

CapPlus and GHAMFIN Webinar

# Effective Risk Management: Tools and Practices

 23 Nov. 2021

 1-2:15 PM

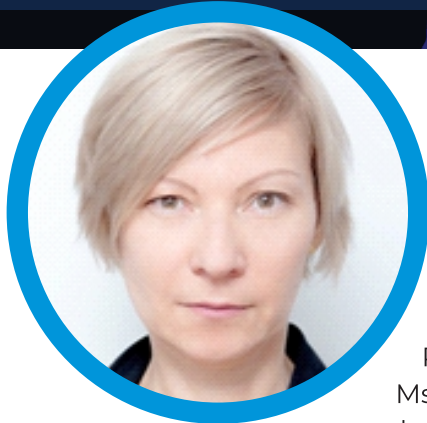


ZOOM LINK:



What are effective ways to strengthen a financial institution's overall risk management? In this webinar Donna Nails, an international risk management expert, will deliver tools and advice to strengthen risk monitoring, mitigation and management. She will illustrate international practices for managing risk at an organizational level through a risk committee and will share useful tools to manage specific risks such as a risk matrix and risk committee charters, including handouts.

**Audience:** This webinar is designed for senior risk practitioners, including senior managers who would like to deepen their risk management skills, working in savings and loans, rural banks and microfinance institutions.



Donna Nails is a seasoned development finance and risk management specialist. With over 20 years' experience working with both banks and nonbank financial institutions throughout the world, Ms. Nails' assignments have included assisting the banks or nonbanks during critical or crisis situations, specifically to develop useful practices, policies and tools to assess, measure, and monitor risk. Prior to working internationally, Ms. Nails served as the deputy director of the Corporate Risk Management unit at ShoreBank Corporation. Within this position, Ms. Nails' responsibilities include monitoring loan quality, portfolio trends, and policy compliance. Prior to assuming this role, Ms. Nails spent two years within the Business Banking department of ShoreBank/Chicago as a small business lender. She is regularly called upon to develop and present numerous seminars on such topics including Basel III, Portfolio Risk Management, and Problem Loan Management. Ms. Nails, who currently resides in Bosnia and Herzegovina, holds an MBA from DePaul University in Chicago and received a certification from the ABA Stonier Graduate School of Banking.

This webinar is offered as part of CapPlus' **FIRST+ (Financial Institution Resilience & Strengthening)** programme. FIRST+ addresses challenges that are inhibiting financial institutions' ability to increase their lending to small businesses such as capital adequacy, risk management, digital services, product development and delivery, and more -- all for the purpose of increasing jobs. FIRST+ is a partnership between **GHAMFIN, CapitalPlus Exchange** and the Mastercard Foundation.



## Scaling MSME finance profitably

CapPlus provides strategic and operational advisory services to financial institutions to accelerate their provision of finance to micro and small businesses, the largest creators of jobs. We are collaborative, solution-oriented, technologically savvy and committed to finding creative solutions to expanding MSME finance profitably in underserved markets, where immense untapped opportunities exist.

Since 2004 CapPlus has been working in tandem with equity and debt funds, combining their capital infusions with our technical assistance, a powerful combination that catalyses growth and impact.

## Capacity Building and Advisory Services

### Capital adequacy and risk management

Investment readiness, portfolio stress testing, problem loan and credit risk management, risk mitigation tools and strategies, portfolio analysis, enterprise risk management, operational and regulatory risk management, governance strengthening

### Digital transformation

Strategy, operations and implementation for customer-facing services and digitalisation of internal operations

### New market expansion

Market strategy, assessment and segmentation; design and pilot test products and services for underserved markets including edufinance, health finance, women's market, youth, and clean energy

### Women and youth

Market assessment, strategy, tailored products, services and delivery channels

### MSME finance from A to Z

Structure and staffing; skill building and training; efficient strategies for origination through disbursal, monitoring, repayment and recovery; credit scoring; SME product design, pilot testing and scale-up; policies and procedures; portfolio management; operations and technology-based solutions

### Human resources and change management

Leadership, staff development, training function, performance management, employee engagement, human resources administration

### Agriculture finance

Market assessments, strategy, value chain finance, innovative products (e.g. variable payment mechanisms) to support smallholder farmers and agriculture-based MSMEs

