Q2(B)

$$= \frac{0.30}{0.15} \times 1.75$$

$$= 3.5$$

Q3B. Bank's Capital $= 700 + 900 = 1600$ thousands

$$KWE = [5000 \times 10\%] + [38000 \times 60\%] + [8000 \times 18\%] + [800 \times 100\%]$$

$$= 500 + 22800 + 1440 + 800$$

$$= 25540$$

$$CAR = \frac{1600}{25540} \times 100 = 6.26\%$$

Q4A.

	EP	CP	Execution	Premium	Net Pay
1.	3200	3500	Yes	100	200
	3700	3450	NO	100	(100)
	2000	2050	Yes	100	(50)
	3250	3000	Yes	100	150

Q 1A.

1. Risk
2. stock
3. Quotation
4. 1875
5. alphanumeric
6. NAV
7. credit life
8. direct
9. Intrinsic
10. Simulation

B

1. Implementation of GST – Legal & Regulatory Risk
2. Black Scholes Model – Option valuation
3. Current stock Price – Option Price – IV
4. T Bill – Auction only at RBI
5. Trading on EX – Open Electronic Limit Ord
6. Gap Analysis – Liquidity Risk
7. Kingfisher – Need for RM
8. Time value – Driver of Op. Price
9. CD – 7 days – 1 year
10. EURUSD – Currency Pair