

Open Joint-Stock Company Promsvyazbank



APPROVED

by the Board of Directors
OJSC Promsvyazbank

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THE BANKING RISK MANAGEMENT POLICY

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1. MAIN TERMS AND DEFINITIONS

For the purpose of the *Banking Risk Management Policy* (hereinafter – “this document”) the below notions, determinations and abbreviations will be used:

The bank – Open Joint-Stock Company Promsvyazbank.

Bank group Promsvyazbank – an association forming no legal entity of lending organizations wherein the Bank is the heading lending organization will exert direct or indirect (through a third person) a notable influence on the decisions made by control bodies of an other (others) organization (lending organizations).

Identification of Risks – the process of identification and classifying of Risks.

Collegiate work functions of the Bank – committees of the Bank (the Crediting Committee, the Committee for assets and liabilities management, the Tariffs Committee. The Business Development Committee, the Smaller Crediting Committee, the Committee for problem-related assets and other committees of the Bank), established and performing on the basis of internal rules and regulations of the Bank.

Minimization of a Risk – a measures aimed at reducing the probability of the realization of a Risk and/or mitigation (limiting) the amount of loss (damage) incurred to the Bank.

Assessment of a Risk – evaluation of the probability of the realization of a Risk and the amount of possible losses at the realization of a given type of Risk assumed by the Bank.

The Risk (banking Risk) – an inherent to banking operations possibility to loose and/or deteriorate the liquidity as a consequence of emergence of detrimental events related to internals and/or external factors.

Control and management bodies of the Bank – the General meeting of shareholders of the Bank, the Board of Directors of the Bank, the President of the Bank (the sole executive body) and the Board of the Bank (the collegiate executive body of the Bank).

2. GENERAL PROVISIONS

2.1. This document was developed by virtue of requirements of the Bank of Russia, recommendations of the Basel Committee on bank supervision and available bank operations practices to determine inside the Bank:

- purposes and goals of Risks management;
- classification of typical with banks Risks;
- principles and organization of Risks management;
- participants in the process of Risks management, distribution of terms of reference and responsibilities among them.

2.2. The effects of this Document will be valid to extend on all structural units of the Bank.

2.3. This Document was developed to comply with the below requirements of legal, regulatory and rules documents of:

- the Federal law “***On Banks and banking operations***” dated December the 2nd, 1990 (including follow up amendments and supplements);
- the Federal law “***On counter measures to prevent money-laundering obtained by criminal ways and financing of terrorism***” dated August the 7th 2001 № 115-FZ (including follow up amendments and supplements) (hereinafter – ‘Law № 115-FZ);
- Regulations of the Bank of Russia “***On methods to determine available assets (capital) of lending agencies***” dated February the 10th, 2003, № 215-P (including follow up amendments and supplements);
- Regulations of the Bank of Russia “***On organization of internal control at lending agencies and bank groups***” dated October the 16th, 2003, (№ 242-P including follow up amendments and supplements);
- Regulations of the Bank of Russia “***On the procedure of consolidating reserves in lending agencies to compensate possible loan losses, loan and loan-equivalent debt***” dated March the 26th, 2004, № 254-P, (including follow up amendments and supplements);
- Regulations of the Bank of Russia “ ***On the procedure of consolidating by lending agencies for possible losses***” dated March the 20th, 2006, № 283-P (including follow up amendments and supplements);
- Regulations of the Bank of Russia “***On the method of evaluation of the amount of market risk by lending agencies***” dated November the 14th, 2007, № 313-P;
- Guidelines of the Bank of Russia “***On mandatory regulatory values in banks***” dated January the 16th, 2004, № 110-I (including follow up amendments and supplements);
- Guidelines of the Bank of Russia “***On setting the size (limits) of open currencies positions, methods of calculations and specific features of supervision over compliance by lending agencies*** dated June the 15th, 2005, № 124-I;
- Letters of the Bank of Russia “ ***On recommended ways to analyze the liquidity of lending agencies***” dated July 27th, 2000, № 139-T;
- Letters of the Bank of Russia “***On typical bank risks***” dated June the 23d, 2004, № 70-T;
- Letters of the Bank of Russia “***On the organization of operations risks management in lending agencies***” dated May the 24th, 2005, № 76-T;
- Letters of the Bank of Russia “***On organization of management of judicial risks and risks of a loss of a business reputation among crediting agencies and bank groups***” dated June the 30th, 2005, № 92-T;
- Letters of the Bank of Russia “ ***On today’s approaches towards organization of corporate management in lending agencies***” dated September the 13th, № 119-T;
- Letters of the Bank of Russia «***On guidelines to organize risks management***

