

DESCRIPTION OF THE RISK MANAGEMENT SYSTEM

In accordance with the requirements of the legislation of the Republic of Belarus, Paritetbank OJSC (hereinafter - the Bank) has organised a risk management system.

The strategic objectives of the risk management system are:

ensuring sustainable long-term development of the Bank, optimisation of the ratio of risk and financial performance in the Bank's activities;

compliance with licence and other prudential requirements of the legislation of the Republic of Belarus, as well as international principles of corporate governance for banks.

The Bank's risk management system is based on the following principles:

accuracy and integrity - risk data aggregation procedures shall ensure accurate and reliable risk data;

completeness of data - the Bank collects data and aggregates it for all essential risks;

timeliness - the Bank shall generate aggregated and updated risk data in a timely manner;

adaptability - risk aggregation procedures shall allow the Bank to provide information upon request, including requests from the Bank's management bodies, supervisory (control) authorities, external audit, including in times of stress or crisis.

The authority for risk management is allocated in accordance with the legislation between:

the Supervisory Board;

the Risk Committee;

the Board;

the Credit Committee;

the Finance Committee;

the Business Development Committee;

an official responsible for risk management in the Bank;

the subdivision responsible for independent aggregation of risk data and control over compliance of the risk level with strategic objectives and planned indicators of risk exposure.

The effectiveness and adequacy of the Bank's risk management system is assessed annually in accordance with the criteria approved by the Supervisory Board.