

CAIIB June 2025

ABM Memory Based Question



Must For Dec'25 Cycle

Q1. In case of exclusive class intervals, the upper limits of the classes are from the respective classes and put in the next class while considering the frequency of the respective class. For example, the value 15 is not part of 10-15 but it is part of 15-20.

- A) Included
- B) Excluded**
- C) Integrated
- D) Involved



The advertisement is for Oliveboard's CAIIB Nov-Dec 2025 ABFM Master Batch. It features the Oliveboard logo and a CAIIB icon at the top. The main text reads 'CAIIB Nov-Dec 2025 ABFM Master Batch' in large, bold letters. Below this, it says 'Concept + Questions' and 'Medium: Hinglish'. A circular badge indicates '500+ MCQs'. On the right, there is a portrait of Pradyumna Sir, an ABFM Expert with 15+ years of experience. At the bottom right, there is a yellow 'Enroll Now' button.

Q2. Data is given as- below 10, 10-20, 20-30, above 30. In this data, for "below 10" the lower limit is missing and for "above 30", upper limit is missing. This is known as?

- A) Open Boundaries
- B) Unclosed Intervals
- C) Open end class interval**
- D) Infinite Class Ranges

Q3. The word 'Statistics' has been derived from the word 'statisticum', word 'statistia' and word 'statistik', each of which means a group of numbers or figures that represent some information of human interest

- a) Italian, German, Latin
- b) Latin, German, Italian
- c) **Latin, Italian, German**
- d) German, Latin, Italian



The advertisement for Oliveboard's CAIIB Nov-Dec 2025 ABM Master Batch features a yellow background. On the left, the Oliveboard logo is at the top, followed by the text 'CAIIB Nov-Dec 2025 ABM Master Batch' in bold, and 'Concept + Questions' below it. A badge indicates '500+ MCQs'. At the bottom left, it says 'Medium: Hinglish'. On the right, there is a portrait of 'Shubham Sir', an 'ABM Expert' with '3+ Years' experience. A dark blue 'Enroll Now' button is at the bottom right.

Q4. The type of cumulative frequencies where the frequencies are added starting from the highest class to the lowest class are called

- (a) Relative Frequency
- (b) Percentage Frequency
- (c) Less than Cumulative Frequency**
- (d) Greater than Cumulative Frequency

Q5. Choose the pair of symbols that best completes this sentence: ____ is a parameter, whereas ____ is a statistic.

- (a) N, m
- (b) N, n**
- (c) s, s
- (d) (b) and (c) but not (a)
- (e) All of these



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Q6. Which of the sampling method is useful when there is considerable variation within each group, but the groups are essentially similar?

- a. Cluster Sampling**
- b. Stratified Sampling
- c. Simple Random Sampling
- d. Systematic Sampling

Q7. A call centre has 400 employees and the standard deviation of the distribution of their annual turnover is 3000 employees. Only 80 employees are taken as sample on without replacement basis. Calculate the standard error of the mean:

- a. 212.32
- b. 302.01**
- c. 375.92
- d. 421.05



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Q8. In sampling, personal knowledge and opinions are used to identify the items from the population that are to be included in the sample.

- a. Probability
- b. Random
- c. Judgement**
- d. pilot or trial

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Q9. If the sample size 16 is increased to 121 and the standard deviation remains 100. What will be standard error of the mean?

- a. 14.23
- b. 11.04
- c. **9.10**
- d. 7.23



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Q10. As per Central Limit Theorem, when the sample population is skewed, the sample size must be at least _____ before the sampling distribution of the sample mean becomes approximately normal:

- a. 90
- b. 67
- c. 42
- d. 30



Q11. For a certain population, Standard Error of mean is 20 and the sample size is 25. What should be standard deviation?

- a. 4
- b. 45
- c. 100**
- d. inadequate information to make the calculation

Q12. Find the HM for the following data:

x:	2	4	8	16
f:	2	3	3	2

- a) 4.44
- b) 6.43
- c) 2.54
- d) None of the above

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Q13. If arithmetic mean of the following data is 21.14, the missing frequency X is

Values	0-10	10-20	20-30	30-40	40-50
Frequency	8	22	31	x	2

- a) 20
- b) 2
- c) 6
- d) 7

Q14. An average daily wage of all the 90 workers in a factory is Rs. 60. An average daily wage of female workers is Rs. 45. The average daily wages of male workers if one third workers are male is

- (a) 90**
- (b) 60**
- (c) 45**
- (d) 75**



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Anshul Ma'am
CAIIB Expert

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Q15. The following are the marks of 9 students in a class 34, 32, 48, 38, 24, 30, 27, 21, 35. Median is

- (a) 24
- (b) 32**
- (c) 34
- (d) 35

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Q16. Find Median for the following data.

Class interval	20-30	30-40	40-50	50-60	60-70
Frequency	8	26	30	20	16

- a) **45.33**
- b) 35.33
- c) 25.33
- d) 52.33

 

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Q17. Find Mode for the following data.

<i>Class interval</i>	<i>20–30</i>	<i>30–40</i>	<i>40–50</i>	<i>50–60</i>	<i>60–70</i>
Frequency	8	26	30	20	16

- a) 42.86
- b) 20.33
- c) 35.65
- d) 59.99

Q18. For a moderately skewed distribution of marks in statistics for a group of 200 students, the mean mark and median mark were found to be 55.60 and 52.40. What is the modal mark?

- a. 52
- b. 44
- c. 46
- d. 37






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Aishwarya Ma'am
CAIIB Expert

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Q19. Find Standard Deviation for the following data 2, 3, 7, 8, 10.

- a. 3.03**
- b. 4.56
- c. 2.34
- d. 1.56



Q20. Find the coefficient of range of the following items: 18, 15, 20, 17, 22, 16

- a. 0.27
- b. 0.38
- c. **0.19**
- d. 0.10



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Saloni Ma'am
CAIIB Expert

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Q21.

Find the correlation co-efficient for the data where it is given $\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y}) = 740$, Variance of $x = 204$, Variance of $y = 506$ and number of observations = 20.

a) 0.13

a) 0.115

a) 0.122

a) 0.115

Q22. Calculate the value of Y when X is 70. Given ; Mean(X) = 64.57, Mean (Y)= 61, Cov(X,Y) = 128.23 and SD(x) = 19.84

- a) 62.77**
- b) 42.45
- c) 98.33
- d) 35.33



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Q23. If for two variable x and y , the covariance, variance of x and variance of y are 40, 16 and 256 respectively, what is the value of the correlation coefficient?

