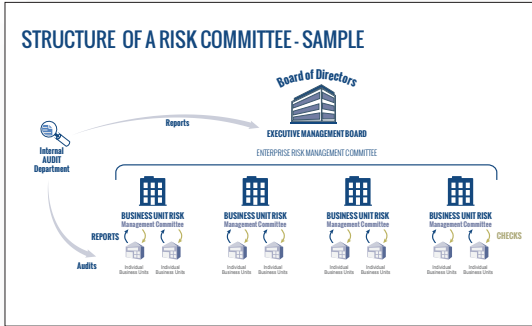


ERM Deliverables At-A-Glance



RISK APPETITE STATEMENT- SAMPLE

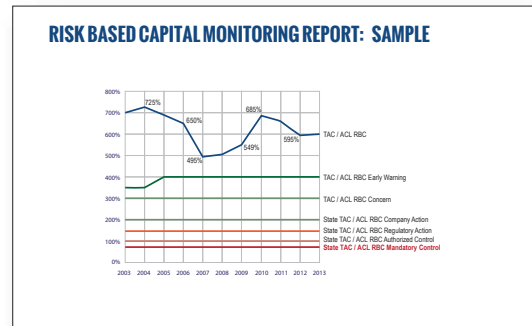
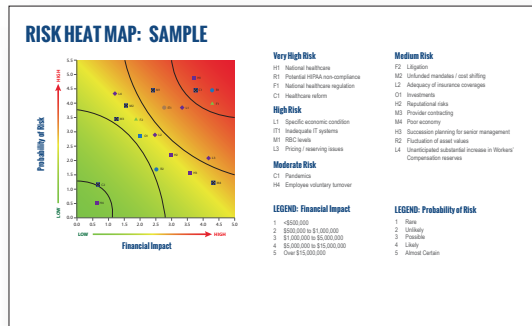
Risk Elements	Our Assertions
Risks that are acceptable or On Strategy	Market Growth We will aggressively pursue regional strategies to meet our market growth objectives (increase of 4 percent in market share) and invest in and develop key markets.
Risks that are undesirable or Off-strategy	Reputation and brand image We will avoid any situation and action resulting in a negative impact on our reputation, if and when an undesirable situation arises, manage it aggressively to protect our reputation and brand image. Financial Derivatives We will limit our use of derivative instruments to "plain vanilla" swaps and options entered into with counterparties rated "A" or better.
Strategic risk parameters	Investment Limits We will limit capital expenditures and investments in mergers and acquisitions to an amount that allows the company to achieve its annual free cash flow target of \$325 million.
Financial risk parameters	Target debt rating We will seek to maintain an enterprise-level debt rating of "A" or better. Self-sustaining growth In seeking new business, we will maintain our working capital ratio between 1 and 1.5 percent. Financial Strength We will maintain an EBITInterest ratio between 4 and 5 percent.
Operational risk parameters	Loss Exposure We will manage our operational activities and exposures to avoid an event resulting in a loss to pre-tax operating margin of more than \$25 million. Geographical Independence A single geographical location will not account for more than 20 percent of our total loans.

RISK TOLERANCE REPORT- SAMPLE

Description of Risk	Liquidation Value	Policy Minimum	Policy Maximum	Monitoring Metrics
Revenue carrying non-covered debt	\$0.000,000 to \$15,000,000	2% monthly prime portfolio and 5% monthly subprime portfolio	4% monthly prime portfolio and 8% monthly subprime portfolio	Revenue debt to equity ratio
Customer turnover default	\$0.000,000 to \$10,000,000	10% monthly subprime portfolio	20% monthly subprime portfolio	Monthly subprime default rate per 1,000 subprime loans
Employee turnover higher as a percentage of total employees	\$0.000,000 to \$10,000,000	7% monthly sum of prime and subprime	7% monthly sum of prime and subprime	Percentage difference in loan and home valuation
Particular lender non-compliance	\$0.000,000 to \$10,000,000	Cost of less \$3,300,000	Cost of less \$3,300,000	Total value of non-compliance fines
Mortgage origination fraud	\$1,000,000 to \$0.000,000	Loss due to fraud \$500,000	Loss due to fraud \$2,500,000	Average loss due to origination fraud
Little or no dissemination on business	\$1,000,000 to \$0.000,000	20 incidents per month	30 incidents per month	Number of non-disclosure incidents per month
Downgrading housing market	\$1,000,000 to \$0.000,000	2% decline in home values	4% decline in home values	Percentage decline in home values over a year period
Business concentration	\$00,000 to \$1,000,000	20% California, 20% Texas, 20% New York	20% California, 20% Texas, 20% New York	Percentage of loan portfolio by geographical region
Prime borrower default	\$00,000 to \$1,000,000	4% monthly prime portfolio	4% monthly prime portfolio	Monthly prime default rate per 1,000 prime loans
Business paying low minimum payments	\$00,000 to \$1,000,000	2% monthly prime portfolio and 2% monthly subprime portfolio	4% monthly prime portfolio and 2% monthly subprime portfolio	Monthly percent of prime or subprime borrowers prepayment payments
Inability to raise loans in secondary market	\$00,000 to \$1,000,000	1% annual prime portfolio and 2% annual subprime portfolio	1% annual prime portfolio and 4% annual subprime portfolio	Annual percent of prime or subprime loans of business with less than 2% yields
High interest rates	\$00,000 to \$1,000,000	1% bank points on prime and 2% bank points on subprime	2% bank points on prime and 4% bank points on subprime	Bank points change in prime or subprime rates

