

Version: 4.0

Question: 1

If the yield curve is upward sloping, a bank would not profit from:

- A. borrowing long and lending short
- B. borrowing short and lending long
- C. paying a higher rate on deposits than the market
- D. increasing the banks leverage

Answer: A

Explanation:

Question: 2

A dealer needs to buy USD against SGD. Of the following rates quoted to him, which is the best rate for him?

- A. 1.4320-25
- B. 1.4318-23
- C. 1.4315-20
- D. 1.4323-26

Answer: C

Explanation:

Question: 3

What is the probability of an at-the-money option being exercised?

- A. Less than 50% probability
- B. More than 50% probability
- C. 50% probability
- D. Zero probability

Answer: C

Explanation:

Question: 4

Are the forward points materially affected by changes in the spot rate?

- A. Never
- B. Only for very large movements and longer terms
- C. spot is the principal influence
- D. always

Explanation:

Answer: B

Question: 5

Under Basel III rules the meaning of RSF is:

- A. Riskless Stable Funding
- B. Required Stable Funding
- C. Riskless Supervised Funding
- D. Reviewed Supervisory Factor

Answer: B

Explanation:

