

How to Identify and Address Risk Within Your Financial Institution

Part 1 – Measuring Your Institution's Risk Vital Signs

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- If you are experiencing technical difficulties, please dial: **800-422-3623**.
- **Q&A session will be held at the end of the presentation.**
 - Your questions can be submitted via the **Questions Function at any time during the presentation.**
- The **PowerPoint presentation**, as well as the **webinar recording**, will be sent to you within the next 10 business days.
- Please complete our online survey.



About CliftonLarsonAllen

- A professional services firm with three distinct business lines
 - Wealth Advisory
 - Outsourcing
 - Audit, Tax, and Consulting
- More than 5,000 employees
- Offices coast to coast
- Serve 1,400 financial institutions



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Speaker Introductions

- **William Bojan, Jr.**

Bill is the founder and CEO of Integrated Governance Solutions, LLC (IGS), an organization whose goal is to support achievement of a higher standard of board and risk governance within the financial institutions industry. Bill's 30 years of advisory experience extends to all aspects of corporate governance, including: board operations, risk management, ethics, internal audit, and compliance disciplines.

- **Josh Juergensen**

Josh is a principal with CLA's financial institutions team. He began his career with CliftonLarsonAllen in 2006 and has eleven years of experience working with financial institutions. Josh devotes 100 percent of his time serving financial institutions with varying levels of complexity, and asset sizes ranging from \$25 million to more than \$5 billion. He focuses on certified audits, directors' examinations, internal audits, loan file reviews, and other consulting services.



