

Visit: iibf.info

CAIIB BFM

QUESTION PDF



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.

January 2022

BFM QUESTION PDF

As the CAIIB 2022 Exams are just here, the paper-2 will be right on 6th of February. So, we here are bringing you some set of important questions that you should go through to revise the paper of Bank Financial Management of Certified Associates.

Go through the below given multiple choice questions once:

No.	Bank Financial Management – Questions	Answer
1	For what purpose Treasury uses a derivative? a. to manage risks including the risk of Assets Liabilities Management (ALM) b. to cater to the needs of the corporate customers c. to trade simply, i.e., to take a trading position in derivative products. d. all of the above	d
2	State Bank of India maintains USD A/C with Bank of America, New York and when it conducts transactions through this account, State Bank of India passes entries in its books at Mumbai through the following account. a. Nostro a/c b. Vostro a/c c. Loro a/c c. Mirror a/c	a
3	What is the important operational feature of integrated treasury? a. having a common dealing room b. having a common Mid or back offices c. Integrated treasury looks for the interest arbitrage across currency markets & try to be in a position to shift swiftly, a placement in Rupee denominated commercial paper to lending in USD in global interbank market and also serves as a source funds in global markets & swap the funds into domestic currency or vice versa depending on market opportunities d. all of the above	d

4	What are do you mean by banking book exposures? a. Held until maturity & income is booked on accrual basis b. Held until maturity & income is booked as and when realized c. Held for a period & income is booked on accrual basis d. Held for a period & income is booked as & when realized	a
5	Which of the following statement is correct? a. Reserve Bank of India permits the trading but it is subjected to certain conditions b. A dealer can deal in secondary as well as primary markets c. A dealer can deal with Primary Markets only d. None of the above statement is correct	a
6	A put option is in the money (ITM) if a. the strike price < the market price b. the strike price > than the market price c. the strike price = the market price d. a put option can never be expressed in the money	b
7	A 5 year 9% semi-annual bond at market yield of 7.50% has a price of Rs. 106.16, which rises to 107.45 at a yield of 7.20%. What is the BPV of the bond? a. Rs. 43.00 per Rs. 1,000.00 of book value. b. Rs. 4.30 per Rs. 1,000.00 of book value. c. Rs. 0.43 per Rs. 1,000.00 of book value. d. None of the above	a
8	What is 'the exchange of payments in different currencies at pre-determined exchange rates' is called by? a. Financial Swaps b. Interest Swaps c. Currency Swaps d. Forex Swaps	c
9	A bank received a Letter of Credit for USD 2 Mio issued by MT 700 and opened on Jan 25, 2020. The credit calls for shipment of 200 tons of good quality wheat that is cultivated in Punjab. What is the time available to the issuing bank to examine documents under UCP600?	d

	<p>a. 21 days b. Reasonable time but ≤ 7 days c. Reasonable time < 7 banking days d. 5 banking days</p>	
10	<p>Which of the below shipments that are sent out of India are exempt from filing of export declaration forms?</p> <p>a. Goods or software, when accompanied by a declaration by the exporter that they are not more than USD 50000 in value b. Gifts of goods, valuing not over Rs.50000 along with declaration of exports c. Gifts of goods valuing $< \text{Rs. } 5,00,000.00$ along with declaration of exports d. Goods in value $< \text{USD } 10,000.00$ per transaction under bilateral trade agreement exported to Myanmar</p>	c
11	<p>Which of the following is not the Forex dealing rooms' function?</p> <p>a. being a service branch to meet the customers requirement of other branches or divisions to either buy or sell foreign currencies, b. to manage foreign currency assets & liabilities, c. as a Fund Manager for Nostro a/c as also undertake proprietary trading in currencies, d. the processing of Deals, reconciliation, Account etc.</p>	d
12	<p>In risk measurement, what is name of the parameter which is used to record deviations of a target variable due to unit movement of a single market parameter, say 1% change in interest rate.</p> <p>a. Downside potential b. Volatility c. Sensitivity d. Mitigation</p>	c
13	<p>What is a major VaR limitation?</p> <p>a. VaR requires long term historical data b. VaR is a tedious process c. VaR assumes extreme conditions d. VaR assumes normal market conditions</p>	d
14	<p>From the following effects of Risk mitigation:</p>	a