- a) 0.01
- b) 0.4
- c) **0.625**
- d) 0.5

Q24. If regression equation is given as $5x + 2y \geq 30$, then value of x and y intercept of this line is?

- a) 0,0
- b) 6,15**
- c) 15,6
- d) 5,0

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Q25. Permutation and Combination are related to each other by which formula?

- a) $P(r,n) = r!$
- b) $P(n,r) = C(n,r)$
- c) $P(n,r)/r! = C(n,r)$
- d) $P(n,r) = r!$

Q26. In how many ways 2 watches can be selected from 4 watches?

- a) 6
- b) 7
- c) 8
- d) 5



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Q27. If a new drug is introduced to cure a disease, it either cures the disease (it's successful) or it doesn't cure the disease (it's a failure). This is an instance of distribution?

- A) Expectation
- B) Binomial distribution**
- C) Continuous random variable
- D) Random variable

Q28. A normal distribution is a distribution that occurs naturally in many situations where ___% of the data will fall to the left of the mean and the right. ____% will fall to

- A) 25%, 75%
- B) 50%, 50%**
- C) 75%, 25%
- D) 30%, 70%



The advertisement is for Oliveboard's CAIIB Elective - Risk Management Master Batch for Dec 2025 Attempt. It features the Oliveboard logo and the Institute of Banking & Finance. The course is labeled as 'Medium' and 'Hinglish'. A photo of Aishwarya Ma'am is shown with the text 'Aishwarya Ma'am' and 'Classes in Non-Banking Hours'. A large orange 'Enroll Now' button is at the bottom right. The course includes four main features: 40+ Concise Videos, 5 Full length Mocks, Downloadable Class Notes, and Peer Interaction & Community Access.

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Q29. An option that gives the right to buy is called option; an option that gives right to option. is called put

- A) Call, buy
- B) Put, sell
- C) Call, sell**
- D) Put, buy

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Q30. The price at which the option can be exercised (written in the contract) is called the price.

- A) Option price
- B) Contract price
- C) Strike price**
- D) Exercise price



The advertisement is for Oliveboard's CAIIB Elective - Rural Banking Master Batch for Dec 2025 Attempt. It features the Oliveboard logo and the Institute of Banking & Finance. The course is titled 'CAIIB Elective - Rural Banking' and is a 'Medium Hinglish' batch. The instructor is Anshul Ma'am. The batch includes 40+ Concise Videos, 5 Full length Mocks, Downloadable Class Notes, and Peer Interaction & Community Access. Classes are held in Non-Banking Hours. An 'Enroll Now' button is present at the bottom right.

Q31. _____ is the type of risk that arises out of significant exposure to any individual or group because any adverse occurrence will have the potential to inflict large losses on the core operations of a bank

- a. Credit Default Risk
- b. Concentration Risk**
- c. Country Risk
- d. None of the above

Q32. A credit of Rs. 2,000,000 was extended to a company one year ago. Determine the expected loss for the exposure if the company defaults completely, where the loss given default is 50%.

- a. 20,00,000
- b. 10,00,000**
- c. 5,00,000
- d. 2,50,000



The advertisement is for Oliveboard's CAIIB Elective - HRM Master Batch for Dec 2025 Attempt. It features the Oliveboard logo at the top left, followed by the text 'CAIIB Elective - HRM' in large, bold letters. To the right of this text is a blue circular badge with 'Medium Hinglish'. Below the main title is a black banner with 'Master Batch for Dec 2025 Attempt' in white. Underneath this banner are four white boxes with icons and text: '40+ Concise Videos', '5 Full length Mocks', 'Downloadable Class Notes', and 'Peer Interaction & Community Access'. On the right side of the advertisement is a portrait of 'Pradyumna Sir' with the Oliveboard logo on his shirt. Below his name, it says 'Classes in Non-Banking Hours'. At the bottom right is a red 'Enroll Now' button.

Q33. If the letters of the word RANDOM be arranged at random, what is the chance that the two letters O and A will be at the extremes.

- a. 0.6667**
- b. 0.4356
- c. 0.5667
- d. 1



Q34. A bag contains 10 white and 11 black balls. If two balls are drawn simultaneously from the bag. Find the probability of getting one white and one black ball:

- a. 0.5238
- b. 0.2619
- c. 0.2143
- d. 0.5



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Q35. If X follows Binomial distribution with $n=7$, $p=1/2$, then Mode is

- a. 3.5
- b. 3
- c. 4
- d. 3 and 4**



Q36. We have six students say A, B, C, D, E, F participating in a quiz contest. Out of six students only two can reach to the final. What is the probability of reaching to the final of each student?

- a. $2/5$
- b. $1/2$
- c. $1/3$
- d. $1/4$



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1 Which one of the following methods is not a current method of performance appraisal? (Select the most appropriate option from among the following.)

- a) Assessment centre workshop.
- b) Management by objectives.
- c) Human asset accounting method.
- d) Forced distribution method.

Ans d

2 Assertion (A): Conflict is not always a sign of poor relationships.

Reason (R): Conflict may occur even in strong and healthy relationships due to differing interests and goals.

- A. Both A and R are true, and R is the correct explanation of A
- B. Both A and R are true, but R is not the correct explanation of A
- C. A is true, R is false
- D. A is false, R is true

✓ **Answer: A**

Explanation: Even in strong relationships, differing values and needs can generate conflict.



3 Which of the following statement/s is/are correct?

- i) Wage, salary and remuneration all mean the same.
- ii) The reward linked to the performance generally improves the motivation level of employees.
- iii) It is not necessary to give market-linked wages to employees. They may otherwise continue because of lack of alternate jobs.
- iv) Uniform wage structure helps in improving the performance.

- a) Only (i).
- b) Only (ii).
- c) Only (i) and (ii).
- d) Only (iii) and (iv).

Answer: B

Explanation: The reward linked to the performance generally improves the motivation level of employees is a True statement. Rest three are False statement.






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Anshul Ma'am

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4 Ravi's manager asks him to complete a project faster, while his client demands thorough quality checks that delay delivery. Which type of conflict is this?

- A. Person-role conflict
- B. Inter-role conflict
- C. Intra-role conflict
- D. Relationship conflict



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✓ **Answer: C**

Explanation: Conflict arises within the same role (team leader) → speed vs. quality = **intra-role conflict**.



