



NCC Bank

नेपाल क्रेडिट एण्ड कमर्स बैंक लि
Nepal Credit & Commerce Bank Ltd.

Your Business Bank

**Framework
for
Branch Operations Risk Assessment
&
Profiling Indicator**

**Nepal Credit And Commerce Bank Ltd
Bagbazar, Kathmandu**

Framework for Branch Operations Risk Assessment and Profiling Indicator

Approval Sheet

| | Name | Designation | Signature |
|--|------|-------------|-----------|
|--|------|-------------|-----------|

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2018.03.21

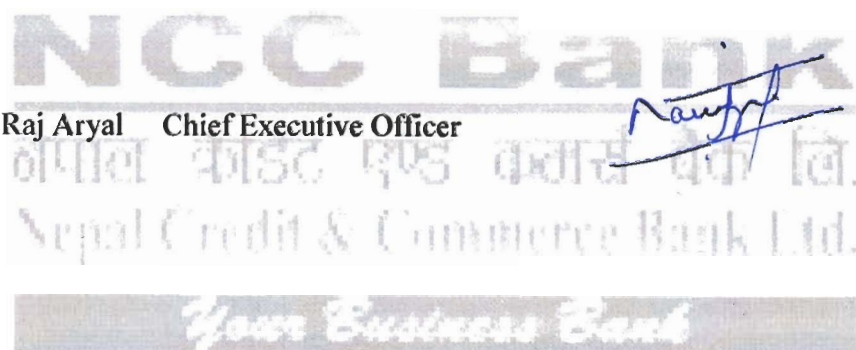
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1. Introduction

Branch Risk Assessment is the identification and measurement of quantitative and qualitative risk related to a well-defined situation. Risk assessment and profiling of the branches according to their associated risk in people, process, system and external events is the basic tool of operational risk management. According to Basel Committee, operational risk is the risk of loss resulting from inadequate internal processes, people and systems or from external events. Operational risk is inherent in bank product, activities, processes, system and the effective management of operational risk has always been a fundamental elements of bank's risk management program.

Periodic risk assessment and profiling of branch and overall bank using various quantitative and qualitative measure and implementing risk mitigating tools according to identified risk areas and profile can only ensure the effective risk management of the overall bank. Hence, **this document is prepared to guide the branches and staff members of the bank for effective implementation of online Branch Operations Risk Assessment and Profiling Indicator that is prepared to assess and determine the operational risk profile of the branch and bank using quantitative method and risk indicators.**

The risk indicators used **to identify and measure the operational risk of branch are the basis of Key Risk Indicators, Key Performance Indicators and Self-Assessment Indicators.** The self-assessment and self-audit of their own branch by operation in-charge and branch manager can only ensure the effective management of Operation Risk. All staff members of the Bank shall perform their work in such a way that operational risk can be minimized. The main principle of Risk Management is to self-assessment and self-audit of own and manage the risk indicators if found exceeding acceptable limit. The assessment of risk profile by internal audit, external audit, regulatory audit, higher authority etc. solely cannot ensure the effective Risk Management as they cannot review on daily basis. Hence risk management must be initiated through individual staff level through development of risk mitigating culture in the bank.

In line with the NRB's Risk Management Guidelines, Bank's Risk Management Guidelines 2072 and Operational Risk Management Policy & Framework 2016, bank shall prepare and implement improvised risk management structure to identify, measure, monitor, management,

control and report to senior management and Risk Management Committee. The Branch Risk Assessment and Profiling Indicator Framework has been developed to identify the risk associated with branches through a well-defined risk indicator, measure it through well-defined risk severity and weight, monitor it through continuous review, manage & control it through using various mitigating tools and report it to CEO on monthly basis. This framework shall come into immediate effect from the date of approval by CEO.

2. Key Principles

Followings are the key principles of this framework:

- Risk assessment of the branch shall be conducted on individual basis and on a consolidated basis for overall bank.
- Self-Risk Assessment of the branches and overall bank shall be conducted on a monthly basis and according to the level of quantified risk branch shall be categorized.
- Branches having high risk will require more oversight from management and frequency of offsite & onsite audit will be increased.
- Respective operation in-charge and branch manager will be responsible for assessing the risk profile of their own branch.
- Communication of major findings with recommendation to the senior management and board will be done on timely manner.