	<p>1. Reduction of downside potential 2. Reduction in profit potential Which of the statement(s) is correct?</p> <p>a. All the statements are correct b. Statement 1 is correct c. Statement 2 is correct d. Both are incorrect</p>	
15	<p>What are the arbitrage transactions that are conducted between 2 centers are known by?</p> <p>a. 3-point arbitrage b. Direct arbitrage c. Compound arbitrage d. None of the above</p>	b
16	<p>In banking set up, what is Integrated Treasury referred as?</p> <p>a. Computerization of all branches of bank b. Computerization of all operations of treasury c. Centralization of all back-office of forex branches operations d. Integration of securities market, money market & foreign exchange operations</p>	d
17	<p>What is referred to Risk of Reduction in Mark-to-Market value of equities?</p> <p>a. Interest Rate Risk b. Market Risk c. Credit Risk d. Operational Risk</p>	b
18	<p>What is the most critical function of risk management?</p> <p>a. identification of risk b. estimating cost of risk c. measuring the risk d. controlling the risk level</p>	d
19	<p>In which method of calculating Value at Risk (VaR), the variation in the value of a position is calculated (starting from the current value of the asset) using the actual historical movements of the underlying assets.</p>	a

	a. historical simulation method b. monte carlo simulation method c. correlation method d. none of these	
20	Forex markets usually operate in the Middle East or other Islamic Countries from? a. From Monday to Friday b. From Monday to Saturday but they remain closed on Friday c. From Monday to Sunday d. From Saturday to Thursday (but function on Saturday & Sunday with restrictions)	d

FREE MOCK TEST FOR CAIIB BFM

You can also solve the online free mock tests on BFM as well as other subjects of CAIIB that are available on Learning Sessions website by signing up on the website of [Learning Sessions](https://learningsessions.in/). There are a total of 8 FREE Mock tests on BFM subject available when you sign up.

To access the Free Mock tests visit this [link for BFM Mock TEST](#).

20% DISCOUNT OFFER

You can also avail the Festival Offer of **18-12% Discount** that is running on our Combo packs of CAIIB/JAIIB/BANK PROMOTIONS using:

Code: MS78

CAIIB: [STUDY MATERIAL](#) that includes:

- **Full video course of CAIIB (chapter-wise)**
 - ✓ English + Hindi Language
- **110+ latest and updated CASE STUDY VIDEOS**
- **Chapterwise Questions**
- **Memory Recalled Questions**
- **Tests for CAIIB 2022:**
 - ✓ Chapter-wise Tests
 - ✓ Mock Test Papers
 - ✓ Compete Tests
- CAIIB Study **epdf** Notes (assessible through our android app only)

It will also include **the previous year's papers** of CAIIB in the **LATEST CAIIB STUDY MATERIAL** for 2022

The study Material of CAIIB 2022 is **tutored by Mr. Ashish Jain**, who is an **ex-banker with 7 years of experience in Credit department**. He has delivered **900+ hours of online classes** and has rendered services to **1,25,000+ candidates** so far.

With his **vast expertise** in the banking field and being **trusted by more than 1,25,000 of candidates**. He believes in making **his teaching- the best and quality experience** for his students and that too **at the most affordable price**.

TO GET ACCESS TO MORE MATERIAL ON CAIIB, PLEASE HIT ON THE LINKS BELOW:

ARTICLE LINKS:

CAIIB: Bank Finance Management [Short Notes Part 1](#)

CAIIB: Bank Finance Management [Short Notes Part 2](#)

CAIIB: [BFM SYLLABUS 2022](#)

CAIIB: BFM ABM in [one Attempt](#)

CAIIB: Pass Bank Financial Management (BFM) in [1 Attempt](#)

YOUTUBE LINKS:

CAIIB: Previous Year [Questions With Explanation](#) - BFM

CAIIB: Foreign Exchange [Class 1 BFM](#)

CAIIB: BFM [Syllabus Priority](#)

CAIIB: BFM [BASEL 3 BASICS](#) | CAIIB LIVE Videos

CAIIB: BFM Case Study on [Put Option and Call Option](#)

To know more about the courses or packages, you can either visit [our website](#) or download our app on the [Play Store](#).