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Learning Sessions

TIRM REVISED

# RISK MANAGEMENT

TR

Module-wise chapters, weightage & key topics

4

MODULES

35

CHAPTERS

100

MARKS

5

UPDATED TOPICS

Crash course • PDFs • One-liners • Video classes • Online tests

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## Paper pattern

- ✓ **100 questions** · 1 mark each · **100 marks**
- ✓ Duration **2 hours**, conducted **online**
- ✓ **No negative marking**
- ✓ Pass: **50%** aggregate (with module minimums)
- ✓ Mix of conceptual, applied & numerical questions

## How to read this deck

- ✓ Each module shows its **indicative weightage**
- ✓ Every chapter lists **key topics** + chapter weightage
- ✓ **UPDATED** = topic with a recent regulatory change — revise latest figures
- ✓ Weightage is **indicative** (content volume + past-paper trend), not officially published by IIBF

### Live + Recorded

Video classes

### Exam PDFs

e-notes & one-liners

### Mock tests

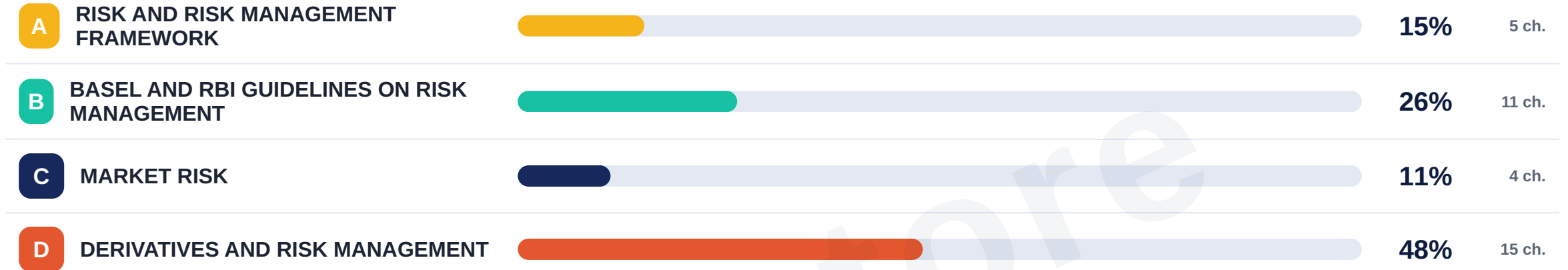
Latest IIBF pattern

### Crash course

Fast-track revision

## Module-wise weightage

WHERE THE MARKS SIT



Indicative distribution of 100 marks across the modules. Prioritise **Module D — DERIVATIVES AND RISK MANAGEMENT**, the single largest scorer.

A

**Module A — RISK AND RISK MANAGEMENT FRAMEWORK**

**15%**  
MODULE WEIGHT

1	<b>Why Banks are Special</b> Functions Banks Perform, Bank's Role in the Economy, Other Uniqueness of Banks	1 MARKS
2	<b>Risks and Risk Management in Banks</b> What is Risk?, Definition of Risk, Risk in Banks, Business Risk vs Control Risk, Financial Risk, vs Non- Financial Risk, Interconnectedness Among Banking Risks, Recent Developments, Connected with Risk Management, Banking Reforms in India, New Trends in Indian Banking, System, Risk Management Going Ahead, Various Types of Risks Faced by a Bank, Non, Financial Risks	4 MARKS
3	<b>Risk Management Framework</b> Lessons from Crisis, Benefits of Risk Management, Risk Management Concept, Risk, Management Approach, Risk Culture, Risk Management Architecture, Elements of Risk, Management Framework, Organisational Structure, Risk Management Policy, Risk Appetite, Risk Limits, Risk Identification Pro-cess, Risk Measurement, Risk Mitigation, Risk Monitoring, and Risk Control, Management Information System, Enterprise Risk Management, Events, Risk and Opportunity, Enterprise Risk Management Defined, Achievement of Objectives, Components of Enterprise Risk Management, Relationship of Objectives and Components	6 MARKS
4	<b>Effectiveness, Encompasses Internal Control</b> Asset Liability Management and Interest Rate Risk on Banking Book, What is ALM?, Objectives of ALM, ALM Process, Interest Rate Risk, Duration GAP Analysis, Measure-ment System Reports, Stress Testing, Back Testing, Interest Rate Risk Mitigation	2 MARKS
5	<b>Liquidity Risk Management</b> What is liquidity?, Liquidity and solvency, Forms of liquidity risk, Liquidity Management, Factors contributing to liquidity risk, Liquidity risk and Balance Sheet, Risk Management, framework for Liquidity Risk, Identification and measurement of liquidity risk	2 MARKS



