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# **STANDARD OPERATING PROCEDURE**

## **OPERATIONAL RISK MANAGEMENT**

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## Table of Contents

1.0	INTRODUCTION .....	2
1.1	FEATURES OF THIS SOP MANUAL .....	2
1.2	OBJECTIVES OF THE SOP MANUAL .....	2
1.3	SCOPE OF ACTIVITIES.....	2
1.4	DEPARTMENTAL OBJECTIVES. ....	3
2.0	DEPARTMENTAL BUSINESS PROCESSES.....	3
3.0	POLICY DOCUMENTATION REFERENCE .....	4
	Process 1: Developing & administering Risk & Control Self-Assessment (RCSA) (RAP) .....	5
	Process 2: Developing & Administering Key Risk Indicator (KRI) .....	8
	Process 3: Loss Data Management (RMLMD).....	10
	Process 4: OpRisk Reporting (RMLMD) .....	12
	Process 5: Operational Risk Capital Charge Calculation (BIA) (RMLMD) .....	13
	Process 6: OpRisk Awareness & Training .....	14
	Process 7: Secretariat Function for Risk Management Committee RMC .....	15
	Process 8: Policy and Program Management .....	17
	Process 9: Business Impact Analysis (BIA) .....	19
	Process 10: Risk Assessment and Treatment Plan RATP Process .....	21
	Process 11: Develop and Implement BCM Response - Business Continuity Plan (BCP) ...	23
	Process 12: Exercising & Testing BCM Arrangements .....	25
	Process 13: BCM Awareness and Training Campaign.....	27
	Process 14: BCMS Management Review Meeting.....	28
	Process 15: Control of BCMS Records.....	29
	Appendix 1: ORM Organogram.....	30

## 1.0 INTRODUCTION

### 1.1 FEATURES OF THIS SOP MANUAL

The SOP specifies the control, compliance, administrative and accounting procedures governing the operations of PremiumTrust bank, and its branches. The SOP has the following features:

- a. Chapters are organized into major product/service classifications with sections dealing with the general procedure guiding the transactions in the product or service.
- b. References are made to other documents within the organization where further clarifications and elaborations can be found.
- c. The SOP covers mandatory procedures applicable in all cases with specific policies that continue to be mandatory for all systems in the organization.

### 1.2 OBJECTIVES OF THE SOP MANUAL

The SOP is intended to achieve the following objectives:

- a To Provide the procedural framework for the smooth operations of the bank's business.
- b To Provide the bank's operatives with the guiding rules to make decisions on how to Implement the defined controls, compliance, accounting and administrative procedure.
- c To ensure a uniform approach in the running of the affairs of the bank.
- d To ensure that statutory compliance issues are adequately recognized in the daily operations of the bank.

### 1.3 SCOPE OF ACTIVITIES

The primary function of the department is the identification of risk, the measurement of its impact and frequency and the estimation of the monetary or financial loss that can be incurred if the loss occurs. It is also involved in the evaluation of existing controls to examine their adequacy or otherwise and advice on new control where necessary.

This Operational Risk Management Department (ORMD) is a sub-unit of the Risk Management Function and therefore reports directly to the Chief Risk Officer.

The ORM Function is made up of the following two (2) units; Operational Risk Management (Core) and Business Continuity Management (BCM)

The **Scope of Operational Risk Management function** includes the following.

- a. Drafting of operational risk management policies, standards, processes, and procedures
- b. Developing, driving implementation and maintenance of the operational risk management framework
- c. Coordination of the Business Continuity Management Programme of the bank by maintaining the ISO22301 standard and certification.
- d. Developing and distributing tools, techniques, methodologies, common risk language, risk frameworks, analysis, reports, communication, and training
- e. Coordinating, aggregating, and facilitating operational risk management activities
- f. Monitoring operational risk profile, including accumulation of risk, trends, and risks from internal and external market changes

- g. Escalating high priority issues to senior management and Board
- h. Collating, challenging, and reporting aggregate risk profile, control effectiveness and actions to risk committees and Board.
- i. Liaising with external parties e.g., Regulators, analysts, external auditors, etc. on the Bank's operational risk management policies and practices.

## 1.4 DEPARTMENTAL OBJECTIVES.

The specific objectives of operational risk management in PremiumTrust Bank are enumerated as follows:

1. Reduction of losses arising from operational risk – a key role of operational risk management in the Bank shall be to reduce losses from operational failure and avoid potentially large or catastrophic risk losses.
2. Improvement in performance measurement – the Bank's improved understanding of its operational risk profile shall enable appropriate allocation of risk and economic capital to individual lines of business which would allow improved performance measurement and evaluation of activities.
3. Better control of operations – The Bank expects an increasing understanding of risk activities within various business units, the Board and senior management to lead to improvements in the control of operations and the emergence of a more proactive operational risk management culture.
4. Provision of early warning signals of deterioration in the Bank's internal control system.
5. Raise awareness of operational risk in the Bank from top to bottom through the implementation of an enterprise-wide operational risk approach.

## 2.0 DEPARTMENTAL BUSINESS PROCESSES

The process of an integrated operational risk management process is the active and proactive identification, mitigation, acceptance and monitoring of operational risks.

### **Operational; Risk Identification, Risk Assessment, Risk Monitoring, Loss Data Management & Risk Reporting Activities**

Process 1: Developing & administering Risk & Control Self-Assessment (RCSA) (RAP)

Process 2: Developing & Administering Key Risk Indicator (KRI) (RMLMD)

Process 3: Loss Data Management (RMLMD)

Process 4: OpRisk Reporting (RMLMD)

Process 5: Operational Risk Capital Charge Calculation (BIA) (RMLMD)

Process 6: OpRisk Awareness & Training

Process 7: Secretariat Function for Risk Management Committee RMC

### **Business Continuity Management System (BCMS) Activities**

Process 8: Policy and Program Management

Process 9: Business Impact Analysis (BIA)

Process 10: Risk Assessment and Treatment Plan

Process 11: Develop and Implement BCM Response - Business Continuity Plan (BCP)  
Process 12: Exercising & Testing BCM Arrangements  
Process 13: BCM Awareness and Training Campaign  
Process 14: BCMS Management Review Meeting  
Process 15: Control of BCMS Records

### **3.0 POLICY DOCUMENTATION REFERENCE**

- PremiumTrust Bank Operational Risk Policy
- Corporate Business Continuity Plan
- Risk Management Charter

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**Process 1: Developing & Administering Risk & Control Self-Assessment (RCSA) (RAP)****Process Objective**

- To have a faster and better risk analysis.
- To identify possible control gaps and weaknesses.
- To identify risks that may be unacceptable for the business.
- To measure its quality of control rating
- To achieve a higher level of efficiency of operations.
- To identify and monitor key risk/performance indicators.
- To achieve a reduction of Operation risk Economic Capital and
- To comply with the regulatory requirements

**Benefits to the Bank**

- A common language and common set of values across the organization
- Ensure risk management is embedded at all levels of the organizations, with respect to day-to-day activities and longer-term business decision making.

**Key Control**

- Validation of identified risk with Internal Control exception report.
- Cross check identified risk and ratings with Internal Audit exception reports.
- Head of Operational Risk and Business Unit Heads to review before final adoption.

**Procedure:**

No.	Action	Description	Responsibility	Time Taken
	Prepare Risk Control Library document (Risk Register)	<ul style="list-style-type: none"> <li>• Document / Build the Process, Risk and Control for each function (Risk Control Library)</li> <li>• Get the SOP of the department /function to be reviewed.</li> <li>• Convey a meeting of the subject matter experts and the control functions (Operational Risk and Internal Audit department) to brainstorm and identify key Risks and Controls in their activities.</li> <li>• Document the identified Risk and Control in the standard format.</li> <li>• Forward the documented Risk and Control Library to Head of department (of the function being reviewed) for approval.</li> </ul> <p>ALTERNATIVELY</p> <ul style="list-style-type: none"> <li>• Organize a session with the subject Matter Experts (usually HOD and Unit Heads) to</li> </ul>	Operational Risk Officer	5 Days

		<p>discuss the key Risks inherent in their key activities.</p> <ul style="list-style-type: none"> <li>Document the identified Risk and Control in the standard format.</li> <li>Forward the documented Risk and Control Library to Head of department (of the function being reviewed) for approval.</li> </ul>		
2	Develop Questions to be administered	<ul style="list-style-type: none"> <li>Develop Questions and Test Steps from the approved Risk and Control Library</li> <li>Load questions on applicable Risk solution</li> </ul>	Operational Risk Officer.	3 days
3	Send questionnaire to process owners	Select relevant questions from the approved Risk and Control Library and administer to the department / function on a quarterly basis or as required.	Operational Risk Officer.	1 day
4	Process owner Responds to questionnaire	Carry out the articulated test steps and return the completed questionnaire to ORM	Process owners	2 days
5	Collate the responses	Collate responses to the questions administered,	Operational Risk Officer	3 days
6	Analyse and Report	<ol style="list-style-type: none"> <li>Analyse the response to determine the level of risk or effectiveness of control and prepare a report on identified exceptions.</li> <li>Organize a Delphi session with the department to review and agree the report.</li> </ol>	Operational Risk Officer	2 days
7	Review	Reviews and quality assure report for onward delivery to process owners and Management.	Unit Head, ORM	1 day
8	Forward Status Report	Channel identified issues if any to Management (RMC) for resolution	Unit Head, ORM	1 day
9	Implementation of corrective actions	Process owners to implement the articulated corrective action within the agreed timelines	Process owner	
10	Mandatory CA	Process owners to provide progress update on status of corrective actions on outstanding issues.	Process owner	
11	Review and Update	Review and update the Risk, Control Library on yearly basis or as the need arises,	Operational Risk Officer	1 day

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Identify required training.</li> <li>Approved Training Requirements</li> <li>Identify technical skill personnel to administer required training</li> </ul>	<input type="checkbox"/> 1 week per Business Unit

INPUT	OUTPUT
<ul style="list-style-type: none"><li>• SOPs of business units</li><li>• Internal Audit report of business units.</li></ul>	<ul style="list-style-type: none"><li>• Risk Register for the Bank</li><li>• Risk &amp; Control Self-Assessment exercise report</li></ul>

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**Process 2: Developing & Administering Key Risk Indicator (KRI)**

- Process Objective**
- To develop comprehensive process for identification, reporting and tracking of Key Risk Indicators.
  - To establish objective trigger points for management review for identified KRIs.
  - To formulate proactive and forward-looking management of operational risk.
  - To articulate the operational appetite in terms of tolerance/escalation level for KRIs.
  - To ensure that there is clear assignment of roles and responsibilities for identification and reporting of KRIs.
  - To comply with regulatory requirements, and the guidelines of BASEL II Accord.
- Benefits to the Bank**
- Provide early warning signals and forward-looking information to senior management.
  - Provide a backward view of risk events, so that lessons can be learnt from the past.
  - Provide an indication that the threshold for risk appetite and tolerance level have been reached.
  - Provide real-time actionable intelligence to risk managers and decision makers.
- Key Control**
- Regular review of risk indicators and thresholds, in relation to the changes in the control environment.
  - Risk Analysis & Profiling Unit will leverage on the existing robust Risk & Control library of respective units to identify the key risks.
  - The Review session with Subject Matter Experts will help to refine initial work and ensure the identification of Key Risks

No.	Action	Description	Responsibility	Time Taken
1	Identify key risks / Controls	Identify “Key” Risks or Controls in a function, usually from the Risk and Control Library	Operational Risk Officer	1 day
2	Identify Indicators to measure them	Identify matrix that could measure changes in the level of these Risks or the effectiveness of the Controls.	Operational Risk Officer	1 day
		Establish the threshold and escalation level for these matrix	Operational Risk Officer	1 day
3	Review KRI & forward to process owners	Reviews and forwards to process owners to agree on the indicators, thresholds, and escalation levels.	Unit Head, ORM	4 hours

4	Agree KRI with ORM	Agree the Indicators / Matrix and the threshold and escalation levels with the head of the department / Function	Process owners	2 days
5	Approve for use	Approve for use	Unit Head, ORM	1 day
6	Send KRI request	Administer agreed KRIs to the departments at the required frequency	Operational Risk Officer	1 day
		Pick from the systems the matrix that can be obtained online	Operational Risk Officer	1 day
7	Respond to KRI request	Process owners respond to KRI	Process owners	3 days
8	Analyse KRI trend	Monitor the trend of KRI and report exceptions	Operational Risk Officer	3 days
9	Review and forward status report to Management	Review report and escalate to management where necessary	Unit Head, ORM	2 days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Proper identification and validation of key risk indicators by departments and their supervisors.</li> <li>Well documented Key Risk Indicator policy.</li> <li>Timely rendition of information on the indicators from process owners.</li> </ul>	<input type="checkbox"/> 2 Weeks per Business Unit
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>Key Risk Indicator data from Operational Risk Champions from relevant departments</li> </ul>	<ul style="list-style-type: none"> <li>Key Risk Indicator Dashboard</li> <li>Key Risk Indicator Report</li> </ul>

**Process 3: Loss Data Management (RMLMD)**

- Process Objective**
- To describe the methodology for Internal Loss Collection Data.
  - To create Operational Risk Awareness in the Bank.
  - To assist in setting up better management information on OR loss events.
  - To comply with regulatory requirements, and the guidelines of BASEL II Accord.

- Benefits to the Bank**
- Record all Operational Risk incidents that occur at any given point in time.
  - Highlight the lessons learnt from loss events and help improve controls.
  - Help in understanding the trend of losses over a period.
  - Determine the root causes of the major events.
  - Ultimately reduce the number and value of Operational Risk loss/exposure of the Bank.

- Key Control**
- Ensure timely collection of adequate and reliable data from business owners.

No.	Action	Description	Responsibility	Time Taken
1	Receive complaints from Branches	Receives complaints on potential or alleged loss issue (fraud / armed robbery case, Damage to physical assets or Litigation issues)	Audit/Legal/ General Service	
2	Investigates and seek management approval	Conduct investigation on alleged issue to establish culpability (this includes fraud / armed robbery case, damage to physical assets and litigation cases). Obtains management approval for repair of the affected account / Replacement of assets	Audit/Legal/ Corporate Services	
3	Forwards Management approval to Stakeholders	Forward Management approval to FINCON, Responsible Company branch/department and Operational Risk Department FINCON passes the transactions in FINACLE.	Audit/Legal & Company Secretariat/ Corporate Service	
4	Populate approved loss	logs the loss in SAS OpRisk Monitor, giving details of the loss incidence, the cause of the loss, control failure(s), risk category, the business line and the Finacle transaction ID and serial number among others	Process owners (ORC)	1 day
5	Validate data loss	Review and validate loss data on OpRisk monitor	Process owners (BSM/Head of unit)	1 day
6	Validate data loss	Quality assures loss data to ensure it meets minimum data standard and validate	Operational Risk Officer	1 day

