



RISK ASSESSMENT

RISK—NO LONGER JUST A FOUR-LETTER WORD

Because it's expensive, and because it takes time, and because some of it is mandated, risk management can seem like all pain and no gain. But its proactive acknowledgement and management allows bankers to minimize the downside and maximize the opportunities that risk can generate. Successful management of risk can lead to fully explored business opportunities, improved earnings, increased capacity, and less regulatory stress.

A Risk Assessment from RPI can help bankers understand their organization's risk posture and then provide strategies and tactics for successfully managing goals. A Risk Assessment from RPI will consider:

- Whether risk management is part of the bank's culture
- Whether risk management is part of the bank's strategic plan
- Whether the bank uses integrated technology to assess and manage its risk
- Whether the bank leverages the work it does in regulatory compliance across the organization
- Practices in the management of these risks:
 - Credit / Payment Processing
 - Interest Rate
 - Regulatory Management / Compliance
 - Operational
 - Legal
 - Geographic / Market
 - Cultural / Internal Political Risk / Reputational

AN INTEGRATED APPROACH TO RISK AND COMPLIANCE IS CRITICAL TODAY MORE THAN EVER BEFORE

Sound risk management begins with risk assessment, which is about linking strategy to individual projects. Bankers can create awareness among their boards, staffs, and executive teams by looking at how the parts relate to the whole.

High performing organizations create and manage programs that

- Assess the inherent risk present in their market, products, policies, processes / practices, and risk posture
- Review risk policies and ensure that they incorporate risk exposure limits that are in agreement with the bank's position on risk
- Prepare an ongoing inventory of specific risks and exposures that evolves as the bank incorporates new policies or changes market positions or products
- Incorporate risk management into business processes
- Develop a risk management reporting system

RISK VERSUS REWARD

The potential costs of failing to adequately assess and manage risk can be devastating to a financial institution. From reduced profitability to regulatory action to civil penalties, the consequences of failing to manage risk far outweigh the effort required to proactively manage it.

RPI will work with your organization to ensure that you have

- Developed appropriate risk assessments as required by regulations
- Implemented a system of controls that accurately reflect the bank's risk position
- Provided for independent testing, as appropriate by functional area
- Designated staff responsible and accountable for risk across the organization
- Provided risk training for all staff
- Addressed key areas of risks you are facing today.