**B** Module B — BASEL AND RBI GUIDELINES ON RISK MANAGEMENT · 1/3

**26%**  
MODULE WEIGHT

- |           |  |                   |
|-----------|--|-------------------|
| <b>6</b>  | <b>Global Financial Crisis and Basel III</b> <span>UPDATED</span><br>Regulatory Shortcomings and Regulatory Reform, Response of Basel Committee to Global, Financial Crisis  | <b>1</b><br>MARKS |
| <b>7</b>  | <b>Regulatory Capital and Capital Adequacy</b> <span>UPDATED</span><br>Bank Capital: An Accounting Residual, Why Bank Needs Capital, Should Regulator Prescribe, Minimum Capital for Banks?, Basel III Capital Regulation  | <b>1</b><br>MARKS |
| <b>8</b>  | <b>Capital Charge for Credit Risk</b><br>Standardized Approach - Capital Charge for Credit Risk, Off-Balance Sheet Items, Total, Counterparty Risk, External Credit Assessments, Applicability of 'Issue Rating' to Issuer/Other, Claims, Credit Risk Mitigation, Internal Rating Based Approach   | <b>2</b><br>MARKS |
| <b>9</b>  | <b>Capital Allocation Against Market Risk</b><br>Scope and Coverage of Capital Charge for Market Risks, Measurement of Capital Charge for, Interest Rate Risk  | <b>1</b><br>MARKS |
| <b>10</b> | <b>Capital Charge for Operational Risk</b> <span>UPDATED</span><br>Definition of Operational Risk, The Measurement Methodologies, The Basic Indicator, Approach, The Standardized Approach, Advanced Measurement Approach, Shortcomings of, Present Approaches for Calculating Capital Requirement for Operational Risk, New, Standardized Approach, Business Indicators, Risk Weighted Assets, Technical Guidance Note, on Minimum Capital Requirements for Operational Risk, Climate Risk and Sustainable, Finance | <b>4</b><br>MARKS |

B

Module B — BASEL AND RBI GUIDELINES ON RISK MANAGEMENT · 2/3

26%

MODULE WEIGHT

Supervisory Review Process and Internal Capital Adequacy Assessment Process (ICAAP)

11

Objective of Pillar 2 Supervisory Process, ICAAP Principles, Definitions, Coverage by ICAAP, The Structural Aspects of the ICAAP, Risk Appetite, Actual and Target Risk Structure, Identifying, Measuring, Monitoring and Reporting of Risk, Internal Control, Submission of the, Outcome of the ICAAP to the Board and the RBI, ICAAP to be an Integral part of the, Management and Decision-Making Culture, The Principle of Proportionality, Regular, Independent Review and Validation, ICAAP to be a Forward- Looking Process, ICAAP to, Include Stress Tests and Scenario Analyses, Identifying and Measuring Material Risks in, ICAAP, Capital Planning, Capital Allocation

6

MARKS

Stress Testing and PCA Framework 8

12

Stress Testing Part of ICAAP, Objective, Stress Testing Process, Sensitivity Analyses, Scenario Analyses, Reverse Stress Testing, Stress Testing Framework, Single Factor Stress, Tests, Classification of Banks for the Purpose of Stress Testing, Prompt Corrective Action, (PCA) Framework for Scheduled Commercial Banks, Criteria for PCA

