

	<p>reflect the Bank's lending profile and focus on:</p> <ul style="list-style-type: none"> a) the risk tolerance and/or risk appetite; b) the required return on asset that the Bank expects to achieve; c) the adequacy of capital for credit risk. 	<p>Adherence to regulatory policies and requirements are also prioritized with a view to protecting Bank assets as well as servicing client's requirements</p>
Operational Risk		
People Risk	<p>HR Policies are defined to encompass all related personnel factors such as: hiring, training, compensation and benefits, performance management – to ensure the readiness of all bank personnel to perform the functions as designated.</p>	<ul style="list-style-type: none"> a) Hiring: Continuous partnership between the HR Group and the lines of business and support units exist to ensure that the final accountability for hiring of personnel lies in the unit where each candidate is to be assigned. A thorough background check on each candidate is also accomplished to ensure this conforms with the bank's level of standards b) Training: each personnel is required to attend a specified number of hours on training (both internal and external. Training Workshops may also be conducted within the specific lines of business as the executive in charge sees fit. Specialized training is also given due focus where needed. c) Compensation & Benefits (C&B): A regular review of the Bank's overall C&B policies is accomplished with the assistance of 3rd party subject matter experts to ensure that the Bank's benefits program is in line with the Board approved policies. d) Performance Management: A uniform standard of performance appraisal is applied to all personnel of the Bank based on an annual review of each employee's objectives. These objectives are reviewed by the seniors in charge to ensure that these are in line with the Bank's overall strategic and revenue and expense objectives. <p>Annual evaluation and the implementation of balanced scorecards are used to ensure that ill-fitted personnel are either re-trained, re-tooled and re-skilled to equip them better.</p>
Process Risk	<p>Operational Policies and Procedures follow a formal process of approval via the Operations Committee. The OPCOM is a management level committee to ensure that most processes are designed with audited fail-safes and checking procedures.</p>	<p>The overall foundation of the formalized operational policies and procedures stems from a strict separation of functions by the revenue generating side and the implementation and systems side of the Bank.</p> <p>The Internal Audit Group, as well as the various officers tasked with the review function, regularly monitors the implementation of these documented policies and procedures.</p>
Business Strategy Risk	<p>Annual Strategic Planning Exercise is accomplished to document the bank's objectives for a minimum of 3 years. A quarterly review of the bank's profitability is accomplished accordingly</p>	<p>Strategic Risk can arise when the direction/strategy of the bank can lead to non-achievement of business targets. This results in a new focus of a business sector without consolidating this with the bank's overall business plan and strategy.</p> <p>At PNB, strategic risk is managed through each business sector performing "actuals vs targets" sessions with and report to the Board of Directors through regular Management Profitability Reporting Sessions. In addition, the coordination between business sectors are done through regular meetings by the Senior Management Team to ensure that overall business targets are continually revisited.</p>
Business Environment Risk	<p>Product Management Framework New Product Roll outs go through a rigorous process where elements such as:</p>	<p>Product Management Business Framework where old and new products alike are monitored by assigned product managers who are fully involved and</p>