

PANDEMIC RISK MANAGEMENT

Recommended Best Practices

SRA

CEO: PANDEMIC RISK MANAGEMENT STRATEGY

Role	Top Risk Factors	Recommended Actions	How SRA Can Help
Chief Executive Officer	Strategic Imperatives are at risk of failure	Identify the risks to each Strategic Imperative and update the imperatives	Support Strategic Imperative update process including a Strategic Imperative Dashboard and KPI Tracking (Monthly Pandemic Risk Profile)
	The Board of Directors is not adequately informed to fulfill its oversight function	Established a Pandemic Risk Governance Process and Reporting	Support Risk Governance upgrades and develop Board Risk Reporting
	Investors are concerned about the bank's ability to execute	Updated quarterly financials including a detailed credit stress test	Support updating the quarterly earnings forecast and provide a credit stress testing services. Development of Quarterly Investor Reporting.

CFO: PANDEMIC RISK MANAGEMENT STRATEGY

Role	Top Risk Factors	Recommended Actions	How SRA Can Help
Chief Financial Officer	The bank does not have sufficient capital to get through the aftermath of the pandemic	Update the bank Capital Plan and Capital Stress Test. Institute monitoring of Capital Triggers on a monthly basis	Support Capital Stress Testing- Aggregate the results of the Credit Stress Test and stress all other risk categories (NIM's, revenue, cost of funds, liquidity)
	The bank does not have sufficient liquidity	Update the bank Contingency Funding Plan (CFP) and update the Liquidity Stress Test. Institute monitoring of Liquidity Triggers on a monthly basis.	Support CFP updates and liquidity stress test activities. Institute ERM Watchtower to monitor the banks KRI's and liquidity and capital triggers
	Adequate financial staff resources are not available to handle all the new activities	Hire addition contract staffing	SRA can provide fractional financial resources as required
	Future Earnings Impact, need to report to Shareholders, Analysts & Regulators	Perform and Reforecast quarterly earning while monetizing potential risk events	Track and Correlate Real time impact across multiple risk areas in SRA Watchtower Risk System of Record; SRA Experts help develop Executive & Board Level reporting.

COO: PANDEMIC RISK MANAGEMENT STRATEGY

Role	Top Risk Factors	Recommended Actions	How SRA Can Help
Chief Operating Officer, Executive Management	Responses to crisis and related impacts on Bank may not be managed in timely manner with existing management process	Form or Enable Crisis Management Team. Keep informed of stages of pandemic outbreak, local and national guidelines. Conform to local ordinances, decrees.	SRA can provide example agendas, facilitate meetings remotely.
Executive Management, Human Resources	Adequate operational resources are not available to handle all the new activities	Review Business Continuity and Pandemic Response Plans. Revise as necessary for current situation. Identify critical employees. Consider benefits (day care, paid childcare) for critical employees	SRA can provide fractional operational resources as required. SRA can review Bank's existing BCP & Pandemic Plans
Executive Management, Marketing/Investor Relations	Customers, clients receive inaccurate or conflicting information the Bank	Manage public messaging through the Bank's Media Management Plan. Appoint spokesperson. Notify employees to route questions from Press to designated spokesperson. Provide specific messaging and FAQs to call center and customer service staff. Provide training as needed.	SRA can review or provide media management plans and messages/responses
Executive Management, Branch Administration	Close contact of employees and customers spreads virus.	Evaluate facilities. Close those where social distancing principles cannot be met. Focus on facilities with drive-ups or glass counter barriers and/or with ITMs/ATMs. Set appointments to reduce congestion in offices. Protect customer facing personnel. Provide masks, gloves, sanitizers (alcohol-based, UV light for currency & documents). Enable work from home capabilities.	SRA can assist in reviewing existing facilities and developing operational and social distancing plans
Chief Information Officer, Chief Operating Officer and Chief Information Security Officer	Exposure to customers and documents, including cash, can expose employees to virus.	Ensure security of network access and use of bank-controlled equipment only. Ensure Bank switchboard rolls over calls to home workers. Internally transfer personnel to remote delivery services, such as the Call Center. Hire addition operations contract staffing	SRA can review IT and cybersecurity plans and processes, assess and identify significant IT/Cybersecurity risk issues.
Chief Information Officer, Chief Operating Officer, other Executive Management.	Failure of or inability to maintain critical systems by third-party service providers	ID Critical Business Process & related supporting systems. ID critical vendors & evaluate pandemic risk associated with each (I.e., location in affected areas, operational continuity impacted by crisis). Review/revise alternative plans for providing services. Evaluate status of critical vendors.	SRA can assist in risk rating business processes and supporting systems (Business Impact Analysis). SRA can assist in identifying and performing due diligence on critical third-party service providers.