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5 "Applications are invited from self-motivated & result oriented individuals with sound knowledge of combined cycle gas turbine power plant operations and practical experience of mechanical, electrical maintenance of plant. Should have working experience in integrated management system environment & have an understanding of the commercial aspects of IPPs (Integrated Production Plans). Must possess managerial skills to lead & deliver." This section of job advertisement represents which one of the given terms? (Select the most appropriate option from among the following).

- a) Job analysis. b) Job description.
- c) Job specification. d) Job evaluation.

C

Ramesh is a project manager at a leading tech firm. During an annual performance review using the Johari Window model, Ramesh and his team evaluate his communication and management style. In the **Open Area**, Ramesh recognizes he is organized and dependable, traits well-known to his colleagues. The **Blind Spot** reveals his tendency to dominate discussions—while Ramesh sees himself as passionate, some team members interpret this as unapproachable. In the **Hidden Area**, Ramesh feels overwhelmed in high-pressure scenarios but hesitates to share these feelings, fearing judgment. The **Unknown Area** consists of latent leadership skills he has yet to demonstrate, such as empathy in team conflicts. Through feedback and self-disclosure, Ramesh realizes that acknowledging hidden worries and seeking others' perceptions can expand his Open Area, leading to improved communication, greater trust, and personal growth for both himself and the team.

6 Which area of the Johari Window involves information known to both the individual and others?

- a) Blind Area
- b) Open Area
- c) Hidden Area
- d) Unknown Area
- Answer: b) Open Area

7 What does the “Blind” area represent in the Johari Window?

- a) Known to self and others
- b) Known to self, unknown to others
- c) Unknown to self, known to others
- d) Unknown to both
- Answer: c) Unknown to self, known to others



8 Which action most effectively increases the “Open Area” for an individual who is reluctant to share personal information in a multicultural team setting?

- a) Ignoring feedback from teammates
- b) Requesting anonymous feedback and participating in guided self-disclosure exercises
- c) Refraining from communication
- d) Sharing only with select individuals
- Answer: b) Requesting anonymous feedback and participating in guided self-disclosure exercises

9 Which Johari Window quadrant contains personal traits neither known to self nor others?

- a) Open Area
- b) Blind Area
- c) Hidden Area
- d) Unknown Area
- Answer: d) Unknown Area



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10 How might cultural differences limit the effectiveness of the Johari Window in a global team environment?

- a) By making disclosure and feedback more effortless
- b) By reducing the relevance of the Blind and Hidden Areas
- c) By inhibiting open communication due to differing norms regarding feedback and privacy
- d) By increasing leaders' capacity for empathy
- Answer: c) By inhibiting open communication due to differing norms regarding feedback and privacy

11 Statement 1: Task conflict relates to disputes about work assignments, policies, and goals.

Statement 2: Relationship conflict arises from personal issues between individuals.

Statement 3: Value conflict arises only from organizational policies and never from cultural or personal differences.

Choose the correct option:

- A. 1 and 2 correct
- B. 2 and 3 correct
- C. 1 and 3 correct
- D. All three are correct

Answer: A

Explanation: Value conflict also arises from cultural, political, ethical, and personal differences not just policies.



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12 Which of the following statements are **TRUE** about **Theory X**?

1. Employees dislike work and must be coerced or controlled.
 2. Employees prefer to be directed and avoid responsibility.
 3. Employees have ambition and seek self-fulfillment.
 4. Motivation primarily comes through fear and monetary rewards.
- a) 1, 2, 4
 b) 1 and 3 only
 c) 2 and 3 only
 d) All 1, 2, 3, 4

Answer: (a)

Explanation: Theory X assumes employees are lazy, dislike work, avoid responsibility, and need external control/rewards. Ambition/self-fulfillment is part of **Theory Y**, not X.

13 Which of the following best describes the **Prelude stage** of conflict?

1. The actual incident of disagreement.
2. The background conditions and climate that make conflict possible.
3. The emotional involvement of parties in conflict.
4. The aftermath stage of evaluating outcomes.

- a) 1 only
 b) 2 only ☒
 c) 3 only
 d) 2 and 3

Answer: (b)

Explanation: Prelude = **background environment** (e.g., history of relations, organizational culture, scarcity of resources).



14 Assertion (A): A triggering event alone is sufficient to create conflict.

Reason (R): If prelude conditions do not exist, a triggering event may not escalate into conflict.

- a) A true, R true, R correct explanation ✓
- b) A true, R true, but R not explanation
- c) A true, R false
- d) A false, R true

Answer: (a)

Explanation: Without prelude (background tension), a trigger may not develop into conflict.

A conflict typically goes through five stages:

1. **Prelude Phase:** This stage includes all the factors that might lead to a conflict. These could be differences in opinions, interests, backgrounds, religion, or education, as well as poor communication or lack of coordination.
2. **Triggering Phase:** A conflict does not start on its own; there is always a specific event that sets it off. For example, Ram and Shyam never got along due to their different family backgrounds. During Shyam's presentation, Ram stood up and criticized him for not including relevant content, which triggered the conflict.
3. **Initiation Phase:** This is when the conflict actually begins. Arguments, insults, and disagreements become visible, showing that the conflict is in full swing.
4. **Differentiation Phase:** In this stage, both sides express their viewpoints and explain why they are upset. The reasons behind the conflict come to the surface.
5. **Resolution Phase:** Since conflicts do not lead to positive outcomes if left unresolved, the individuals involved must find a way to settle their differences. This phase focuses on finding solutions through compromise and understanding.

15 A team leader is facing persistent disagreements among team members. She chooses a conflict management mode that is both highly assertive and highly cooperative, aiming to mutually solve the problem for maximum benefit to all. Which Thomas-Kilmann mode is she using?

- A) Compromising
- B) Avoiding
- C) Accommodating
- D) Collaborating

Correct answer: D) Collaborating.



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16 Statement 1: Avoiding strategy under Thomas-Kilmann Model seeks to directly resolve conflict through compromise.

Statement 2: Accommodating strategy means satisfying others' concerns at the cost of one's own.

Statement 3: Collaborating aims for complete satisfaction of all parties involved.

- A. Only 2 and 3 correct
- B. Only 1 and 3 correct
- C. Only 1 correct
- D. All are correct

✓ **Answer: A**

Explanation: Avoiding does **not** resolve conflict; it sidelines/ignores it.