### Information technology

Diagnostics, system upgrades, implementations and conversions, digital financial services

## Results Through Client's Eyes

Independent study of CapPlus conducted by Steward Redqueen

**82%**

improved operational efficiency

**100%**

introduced significant positive changes

**75%**

improved profitability

## Representative Clients



Asian Credit Fund, Kazakhstan	dfcu Bank, Uganda	NMB Bank, Tanzania
Bai Tushum Bank, Kyrgyzstan	FBC Bank, Zimbabwe	Premier Credit Limited, Kenya
Banque Atlantique Group, West Africa	Grooming Centre, Nigeria	PricewaterhouseCoopers and BlueOrchard
Baobab, Côte d'Ivoire	Groupe Cofina, Côte d'Ivoire	Reliance Financial Services, Gambia
BRAC Bank, Bangladesh	IDLC, Bangladesh	Sathapana, Cambodia
BRAC Uganda	Kashf Foundation, Pakistan	Sidian Bank, Kenya
Cogebanque, Rwanda	Kingdom Bank Limited, Kenya	Sinapi Aba Trust, Ghana
Commercial Bank of Africa, Kenya	Madison Finance Company, Zambia	Sterling Bank, Nigeria
COOPSAMA, Guatemala	MFS Africa	Stanbic, Uganda
CRDB, Tanzania	National Microfinance Bank, Tanzania	TUHF, South Africa
DCB Commercial Bank, Tanzania	NCBA Bank, Kenya	XacBank, Mongolia

**FIRST+** (Financial Institution Resilience and Strengthening) works with financial institutions that are ready and committed to scaling MSME finance, inclusive of the women's market and agricultural sector. We bring best-in-class expertise to address challenges that are inhibiting financial institutions' ability to increase their lending to micro and small businesses, such as capital adequacy, risk management, digital services, product development and delivery, and more. FIRST+ is a partnership between CapitalPlus Exchange, Ghana Microfinance Institutions Network (GHAMFIN) and the Mastercard Foundation.

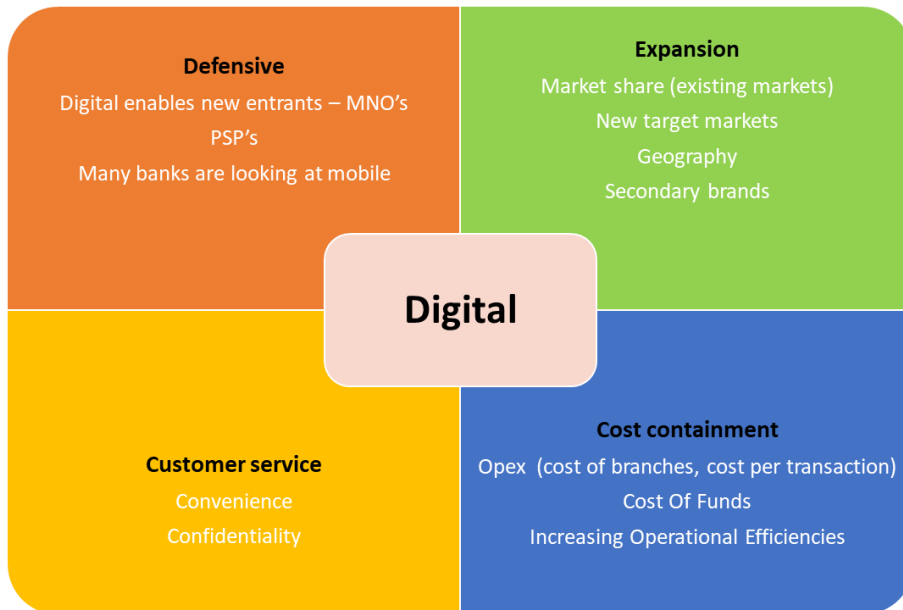
If you are interested in learning more or partnering, please contact us:

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Name of institution: \_\_\_\_\_

Choose a strategic direction for your institution and motivate your choice for this direction



How our institution will benefit from this direction:

How our MSME clients will benefit from this direction

A large, empty rectangular box with a thin black border, occupying most of the page. It is positioned below the text 'How our MSME clients will benefit from this direction' and above the footer. The box is currently empty, suggesting it is a placeholder for content.

