

ANALYSIS OF HOW YOU MANAGE RISK IN THE BANK BANCPOST S.A.

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Risk management within Bancpost is a decentralized process guided by policies and procedures laid down centrally. Within the bank there are five major organizational groups involved in the process of risk management. These groups are responsible for defining, implementing and / or revision of policies, regulations and procedures for risk management of the bank:

1. Board of Directors
2. Executive Committee and heads of bank
3. The Risk Management
4. Internal Audit
5. Business units (branches, agencies, working points)

Their powers regarding the administration of significant risks are detailed in the Rules of Organization and Functioning. Credit risk is the risk of losses due to inability to pay at maturity of a loan or accounts. To address this risk, the bank has established an organizational structure allowing complex responsible for marketing, administration, approval and monitoring of lending activities and directions specialized committees of the bank. Credit transactions are governed by a set of policies and procedures that ensure all aspects relating to credit risk.

In the process of managing credit risk, the business units have Bancpost tasks:

- To develop and propose for approval by the Risk Management and the Board of Directors business strategies in accordance with the objectives and parameters established portfolio;
- Initiate and maintain programs for products credit transactions and credit in accordance with manuals credit bank;
- To be in compliance with all regulatory requirements and laws;
- Ensure provision of necessary reserves;
- Initiate the identification and classification of loans and portfolio problems and implement corrective plans cyclical in their portfolios;
- Establish the relationship between risk and income related to each type of credit risk in the portfolio;
- Identify the impact of changing business and economic environment over the portfolio of loans.

Credit exposure to banks and third corresponding

The Bank has a detailed process of approval of the corresponding banks. List of banks and financial institutions correspondent is ready and updated by The Risk of the Directorate of Market Risk and Credit Market and defines in detail the limits corresponding to each individual country, group and specific products, type and duration.

Responsibility to establish and approve banking correspondents and the country at the Executive Committee. Limits for banks and countries that exceed the jurisdiction of the Executive Committee must be approved by the Board.

Dealers are restricted to make any transaction with the correspondents that the bank management has not established the working limits. If a cap is applied to a correspondent, the approval process must be followed for that limit to be approved and implemented.

Limits for individual banks should be determined within the limit of the country to country. Banks may be aggregated for each group and the country should be allocated within the limits of the

country. Country exposure is calculated using the physical location of the correspondent bank and not the physical location of the final legal entity which the correspondent bank. Length transactions with any correspondent can not be longer than the length limit imposed on that country.

Lending Companies

Credits are granted to companies by the directions of the central headquarters and regional centers of the secondary bank. Credit procedures are defined by corresponding business section and approved by the Executive Committee and / or the Risk Management. These are described in detail in textbooks Credit bank containing information about the credit exposures of credit approved a list of collateral and instructions for measuring collateral, such as the cash, treasury products, actions, etc..

Bankpost established a set of levels of approval of loans to manage credit exposures for companies. The Bank uses a rating system under which the companies borrowed are included in a category of risk from the satisfactory level of potential problems through the category "in observation" to the "loss" which is provided in full.

Criteria used in the analysis include:

- Financial data of the client, sector and market;
- Management of customer information;
- History of the customer's credit in the bank or other banks;
- Existence of negative information.

Bank establishes credit limits for each customer. Temporary increases to a certain level of current credit limit may be approved by the appropriate level of approval. Credits are reviewed at least annually. Renewals and amendments to existing credit limits should be submitted for approval by the appropriate level of approval.

To monitor the performance of a customer, all exposures are considered, whether or not off-balance sheet. Features off-balance sheet transactions to clients include foreign exchange, letters of credit, letters of guarantee and other financial instruments. Credit equivalent amounts for facilities outside the balance sheet are determined in accordance with NBR. Total exposure of a client is under the aggregate of all transactions and facilities to monitor the use of credit limit.

As a rule, the bank will avoid undue concentration of risk in any particular category of activity, group of customers, industry, sector or country. The Risk Management and Board of Directors regularly assesses the level of merger activity sectors.

Board of Directors approved the concentration of the portfolio by absorption capacity of bank total risk, capital adequacy and internal assessment and external environment.

Business units will be responsible for portfolio monitoring and reporting on each segment and making sure they are kept within the limits approved.

Service Assessment examines the appropriation of funds over a certain limit set by the Manual of Credit Bank. It is responsible for monitoring and evaluating credit essays whose exposure exceeds the regional centers.

The main responsibilities of the Management Directorate appropriations and Letters of Guarantee include processing credit approved, make all necessary records, ensuring that all conditions specified in the credit approval to be implemented properly, ensure that all legal documentation to be prepared adequately and monitor collateral. Detailed procedures covering the entire range of activities are described in The Management of loans. Credit Control Service has the following responsibilities:

- To review proposed appropriations for maturity;
- Prepare monthly reports on particular clients and monitor the offenders, to inform the bank management;
- To carry out visits to branches to assess the loan portfolio in all sectors of activity (large, IM links and retail) and / or review individual cases. In this control functions should also visit companies Directorate Large, Medium and Enterprise Directorate of Retail Directions to obtain a full picture of the business of lending;
- Review at regular intervals of time and make the analysis for the loan portfolio, including the retail.

The service monitors credit bad loans problem and recommended the restructuring of credit exposure or start legal action and monitor the recovery of these loans.

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