

# Enterprise Risk Management

ANNEX 203 R

MAY/JUNE 2009

## SECTION A

1	4	11	4	21		31	3
2		12	1	22	3	32	4
3	1	13	4	23	1	33	1
4	2	14		24	4	34	2
5	2	15	3	25	4	35	1
6	3	16		26	4	36	4
7	3	17	2	27	2	37	2
8	4	18	4	28		38	3
9	2	19	2	29	2	39	
10		20	2	30	2	40	1

Section BQuestion 1

1.1.

(a) The number of successes cannot be more than the number of possible outcomes.

Therefore the maximum value of  $P$  is 1

(b) The number of successes cannot be a negative value

Therefore the minimum value of  $P$  is 0

1.2.

Fundamental Risks:

Arise from losses that are impersonal in origin and consequence and originate in the economic, political or social interdependency of society. However, they may also arise from purely physical occurrences such as drought conditions occurring in Southern Africa.

Particular Risks:

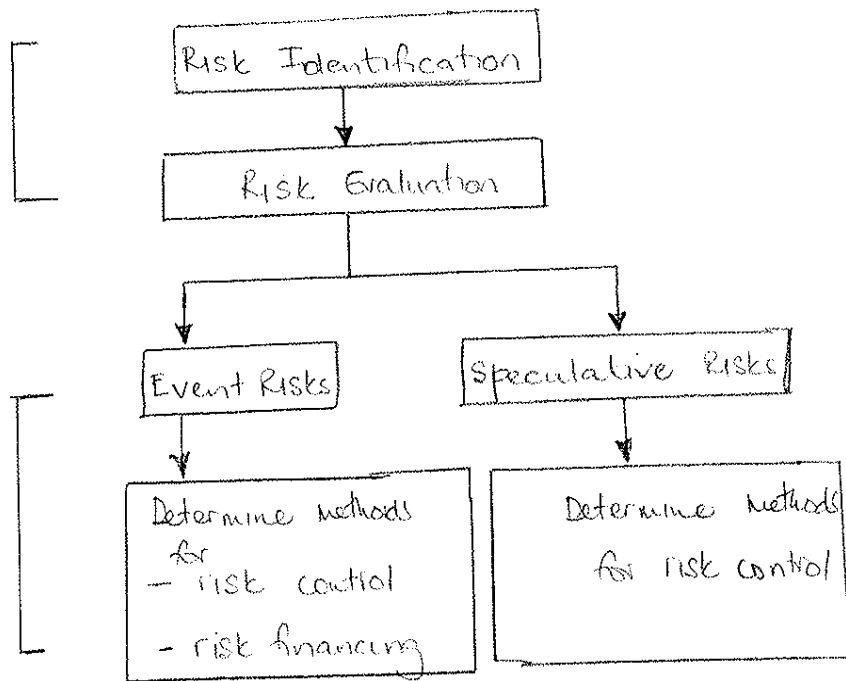
Are losses that have their origin in discrete events which have an essentially personal cause. Such risks would, for example, be fire damage to a building or the explosion of a pressure tank.

## Question 2

2.1

Assess  
business  
risk

Develop  
business risk  
strategies



It is evident that

- risk management process is a continuous process that can be regarded as a circle of interrelated and continuing steps.
- the methods of control of event risks and speculative risks differ and are therefore considered separately

### 1 Risk Identification

Numerous methods can be used in the risk identification method

### 2 Risk Evaluation

Event Risk

Speculative Risk

### Question 3

#### 1. Collect Data

The aim of this step is to collect data regarding the business strategy and objectives.

#### 2. Evaluate Data

This step aims to determine the current operational risk profile of the business.

#### 3. Determine the operational risk appetite.

The aim of this step is to determine the tolerance of the business for a potential loss due to operational risks.

#### 4. Formulate risk management objectives

This step aims to determine the short-, medium- and long term objectives for managing operational risks.

#### 5. Monitoring and reporting

This step aims to monitor the execution of risk management action plans.