3

MARKS

Market Discipline

13

General, Definition, Achieving Appropriate Disclosure, Interaction with Accounting Disclosures, Vali-dation, Materiality, Proprietary and Confidential Information, General Disclosure Principle, Regulatory Disclosure Section

2

MARKS

Basel III Buffers, Liquidity Ratios, Leverage Ratio UPDATED

14

Objectives of Capital Buffers, Capital Conservation Buffer Framework, Counter - Cyclical, Capital Buffer, DomesticS ystemically Important Banks, Leverage Ratio, Liquidity Standards, Net Stable Funding Ratio

2

MARKS

Risk Based Supervision

15

Background, Reserve Bank of India Initiatives, Bank Supervision Process in India, Supervisory, Approach, Features of an Effective bank Supervisory Framework, Benefits of Risk Based, Supervision, Supervisory Methods/Tools

2

MARKS



**Module B — BASEL AND RBI GUIDELINES ON RISK MANAGEMENT · 3/3**

**26%**

MODULE WEIGHT

**16**

**Risk Based Internal Audit**

What is Risk Based Auditing, Objective of Risk Based Internal Audit, Board and Management, Oversight, Audit Policy, Functional Independence, Identification of Auditable Units, Conduct, Risk Assessment, Risk Profile, Communication

**2**

MARKS

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**C** Module C — MARKET RISK

**11%**  
MODULE WEIGHT

**17** **Fixed Income Securities**  
What is a Bond?, Government of India in the Bond Market, Bond Market in India, Bond, Valuation

**1**  
MARKS

**18** **Measurement of Interest Rate Risk**  
Measurement of Interest Rate risk, Sensitivity approach, Price value of a Basis point method, Computation of portfolio PVBP, Hedging using basis point value, Other uses of PVBP, Duration, Definition of duration, Properties of duration, Portfolio duration, Modified Duration, and Price elasticity of interest rate, Price volatility characteristics of Bonds, Convexity, Bond, portfolio management

**4**  
MARKS

**19** **Value at Risk**  
Historical background, Definitions of VaR, Assumptions for calculation of VaR, Building blocks, of VaR, VaR methodology, Comparison of different methodologies to compute VaR, Comparative advantages, and disadvantages of various methods to compute VaR, Limitations of VaR, Extreme Value, Theory, Stress Test, Back testing of VaR models

**3**  
MARKS

**20** **9 MODULE D: DERIVATIVES AND RISK MANAGEMENT Derivatives and Risk Management**  
What is Derivative?, Features of Derivatives, Over the Counter vs Exchange Traded, Derivative, Uses of Derivatives, Misuse of Derivative, Major Types of Derivatives, Long and, Short Position, Derivative Mar- kets in India

**3**  
MARKS



**D** Module D — DERIVATIVES AND RISK MANAGEMENT  
· 1/3

**48%**  
MODULE WEIGHT

**21** **Forward Contract**  
Definition and Characteristics, Advantage of Entering Forward Contract, Problems Associated, with Forward Contract, Pay-off on a Forward Contract, Pricing the Underlying, Benefits and, Costs of Holding Assets, The Concept of Price and Value of a Forward Contract, Forward, Rate Agreement **3** MARKS

**22** **Futures**  
What is a Futures Contract?, Futures Contract vs Forward Contract, Performance of contract, The Clearing House, Margin A/c, Relationship between Spot Price and Future Price, Delivery, Cash Settlement, Pricing of Future Contracts, Contango vs Normal Backwardation, Interest, Rate Future **3** MARKS

**23** **Options**  
Definition, Option Terminology, Call Option, Put Option, Pricing of Option, Interest Rate, Options **2** MARKS