17 In negotiation theory, BATNA primarily strengthens a negotiator's position because it:

- A. Ensures that the negotiation will succeed
- B. Guarantees that both parties will collaborate
- C. Provides a fallback option if negotiation fails
- D. Eliminates the possibility of conflict

✓ **Answer: C**

Explanation: BATNA = Best Alternative to Negotiated Agreement → backup plan → stronger position.



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The advertisement features a light green background. On the left, the Oliveboard logo is above the text 'CAIIB 2025 Batch Foundation 3.0'. To the right of this is a red circular badge with 'Medium: English'. Further right is a photo of four men in Oliveboard t-shirts, with a blue banner below them saying 'Success Guaranteed!'. On the far right is an orange 'Enrol Now' button.

18 During a merger, two department heads have opposing needs but need a rapid decision. The negotiation is characterized by one dominating individual asserting their preferences with low regard for the other's needs. Which conflict management style and its risk is present?

- A) Avoiding: leads to operational delays
- B) Collaborating: risks excessive resource use
- C) Accommodating: risk of resentment by the yielding party
- D) Competing: potential for escalation or damaged relationships

Correct answer: D) Competing: potential for escalation or damaged relationships.

19 Ravi is highly skilled in data analysis but shows little interest in deadlines or teamwork. According to the 3Cs framework, which area is weak?

- A. Contribution
- B. Competence
- C. Commitment
- D. Collaboration

✓ **Answer: C**

Explanation: He has competence but lacks **commitment** → results in low contribution.



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20 Statement 1: Competence refers to skills, knowledge, and ability to perform tasks effectively.

Statement 2: Commitment refers to employee loyalty, motivation, and dedication.

Statement 3: Contribution is independent of competence and does not affect organizational performance.

- A. Only 1 and 2 are correct
- B. Only 2 and 3 are correct
- C. All three are correct
- D. Only 1 is correct

✓ **Answer: A**

Explanation: Contribution is **directly linked** to competence and strongly affects performance.

Priya, a dedicated software engineer, had been working at her current company for five years. Initially, her focus was on securing her basic needs with a stable salary and health benefits (physiological and safety needs). As she grew comfortable, she started seeking friendships and collaboration in her team (love and belonging needs). Over time, Priya desired recognition for her work and started to feel dissatisfied when her contributions were overlooked (esteem needs). Recently, Priya was offered the chance to lead an innovative project aligned with her personal values and ambitions. This opportunity challenged her skills and allowed her to express creativity, bringing her closer to self-actualization. Throughout her journey, Priya's changing priorities and motivations reflected the progression through the layers of Maslow's hierarchy, with fulfillment at higher levels dependent on the satisfaction of lower-level needs.

21 Which scenario best demonstrates the transition from esteem needs to self-actualization in the workplace?

- a) Seeking a salary raise for basic expenses
- b) Building friendships to avoid isolation
- c) Volunteering for a challenging assignment to realize personal potential after receiving peer recognition
- d) Requesting flexible work hours for safety
- Answer: c) Volunteering for a challenging assignment to realize personal potential after receiving peer recognition



22 In what way does Maslow's theory challenge the assumption that self-actualization is attainable in every organizational setting?

- a) By suggesting that self-actualization is dependent on satisfying only physiological needs
- b) By proposing that lower needs such as safety and belonging must be stably met before self-actualization is pursued, which is not always possible in volatile workplaces
- c) By stating that team recognition is unnecessary
- d) By insisting everyone will automatically achieve self-actualization
- Answer: b) By proposing that lower needs such as safety and belonging must be stably met before self-actualization is pursued, which is not always possible in volatile workplaces

23 If Priya begins to feel isolated and disengaged from her colleagues despite being well-paid and secure, which level of Maslow's hierarchy is most relevant to her dissatisfaction?

- a) Physiological
- b) Love and belonging
- c) Esteem
- d) Self-actualization
- Answer: b) Love and belonging



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Shubham Sir
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24 Which of the following combinations creates the **highest organizational value**?

- A. High Competence + Low Commitment + High Contribution
- B. High Competence + High Commitment + High Contribution
- C. Low Competence + High Commitment + High Contribution
- D. High Competence + High Contribution + No Commitment

✓ **Answer: B**

Explanation: Best performance comes when **all three Cs** are high.



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25 Lender shall, help the borrower during the tough time, by providing elongated repayment period, reduced margin for working capital, concessions in pricing, additional finance, wherever required and justified, to make the enterprise viable again. This is called?

- a) Rectification. b) Restructuring.
- c) Recovery. d) Recession.

Correct Answer: B



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26 Under the **Third Method of Lending**, the borrower is required to:

- A. Bring in 25% of Working Capital Gap
- B. Bring in 25% of Current Assets
- C. Bring in 100% of Core Current Assets and 25% of the balance
- D. Bring in 25% of Current Liabilities

✓ **Answer: C**

Explanation:

- 1st Method → 25% of Working Capital Gap
- 2nd Method → 25% of Current Assets
- 3rd Method → **100% of core current assets + 25% of balance current assets**

27 As per the Nayak committee method of working capital Assessment. A enterprise need what percent of its annual turnover as gross working capital?

- a) 25 percent. b) 20 percent.
c) 27.5 percent. d) 35 percent.

Answer: A



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28 After the amalgamation of Vijaya Bank and Dena Bank with Bank of Baroda, gross NPAs rose to ₹69,381 crore. The bank provided ₹20,698 crore towards NPAs, affecting the Profit Before Tax (PBT) and Net Profit. What does this indicate about the role of provisioning in merged entities?

- A) Provisioning always increases the net profit post-merger
- B) Provisioning reduces profitability in the short run, but strengthens bank resilience against future losses
- C) Provisioning is not necessary for amalgamated banks
- D) RBI does not require provisioning for newly identified NPAs post-merger

Correct answer: B) Provisioning reduces profitability in the short run, but strengthens bank resilience against future losses.

29 If Current Assets = ₹12,00,000 and Current Ratio = 2.4, what are Current Liabilities?

- A. ₹2,00,000
- B. ₹3,00,000
- C. ₹5,00,000
- D. ₹6,00,000

✓ **Answer: D**

Explanation:

Current Ratio = $CA \div CL$

$2.4 = 12,00,000 \div CL \rightarrow CL = 12,00,000 / 2.4 = \text{₹}5,00,000.$

Oops check again: $12,00,000 \div 2.4 = 5,00,000.$ ✓ Correct = C.



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30 Statement 1: Positive Working Capital means Current Assets exceed Current Liabilities.