Name of institution: \_\_\_\_\_

### Customer-centricity

All staff, at all levels in our institution, understand the importance of the customer and therefore treat all customers as king, constantly seeking out ways to better serve / impress the customer.

Fully agree	2	Mostly agree	1	Neutral	0	Mostly disagree	-1	Fully disagree	-2
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Expand upon your answer:

**Core Banking System**

Our Institution runs a reputable, fully automated core banking system which seamlessly and reliably manages all customer accounts and is fully accessible in and used by all branches.

Fully agree	2	Mostly agree	1	Neutral	0	Mostly disagree	-1	Fully disagree	-2
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Expand upon your answer:

**Cyber Security**

Our systems are protected by state-of-the-art cyber security which is constantly maintained and upgraded by skilled professionals. The system is penetration tested on a periodic cycle and there have been no breaches of the security.

Fully agree	2	Mostly agree	1	Neutral	0	Mostly disagree	-1	Fully disagree	-2
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Expand upon your answer:



**Customer Digital Identity**

All customer have been issued with a digital identity, know how to use it and use it in every interaction with our Institution.

Fully agree	2	Mostly agree	1	Neutral	0	Mostly disagree	-1	Fully disagree	-2
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Expand upon your answer:

Our customer digital identity is:

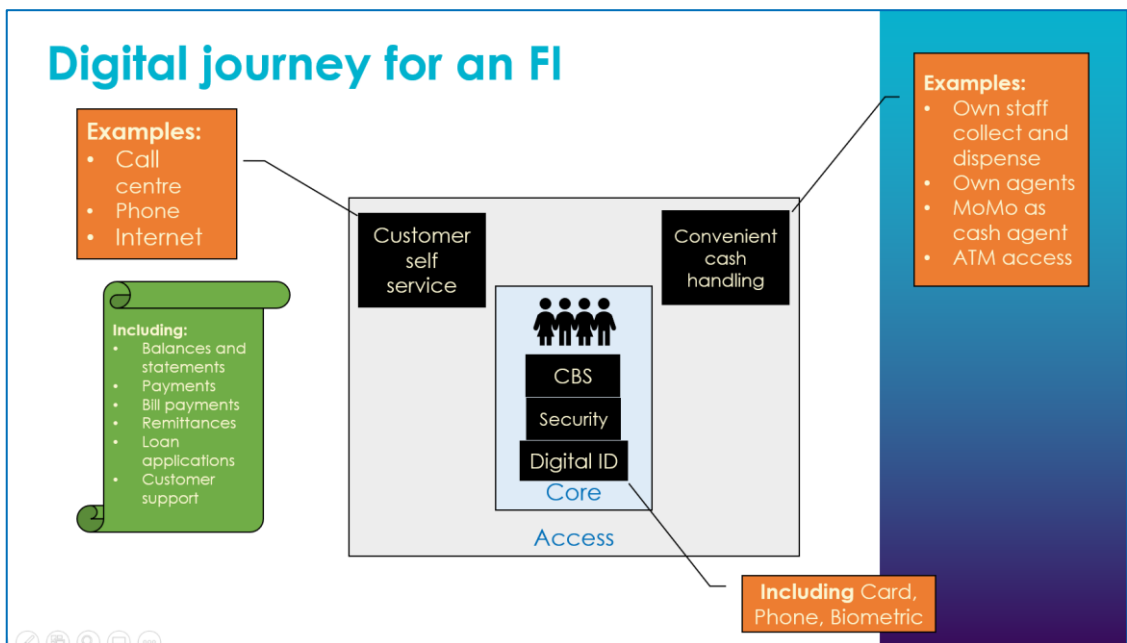
A card	
A phone number	
Key embedded in a mobile app	
A biometric (eg. Thumbprint)	
Other	
If Other - Specify	

Name of institution: \_\_\_\_\_

**Understanding the customers to be served**

List the segments to which your customers belong	Segment 1	Segment 2	Segment 3	Segment 4
Provide salient features and differentiators of each segment				
Annual Income				
Gender				
Consumer / SME				
Other				
What products does each segment purchase from your institution?				
Transactions				
Savings				
Loans				
Other (Specify)				

