CHAPTER 3.2.
COMPREHENSIVE RISK MANAGEMENT

For the purposes of articles 69, 70, 71, 72 y 337 of Surety Institutions Law:

3.2.1 As part of Corporate Governance System which instrumentation and monitoring is the responsibility of the Board of Directors, the Institutions or Mutual Societies shall establish an effective and permanent Comprehensive Risk Management System.

It shall be the responsibility of the Board Directors of each Institution or Mutual Society to approve the Comprehensive Risk Management which shall include in clear and explicit manner the objects, policies and procedures for the Comprehensive Risk Management that shall be consistent with the Management Plan of Institution or Mutual Society, and shall include necessary processes and procedures for continually risk monitoring, administrating, measuring, controlling , mitigating and informing in individual and aggregate form , might be exposed the Institution or Mutual Society, as well as the tolerance limits applicable to each of them.

3.2.2 The Comprehensive Risk Management System shall cover the risk established for the calculation of Solvency Capital Requirements (SCR), as well as any other risk that shall identify the Institution or Mutual Society and that is not within this calculation, including these that are derived from its relation and operation within Business Group or Consortium to which they may belong.

3.2.3 For its proper operation, the Comprehensive Risk Management System shall be part of the organizational structure of Institution or Mutual Society, which might be involved into its decision-making processes and being supported in an effective system of internal control. To the effect, the Board of Directors shall:

I. Designate the specific area of the Institution or Mutual Society which shall be responsible for designing, implementing and monitoring the Comprehensive Risk Management System (hereinafter referred to as " Area of Risk Management"), as well as to appoint a Chief Officer of the same, who shall report to the General Manager of the Institution or Mutual Society.

The Area of Risk Management shall be established in the way that there is an independence between this area and operating areas of the Institution or Society Mutual, as well as a clear delineation of functions and an adequate description of the functions of positions at all levels . For these purposes , the operational areas of the Institution or Mutual Society shall be considered those that are related to operational and business processes that are susceptible to generate various risks to which this shall or might be exposed the Institution or Mutual Society in the development of its activities, including the following : marketing, product design , underwriting and responsibilities; constitution and valuation of technical provisions , reinsurance , loan guarantees and other risk transfer mechanisms and responsibilities, investment management and other assets , management of capital adjustment , care and payment of claims and complaints and record operations , and

II. Approve, on the proposal of the Area of Risk Management, a Manual of Politics and Procedures for the Comprehensive Risk Management (hereinafter referred to as, "Risk Management Manual")

3.2.4 The Area of Risk Management shall have for its object to:

I. Monitor, administrate, measure, control, mitigate and inform about risks the Institution or Mutual Society are exposed, including these that are not perfectly quantifiable, and

II. Oversee that operations of the Institution or Mutual Society are conducted according to the limits, objectives, policies and procedures of the Comprehensive Risk Management approved by Board of Directors.

3.2.5 For the development of their object, the Area of Risk Management shall perform the following functions:

I. Propose for the approval of the Board of Directors:

a) The Risk Management Manual;

b) The risk exposure limits in a comprehensive manner and the type of risk, and

c) The implementation of new operations and services that by its very nature entail a risk;

II. Provide to the Board of Director, on an annual basis, the Own Risk and Solvency Assessment (hereinafter referred to as "ORSA") during the first four months immediately following the evaluated;

III. Design and implement continually the technology for identifying, measuring, monitoring, mitigating, limiting and controlling the different types of risk to which the Institution or Mutual Society are exposed within the limits, objects, policies and procedures approved by the Board of Directors;

IV. Ensure the information used in models and Risk Measurement Systems is sufficient, reliable, consistent, timely and relevant , ensuring that any modifications made to the information aforementioned is documented and is entailed with the information about its nature and the reason that originated its amendment;

V. Perform reviews, at least annually, within the contents described in models and systems used for identification, measuring, and monitoring and risk control;

VI. Include the performance of stress tests into the risk measurement that shall include the Dynamic Solvency Testing as referred to in Article 245 of Insurance and Surety Institutions Law(hereinafter referred to as "Dynamic

Solvency Testing ") that allows to identify the risk that would face the Institution or Mutual Society under these conditions and identify the areas that make it more vulnerable, in order to establish applicable to contingency planning and consider the results generated in the review of objects, policies, procedures and limits for the risk taking. On the performance of stress tests shall be considered the characteristic and nature of the risk under extreme situations, as well as possible variation of correlation among risks in such situations;

VII. Inform the Board of Directors and Chief Officer, as well as the areas involved, on the exposure to risk assumed by the Institution or Mutual Society and their possible implication on the calculation of Solvency Capital Requirements, as well as on the enforcement level of the tolerance limits to the risk established by the Board of Directors. Furthermore, shall document the causes that, in its case, originate the deviations in regards to mentioned limits and formulate necessary recommendations in order to adjust the exposure to risk.

