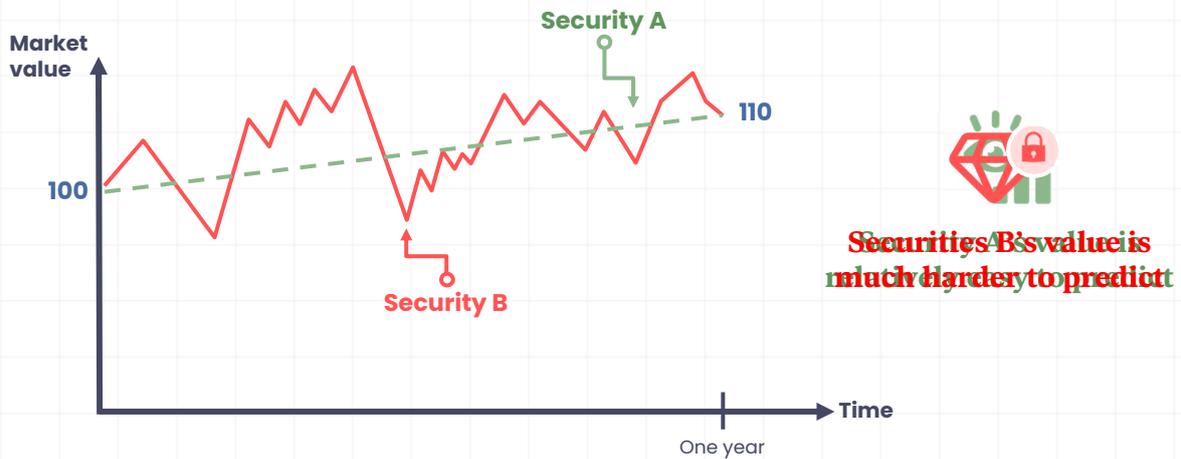


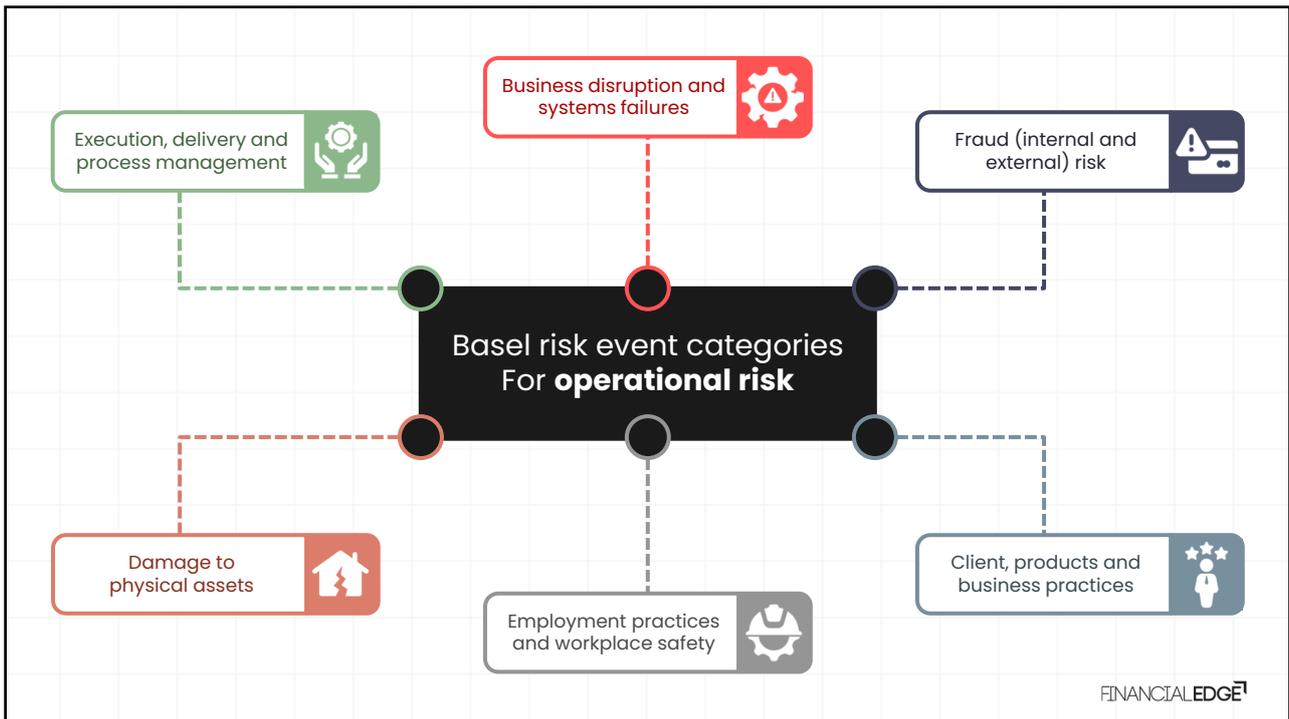
Risk of adverse movements in **stock prices, interest rates, exchanges rate or commodity prices**