emerging at operations of lending agencies using systems of internet banking” dated March the 31st, 2008, N 36-T;

- Recommendations of the Basel Committee on supervision over banking activities (Basel II, 2004) «Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework» (hereinafter – Basel II).

In the event of adoption of new or revision of current laws, regulations and rules or other documents this document will be in force in the section consistent with the latter until respective changes come into effect.

2.4. The Bank will by virtue of the further progress of this document develop specific internal documents to organize the management of Risks compliant with the classification referred to in *section 4* of this document.

2.5. In the event of changing structural divisioning and/or positions of the Bank’s employees performing by virtue of the provisions of this document on terms of reserving respective functions, or in the event of the transfer of the said functions to another division and/or an employee of the Bank the work as per this document will be executed by the above divisions and/or employees of the Bank until requisite updating of this document.

3. PURPOSES AND GOALS OF RISKS MANAGEMENT

3.1. The purpose of Risks management as a component of the management of the Bank will be to minimize possible losses of the Bank proceeding from the sensitivity of the activities of the Bank to Risks.

3.2. The goals of Risks management will be:

- the determination of rules and procedures of bank Risks management including the development and application of methods (programs) to identify Risks and methods to evaluate the efficiency of employed tools for Risks management;
- a fundamental analysis of Risks emerging in the process of practical activities of the Bank and prediction of sensitivity of the Bank to Risks in the future; identification of potential and documenting detected Risks;
- consolidation and the analysis of information about Risks, causes and conditions of the emergence of Risks, losses and diseconomies related to the realization of Risks;
- the development and practical implementation of measures to prevent or mitigate Risks;
- the evaluation of the efficiency of applied measures to manage Risks and amendment of managerial decisions;
- the establishment of Risks limits in compliance with the advanced measurement approach*, specified in the document Basel II to secure conformity with recommendations of international ratings agencies and employment of the best of world practices of Risks management and to enhance the competitiveness and value of the Bank in the environment of compliance with recommendations of international ratings agencies, analysts and investors in the area of the corporate governance;

* *Advanced Measurement Approach* – an approach to evaluate the size of the capital to cover bank risks on the basis of methods of evaluation of bank Risks used by the Bank.

- the creation and maintaining the Bank's image as the financial institute taking the leading position in Russia in the strategic, operational and technological fields of the risk management.

4. CLASSIFICATION AND MAIN PRINCIPLES OF RISK MANAGEMENT

4.1. CLASSIFICATION OF TYPICAL BANKING RISKS

4.1.1. Classification of essential kind of typical banking Risks is specified in Table 1.

Table 1

Name of Risk	Risk components
1. Loan risk	
2. Country risk	
3. Market risk	3.1. Assets risk
	3.2. Currencies risk
	3.3. Interests risk
4. Loss of liquidity risk	
5. Operations risk	
6. Legal risk	
7. Impaired business reputation risks	
8. Strategic risks	

Loan risks – the Risk of losses in the Bank as a result of non-fulfillment, untimely or undue execution by the debtor of financial liabilities before the Bank by virtue of the terms and conditions of the agreement;

