

Case Study: Using Risk Management to Build a Better Business

Webinar

April 29, 2009

2 pm ET



Introduction

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Case Study Topics

1. What is the scope of your risk management program?
2. What is the status of your program?
3. How is your risk management technology used?
4. What were your challenges and successes along the way to building a better business?

Flying the Plane



- **Risk Manager** – looks thru the cockpit window to identify and assess current threats and future risks to the flight path and plane, and glances at the gauges for reassurance
- **Compliance Manager** – assists the pilot in maintaining the proper flight path and plane operating procedures by using the manual and FAA regulations
- **Auditor** – uses the cockpit gauges and controls to inform the pilot of how the plane is operating relative to its predetermined flight path

Key Themes

Looking out the window and using the gauges is the best way to fly the plane

ERM program supported by an ERM system

Need three pilots to operate the plane safely, efficiently, and within guidelines

Risk, Compliance, Audit



The destination city is the pilot's goal

Building a better business is our goal

Topic 1: Program Scope

GRC = Governance, Risk and Compliance is a convergence of:

Policy Management	Regulatory Compliance
Risk Management	Internal Audit

 **ERM = Enterprise Risk Management** covers all risks:

Credit	Strategic
Market	Reputation
Fiduciary	Legal
Operational	Regulatory Compliance

 **ORM = Operational Risk Management** exists in:

People	Customers
Process	Products
Technology	Vendors
External Events	

Topic 2: Program Status

**Program
Governance**

**Assessment
Process**

Technology

Program Governance

- ✓ Board Review
- ✓ Policies & Standards
- ✓ Risk & Compliance Managers
- ✓ Working Groups/Committees
- ✓ Business Unit Risk Coordinators
- ✓ Independent Validation by Audit

Risk Assessment Process

- ✓ Integrated by Unit, Category, Regulation
- ✓ Repeatable & Non-Overlapping
- ✓ Consolidated & Meaningful Analysis
- ✓ Key Risk Indicators & Loss Events

Technology

- ✓ Repository for Risk, Compliance, Audit
- ✓ Link Risks, Controls, KRI, Loss Events
- ✓ Centralized Admin & Decentralized Usage
- ✓ Flexible & Scalable

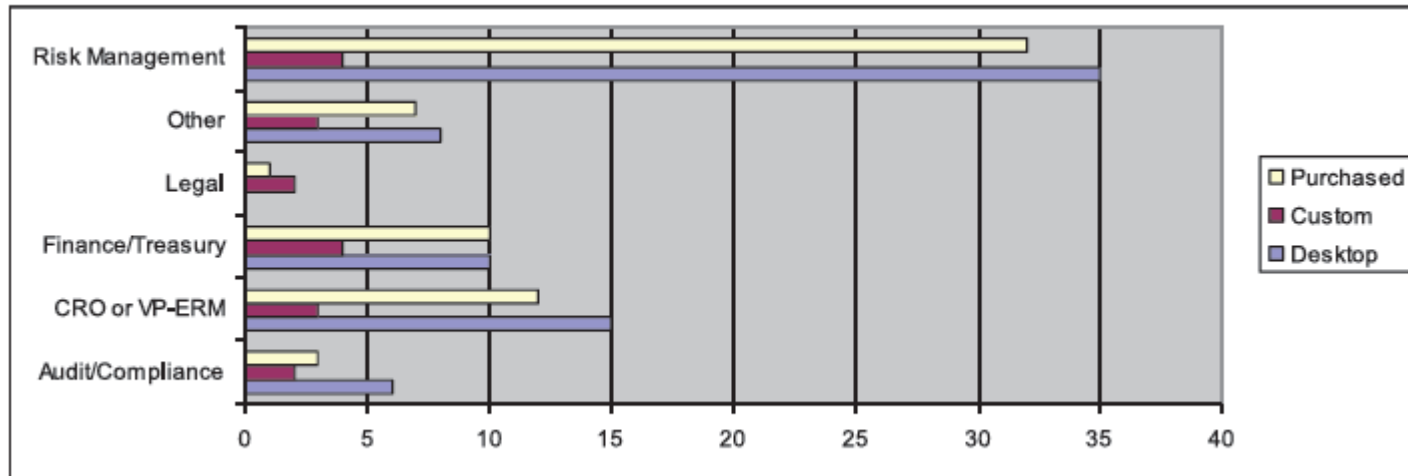
Topic 3: Role of Technology

Surveys were sent to RIMS members and the Risk Council of Manufacturers Alliance/MAPI. Six hundred and fifty-one RIMS and MAPI members responded; 49% of whom reported that their organizations had some ERM process in place. Of those with active ERM, 48% used a technology solution.