3. Objectives

The main objective of the framework is to guide the branches and management to identify, measure, monitor, control and report the operational lapses identified in branches. Some of the objectives of this framework are as follows:

- To provide the procedural guidelines to branches to self-assess and self-audit the operational risk management structure of their own branches through well-defined risk indicators,
- To take corrective measure to manage and mitigate the identified operational risk by branch management before occurring further financial losses.

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- To prepare risk avoiding and mitigating plan and procedures by branch management before occurring such risk events
- To quantify overall operational risk level of the bank and monitoring it on regular basis so that proper procedure and structure can be formulated to mitigate such type of risk.
- To ensure adequate, prioritized and focused attention from the board and senior management level on significant operational risk exposures and measures of mitigations of such risk.

4. Branch Risk Assessment

Branch risk assessment begins with identifying significant activities of the branches. Further, operational risk is inherent in all activities and product of the branches. Risk assessment on the significant activities will be determined by measuring materiality of that activities and severity of that activities **to the bank while achieving business objectives and strategies. Risk Assessment of the Branches shall be conducted on following broad category:**

- Health, Safety & Security of Work Stations and Office Premises
- Customer Complaints and Customer Servicing
- Cash Management (Teller, Vault & ATM)
- Cheque Payments and Cash/Cheque Deposit
- Customer Account, Documents and Confidentiality Maintenance
- Loan Operations and Credit Documentations
- Key Handling
- Account Monitoring and House Keeping
- ATM Management
- Compliance and Others
- Internal and External Audit Observations

All above category has been given certain weight to calculate the operational risk pertaining to that branch. Risk weight has been given to these category according to the severity of loss to the branch in case there is lapses in these category. Operation In-charge shall assess the branch activities and determine the risk level of the branch.

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Framework for Branch Operations Risk Assessment and Profiling Indicator

Following formula has been applied to calculate the total risk of the branch:

Total Operational Risk of each risk indicator = Weight given to each risk indicator X Risk severity for each condition

Total Operational Risk of Each Category = Weight given to each category X sum of total operational risk of each risk indicator in that category

Total Operational Risk of Each Branch = Sum of Total Operational Risk of Each Category

Total Operational Risk of Overall Bank = Sum of Total Operational Risk of Each Branch

The risk weight given to each group, risk weight given to each risk indicator, severity given to each condition and calculation method used in this module is as follows:

| S.N. | Risk Indicator | Condition | Severity | Weight |
|-----------|--|----------------------------|-----------------------|------------|
| A. | Health, Safety & Security of Work Stations and Office Premises | | | 0.1 |
| A1 | Is the branch office premises and working stations are safe in terms of Health, Air, Lighting, Security and Overall Environment along with unexpired fire extinguisher, alarm system? | Yes No | 1 5 | 2 |
| A2 | Was there any accidents/physical hurt to the staffs in work station due to the physical infrastructure of the Bank in this month? | Yes No | 5 1 | 2 |
| A3 | Have you find any instances in this Month that Security Guard have not checked the visitors by their Metal Detector/or by Other Means? (Plz check CCTV record once before replying it) | Yes No | 5 1 | 2 |
| A4 | Do the CCTV record and store at least 90 days (All Cameras)? Do the CCTV coverage is sufficient to differentiate the cash denomination and cover whole branch premises? | Yes No | 1 5 | 3 |
| A5 | Are office equipment, furniture, machineries, generators are fully insured and Insurance are up to date? (do not depend only on GAD) | Yes No | 1 5 | 1 |
| B. | Customer Complaints and Customer Servicing | | | 0.1 |
| B1 | Is the branch Suggestion/Complain box in visible area of the branch? | Yes No | 1 5 | 1 |
| B2 | What are the numbers of Complaints received in the branch related with customer servicing and other branch related activities? | ≤2 ≤4 ≤6 ≤8 >8 | 1 2 3 4 5 | 1 |