The same financial liabilities may include equitant liabilities of a debtor in:

- the availed credits including inter-bank credits (deposits, loans) and other deposited assets including call ins (return) of pledged equities, shares and bills provided against the loan agreement;
- the bank guarantees paid by money assets of the Bank and unsettled by the principal;
- the transactions to finance on the abatement basis of the cash claim (factoring);
- the acquisition by the Bank inside a transaction (compromise of demand) of rights (claims);
- the acquisition at the after-market demand of mortgaged papers;
- transactions of purchase (sells) of financial assets with deterred payments (supply of financial assets);
- the paid by the Bank letter of credit (including uncovered letters of credit);
- the return of money (assets) on the transaction of acquisition of financial assets with a commitment of the reverse estrangement (RP deals);
- the demand of the Bank (the leasing issuer) on operations of the financial leasing;
- in the event of the obtained off-front payment by the Bank of providing services and supplies of goods;
- requirements in supplies in transactions of sell (buy) of financial assets;
- other commitments.

4.1.2. The Country risk (including the risk of a failed transfer by foreign counter agents (natural persons, legal entities) – the risk of emerging losses at the Bank due to non-fulfillment by foreign counteragents (natural persons, legal entities) of liabilities caused by economic, political, social changes and consequent events making the currency of the liability amount unavailable to the counteragent by virtue of the national law (irrespective of the financial status of the client per se).

4.1.3. The Market risk – the risk of losses related to adverse changes in the market risks conditions like exchange rates and/or prices on noble metals, interests rates, bid-and-asked quotations, prices on commodities and features of derivative financial instruments. The market risk will include the assets risk, the currencies and interest risks as well.

4.1.3.1. The Assets risk – the risk of losses consequent to adverse changes of market prices on asset financial instruments (shares, derivative financial instruments).

4.1.3.2. The Currencies risk – the risk of losses due to an adverse development of the exchange rates of foreign currencies and/or noble metals in opened by the Bank positions in foreign currencies and/or noble metals.

4.1.3.3. The Interests risk – the risk of emerging of a financial loss (damage) by reason of an adverse development of interests rates on assets, liabilities and off-the-balance instruments of the Bank.

Main sources of the interests risks will be:

- the time discord in liquidation of assets, liabilities and off-the-balance demands and liabilities on instruments with a fixed rate of the interest;
- the time discord in liquidation of assets, liabilities and off-the-balance demands and liabilities on instruments with a changing rate of the interest (the risk of revising the interest rate);
- the changes of the arrangement of curves of the yield of long-term and short-term positions of financial instruments of a issuer generating a risk of loss as a result of exceeding potential expenses over revenues at the moment of closing the said positions (the risk of the profitability curve);
- the financial instruments with a fixed interest rate on condition of well-timed liquidation thereof impaired by mismatched degree of the changing interest rate of outsourced and invested by the Bank resources; the budgeting of financial instruments with a variable interest rate, provided a uniform frequency of the revision of the variable interest rate – a mismatch of the degree of changing the interest rates (the basis risk);
- the wide application of option transactions using traditional interest instruments sensitive to changes in the interest rates (bonds, loans, hypothecary credits, securities etc.), producing risks of emerging losses as a result of a waiver of a party to fulfill financial obligations (the options risk).

4.1.4. The Liquidity risk – the risk of developing losses with the Bank as a result of the incapacity of the Bank to secure a timely fulfillment of obligations in the assumed amount. The risk of Liquidity may emerge as a result of unbalanced financial assets and financial liabilities of the Bank (including arrears in the fulfillment of financial liabilities by one or several counteragents of the Bank) and/or in the event of incidental urgent and Lump sum payment by the Bank of financial liabilities.

4.1.5. The Operations risk – the risk of emerging losses of the Bank consequent to imperfection of internal procedures, indiligent performance of the employees of the Bank or related errors in service duties, incorrect functioning/failures of information systems and technologies, and effects of adverse external events.