**24** **SWAP**  
Definition, Characteristics of SWAP, SWAP Terminology, Types of SWAP, Interest Rate, Swap, Calculating Interest Rate Swap Cash Flows, Uses of Interest Rate Swap, Swaptions **2** MARKS

**b. Candidates are required to take utmost care and precaution in selecting Centre, as there is no provision to change the Centre in the system after successful application. Hence no request for change of centre, will be entertained for any reason.**

**25** c. No Admit letter will be issued at the time of registration. Admit Letters with details of, Venue and time slots will be available for download 10-15 days prior to the date of, examination, d. Admit letter will be hosted on Institute's website [www.iibf.org.in](http://www.iibf.org.in) under the menu, 'Examination/Courses>Admit Letter', e. For downloading and printing of admit letter from the above mentioned website, candidates will have to enter the following, Membership or registration number as login id, Edit profile password, If candidates do not remember their Edit profile password, they have to click on the, 'Forgot password/ Get Password' button after entering the Membership or Registration, number. On clicking, fresh edit profile password will be sent to their registered email id, f. Candidates are required to produce printed copy of admit letter along with, Membership identity card or any other valid photo ID card in original (Aadhaar card/ e, Aadhaar/ Employer's card/ PAN Card/ Driving License/ Election voter's card/ Passport, etc.) at the examination venue, g. In the absence of printed copy of Admit Letter and Original Photo Identity Card **4** MARKS

### D Module D — DERIVATIVES AND RISK MANAGEMENT · 2/3

**48%**  
MODULE WEIGHT

**26** **2.MOBILE PHONES**  
Mobile phones and other electronic/ smart gadgets (except calculator as permissible), are not allowed in the examination hall. It is clarified that mere possession of mobile, phone and other electronic/ smart gadgets in the examination hall whether in switch off, mode or silent mode shall also be deemed to be resorting to adoption of unfair means, in the examination **1**  
MARKS

**27** **3. USE OF CALCULATOR**  
a. Candidates will be allowed to use battery operated portable calculator in the, examination. The calculator can be of any type up to 8 functions i.e. (Addition, Subtraction, Multiplication, Division, Percentage, Sq.-root, Tax+ and Tax -), 12 digits, b. Attempt to use any other type of calculator not complying with the specifications, indicated above or having more features than mentioned above shall tantamount to use, of unfair means. Scientific calculator is not allowed **3**  
MARKS

**28** **4. OTHER RULES/ INFORMATION**  
a. Candidates should ensure that they sign the Attendance Sheet, b. Candidates are advised to reach the Examination Venue before the reporting time, mentioned in the admit letter. No candidate/s will be permitted to enter the Examination, Venue after the gate closing time mentioned in the admit letter **1**  
MARKS

**29** **c. No candidate will be permitted to leave the examination venue in the first 60 minutes from the scheduled start time of the examination. d. Candidates should occupy the seat allotted to them at the examination hall on the exam day.**  
e. Candidates would be able to login to the system only with the password mentioned in, their Admit Letter. This password should not be disclosed to others. Keep it safe to, avoid the possible misuse, f. If the examination could not commence on scheduled time or there is delay due to, Failure of power, Technical snag of whatsoever nature or for any such reason having, bearing upon the conduct of examination, candidates have to, i. Wait till resumption of power supply/ solving of technical snag, ii. Take-up the examination at other venue arranged by the examination conducting, authority, iii. Follow instructions given by the examination conducting authority, g. Candidates are required to strictly follow all the instructions given by the examination, conducting authority during the examination and adhere to Rules of the examination, h. Violation of any of the Rules/ Instructions, misuse of the Admit Letter will be, considered to be an act of serious misconduct and the Institute will take action as per, the Rules of the examination, which will also be reported to the employer of the, candidate, i. Always visit the website one day prior to the examination for any important updates, on the exam/center/venue etc, j. In the event of any dispute between the Institute and the member, only Competent, Courts in Chennai, Kolkata, New Delhi and Mumbai alone have the jurisdiction to, entertain the dispute, CANDIDATES OF JAIIB/DB&F/CAIIB/DIPL & CERTIFICATE EXAMINATIONS on the, website i.e. www.iibf.org.in **7**  
MARKS