Framework for Branch Operations Risk Assessment and Profiling Indicator

| S.N. | Risk Indicator | Condition | Severity | Weight |
|----------|--|--|-----------------------------------|-------------|
| B3 | Have the complaints resolved on time and responded to complainants on time in line with the Guidelines. | NA Yes No | 0 1 5 | 1 |
| B4 | Was there any loss of assets of the Branch during this month by the cause of natural disaster or unpredicted/unplanned events? | Yes No | 5 1 | 1 |
| B5 | Is there adequate space area in branch premises according to customer flow, customer waiting chair, drinking water, A/C, space available etc. | Yes No | 1 5 | 1 |
| C | Cash Management (Teller, Vault & ATM) | | | 0.15 |
| C1 | Are the door to Teller Area and Teller Drawers with Lock System? | Yes No | 0 5 | 1 |
| C2 | What are the numbers of Incidents of Cash Short or Excess in the Month in excess Rs. 500? Mention the number | 0 ≤2 ≤4 ≤6 ≤8 >8 | 0 1 2 3 4 5 | 3 |
| C4 | Is the Cash recorded on CBS tallied/verified with the Physical Cash Balance at the end of the Month? | Yes No | 0 5 | 2 |
| C5 | Has a single person entered and moved cash from Vault in absence of another Key Holder? (Ensure through CCTV record too) | NA Yes No | 0 1 5 | 1 |
| C6 | Was there cash EXCESS/SHORT in this Month? Mention the amount equal or in above of: | 0 >0 5000 20000 50000 75000 100000 | 0 0.5 1 2 3 4 5 | 1 |
| C7 | Did the branch booked cash loss or expenses in this month due to operational lapses? Mention the amount equal or in above of: | 0 >0 5000 20000 50000 75000 100000 | 0 0.5 1 2 3 4 5 | 1 |
| D | Cheque Payments and Cash/Cheque Deposit | | | 0.15 |
| D1 | Was the stale cheque paid during the month as identified in transaction checking? If yes, mention the number of cases. | No ≤2 ≤4 ≤6 ≤8 >8 | 0.5 1 2 3 4 5 | 2 |
| D2 | Have any cheque payments found to be paid without verifying signature or not confirming other information (date, figures etc) identified on transaction verifications/supervisory reviews? | Yes No | 5 1 | 2 |
| D3 | Are there any instances of cheque payments where copy of | Yes | 5 | 1 |

Framework for Branch Operations Risk Assessment and Profiling Indicator

| S.N. | Risk Indicator | Condition | Severity | Weight |
|----------|---|---|-----------------------------------|-------------|
| | valid identification (Citizenship, Passport, License, Voter's ID, Employment or School/College IDs) are not taken on payment of cheque more than Rs 200,000? | No | 1 | |
| D4 | Are there instances in this month that the cash denomination written in backside of Cheque is different than actually provided/handed over to customer? (check at least 10 instances of the Month through CCTV record) | Yes No | 5 1 | 1 |
| D5 | Are there any instances that Income source is not mentioned in deposit in excess of NRs 1,000,000 and USD 2,000 or equivalent not recorded on CBS? | Yes No | 5 1 | 2 |
| D6 | Are the pre-numbered stationery and all deliverables under single custody during the day and dual control of designated custodians over night? | Yes No | 1 5 | 1 |
| D7 | Was cheque amounting Rs. 10 lacs and above is encashed instead of account deposit except in the condition as mentioned in NRB Directives? | Yes No | 5 1 | 1 |
| E | Customer Account, Documents and Confidentiality Maintenance | | | 0.13 |
| E1 | Is there any transaction exceeded USD 1,000 that the rate not taken from Treasury Department? If Yes, Plz mention the number of transactions. | No ≤2 ≤4 ≤6 ≤8 >8 | 0.5 1 2 3 4 5 | 1 |
| E2 | Are there any operative accounts which have incomplete KYC documents? If Yes, plz mention the number in equal or above of: | No >0 25 100 250 500 1000 | 0 0.5 1 2 3 4 5 | 1 |
| E3 | Are there any accounts where copy documents of Citizenships, Registrations etc. not signed as "True Copy Verified"? | Yes No | 5 1 | 2 |
| E4 | Are there any accounts where competent staff (say BM or OI or others) has not approved the account opening form or KYC Form? | Yes No | 5 1 | 1 |
| E5 | Are there any operative accounts where signature/image not updated in CBS? | Yes No | 5 1 | 2 |
| E6 | Is there any signature of customer where it is not verified by Staff in register of Cheque Issue, Statement Issue, Stop Payments, Card Issue, Balance Certificate Issue or other information/documents issue during this Month? | Yes No | 5 1 | 3 |
| E7 | Do the branch have uncollected cheque books for more than 90 days? Do the branch has undestroyed cheque books and ATM card for more than 2 years and six months respectively? | Yes No | 5 0 | 1 |
| E8 | How many accounts are on Block or Debit restricted status without mentioning the remarks for reason or basis of block? Mention equal or as above of: | 0 >0 5 | 0 0.5 1 | 1 |

