

Finance's Role in Operational Risk Management:

CFO Research on Building a Resilient Company

January 2017



CFO



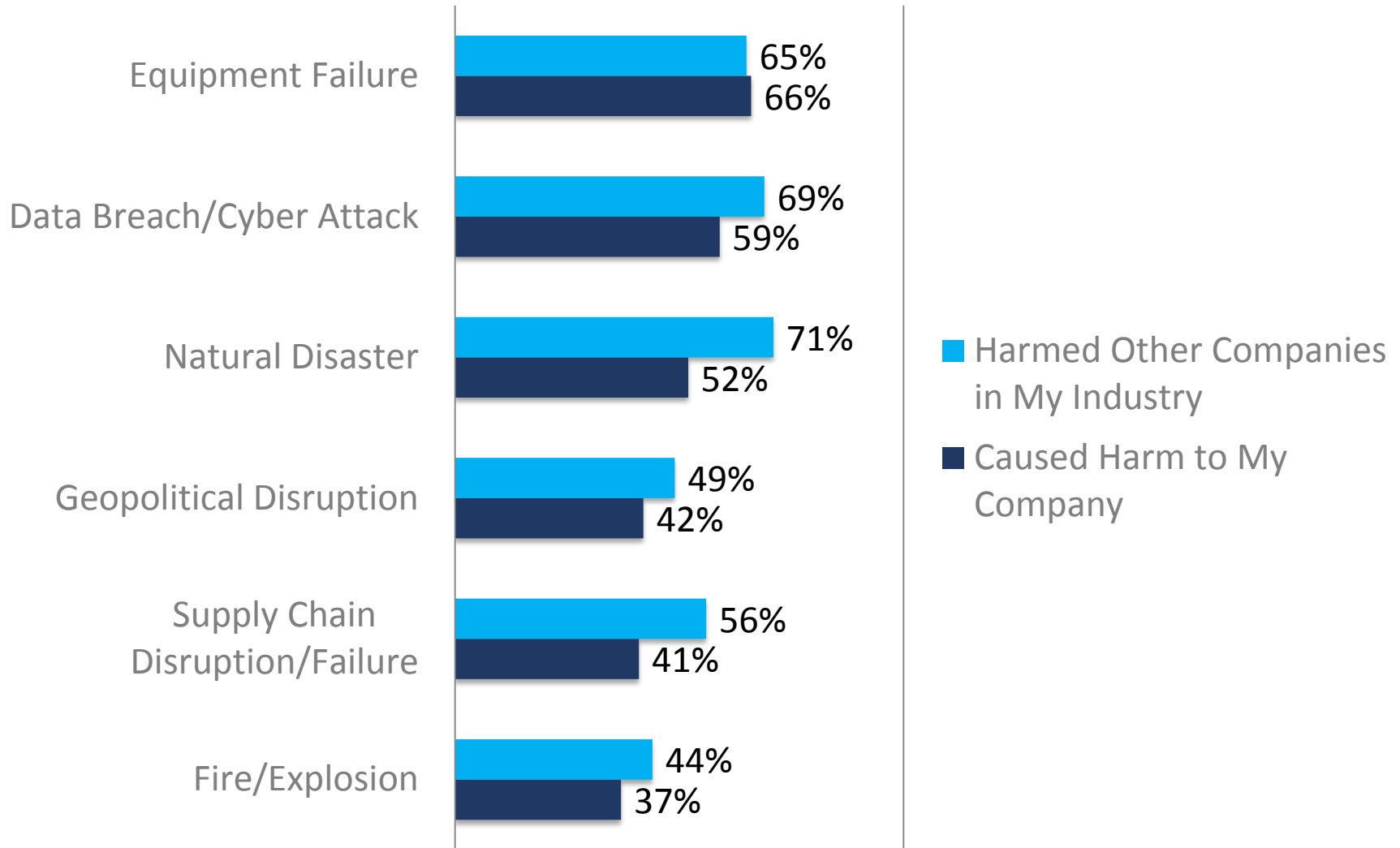
Survey Respondents

| | |
|--|--------------|
| Chief executive officer, president, or managing director | 27.7% |
| Chief financial officer or equivalent | 41.6% |
| Executive vice president or senior vice president of finance | 13.9% |
| Vice president of finance | 1.0% |
| Director of finance | 6.9% |
| Treasurer | 0.0% |
| Controller | 4.0% |
| Senior finance manager | 5.0% |

