



The Institute of  
Bankers Pakistan

**Time Allowed: 3 Hours**

**Maximum Marks:100**

**Date: December 21, 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 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)**

**Q1.** A Financial Institution (FI) wants to enhance its cyber security measures to protect sensitive information and detect/ respond to cyber-attacks effectively. To achieve this, the FI plans to implement an appropriate cyber security action plan.

List down any **FOUR** appropriate parameters that should be included in the FI(s)' cyber security action plan considering various parameters in accordance with the Enterprise Technology Governance & Risk Management Framework for FIs by SBP. **(8 Marks)**

**Q2.** As the risk manager at a financial institution, you've observed a rise in operational risk incidents, prompting senior management to express concerns regarding potential losses. They are keen on improving the risk monitoring process to proactively handle these issues. Elaborate on the significance of a robust risk monitoring process in operational risk management and elucidate how Key Risk Indicators (KRIs) play a pivotal role in identifying and escalating significant risk matters in accordance with the Risk Management Guidelines for Commercial Bank's & DFIs by SBP **(10 Marks)**

**Q3.** State and briefly describe the main components of interest rate risk mentioned in the Guidelines on Interest Rate Risk Management by SBP. **(10 Marks)**



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**Q4.**

**A.** According to the Guidelines on Internal Credit Risk Rating Systems by SBP, all banks/ DFIs are required to assign internal risk ratings across all their credit activities including consumer portfolio. In this context, briefly define: **(4 Marks)**

1. An obligor Rating
2. A Facility Rating

**B.** According to the Implementation of Operational Risk Management Framework by SBP, what are the essential components that the bank should incorporate into its Operational Risk Management Framework, ensuring its integration within the broader risk management procedures, documentation, and board approval?

**(8 Marks)**

**X ——— END OF PAPER ——— X**