Framework for Branch Operations Risk Assessment and Profiling Indicator

| S.N. | Risk Indicator | Condition | Severity | Weight |
|----------|--|-----------|----------|-------------|
| | | 10 | 2 | |
| | | 25 | 3 | |
| | | 40 | 4 | |
| | | 60 | 5 | |
| F | Loan Operations and Credit Documentations | | | 0.1 |
| F1 | Mention the expired Insurance number as on end of the Month as recorded in CBS (choose in equal or above of :) | 0 | 0 | 1 |
| | | >0 | 0.5 | |
| F2 | What are the loan account number of expired Drawing Power in your branch as per the CBS report of Month End? (Choose in equal or above of :) | 5 | 1 | 2 |
| | | 10 | 2 | |
| | | 25 | 3 | |
| F3 | What are the loan account number of Due Revaluations in your branch on Month End? (Choose in equal or above of:) | 40 | 4 | 2 |
| | | 60 | 5 | |
| F4 | Was there any incident in the month that loan disbursed through CBS more than assigned limit? | Yes | 5 | 2 |
| | | No | 0 | |
| F5 | Is there any incident that Interest applied in CBS different than approved and rectified during this Month? Mention the numbers | No | 0.5 | 1 |
| | | ≤2 | 1 | |
| | | ≤4 | 2 | |
| | | ≤6 | 3 | |
| | | ≤8 | 4 | |
| | | >8 | 5 | |
| F6 | Are the original Credit Security Documents, Original Approved Credit Assessment Memo and other Prime Documents stored on fire proof cabinet? | Yes | 1 | 1 |
| | | No | 5 | |
| F7 | Was there any incident in the month that customer account (deposit and loan) was overdrawn? | Yes | 5 | 1 |
| | | No | 0 | |
| G | Key Handling | | | 0.02 |
| G1 | Are there any instances in this month that Key Handover not recorded in register and not signed by respective Key Holder? | Yes | 5 | 1 |
| | | No | 1 | |
| H | Account Monitoring and House Keeping | | | 0.05 |
| H1 | Has there been balance remained overnight on the account of IDT, Adjustment Account, IBT or other Intermediary Accounts? | Yes | 5 | 1 |
| | | No | 1 | |
| H2 | Was there any service interruptions in any days within this month that service stopped for 20 minutes or more? | Yes | 5 | 1 |
| | | No | 1 | |
| H3 | Are there any differences on AIP and AIR on individual account to the Balances of AIR and AIP of General Ledger? | Yes | 5 | 1 |
| | | No | 1 | |
| H4 | Are there any account blank in CBS on different coding of Risk Grade, Sector, Basel, Productive Sector? | Yes | 5 | 1 |
| | | No | 1 | |
| H5 | How many reversal transactions are made in this month? Mention as above of: | 0 | 0 | 1 |
| | | >0 | 0.5 | |
| | | 5 | 1 | |
| | | 10 | 2 | |
| | | 25 | 3 | |
| | | 40 | 4 | |
| | | 60 | 5 | |
| H6 | Are there any account where VISA or Operating License expiry period have crossed but account are in still operating | Yes | 5 | 1 |
| | | No | 1 | |

Handwritten signatures and initials at the bottom of the page.