4.1.6. *Legal risk* – risks related to losses of the Bank consequent to:

- the disregard by the Bank of the requirements of laws of the Russian Federation including prevention of making legal (laundering) of revenues received by a criminal way and financing terrorism;
- the inapt capability of the Bank to amend internal documents by virtue of a changed law of the Russian Federation;
- the inability of the Bank to arrange an efficient judicial formwork;
- permissible legal errors in the activities (incorrect legal advices or improper formalizing of documents specifically in the event of disputes in court hearings);
- violation by the Bank of agreed liabilities before the clients and counteragents;
- the inconsistency of the legal system (contradictions in the legal acts, void regulatory forms to settle specific issued arising in the practical activity of the Bank);
- the breach by clients and counteragents of rules and regulatory acts and terms and conditions of concluded agreements.

4.1.7. *The risk of impaired business reputation* – the risk of the emergence of losses of the Bank as a result of denumeration of clients (counteragents) proceeding from the public development of a negative image of the financial stability of the Bank and the quality of provided services in general.

4.1.8. *The strategic risk* – the risk of the emergence of losses of the Bank as a result of errors (shortcomings) committed in decision-making of setting the strategy of the activities of the Bank (the strategic management) in ways of unconsidered or irrelevantly considered of possible threats which could impair the activities of the Bank, an incorrect or improperly founded determination of perspective routes of the development of the Bank wherein the Bank could gain in competition over competitors, absent or inadequate provision in full with requisite resources (financial, material and supply, human recourses) and organization requisites (management decisions) to secure the access to strategic purposes of the activities of the Bank.

4.1.9. The classification of kinds of typical Bank risks quoted in this Clause will not be exhausting and may be extended as appeared in the activities of the Bank of new factors of emergence of essential bank Risks.

4.2. MAIN PRINCIPLES OF RISKS MANAGEMENT

4.2.1. The Bank will endorse the following main principles of Risks management proceeding from recommendations of the Bank of Russia, the Basel Committee on the bank supervision and best world practices:

4.2.1.1. *Awareness of the risk:*

The process of the risk management shall be relevant of every employee of the Bank.

A decision-making of any banking transaction shall be performed upon the fundamental analysis of related Risks bound to this operation. Employees of the Bank executing deals vulnerable to risks shall be well informed about the Risks and will ensure the Identification of Risks in operations and the Assessment of Risks prior to the execution of operations.

The Bank shall have internal documents to regulate the procedure of all transactions sensitive to Risks. Execution of more banking operations in absence of internal documents or related statements of the Management bodies of the Bank and/or of the Collegiate service offices of the Bank monitoring the transacting will not be allowed.

Risks management on a permanent basis.

Risks management will be performed by the Bank on a permanent basis by means of a regular analysis of the system of fiscal and statistic indicators of the activities of the Bank. Rules and procedures of Risks management will constantly analyzed and revised as necessary.

4.2.1.2. Division of terms of reference.

To avoid cross events in the terms of reference and possible conflicts of interests among the parties of Risks management the internal documents shall define and the limits the terms of reference and responsibilities of every participant involved in Risks management.

4.2.1.3. Supervision over transacting.

Current, additional and follow-up control shall be provided at the execution of operations sensitive to Risks.

4.2.1.4. Control from the side of the Management bodies of the Bank and of the Collegiate service offices of the Bank.

The Bank shall use a system of limits and constraints determined by the Management bodies of the Bank and Collegiate service offices of the Bank to provide for acceptable Risks level and aggregate positions of the Bank.

The Management bodies of the Bank and Collegiate service offices of the Bank will consider on a permanent basis reports on the level of acceptable to the Bank Risks and events of the breach of adopted procedures, limits and constraints.

4.2.1.5. Risks management at the individual level (the Bank level) and at the consolidated level (the level of the Bank group of “Promsvyaz’bank’/bank”).

