



NATIONAL BANK OF THE REPUBLIC OF BELARUS

RESOLUTION OF THE BOARD

December 20, 2017 No. 520

Minsk

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On other grounds for commissioning to carry out an extraordinary inspection and for scheduling such extraordinary inspection

On the grounds of paragraph twenty seven of Article 26, paragraph four part five of Article 34 in the Banking Code of the Republic of Belarus, sub-item 12.2 item 12 in Edict of the President of the Republic of Belarus No. 510 dated October 16, 2009 “On Improvement of Control (Supervisory) Activities in the Republic of Belarus”, the Board of the National Bank of the Republic of Belarus shall RESOLVE the following:

1. It shall be established, that in addition to the grounds stipulated in paragraph four part two sub-item 12.2 item 12 in Edict of the President of the Republic of Belarus No. 510 dated October 16, 2009 “On Improvement of Control (Supervisory) Activities in the Republic of Belarus” (National Register of Legal Acts of the Republic of Belarus, 2009, No. 253, 1/11062) carrying out an extraordinary inspection may be commissioned, and such extraordinary inspection of any bank, Development Bank of the Republic of Belarus JSC, or any non-bank financial institution (hereinafter “the Bank”), a legal entity which is not the bank and is recognized as a member of the bank holding company according to Article 35 of the Banking Code of the Republic of Belarus (hereinafter “the Holding Member”), may be scheduled for the National Bank of the Republic of Belarus (hereinafter “the National Bank”) to supervise over banking activities, in particular, to carry out consolidated supervision over activities of the Development Bank of the Republic of Belarus, on the following grounds:

application of the Bank and/or Holding Member;

failure to submit, untimely submission, submission of unreliable and/or incomplete accounts and any other information to be mandatorily submitted to the National Bank in compliance with the legislation, or the need to check reliability thereof;

mismatch between estimated and actual special reserves for probable losses on assets and operations not reported on the balance sheet, as well as the need to assess adequacy of such formed reserves;

availability of information on transactions closed by the Bank and/or Holding Member which amount exceeds 10 percent of regulatory capital;

existence of a negative audit opinion or qualified audit opinion or disclaimer of audit opinion on completion of audit of annual accounts of banks and/or annual accounts (financial statements) of a banking group, bank holding company;

external audit opinions and/or reports made on completion of audit of annual accounts of banks and/or annual accounts (financial statements) of a banking group, bank holding company contain facts and conclusions evidencing of breach and/or limitations in operation thereof, in particular, in corporate management, internal control and risk management systems;

availability of information on breach (limitations) in the organization of risk management systems, corporate management (in particular, incentive and compensation system), internal control (in particular, in the field of preventing from laundering of proceeds of crime, financing of terrorism and financing of proliferation of mass destruction weapons);

availability of facts making an adverse impact on reputation risks of the Bank and/or Holding Member, in particular, existence of criminal cases instituted against officials and members of collective management bodies;

regular (two or more times in a month) flexible changes of rules and procedures of the National Bank's interbank settlement system (BISS system) at requests of the Bank;

the need to assess appropriateness and effectiveness of actions taken for correction of earlier detected breach and/or limitations, inspect compliance with supervisory response measures and compliance with other decisions of the National Bank, assess risk level taken by the Bank, within implementation by the National Bank of the banking supervision goals and tasks of maintaining banking system stability and protecting interests of depositors and other creditors, as well as testing compliance with the procedure and terms of liquidation of the Bank.

2. The following shall be deemed to have lost force:

Resolution of the Board of the National Bank of the Republic of Belarus No. 66 dated March 19, 2010 "On the Grounds of Scheduling Extraordinary Inspections by the National Bank of the Republic of Belarus" (National Register of Legal Acts of the Republic of Belarus, 2010, No. 94, 8/22165);

Sub-item 1.6 item 1 in the Resolution of the Board of the National Bank of the Republic of Belarus No. 361 dated June 29, 2016 "On Special Aspects of Supervision over the Development Bank of the Republic of Belarus" (National Legal Internet Portal of the Republic of Belarus, July 26, 2016, No. 8/31115).

3. This Resolution shall come into effect from January 1, 2018.

Chairman of the Board

P.V. Kallaur