Market Risk Example

S&P 500 & Zoom price charts [Feb – Aug 2020]





“The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” – **Basel Committee on Banking Supervision**



Clients, products, and practices

FINANCIALEDGE¹

“The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” – **Basel Committee on Banking Supervision**



Execution and delivery

FINANCIALEDGE¹

“The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” – **Basel Committee on Banking Supervision**



System failures

FINANCIALEDGE¹

“The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” – **Basel Committee on Banking Supervision**



Employment practises

FINANCIALEDGE¹

“The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” – **Basel Committee on Banking Supervision**



Fraud

FINANCIALEDGE¹

“The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” – **Basel Committee on Banking Supervision**



Physical asset damage and contingency failure

FINANCIALEDGE¹

“The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” – **Basel Committee on Banking Supervision**



Model risk



It is important to remove (or mitigate for) any events that **occur frequently and have a high impact**

As they pose an **existential threat to that bank**

SEVERITY OF IMPACT

		SEVERITY OF IMPACT	
		LOW	HIGH
FREQUENCY	HIGH	 Need to be managed	 Need to be removed
	LOW	 Need to be managed but less resource	 Need to be managed



It is worth the bank spending time and resource to **reduce the likelihood of adverse outcomes**



Improved process



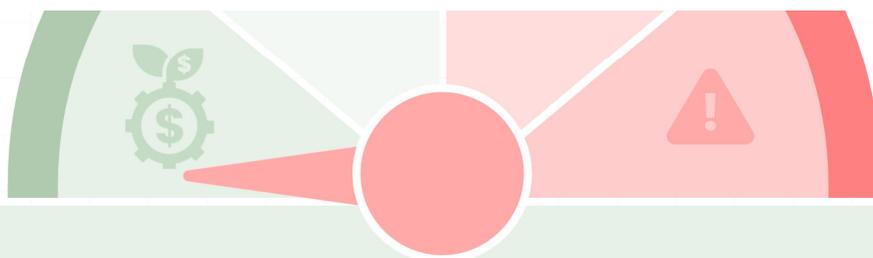
Monitoring

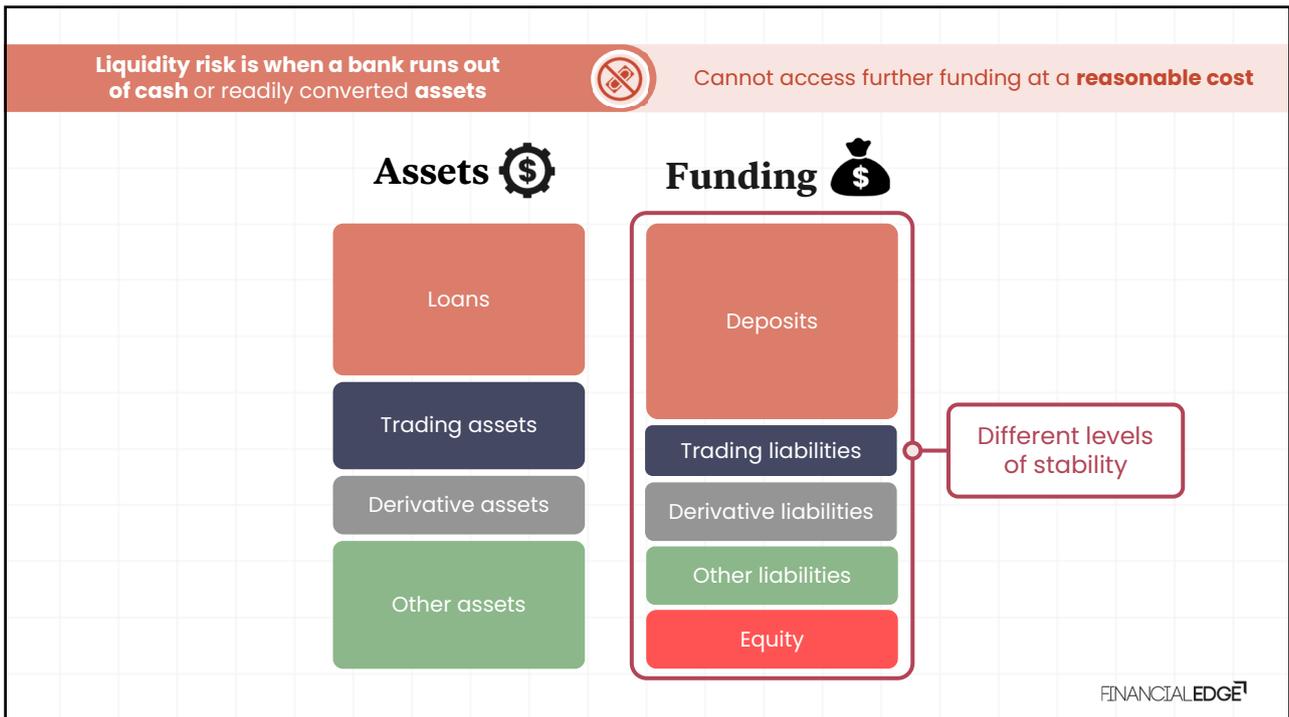


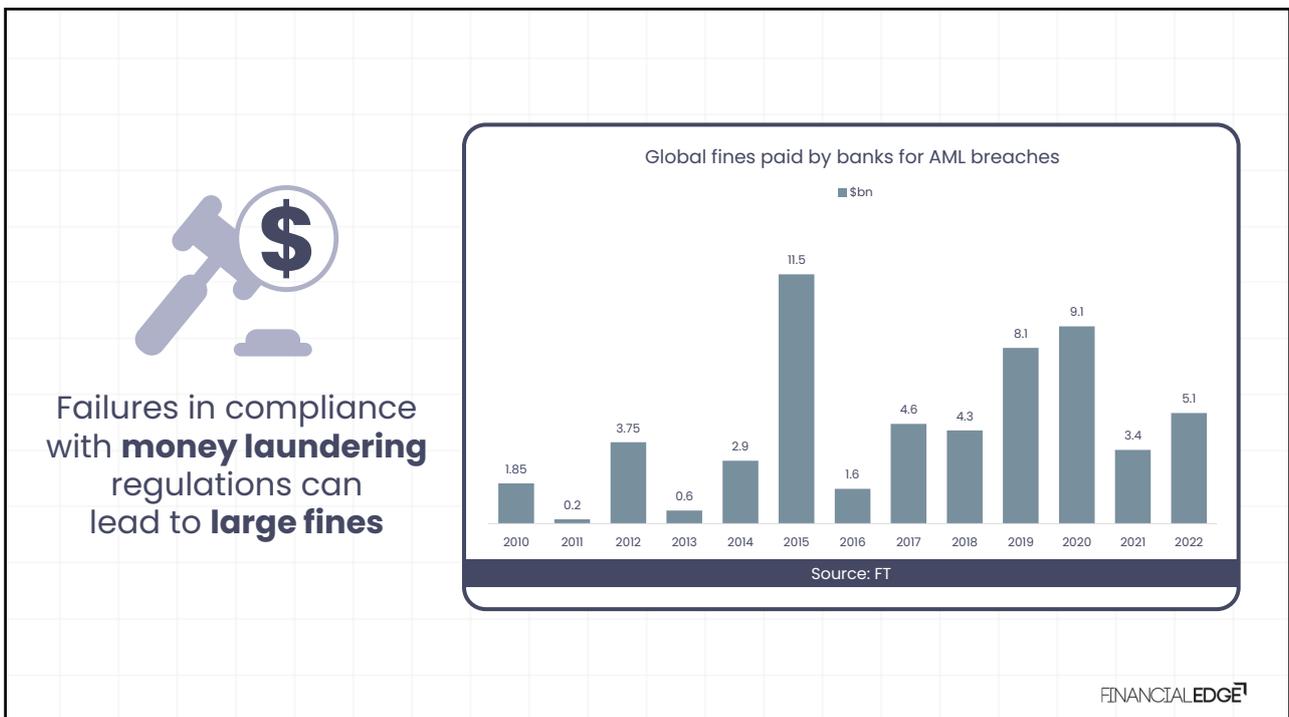
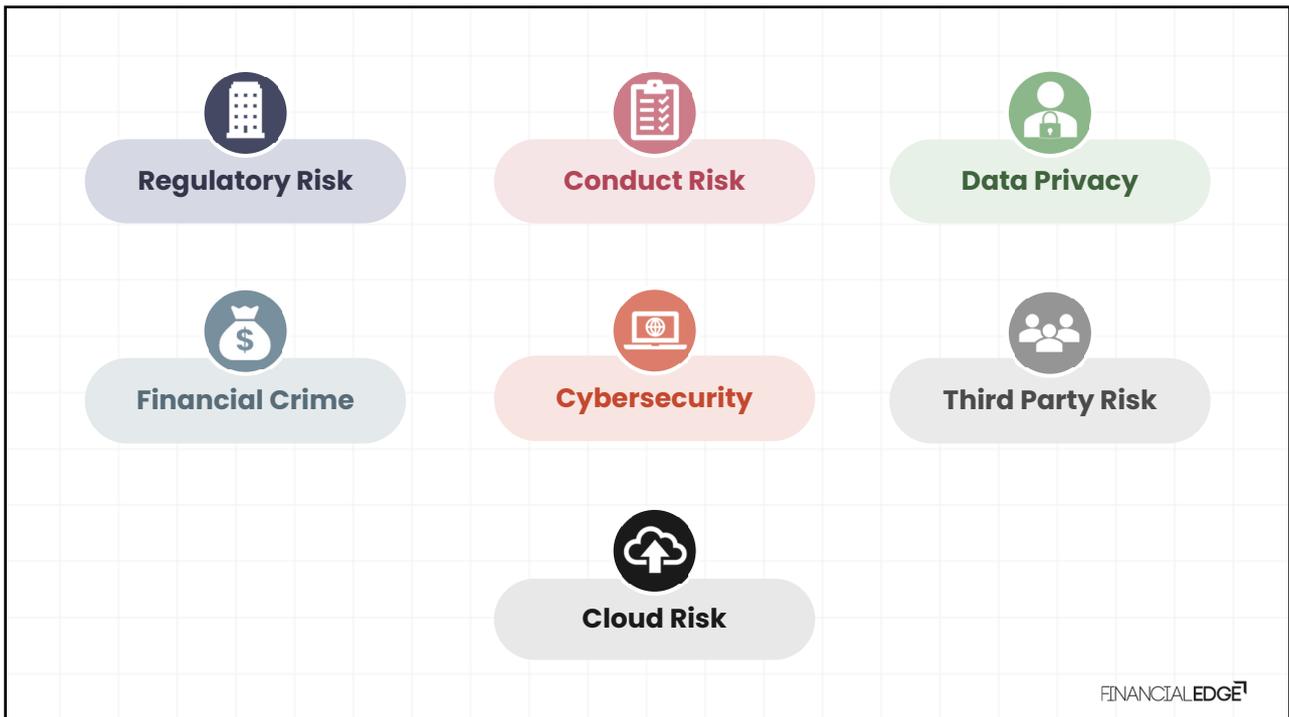
Insurance