<b>Where are your customers located?</b>				
In towns / cities				
Rural (distance to cities)				
<b>What is their reliance on cash in their day to day lives?</b> (Low, medium, High)				
<b>What electronic transactions do each segment perform frequently?</b>				
<b>How are these transactions currently conducted?</b>				



**With the segmentation and the above slide in mind, specify:**

Most convenient **cash handling** option per segment

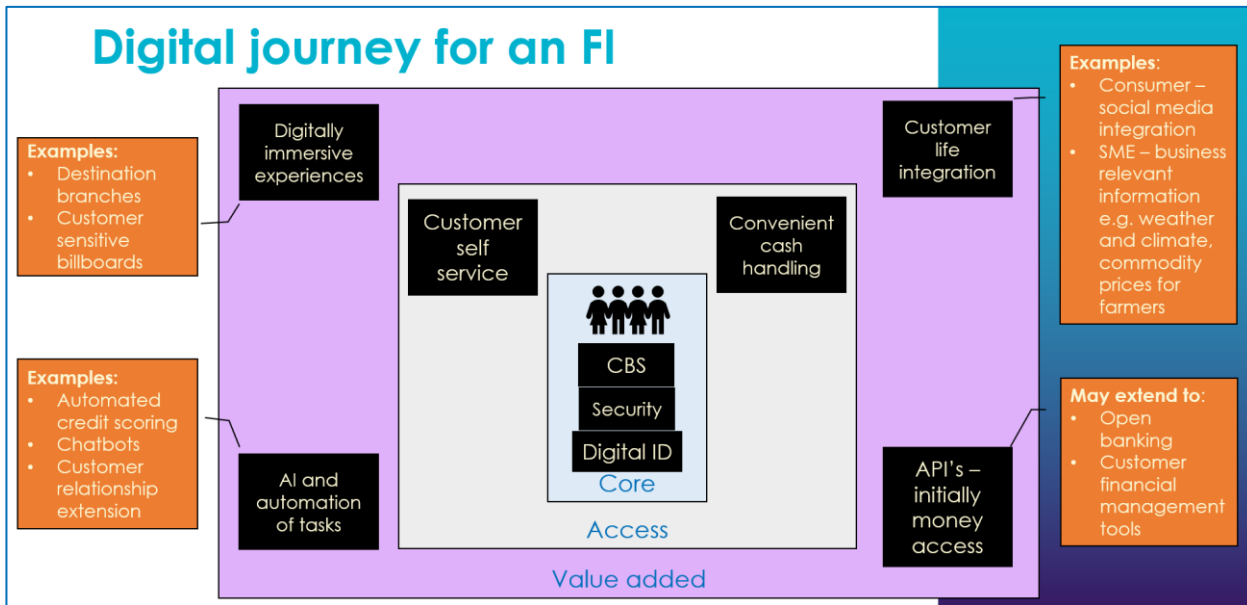
	<b>Segment 1</b>	<b>Segment 2</b>	<b>Segment 3</b>	<b>Segment 4</b>
Deposits				
Withdrawals				
Loan disbursements (+ other large cash movements)				
Bulk Deposits				

Most suitable customer **self service tools**

Service name	Segment 1	Segment 2	Segment 3	Segment 4	Most convenient platform	Reason for proposing

Name of institution: \_\_\_\_\_

Please keep the segmentation table from Handout 3 readily available for this exercise.



(see reverse side)

Most suitable customer **Value added services**

<b>Service name</b>	<b>Segment 1</b>	<b>Segment 2</b>	<b>Segment 3</b>	<b>Segment 4</b>	<b>Most convenient platform</b>	<b>Reason for proposing</b>

Name of institution: \_\_\_\_\_

Take the tables of **Cash Handling**, **Self-service tools** and **Value added services** from Handouts 3 and 4.

Thinking ONLY of customer value and your institution's strategic reason for implementing Digital, write a number 1 through 10 next to each service, with 1 being the item to be implemented first, and 10 the one to be implemented last.

Remember that the CORE must be strong **before** any of the other services can be implemented, so, if your institution's core was not strong, those must be first priorities.