Statement 2: Negative Working Capital always means insolvency.

Statement 3: Working Capital Cycle length depends on raw material, WIP, FG stock, and receivables-credit period.

Options:

- A. Only 1 and 2 correct
- B. Only 1 and 3 correct
- C. Only 2 and 3 correct
- D. All three correct

✓ **Answer: B**

Explanation:

- **S1:** Correct.
- **S2:** Wrong → Negative WC doesn't always = insolvency; may indicate efficient cash conversion.
- **S3:** Correct (WC cycle depends on inventory & credit terms)

31 Assertion (A): Factoring covers both financing & management of receivables.

Reason (R): Forfaiting leaves exporter responsible for buyer's default risk.

- A. Both A and R true, and R explains A
- B. Both A and R true, but R not explanation
- C. A true, R false
- D. Both A and R false

✓ **Answer: C**

Explanation: Factoring includes **ledger mgmt + finance**. Forfaiting = **always without recourse** → exporter is **not responsible** for buyer's default.



32 A company imports raw materials worth ₹12 crore per year.
The **Economic Order Quantity (EOQ)** per order is ₹1.5 crore.
The supply involves:

- Lead Time = **15 days**
- Transit Time = **30 days**
- Usance (credit period) = **90 days**

Assume 360 days in a year.

Based on the above, what should be the **Letter of Credit (LC) limit** sanctioned by the bank?

Options:

- A. ₹3 crore
- B. ₹4.5 crore
- C. ₹6 crore
- D. ₹7.5 crore

✓ **Answer: B. ₹4.5 crore**

Explanation:

1. **Average LC size = EOQ = ₹1.5 crore**
2. **Number of LCs opened per year = Annual Imports ÷ EOQ = $12 \div 1.5 = 8$ LCs per year**
 → One LC every $(360 \div 8) = 45$ days
3. **Outstanding period of each LC = Lead (15) + Transit (30) + Usance (90) = 135 days**
4. **How many LCs overlap at a time?**
 = Outstanding period ÷ Frequency = $135 \div 45 = 3$ **LCs outstanding**
5. **Total LC limit = Avg LC × Outstanding LCs = $1.5 \times 3 = ₹4.5$ crore**

33 What are the objectives of Credit Audit?

- i) Review sanction process and compliance status of large loans.
- ii) Independent review of Credit Risk Management.
- iii) Pick-up early warning signals and suggest remedial measures.
- iv) Periodic audit and re verification of title deeds and other loan documents in respect of all credit exposures of Rs.5 crore and Above.

- a) (i) and (ii) only.
- b) (i), (iii) and (iv) only.
- c) (i), (ii) and (iii) only.
- d) (i), (ii), (iii) and (iv).

ANS C



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34 Working Capital Requirement (WCR)

A company has:

- Debtors = 2 months of credit sales
- Credit Sales = ₹24,00,000 per year
- Creditors = 1 month of credit purchases
- Credit Purchases = ₹12,00,000 per year
- Stock = ₹3,00,000

What is **Working Capital Requirement**?

- A. ₹3,00,000
- B. ₹4,00,000
- C. ₹5,00,000
- D. ₹6,00,000

✓ **Answer: B**

Explanation:

Debtors = 2 months = $(24,00,000 \div 12) \times 2 = 4,00,000$

Creditors = 1 month = $(12,00,000 \div 12) \times 1 = 1,00,000$

WCR = Debtors + Stock - Creditors = $4,00,000 + 3,00,000 - 1,00,000 = \text{₹6,00,000}$.

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✓ Correct = D.

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35 Statements regarding **Fund-based and Non-Fund-based Credit**:

1. In fund-based credit, money is directly transferred from bank to borrower.
 2. In non-fund-based credit, no money is transferred but the bank undertakes a contingent liability.
 3. A Bank Guarantee is an example of fund-based credit.
- a) 1 & 2 only ☒
- b) 1 & 3 only
- c) 2 & 3 only
- d) All 1, 2, 3

Explanation: Bank Guarantee is **non-fund based**, not fund-based.

36 Assertion (A): RBI requires that companies with working capital limits of ₹150 crore or more must maintain at least 60% of it as a term loan.

Reason (R): This is done to improve credit discipline and reduce over-dependence on cash credit facilities.

- a) A true, R true, R is correct explanation ✓
- b) A true, R true, R not correct explanation
- c) A true, R false
- d) A false, R true




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37 Under April 2025 PSL guidelines, what is the maximum housing loan limit for an individual in a **metropolitan centre (population \geq 50 lakh)** to qualify as PSL?

- a) ₹65 lakh
- b) ₹50 lakh ☒
- c) ₹45 lakh
- d) ₹35 lakh



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38 Bank's Tier I Capital = ₹2,000 crore. As per exposure norms, what is the **maximum exposure allowed** to:

- (i) A single non-NBFC counterparty
- (ii) A group of interconnected non-NBFC counterparties

- a) ₹200 crore, ₹250 crore
- b) ₹400 crore, ₹500 crore ☒
- c) ₹500 crore, ₹600 crore
- d) ₹300 crore, ₹400 crore

Explanation: Limit = 20% and 25% of Tier I capital.

39 Which of the following statements are **wrong**?

1. A substandard asset is one which has remained NPA for ≤ 12 months.
 2. A doubtful asset is one which has remained substandard for over 12 months.
 3. A loan to a farmer for short-duration crops becomes NPA if unpaid for one crop season.
 4. A loan to a farmer for long-duration crops becomes NPA if unpaid for one crop season.
- a) Only 3 ☒
- b) Only 4
- c) 3 and 4
- d) None

Answer: (a) Only 3

Explanation:

- Substandard ≤ 12 months (✓)
- Doubtful = substandard > 12 months (✓)
- **Short-duration = 2 crop seasons ✗**
- Long-duration = 1 crop season ✓

40 Statement I: Siphoning of funds reduces the company's financial health and increases risk of default.

Statement II: Siphoning of funds can result in classification of the borrower as a wilful defaulter by banks.

Statement III: Siphoning of funds refers to reinvestment of company profits into business expansion.

Options:

- a) Only I and II are correct
- b) Only II and III are correct
- c) Only I and III are correct
- d) All three are correct

Answer: a) Only I and II are correct

Explanation: Statement III is wrong → reinvestment is legitimate, siphoning = misuse.



