1. CREDIT RISK SELECTION (ЗЗЭЛ ОЛГОХ УЙЛ АЖ

Has the institution set up a decision support system for credit selection based on pre-defined selection criteria?

Does the exposures selection system seem efficient and adapted to the nature of the institution's activity (for example, performance can be assessed according to the evolution of the volume of payment incidents observed)?

Does the bank regularly update its credit policy, including the risk appetite and tolerance and the criteria for credit selection?

Is the review performed by an independent team, meaning by staff not associated with the credit granting process, whose variable remuneration is not connected to the credit volume and who is not benefiting from bank's credits?

Does the operational selection system in place within the institution include the measurement of the forecast profitability of operations, meaning that the bank is able to forcast the profit from a credit or a customer (interest and fees versus cost of the risk) and decide to make transactions on this basis?

Does the institution have formalized credit granting procedures, including delegation mechanism (graduated powers of various levels of credit committees upon characteristics of the exposures)2M

Do these credit granting procedures appear to be appropriate to the characteristics of the institution, in particular its size, organization and the nature of its activities and operations (for example, the existence of large prior analysis by an independent specialized unit assuring an independent decisional process avoiding conflicts of interests with the managers and shareholders, and arms length basis of the conditions of which credits are attached)?

Does the positioning of the unit responsible for monitoring and controlling risks guarantees its independence with respect to units booking operations?

Does the institution carry out a continuous analysis of the evolution of the quality of its credit portfolios?

Is the risk-assessment system of the bank taking into consideration, to evaluate the level of risk of each facility, all the risk elements, meaning the obligor's internal or external rating, the maturity of the exposure, the collateral, the qualty of the repayment etc.

Is the board regularly informed, via reports, of the volume and nature of credit risks carried by the institution?

Do the reports for the board appear appropriate to the nature and volume of the risks borne by the institution, and likely to allow sufficient knowledge?

Does the institution carry out an ex-post analysis of the profitability of credit operations? (comparison with the forecast profitability considered during the credit granting phase -refer to question 5)

Is the board informed, at least on a semi-annual basis, of the results of the ex-post analysis of the profitability of credit operations?

Has the institution put in place a procedure for alternative dealing with the clients in case of imbalances between the level of risk and of profitability?

Are credit files regularty updated and reviewed in a timely manner, at least annually and more frequently for clients presenting a distressed level of risk, in order to assess the repayment capacity of counterparties (at least quarterly for counterparties whose receivables are unpaid or have significant risks or volumes) including the re-evaluation of the collateral, the re-evaluation of the risk classification and the level of provision?

Does the bank monitor key risk indicators to identify potential distressed borrowers (eg past due) H

According to the board's minutes, in case of violation of internal credit risk limits, are steps taken to reduce the excess of exposure in a reasonable delay? H

Did the bank violate any of the BOM rules regarding credit granting regulations during the past three years (eg. granting Fx loan to client with insufficient cash flow in Fix)2 H

CREDIT RISK MITIGATION TECHNIQUES (ЗЭЭЛИЙН ЭРСДЭЛИЙГ БУУРУ

Does the institution have documented procedures to ensure, when they are put in place, that the credit risk reduction techniques used are legally valid and that they are duly documented?

Does the institution's credit risk management system include the identification and measurement of credit risk associated with the use of credit risk reduction techniques?

Does the institution use an internal rating system that could be suitable the calculation of credit risk capital requirements (IRB method)?

Does the institution regularly carry out stress tests on credit risk?

Do the assumptions used in the context of the implementation of the stress tests appear appropriate to the nature of the activity, the volume of operations and the environment of the institution?

Is credit risk supervision and management part of the scope of internal audit?

Has the supervision and management of credit risk been subject to Inspection by the internal audit in the last 3 years?

Does the legal department verify the contracts and legal documentation for the credits and the collateral?

Has the bank set up an early warning system with relevant indicators and thresholds for the main credit risks?

3. CREDIT RISK MITIGATION TECHNIQUES (ЗЭЭЛИЙН ЭРСДЭЛ

Does the institution have documented procedures to ensure, when they are put in place, that the credit risk reduction techniques used are legally valid and that they are duly documented?

Does the institution's credit risk management system include the identification and measurement of credit risk associated with the use of credit risk reduction techniques?

Does the institution regularly evaluate the policy for risk reduction techniques?

Inherent concentration risk

Total top 10 large deposits/ total deposits

Total top 10 large deposits/ total liabilities FCY (to be sent)

Top 5 large exposures / total own funds Top 20 large exposures / total exposures

Total large exposures/total capital assets market share in%

SCI

Does the bank have risk mapping for concentration risk, meaning counterparty concentration,

large depositors concentration, funding concentration, sectoral concentration and geographic concentration?

Is the risk mapping developed by the bank sufficiently detailed to allow an appropriate monitoring

of various concentration risks?

Does the bank regularly examine its concentration risk monitoring system to ensure consistency

with its activities, risks and environment ?

Does the bank have a unit responsible for monitoring and controlling concentration risk (risk

management department for example)?

with its activities, risks and environment ?

Does the bank have a unit responsible for monitoring and controlling concentration risk (risk management department for example)?

Is the unit responsible for the supervision and control of concentration risk independent from the units booking the operations (market and credit department)?

Has the bank developed indicators to monitor and measure the concentration of its portfolio?

Does the bank have an internal limit system for the various types of concentration risk?

Does the level of limits appear to be consistent with the activity and characteristics of the

institution, in particular with regard to its profitability or the level of its own funds ?

Is the level of limits reviewed regularly, at least once a year ?

Are the limits approved by the board ?

Has the bank set up a system for monitoring compliance with limits, in particular to identify breaches of concentration limits and to analyse the causes?

Do the procedures for dealing with any breach of concentration limit appear appropriate (in particular the relevance of corrective actions, responsiveness, information to the persons designated for this purpose) ?

K adequacy questionnaire

Has the bank put in place a structured framework for determining the capital adequacy policy where the board has the leading role?

Has the bank an appropriate documentation of the process for establishing the capital adequacy policy?

Is the capital adequacy policy periodically challenged in a structured way, especially when material changes occur in the macroprudential or macroeconomic environment?

Is the capital adequacy policy a major driver of all operational decisions taken by the bank?

Are the capital adequacy policy and the risk policy appropriately coordinated by the board?

Are the risk policy and the capital adequacy policy of the bank consistent?

Are all the components of the capital as determined in the capital adequacy policy available to absorb potential losses?

Do the capital adequacy policy and the capital planning take into consideration the maturities of the various components of the capital and the capacity of the bank to raise funding?

Has the bank put in place an adequate process for capital planning?

Does the bank conduct capital stress tests on a regular basis and are these stress tests based on appropriate assumptions?

Are the modalities and environment of the capital stress tests adapted to the profile of the bank?