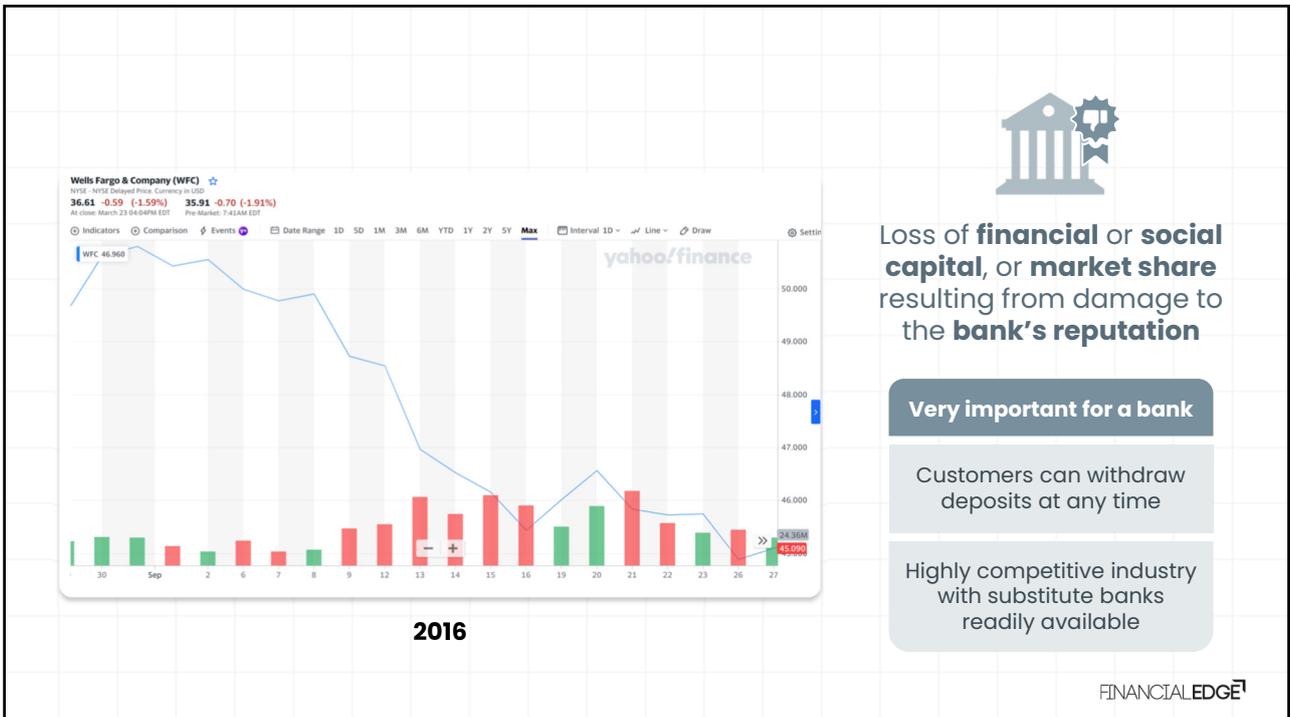


Liquidity Risk









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