



# CCRA<sup>Q&As</sup>

Certified Credit Research Analyst

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### QUESTION 1

Butterfly strategy is a combination of

- A. Ladder and Barbell on the same market sides
- B. Barbell and Bullet on the opposite market sides
- C. Barbell and Bullet on the same market sides
- D. Ladder and barbell on the opposite market sides

Correct Answer: B

Reference: [https://books.google.com.pk/books?id=WTvNAAQBAJandpg=PA213andlpg=PA213anddq=Butterfly+strategy+is+a+combination+of+Barbell+and+Bullet+on+the+opposite+market+sides&source=bl&ots=cdWVJkVMRG&sig=XIB7YqySq5YDEUmEWusH5JCsjYandhl=en&sa=X&ved=2ahUKEwj3\\_pCrXN7eAhVkk8AKHYuDCwUQ6AEwBnoECAUQAQ#v=onepage&dq=Butterfly%20strategy%20is%20a%20combination%20of%20Barbell%20and%20Bullet%20on%20the%20opposite%20market%20sides&f=false](https://books.google.com.pk/books?id=WTvNAAQBAJandpg=PA213andlpg=PA213anddq=Butterfly+strategy+is+a+combination+of+Barbell+and+Bullet+on+the+opposite+market+sides&source=bl&ots=cdWVJkVMRG&sig=XIB7YqySq5YDEUmEWusH5JCsjYandhl=en&sa=X&ved=2ahUKEwj3_pCrXN7eAhVkk8AKHYuDCwUQ6AEwBnoECAUQAQ#v=onepage&dq=Butterfly%20strategy%20is%20a%20combination%20of%20Barbell%20and%20Bullet%20on%20the%20opposite%20market%20sides&f=false)

### QUESTION 2

The longer the term to maturity of bond:

- A. term to maturity and price of a bond are not related
- B. The lesser is the risk associated with price of a bond
- C. The higher is the return from the bond
- D. The more risk in the price of a bond

Correct Answer: D

Reference: <https://www.investopedia.com/university/advancedbond/advancedbond5.asp>

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### QUESTION 3

Following is information related banks:

Auckland Ltd is a public sector bank operating with about 120 branches across India. The bank has been in business since 1971 and has about 40% branches in rural areas and about 75% of all branches are in Western India. On the basis of the size, Auckland Ltd will be ranked at number 31 amongst 40 banks in India. Although top management has appointment period of 5 years, generally they retire on each sieving age of 60 years with an average tenure of only 2 years at the top job.

Profit and Loss Account



Particulars	FY11	FY12	FY13
Interest on advances bills	124,000	182,000	283,000
Interest on investments	15,000	18,000	14,000
Interest on balances with Banking Regulator and other inter-bank funds	1,100	1,000	1,700
Other interest income	40,000	49,000	54,000
Other Income	80,000	95,000	99,000
Total Income	260,100	345,000	451,700
Interest expenses	105,000	148,000	235,000
Operating expenses	23,000	28,000	32,000
Total expenditure	128,000	176,000	267,000
Operating Profit	155,100	197,000	216,700
Provisions	72,000	102,000	174,000
Profit before tax	83,100	95,000	42,700
Tax	16,600	19,000	8,500
Profit after Tax	66,500	76,000	34,200

## Balance Sheet

Assets	March 31 2011	March 31 2012	March 31 2013
Cash and Balances with Reserve Bank of India	120,000	420,000	770,000
Balances with Banks and Money at Call and Short Notice	745,000	789,000	1194,000
Investments	598,000	689,000	1139,000
Advances	1432,000	1709,000	2485,000
Fixed Assets	223,000	234,000	245,000
Other Assets	567,000	670,000	970,000
TOTAL	3685,000	4511,000	6803,000

Liabilities	March 31 2011	March 31 2012	March 31 2013
Capital	31,000	31,000	42,000
Reserves and Surplus	294,000	370,000	1154,000
Deposits	2100,000	2120,000	2450,000
Borrowings	960,000	1590,000	2657,000
Other Liabilities and Provisions	300,000	400,000	500,000
TOTAL	3685,000	4511,000	6803,000



The rating wise break-up of assets for FY11 is as follows:

Rating	FY11
AAA	120,000
AA	530,000
A	220,000
BBB	150,000
BB and below	310,000
Unrated	102,000
Total	1432,000

The core spreads for FY13 as compared to FY12 have:

- A. Expanded by 136 bps
- B. Contracted by 327 bps
- C. Contracted by 136 bps
- D. Expanded by 191 bps

Correct Answer: C

#### QUESTION 4

A coupon bond is trading at 110% of the USD 1000 par value. If the last interest payment was made one month ago and the coupon rate is 12%, the accrued interest on this bond is\_\_\_\_\_

- A. 110
- B. 100
- C. 120
- D. 10

Correct Answer: D

Reference: <http://www.faculty.umassd.edu/xtras/catls/resources/binarydoc/2288.pdf>

#### QUESTION 5

Following is information related banks:

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Cost to income ratio is best for which year

- A. FY13
- B. FY11
- C. Same FY11 and FY12
- D. FY12



Correct Answer: A

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