



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: June 23, 2023

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

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In checking the answer sheet, 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.
- viii. Ensure that you shade your choice on the Optical Mark Reader sheet correctly. Only **ONE** circle must be shaded as shown below:

Correct way A B C D **(Choice B is selected)**

Incorrect ways A B C D

SECTION B: SUBJECTIVE

Attempt ALL Questions.

(40 Marks)

Q2. According to the Risk Management Guidelines for Commercial Banks & DFIs by SBP:

A. What is Risk Measurement? **(5 Marks)**

B. What are the ideal characteristics of Risk Measurement System? **(3 Marks)**

Q3.

A. What is Expected and Unexpected loss in the context of Risk Management? **(4 Marks)**

B. What is the prescribed regularity requirements for calculating the Leverage Ratio mentioned in the Instructions for Basel III Implementation in Pakistan by SBP? **(6 Marks)**

Q4. You are a cybersecurity analyst at a Financial Institution. The institution has recently experienced a data breach, resulting in the loss of customer data. The management is concerned about the institution's Information/ Cybersecurity Management Framework and has asked to review it. What are the minimum contents that you expect to find in institution's information cyber security management framework in accordance with Enterprise Technology Governance & Risk Management Framework for Financial Institutions by SBP? **(8 Marks)**



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Q5. Match the following operational risk events with the appropriate operational risk loss event type. **(8 Marks)**

List of Operational Risk Loss Event Types	Operational Risk Events
a) Transaction is not reported intentionally	i. Business Disruption and Systems Failures
b) Hacking damage/attack on bank's server/media tapping/denying services	ii. Execution, Delivery and Process Management
c) Compensation, benefit, termination issues, general liabilities i.e., slip or fall	iii. External Fraud
d) Fiduciary breaches/ guidelines violations/ Aggressive sales	iv. Employment Practices and Workplace Safety
e) Human losses from external sources (terrorism, vandalism) or natural disaster losses	v. Internal Fraud
f) System failures i.e., hardware damages, software failure, utility outage or disruption	vi. Clients, Products and Business Practices
g) Miscommunication, accounting error/ entity attribution error or missed deadline or responsibility	vii. Damage to Physical Assets
h) Unlicensed activity, Money Laundering	

Note: *Solution of Q5 can be attempted through mentioning of a,b,c ... with respective i, ii, iii.*

Q6. According to the Risk Management Guidelines for Commercial Banks & DFIs:

A. Define early warning indicators of liquidity risk. **(2 Marks)**

B. Write down any **FOUR** examples of internal early warning indicators of liquidity risk. **(4 Marks)**

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