Provide reasons for the sequence in the table below.

Priority	Reason
1	
2	
3	
4	
5	



6	
7	
8	
9	
10	

## **Charter of Risk Management Committee (Senior Management Level)**

### **Purpose**

The Board of Directors (BOD) of XX has approved the creation of a Risk Management Committee (RMC) which is an executive-level committee consisting of the senior management at XXX.

This Charter sets out, amongst other things, the purpose, objectives, duties and responsibilities of the RMC including its composition, authorities, procedures and reporting requirements :

This Committee is to assist the Board to oversee the responsibilities for the identification, measurement and management of risks across the whole of the Institution. It will ensure adherence to the policies that guide XXX's management of Financial risks (Credit risk, Liquidity Risk, Interest Rate Risk and Foreign Exchange Risk), Operational risks (Environmental Risk, Fraud Risk, HR Risk, IT Risk, Legal Risk, Transaction Risk, etc) and Strategic risks (Governance Risk, Reputational Risk and External Risks) and compliance with the Legal and external regulation and related internal requirements.

The committee is the oversight body that supervises XXX's activities of Risk Management and interfaces as follows:

- RMC reports its activities and decisions to the Board of Directors through the Audit and Risk Committee of the Board
- RMC is the centralized function for supervision of risk management activities.
- Responsibility for the outcome of RMC activities and decisions (both qualitative and quantitative) reside with the Audit and Risk Committee who will monitor the performance of the RMC on behalf of the Board of Directors.

### **Duties and Responsibilities**

1. Advise the Board of Directors, through the Audit and Risk Committee (ARC) on the overall risk positioning, appetite and tolerance level for risk to be adopted by XXX and to maintain a Table of such Board Approved Limits which will be generally available to all Managers (including Branch Managers) and which will be kept under regular review by the RMC
2. Manage all risks in accordance with the rules and regulations applicable to XXX under local law and under the limits and guidelines set internally by the Board of Directors and the Audit and Risk Committee.
3. Regularly review the Risk Management Policy and Procedures so that they continue to address the evolving nature of the risks faced by XXX and recommend changes to the Audit and Risk Committee of the Board
4. Ensure the availability of sufficient risk management resources and systems; ensure the risk management Staff are independent and free to refer contentious issues to the RMC where their independence is being challenged by the management of XXX.

5. Define XXX's strategy for the management of Credit Risk which is largely created within the Operations Department (as led by the COO) and ensure that the associated policies are developed and subjected to review by the Audit and Risk Committee prior to approval by the Board of Directors.
6. Define XXX's strategy for the management of liquidity including borrowed funds, interest rate setting, foreign currency risk,, generally created by the Finance Department (as led by the CFO) and ensure that associated policies are developed and subjected to review by the Audit and Risk Committee prior to approval by the Board of Directors.
7. Monitor limits approved by the Board including, but not limited to those relating to: liquidity; interest rates; foreign exchange; borrowed funds; capital adequacy; debt to equity ratios; liability concentrations, Portfolio concentration and delinquency
8. Manage the funding strategy and seek the necessary board resolutions to authorize the terms of any commercial borrowing transaction including potentially restrictive financial covenants included therein.
9. The RMC sets limits and guidelines for the delegated authorities (e.g. credit risk authorisation levels, authorisation of purchases and expenses etc.) and supervises the discharge of these duties. The RMC bears the ultimate responsibility for all delegated activities.
10. Define the product pricing framework for loans and services and assign certain pricing discretion levels to line management.
11. Organize the new product / new markets / new delivery channel risk review process and seek Audit and Risk Committee's endorsement and Board approval for any significant departures from the Board-approved business plan.
12. Assume responsibility for the implementation and documentation of appropriate separation of duties, reporting and internal control mechanisms in all aspects of Asset and Liability Management.

### **Committee Composition**

The RECO is comprised of:

- i. CEO , (Chair)
- ii. CFO (Deputy Chair)
- iii. COO
- iv. Risk Manager
- v. Credit Manager
- vi. HR Manager
- vii. IT Manager
- viii. Internal Auditor (non- voting- advisory member)

Meetings shall be held at least monthly with a fixed agenda that ensures that all risk areas within the company are addressed at least once every three months.

