# ICBRR[Q&As]

International Certificate in Banking Risk and Regulation (ICBRR)

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**QUESTION 1**

According to the principles of the Basel II Accord, the implementation and relative weights of the elements of the operational risk framework depend on: A. The culture of the financial institution

II. Regulatory drivers

III. Business drivers

IV. The bank\\'s reporting currency

B. I, IV

C. II, III

D. II, IV

E. I, II, III

Correct Answer: D

**QUESTION 2**

To estimate the responsiveness of a particular equity portfolio to the overall market, a trader should use the portfolio\\'s

A. Alpha

B. Beta

C. CVaR

D. VaR

Correct Answer: B

**QUESTION 3**

A bank customer expecting to pay its Brazilian supplier BRL 100 million asks Alpha Bank to buy Australian dollars and sell Brazilian reals. Alpha bank does not hold reals so it asks for aquote to buy Brazilian reals in the market. The market rate is 100. The bank quotes a selling rate of 101 to its customer and sells the real at this quoted price. Then the bank immediately buys the real at the market rate and completes foreign exchange matched transaction. What is the impact of this transaction on the bank\\'s risk profile?

A. This transaction eliminates credit risk.

B. This transaction eliminates counterparty risk.

C. This transaction eliminates market risk.

D. This transaction eliminates operational risk.

Correct Answer: C

**QUESTION 4**

SigmaBank has many branches that offer the same products and services. Which one of the four following statement presents an advantage of using RCSA questionnaire approach in the SigmaBank\\'s operational risk framework?

A. The questionnaires are usually sent to specific nominated parties for completion.

B. This approach ensures that there has been full participation in the scoring, rather than a single view.

C. It provides a forum for an in-depth discussion of the operational risks in the firm.

D. The results can be collected electronically and the responses compared to identify themes, trends and areas of potential control weakness or elevated risk.

Correct Answer: D

**QUESTION 5**

Forward rate agreements (FRA) are:

A. Exchange traded derivative contracts that allow banks to take positions in forward interest rates.

B. OTC derivative contracts that allow banks and customers to obtain the risk/reward profile of long-term interest rates by relying on long-term funding.

C. Exchange traded derivative contracts that allow banks to take positions in future exchange rates.

D. OTC derivative contracts that allow banks to take positions in forward interest rates.

Correct Answer: D