7	Analyse data Periodic reconciliation loss and	Analyse the populated data, reconcile data with general ledger and send the report to head operational risk	Operational Risk Officer	3 days
8	Review & present to Management	Reviews report of the analysis and Sends Monthly report to Business owner, RMC and quarterly report to BARCC	Unit Head, ORM	2 days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Well documented Loss Data Collection &amp; Management policy.</li> <li>Collection of adequate and reliable data from process owners.</li> <li>Performing detailed root cause analysis on key events</li> </ul>	<input type="checkbox"/> 4 weeks
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>Loss Incidents data from all staff across the bank.</li> </ul>	<ul style="list-style-type: none"> <li>Updated Database of Operational Risk Events (OREs)</li> <li>Operational Risk Incidents Report</li> </ul>

**Process 4: OpRisk Reporting (RMLMD)**

<b>Process Objective</b>	<ul style="list-style-type: none"> <li>These reports are used by management to determine if the level of risk for each critical objective is at a desired level.</li> <li>To assist management in determining if specific areas of concern are being managed appropriately.</li> </ul>
<b>Benefits to the Bank</b>	<ul style="list-style-type: none"> <li>This enables management to adjust course, act to treat potential negative events, and prepare to seize opportunities.</li> </ul>
<b>Key Control</b>	<ul style="list-style-type: none"> <li>Supervisory Review</li> </ul>

No.	Action	Description	Responsibility	Time Taken
1.	Collate data	Collate/spool data required data with aid of toolkits	Operational Risk Officer	1 hour
2.	Analyse data	Analyse data and synthesize report manually or generate using toolset	Operational Risk Officer	3 days
3	Review and collate	Review and collate reports which may consist of some of the following: <ul style="list-style-type: none"> <li>Operational loss appetite</li> <li>Loss trend report</li> <li>RCSA issue and action plan status report</li> <li>KRI issues with action plans</li> <li>KRI exceeding threshold</li> <li>KRI trend report</li> <li>Income reversals</li> <li>Litigation costs</li> <li>Loss data dashboard-fraud</li> <li>Loss data dashboard-armed robbery</li> <li>Business operations risk profile</li> </ul>	Unit Head, ORM	3 days
4	Quality assures and Present report	Review, summarize and present report to management and other stakeholders. Use feedback to raise issues and action plans if required.	Unit Head, ORM	2 days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Trained &amp; Competent Operational Risk Officers</li> <li>Availability of reliable OpRisk &amp; Financial data</li> <li>Availability of Reporting Tools</li> </ul>	<input type="checkbox"/> 4 weeks
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>Reports from the business.</li> <li>Audit Investigations</li> </ul>	<ul style="list-style-type: none"> <li>Reports to Management; OpRisk Profile</li> </ul>

**Process 5: Operational Risk Capital Charge Calculation (BIA) (RMLMD)**

- Process Objective**
- To provide enough capital as a cushion for unexpected operational losses. To ensure that the capital charge is consistent with regulatory requirement and possibly to cushion operational losses.
- Benefits to the Bank**
- 
- Key Control**
- Audited Financial Statement is requested directly from FINCON and reviewed by Head, Operational Risk Management before its adoption.
  - Excel Template for calculating capital charge has been locked as provided by CBN, hence, no manipulation can be done to the formulae embedded in the template

No.	Action	Description	Responsibility	Time Taken
1	Collect Data	Obtain/collect audited income and expense data from Financial Control Department	Operational Risk Officer	1 day
2	Analyse Data	Analyse the data to determine gross Income in line with Basel II requirement.	Operational Risk Officer	2 hours
3	Compute Capital charge	Compute operational risk capital charge and risk weighted Assets using BIA formula with CBN standard Template	Operational Risk Officer	1 hr
4	Render Returns	Send the template containing operational risk capital charge and risk weighted assets to Financial Control Department for onward rendition to CBN	Operational Risk Officer	30 mins
5	Present report	Review summarizes and present report to management and other stakeholders on Quarterly basis.	Unit Head, ORM	2hrs

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Competent Staff</li> </ul>	4 weeks
INPUT	OUTPUT
Financial Statement	<ul style="list-style-type: none"> <li>Operational risk capital charge</li> </ul>

**Process 6: OpRisk Awareness & Training**

- Process Objective**
- To promote operational risk awareness and embed the culture of operational risk management in the Bank.
- Benefits to the Bank**
- Promotes good risk culture and ensures sound practices that results in lower level of losses and better financial performance.
- Key Control**
- 

No.	Action	Description	Responsibility	Time Taken
1	Source and develop training contents	Examine trends of losses suffered by the bank, research operational risk issues recorded against other banks/financial institutions as well as source information on emerging risk in the economy and develop relevant contents for training	Unit Head, ORM	1 week
2	Review of training contents developed	Review training contents for appropriateness and approve for adoption when corrections are affected.	Unit Head, ORM	2 days
3	Notify BSG/BDO of Operational Risk Management Training	Notify and agree training dates with BSG/BDO	ORM and other stakeholders	1 day
4	Train staff	Send training contents to the training venue via mail and train staff	ORM	2 hours
5	Prepare Training report	Prepare training report including salient issues noted during training in form of policy/procedure gap or breach along with a copy of the attendance of staff trained and forward report to Head, ORM for review	ORM	1 day
6	Review and approve training report	Review training report for appropriateness and approve for filing.	Head, ORM	30mins.