The Bank shall employ uniform approaches towards Risks management used in methods of single participants of the Bank group “Promsvyaz’bank” and used by the Bank group Promsvyazbank in general. A consolidated Risks management will provide for the consistency of the assessment of Risks generated by every participant of the Bank group Promsvyazbank.

4.2.1.6. The economic feasibility.

The Bank proceeding from the assessment of a Risk will make a decision on Minimizing the Risk or accepting the Risk by virtue of unreasonable economies or high prime costs of the Minimization of the Risk.

4.2.1.7. Employment of information technologies.

The process of Risks management will be supported by up-to-date information technologies. The Bank will use information systems to invite timely identification, analysis, assessment and evaluation of Risks, to control and manage Risks.

4.2.1.8. Continuous improvement of Risks management systems.

The Bank will continuously improve all elements of Risks management including information systems, procedures and technologies to account for strategic scopes and changes in the external environments, innovations in the world practices of Risks management.

The listed set of principles will not be exhaustive and may be supplemented in the internal documents of the Bank dedicated to the organizing of the management of specific Risks.

4.2.2. The Bank will consider the below stages of the Risk management process:

1. identification of Risks related to the operations of the Bank;
2. the analysis of the identified Risks, Evaluation of Risks, calculation of cumulative Risks;
3. the decision making on performing or waiver to perform operations sensitive to Risks, restriction of identified Risks, consolidation of reserves to cope with possible losses;
4. determination and approval of allocations for individual Risks and for indicated operations of the Bank;
5. supervision and control over the established procedures of Risks management limitations of the level of acceptable Risks;
6. sustained monitoring and optimizing of established allocations to account for the results of the activities of the Bank related to a certain type of Risk;
7. monitoring of Risks.

4.2.3. Realization of the mechanism of Risks management will be provided by a respective structural function and assignment at all levels of Risks management by dedicated employees to manage Risks ex officio and well belonged to the uniform information infrastructure (uniform information space of the Bank), and to employ the on-line evaluation of Risks. The responsibilities the arrangement of cooperative efforts in the Risks management within the Bank among the Management bodies, collegiate service offices and structural functions of the Bank will be assumed by the Department of Risks management and control of the Bank.

5. ORGANIZATION OF THE PROCESS OF RIKS MANAGEMENT

5.1. THE GENERAL SCHEME OF ORGANIZING THE RISK MANAGEMENT

5.1.1. A main set forming principles of organizing the structure of the Bank will be a continuous control over the execution of bank operations and the processes of Risks management including:

- determination of the type of allocations and Risks accounting methods;
 - organizing methods to mitigate the level of Risks (the hedging).
- control over Risks will be executed within the frames of the internal control of

the Bank.

5.1.2. The organization structure of the Bank will single out the below levels of the management of Risk with particular implements of the following functions:

- The Management bodies of the Bank;
- The Collegiate service offices of the Bank;
- The Department of Risks control and management;
- Structural units and officials of the Bank.

5.2. DUTIES OF THE MANAGEMENT BODIES AND COLLEGIATE EXECUTIVE BODIES OF THE BANK.

Distribution of responsibilities and terms of reference of the Management body in the Risks management will be determined in this document by virtue of the Charter of the Bank.