Monitoring risks, data storage and analysis are the most commonly identified functionality of the ERM technology solutions employed by the survey respondents.

Comparing current usages and desired future usages, the ability to address interdependency of risks was the most sought-after future functionality.

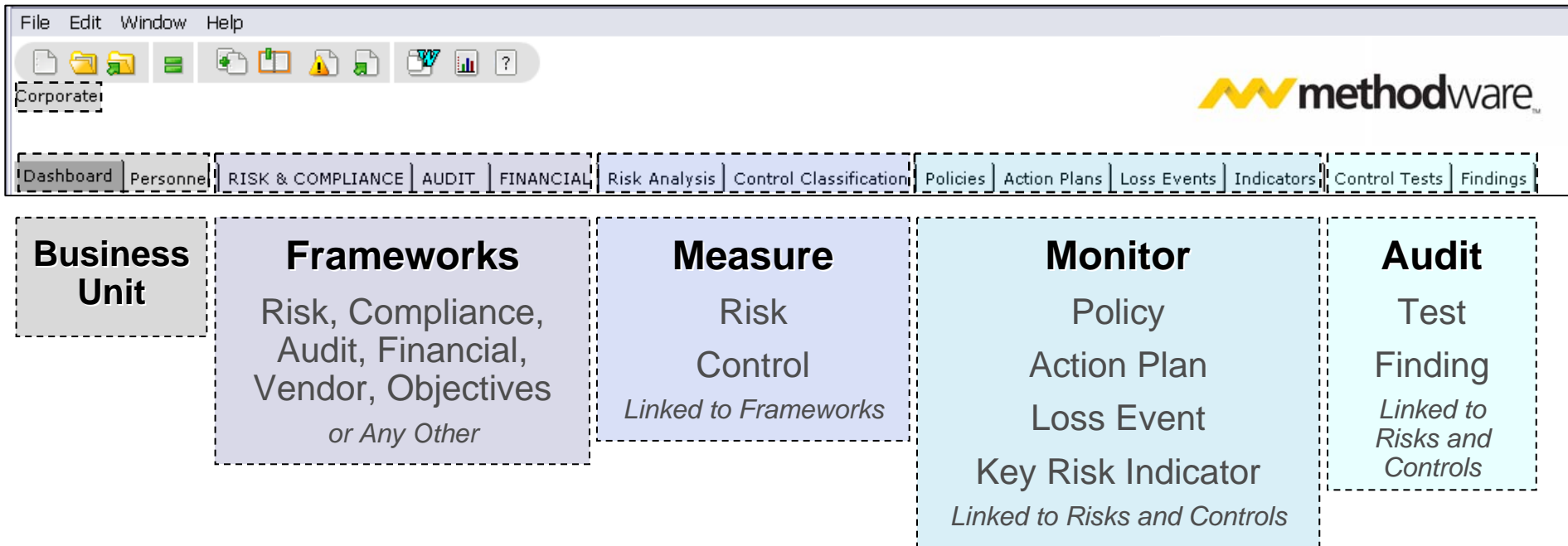
ERM Software Selection, by Process Owner



About the Risk and Insurance Management Society, Inc.
The Risk and Insurance Management Society, Inc. (RIMS) is a not-for-profit organization dedicated to advancing the practice of risk management. Founded in 1950, RIMS represents some 4,000 industrial, service, nonprofit, charitable and government entities. The Society serves more than 10,500 risk management professionals around the world.

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Topic 3: Role of Technology



Topic 4: Challenges and Successes

- Risk Assessment Process
- Business Unit Acceptance
- Regulator Acceptance
- Risk Reduction
- Payback

Take-Aways

- Start with program governance and defined roles to make the risk assessment process effective and sustainable
- Partner with the business units on managing operational risks and regulatory compliance, don't audit them
- Look for efficiencies, process improvements, and risk reduction as the payback
- Leverage technology to streamline risk assessments and reporting, and to develop a consolidated view of the risk profile of the organization

Contacts for More Information



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