



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: December 10, 2019

**Advanced Risk Management
AIBP (Core Subject)**

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language;
- iv. Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- v. DO NOT write your Name, Access No. or Roll no. etc. anywhere inside the answer script(s);
- vi. Candidates are advised not to mark any of the objective answer on the question paper, otherwise their paper will be cancelled;
- vii. Question Paper must be returned to invigilator before leaving the examination hall.

SECTION B: SUBJECTIVE

All the questions from Section B are compulsory.

(40 Marks)

Q2. The senior management of 'ABC' Bank is considering to implement an Operational Risk Management Framework and have asked you to provide the guidance with respect to key elements for a successful implementation.

Explain in detail the key elements that are a prerequisite for the successful implementation in this regard. (Any five) **(10 Marks)**

Q3. Explain risk management strategies which can be applied in the case of unsecured financing products. **(10 Marks)**

Q4.

A. Why integration of risk management is important for an organization? **(03 Marks)**

B. State the reasons of interest rate risk. **(02 Marks)**

Q5. List down the early warning indicators of Liquidity Risk. **(05 Marks)**

Q6. Management of XYZ Bank is concerned with the rise of recent interest rate. Highlight the impact of rising interest rates on Bank's financial statements. **(05 Marks)**

Q7. Calculate the expected return based probability distribution of one – year return. **(05 Marks)**

Possible Return %	Probability of Occurrence
10	0.3
50	0.2
-05	0.05
30	0.4
15	0.05
	$\Sigma = 1$

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