



fORM

Making Operational Risk Management Simple

Establish sound management practices across your organisation and capture loss / near miss data, as prescribed by the Basel Committee in their Consultative Papers for Operational Risk.

Designed to meet the specific operational risk management needs of financial institutions, *fORM* - Operational Risk Management for Financial Institutions - is targeted at those organisations who wish to adopt the Basel approaches detailed in the latest Basel II Operational Risk Proposals. *fORM* provides a corporate-wide loss events database and facilitates the implementation of the ten principles of the Sound Practice for the Management and Supervision of Operational Risk paper, issued in July 2002.

In addition to this, *fORM* incorporates the respected Australian / New Zealand Risk Management Standard (AS/NZS 4360:1999) and provides a consolidated picture of operational risks, controls, and action plans in accordance with corporate governance requirements throughout all levels of the organisation.

fORM provides users with the ability to:

- Automate the enterprise-wide risk management approach that works for them
- Empower business units with the ability to assess and manage their own risks
- Create a culture of risk awareness across the whole organisation
- Record loss events and near misses across business lines and/or, any other permutation, e.g. risk category etc., as required in the standardised approach
- Adopt a holistic approach to risk management with the ability to link loss event data to risks, controls, action plans, and entities
- Consolidate assessments across the organisation and/or, over time to monitor changing risk profiles
- Expand and grow the organisation's risk framework over time
- Join the growing user group of Financial Institutions worldwide subscribing to our risk management solutions. Users include:

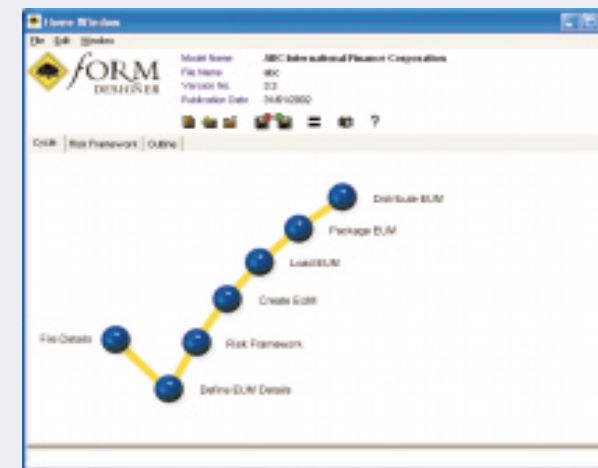
- Retail Banks
- Mortgage Lenders
- Central Banks
- Private Banks
- Asset Managers
- Insurers
- Major PLCs

Regulatory Requirements for Operational Risk Management in Financial Institutions:

The proposed European Union Directive states: "Information must be disclosed in the annual report on the policies and practice of managing risk, addressing in particular the management of credit risk, market risk, (i.e. foreign exchange risk, interest rate risk, other price risks), operational risk, liquidity risk and other risks of significance. This information should be complemented by adequate discussion of the institutions activities, with disclosure of sufficient information to enable market participants to get an informed view about the institutions risk profile and internal control process".

We expect this directive to be adopted worldwide.

Establishing Your Corporate Risk Framework



Managed centrally, the Designer Tool is used to map the organisation's unique risk framework.

The framework is built upon a hierarchy of risk areas / categories, risks, and controls. Building the framework centrally ensures there is consistency in risk terminology, classification, and scoring across the business.

Model details, such as terminology, field descriptions, classification categories, etc., can be controlled using the Designer Tool. Additional information fields can also be defined to enable the capture of information that is specific to you.

End User Assessor Models are generated from the Designer Tool and distributed for assessment.

Brief overview of key FORM functionality:

End User Assessor Model (EUM) - Control Risk Self Assessment

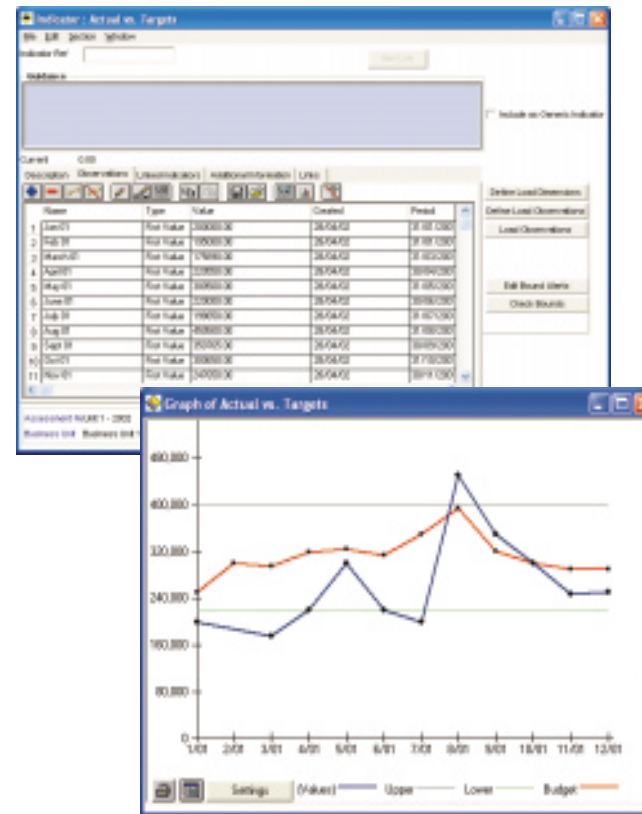


End User Assessor Models are used to conduct detailed assessments across the business, taking into consideration materiality at the different management / process levels.

The End User Models provide users with a management tool to enable them to identify, assess, treat, and monitor the risk profile within their business area.

The End User Assessor Models facilitate:

- Risk Identification
- Risk Evaluation at absolute, controlled, and treated levels
- Control effectiveness assessment, and
- Risk Monitoring.



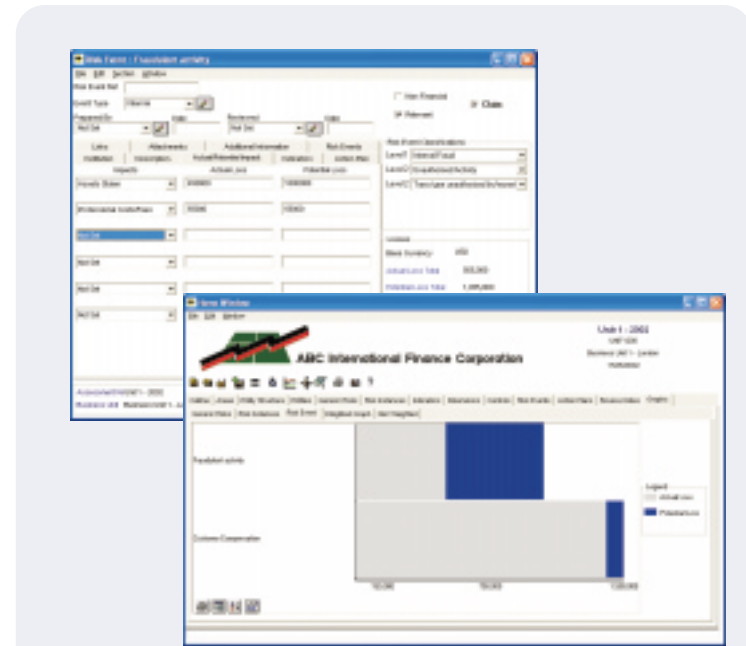
Key Indicators

Key Indicators are identified and linked to risks and/or controls, and/or risk events. Indicators can be populated from the organisation's core systems through data loading facilities.

For each indicator, multiple bounds can be established and users notified by e-mail when an indicator exceeds a bound.

Imported data can be defined with different dimensions allowing users to drill into and pivot the information. For example staff turnover rates can be defined by position and function.

Identification of these key indicators is a major benefit in any operational risk management implementation programme, as they assist in the early identification of failing controls and/or new risks, therefore prompting necessary remedial action which can be tracked.



Loss Event Database

It is recommended that all financial institutions now populate a risk event database for eventual capital allocation calculation.

Both internal and external risk events or near misses can be recorded in the system (actual and potential values) and linked to failures in control or inaccurately assessed risks.

As per the Basel requirements, these risk events can be mapped to appropriate business lines and any in-house defined categorisation.

Mitigating action plans can be tracked to strengthen controls or re-evaluate risk providing transparency of operational risk management.

Recommended System Requirements:

- Pentium II 400MHz or higher
- 256MB of RAM or higher
- 100MB of free disk space
- Windows NT4 / 2000 / XP
- Microsoft Office 97 or later
- Screen resolution 1024 x 768 pixels