To that end, the Officer in charge of the Area of Risk Management shall supply, at least once every three months, to the Board of Directors the report that contains as minimum:

a) The overall risk exposure, by area of operation and type of risk;

b) The degree of compliant of limits, objectives, policies and procedures with regard to Comprehensive Risk Management;

c) The sensitivity analysis and stress testing results, as well as of Dynamic Solvency Testing where applicable in accordance with provisions of Article 245 of the Insurance and Surety Institutions Law and Chapter.7 of these Provisions;

d) The results of internal audit function with regard to the compliance of limits, objectives, policies and procedures to Comprehensive Risk Management , and

e) The cases where the exposure limits to risk where exceeded and corresponding corrective measures, and

VIII. Implement necessary measures which adoption have been defined and approved by the Board of Directors in order to correct the deviations observed regarding the limits, objectives, policies and procedures in regard to Comprehensive Care Management.

3.2.6 In accordance with provisions of Section II of Provision 3.2.5 the Officer in charge of the Area of Risk Management shall supply annually the ORSI to the Board of Directors which shall include at least the following:

I. The level of compliance, within the terms of operating areas of the Institution or Mutual Society, of limits, objectives, policies and procedures in regard to Comprehensive Cara Management.

II. In the case of Institutions, the analysis of overall solvency needs taking into account the specific risk profile, risk tolerance limits approved by the Board of Directors and its commercial strategy, including the review of possible futures impacts on solvency based on the Dynamic Solvency Testing as referred to Article 245 of Insurance and Surety Institutions Law and Chapter 7.2 of these Provisions;

III. The compliance requirements on the subjects of investments, technical reserves, Reinsurance, Rebonding, warranties, SCR and minimum paid-up capital, as the case may be, set forth in the ORSA and in these Provisions,

IV. In the case of Institutions, the extent to which the risk profile of the deviates significantly the assumptions on which the calculation of SCR is based, regardless of whether the Institution shall use the general formula or an internal model, and

V. A proposal for measures to address the deficiencies in regard to Comprehensive Risk Management that, in that case, shall be established as the consequence of the completion of ORSA.

3.2.7 Shall be the responsibility of the Board of Directors to define and approve necessary measures to correct the deficiencies in regard to Comprehensive Risk Management which in that case, shall be established as the consequence of the completion of ORSA. The Board of Managers shall instruct and monitor responsible operation areas of the Institution or Mutual Society to adopt these measures.

3.2.8 The Board of Directors shall review at least once a year the function of the Comprehensive Risk Management System of the Institution or Mutual Society. To this end, it shall consider the results of ORSA, as well as periodic reports about functioning of the limits, objectives, politics and procedures in regard to Comprehensive Case Management specified in the Risk Management Manual.

3.2.9 The document provided by ORSA shall be submitted to the Committee as part of Regulatory Report about Corporate Governance (RR-2) in accordance with provision of Chapter 38.1 of these Provisions.

3.2.10 The Risk Management Manual to which refers Section II of Provision 3.2.3, shall document the functioning system of Comprehensive Risk Management of the Institution or Mutual Society and shall include at least, the following aspects:

I. The limits, objectives, policies and procedures of the Institution or Mutual Society in regard of the Comprehensive Risk Management;

II. The organizational structure of Area of Risk Management indicating terms and responsibilities of these who shall be part of the same;

III. The definition and classification of risks to which the Institution or Mutual Society may be exposed, considering at least the following:

a) The underwriting risk policy.

