

Risk Management

In line with maintaining stakeholders' interest and corporate governance principles, Bank Pasargad holds continuous meetings in 3 levels of risk management committees in supreme level including board members, managers' level and experts' level to manage potential and existing risks. As a secretariat, risk management department, is responsible for coordinating and communicating with the above mentioned committees and different departments.

The most important actions taken in the reporting period are as follows:

- holding risk management supreme committee meetings on a monthly and reporting to the board about risk management issues
- Documentation of Risk management processes in Bank Pasargad
- Holding several meetings on ERM regarding risk in identification, training and implementation of Operational, liquidity and credit Risk management
- Implementation of Operational Risk Management Module based on Basel II
- Revision of the credit scoring system
- Becoming more transparent by disclosing bank's information on bank's website
- Preparation of Risk appetite, Risk Culture and Risk identification methods' reports
- Taking Preliminary steps for centralizing Compliance with issues in bank

According to Basel guidelines, the risks that Banks are exposed to are categorized and monitored in credit, liquidity, operational and market risks. Reports and suggestions are offered by internal control and risk management expert level committees to risk management sub-committee and after approval they are sent to risk management supreme committee. It finally sends the recommendations to the board of directors for approval and communication. In order to manage the risks better and get ready to face the upcoming risks, some stress tests and scenario analysis are done and some measures are taken on how to deal with them.

Effectiveness assessment is done by measuring Key Risk Indicators (KRIs), investigating the trend, benchmarking with successful international banks, using external assessment reports such as EFQM and credit rating institutions, and expert comments through different risk committees. One of performance improvements is enhancing credit risk management through reviewing and modifying the credit scoring system and establishing operational loss database to measure the risk more accurately. We have tried our best to interact more effectively and have a better relationship with our stakeholders to maintain their benefits.

