

CRO Practice Test Questions and Answers

1. What is credit risk?

- A) Risk of data breach
- B) Risk of fraud by employees
- C) Risk of supplier non-performance
- D) Risk of borrower default

2. Backtesting a VaR model involves:

- A) Projecting future portfolio losses using forward-looking macroeconomic scenarios
- B) Comparing the model's historical loss predictions against actual observed losses
- C) Reviewing the assumptions embedded in the model's mathematical derivation
- D) Stress-testing the model under hypothetical crisis scenarios

3. What is a risk register used for?

- A) To register financial accounts
- B) To track employee performance
- C) To record and manage identified risks
- D) To list organizational goals

4. What does 'risk appetite' refer to?

- A) The level of risk the regulator imposes
- B) The types of risks a competitor faces
- C) The amount of risk an organization is willing to accept
- D) The financial appetite of shareholders

Answers: 1-D 2-B 3-C 4-C

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