1 Banks collect deposits and provide loans in the…
(a) indirect channel

2 One of the limitations of the yield to maturity is…
(b) assuming holding periods equal to the time to maturity of debt instruments

3 In the interbank market for deposits, the leading segment is represented by…
(a) secured operations

4 Which of the following is a typical market reference for floating interest debt instruments?
(d) Euribor

5 When a central bank launches a quantitative tightening program, the result is typically…
(c) an increase in interest rates and a decrease in money aggregates

6 A typical liability of a commercial bank is represented by…
(c) own bonds issued

7 The main revenue in the income statement of an insurance company is represented by…
(a) premiums earned

8 A stock gives 10 in dividends, growing at a 10% rate. What cost of capital in the Gordon model is consistent with a price of 100?
(c) 20%

9 If I hold a stock (cost: 100) and sell a call option on the same stock (strike: 100), the result at the exercise date will be positive if…
(d) if the stock's price is above 100 less the option's premium

10 An increase in trade barriers and tariffs usually produces the following effect on a currency:
(a) it appreciates

Open question (in a nutshell)

Two items affect pricing: the market reference (f.i. Euribor for floating and EurIRS for fixed interest) and the spread. The latter is influenced by three groups of elements: the nature of the operation (f.i. duration, loan to value, collateral), the borrower's (f.i. creditworthiness, financial situation, past behaviour) and the lender's conditions (f.i. strategy, competition, access to funding, existing portfolio).

Exercise

YTM of Bond A	(100/99)^(2)-1=	2,03%	
YTM of Bond B	(100/98)-1=	2,04%	
YTM of Bond C	(100/96)^(1/2)-1=	2,06% <---	this is the highest YTM
PTF DURATION	(99*1/2+98*1+96*2)/(99+98+96)=	1,16	