41 A financial creditor initiates the Corporate Insolvency Resolution Process (CIRP) against a defaulting company under Section 7 of the IBC, 2016. The National Company Law Tribunal (NCLT) admits the application and declares a moratorium as per Section 14. During the CIRP, the Interim Resolution Professional (IRP) is appointed, and the management of the company is vested in the IRP. The IRP continues essential supply of goods and services to preserve the value of the corporate debtor's assets. After 180 days, the Committee of Creditors (CoC) is unable to finalize a resolution plan, and the process is extended by 90 days with majority creditor approval.

Which of the following statements is/are correct regarding the above scenario?

- A. The moratorium prohibits institution of suits or continuation of pending suits against the corporate debtor, and restricts transfer of its assets during CIRP.
- B. The IRP is empowered to continue supply of goods and services necessary for preserving the value of the corporate debtor.
- C. The maximum time limit for completion of CIRP, including extensions and time spent in legal proceedings, cannot exceed 330 days as per the 2019 amendment.
- D. All of the above.

Answer: D

42 An operational creditor files an application under Section 9 of the IBC, 2016 for initiation of CIRP against a corporate debtor. The NCLT admits the application, and a moratorium is declared. During the moratorium, a supplier tries to recover dues by filing a civil suit against the corporate debtor. Which of the following is correct as per the IBC, 2016?

- A. The supplier can proceed with the civil suit since operational creditors are not covered by the moratorium.
- B. The moratorium bars the institution or continuation of suits or proceedings against the corporate debtor, including those by operational creditors.
- C. The moratorium only applies to financial creditors.
- D. The moratorium is optional and at the discretion of the NCLT.

Answer: B

43 Which regulatory document governs international Letters of Credit?

- A) Basel III
- B) FEMA guidelines
- C) UCP 600 (Uniform Customs and Practice)
- D) RBI Master Circular on Credit Delivery

✓ Correct Answer: C

Explanation: UCP 600, issued by ICC, governs international commercial LCs.



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44 Which of the following statements about *annihilation risk* is/are true in credit management?

- I. It refers to the risk of complete erosion of a borrower's net worth or operational capacity.
- II. Annihilation risk is particularly relevant in natural disasters or catastrophic legal penalties.
- III. It can be hedged effectively using traditional risk rating models.

Select the correct option:

- A. I and II only
- B. II and III only
- C. I and III only
- D. I, II, and III

Correct Answer: A




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45 Which of the following statements are correct in respect of Project Appraisal?

- i) The credentials of the promoters are examined under Management Appraisal.
 - ii) Return on Investment is worked out by using various calculation methods such as NPV, IRR, Payback Period, Cost Benefit Analysis, Accounting Rate of Return etc.
 - iii) Break-Even Analysis and Sensitivity Analysis are part of Technical Appraisal of a Project.
 - iv) Financial stake of promoters in the project and their capability to bring additional funds in case of contingencies arising out of delay in project implementation and changes in market conditions, is covered under Economic Appraisal.
- a) (i) and (ii) only. c) (i), (ii) and (iv) only. b) (i), (iii) and (iv) only.
d) (i), (ii), (iii) and (iv).

Answer: C

Explanation: All points are correct, except (iii) point as Break-Even Analysis and Sensitivity Analysis are part of Commercial Appraisal of a Project.

46 A firm has Capital of Rs. 200, Reserve Rs. 230 Term Loan of Rs. 180, Advance from customers Rs. 40, sundry creditor Rs. 100, Bank CC limit balance Rs. 400, Fixed Assets Rs. 300, Preliminary expenses Rs. 80, Debit balance of profit and loss account balance Rs. 30, advance tax paid Rs. 20, cash on hand Rs. 20, Stock Rs. 400 and sundry debtor Rs. 300. on the basis of the above information what is the Current Ratio of the firm

- a. 1.25:1
- b. 1.28:1
- c. 1.33:1
- d. 1.37:1

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- **Current Assets (CA):** Stock 400 + Sundry Debtors 300 + Cash 20 + Advance Tax 20 = **740**
(Preliminary expenses and debit P&L are fictitious—not CA.)
- **Current Liabilities (CL):** Sundry Creditors 100 + Advance from Customers 40 + **Bank CC balance 400** (treated as a current liability) = **540**
(Capital, reserves, term loan are non-current for this purpose.)

Current Ratio = CA / CL = 740 / 540 = 74/54 = 37/27 ≈ 1.37 : 1.

Punjab National Bank (PNB) faced a steep rise in **non-performing assets (NPAs)** in sectors like steel, power, and infrastructure. To handle this crisis, the bank adopted a three-pronged approach. First, it went for **restructuring/rehabilitation** by extending repayment schedules, lowering interest rates, and using the Corporate Debt Restructuring (CDR) mechanism to revive viable companies. Second, under **rectification**, it strengthened monitoring by setting up a **Stressed Asset Management Branch (SAMB)** and introducing Early Warning Signals (EWS) to detect potential NPAs early. Third, for **recovery**, PNB acted strictly against wilful defaulters through the **SARFAESI Act, 2002**, by auctioning assets, and also referred large cases to the **National Company Law Tribunal (NCLT)** under the Insolvency and Bankruptcy Code (IBC), 2016. This balanced strategy helped PNB both **rehabilitate genuine borrowers** and **recover dues from defaulters**, gradually improving its financial stability.

47 Punjab National Bank opted for debt restructuring in the steel and infrastructure sector primarily to:

- a) Liquidate the companies and recover collateral immediately
- b) Provide long-term repayment relief to potentially viable firms
- c) Shift the NPAs to another bank's balance sheet
- d) Waive off loans to reduce litigation pressure

Answer: b) Provide long-term repayment relief to potentially viable firms

48 PNB's three-pronged approach of restructuring, rectification, and recovery reflects:

- a) A mix of borrower rehabilitation and strict enforcement of recovery laws
- b) A complete loan waiver scheme to protect stressed sectors
- c) Exclusive dependence on judicial recovery mechanisms
- d) Ignoring early warning signals to avoid reputational damage

Answer: a) A mix of borrower rehabilitation and strict enforcement of recovery laws

49 Why did PNB use the **SARFAESI Act, 2002** for certain accounts?

- a) To extend repayment timelines for stressed firms
- b) To seize and auction borrower's assets without court intervention
- c) To provide concessional interest rates to defaulters
- d) To allow corporate borrowers to restructure equity

Answer: b) To seize and auction borrower's assets without court intervention



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50 Which of the following best explains the use of the **Insolvency and Bankruptcy Code (IBC), 2016** by PNB in large NPAs?

