20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **CAIIB BFM stands for Bank Financial Management.**
   BFM is one of the core papers in the CAIIB examination conducted by IIBF.

2. **The CAIIB BFM syllabus is organised into four modules.**
   The modules are International Banking, Risk Management, Treasury Management and Balance Sheet Management.

3. **Module A of CAIIB BFM covers International Banking.**
   It includes forex markets, exchange rate mechanisms, trade finance, FEMA and correspondent banking.

4. **Module B of CAIIB BFM covers Risk Management.**
   It covers credit, market, operational and liquidity risk along with Basel and IRRBB frameworks.

5. **Module C of CAIIB BFM covers Treasury Management.**
   It deals with money market instruments, government securities, ALM and bond pricing.

6. **Module D of CAIIB BFM covers Balance Sheet Management.**
   It focuses on capital adequacy, NPA norms, profitability ratios and funds transfer pricing.

7. **The BFM paper consists of 100 multiple choice questions carrying 100 marks.**
   IIBF sets BFM as an objective-type paper of 100 MCQs for 100 marks.

8. **The duration of the CAIIB BFM exam is 2 hours.**
   Candidates get 120 minutes to attempt the 100-question paper.

9. **There is no negative marking in the CAIIB BFM exam.**
   IIBF does not deduct marks for wrong answers in BFM, so every question should be attempted.

10. **BFM questions are largely case-study based MCQs.**
    A short banking scenario is given and candidates must apply a concept to answer, so rote learning is less effective.

11. **LCR stands for Liquidity Coverage Ratio, a topic under Module B.**
    LCR is a liquidity risk measure tested within the Risk Management module of BFM.

12. **NSFR stands for Net Stable Funding Ratio, a topic under Module B.**
    NSFR assesses a bank's stable funding relative to its liquidity needs and is examinable in Risk Management.

13. **VaR stands for Value at Risk, a market risk measurement tool.**
    VaR is used to estimate potential loss in a portfolio and is a key numerical topic in Module B.

14 **IRRBB refers to Interest Rate Risk in the Banking Book.**

IRRBB is examined under Module B and covers RBI's standardised interest-rate shock scenarios.

15 **HTM, AFS and HFT are investment portfolio classification categories for banks.**

Held to Maturity, Available for Sale and Held for Trading classify a bank's investment portfolio under RBI norms, tested in Module C.

16 **Nostro and Vostro accounts relate to correspondent banking.**

These accounts facilitate foreign currency transactions between banks and fall under Module A.

17 **NIM, RoA and RoE are profitability ratios covered in Module D.**

Net Interest Margin, Return on Assets and Return on Equity measure a bank's profitability, tested in Balance Sheet Management.

18 **CRAR refers to Capital to Risk-weighted Assets Ratio.**

CRAR computation is a key capital adequacy topic under Module D of BFM.

19 **FEMA stands for the Foreign Exchange Management Act.**

FEMA provisions relevant to banking are covered under Module A, International Banking.

20 **RAROC stands for Risk-Adjusted Return on Capital.**
RAROC is a risk-based profitability measure appearing in both Module B and Module D of BFM.