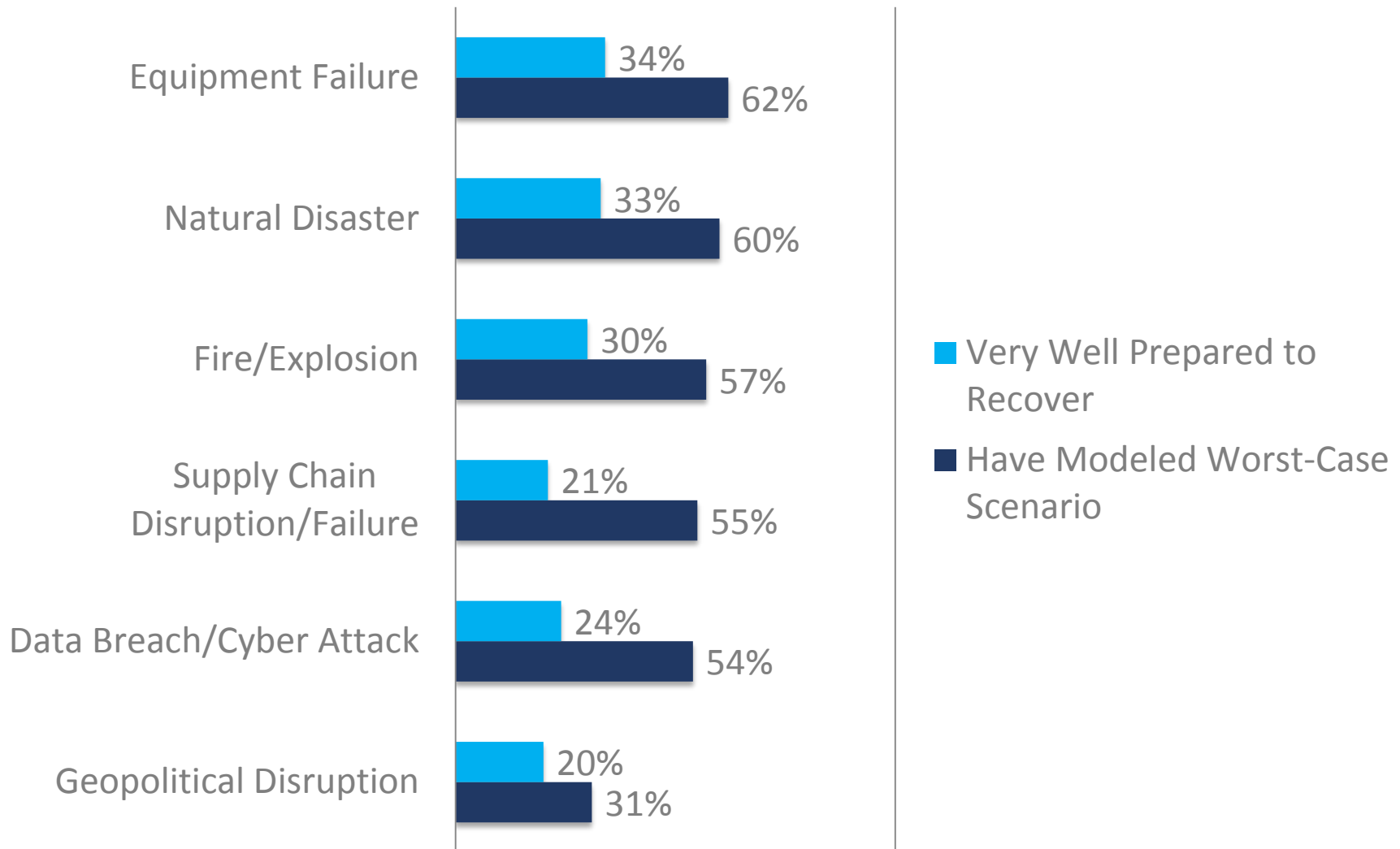
Survey Respondents' Organizations

| | |
|-------------------------------------|--------------|
| \$500 million to \$1 billion | 29.7% |
| \$1 billion to \$2 billion | 17.8% |
| \$2 billion to \$5 billion | 18.8% |
| \$5 billion to \$10 billion | 15.8% |
| More than \$10 billion | 17.8% |