1) In the case of life insurances , shall reflect the risk derived from the underwriting in accordance with the covered claims and operational processes related to its attention and shall consider at least the risk of mortality, longevity, disability, illness, morbidity, administrative expenses, expiration, conservation, policy surrender and extreme events of life insurances;
2) In the case of accident and illness insurances, shall reflect the risk derived from the underwriting in accordance with the covered claims and operational processes related to its attention and shall consider at least the risk of mortality, longevity, disability, illness, morbidity, administrative expenses and epidemic risk. When in accident or illness insurances the Insurance Institutions or Mutual Societies shall apply technical bases similar to the life insurance, the underwriting risk shall reflect, in applicable, risks associated with these insurances;

3) In the case of accident and illness insurances, shall reflect the risk derived from the underwriting in accordance with the covered claims and operational processes related to its attention and shall consider at least the risk of mortality, longevity, disability, illness, morbidity, administrative expenses as well as the extreme events in damage insurances, and

4) In the case of risk of underwriting taken by Rebonding, shall reflect the risks mentioned in the Subsection b) of this Session ;

b) Bond Underwriting Risk;

1) For the risk of claims payment received with the payment expectation shall reflect the risk where the Institutions may not have the necessary available funds to financing the payment of balance accumulated with the reclamation received within payment expectations derived from obligations assumed;

2) For the risk of recovery guarantees shall be reflected the risk derived from the exposure to loss by the Institutions as the result of quality deficiency or deterioration of the recovery guarantees that were collected;
3) For the underwriting risk of the non-guaranteed Bonds shall be reflected the risk derived from the underwriting without adequate guarantees of recovery , otherwise of the underwriting in excess of retention limits specified in the same;

4) In the case of fidelity bonds shall be reflected the risk that is derived from the underwriting as consequence of the claims paid and shall consider at least the prime and reserve risk, and

5) For the Bonding Risk taken, shall reflect risk mention in this Section;

c) The Market Risk which shall reflect the potential loss by the changes in risk factors that influence in the value of assets and liabilities, such as interest rates, exchange rates and price indexes among others;

d) The mismatch risk between assets and liabilities that shall reflect the potential loss derived from the lack of structural mismatch between assets and liabilities, by the fact that a position cannot be covered by establishing an equivalent counter position, and shall consider at least the duration, exchange, interest rate, prices indexes, among others;

e) The liquidity risk will reflect the potential loss due to the advanced or forced sale of assets at unusual discounts in order to cover its obligations or because a position cannot be timely sold or acquired;

f) The credit risk shall reflect the potential loss incurred from the lack of payment or deterioration in the solvency or debtors of operations that Institutions or Mutual Societies perform, including given guarantees. Additionally, credit risk shall consider the potential loss derived from the breach of contracts destined to reduce the risk, such as reinsurance contracts, Rebonding contracts, transfer of portions of the risk of the portfolio relative to the market technical risks securities and Derivative Financial Instruments, as well as accounts receivable intermediaries and other credit risks that cannot be estimated from the level of risk free interest rate;

g) The concentration risk shall reflect the potential losses associated to an inadequate diversification of assets and liabilities and that is derived from the expositions caused by the risk of credit, market, underwriting, liquidity or combination or interactions from a number of them, as per counterpart, per asset type, area of economic activity or geographic location;

h) The operational risk shall reflect the possibility of losses occurring due to deficiencies or failures in operating procedures, in information technology, in human resources or any other adverse external event related with operation of Institutions or Mutual Societies, including the following:

1) The risks derived from the conduct of operation referred to in Articles 118, Section I, 144, Section I and 341, Section I of Insurance and Surety Institutions Law. The calculation of operational risk shall take into consideration the volume of these operations, that shall be determined from premium and technical reserves in regard to obligations of the Institution or Mutual Society concerned;

2) In the case of Institutions, the risks derived from the conduct of operation referred to Article 118, Section XXIII, 10, 144, Section XVII, and 162 of Insurance and Surety Institutions Law;

3) In the case of Insurance Institutions, the risks derived from the conduct of operation referred to Section XXI and XXII of Article 118 of Insurance and Surety Institutions Law;

4) Operating process risk corresponding to the potential loss derived from politics and procedures indifferences established for the management of operations of the Institutions or Mutual Societies;

5) Legal risks to which Institutions or Mutual Societies shall be exposed, that shall reflect the potential loss due to non-compliance with the legal provisions applicable, issuance of adverse administrative and judicial resolutions and application of sanctions regarding the operations conducted;

6) Technological risk shall reflect the potential loss derived from damages, interruptions, alterations or failures in the physical and information system, computer applications networks or any other distribution channel necessary for execution of operating processes of Institutions or Mutual Societies;