.... As Your Navigation System

Authority > Decision-Making > Navigation

5 Critical Elements:

SPEED
Beating
the
Competition



AGILITY
Responding
to
Change



PRECISION
Hitting
the
Mark



ALTITUDE
Flying
the
Highest

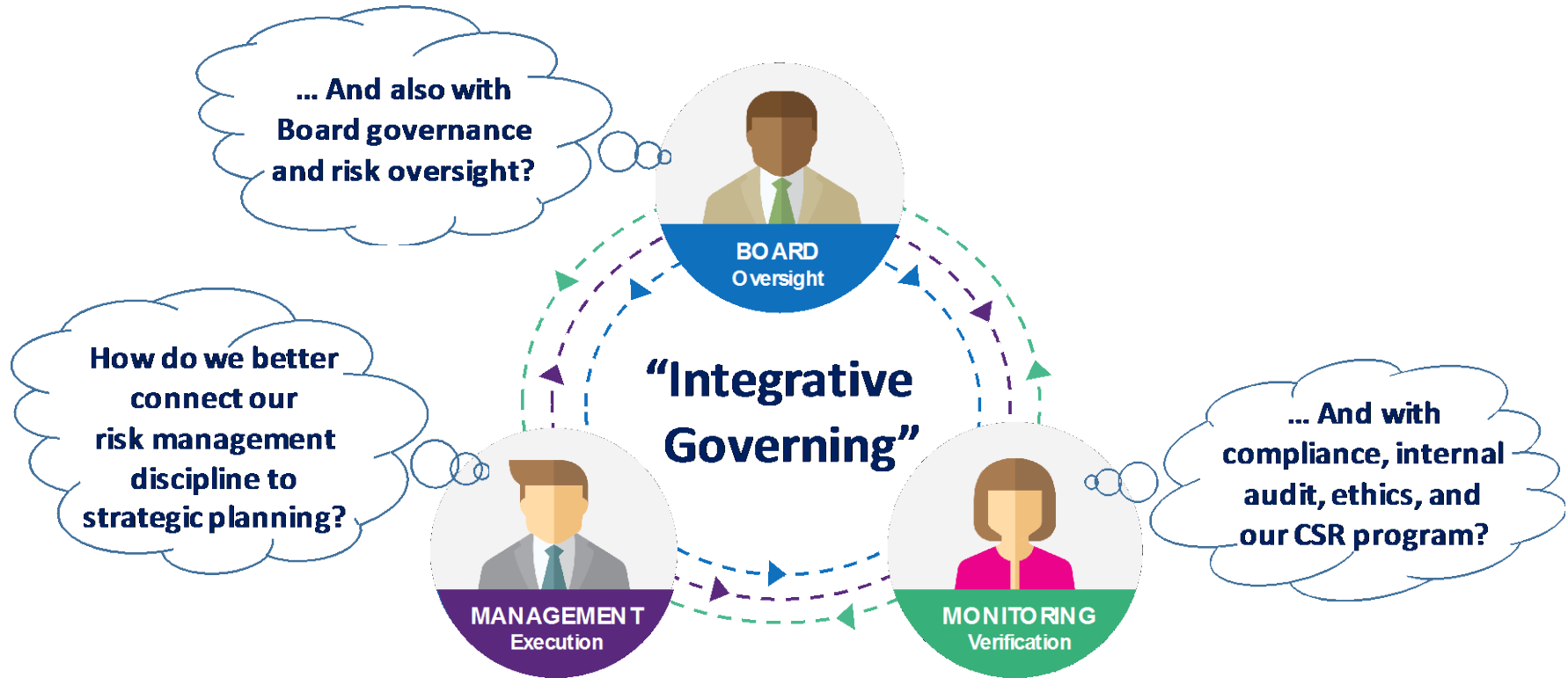


MORAL COMPASS
Living
Your
Values



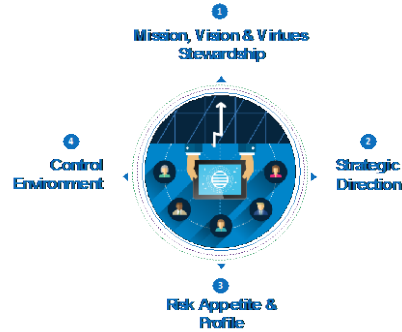
DOES YOUR NAVIGATION SYSTEM HAVE WHAT IT TAKES FOR SUCCESS?

➤ Your Navigation System Components

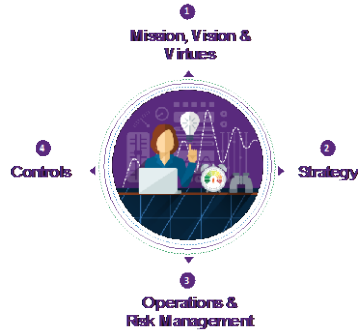


Integrative Governing – Roles & Duties

Board Oversight Duties



Management Execution Duties



The 4 “Integrative Duties”:

Integrative Duty #1 - Mission

1 Fulfilling and stewarding the mission, vision and virtues ethically.

Integrative Duty #2 - Strategy

2 Achieving the strategy and overseeing strategic direction consistent with strong corporate responsibility.

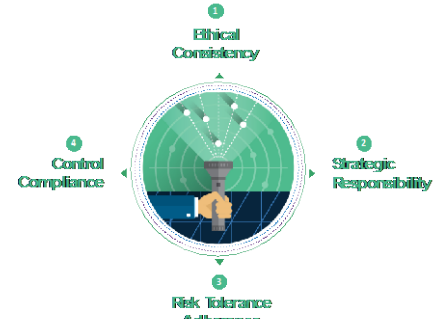
Integrative Duty #3 - Operations

3 Driving the operations and overseeing the desired risk appetite and profile, consistent with established risk tolerances.