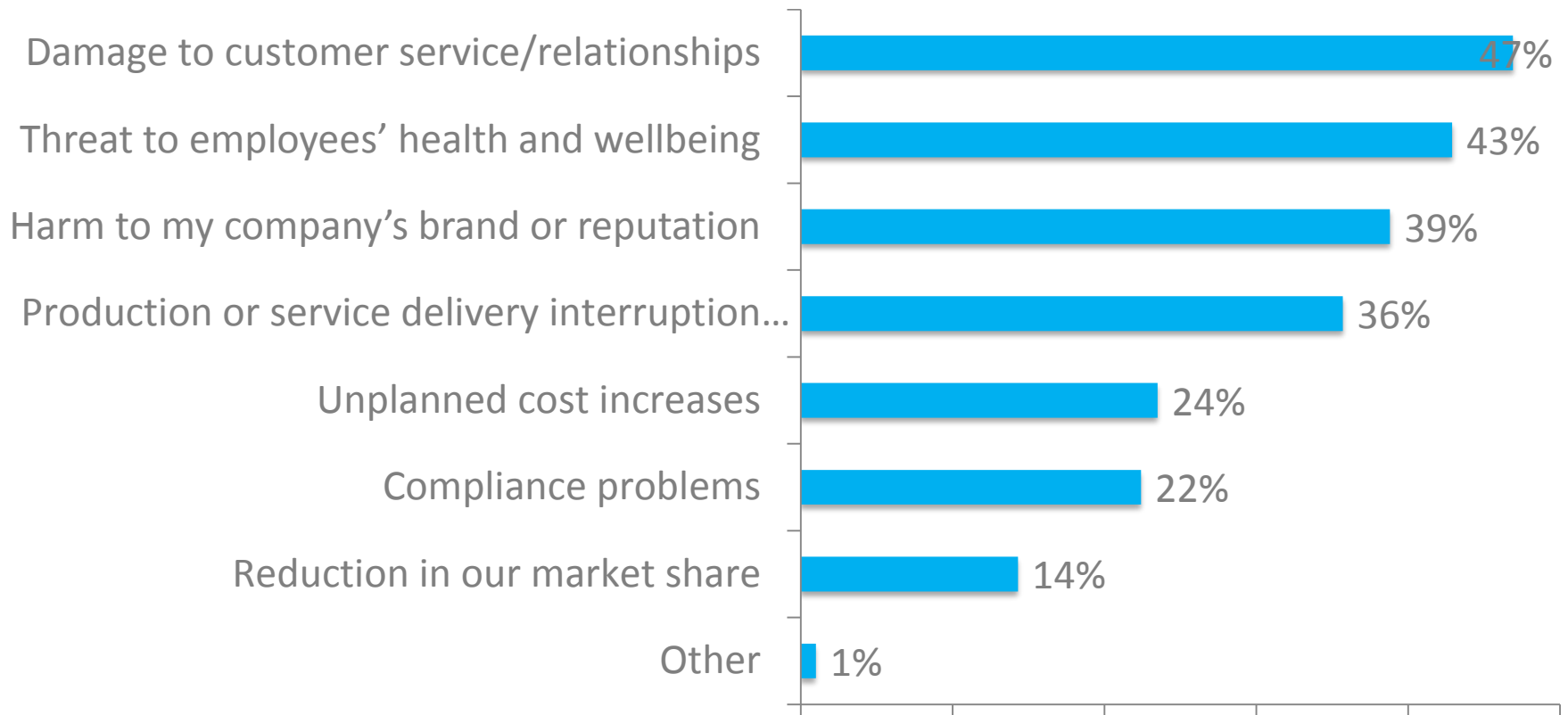
CFOs' Experience with Specific Operational Risk Events



