

CAIIB • Paper 2

Bank Financial Management

SYLLABUS & PRIORITY GUIDE

Based on the latest IIBF revised syllabus • June 2026

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Exam Snapshot

Papers	4 compulsory (ABM, BFM, ABFM, BRBL) + 1 elective
Questions	100 MCQs per paper
Marks	100 per paper
Duration	2 hours per paper
Pass mark	50/100 per paper, or 45 per paper + 50% aggregate
Negative marking	None
Medium	English & Hindi
Mode	Online (twice a year — June & December)

How to Use This Guide

This guide maps the complete official IIBF syllabus for **Bank Financial Management**, module by module and chapter by chapter. Each module carries a **priority badge** — **HIGH** (score-driving, study first), **MEDIUM** (steady weight) or **LOW** (read once) — plus a **NUMERICAL / THEORY** tag so you know where calculation practice is needed. Use the Priority Matrix and the Top 10 list for fast revision.

Prefer guided prep? Live bilingual classes for this paper are on iibf.store

Module-wise Syllabus

Module A International Banking

HIGH **NUMERICAL**

Key focus: Forex, exchange arithmetic, NRI, FEDAI, trade finance

1. Exchange Rates & Forex Business
2. Exchange Rate Arithmetic & Calculations
3. Basics of Forex Derivatives
4. Correspondent Banking & NRI Accounts
5. Documentary Letters of Credit (UCPDC)
6. Facilities for Exporters & Importers
7. Foreign Exchange Management Act (FEMA)
8. FEDAI Rules & Role
9. Risks in Foreign Trade & ECGC

Module B Risk Management

HIGH **NUMERICAL**

Key focus: Risk types, Basel, credit/market/operational risk, RAROC

1. Risk & Basic Risk Management Framework
2. Credit Risk Management
3. Market Risk & VaR
4. Operational Risk Management

5. Liquidity Risk Management
6. Basel I/II/III Capital Framework
7. RAROC & Economic Capital
8. Risk Measurement & Mitigation Tools
9. ICAAP & Stress Testing

Module C Treasury Management

MEDIUM

NUMERICAL

Key focus: Treasury functions, instruments, ALM linkage, derivatives

1. Introduction to Treasury Management
2. Treasury Products & Instruments
3. Domestic & Global Money/Debt Markets
4. Treasury Risk Management
5. Derivatives in Treasury
6. Treasury & Asset-Liability Management Linkage
7. Regulatory & Accounting Aspects of Treasury

Module D Balance Sheet Management

HIGH

NUMERICAL

Key focus: ALM, capital adequacy, duration gap, provisioning, CRAR

1. Components of Bank Balance Sheet
2. Asset-Liability Management (ALM)
3. Interest Rate Risk & Duration Gap Analysis
4. Liquidity & Gap Analysis
5. Capital Adequacy & CRAR Computation
6. Provisioning & Capital Planning
7. Profit Planning & Funds Transfer Pricing

Priority Matrix

Module	Priority	Numerical?	Key focus
Module A — International Banking	HIGH	Yes	Forex, exchange arithmetic, NRI, FEDAI, trade finance
Module B — Risk Management	HIGH	Yes	Risk types, Basel, credit/market/operational risk, RAROC
Module C — Treasury Management	MEDIUM	Yes	Treasury functions, instruments, ALM linkage, derivatives
Module D — Balance Sheet Management	HIGH	Yes	ALM, capital adequacy, duration gap, provisioning, CRAR

⚙️ Numerical Topics Hotlist

Modules below carry calculation-based questions — practise these with a timer.

Module A — International Banking

Forex, exchange arithmetic, NRI, FEDAI, trade finance

Module B — Risk Management

Risk types, Basel, credit/market/operational risk, RAROC

Module C — Treasury Management

Treasury functions, instruments, ALM linkage, derivatives

Module D — Balance Sheet Management

ALM, capital adequacy, duration gap, provisioning, CRAR

10 Top 10 Most Important Topics

1 Exchange Rate Arithmetic

MODULE A · International Banking

Most-tested numerical area in BFM — multiple questions per cycle.

2 Duration Gap & Interest Rate Risk

MODULE D · Balance Sheet Management

Core ALM numericals, consistently high-yield.

3 Basel III Capital Framework

MODULE B · Risk Management

CRAR, capital buffers and ratios appear every cycle.

4 Capital Adequacy & CRAR Computation

MODULE D · Balance Sheet Management

Direct calculation questions repeat.

5 Credit Risk & Market Risk (VaR)

MODULE B · Risk Management

Risk measurement numericals are frequent.

6 RAROC & Economic Capital

MODULE B · Risk Management

Reliable scoring numerical area.

7 Asset-Liability Management

MODULE D · Balance Sheet Management

Gap analysis concepts asked in depth.

8 Documentary Letters of Credit (UCPDC)

MODULE A · International Banking

Trade-finance favourite, conceptually rich.

9 FEMA & FEDAI Rules

MODULE A · International Banking

Regulatory questions asked directly.

10 Liquidity Risk & Gap Analysis

MODULE B · Risk Management

LCR/NSFR and gap concepts recur.

Insights & Strategy

- **Start here:** Module A (International Banking), Module B (Risk Management), Module D (Balance Sheet Management) carry the highest weight — secure these first.
- **Numerical edge:** Module A, Module B, Module C, Module D reward timed practice; a few guaranteed marks come from formulas.

- **Revision loop:** use the Top 10 list as your final-week checklist — those topics alone cover a large share of marks.
- **PYQ habit:** attempt past-year MCQs after every module; pattern recognition beats rote learning in JAIIB.

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