- a) To provide short-term working capital loans to stressed firms
- b) To transfer recovery responsibility to the RBI
- c) To initiate insolvency proceedings and achieve time-bound recovery
- d) To allow wilful defaulters to self-restructure without external intervention

Answer: c) To initiate insolvency proceedings and achieve time-bound recovery

51 Which of the following statements is correct with respect to RBI's Scale-Based Regulation (SBR) framework for NBFCs?

- A) All NBFCs are now treated under a single regulatory framework
- B) RBI has classified NBFCs into 4 layers- Base, Middle, Top and Upper
- C) NBFCs are classified into 4 layers: Base, Middle, Upper, and Top
- D) The layer classification applies only to deposit-taking NBFCs

✓ **Correct Answer: C**

Explanation: RBI's **SBR framework** classifies NBFCs into **4 layers** – **Base Layer (BL)**, **Middle Layer (ML)**, **Upper Layer (UL)**, and **Top Layer (TL)**.



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52 Consider the following statements about **Compliance Policy**:

1. It must define compliance objectives, scope, responsibilities, and procedures.
2. It should be reviewed at least once in three years.
3. A quality assurance program must be subject to external review at least once in three years.
4. The Chief Compliance Officer should be included in the New Product Committee.

Which of the above are correct?

- a) 1, 3, 4 only ☒
- b) 1 and 2 only
- c) 2 and 4 only
- d) All 1, 2, 3, 4

Answer: (a)

Explanation: Policy is reviewed **annually**, not once in 3 years.

53 Identify the **wrong statements**:

1. The CCO should directly report to the MD & CEO or the Board Committee.
2. If reporting to MD & CEO, the Audit Committee must meet the CCO annually.
3. Age limit for CCO appointment is 55 years.
4. CCO must have at least 15 years of experience, including 5 years in compliance-related areas.

- a) Only 2 ☒
- b) Only 3
- c) 2 and 3
- d) None

Answer: (a)

Explanation: ACB must meet **quarterly**, not annually.

54 According to Regulation 47 of SEBI (LODR) Regulations, 2015, which publication requirement is mandatory for listed entities?

- A) Publishing internal audit reports
- B) Publishing board meeting minutes
- C) Publishing details of all related party transactions
- D) Publishing notices of board meetings where financial results will be considered, in newspapers

Answer: D



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55 Assertion (A): Dual Hatting is discouraged for CCO.

Reason (R): Because CCO should not hold positions that bring conflict of interest with compliance role.

- a) Both A and R true, R is correct explanation ✓
- b) Both A and R true, R not correct explanation
- c) A true, R false
- d) A false, R true

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56 What are the key protections that must be provided to whistle blowers under a robust whistle blowing policy in the financial sector?

A) Whistle blowers should be protected only if their reports are proven to be accurate; otherwise, they may be subject to disciplinary action or retaliation, and their identities may be disclosed to management or other staff members as necessary for investigation purposes.

B) Whistle blowers must be protected from any form of retaliation, including dismissal, demotion, harassment, or discrimination, regardless of whether the reported allegation is substantiated, provided the report was made in good faith; their identity and any information that could reveal it must be kept strictly confidential, disclosed only to competent authorities if required, and the institution must make it clear that no adverse action will be taken against individuals who report suspected misconduct honestly, even if the investigation does not confirm the violation.

C) Whistle blowers should only be protected if they report through external channels, and there is no need for the institution to have any internal mechanisms or protections in place.

D) Whistle blowers may be protected, but only for a limited period of time and only if they agree to waive their right to anonymity.

Answer: B

Explanation: Whistle blowers must be protected from retaliation and have their identities kept confidential, with protection applying to all good-faith reports, regardless of outcome

57 Which of the following best describes how an integrated Governance, Risk, and Compliance (GRC) approach enhances organizational decision-making?

- A) By focusing solely on compliance checklists and ignoring risk management, organizations can ensure that only regulatory requirements are met, even if this leads to inefficiencies in strategic planning and execution.
- B) By unifying governance, risk management, and compliance processes, organizations gain a holistic view of their operations, enabling leadership to make more informed, timely, and strategic decisions that align with both regulatory requirements and business objectives, while also reducing the risk of oversight due to siloed information.
- C) By decentralizing all compliance and risk activities to individual departments, organizations can foster innovation, even though this may result in inconsistent policies and duplicated efforts across the enterprise.
- D) By outsourcing all governance and compliance activities to third-party vendors, organizations can eliminate the need for internal controls, regardless of the potential loss of accountability and transparency.

Answer: B

Explanation: An integrated GRC approach centralizes information and processes, supporting strategic, informed decision-making and reducing risks associated with fragmented systems

58 Break-even point less than or equal to 50 is consider as?

- a. Very Healthy.
- b. Low Risk.
- c. Medium Risk.
- d. High Risk.

Correct Answer: a



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Note: Break-even point $\leq 50\%$ is very healthy.
51-65% as of low risk.
66-70% as medium risk.
71-85% as high risk and
Beyond 85% is very high risk.

59 Which statement is correct?

- a. Multiple banking is a banking arrangement where a borrower avails credit facility independently from more than one bank while consortium banking means several banks joins together as a single financier and make common agreement.
- b. Multiple banking means several banks joins together as a single financier and make common agreement while consortium banking is a banking arrangement where a borrower avails credit facility independently from more than one bank.
- c. Both a and b.
- d. None of the above.

Ans a

60 Statement 1: The minimum fixed tenure for the Chief Compliance Officer (CCO) in a bank is three years.

Statement 2: The CCO can be removed or transferred before completion of tenure only in exceptional circumstances with explicit prior board approval.

- A) Both statements are correct
- B) Both statements are incorrect
- C) Statement 1 is correct, Statement 2 is incorrect
- D) Statement 1 is incorrect, Statement 2 is correct

Answer: A) Both statements are correct

61 Which of the following best defines the primary objective of Risk-Based Internal Audit (RBIA) in banks?

- A) To check compliance with accounting standards only
- B) To ensure all branches are audited every year
- C) To provide assurance that risk management processes are effective and risks are managed within the bank's risk appetite
- D) To focus only on financial fraud detection

Answer: C) To provide assurance that risk management processes are effective and risks are managed within the bank's risk appetite



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62 A large public sector bank is reviewing its internal audit function. The Head of Internal Audit (HIA) is tasked with preparing the annual audit plan. The HIA consults with senior management and the board to conduct a robust risk assessment, ensuring the plan covers all high-risk areas and aligns with the bank's strategic objectives. The HIA also ensures the audit team receives ongoing training to keep up with evolving industry standards and regulatory requirements. The audit plan is submitted to the Audit Committee for approval, and the HIA is responsible for ensuring the department complies with international auditing standards and a relevant code of ethics.