CFOs' Level of Preparedness for Specific Operational Risk Events



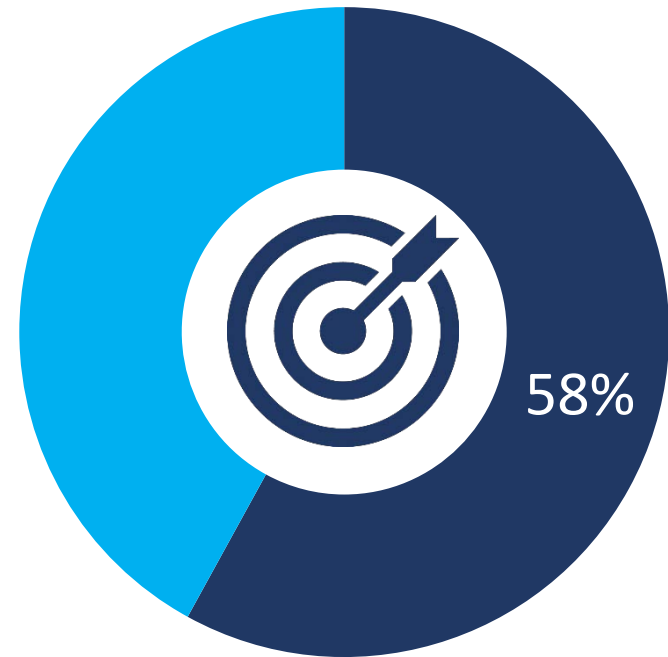
Impacts of a Loss Event



Connecting Operational Risk with Revenue/Earnings Volatility

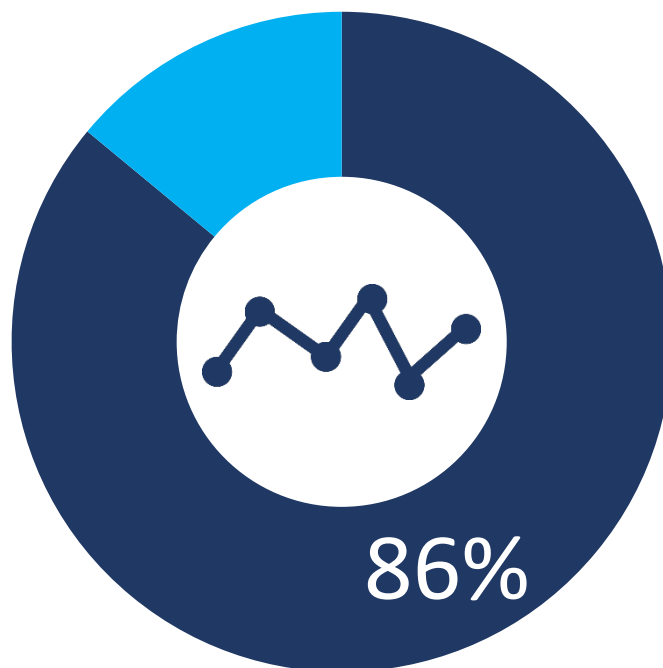


I am concerned that revenues or earnings will become **more vulnerable** to operational risk over the next two years



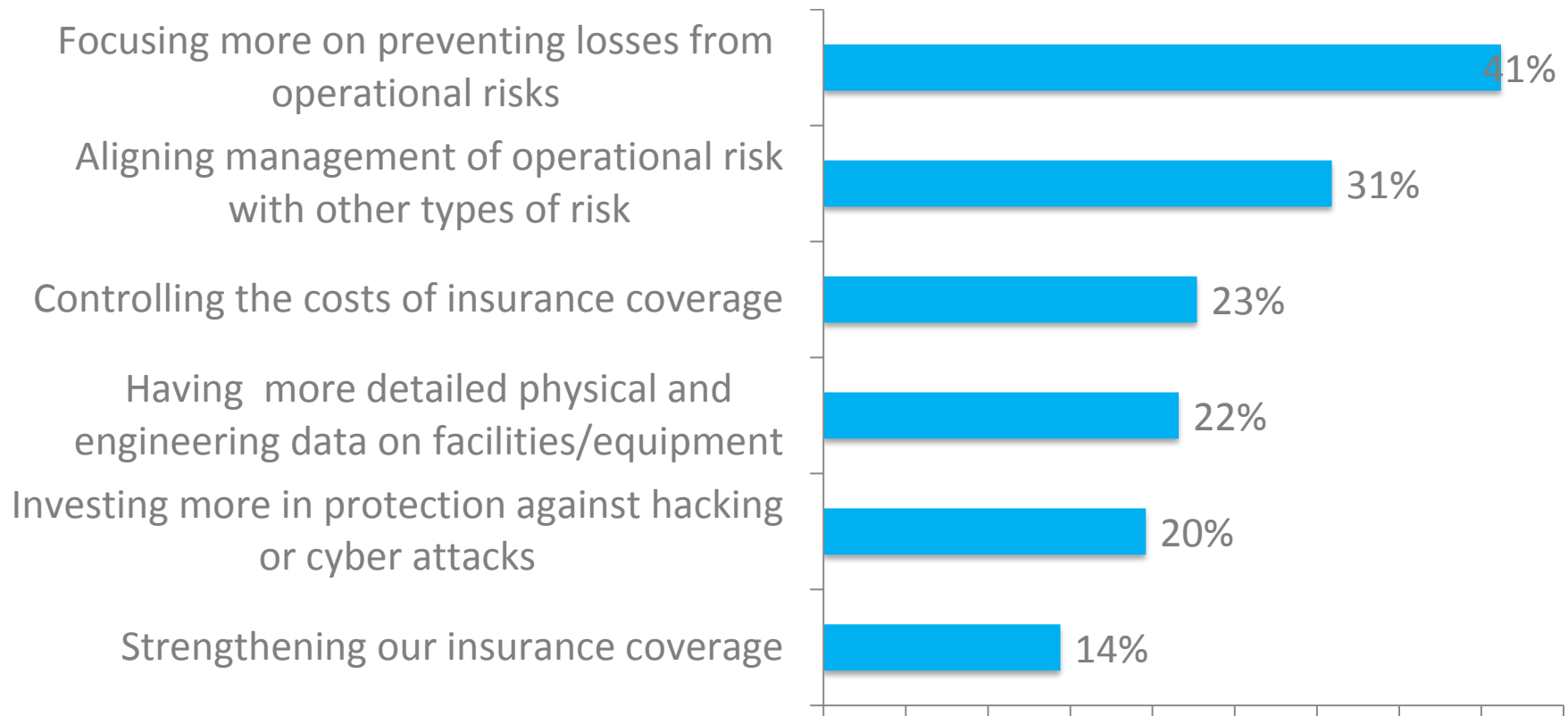
The need to manage operational risks will make it **more difficult to meet revenue and earnings targets** over the next two years

