

THE HONG KONG POLYTECHNIC UNIVERSITY
HONG KONG COMMUNITY COLLEGE

Subject Title : Financial Markets and Institutions **Subject Code** : CCN2114

Session : Semester Two, 2016/17

Numerical Answers

Question B1

- (b) $r = 5.498\%$
- (e) operating ratio is 104%

Question B2

- (c) CAR is 5.48%
- (d) liquidity ratio is 25%
- (e) Compensation amount is \$500,000

Question B3

- (b)(ii) Net interest margin is 8.1%
- (b)(iii) Duration gap is +3.2 years
- (c) Duration is +3.56 years

Question B4

- (a)(i) Tier 1 capital is \$240M
- (a)(ii) Tier 2 capital is \$250M
- (a)(iii) CAR is 24%
- (a)(iv) leverage ratio is 23.11%
- (b)(i) Net liquidity position is -\$19M