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Adequate Management Sponsorship</li> <li>Availability of Training facilities &amp; Faculties</li> </ul>	Ongoing
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>Adequate Management Sponsorship</li> </ul>	

**Process 7: Secretariat Function for Risk Management Committee RMC**

- Process Objective**
- To promote management, buy-in of operational risk management and prompt remediation of significant risk issues.
  - Promote visibility of all risk issues to management.
- Benefits to the Bank**
- Promotes good risk culture and ensures sound practices that results in lower level of losses and better financial performance.
- Key Control**
- Persistent engagement with stakeholders to ensure prompt submission of report.
  - Supervisory Control: Disciplinary power may be exercised by the RMC Chairman on uncooperative members.

No.	Action	Description	Responsibility	Time Taken
1	Meeting invitation	Send meeting invitation to all committee members and their alternates through mail	Unit Head, ORM	1 hr.
2	Coordinate Meeting Papers	Obtain/collate Papers for presentation from all stakeholders and reconcile Internal Audit reports with summarized audit report to be presented.	Operational Risk Officer	2 days
3	Circulate meeting papers	Circulate all Papers for presentation from all stakeholders including minutes of last meeting and Action Tracking Sheet.	Unit Head, ORM	2 hrs.
4	Paper presentations	Coordinate different papers for presentation	Unit Head, ORM	3 hrs.
5	Write Minutes	Prepare minutes of the meeting and send to Head of the Department for review and corrections	Operational Risk Officer	4 days
6	Prepare Action Tracking sheet	Develop Action Tracking sheet from the final minutes of meeting and forward to Head of Department	Operational Risk Officer	5 hrs.
7	Circulate Minutes & Action Tracking Sheet	Head of department review and circulate the minute to all members as draft for their inputs.	Unit Head, ORM	1 day



CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"><li>Engagement with stakeholders</li><li>Availability of Reports</li><li>Time management</li></ul>	4 weeks
INPUT	OUTPUT
<ul style="list-style-type: none"><li>Reports from Business.</li></ul>	<ul style="list-style-type: none"><li>Minutes of meetings</li><li>Action Tracking Sheets</li></ul>

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## Process 8: Policy and Program Management

### Process Objective

- Understanding the Bank's needs and necessity for establishing Business Continuity Management Policy and Objectives.
- Implementing and operating controls and measures for managing the Bank's overall capability to manage disruptive incidents.
- Monitoring and reviewing the performance and effectiveness of BCMS.
- Continual improvement based on objective measurement.

### Benefits to the Bank

- Reduce service failures.
- Reduce customer dissatisfaction

### Key Control

- CRO is project sponsor
- Certification training

No.	Action	Description	Responsibility	Time Taken
1	Assign roles & responsibilities	Ensure that the BCM programme is in place in terms of assigning roles and responsibilities,	BC Manager	2 days
2	Conduct project management	Steer the BCM project management (initiation of BCM in the bank) to be in line with the stated scope and objectives	BC Manager	2 months
3	Supervise on-going BCM programs	Provide oversight of a BCM programme that is supportive of the objectives and culture of the Bank, also that the programme is in line with the international standard and good practice.	BC Manager	continuous
4	Prepare BCM documentation	Prepare all necessary documentations for all BCM documented processes and procedures	BC Manager	1 month
5	Develop BCM incident response & readiness structure	Develop BCM strategy and choices, and incident response structure	BC Manager	3 days
6	Review	Carry out a holistic review of BCM arrangement for appropriateness and forward to CRO for approval	BC Manager	2 days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Competence on the part of Business Continuity Managers</li> <li>Implementation of the BCMS within the scope defined by the Bank's policy, and in line with the requirements of ISO 22301</li> </ul>	<input type="checkbox"/> 1 year
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>Process Library</li> <li>Workshops or Walkthrough Sessions</li> </ul>	<ul style="list-style-type: none"> <li>BCM Documentations</li> </ul>

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**Process 9: Business Impact Analysis (BIA)**

- Process Objective**
- Identification of your key products and services
  - Identification of dependences
  - Analyses of the impact of outage of any product/service
  - Allocation of personnel/resources in event of disruption
  - Analyses of resilience in terms of RTO and RPO
- Benefits to the Bank**
- Reduce service failures.
  - Reduce customer dissatisfaction
- Key Control**
- Prioritize Products and Services
  - Define RTOs and MAOs for each service.
  - Depts. and services ranked in order of tiers for priority of service recovery.

