

Question #1 of 5

Question ID: 1427431

Bank XYZ's senior management and its board of directors currently receive fragmented risk management information from various functional units. Given the shortcomings of this approach, the chief risk officer (CRO) suggests a more centralized risk management system. Which of the following statements is correct regarding the implementation of an enterprise risk management (ERM) program?

- I. ERM is crucial in establishing a firm-wide, integrated set of policies, procedures, and standards.
 - II. ERM increases the efficiency of managing company risks.
- A)** I only.
- B)** Both I and II.
- C)** Neither I nor II.
- D)** II only.
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Question #2 of 5

Question ID: 1427435

The risk culture of a firm is the goals, customs, values, and beliefs that influence the behaviors of employees. Which of the following indicators is a key internal risk culture indicator identified by the Financial Stability Board (FSB)?

- A)** Country risks.
- B)** Changing industry practices.
- C)** The economic cycle.
- D)** Tone from top management.
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Question #3 of 5

Question ID: 1427432

Which of the following characteristics most likely describes enterprise risk management (ERM) as opposed to a traditional silo-based risk management program?

- A)** Managing risks within the lines of business.
 - B)** Isolating risk managers from the chief risk officer.
 - C)** Hedging risks with specific risk transfer tools.
 - D)** Reviewing risks across all business lines, functional areas, and risk types.
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Question #4 of 5

Question ID: 1427434

Which of the following statements is most likely a disadvantage to using scenario analysis?

Scenario analysis:

- A)** can be intuitive and transparent.
 - B)** may be used to develop the firm's risk appetite, set risk limits, and be used in capital adequacy planning.
 - C)** may be straightforward or highly sophisticated.
 - D)** leads to a quantification of risk, which is needed for models built around scenarios.
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Question #5 of 5

Question ID: 1427433

Setting a firm's risk appetite is most likely associated with which of the following enterprise risk management (ERM) dimensions?

- A)** Metrics.
- B)** Strategies.
- C)** Targets.
- D)** Structure.