CRO: PANDEMIC RISK MANAGEMENT STRATEGY

Role	Top Risk Factors	Recommended Actions	How SRA Can Help
Chief Risk Officers	Inadequate communication strategy over Pandemic Risk Management Function	Aggregate all risks and mitigation activities in one system so information flows freely and everyone on the Pandemic Response Committee has the same information.	SRA Watchtower has an aggregated Pandemic Risk Model that tracks and displays risks across all areas of the Institution.
	Management spends more time gathering data and reporting on risks than managing risk.	Aid in development of strategic imperative changes where precious resources can be focused.	SRA Strategic Pandemic Risk Management Program
	Activities are conducted throughout the Institution but are not reported to Executive Management in a way that allows actionable decision making.	Assess all inter-connected contagion risks and evaluate impact on losses after accounting for risk layering.	SRA Watchtower has an aggregated Pandemic Risk Model that tracks and displays risks across all areas of the Institution.
	Regulatory criticism of Pandemic Risk Management Process	Develop or enhance business continuity plans that adhere to standards set out in Interagency guidance.	
	Adequate risk resources are not available to handle all the new activities	Hire addition contract staffing	SRA can provide fractional risk resources as required

CREDIT: PANDEMIC RISK MANAGEMENT STRATEGY

Role	Top Risk Factors	Recommended Actions	How SRA Can Help
Chief Credit Officer	NPL's increase	Take early corrective action by restructuring loan(s), getting more collateral, possibly more GTRs, loan paydown and shorter amortization.	Extensive experience with Loan Workouts. Update Credit Stress Test and Reverse Stress Test with Pandemic Scenario
	30-89 days past due increase	Bank get more aggressive managing lenders to manage their past dues. Lenders contact borrowers to uncover red flags and other negative issues. Sound out solutions.	Extensive experience in Credit Risk Management.
	LTVs increase	Obtain paydowns or more collateral	Extensive experience in Credit Risk Management.
	CRE exposure as a percent of risk-based capital increases	Obtain paydowns or more collateral or raise capital. Conduct or update capital stress test.	Extensive experience in Credit Risk Management. Dynamic capital stress tests accepted by all regulators
	Credit administration issues – past due financial statements, increasing number of matured loans, condition of loan documentation and UCCs	Be aggressive in addressing issues. Review all documentation of loans rated weak pass or less	Extensive experience in Credit Risk Management.
	Risk rating deterioration	Conduct capital stress test and loan review to identify weak borrowers. Work out weak borrowers and/or strengthen credits with more collateral and GTRs.	Extensive experience in Credit Risk Management. Identify sectors and geographies that may be impacted adversely across geographies
	Allowance levels decline	Complete ALLL audit to determine approval ALLL level	Extensive experience with managing ALLLs
	Credit culture not reacting or not adequate. Staffing is inadequate	Conduct assessment of credit risk management processes to include staffing levels and core competencies.	Extensive experience in credit risk management

COMPLIANCE: PANDEMIC RISK MANAGEMENT STRATEGY

Role	Top Risk Factors	Recommended Actions	How SRA Can Help
Chief Compliance Officer	Failure to meet statutory compliance obligations within requisite timeframes, e.g. Reg B, Trid, Reg E, etc.	<ol style="list-style-type: none"> 1. Monitor production queues for backlogs and delays 2. Communicate with customers to frame expectations 3. Ensure regulators are informed of any systemic compliance concerns. 4. Develop recovery strategies for any backlogs or delays 	<ol style="list-style-type: none"> 1. Compliance Process Assessments 2. Customer Strategy Consulting 3. Regulatory Strategy and Communications Assistance 4. Production and recovery assistance
	AML Risk Management	<ol style="list-style-type: none"> 1. CIP/KYC Process Focus 2. Alert Generation and SAR Reporting 3. Heightened Fraud Awareness 4. "Run the Engine" Focus – e.g. OFAC, Sanctions 5. Keep lines of communications with law enforcement and regulators open 	<ol style="list-style-type: none"> 1. Process Assessments 2. Compliance Process Assessments 3. Customer Strategy Consulting 4. Regulatory Strategy and Communications Assistance 5. Production and recovery assistance