made as on 31st March 2015.
11. Which of the following is not a Derivative Instrument.
12. Interest Rate Risk is a type of .
13. 'The financial arrangement whereby a Financial Institution in the exporting country provides credit to the importer for purchase of the goods' is called .
14. Sale contracts wherein the price quoted includes all expenses relating to shipment, freight and insurance are known as.
15. How much is the BPV of the bond having Face Value Rs.1000/-, Coupon Rate 12%, Term to maturity 5 years and YTM at 14%.
16. How much is the BPV of the bond with Face Value Rs.750/-, Coupon Rate 15.50%, Term to maturity 3 years.
17. How much is the BPV of the portfolio if an investor invests as under

| No. of Bonds | BPV of the Bond |
|--------------|-----------------|
| 1 | 5 Paisa |
| 1 | 4 Paisa |
| 2 | 3 Paisa |

18. Bond portfolio of the bank is Rs.100 Cr., Face Value of the Bond = Rs.10000/-, BPV of the Bond = 2.5 Paisa. What would be the effect on the portfolio of the bank if rate of interest is reduced by 40bps.
19. A 5 year 9% semiannual bond at market yield of 7.50% has a price of Rs.106.16 which rises to Rs.107.45 at a yield of 7.20%. What is the BPV of the bond.
20. Ram Prasad bought a bond at Rs.980/- having Coupon of 15% and Term of 3 years. After 1 year when the rates had fallen and the YTM was 13%, he sold the bond. How much return he got?
21. If the Spot rate is Euro 1 = US \$ 1.500 and the interest rate in Europe is higher by 3% p.a than that in USA, what will, theoretically, be EURO's 90 days forward rate, assuming 360 days in a year.
22. VaR Rs.200000/- with 95% confidence level. If there are 250 trading days in a year
 - a. How many days in a year there is a possibility of loss of Rs.2/- Lac or more.
 - b. How many days in a year there is a possibility of loss of less than Rs.2/- Lac.
 - c. How many days in a year there is not a possibility of loss of Rs.2/- Lac or more.
 - d. How many days in a year there is a not a possibility of loss of less than Rs.2/- Lac.
 - e. How many days in a year there is not a possibility of loss of not of Rs.2/- Lac or more.
 - f. How many days in a year there is a not a possibility of loss of not less than Rs.2/- Lac.

23. If EURO is quoted at USD = 1.35/38 and USD is quoted at INR 63.16/20
- a. Ram Prasad needs to pay how much for an import bill of EUR 15000/-
 - b. Ram Prasad need to pay how much for import bill of USD 40000/- if margin is 0.08%.
 - c. How much Ram Prasad will get for his export bill of USD 25000/-
 - d. How much Ram Prasad will get for his export bill of EUR 30000/- if margin is 0.08.

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