Framework for Branch Operations Risk Assessment and Profiling Indicator

| S.N. | Risk Indicator | Condition | Severity | Weight |
|----------|---|---|-----------------------------------|-------------|
| | conditions? | | | |
| I | ATM Management | | | 0.05 |
| I1 | Is the ATM under the surveillance of CCTV all the time and PIN entered by the user cannot be seen through the camera? | NA Yes No | 0 1 5 | 2 |
| I2 | Is the ATM operating smoothly? If not mentioned number of hour for which ATM is not operated during the month. Mention as above of: | NA Yes ≤2 ≤4 ≤6 ≤8 >8 | 0 0.5 1 2 3 4 5 | 2 |
| I3 | Is there any un-reconciled/unsuccessful item on ATM related transactions at the end of the Month continuous for 15 days? | NA Yes No | 0 5 1 | 1 |
| J | Compliance and Others | | | 0.05 |
| J1 | Have you blocked the accounts (as instructed by Nepal Rastra Bank (NRB), Commission for Investigation of Abuse of Authority (CIAA), Department of Money Laundering Investigation (DMLI) etc) as advised by Compliance Department within 24 hours during this month? | Yes No | 1 5 | 1 |
| J2 | Staff late attendance more than 15 minutes (in %) during the month (Calculation: Total number of Late attendance recorded by software of branch staffs/ Total Working days of the Month). Choose % equal or above of: | 0% >0% 5% 10% 25% 40% 60% | 0 0.5 1 2 3 4 5 | 1 |
| K | Internal and External Audit Observations | | | 0.1 |
| K1 | How many operational issues (including the issues of credit files) are still to be corrected/implemented as remarked by previous Internal Audit? Mention as above of: | 0 ≤2 ≤4 | 0 1 2 | 2 |
| K2 | How many operational issues (including the issues of credit files) are still remained to correct/implement as remarked by External Audit and NRB Inspection? Mention as above of: | ≤6 ≤8 >8 | 3 4 5 | 2 |

According to the risk assessment done by branches and total calculated risk, branches will be categorized in to following category according to the following risk weighted exposures:

| S.N. | Risk Weight Exposures | Risk Category |
|------|-----------------------|---------------|
| 1 | Up to 6 | Inherent Risk |
| 2 | 6 to 12 | Low Risk |
| 3 | 12 to 20 | Medium Risk |
| 4 | 20 to 30 | High Risk |

| S.N. | Risk Weight Exposures | Risk Category |
|------|-----------------------|----------------|
| 5 | Above 30 | Very High Risk |

5. Risk Categorization

Operational Risk mainly arise from inadequate internal processes and system, people or from external events. Some of the risk events having potential to result in substantial losses to branch and banks are:

- Internal Fraud
- External Fraud
- Employment practices and workplace safety
- Clients, products and business practices
- Damage to physical assets
- Business disruption and system failures
- Execution, delivery and process management

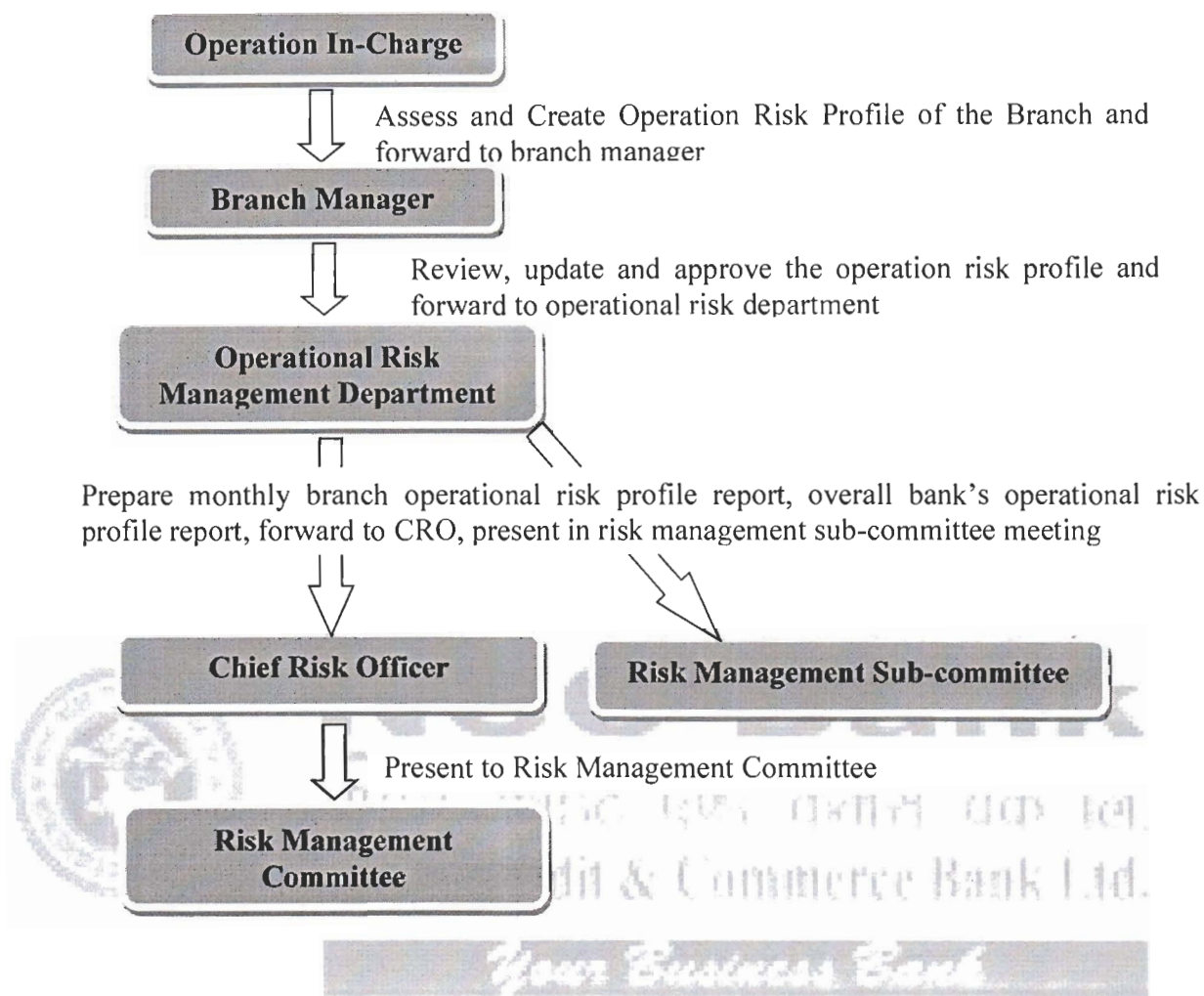
Management of above risk category through quantitative measure is the major motive of this framework.

