Question #1 of 12

Question ID: 1574622

Which of the following risks is *most accurately* classified as a non-financial risk?

A) Liquidity risk.

B) Model risk.

C) Credit risk.

Question #2 of 12

Question ID: 1574624

A portfolio manager uses a computer model to estimate the effect on a portfolio's value from both a 3% increase in interest rates and a 5% depreciation in the euro relative to the yen. The manager is *most accurately* described as engaging in:

A) scenario analysis.

B) stress testing.

C) risk shifting.

Question #3 of 12

Question ID: 1574619

Risk management within an organization should *most appropriately* consider:

A) internal risks independently of external risks.

B) financial risks independently of non-financial risks.

C) interactions among different risks.

Question #4 of 12

Question ID: 1574618

Which of the following statements about an organization's risk tolerance is *most accurate*?

A) An organization with low risk tolerance should take steps to reduce each of the risks it identifies.

B) Risk tolerance is the degree to which an organization is able to bear the various risks that may arise from outside the organization.

C) The financial strength of an organization is one of the factors it should consider when determining its risk tolerance.

Question #5 of 12

Question ID: 1574615

An objective of the risk management process is to:

A) eliminate the risks faced by an organization.

B) identify the risks faced by an organization.

C) minimize the risks faced by an organization.

Question #6 of 12

Question ID: 1574623

Buying insurance is *best* described as a method for an organization to:

A) prevent a risk.

B) shift a risk.

C) transfer a risk.

Question #7 of 12

Question ID: 1574616

Features of a risk management framework *least likely* include:

A) monitoring the organization's risk exposures.

B) disciplining managers who exceed their risk budgets.

C) establishing risk governance policies and processes.

Question #8 of 12

Question ID: 1574620

Operational risk is *most accurately* described as the risk that:

A) human error or faulty processes will cause losses.

B) the organization will run out of operating cash.

C) extreme events are more likely than managers have assumed.

Question #9 of 12

Question ID: 1574625

Value-at-Risk (VaR) and Conditional VaR are best described as measures of:

A) liquidity risk.

B) model risk.

C) tail risk.

Question #10 of 12

Question ID: 1574621

Examples of financial risks include:

A) credit risk, market risk, and liquidity risk.

B) market risk, liquidity risk, and tax risk.

C) solvency risk, credit risk, and market risk.

Question #11 of 12

Question ID: 1574626

Measures of interest rate sensitivity *least likely* include:

A) beta.

B) duration.

C) rho.

Question #12 of 12

Question ID: 1574617

Risk governance is *best* described as:

A) determining an organization’s risk tolerance.

B) allocating an organization’s resources by considering their risk characteristics.

C) senior management’s oversight of the organization’s risk management.