



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

Master of Project
Management

Date

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Course Code

(PMG510)

Project Risk Management

Instructions:

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حتى الآن من المفترض أن تكون أصبحت قادراً على التعرف والتمييز بين أنواع المخاطر المختلفة وكيفية التعامل معها. كما يمكنك الآن رؤية كيف يتم هذا الأمر في الشركات الكبيرة والمرموقة.

في هذا الواجب: قم باختيار واحدة من الشركات التالية:

أرامكو السعودية

البنك الأهلي التجاري

شركة الاتصالات السعودية

قم باختيار واحدة من الشركات الثلاث المذكورة أعلاه ثم ابحث عن أي 4 مخاطر تواجهها هذه الشركة .

لكل خطر من هذه المخاطر قم بالاجابة عن الأسئلة التالية:

1. لماذا اعتبرته خطراً؟
2. ماهو نوع هذا الخطر؟
3. ماهي احتمالية هذا الخطر؟ وفي حالة وقوعه مامدى قوة وتأثير هذا الخطر؟
4. ماهي السياسة أو الاستراتيجية التي تتبعها هذه الشركة للتعامل مع هذا الخطر وادارته؟

** يمكنك الاجابة باللغة العربية أو الانجليزية على ألا تتجاوز اجابتك صفحتين من النوع A4

** يتم تسليم جميع الاجابات في ملف بصيغة pdf.

** حجم الخط 12.

** نوع الخط Arial.

** المسافة بين الأسطر (line spacing) 1.5

أمنياتي بالتوفيق.

Throughout this course you have learned about the different types of risk and how businesses manage them. Now you will be able to see how it is done in a well-known company.

Your assignment is to choose one of the following companies:

Saudi Aramco

The National Commercial Bank

Saudi Telecom Company

Do some research on any of the aforementioned companies and identify four risks they are facing.

For each risk please answer the following:

1. Why is this a risk?
2. What type of risk is it?
3. What is the likelihood of the risk? How great is the impact?
4. What strategy or policy does the company use to manage the risk?

** Your answers could either be in Arabic or English.

** You should submit your assignment in a pdf formatted file.

** Font size should be 12.

** Font type is Arial.

** Line spacing is 1.5.

All the best.

The National Bank

- **Credit Risk**

1. **Why is this a risk?**

Financial instruments, such as trade-finance related products, derivatives and financing commitments are part of the banks normal operational scope involving other parties. If the other party to a financial instrument or transaction will fail to discharge an obligation this will cause the bank to incur **a financial loss**.

2. **What type of risk is it?**

Control Risk

3. **What is the likelihood of the risk? How great is the impact?**

Likelihood: low / Impact: medium

4. **What strategy or policy does the company use to manage the risk?**

For financing: NCB uses an internal rating model to assess the borrower before the financing approval.

For Investments: NCB uses external ratings by the major rating agencies before committing.

The NCB risk management policies are designed to highlight risks and set their limits. This includes monitoring the risks on a daily basis.

- **Market Risk**

1. **Why is this a risk?**

Market risk is the risk of changing market prices such as the price of special commission, equity prices and foreign exchange rate which may affect the cost significantly.

2. **What type of risk is it?**

Opportunity Risk

3. **What is the likelihood of the risk? How great is the impact?**

In 2019, NCB had a low likelihood measure on risk (SAR 11M) which was highly impacted at the end of the year with Covid -19 (SAR 22M) High impact. In 2020,

NCB budgeted for risk with a high likelihood (SAR 21.8M) and was able to have a lower impact at the end of the year (SAR 23.9M) Medium Impact.

4. What strategy or policy does the company use to manage the risk?

NCB has the authority of the Risk Management with the Board of Directors

NCB has a policy for positions stating that the Confidence Level must be 99%

NCB has a policy for a holding position for 1-day only

NCB uses a model to look at the historical data to give indications before entering a transaction

- **Liquidity Risk**

1. Why is this a risk?

Liquidity is the risk that the Group will be unable to meet its payment obligation when they fall under normal and stress circumstances.

2. What type of risk is it?

Opportunity Risk

3. What is the likelihood of the risk? How great is the impact?

Likelihood: medium / Impact: high

4. What strategy or policy does the company use to manage the risk?

Management has diversified sources in addition to its core deposit base.

Management assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity basis

The NCB Group has line of credit in place that it can access to meet liquidity needs.

IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES

1. Why is this a risk?

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are beginning to experience a "second wave" of infections despite having previously controlled the outbreak through aggressive precautionary measures.

2. What type of risk is it?

In case the pandemic continues in 2021 there will be three risk:

- Uncertainties Risk: if the pandemic continues as more borrowers may lose their job and will be unable to pay the bank
- Opportunity risk: the pandemic will impact new investment options /opportunity as less companies and governments will be willing to take chances with growth and investment plans..
- Hazard risk: if coronavirus spread in the office the employees couldn't attend and the work will be impacted significantly

3. What is the likelihood of the risk? How great is the impact?

Likelihood: medium / Impact: high

4. What strategy or policy does the company use to manage the risk?

The Bank has revised certain inputs and assumptions used for the determination of expected credit losses ("ECL"). The revisions mainly revolved around:

- Adjusting macroeconomic factors/inputs used by the Bank in its ECL model including observed default rates
- Revisions to the scenario probabilities, and refinement of staging criteria in light of the SAMA support measures and to effectively identify exposures where lifetime ECL

The Bank has also adopted a strict COVID 19 prevention approach by adopting the policies and procedures set the by the Ministry of Health to prevent any spread of the virus in the offices.