Which of the following statements best describes the responsibilities and reporting structure of the Head of Internal Audit in this scenario?

- A) The HIA is responsible for independently evaluating internal controls, risk management, and governance systems, preparing a risk-based audit plan, and ensuring the audit team's competence, with direct accountability to the Audit Committee or Board.
- B) The HIA is responsible only for operational management and reports solely to the Chief Financial Officer, with no involvement in risk assessment or audit planning.
- C) The HIA's main role is to prepare financial statements and manage external audits, reporting to the marketing department.
- D) The HIA is responsible for hiring audit staff and conducting marketing reviews, reporting only to branch managers.

Answer: A) The HIA is responsible for independently evaluating internal controls, risk management, and governance systems, preparing a risk-based audit plan, and ensuring the audit team's competence, with direct accountability to the Audit Committee or Board.

63 According to the Basel Committee and leading governance frameworks, what is the primary reason for the HIA's reporting line to the Board or Audit Committee rather than to senior management?

- A) To maximize the independence and objectivity of the internal audit function, ensuring it is free from management influence in its work, conclusions, and reporting.
- B) To minimize the workload of the Audit Committee.
- C) To streamline the approval process for audit budgets.
- D) To facilitate the HIA's involvement in day-to-day operations.

Answer: A) To maximize the independence and objectivity of the internal audit function, ensuring it is free from management influence in its work, conclusions, and reporting

64 Which of the following best describes the compliance requirements for NBFCs in the Base Layer under the SBR framework?

- A) They must follow the same regulations as scheduled commercial banks
- B) They are subject to minimal regulation and are exempt from RBI oversight
- C) They are subject to basic prudential regulations, including capital adequacy, asset classification, and provisioning, but with less stringent requirements compared to higher layers
- D) They are not required to maintain any regulatory capital

Answer: C

Base Layer NBFCs face basic prudential norms but less stringent compliance than those in higher layers




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65 How does an integrated GRC approach contribute to the long-term sustainability and reputation of a business?

- A) By allowing each business unit to interpret regulations independently, the organization can adapt quickly to local market changes, even if this results in inconsistent compliance and increased risk of regulatory penalties.
- B) By establishing a unified framework for governance, risk management, and compliance, the organization can proactively identify and address potential legal, financial, and reputational risks, maintain stakeholder trust, and ensure ongoing alignment with ethical standards and regulatory expectations.
- C) By prioritizing short-term financial gains over compliance and risk controls, the organization can boost quarterly profits, even if it exposes itself to long-term vulnerabilities.
- D) By minimizing investment in compliance technology and relying on manual processes, the organization can reduce immediate costs, despite the higher likelihood of errors and regulatory breaches.

Answer: B

Explanation: A unified GRC approach supports proactive risk management, builds stakeholder trust, and protects reputation and sustainability

66 In the context of vigilance in banks, the term "Preventive Vigilance" refers to:

- A. Punishing employees for past misconduct
- B. Ignoring minor procedural lapses
- C. Transferring employees frequently
- D. Taking proactive steps to avoid corruption

and fraud

E. Ans d ☒

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67 In a sophisticated MITM attack, which property is most crucial for the attacker to successfully intercept and alter encrypted communications?

- A) The target uses two-factor authentication
- B) The attacker has local admin access to the device
- C) The attacker can exploit weak SSL/TLS implementations in the network
- D) The target system runs outdated antivirus software

Correct answer: C) The attacker can exploit weak SSL/TLS implementations in the network

68 Which unique characteristic distinguishes an Advanced Persistent Threat (APT) from other cyber attacks?

- A) Rapid execution and immediate financial gain
- B) Use of zero-day vulnerabilities, persistence mechanisms, and goal-oriented multi-stage operations over months or years
- C) Reliance solely on email phishing techniques
- D) Targeting only individual users, not organizations

Correct answer: B) Use of zero-day vulnerabilities, persistence mechanisms, and goal-oriented multi-stage operations over months or years

The banner features the Oliveboard logo on the left, followed by the text 'CAIIB 2025 Batch Foundation 3.0'. To the right of this text is a purple circle with the text 'Medium: English'. Further right is a photo of four students (three men and one woman) standing together, with a red banner below them that says 'Success Guaranteed!'. On the far right is an orange button with the text 'Enrol Now'.

69 What is the effect of reporting a fraud incident to the Central Fraud Registry in terms of credit governance?

- A) There is no impact on future credit decisions
- B) Reported information is used as part of credit risk governance and fraud risk management, helping banks exercise caution and introduce safeguards when dealing with listed parties
- C) Banks must block all accounts immediately
- D) RBI will automatically reimburse affected customers

Correct answer: B) Reported information is used as part of credit risk governance and fraud risk management, helping banks exercise caution and introduce safeguards when dealing with listed parties.

70 Which of the following statements is NOT true about the transmission plan and rate transmission mechanisms in Non-Banking Financial Companies (NBFCs) in India, given recent Reserve Bank of India (RBI) analyses and sector reforms?

- A) NBFCs notably exhibit weaker transmission of policy rates to end borrowers compared to commercial banks, passing a significantly lower proportion of rate hikes on to customers during 2022-2025.
- B) The RBI considered implementing an external benchmark-based lending rate (EBLR) system for selected NBFC sectors, aiming to emulate the quicker policy rate transmission established in commercial banks, particularly for home loans and small businesses.
- C) NBFCs generally charge higher interest rates owing to a liability structure more reliant on bank funding, coupled with riskier borrower profiles, prompting calls for funding diversification and stricter governance frameworks.
- D) As of 2025, NBFCs are mandated to peg all lending rates to the repo rate under an external benchmark regime identical to that of commercial banks, ensuring rapid and uniform policy transmission throughout the sector.

Correct answer: D) As of 2025, NBFCs are mandated to peg all lending rates to the repo rate under an external benchmark regime identical to that of commercial banks, ensuring rapid and uniform policy transmission throughout the sector.

The correct answer is D because, while the RBI analyzed EBLR feasibility for NBFCs, it found such a regime not yet feasible, and NBFCs do not mandatorily link all lending rates to external benchmarks like banks.



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