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CAIIB BFM

MOCK TEST

Note: Though we had taken enough care to go through the questions, we advise everyone to update oneself with the latest information through RBI website and other authenticated sources**.**

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CAIIB - BFM MOCK TESTS

Given down are some questions for you to solve on the CAIIB's subject of BFM i.e Bank Financial Management.

Try to solve the given mock test of BFM within 10 Minutes & then, can check the answers from the answer key provided at the last of this article!!

Complete this test sincerely & DO NOT look up the answers until & unless you have marked your answers!!

BFM- CAIIB MOCK TEST

No.	QUESTION
1	NRIs are allowed or permitted (with the prior permission of RBI or SEBI) to invest on non-repatriation basis in Money Market Mutual Funds i.e MMMFs floated by which companies or financial institutions. a. Domestic public and private sector companies b. Commercial banks and Public and Private sector Financial Institutions c. Both of the above d. NRIs are not permitted to invest in MMMFs
2	Sale proceeds of immovable property which was acquired in India by an NRI out of repatriable funds _______. a. Sale proceeds can be repatriated without any lock in period b. Sale proceeds cannot be repatriated c. Sale proceeds can be repatriated only after 10 years from purchase date d. NRIs are not permitted to buy immovable property in India
3	Losses from the failed transaction processing are classified under 'Event Type Classification' as what? a. Business Disruptions & System failure b. Execution, Delivery & Process Management

	c. Clients, Products & Business Practices d. None of the above
4	What are the features of Net Interest Income (NII)? (i) NII is a tool for measuring the impact of volatility on the short-term profits, (ii) NII indicates the difference b/w interest income & interest, (iii) Short term profits can be stabilized by minimizing fluctuations in NII a. Only (i) & (ii) b. Only (i) & (iii) c. Only (ii) & (iii) d. (i), (ii) & (iii)
5	Quantitative disclosures in respect of capital requirements for market risk in trading book do not include which of the following? a. Foreign Exchange Risk b. Risk of Interest Rate c. Securitization Exposures d. Equity Position Risk
6	An economist will define the exchange rate b/w 2 currencies as the ___________. a. Amount of one currency that must be paid in order to get one unit of another currency b. Difference b/w total exports & total imports within a country c. Price at which the sales & purchases of foreign goods & services takes place d. Ratio of import prices to export prices for a country
7	General provisions & Loss Reserves are included in Tier-2 capital as per Basel III, maximum to the extent of: a. 1.25% of T. Risk Weighted Assets under standardized approach and 0.60% of T. risk weighted assets under Internal ratings-based approach b. 0.60% of T. risk weighted assets under standardized approach and 0.60% of T. risk weighted assets under Internal ratings-based approach c. 0.60% of T. risk weighted assets under standardized approach and 1.25% of T. risk weighted assets under Internal ratings-based approach d. 1.25% of T. risk weighted assets under standardized approach and 1.25% of T. risk weighted assets under Internal ratings-based approach
8	Interest Rate Parity (IRP) implies which of the following?

	a. Interest rates should change by an equal amount but in the opposite direction to the difference in inflation rates b/w 2 countries b. The difference in interest rates in different currencies for securities of similar risk & maturity should be consistent with the forward rate discount or premium for the foreign currency c. The interest rates between 2 countries start in equilibrium, any change in the differential rate of inflation b/w the 2 countries tends to get offset over the long-term by an equal amount but with an opposite change in the spot exchange rate d. In the long run, real interest rate b/w 2 countries will be equal e. Nominal interest rates in each country are equal to the required real rate plus compensation for the expected inflation
9	In a scenario where interest rates are rising, the risk of erosion of Net Interest Income is on account of which of the following? a. advances with floating rate of interests (ROI) & deposits with fixed rates b. advances with fixed rate of interests & deposits with floating rate of interests c. advances with floating rate of interests & deposits with floating rate of interests d. advances with fixed rate of interests & deposits with fixed rate of interests
10	Securitized instruments originated by banks & held by them to the extent of 5% would require capital allocation by way of which of the below requirement? a. 100% deduction from Tier-I capital b. 100% deduction from Tier-II capital c. 50% deduction from Tier-I capital and 50% deduction from Tier-II capital d. 9% of risk weighted asset equivalent of the holding

ANSWER KEY			
1	c	**6**	a
2	a	**7**	d
3	b	**8**	b
4	d	**9**	b
5	a	**10**	c

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