Connecting Operational Risk with Revenue/Earnings Volatility

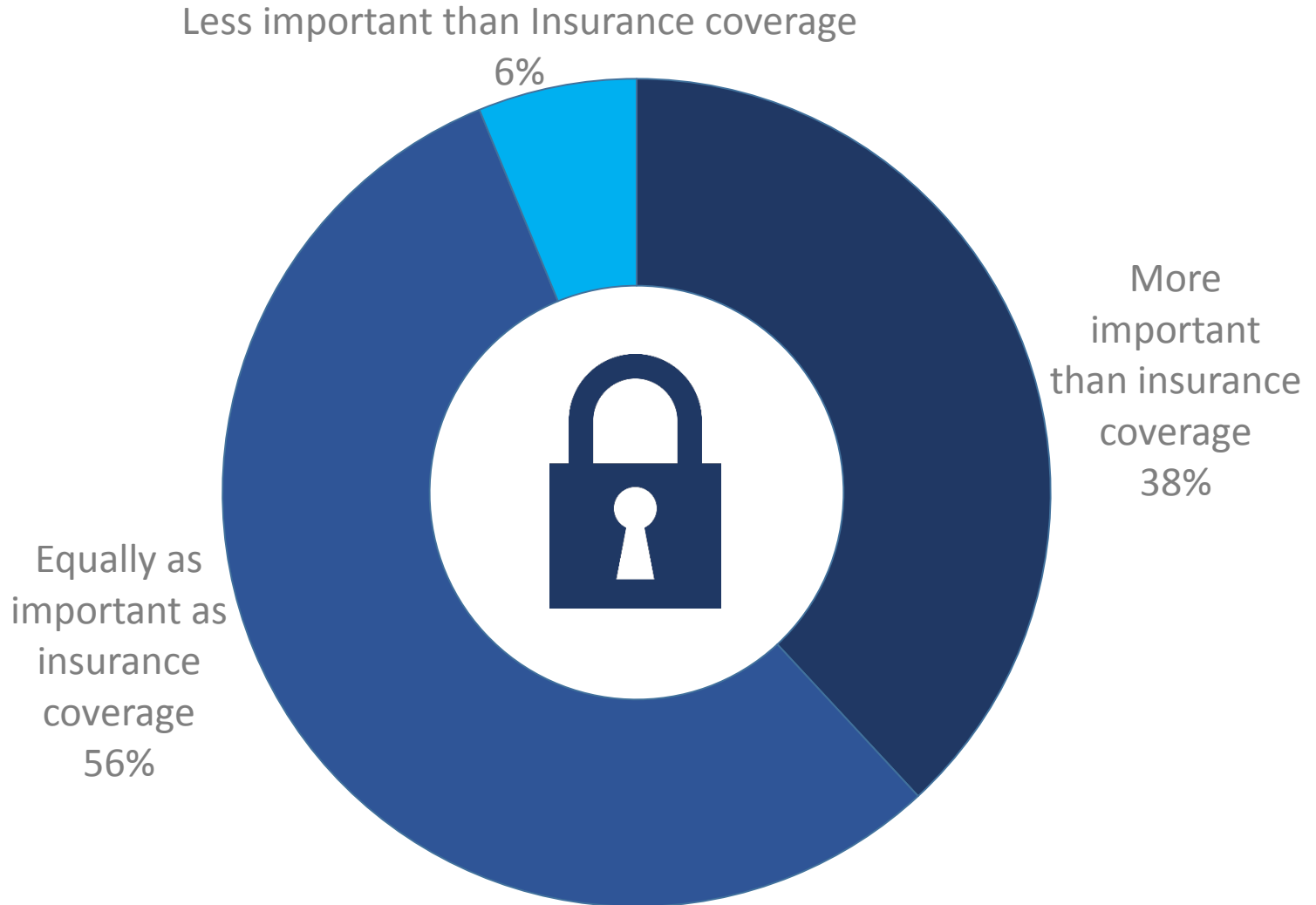


A risk management program for operational risk can help **reduce revenue/earnings volatility**

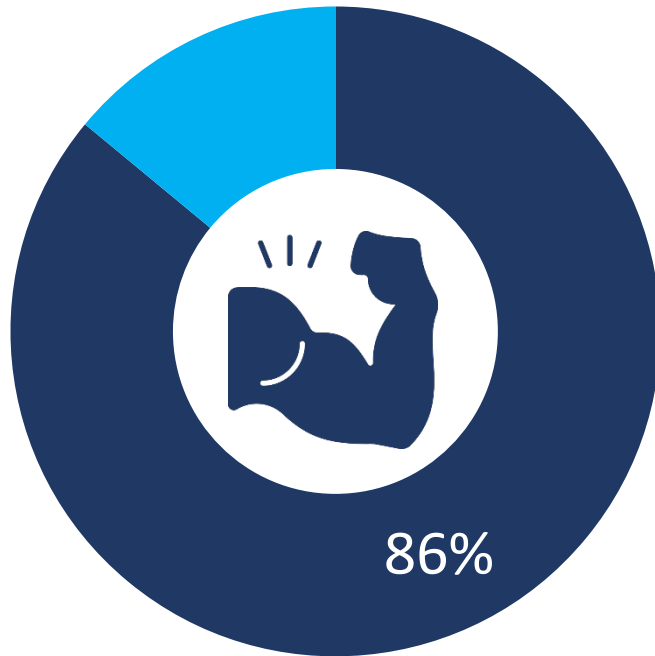
The Most Important Protection from Operational Risk over the Next Two Years



