



UNINOVA
— B A N K —

Uninova Bank

Risk

Management

Risk Management Policy of “Uninova Bank” is implemented in accordance with the “Regulations on Corporate Governance Standards in Banks” and “Risk Management Standard” of the Central Bank and CIBA, Management Committee Recommendations on “Risk Management in Credit Organizations”, best risk management practices in credit organizations, and the Bank’s Charter and Strategic Plan.

The key objectives of this Policy include the organization and principles of risk management work, the defining of the duties and responsibilities of responsible units, and the setting of strategic and daily risk management, monitoring and control limits.

The organization of risk management work is specified as follows as per the Corporate Governance Standards of Uninova Bank:

Managing a risk identified and regulated hereunder covers all products, services and business processes, as well as, the third-party services provided to the Bank. Furthermore, this Policy applies to the Bank’s employees, advisors, investments, hard wares and soft wares, including its procedures and legal associations. The core objective of risk management systems is to minimize risks not to pose a threat to the Bank’s profitability and reputation. Risk Management Authorities are divided into the following groups:

Risk management shall constitute an inseparable part of general bank management. In this regard, Risk Management authorities are divided into the following groups:

Responsibilities of Risk Management Department:

1. Organization of risk management work at the Bank;
2. Risk analysis;
3. Risk management and giving recommendations in respect of risk policy;
4. Development of risk management procedures;
5. Assistance to product development;
6. Updating the management on risks;
7. Updating Risk Management Committee on risks and rendering an organizational support to Risk Management Committee.

Responsibilities of Risk Management Committee:

1. Risk change analysis;
2. Preparation of recommendations in respect of risk policy;

3. Preparation of proposals in respect of risk limits;
4. Ensuring a control over decision-making on risks;
5. Assessment and review of risk management procedures;
6. Rendering an operational support to risk management process;
7. Specifying relevant risk units and officers.

Responsibilities of Credit Committee:

1. Approving loans that exceed the limits set by Supervisory Board;
2. Giving recommendations in respect of Lending Policy;
3. Analyzing the growth in credit risks, specifically in developing lending standards by territories and types of activity; Monitoring concentrations in loans; Monitoring loan portfolios; Collateral valuation;
4. Supervising all loan repayments;
5. Reviewing and analyzing the adequacy of loan loss provisions;
6. Fixing rates of interest for loans;
7. Reviewing, assessing and revising lending procedures;
8. Ensuring a control over decision-making in respect of credit risks, in particular: Ensuring a control over compliance with lending procedures.

Responsibilities of Asset & Liability Committee:

1. Managing the Bank's assets and liabilities;
2. Setting liquidity management objectives and directions;
3. Setting an interest rate policy;
4. Setting market risk policy objectives and directions;
5. Setting funds management objectives and directions;
6. Ensuring compliance with standards and ratios set by legislation;
7. Ensuring a control over decision-making in respect of liquidity and market risks.

Responsibilities of IT Committee:

1. Making key decisions in respect of investments in information technologies, including both hardware and software;
2. Assessing the Bank's IT risks;
3. Ensuring an incessant operation of management information system;
4. Ensuring an incessant operation of automated operational systems;
5. Preparing and updating emergency back-up plans;
6. Creating relevant Accounting data and MIS archives;
7. Reviewing and updating information technologies-related procedures;
8. Ensuring a control over decision-making in respect with IT risks.

Responsibilities of Advisory Board (for risk management):

1. Effecting risk management at the Bank;
2. Rendering support to risk-related committees;
3. Preparing its proposals in respect of risk policy (other than Risk Management Committee proposals) and submitting to the BoD.
4. Making risk status reports to BoD.
5. Submitting risk limit changes to the Board for their approval.

Responsibilities of the Board (for risk management)

1. Approving the Bank's Risk Policy.
2. Approving risk limits and any change of risk limits.
3. Supervising Advisory Board.
4. Forming risk-related committees.

Responsibilities of General Meeting of Shareholders (for risk management):

Ensuring the functioning of an adequate risk management system at the Bank.

Responsibilities of the Bank's employees (for risk management):

1. Acting in compliance with risk management regulations;
2. Complying with regulations in respect of risks;
3. Reporting about new types of risks and changes in risks;

4. Ensuring delivery of and attending necessary trainings;
5. Performing their duties in good time and effectively.

Responsibilities of Internal Audit (for risk management):

1. Exercising control over effectiveness of risk management system at the Bank;
2. Identifying new risks;
3. Supporting risk management arrangement process;
4. Cooperating with Risk Management Committee, aside from being the Committee members.