RISK REGISTER- SAMPLE

Risk Category	Risk Description	Risk Drivers	Risk Probability	Risk Treatment	Risk Monitor	Risk Owner
Human Capital	Employee retention, employee base salary and management base salary	(1) Fluctuation in market rates (2) Amount of market rates (3) Increasing employee base of healthcare benefits	5-Certain	\$5,000,000 \$5,000,000	(1) Track new hires and exit with leading and lag indicators (2) Roll forward forecasts to 2016 (3) Monitor employee base (4) Number of exit interviews that cite compensation as key	Head of Human Resources CFO/CEO
Regulatory Compliance	Financial HIPAA non-compliance	(1) Lagged adoption and conformity to HIPAA regulations (2) Policy needs assessment and threat modeling (HIPAA standards) (3) State, federal and vendor employees exempt from HIPAA	4-Likely	\$5,000,000 \$1,000,000	(1) Log and track areas of non-compliance and pursue corrective actions (2) Conduct annual HIPAA compliance audits (3) Number of non-compliance incidents reported to the regulatory body (4) Amount and types of citations received as a result of non-compliance	Head of Compliance CFO/Compliance
Financial	Decreasing revenue	(1) Increased discounting of programs during marketing (2) Patient volume response contracts (3) Increasing lost bids	4-Likely	\$5,000,000 \$1,000,000	(1) Use direct business unit to evaluate and track discount effort (2) Evaluate response effort to increase patient volume (3) Review and update marketing strategy (4) Review and update marketing strategy	Head of Finance CFO
Clinical	Delivery of quality care	(1) Failure of clinical staff to enhance patient safety and quality of care (2) Quality of primary care (3) Patient satisfaction	3-Possible	\$5,000,000 \$1,000,000	(1) Monitor and respond to patient safety incidents in the patient safety system (2) Conduct annual clinical management interventions (3) Monitor and respond to patient safety incidents (4) Patient or staff (5) Response and cost of medical-legal litigation	Head of Clinical Chief Clinical Officer
Legal	Settlement awards	(1) Audit of patients (2) Patient lawsuits (3) Settlement awards	3-Possible	\$1,000,000 \$500,000	(1) Monitor and respond to patient safety incidents in the patient safety system (2) Conduct annual clinical management interventions (3) Monitor and respond to patient safety incidents (4) Patient or staff (5) Response and cost of medical-legal litigation	Head of Legal CFO & General Counsel



RISK DASHBOARD- SAMPLES

Risk Category	Overall Risk Magnitude	Degree of Control	Management Strategy	Future Mitigation Strategy	Overall Status
Liquidity Risk	High	Controlled	Current/Targeted	Review contract with Customer X (largest paying mortgage)	Update
Operational Risk	High	Controlled	Current/Targeted	Self-insurable to third party at a discount	Update
Reputational Risk	High	Controlled	Current/Targeted	Review contract with Customer X (largest paying mortgage)	Update
Business Continuity Risk	High	Controlled	Current/Targeted	Review contract with Customer X (largest paying mortgage)	Update
Strategic Risk	High	Controlled	Current/Targeted	Review contract with Customer X (largest paying mortgage)	Update

Legend: Strategies agreed, any required funding not yet in place all of which needed mitigation in process.

RISK INVENTORY REPORT- SAMPLE

Credit Risk	Market Risk	Underwriting Risk	Operational Risk	Strategic Risk
Default	Equities	UW Process	Monetary Controls	Competition
Downgrade	Other Assets	Pricing	Financial Reporting	Demographic / Social Change
Overlays	Currency	Reserve Development	Legal Controls	Distribution
Settlement Lag	Commodities	Product Design	IT Systems	Negative Publicity
Sovereign	Basis	Basis	Regulatory	Rating Downgrade
Concentration	Re-investment	Frequency	Customer Demands	Customer Demands
	Liquidity	Severity	Training	Regulatory / Political
	ALM	Lapse	Turnover	Capital Availability
	Interest Rate Sensitivity	Longevity	Data Capture	Technological
		Mortality and Morbidity		
		Policyholder Optionality		
		Concentration		
		Economic Environment		

