



### **Risk Management Process**

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Risk management process involves the systematic application of policies, procedures, and practices on communications and consulting activities. Also identify the context and identification, analysis, assessment, handling, control, recording, and reporting of risks to risks management. It must be an integral part of management and decision-making and integrated into the organization's structure and its operations that can be applied at strategic, operational, program or project levels.

Risk management process consists of pathways as each of them has its objectives, policies and operating procedures that are consistent with the bank's operational structure and conform to the nature of its activities and operations. CBI responded through setting (Risk Management Operations Manual) of risk management policy adopted by the competent senior management to ensure that appropriate prudential measures are duly applied across all executive units to maintain risk levels within the institutionally identified risk levels expressed in the approved risk acceptance table.

## **Key Pathways to Implement Risk Management Process**

### **First: Communication and Consultation**

The purpose of communication and consultation is to assist relevant stakeholders in understanding the risks, the basis on which decisions are made, and the reasons for specific actions. (Communicating) seeks to promote awareness and understand risks, while (consultation) involves obtaining feedback replies and information to support decision-making.

Communication and consultation aimed at (ensuring that different perspectives are considered, providing adequate information, building a sense of inclusiveness and ownership among those affected by risks).

### **Second: Field, Context, and Criteria**

The purpose of identifying the field, context, and criteria is to allocate risk management process, and to enable effective risk assessment and appropriate risk treatment.

#### **A. Identification of the Field**

The organization must identify the scope of its risk management activities, since the risk management process can be applied at different levels such as (strategic, operational, program, project, or other activities), it is important to be clear about the scope under consideration and related objectives to be considered and aligned with organizational objectives.

#### **B- External and Internal Context**

It is the environment through which the organization seeks to define and achieve its goals The context of risk management process must be determined by understanding the external and internal environment in which the organization operates and must reflect the specific environment of the activity to which risk management process will be applied.

## C- Identification of Risks Criteria

Criteria for assessing risk importance and supporting decision-making processes should be identified and aligned with risk management framework as well as customized to the specific purpose and scope of the activity under consideration. Risks criteria must reflect the organization's values, objectives, resources and be consistent with policies and data. Criteria should be identified taking into account the organization's obligations and stakeholders' views. Risk criteria are set at the beginning of risk assessment process, but they are dynamic and must be continuously reviewed and adjusted.

### Third: Risks Assessment

It is a comprehensive process of identifying, analyzing, and assessing risks that must be assessed systematically, frequently and collaboratively through relay on the knowledge and opinions of stakeholders and should use the best available information, supplemented with further inquiry when necessary.

**A-Risks Identification:** the purpose of risk identification is to find, identify and describe risks that may help or prevent the organization from achieving its objectives. The relevant and up-to-date information is important in identifying risks.

**B-Risks Analysis:** the purpose of risk analysis is to understand the nature and characteristics of risks including, where appropriate, the level of risk. Risk analysis involves a detailed study of uncertainties, sources of risks, consequences, probability, events, scenarios, controls, and their effectiveness.

**C-Risk Assessment:** the purpose of a risk assessment is to support decisions as risk assessment involves comparing the results of a risk analysis with set risks criteria to determine where additional actions are required.

### Fourth: Risk Treatment

The purpose of risk treatment is to identify and implement available options for risks' treatment. The selection of the most suitable option/options for risk treatment on the balance between the potential interests stemming from achieving the desired goals and the costs and/or efforts or implementation defects. Risks treatment options include one or more of the following:

- Avoid risks by deciding not to initiate or continue the activity that leads to the risk.
- Taking risks or increasing risks to seize an opportunity.
- Removal of the risk source.
- Change likelihood.
- Change consequences.
- Risk-sharing (through contracts, purchase insurance, etc.).
- Retain risk with an informed decision.

### **Fifth: Monitoring and Revision**

The purpose of monitoring and revision is to ensure and improve the quality and effectiveness of process design, implementation, and results. Continuous monitoring and periodic revision of the risk management process and its results should be a planned part of the risk management process, with clearly identified responsibilities.

### **Sixth: Registration and Reports Preparation**

Risk management process and its results are documented and reported with the aim of (communicating risk management activities and results across the organization, providing information for decision making, improving risk management activities, assisting in interacting with stakeholders, including those with responsibility and accountability for risk management activities).

Reports are considered an integrated part of an organization's governance and should enhance the quality of dialogue with stakeholders and support senior management and oversight bodies in meeting their responsibilities.