# ICBRR$^{Q\&As}$

International Certificate in Banking Risk and Regulation (ICBRR)

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**QUESTION 1**

The market risk manager of SigmaBank is concerned with the value of the assets in the bank\\'s trading book. Which one of the four following positions would most likely be not included in that book?

A. 10,000 shares of IBM worth $10,000,000.

B. $10,000,000 loan to IBM worth $9,800,000.

C. $10,000,000 bond issued by IBM worth $11,000,000.

D. 300,000 options on IBM shares worth $10,000,000.

Correct Answer: B

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**QUESTION 2**

Which of the following risk measures are based on the underlying assumption that interest rates across all maturities change by exactly the same amount?

A. Present value of a basis point.

II. Yield volatility.

III. Macaulay\\'s duration.

IV. Modified duration.

B. I and II

C. I, II, and III

D. I, III, and IV

E. I, II, III, and IV

Correct Answer: C

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**QUESTION 3**

All of the following performance statistics typically benefit country\\'s creditworthiness EXCEPT:

A. Low unemployment

B. Low inflation

C. High degrees of investment

D. Low degrees of savings

Correct Answer: D

**QUESTION 4**

Which one of the following four model types would assign an obligor to an obligor class based on the risk characteristics of the borrower at the time the loan was originated and estimate the default probability based on the past default rate of the members of that particular class?

A. Dynamic models

B. Causal models

C. Historical frequency models

D. Credit rating models

Correct Answer: C

**QUESTION 5**

Which one of the following four statements does identify correctly the relationship between the value of an option and perceived exchange rate volatility?

A. With increases in perceived future foreign exchange volatility, the value of all foreign exchange

B. As the perceived future foreign exchange volatility decreases, the value of all options increases.

C. As the perceived future foreign exchange volatility increases, the value of all options increases.

D. Option values can only change due to the factors related to the demand for specific options

Correct Answer: C