7) Strategy risk shall reflect the potential loss caused by business decisions adverse, as well as improper decision implementation and the lack of response from the Institution or Mutual Society to changes in the Industry, and

8) Reputational risk shall reflect the potential loss derived of damaged reputation or due to a negative perception of the image between the clients, suppliers and shareholders of the Institution or Mutual Society;

IV. The definition of necessary processes and procedures to identify, monitor, administrate, measure, control, mitigate, follow up and inform the risk to which the Institutions or Mutual Societies shall be exposed to . That processes and procedures shall consider at least the following:

a) For the underwriting risk policy:

1) The degree of exposure to specific concentration risks;

2) The conditions and limits that shall be observed for the business and operation acceptance in order to be executed by the Institution or Mutual Society, considering the risks derived from those and the impact on the solvency and liquidity;

3) The roles and responsibilities of different areas and stuff involved in the underwriting and business administration, aiming to avoid, at all times, the interest conflict;

4) The power of officials authorized for the underwriting, establishing the levels and authorization criteria on the amount and type of the business;

5) The internal regulations in relation to the formalization and the conservation of documentary archives related to the underwriting;

6) The guidelines and criteria for mitigating the risk that shall be derived from the acceptance of business through the Reinsurance and Bonding Policy, as well as from other risk transfer mechanisms;

7) The procedures that shall guarantee necessary information for the underwriting and the constitution of technical provisions that shall be sufficient, consistent, ongoing and relevant;

8) The mechanisms required in the internal control system for verifying that policies and procedures established for the underwriting are applied in all marketing channels and observed by the staff involved in the underwriting process, as well as the corresponding deviations to be corrected;

a) For underwriting risk policy:

i. In the case of life insurances, the conditions and physiological and morbidity characteristics, as well as of occupation that shall be considered in the respective processes of underwriting;

ii. In the case of accident and illness insurances, the conditions and psychological characteristics, as well as of morbidity and occupation and preexisting conditions, waiting periods and exclusion that shall be considered in respective underwriting processes;

iii. In the case of damage insurances, the inspection policies, analysis, evaluations, acceptance and type of risks that shall be subject of the insurance, according to the degree of exposition which hold these risks based on their location, line of business and activities;

10) For underwriting bond risk policy:

i. The procedures for assessing the evaluation of capacity on credit in order to comply with the obligation to be guaranteed;

ii. The procedures for assessing the creditworthiness of solidarity or joint obligors;

iii. The procedures for the assessment of recovery guarantees, and

iv. The procedures for monitoring the compliance of guaranteed obligations;

b) For market risk:

1) The objectives approved by the Board of Directors in regard to the market risk exposure;

2) The process for the approval by the Boards of Directors of proposals, strategies and managing market initiatives. These proposals shall take into account, among others, with the general description of new operations, implicit risk analysis, procedures for monitoring, administrating, measuring, controlling, mitigating, following and informing and reveal these risks, as well as an opinion about legal feasibility regarding the proposal;

3) The models and methodologies for the valuation of market risks approved by the Board of Directors;

4) The information on the risk factors which affect the positions of the Institution or Mutual Society in order to calculate the market risk;

5) The information requirements on processing for the market risk analysis;

6) The procedures to determine the limits for taking the risk market;

7) The process for the authorization by Board of Directors of limits exposition to the market risk;

8) The procedures of evaluation and monitoring to all positions subject to the market risk, by using the models of Risk Value which have the assessment to measure the potential loss of these positions, associated to the price movements, interest rate or exchange rate, with a degree of probability given and over a specified period;

9) The quantitative and qualitative rules for the elaboration and use of the type of value-at-risk model;

10) The policies and rules for the risk diversification of the market from its positions;

11) The procedures for comparing their estimated exposures to market risk with actual observed results, in such a way that if the projected and observed results are to differ significantly, the assumptions and models used for projections are analyzed and, in appropriate, these assumptions or models shall be modified;

12) The compliance review program objectives, procedures and controls at the conclusion of operations, at least once every six months, or, more frequently when market conditions shall be justified;

13) The manner and frequency with which the exposure to the market risk of the Board of Managers shall be informed;

14) The internal control measures as well as complementary necessary to correct deviations that shall be observed on exposure limits to the market risk approved by the Board of Managers;

c) For mismatch risk between assets and liabilities:

1) The management strategy between assets and liabilities approved by the Board of Managers, which shall take into account, at least:

i. The time horizon of assets and liabilities as well the currency, interest rate and prices indexes to which they are linked;

ii. The portfolio of assets and liabilities, which shall include obligations derived from pay premiums;

iii. The stress testing and Dynamic Solvency Testing which shall be carried;

iv. The testing to validate the assumptions and parameters of the comparison established by the obtained results, and

v. The interaction between policy management of assets and liabilities and the investment policy;

2) The measurement tools that shall be used by the Institution or Mutual Society to define the technique which shall be employed in the management of assets and liabilities, and for the measuring of mismatch risk. These tools shall be consistent with the business lines and tolerance levels approved by the Board of Directors;

3) The procedures and processes which shall regulate the relation between the areas involved in the management of assets and liabilities;

4) The procedures for monitoring and management of the asset and liability positions to insure the adequate investment of assets in regard to the relative risk profile of its obligations, as well the procedures aimed to correct deviations;

5) The procedures for incorporating in the management of assets and liabilities, the interrelation with the other type of risks, such as:

i. Underwriting risk, establishing procedures to identify the effect on the management of assets and liabilities of the products that form part of portfolio as well as the introduction of new products, and

ii. Liquidity risk, defining the strategy for the acquisition of assets to ensure sufficient cash and marketable securities diversified to meet its future obligations, the identification of mitigation techniques and their impact considering the implied product options, as well as a plan to meet unexpected cash outflows, and

6) The management policies of assets and liabilities applicable to different product lines, such that the overall management of assets and liabilities of the Institution or Mutual Society;

d) For liquidity risk:

1) The procedures for measuring and monitoring the risk caused by differences between the projected cash flows at different times, for this purpose considering all assets and liabilities of the Institution or Mutual Society, as well as the risk of the absence of a possibility to sell or transfer quickly for a reasonable price, the asset to cover commitments;

2) The methodology to quantify the potential loss derived from the early or forced sale of assets at unusual discounts in order to meet timely obligations incurred by the Institution or Mutual Society;

3) The strategy for ensuring proper management of liquidity risk of the Institution or Mutual Society that shall consider at least:

i. The mismatch level in cash flows of assets and liabilities;

ii. The mismatch level of expected cash flows derived both from direct operation as from Reinsurance, Rebonding and other risk transfer mechanisms;

iii. The total of liquidity needs in the short and medium term, including an adequate margin adequate to cover a possible liquidity shortfall;

iv. The level and monitoring of liquid assets, including a quantification of the potential costs or financial loss derived from a forced sale;

v. The projections of cash outflows derived from the activities of the Institution or Mutual Society, such as claims payment, cancellations, redemption, inability to realize guarantees recovery, and evaluation of uncertainty about the amount of claims and when they fall due, and of the moment of of their current liability, and

vi. The financing cost and identification of other financing tools and their associated costs, and

4) The actions to be followed in case of extraordinary liquidity requirements for plan handling referred to Subsection c), Clause 5), Paragraph ii of this Section;

e) For Credit Risk:

1) The Establishment of policies and procedures which shall cover the exposition limits to credit risk, both in assets and off-balance sheet that the Institution or Mutual Society shall be prepared to assume and have been approved by the Board of Directors;

2) Define a process of credit risk management to identify and establish actions to mitigate any credit risk relating to the limits defined by the Board of Directors, both individually, as consolidated and their interrelation in each case;

3) Establishment of a risk management process to ensure that credit exposure to credit risk is sufficiently diversified. This process shall ensure that exposure to any individual counterparts, including derivative from contracts of Reinsurance and Rebonding, as well as any other risk transfer mechanism or liability, is limited so the exposure shall not jeopardize the solvency of the Institution or Mutual Society;

4) The control procedures and monitoring of the credit risk of its operations, which shall be established based on the counterparty rating or, if appropriate, by determining a risk rating taking into account the probability of default and the relevant procedures to correct deviations;

5) The procedures for assessing and monitoring the level of credit risk of its counter parties, as well as an estimate of the probability of default, including those counter parties that do not have a credit rating;

6) For the Institutions that belong to any Business Group or Consortium, shall detail the procedures for the assessing and measuring the exposure of intra-group credit risk as any external exposure, and

7) Definition of , in the case of credit risk in Derivative Financial Instruments, procedures for estimating the current and future exposure;

f) For concentration risk:

1) The definition of concentration limits in both asset and liability, specifying concentration limits by counterpart, industry or economic activity, or type of risk and its interaction with market risks, credit, underwriting and liquidity;

2) Detailed definition of a control strategy of concentration risk that shall consider, at least:

i. The underwriting policies.

ii. The Investment policy, and

iii. The strategy of using reinsurance, Rebonding and other transfer techniques and risk mitigation.