6. Branch Risk Assessment and Profiling Indicator Reporting Structure

Effective implementation of online Branch Risk Assessment and Profiling Indicator module of the bank can be possible only from the full support of each and individual staff member of the bank and supervision of the senior management. The online reporting structure of the module is as follows:



Framework for Branch Operations Risk Assessment and Profiling Indicator

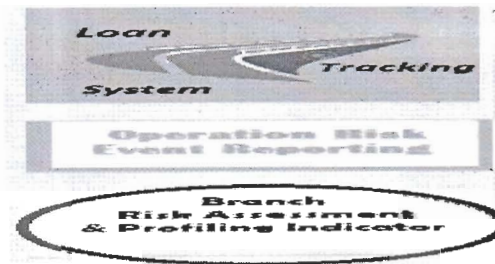


7. Risk Assessment Flow Chart

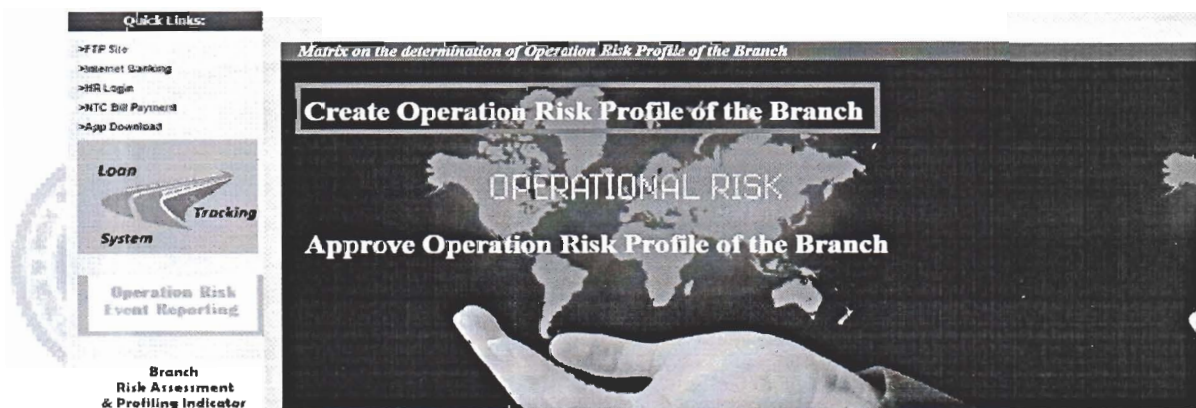
Branch Risk Assessment and Profiling Indicator is kept in the banks intranet <http://192.168.103.13>. Branch manager and Operation In-charge shall log in through their user ID and password to get access in this module. Procedural guidelines and flow chart for creating, forwarding and approving the risk assessment report is as follows:

- After log into intranet, link to Branch Risk Assessment and Profiling Indicator can be seen in left side corner of the screen as follows:

7.



