



**CHARTERED INSTITUTE OF BANKERS, GHANA**  
**ASSOCIATESHIP EXAMINATION**  
**LEVEL IV**  
**RISK MANAGEMENT**  
**APRIL 2023**

**N.B.**

1. Read carefully the instructions on the cover of the answer book.
2. There are **EIGHT** questions in this paper. Students are to answer **ANY FIVE QUESTIONS** of their choice. **EACH QUESTIONS CARRIES 20 MARKS.**
3. Marks are granted based on clarity of presentation, depth of understanding of the issues involved, and firm demonstration of how students view risk management as pertinent to modern banking operations. Marks are to be awarded as indicated against the respective questions or their sub-divisions.
4. Bonus marks would be awarded for practical examples in day to day local and international banking operations as opposed to merely citing theoretical concepts.
5. Time allowed: **THREE HOURS.**
6. Candidates must ensure that they answer questions in the appropriate answer book and not on loose sheets which are used only as supplementary sheets. Such answers will not be marked.
7. **DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
8. **DO NOT OPEN THIS QUESTION PAPER UNTIL INSTRUCTED TO DO SO.**

## ANSWER ANY FIVE QUESTIONS

### QUESTION ONE

As the Chief Risk Officer of Excellence Bank PLC, you have been charged to develop a Target Market Criteria (TMC) or Risk Acceptance Criteria (RAC) to be incorporated into the bank's Credit Policy Manual.

Explain the factors that will inform the strategic identification of sectors or areas in which the bank decides to engage in and the depth of such engagement. **(20 marks)**

### QUESTION TWO

(a) Risk can never be completely eliminated in business but there are mechanisms available to mitigate or transfer identified risk in organisations.

Discuss **at least 5** (five) of such risk treatment methods. **(10 marks)**

(b) Discuss in detail **five (5)** factors which bank management must consider in adopting a particular risk transfer/treatment method in the management of its **residual risks**. **(10 marks)**

### QUESTION THREE

Discuss in detail, at least **five (5) key consequences (effects)** arising from improper enterprise risk management. **(20 marks)**

### QUESTION FOUR

The recent Debt Exchange Programme of the government has brought to the fore the concept of **Market risk** and its effect on banks' balance sheets and profitability. You are being considered for the position of Treasury Front Office Head and have been asked to explain what constitutes **Market Risk** and how the bank may manage this risk.

Explain in detail and with examples;

- (i) What this risk entails, mentioning operational areas where this risk manifests? **(5 marks)**
- (ii) Mention some market risk management principles applied in dealing with this specific risk. **(10 marks)**

- (iii) Explain the concept of a Liquidity Contingency Plan and how it helps a bank in the management of its liquidity to prevent it from renegeing on its contractual obligations to all counterparties. **(5 marks)**

### **QUESTION FIVE**

The scope and depth of risk management as a management discipline have become topical in banks in recent times.

Examine at least **five (5) major factors** that have influenced this trend, using examples of both local and international events in the banking landscape. **(20 marks)**

### **QUESTION SIX**

Discuss at least **five (5)** requirements for effective risk mitigation in the pursuit of value by the board and management of a bank. **(20 marks)**

### **QUESTION SEVEN**

(a) Discuss how a bank's information resources may be resuscitated following critical business disruption. **(10 marks)**

(b) Discuss briefly how Capital Adequacy Ratios may be improved. **(10 marks)**

### **QUESTION EIGHT**

List and explain at least **five major** fraud schemes or improprieties prevalent in the Credit Department of your bank which you must closely monitor. **(20 marks)**