Additional ad-hoc agenda items and unscheduled meetings may be called by the Chair to discuss urgent issues as necessary. The Chair may invite Board members, other Staff members or external participants as guests to the meetings as deemed appropriate.

## **Voting**

Only RMC members may vote. A quorum is comprised of four committee members one of which must be the Chair or Deputy Chair. Every action consented to by a majority of RMC members shall be regarded as an act of RMC. For the purposes of ensuring all members participate in its meetings, issues may be discussed and decisions communicated by telephone or electronic mail providing that in the former case the discussions are confirmed in writing in a timely fashion.

Members of RMC may participate in a meeting through the use of conference telephone or electronic communication equipment, provided in the former case that all participating members can hear one another. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

## **Minutes**

All decisions of the RMC shall be recorded in written minutes by the RMC Secretary. Minutes need to be approved at the subsequent meeting and are distributed among all regular members of the Audit and Risk Committee and will be delivered to the Board at their next meeting.

Although all members will seek to achieve consensus, it is recognized that this may not always be possible. In case of dissent among the members present, the CEO takes the final decision.

## **Reports**

The RMC will have available the following set of reports at every monthly meeting. The reporting pack is to be distributed to all RMC members at least 2 working days in advance of the scheduled meeting. It covers the standard scope as follows:

1. Historical Credit Portfolio Risk Reports (usually rolling twelve months to indicate trends) including inter alia origination volumes and break down, Disbursements (by Product, Branch, Economic Sector and Sub-Sector) collection rates, Portfolio at Risk (by Branch and by Product particularly Refinanced Loans, Loans with postponed repayments, Top up Loans etc.), loan write-offs and recoveries, reporting on exposure concentration limits.
2. Forecasting Credit Portfolio Risk Reports based on Vintage Analysis and Roll Rates to predict future performance and results of Stress Testing to determine resilience to external shocks in economic or political outcomes and to guide proactive interventions by management to improve the overall risk profile.
3. Monthly management financial statements: budgeted, actual values and their variances with a detailed profitability analysis to examine Performance Risk.
4. Liquidity Reporting: standard regulatory disclosures and internal reports on maturity structure, net funding requirements, deposit concentration, current and

forecast liquidity indicators against operating limits and targets, as well as liquidity stress test results.

5. Interest Rate Risk: re-pricing gap reports, net interest income simulations and profitability impact.
6. Foreign Exchange Rate Risk: analysis of the net open foreign exchange position and the results of a currency-driven stress test scenario.
7. Covenant Tracking: identification of all financial covenants in various liability-side loan agreements. Tracking of recent actual and forecasted indicator values against covenant limits.
8. Operational Risk Reports based on changes in residual risks calculated via the Risk Register, maintained across the whole of the Institution with regular updates and re-assessments based on Incidence Reports received from Branches and Departments and further input from the Internal Audit Reports.
9. Any other Report requested from time to time by the members of the RMC or the members of the Audit and Risk Committee of the Board.

### **Board Responsibility**

This RMC shall review and assess annually the adequacy of this Charter and recommend needed changes to the Audit and Risk Committee for final approval by the Board. The RMC shall conduct an annual self appraisal of its performance and compliance with this Charter and submit the results to the Audit and Risk Committee for review.

This Charter dated .....supersedes any other Risk Management Committee Charters previously in force.