- b. The concerned staff (BM/OI/Operational Risk) shall click into link to create/approve/review the branch risk assessment and profiling indicator. The screen after clicking the link is as follows:



- c. Operation in-charge shall create operation risk profile of the branch. After clicking in such link following screen will be displayed:

| Branch Details: | |
|---|--|
| BranchCode | <input type="text" value="Choose Branch"/> |
| Year | <input type="text"/> |
| Month | <input type="text"/> |
| Branch Manager | |
| <input type="button" value="Next"/> <input type="button" value="Cancel"/> | |

Branch Details

Group 'A'

Group 'B'

Group 'C'

Group 'D'

Group 'E'

Group 'F'

Group 'G'

Group 'H'

Group 'I'

Group 'J'

Group 'K'

Summary

Framework for Branch Operations Risk Assessment and Profiling Indicator

In above screen, branch code and name of branch manager (ultimate responsible person) shall be default according to the branches. Concerned staff must choose year and month for which assessment is going to be conducted. Before submitting risk assessment report of previous month system will not allow to submit the assessment report of current month. Hence, assessment shall be conducted for each and every month.

- d. After filling above condition and clicking next following screen will be displayed:

Branch Details
Group A
Group B
Group C
Group D
Group E
Group F
Group G
Group H
Group I
Group J
Group K
Summary

A. Health, Safety & Security of Work Stations and Office Premises:

| Risk Indicators | Weight | Status/Response |
|---|--------|-----------------|
| A1 - Is the branch office premises and working stations are safe in terms of Health, Air, Lighting, Security and Overall Environment along with unexpired fire extinguisher, alarm system? | 2 | Choose O |
| A2 - Was there any accidents/physical hurt to the staffs in work station due to the physical infrastructure of the Bank in this month? | 2 | Choose O |
| A3 - Have you find any instances in this Month that Security Guard have not checked the visitors by their Metal Detector/or by Other Means? (Plz check CCTV record once before replying it) | 2 | Choose O |
| A4 - Do the CCTV record and store at least 90 days (All Cameras)? Do the CCTV coverage is sufficient to differentiate the cash denomination and cover whole branch premises? | 3 | Choose O |
| A5 - Are office equipments, furniture, machineries, generators are fully insured and Insurance are up to date? (do not depend only on GAD) | 1 | Choose O |

Previous Next Cancel

There are 11 self-assessment group (A-K) and 53 self-assessment questionnaire. Concerned staff shall be required to answer each and every questionnaire of each group before going to next group otherwise system will restrict to jump to next group. However system will allow to come back to previous group only after answering questionnaire of current group.

- e. After answering all question of all group, following summary sheet will be displayed which indicate the overall operational risk score of the branch for that month:

Framework for Branch Operations Risk Assessment and Profiling Indicator

Branch Details

Group 'A'

Group 'B'

Group 'C'

Group 'D'

Group 'E'

Group 'F'

Group 'G'

Group 'H'

Group 'I'

Group 'J'

Group 'K'

Summary

Branch Details

Branch Name:

Year:

Month:

Branch Manager:

A. Health, Safety & Security of Work Stations and Office Premises

| Risk Indicators | Weight | Status/Response | Total |
|-----------------|--------|-----------------|-------|
| A.1 | | | |
| A.2 | | | |
| A.3 | | | |
| A.4 | | | |
| A.5 | | | |
| Total A | 0.1 | | |

K. Internal and External Audit Observations

| Risk Indicators | Weight | Status/Response | Total |
|-----------------|--------|-----------------|-------|
| K.1 | | | |
| K.2 | | | |
| Total K | 0.1 | | |

Grand Total Previous Finish Cancel

Operation In-charge, after careful review of reply of questionnaire, shall finish it. Such profile will be automatically saved inside Approve Operation Risk Profile of the Branch section. This is the certification of operational risk from the branch side, hence, due care must be given before final submission of the same.