5.2.1. The competence of the Board of Directors shall extend to:

- the determination of the priority routes of the development of the Bank;
- the determination and approval of policies in Risks management;
- the approval of main principles of Risks management;
- the assessment of the efficiency of Risks management in the Bank;
- examination of annual reports on the level and status of Risks management in the Bank;
- supervision over the performance of the Board of the Bank and the President of the Bank in the area of Risks management;
- control over consistency and periodicity of examination by the Department of the internal auditing and control of the Bank the use and the efficiency of the employment of methods to evaluate Bank Risks and procedures of Bank Risks management;
- approval of transactions bearing a credit risk in the events provided for by the crediting policy of the Bank;
- approval of major transactions in the events provided for by the Federal Law “On Joint Stock Companies” dated 26th of December 1995 № 208-Ф3;
- approval of transactions the execution of which holds an interest as per the Federal Law December 26th, 1995, № 208-Ф3;
- approval of transactions of 10 per cent and above of the value of total assets of the Bank as of the recent date of report, preceding the date of a respective transaction bar deals committed in the order of common activities;
- approval of transactions with bound persons in the amount over 3 per cent of inherent means (capital) of the Bank as of the recent date of report preceding the date of the execution of the deal;
- making decisions to write off the balance of the Bank by lieu of a consolidated of an unfeasible to loan claims and parity debts and/or bad in terms of recovery indebtness on condition of the excess 25 000 000 (twenty five million Rubles) or an equivalent in a foreign currency at the exchange rate of the Bank of Russia on the date of the decision making;
- settling the issues of the internal control provided for by the Charter of the Bank by virtue of laws of the Russian Federation, legal acts of the Bank of Russia and internal documents of the Bank;
- adoption of decisions aimed at Risks management within the scope of terms of reference.

5.2.2. The competence of the Board of Directors of the Bank will refer to:

- organization of the development and submission for the approval by the Board of Directors of the Bank policies in Risks management;
- determination of the structural pattern of the Bank, stuffing of singular and internal structural units of the Bank;
- approval of internal documents of the Bank to set rules and procedures of Risks management;
- consideration of report formats furnished by the Department of the Bank Risks management and control;

- consideration of messages about identified essential bank Risks and informing the Board of Directors of the Bank on the event;
- decision-making on measures aimed at Risks management within the scope of terms of reference;
- developing of recommendations for the Board of Directors of the Bank for making decisions in Risks management within the terms of reference of the Board of Directors of the Bank;
- the approval of transactions charged with credit Risks in the event provided for by the crediting policy of the Bank;
- making decisions on the write-off from the balance of the Bank by virtue of a consolidated reserve to settle an unfeasible to loan claims and equitable debt and/or bad to claim indebtedness on condition that the size of the write-off arrears shall not exceed 25 000 000 (twenty five million) Rubles or an equivalent amount at the exchange rate of the Bank of Russia as of the date of the decision making.;
- the decision making on the execution of banking operations and other deals performed in the cause of conventional economic activities of the Bank within the total of 15 per cent and above of the inherent amounts (the capital) of the Bank as of the latest date of report preceding the date of the execution of the deal or operation;
- settlement of issues in the internal control as specified by the Charter of the Bank in compliance with Laws of the Russian Federation, rules and regulations of the Bank of Russia and internal documents of the Bank.

5.2.3. The terms of reference of the President of the Bank will refer to:

- execution current control of the observance of the rules of Risks management, well-timed identification of Risks, adequate determination (evaluation) of Risks, contemporized employment of internal documents of the Bank regulating the rules and procedures of Risks management;
- distribution of the terms of reference among managers of structural units of the Bank including the provision with requisite resources;
- resolving issues of the internal control provided for by the Charter of the Bank, laws of the Russian Federation, rules and regulations of the Bank of Russia and internal documents of the Bank;
- making decisions on measures aimed at Risks management within the scope of the terms of reference.

5.2.4. Terms of reference of any of the Collegiate service offices of the Bank in the process of Risks management will be determined by a respective internal document which will be the basis for the performance of the Collegiate office and other internal documents of the Bank including documents of management of specific types of Risks of the Bank.

5.3. FUNCTIONS OF STRUCTURAL UNITS OF THE BANK.

Distribution of terms of reference among structural units of the Bank in Risks management will be determined by this Document by virtue of the Charter of the Bank and internal documents of the Bank including clauses on structural units of the Bank.

