

**RISK
MANAGEMENT
QUESTIONS
BY
LEARNING
SESSIONS**



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Q.1 Which of the following statements is incorrect with respect to Pools created for homogeneous exposures?

- A.) Retail exposures composed of small loans
- B.) Personal loans, auto loans, mortgage loans, consumer credit loans
- C.) Corporate loans
- D.) Estimation of the risk components PD, LGD, EAD of the identified pool



RSTU

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Q.2 Credit rating agencies determine interest rates on debt securities.

- A.) False
- B.) True
- C.) Difficult to say
- D.) None of the above



Q.3 Which of the following risk is managed at Portfolio level?

- A.) Credit Risk
- B.) Market Risk
- C.) Liquidity Risk
- D.) Operational Risk



Q.4 What best describes: Systemic risk

- A.) Failure of a bank, which is not adhering to regulations
- B.) Failure of two banks simultaneously due to bankruptcy of one bank
- C.) Where a group of banks fail due to contagion effect
- D.) Failure of entire banking system



Q. 5 Operational Risk is defined as the risk of direct and indirect loss resulting from inadequate or failed internal process, people and systems or from External events.

- A.) This definition includes legal risks but excludes strategic and reputational risk
- B.) Includes legal risk & reputational risk
- C.) Includes strategic & reputational risk only
- D.) None of the above



Q.6 The seller of goods shipped the goods on time but due to some mistake, the goods have been delivered at some other destination. Such risk to the buyer is called

- A.) Seller Risk
- B.) Buyer risk
- C.) Market Risk
- D.) Shipping Risk



Q.7 Falling interest rates cause NAVs of debt mutual fund to go down.

- A.) False
- B.) True
- C.) Difficult to say
- D.) None of the above



Q.8 What is best described as Net Interest income?

- A.) Interest earned on advances
- B.) Interest earned on investments
- C.) Total interest earned on advances and investment
- D.) Difference between interest earned and interest paid



Q.9 Increasing Government borrowing will raise interest rates.

- A.) False
- B.) True
- C.) Difficult to say
- D.) None of the above



Q.10 If an asset has zero beta, in which of the following ways can it be described?

- A.) It is very risky
- B.) It is risk free
- C.) It is riskier than the market portfolio
- D.) It has the same risk as the market portfolio



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ANSWER

- 1.) Corporate loans
- 2.) False
- 3.) Liquidity Risk
- 4.) Failure of entire banking system
- 5.) Includes legal risk & reputational risk
- 6.) Shipping Risk
- 7.) False
- 8.) Difference between interest earned and interest paid
- 9.) True
- 10.) It is risk free



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