- f. After submission of assessment by operation in-charge respective branch manager can view the approval screen as follows:

Approve/Delete

| Total Exposures | Measurement OP. Risk RWL |
|-------------------------|-----------------------------|
| Inherent Risk Level | Upto 6 |
| Low Risk Level | 6 to 12 |
| Medium Risk Level | 12 to 20 |
| High Risk Level | 20 to 30 |
| Catastrophic Risk Level | Above 30 |

BranchCode :

Branch Name :

OpRiskId. :

Year :

Month :

Total Risk Weighted Exposure :

Risk Level :

Created By :

Created On :

Status :

Back More Details Approve Delete

Branch manager can view the overall risk score and risk level with details according to the assessment done by operation in-charge. However, in case he/she found any error/mistake while assessing the risk, above created profile must be deleted and again same process shall be initiated. In case, all assessment and reply is correct he/she must approve the same and same will be automatically notified to the operational risk management department.

8. Implementation Guidelines

The separate module of Branch Risk Assessment and Profiling Indicator for management of operational risk is prepared and implemented in Bank's intranet. All branch managers and operations in-charge of the Bank shall follow following procedures to effectively implement the self-assessment of operational risk of the branch:

- There are 11 self-assessment group (A-K) and 53 self-assessment questionnaire in the module which incorporate overall operational risk indicator of the branch. These group and questionnaire are self-explanatory and bear the certain risk weight.
- According to the score of the operational risk level, branch shall be categorized in to 5 categories as Inherent Risk, Low Risk, Medium Risk, High Risk and Very High Risk. As per Banks Risk Appetite and Tolerance Statement for current year, bank is willing to accept only inherent risk and can tolerate up to low risk. Branch can review condition and score for grading the risk level after answering all required information in summary sheet.
- Operation in-charge of the respective branch shall create the operation risk profile, assess the operational risk level of their branch and reply to the question sets in module within 15 days of end of month. Operation in-charge shall finish it and forward to the branch manager for their review and approval.
- All fields of the module are mandatory and without answering entire question of one group, system cannot allow to jump in next group. However, system allow to review the previous section after filling all required field.

Framework for Branch Operations Risk Assessment and Profiling Indicator

- Branch manager shall carefully review the operational risk assessment forwarded by operation in-charge, update it if necessary and forward to operation risk department within 15 days of end of the month.
- Branch can only submit assessment report for the current month if they have already submitted the previous month risk assessment. Hence, it is mandatory to submit the risk assessment within 15 days of end of month in every month.
- The reply of the branch is the self-assessment and self-audit of their branch. Further, this is also confirmation of level of operational risk from the branch side. Hence, respective staff shall carefully read and understand all question of the module and reply the actual status of the Branch. Branch manager shall be responsible and liable for any deviation found while onsite inspection of internal audit, external audit, regulatory audit and offsite supervision.
- Non submission of the Branch Risk Assessment and Profiling Indicator report will be taken seriously and additional 2 days' time period shall be provided to submit the self-assessment. In case, branch does not submit within 2 days, branch shall be graded in very high risk and will be considered during performance appraisal.
- Branch can review their operational risk level only after answering all question. They can compare their current operational risk level with previous period and can plan and implement for improving the risk level.
- After submission of above self-assessment report through intranet to operation risk department, operation risk department shall accumulate the report from all branches and shall prepare the overall operational risk report of the bank within one month. Such report shall be submitted to the higher authority. Higher authority will review the report and instruct the branch as required to mitigate the operational risk issue.
- Senior management can adjust the overall risk score of the branch after considering the effort given by branches to mitigate and manage the risk, their past history, promptness and regularity in response and other relevant criteria.

- Each and every branch is required to create and forward the branch risk assessment and profiling indicator report on regular and timely manner. Non submission of report is not acceptable and record of such branch which are negligent in reporting shall be maintained by Operation Risk Management Department and provide to the Human Resource Department. Human resource department must consider this fact while conducting performance appraisal of the branch manager who is ultimate responsible for review, update and forward this report.

9. Update and Review of Risk Indicator, Weight and Risk Calculation Methods

The Risk Indicator defined in this module for calculation of operational risk shall be reviewed on timely manner and update accordingly. The risk indicator can be increased or removed according to the development in banking business, internal control system and other factors. Further, weight and severity of risk given to each risk indicator and each category shall also be reviewed and revised on need basis.

