



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: March 16, 2023

**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 answers, the examiner takes 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

Attempt ALL Questions.

(40 Marks)

Q1.

- A. What is Expected and Unexpected loss in the context of Risk Management Guidelines for Commercial Banks and DFIs issued by SBP? **(4 Marks)**
- B. Explain key responsibilities of Board and Senior Management for a sound implementation of Risk Management in an organization in accordance with the Risk Management Guidelines for Commercial Banks & DFIs by SBP. **(8 Marks)**

Q2.

- A. According to the Enterprise Technology Governance & Risk Management Framework for FIs by SBP, what is information security in Business Environment? **(4 Marks)**
- B. The implementation of technology in the financial sector also invites the threat of breach of information/ cyber security. This calls for the Banks/ DFIs to establish a comprehensive testing methodologies to validate the effectiveness of its information/ cyber security environment. Briefly explain testing methodologies mentioned in the Enterprise Technology Governance & Risk Management Framework for FIs by SBP. **(8 Marks)**

Q3.

Independent reviewer ensures that the bank's risk measurement system is sufficient to capture all material elements of interest rate risk whether arising from on- or off-balance-sheet activities. In this regard, list the qualitative and quantitative factors as specified in the Guidelines on Interest Rate Risk Management by SBP. **(6 Marks)**

Q4.

Write down any **FIVE** fundamental principles that all institutions, regardless of their size or complexity, should address in their approach to operational risk management as mentioned in the Risk Management Guidelines for Commercial Banks & DFIs by SBP. **(10 Marks)**

X ——— END OF PAPER ——— X