<u>Activity</u>	<u>Quantity of Risk</u>	<u>Quality of Risk Mgt</u>	<u>Aggregate Risk Profile</u>	<u>Direction of Risk</u>	<u>Facts/Information</u>
<b>SME BUSINESS LENDING</b>					
Credit policy & underwriting practices	Moderate	Weak	High	Decreasing	Policy updated with Addendums but not modified in 3 years; Loan Review shows non-adherence to policy.
Disbursement authorization & funding exceptions	Moderate	Weak	Moderate	Stable	Disbursements not always against full documents received
File documentation	Moderate	Weak	High	Stable	Major issue is no standard filing system. Security files not held in secure place.
Collection practices	Moderate	Weak	High	Increasing	Various levels of collecting on delinquent clients in branches and with individual loan officers. Lacking risk mgt oversight at head office.
Payment Practices	Moderate	Acceptable	Moderate	Stable	Acceptable
Reviews	Moderate	Weak	High	Decreasing	Credit inspections are not completed at this time
<b>CORPORATE LENDING</b>					
Credit policy & underwriting practices	Moderate	Weak	High	Increasing	Policy updated with Addendums but not modified in 3 years; Loan Review shows non-adherence to policy.
Disbursement authorization & funding exceptions	Moderate	Acceptable	Moderate	Stable	Acceptable
File documentation	Moderate	Weak	High	Stable	Major issue is no standard filing system. Security files not held in secure place.
Collection practices	Moderate	Weak	High	Increasing	Various levels of collecting on delinquent clients in branches and with individual loan officers. Strong risk mgt oversight at head office.
Payment Practices	Moderate	Acceptable	Moderate	Stable	Acceptable
Reviews	Moderate	Weak	High	Decreasing	Credit inspections are not completed at this time
<b>RETAIL LENDING</b>					
Credit policy & underwriting practices	Moderate	Acceptable	Moderate	Stable	Acceptable
Disbursement authorization & funding exceptions	Moderate	Acceptable	Moderate	increasing	Acceptable
File documentation	Moderate	Weak	High	Stable	Major issue is no standard filing system. Security files not held in secure place.
Collection practices	Moderate	Weak	High	Increasing	Various levels of collecting on delinquent clients in branches and with individual loan officers. Strong risk mgt oversight at head office.
Payment Practices	High	Acceptable	Moderate	Stable	Acceptable
Reviews	Moderate	Weak	High	decreasing	Credit inspections are not completed at this time
<b>LOAN ADMINISTRATION</b>					
Loan payment processing/application of principal & interest	Moderate	Weak	High	Stable	Lag in system for payments to be applied.
Loan payoff & collateral release	Moderate	Weak	High	Stable	No procedures for release of collateral; seems to be accounts with fees outstanding that are dormant

<u>Activity</u>	<u>Quantity of Risk</u>	<u>Quality of Risk Mgt</u>	<u>Aggregate Risk Profile</u>	<u>Direction of Risk</u>	<u>Facts/Information</u>
Loan system input and file maintenance changes	Moderate	Acceptable	Moderate	Stable	Acceptable
Loan accounting and system reconciliation	Moderate	Weak	High	Stable	Monthly reorganization of subsidiary ledger to general ledger not being completed on regular basis.
Loan income recognition (interest & fees)	Moderate	Weak	High	Stable	Issue with late loans that are accruing interest. (MIS issue)
Collateral control and security	Moderate	Weak	High	Stable	1) Bill of sales were not registered. 2) Safekeeping of collateral documentation in branches not acceptable.
Problem asset reporting	Moderate	Acceptable	Moderate	Stable	Loan Recovery reporting, key items not reported
Write-off and recoveries practices	High	Acceptable	Moderate	Stable	Write off completed per regulations. More stringent loan recovery in place. Recoveries amount increases substantially in Jan and Feb.

<b>TREASURY &amp; FINANCE</b>					
Investment transactions & portfolio management	Moderate	Acceptable	Moderate	Stable	RMC reviews on regular basis. Not many investment options so risk is limited to low risk instruments.
Investment accounting and system reconciliation	High	Weak	High	Stable	Reconciliation is not being completed because of problems with Banksoft. MIS to work on issue.
Safekeeping of investment securities	Low	Acceptable	Low	Stable	Bank hold only copies of securities. Originals held at Stock Exchange.
Fund management/daily cash position	High	Acceptable	Moderate	Stable	Risk mgt increased procedures increased over prior 6 months. RMC committee is comfortable that it monitors and mitigates risk.
Asset Liability Management	Moderate	Weak	High	Stable	RMC has not received interest rate risk information for 3 months b/c of migration to new software. MIS to handle.

<b>DEPOSIT SERVICES</b>					
Dishonored cheques	Moderate	Acceptable	Moderate	Stable	New banking system has more controls over overdrafts
Deposit Accounts Products (Savings, Term Deposit, Equity Accounts) - Origination	High	Acceptable	Moderate	Stable	Bank continues KYC training and standards
Deposit Accounts Products (Savings, Term Deposit, Equity Accounts) - Servicing including loss prevention	Moderate	Acceptable	Moderate	Stable	Controls in place.