No.	Action	Description	Responsibility	Time Taken
1	Assess Impact on critical activities	Coordinate all process that will assess the impact of disruptions to critical business activities of the bank	BC Manager	30 days
2	Develop templates	Develop standard templates for capture of Risk Assessment (Threat Evaluation), Business Impact Analysis (B.I.A), and Continuity Requirements in the event of disruptions	BC Manager	7 days
3	Forward templates	Forward the templates to departmental BCM Champions and the various Heads of Departments	BC Manager	1 day
4	Develop department BIA	Develop and capture respective dept. BIA, Risk Assessments and continuity Requirements and obtain a sign-off with respective HODs and forward to the Head BCM	Department BC Champions	7 days
5	Collate reports	Collate all reports and do quality assurance, assess and merge the various reports to develop the corporate BIA	BC Team Member	14 days
6	Approve BIA	Review and approve all BIA at dept. and corporate level	CRO/ BC Manager	7 days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"><li>• Management Support</li><li>• Business Support</li></ul>	<ul style="list-style-type: none"><li>• Quarterly</li></ul>
INPUT	OUTPUT
<ul style="list-style-type: none"><li>• Process Library</li><li>• Workshops or Walkthrough Sessions</li></ul>	<ul style="list-style-type: none"><li>• BIA Documentation</li></ul>

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**Process 10: Risk Assessment and Treatment Plan RATP Process****Process Objective**

- Identify risks of disruption to the bank's prioritized activities and processes, systems, information, staff, assets; outsource partners, and other supporting resources.
- Systematically analyses risk, and evaluate which disruption related risks require treatment
- Identify risk treatments commensurate with business continuity objectives and in accordance with the bank's risk appetite

**Benefits to the Bank**

- Reduce service failures.
- Reduce customer dissatisfaction

**Key Control**

- Proactive risk analysis to identify possible causes of disruption
- Identify dependencies and associated risk and enforce strong SLA

No.	Action	Description	Responsibility	Time Taken
1	Review your BIA and consider threats and vulnerabilities that can cause a disruptive incident	Risk assessment and treatment follows a careful BIA. Threats that could lead to business disruption around your key products and processes are listed, as well as the vulnerabilities that will allow the threats to crystallize.	BCM Champions	1 day
2	Capture the list of threats and vulnerabilities and assess the risks	Take a standard RATP template and input the threats and vulnerabilities. Assess the risks in probability and impact scale of 1-5 and input on the template.	BCM Champions	1 day
3	List the risk treatment options and actions to be taken	Capture the risk magnitude on the template and based on the banks risk grading matrix you may avoid, treat or accept the risk	BCM Champions	1 day
4	Review of RATP	The BCP champion obtains a sign-off from their HOD and send the copy to BCM manager for review and quality assurance.	BCM Manager	1 day
5	Risk Owner effects risk treatment	Consider the issues and action plans and identify and follow up on the risk owner to close out the issues within a feasible target completion date.	Risk Owner/Head, ORM	Completion on target date

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"><li>• Management Support</li><li>• Business Support</li></ul>	<ul style="list-style-type: none"><li>• Annually</li></ul>
INPUT	OUTPUT
<ul style="list-style-type: none"><li>• Process Library</li><li>• Workshops or Walkthrough Sessions</li></ul>	<ul style="list-style-type: none"><li>• RATP Documentation</li></ul>

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**Process 11: Develop and Implement BCM Response - Business Continuity Plan (BCP)****Process Objective**

- Define roles and responsibilities for people and teams during and following an incident.
- Detail how to manage the immediate consequences of a disruptive incident in terms of strategic, tactical, and operational options for responding to a disruption, as well as welfare of staff and other individuals.
- Detail the bank's communication with employees and their relatives, key stakeholders, and emergency contacts.
- Detail the bank's media response following an incident.
- Detail the standing down once the incident is over.

**Benefits to the Bank**

- Reduce service failures.
- Reduce customer dissatisfaction

**Key Control**

- Proactive risk analysis to identify possible causes of disruption.
- Identify dependencies and associated risk and enforce strong SLA

**Process 11 procedures**

No.	Action	Description	Responsibility	Time Taken
1	Coordinate BCM response	Coordinate all processes of developing and implementing a BCM response to incidents and disruptions in line with the bank's objectives, and in line with regulatory requirements	BC Manager	30 days
2	Develop BCP Templates	Develop templates for developing and capturing Incident Response Structure, Incident Management Plan, Business Continuity Plan, and Activity Response Plan	BC Manager	7 days
3	Develop department BCP	Develop and capture respective dept. incident management structure, incident management plan, business continuity plan, and activity response plan to and obtain a sign-off with respective HODs and forward to the BC Manager	Department BC Champions	7 days
4	Collate report	Collate, assess, correlate, and merge the various reports to develop a corporate incident management structure, corporate incident management plan, and corporate business continuity plan	BC Team Member	14 days
5	Approve BCP	Review and approve dept. and corporate BCP	BC Manager/CRO	7 days



CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"><li>Well documented and approved business continuity strategy.</li><li>Adequate knowledge of the roles and responsibility in the event of a crisis.</li></ul>	The BCP is developed and reviewed at the end of every quarter
INPUT	OUTPUT
<ul style="list-style-type: none"><li>Business Impact Analysis assessment</li></ul>	<ul style="list-style-type: none"><li>Approved business continuity</li></ul>