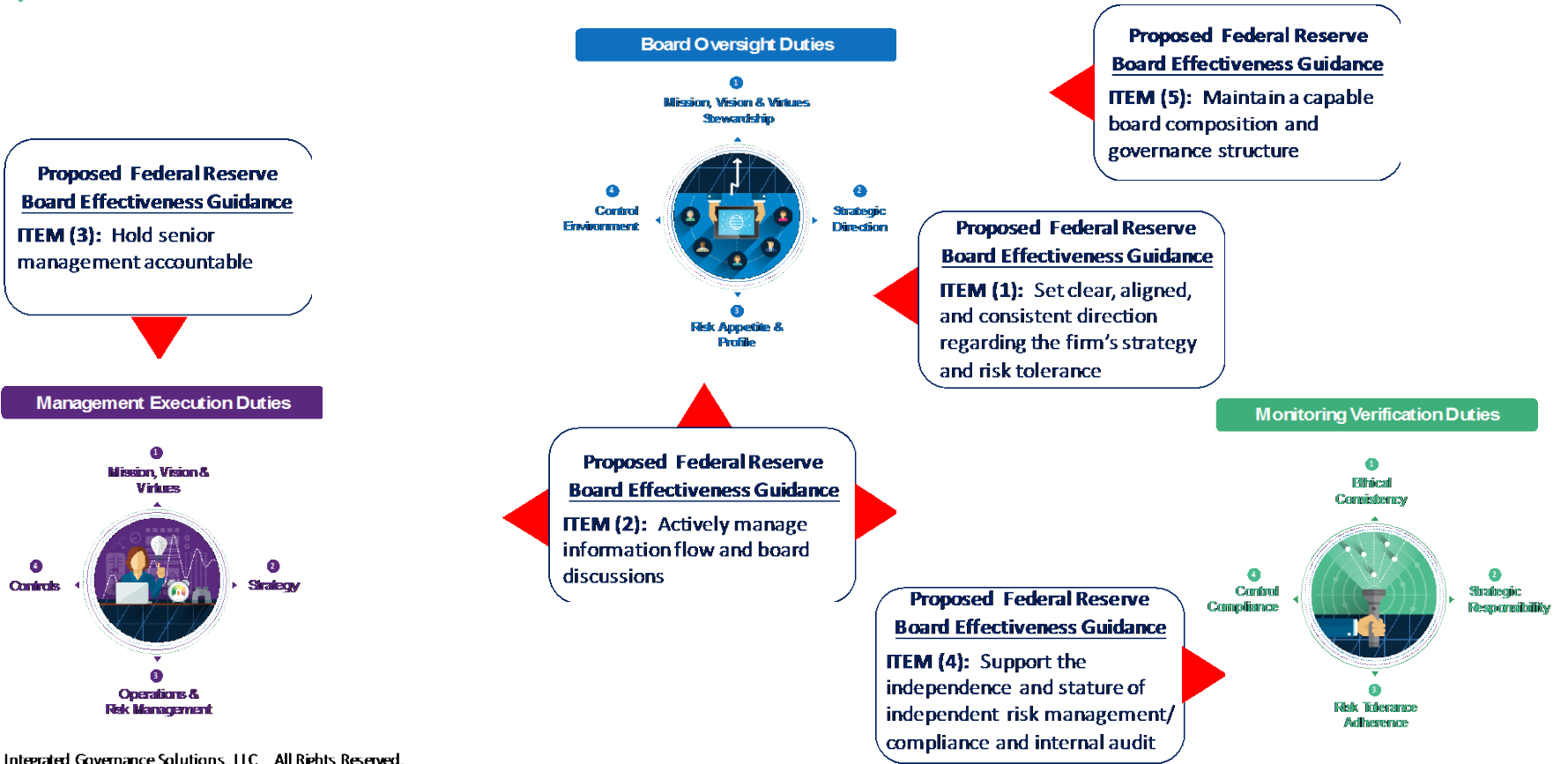
Integrative Duty #4 - Controls

4 Creating the effective controls and overseeing the control environment, while ensuring consistent compliance.

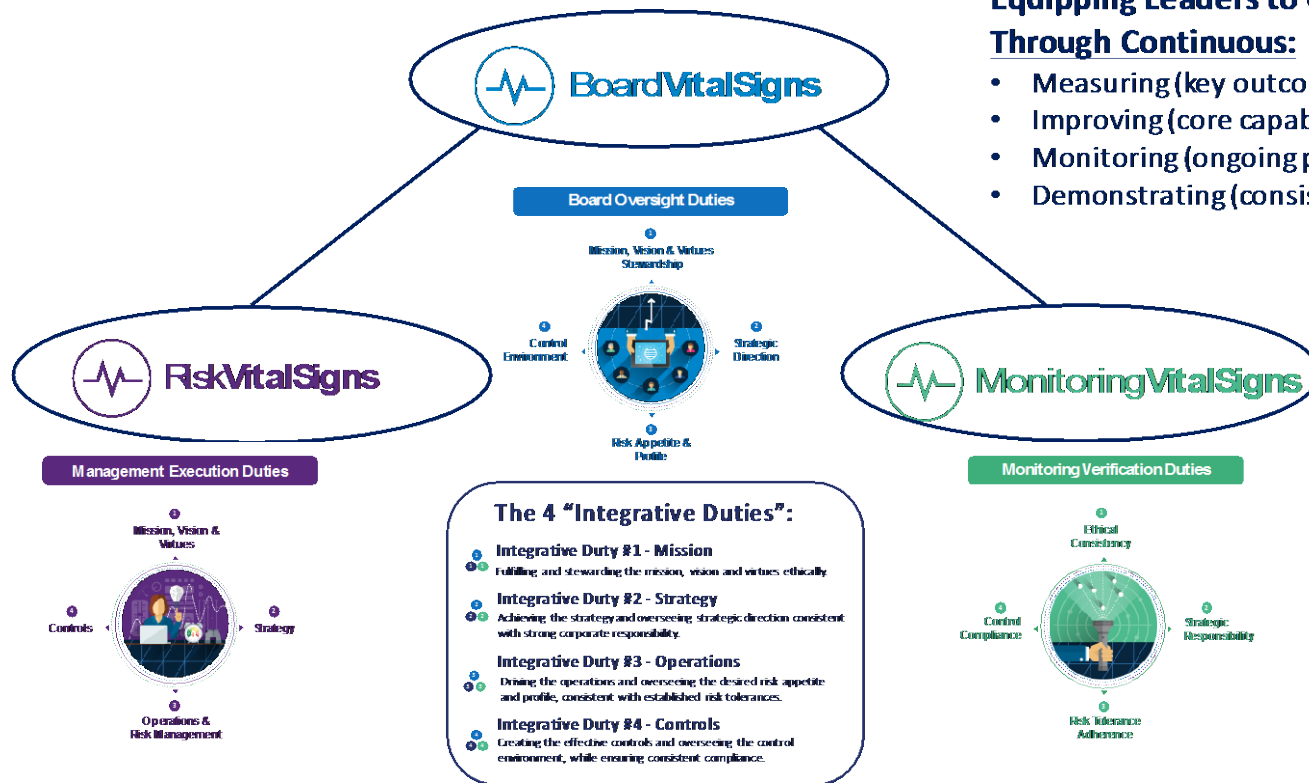
Monitoring Verification Duties



➤ Integrative Governing – A Regulator's Perspective



➤ Taking Your Governance VitalSigns



Equipping Leaders to Govern Wisely Through Continuous:

- Measuring (key outcomes)
- Improving (core capabilities)
- Monitoring (ongoing performance)
- Demonstrating (consistent excellence)

Benchmark Data

Financial Institution Benchmark Group – Previous:

Range of Index Ratings (#/100)

36 – 93

Average Index Ratings (#/100)

67

Target Index Ratings (#/100)

80

Financial Institution Benchmark Group – Current:

Range of Index Ratings (#/100)

TBD

Average Index Ratings (#/100)

TBD

Target Index Ratings (#/100)

80

> Where is Your Financial Institution?

On the Governance Effectiveness Continuum

1

Insufficient

“Our governance needs some improvement to get where we need/want to be.”

-
- Roadmap
 - Execute
 - Re-Assess

2

Sufficient

“Our governance is working for us, but could use refinement in a few areas.”

-
- Choose
 - Refine
 - Monitor

3

Excellent

“Our governance is highly effective and meets all of our current needs.”

-
- Confirm
 - Demonstrate
 - Sustain

Does Your Financial Institution Know It’s “Governance VitalSigns”?

➤ CLA Webinar #2 – October 26th

- Please take the **Risk VitalSigns** diagnostic if you have not already
 - You may also go back out to revise any of your answers or comments prior to the deadline of October 13th
 - You will receive a link to your individual **Risk VitalSigns** results report on Friday October 20th
- Please join us on October 26th 10:00-11:00 a.m. CT for Part 2 of our Webinar Series on “How to Identify and Address Risk Within Your Financial Institution”
 - Discuss the aggregate **Risk VitalSigns** results from participating institutions
 - Participate in a deeper review and analysis of the top **Risk VitalSigns** issue areas noted from participant results, and learn the implications for your institution from several vantage points: Board of Directors, Management Team, and Regulators
 - Hear from key professionals regarding the best strategies for improving your institution’s **Risk VitalSigns** and how to prepare for the coming regulatory changes around board and risk governance
 - Learn about **Solomon365**, a powerful and innovative cloud-based tool and resource for continuously measuring, improving, and demonstrating your institution’s board and risk governance capabilities

ATTENTION: If you fully complete and submit a **Risk VitalSigns** diagnostic by October 13, 2017, your name will be entered to win a no-cost 1-year, 1-seat subscription to the powerful **Solomon365** platform (a \$6,000 retail value)!

Questions?



Thank you!

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