

MetricStream

GRC

SUMMIT 2013

Apr 30 - May 1, 2013 | Mandarin Oriental, Las Vegas, NV



WELCOME



MetricStream GRC Summit 2013: Case Study

ENGAGE | INSPIRE | TRANSFORM

Introductions

Moderator



Susan Palm, VP of Industry Solutions

Sterling Bank



William E. Richards, SVP & Senior Compliance & Risk Officer



Dan Gunther, Enterprise Risk Manager

MetricStream



Brad Jackson, Senior Manager GRC Solutions

Agenda

1. Organization Overview: Vision and Key Facts
2. GRC Program Objectives and Strategies
3. Technology as an Enabler
4. Lessons and Challenges
5. Key Victories and Best Practices
6. Audience Questions and Discussion

Organization Overview

Sterling Bank :

- Pacific Northwest community bank, four states, 184 branches, headquartered Spokane, WA
- \$9.3 billion in assets
- NASDAQ: STSA

Recapitalization August 2010:

- \$730 million equity infusion
- Anchor investors Warburg Pincus and TH Lee
- Board and management reconstituted

Newly Recapitalized Bank

- Regulatory enforcement actions
- Fragmented risk management staff structure (holding company and bank)
- Past growth through acquisition included disparate processes and standards
- Silos of risk information in SharePoint, spreadsheets, word documents
- Newly formed Executive Credit and Risk Committee

GRC Program Objectives and Strategies

Regulatory and Board Expectations

- Integrated and effective risk management processes
- Top down and bottom up approach to identify, measure, monitor and manage risk

Program Objectives:

- Single source for GRC data to provide a holistic view of risk
- Ensure Board and Management are focused on the right risks
- Drive risk culture across the bank

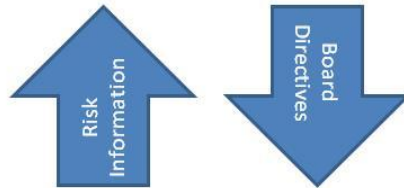
Program Strategies:

- Establish Common risk library and hierarchy for reporting
- Establish common taxonomy of risks and controls
- Central Repository to measure and trend risk data
- Establish risk metrics for each Risk category

Role of Technology in Program

- Catalyst for establishing sustainable risk culture
- Ability to track and trend data for Management Committee and Board reporting
- Ability to isolate changes in testing for immediate action

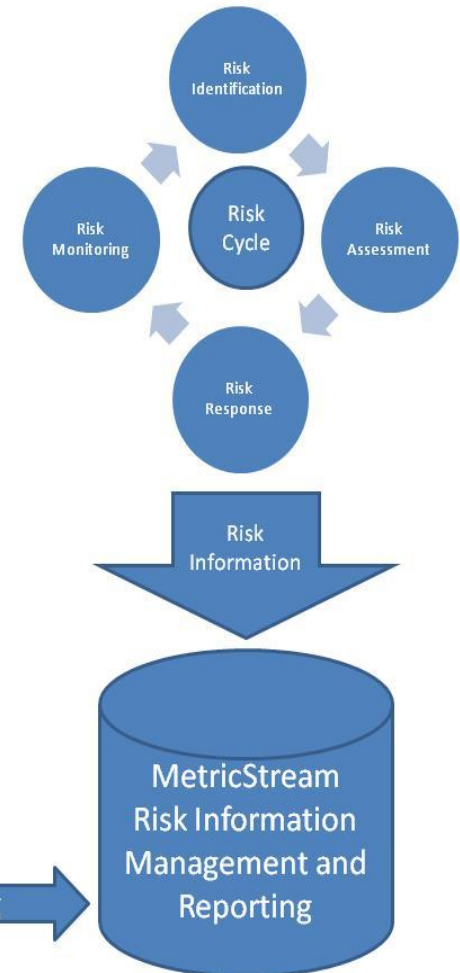
BOARD GOVERNANCE AND DECISION MAKING



COMMITTEE RISK MGMT



RISK IDENTIFICATION AND REPORTING



Technology as an Enabler

MetricStream Solution Areas in production

- GRC Library
- Compliance
- Issue Management
- Time Tracking
- Loss Management
- Risk Management
- KRI/KPI

MetricStream Solution Areas currently in implementation

- Internal Asset Review (Loan/Credit review)
- IT GRC
- Policy Management

Lessons and Challenges

Implementation Lessons:

- Stakeholder buy-in and readiness
- Project scope
- Content vs. Technology
- Resource commitment

ERM Challenges:

- No prescriptive format, still an immature discipline
- Obtaining business unit management buy-in
- Education of users about risk management and the GRC tool
- Need for robust reporting to address changing requirements

Key Victories and Best Practices

Key Victories:

- Risk management 1 of 4 top line corporate goals
- Regulatory acceptance of risk management program
- Management buy-in
- GRC system as a single source of truth

Best Practices:

- Organizational consolidation of Risk Functions
- Executive and board level risk committees with assigned risk accountability
- Single risk framework and nomenclature

The Road Ahead:

- Risk ratings become objective data driven values
- KRI's alert management to prospective risks
- Customized risk dashboards for management

Critical elements that goes into a making successful deployment and implementation

Have a Plan before Implementation Starts

- Understand your internal business requirements and goals
- Align key internal decisions across cross functional teams before implementation begins
- Document your requirements to the level of detail appropriate for the scale and size of your project

Start Simple

- Map solutions to our standard products whenever possible
- Avoid designing overly complex solutions that address every conceivable business scenario (80/20 rule)
- Consider a phased approach for complex or multi-solution initiatives

Be Engaged

- Make sure stakeholders and resources have sufficient time to participate in the implementation and perform their “day jobs”

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Questions and Discussion

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