<b>BRANCH OPERATIONS</b>					
Teller & vault cash/ Transporting cash.	High	Acceptable	Moderate	Stable	Inputting data at transaction. Rigorous controls. Insurance coverage and strict standards

<u>Activity</u>	<u>Quantity of Risk</u>	<u>Quality of Risk Mgt</u>	<u>Aggregate Risk Profile</u>	<u>Direction of Risk</u>	<u>Facts/Information</u>
Reconciliation of branch and teller cash	Medium	Acceptable	Moderate	Stable	Acceptable
Physical location security	High	Acceptable	Moderate	Stable	Panic button has been installed but not commissioned at Head Office. Overall security is high.

#### ACCOUNTING AND FINANCIAL REPORTING

Financial and regulatory reporting	High	Weak	High	Increasing	The details such as interest on lending may be slightly off b/c of migration to new software.
Maintenance of restricted accounts/assets	High	Acceptable	Moderate	Stable	Stronger control completed over prior 6 months.
Accounts Payable	Moderate	Acceptable	Moderate	Increasing	Acceptable practices currently. Because some a/p systems such as non-salary employee payments are kept on excel, if PML was to grow, then payroll software would need be investigated
Accounting Systems/General ledger reconciliations - Other assets & liabilities	High	Weak	High	Increasing	The following will be completed : 1) Reconciling outstanding items and 2) Systemic items reconciled.

#### BANK OPERATIONS & ADMINISTRATION

Transfer operations	Moderate	Acceptable	Moderate	Stable	Dual signature procedures in place.
Human Resources Policies	High	Weak	High	Stable	Staff appears not to have clear understanding of HR policies. Perceived feeling that policies are not equally held for all employees
Compensation & benefits	Moderate	Acceptable	Moderate	Increasing	Lack of salary increases in prior two years increased dissatisfaction among staff.
Payroll & benefit accounting	Moderate	Acceptable	Moderate	Stable	As noted under A/P section, non salary employee compensation is calculated in excel.
Purchasing and vendor selection	Low	Acceptable	Low	Stable	Capital purchase policy in place.
Property & equipment	Moderate	Acceptable	Moderate	Stable	Property: Standard legal leases in place. Hardware: Appropriate logistics (equipment, telecommunication, electricity) mgt issue and policies. Issue: Lack of hardware support and communication with branches - a risk understood. (communication options) Other: Utilities such as electric and phone being interrupted.
MIS - Software	High	Weak	High	Increasing	Response and support level are not acceptable. Staff is not getting appropriate level of support from internal and external providers.
MIS Controls	Moderate	Weak	High	Increasing	System change control needs to be strengthened at HO and branch. Implementation of changes are not completed in timely manner.



<u>Activity</u>	<u>Quantity of Risk</u>	<u>Quality of Risk Mgt</u>	<u>Aggregate Risk Profile</u>	<u>Direction of Risk</u>	<u>Facts/Information</u>
<b>Insurance protection of collateral</b>	Moderate	Acceptable	Moderate	Increasing	Insurance coverage confirmed on assets (vehicles) purchased with lending funds. Coverage expires after 12 months and no procedures in place to confirm renewal of insurance.
<b>Business Continuity</b>	Moderate	Weak	High	Stable	Back up not being completed

#### COMPLIANCE

<b>Adequacy of Policies</b>	High	Acceptable	Moderate	Stable	Compliance to Central Bank included in various policies throughout
<b>Compliance with Policies</b>	High	Acceptable	Moderate	Stable	Bank reviews prudential requirements on a quarterly basis.
<b>Compliance with National Laws</b>	High	Acceptable	Moderate	Stable	Changes to taxation

#### Other Risks

<b>Political</b>	Moderate	Acceptable	Moderate	Stable	Presidential elections next year
<b>Environmental</b>	Moderate	Acceptable	Moderate	Stable	Risks are natural disasters, weather issues. Additional risk is difficult topography of country to get specific branches
<b>Economic</b>	Moderate	Acceptable	Moderate	Stable	Cost of main exports decreased. Interest risk have increased.