



FORMER OPRISK ANALYTICS TEAM ESTABLISHES OPRISK ADVISORY LLC

Stamford, CT – October 4th, 2004. We are pleased to announce the formation of OpRisk Advisory LLC, a specialist firm dedicated to providing the full range of operational risk management consulting services. The firm is headed by Ali Samad-Khan, a world renowned expert in operational risk management and the former CEO of OpRisk Analytics LLC – a software and data provider. (SAS acquired the principal assets of OpRisk Analytics in June of 2003.) Several other key members of the former OpRisk Analytics team as well as a number of additional expert risk specialists have also joined this industry leading initiative.

“OpRisk Advisory was established to address an important industry need,” says Samad-Khan. “Under pressure from government and the regulators many large financial firms have rushed into implementing operational risk management programs that may perhaps meet minimum regulatory standards – at least initially – but that do virtually nothing to improve their management of operational risk. In fact, many such programs are hugely resource intensive and often produce spurious and misleading results. Where managers rely on this information these programs may end up doing more harm than good.”

Samad-Khan adds: “Before one can establish an operational risk management framework one needs to consider three critical issues: How can I accurately monitor my operational risks on an ongoing basis without unnecessarily burdening the businesses? What data do I need to make this work? And how is this program going to help me transform the amalgam of raw operational risk data into consistent and credible information that can support managerial decision making? And then one must address the details, for example: If historical loss data is the most objective source of information on risk exposure, how can I possibly make use of such information when internal data seems insufficient and external data appears irrelevant? How can I rely on the results of risk and control self-assessments, when I’m not sure I’m asking the right questions, and *even if I am*, it’s not clear that the respondents know the right answers, and *even if they do*, I can’t be sure they will tell the truth because it may not be in their interest to do so? Drawing upon our many years of experience in advising the world’s leading banks and regulators in this area, we hope to help our clients better understand these and other critical issues so they can make informed decisions in addressing this challenging problem.”

OpRisk Advisory will provide the following advisory/consulting services:

Short Engagements

- OpRisk Management Business Objective and Framework Review
- OpRisk VaR Model Review and Validation
- Software Selection Advice (Required Features, Make or Buy, Vendor Assessment, etc.)
- Workshops on Framework, Quantification, Data Classification, etc.

Projects

- Developing an Integrated OpRisk Measurement and Management Framework
 - OpRisk Framework Implementation (CSA Questions, Indicators, Scenarios, etc.)
 - Designing an OpRisk Management Information System for Internal Use
- Developing an Actuarial Based OpRisk VaR Quantification Framework
 - OpRisk Quantification Methodology Implementation (Scaling, Fitting, Mixing, etc.)
 - Designing an OpRisk Measurement Solution for Internal Use
- Implementation of Certain Vendor Built OpRisk Software Solutions

Retainer Services

- Ongoing Fixed Rate Advisory Services
- Outsourced Data Analysis and OpRisk VaR Calculation Services

About OpRisk Advisory

OpRisk Advisory is based in Stamford, CT and anticipates establishing offices in London, Zurich and Singapore by the end of 2004. OpRisk Advisory and SAS are presently engaged in discussions regarding the development of a business alliance. For further information on OpRisk Advisory, please contact:

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