



JARDINE LLOYD THOMPSON ASIA

30 September 2004

Press Release

Risk-based solution to modernise Asia's Banks and prepare for Basel II – 2006

30 September 2004, Singapore - The Basel II New Capital Accord ('Basel II') which aims to match capital requirements to risks and to encourage the use of modern risk management techniques and systems, poses significant management challenges with strategic business implications for Asian banks.

Basel II is scheduled to be implemented by the end of 2006. Although the implementation date applies to the Basel Committee members only, primarily the G -10 countries, Tony Mitchell, Head of Jardine Lloyd Thompson (JLT) Asia's Financial Solutions business says there is a need for Asia's Banks to modernise their overall risk management framework in line with Basel II as failure to do so may consequently shut them out of the global banking system.

The complexity of Basel II and its inter-linkage with other significant local regulations, make the compliance process a highly complex project requiring a systematic and disciplined approach.

Mitchell says a risk-based solution is key as it provides focus on the full-term implications of all operational risks that banks are exposed to in the evolving, changing banking environment. It is also better geared to a more robust operational risk transfer programme than the traditional approach. A risk based approach provides the framework for managing operational risk elements of a bank's Economic Capital through an internal procedure for risk identification and assessment to plan and implement an appropriate mitigation strategy, in light of the overall risk tolerance of shareholders and regulatory requirements.

JLT Asia has designed a unique risk-based approach that applies structured and logical steps to the Operational Risk aspects of Basel II.

It provides a sound basis for better longer-term business continuity, income stability and shareholder value protection. Ultimately, a bank optimises the business benefits from the opportunities presented by this revolutionary international banking regulation.



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Achieving Basel II standards is a multi-year effort and starting early is essential. Mitchell also says it is important to select experienced risk partners with thorough understanding of Asia's financial markets and regulations.

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About Jardine Lloyd Thompson Asia

Jardine Lloyd Thompson (JLT) Asia is a leading provider of risk solutions, insurance and reinsurance broking, risk management and corporate consultancy services in the Asian region. Ranked as Asia's Top Broker by the Asian Insurance Industry, three times in a row from 2001-2003, JLT Asia excels in innovating market-leading solutions in the areas of Claims Consultancy, Construction, Corporate Risk, Employee Benefits, Financial Solutions, Marine, Natural Resources, Reinsurance and Risk Management.

JLT Asia's Financial Solutions team are leading consultants on Basel II related operational risk management in the Asia region and have established close relationships with Asian regulators for the benefits of clients. The team has over 20 years of experience in structuring financial solutions for Asia's businesses. Apart from Operational Risk Management consultancy services, they provide banks the following services:

- Risk Analysis and Financing Options – advice on choice and management of vehicle including captive insurance companies
- Risk Bearing Capacity Analysis
- Risk Track Analysis
- Business Continuity Planning
- Insurance Programme Management
- Project Finance – construction & political risk insurance advisory

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