



ICM

SEPTEMBER 2015

RISK MANAGEMENT

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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- 1. Analyse the SIX stages of the core risk management process. [20]
 - 2. Explain and evaluate the process of Scenario Analysis as a tool for better understanding risk in, and facing, an organisation. [20]
 - 3. Embedding risk management in an organisation is a challenging task that is not always achieved. Assess the key challenges that are likely to be faced when seeking to identify the effectiveness of existing risk processes and in embedding risk management in an organisation. [20]
 - 4. Explain what **operational risk** is and review the likely benefits to be obtained from excellent operational risk management. [20]
 - 5. Explain the frequency with which top risks should be reviewed and re-assessed by the Board of Directors of an organisation. [20]
 - 6. There is an increasing trend for organisations to articulate their risk appetite and to set out their risk tolerances. Comment on why this is the case and explain the importance of defining risk appetite and tolerances for an organisation. [20]
 - 7. Analyse the likely benefits to an organisation of introducing a risk database. [20]
 - 8. Explain and evaluate the benefits to an organisation of adopting a Business Risk Breakdown Structure. [20]