5.3.1. The reference of authorities of the Department of internal auditing and control will include:

- the arrangement of independent assessment of the efficiency of Risks management at the Bank;
- the assessment of the procedures of the internal control of Risks;
- notification of the Board of Directors of the Bank, the Board of the Bank, President of the Bank, managers of structural units of the Bank and employees of the Department of Risks management and control about the returns of audits of the organization of the system of Risks management in the Bank for further development of respective plans of measures;
- participation in the approval of internal documents on Risks management in the Bank.

5.3.2. Terms of reference of the Department of Risks management and control shall refer to:

- the participation in the development of internal documents of the Bank including the order and procedures of the analysis and management of Risks;
- consultancies to employees of structural units of the Bank in Risks management issues including the employment of internal regulatory documents of the Bank related to the management of individual types of Risks;
- introducing of new methods of identification, assessment and control of Risks conclusive to the recommendations of the Basel committee on the banking supervision and of the Bank of Russia tools.
- the collection of external information and/or use of external Risks dedicated data bases; comparison of the external information with the internal Bank data for the benefit of updated predictions of levels of Risks and inclusive expected losses;
- the development and submission to the Board of Directors and the Board of the Bank of reports on the levels of Risks at the Bank and providing recommendations aimed at Risks management;
- the development of conditions of eventual use of the Advanced Measurement Approaches generated by the Basel Committee on the banking supervision i.a.;
- participation in training sessions of Risks management for the employees of structural units of the Bank;
- determination of the compliment of data to be delivered to the Department of Risks management and control and the format of documents containing the information to be delivered.

5.3.3. Terms of reference and responsibilities of the structural units of the Bank in the process of Risks management shall be determined by internal documents of the Bank providing for the rules and procedures of the management of singular Risks and for structural units of the Bank as well.

5.3.4. Terms of reference and responsibilities of managers of the structural units (managers of blocks in the Bank) will refer to:

- the organization of the management in structural units of the Bank (the blocks) wherein they manage within the limit of the terms of respective reference by virtue of internal documents of the Bank and the procedure of the type Risk management;

- control over timely submission to the Department of Risks management and control the information stipulated by internal documents to set the rules and procedures of singular Risks management;
- identification by the employees of a Risks structural unit of Risks emerging within the frames of the organization of the structural unit

5.4. Terms reference and responsibilities of participants of Risks management may be amended by internal documents of the Bank determining certain rules and procedures of definite types of Risks and by provisions on structural units of the Bank.

6. THE SYSTEM OF DATAWARE

6.1. The Bank will continue the effort to update the system of dataware in the process of Risks management to secure timely provision of information on breaches or variances in the system of Risks management.

6.2. The principal scope of the terms of reference and responsibilities of the dataware system will be:

- the provision of the Management bodies of the Bank, Collegiate service offices of the Bank, managers of structural units with information tools adequate for respective decision making;
- the consolidation of operative, valid adequate accounts related to Risks management.

6.3. The base laying principles of the dataware provision system in the process of Risks management will be:

- excluded duplication of information on execution of transactions (operations) or other activities affecting the status or the size of Risks;
- responsibilities for the content of provided information on the part of the Bank managers supervising definite areas of the activities of the Bank;
- authentic and adequate information;
- continuity of provision of information, constancy of the performance of the system of dataware provision;
- operative transfer of information on performed transactions (operations) and other events related to the size of Risks.

7. DISCLOSURE OF INFORMATION ON RISK MANAGEMENT

7.1. The principle scope of the disclosure of information in the process of Risks management will be the informing of shareholders, investors, creditors, and depositors, professional participants of equities market and other entities and persons concerned about the levels of Risks emerging in process of the activities of the Bank. The Bank will in the procedure set forth by laws of the Russian Federation and internal documents of the Bank provide the information to all entities and persons concerned on Risks management including disclosed information in course of preparing reports on international standards, offering annual and quarterly reports of securities on the equitable level detailed disclosed information un the manner and scale of the activities of the Bank.