



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Assignment 1 (Spring 2021)

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الرقم الجامعي

Section

**Master of Project
Management**

Date

18 / 02 / 2021

Course Code

(PMG510)

Project Risk Management

Instructions:

Instructor's Name: Eng. Mosaab M. Hamed

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.

1- Credit Risks:

Credit risk is one of the biggest risk for national commercial bank. It is a hazard risk that is caused by people. It occurs when borrowers or counterparts fail to meet contractual obligations. For example, it is when borrowers default on a principal or interest payment of loan. Defaults can occur on mortgages, credit cards, and fixed income securities. Failure to meet obligational contracts can also occur in areas such as derivatives and guarantees provided. While national commercial bank cannot be fully protected from credit risk due to the nature of its business model, it can lower its exposure in several ways. Since deterioration in an industry or issuer is often unpredictable, national commercial bank can lower their exposure through diversification. By doing so, during a credit downturn, the bank is less likely to be overexposed to a category with large losses. To lower its risk exposure, it can loan money to people with good credit histories, transact with high-quality counterparties, or own collateral to back up the loans.

2- Operational Risk

Operational risk is the risk of loss due to errors, interruptions, or damages caused by people, systems, or processes. It is a hazard type of risk. This operational type of risk is low for simple business operations such as retail banking and asset management, and higher for operations such as sales and trading. Losses that occur due to human error include internal fraud or mistakes made during transactions. An example is when the bank employee accidentally gives an extra 200 SAR bill to a customer. On a larger scale, fraud can occur through breaching the national commercial bank's cybersecurity. It allows hackers to steal customer information and money from the bank, and blackmail the institutions for additional money. In such a situation, the bank loses capital and trust from customers. Damage to the bank's reputation can make it more difficult to attract deposits or business in the future.

3- Market Risk

Market risk mostly occurs from the bank's activities in capital markets. It is due to the unpredictability of equity markets, commodity prices, interest rates, and credit spreads. The national commercial bank is more exposed if it is heavily involved in investing in capital markets or sales and trading. Commodity prices also play a role because the bank may be invested in companies that produce commodities. As the value of the commodity changes, so does the value of the company and the value of the investment. Changes in commodity prices are caused by supply and demand shifts that are often hard to predict. So, to decrease market risk, diversification of investments is important. Other ways the bank reduce its investment include hedging its investments with other, inversely related investments.

4- Liquidity Risk

Liquidity risk refers to the ability of the bank to access cash to meet funding obligations. This is an example of the control risk. Obligations include allowing customers to take out their deposits. The inability to provide cash in a timely manner to customers can result in a snowball effect. If the bank delays providing cash for a few of its customer for a day, other depositors may rush to take out their deposits as they lose confidence in the bank. This further lowers the bank's ability to provide funds and leads to a bank run. Reasons that the bank face liquidity problems include over-reliance on short-term sources of funds, having a balance sheet concentrated in illiquid assets, and loss of confidence in the bank on the part of customers. Mismanagement of asset-liability duration can also cause funding difficulties. This occurs when the bank has many short term liabilities and not enough short-term assets. Short-term liabilities are customer deposits or short-term guaranteed investment contracts that the bank needs to pay out to customers. If all or most of the bank's assets are tied up in long-term loans or investments, the bank may face a mismatch in asset-liability duration. Regulations exist to lessen liquidity problems. They include a requirement for the bank to hold enough liquid assets to survive for a period of time even without the inflow of outside funds.