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**Process 12: Exercising & Testing BCM Arrangements**

<b>Process Objective</b>	Plans will be exercised/ tested as directed contained in the Exercising and Testing Plan to determine the following: <ul style="list-style-type: none"> <li>Plans are fit for purpose.</li> <li>Plans are reliable.</li> <li>Provide assurance.</li> <li>Confirm assumptions.</li> <li>Opportunity for role rehearsal (Individual/Groups).</li> </ul>
<b>Benefits to the Bank</b>	<ul style="list-style-type: none"> <li>Reduce service failures.</li> <li>Reduce customer dissatisfaction</li> </ul>
<b>Key Control</b>	<ul style="list-style-type: none"> <li>All Departmental BCPs shall be subjected to quarterly tests (Desk-Check and Call Tree Tests) that are consistent with the Bank's scope and objectives of BCMS.</li> <li>Semi-annual tests shall be conducted at the corporate level and shall include simulations of response to disruptive incidents and disaster recovery.</li> <li>Highly disruptive exercises involving all staff, like fire, drill shall be conducted annually only.</li> </ul>

**Process 12 procedures**

No.	Action	Description	Responsibility	Time Taken
1	Schedule Planned Exercising & Testing	Schedule periodic planned exercise programmes of all BCP and personnel, and tests of I.T. and equipment	BC Manager	1 day
2	Determine appropriateness of Exercises & Test	Determine appropriate exercise in terms of technical tests, desktop walkthroughs, and full live exercise which are realistic.	BC Manager	1 day
3	Provision of relevant BCP	Ensure that the BCM arrangements are maintained by providing all stakeholders with current and relevant parts of BCP	BC Manager	1 day
4	Conduct Exercise & Tests	Conduct all planned tests and exercises on agreed dates with all stakeholders	Unit Head, ORM/ BC Manager/Stakeholder	30 days
5	Review	Review all the exercised and tested BCM arrangements against a set level by self-assessment, periodic Internal Audit, and by External Auditors.	BC Manager/Internal Audit/Stakeholders	2 days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"><li>• Simulated exercises that validate the banks business continuity arrangements</li><li>• Periodic fire drill and bomb evacuation drills</li></ul>	Exercising and testing is carried out quarterly at departmental level and semi-annually at corporate level
INPUT	OUTPUT
<ul style="list-style-type: none"><li>• People Resources</li></ul>	<ul style="list-style-type: none"><li>• Report of Tests &amp; Exercises</li><li>• Corrective Action Plans (CAP)</li></ul>

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**Process 13: BCM Awareness and Training Campaign**

<b>Process Objective</b>	<ul style="list-style-type: none"> <li>Staff to be aware of the Bank's Business Continuity Policy</li> <li>Equip staff with key roles (BCM Champions) on to how develop BCM Documentations.</li> <li>Aware of their roles in the Bank's BCMS role during disruptive events</li> <li>Contributing to the effectiveness of the BCMS</li> <li>Implications of not conforming with BCMS requirements</li> </ul>
<b>Benefits to the Bank</b>	<ul style="list-style-type: none"> <li>Reduce service failures.</li> <li>Reduce customer dissatisfaction</li> </ul>
<b>Key Control</b>	<ul style="list-style-type: none"> <li>Mandatory training on all staff of BCMS policy and roles and responsibilities</li> </ul>

**Process 13 procedures**

No.	Action	Description	Responsibility	Time Taken
1	Organize training and awareness	Organize a bank wide awareness and training programme.	BC Manager/ BCM	3 days
2	Develop awareness & training format	Develop Computer based training (CBT), newsletters, fliers, banners etc.	BC Manager / BCM Unit	30 days
3	Implement awareness and training programme	Implement BCM awareness programme by deploying CBT tests, fliers, banners, training BCM champions and teams etc	BC Manager	30 days
4	Obtain awareness and training Feedback	Engage stakeholders to obtain feedback on level of BCM awareness and training by interviews and CBT tests for review and improvement	BC Manager / Stakeholders	7 days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Business Support</li> <li>Management Support</li> <li>Engagement with Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Ongoing</li> </ul>
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>People Resources</li> <li>Financial Resources</li> <li>Learning Faculties</li> </ul>	<ul style="list-style-type: none"> <li>Training Reports</li> <li>Awareness Publications</li> </ul>

**Process 14: BCMS Management Review Meeting**

<b>Process Objective</b>	<ul style="list-style-type: none"> <li>It is aimed at ensuring “continuing suitability, adequacy and effectiveness of the Bank’s BCMS</li> </ul>
<b>Benefits to the Bank</b>	<ul style="list-style-type: none"> <li>Reduce service failures.</li> <li>Reduce customer dissatisfaction</li> </ul>
<b>Key Control</b>	Supervisory Review