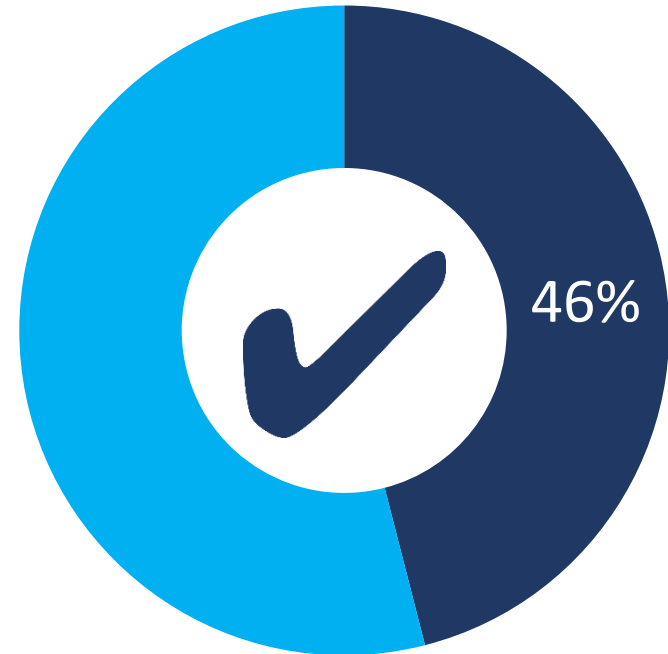
Loss Prevention/Mitigation Is ...



Tension Between What CFOs Say Is Needed and **What Has Actually Been Done**



Companies will need to
be more resilient
in the future



My company has
developed and tested formal loss-
recovery plans