**30** **5. RULES, PENALTIES FOR MISCONDUCT/ UNFAIR PRACTICES:**  
a. Communication of any sort between candidates or with outsiders is not permitted, and complete silence should be maintained during the examination **1**  
MARKS

### D Module D — DERIVATIVES AND RISK MANAGEMENT · 3/3

48%

MODULE WEIGHT

#### PLEASE REFER INSTITUTE'S WEBSITE UNDER THE MENU "EXAMINATIONS/COURSES" FOR DETAILS OF DEBARMENT PERIOD FOR UNFAIR PRACTICES ADOPTED BY CANDIDATES DURING CONDUCT OF INSTITUTE'S EXAMINATIONS.

- 31 Candidates may kindly note that their entire activity during the examination will be, reviewed post examination. The Institute would review the audit trail reports of the, candidate using a scientific method to detect adoption of unfair means. Also, the CCTV, footage of centres would be reviewed. Candidates found to be adopting unfair means, using the scientific method of analysis of audit trail reports or review of CCTV footage, or through any other scientific method, will be booked and appropriate action shall be, initiated as per the Institute's policy. Candidates are also requested to read the Rules, and Policy regarding malpractice/unfair means / misconduct / misbehaviour in, Examinations from the below link, Rules and Policy regarding malpractice/unfair, means/misconduct/misbehaviour in examination Classroom based

3  
MARKS

#### 6. RESULT ADVICE/ CONSOLIDATED MARKSHEET/ FINAL CERTIFICATE UPDATED

- 32 a. Result Advice of candidates will be hosted on Institute's website on declaration of, result, which can be downloaded by the candidates, b. Consolidated mark sheet for candidates completing examination having more than, one subject, will be available on the Institute's website after the declaration of results, Candidates can download the same after entering login credentials using their, membership number and edit profile password, c. Final certificate: Digitally Signed Certificate will be issued to the candidates who have, enrolled and passed the examination. The Certificate will be emailed to the email-id of, the candidate registered with the Institute, within 3 weeks from the date of declaration, of result

3  
MARKS

#### Email:iibfsz@iibf.org.in

- 33 Indian Institute of, Banking & Finance, Professional, Development Centre, Northern Zone, C-5/30, Safdarjung, Development, Area(SDA), Near SDA Local, Shopping complex, Outer Ring Road, Opp, IIT Delhi, NEW DELHI-110 016, Tel:011-2653 2194/2191, (office)

4  
MARKS

#### Email:iibfnz@iibf.org.in

- 34 Indian Institute of, Banking & Finance, Avani Heights, 2nd, Floor, 59A, Jawaharlal Nehru, Road, Kolkata - 700020

2  
MARKS

#### Email:iibfez@iibf.org.in West Zone PDC- Guwahati PDC-Lucknow

- 35 Indian Institute of, Banking & Finance, Professional, Development Centre, 192-F, Maker Towers, 19th Floor, Cuffe, Parade, MUMBAI - 400 005, Tel : 022-69437301/02, Email:iibfwz@iibf.org.in, Banking and Finance, 3rd Floor, Rani Sati, Sadan, Motilal Nehru, Road, Pan Bazaar, Guwahati, Assam -, 781 001, Email, je.pdcgau1@iibf.org.in, Indian Institute of Banking &, Finance A-301 3rd Floor, Tower A, Bhavya Corporate, Tower, Vibhuti Khand, Gomti, Nagar, Lucknow 226010, (U.P.), Email: se.pdclco1@iibf.org.in, Commercial-II, Tower-1, 2nd Floor, Kirof Road, Kurla (West), Mumbai - 400 070, Tel.: 080692 60710

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MARKS



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