**Process 14 procedures**

No	Action	Description	Responsibility	Time Taken
1	Schedule Meeting	Sending a meeting invite with Agenda to the major stakeholders for a BCMS Management review.	BC Manager	2 hrs
2	Management Review	Stakeholders discuss the agenda and minutes are taken.	BC Team Member	3 hrs
3	Send Minutes to Attendees	After the meeting, the minute of the meeting is circulated to attendees by mail.	BC Manager	24 hrs

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Business Support</li> <li>Management Support</li> <li>Engagement with Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Quarterly</li> </ul>
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>BCM Documentations</li> <li>Reports of Exercising &amp; Testing</li> </ul>	<ul style="list-style-type: none"> <li>Management Reviews</li> <li>Corrective Action Points</li> <li>Lessons Learnt</li> </ul>

**Process 15: Control of BCMS Records**

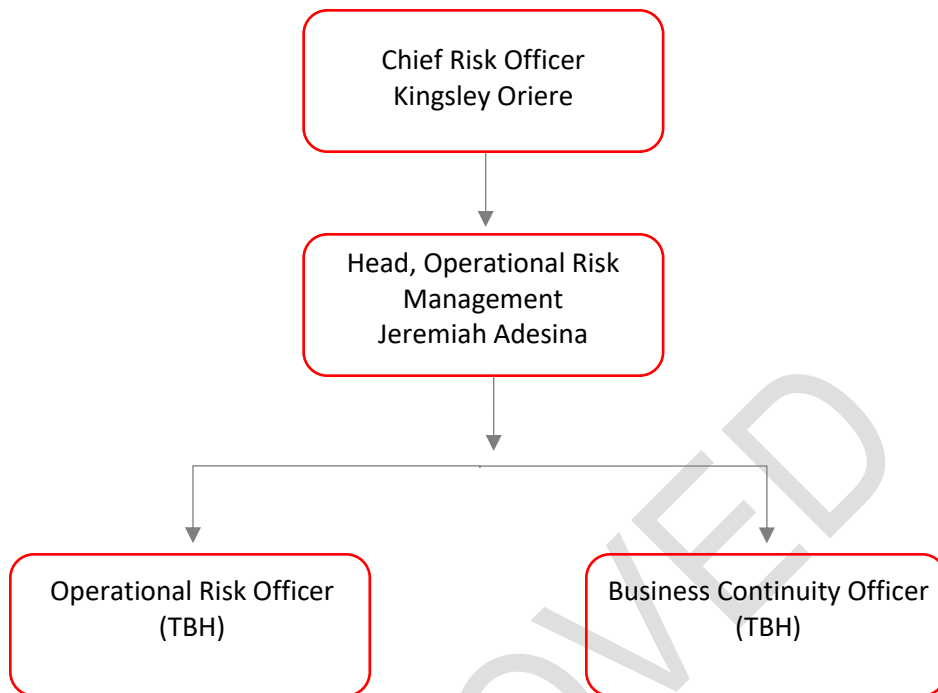
<b>Process Objective</b>	<ul style="list-style-type: none"> <li>Document information in line with required internal standard</li> <li>Version control and uniform standard format</li> <li>Complying with information security requirement of Confidentiality, Integrity, and Availability</li> </ul>
<b>Benefits to the Bank</b>	<ul style="list-style-type: none"> <li>Reduce service failures.</li> <li>Reduce customer dissatisfaction</li> </ul>
<b>Key Control</b>	<ul style="list-style-type: none"> <li>Sound information security management exists in the bank</li> <li>Mandatory periodic update of BCM documents</li> </ul>

**Process 15 procedures**

No.	Action	Description	Responsibility	Time Taken
1	Identifying BCMS records	Identify all records that will be generated by the processes or assets in conformity with the BCMS.	BC Team member	1 day
2	BCMS Records are controlled and classified	Ensure that the BCMS records are controlled, and information classified accordingly.	HODs,	1 day
3	Make BCMS Records Available and legible.	Where necessary records can be given serial numbers in respect to the specific process to which they relate and remain legible, readily identifiable and retrievable	BC Champions.	1 day
4	Keep and retain BCM documentations and records.	Records are protected, stored, maintained, and disposed of in line with the requirements of the Bank's record retention Policy	HODs, BC Champions.	2days

CRITICAL SUCCESS FACTORS	KEY PERFORMANCE MEASURES
<ul style="list-style-type: none"> <li>Integrated Record Management System</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Ongoing</li> </ul>
INPUT	OUTPUT
<ul style="list-style-type: none"> <li>BCM Documentations</li> </ul>	<ul style="list-style-type: none"> <li>Controlled Access to BCM Documentations</li> </ul>

## Appendix 1: ORM Organogram



APPROVAL DETAILS & VERSION CONTROL		SIGNATURE
DOCUMENT NAME	STANDARD OPERATING PROCEEDURE	
OWNER	OPERATIONAL RISK MANAGEMENT	
AUTHOR	HEAD, OPERATIONAL RISK MANAGEMENT	
REVIEWER	CHIEF RISK OFFICER	
FINAL APPROVAL	CHIEF RISK OFFICER	
VERSION	VERSION 1	
DATE OF APPROVAL	DECEMBER 15, 2022	

APPROVED