The strategy shall consider the necessary procedures to correct deviations, and

3) The procedures for monitoring concentration risk, both in assets and liabilities, off-balance sheet of the Institution or Mutual Society, as well as the identification of the sources that cause this risk, including geographic areas counterparts of Institution, Mutual Societies or the Business Group or Consortium to which they belong to, sectors of economic activity, product, service providers, Reinsurance and Rebonding, and cumulative exposures derived from contracts of insurance or bonds;

g) For operational risk:

1) The description of internal controls that shall be implemented in order to ensure the operation safety, and shall allow verifying the existence of a clear delineation of roles, providing various levels of authorization due to taking risk positions. In this sense, the general strategy shall incorporate a process to establish high-level strategies and turn them into short-term objectives outlined in the business plan of the Institution or Mutual Society;

2) The description of information processing systems for risk management that shall include contingency plans in case of technical failure, or unforeseeable circumstances or force majeure;

3) The establishment of procedures related to the care, custody, maintenance and control of records that correspond to their operations;

4) The establishment of systems, procedures and effective mechanisms to identify, assess, mitigate, manage, monitor and report the risks that may or might be subject to Institution or Mutual Society, keeping track of them;

5) The description of a detailed strategy to ensure proper management of operational risks, taking into account:

i. The set of activities and processes within the Institution or Mutual Society, including any system of information technology;

ii. The operational risk events that are or may be exposed and the way for mitigating them, and

iii. The need of an early warning system which shall allow the effective and timely intervention;

6) The effective identification of operational risk that should consider the business environment and internal control factors, including:

i. The internal factors, such as the structure of the Institution or Mutual Society, the nature of its activities, products and processes, the quality of its human resources, organizational changes and employee turnover and factors, and

ii. The External factors, including changes in the industry, the legal environment and technological developments that might adversely affect the operation of the Institution or Mutual Company;

7) The policies and procedures that provide with a proper implementation of agreements and contracts involved in the Institution or Mutual Society, in order to avoid losses derived from the execution of transactions;

8) The general criteria used to estimate the possibility for adverse judicial or administrative orders issued, as well the possible application of penalties relating to the operations which shall be carried out, including litigation in which the Institution or Mutual Society whether as plaintiff or defendant, as well as the administrative procedures which are involved;

9) The methods for assessment of the effects that shall be produced on the institution acts that shall b performed by the Institution or Mutual Society, when they are governed by a different legal system;

10) The procedures for identifying and measuring the strategic risk from a possible incompatibility between two or more of the

following components: the strategic objectives of the Institution or Mutual Society, developed business strategies and resources used to achieve these objectives, and quality of implementation and the economic situation of the markets in which the Institution or Mutual Company operates;

11) The definition of the necessary resources, both tangible and intangible for carrying out the business strategies. These shall include communication channels, operating systems, distribution channels and management capacity;

12) The procedures for assessing impacts derived from changes in the economic, technological, competitive and regulatory environment, among others, and

13) The methods for identifying the key factors that affect or may affect its reputation, taking into account the expectations of stakeholders, market sensitivity and its relationship with the Business Group or Consortium to which they , if any, belong to. In this regard, the Board of Directors must consider the correlation of reputation risk with other risks to which the Institution or Mutual Society are exposed.

V. The definition of procedures for periodic reporting to the Board of Directors, general management and operational areas of the Institution or Mutual Society to ensure that monitoring occurs in a timely manner to information risk by relevant areas of administration, and

VI. The training programs for staff in the Area of Risk Management

3.2.11 The Risk Management Manual, as amended, shall be submitted to the Regulatory Commission as part of the Corporate Governance Report (RR-2), in terms of the provisions of Chapter 38.1 of these Provisions.

3.2.12 The evidence of operation of the overall risk management system of the Institution or Mutual Society shall be documented and available in the case if the Commission requests for inspection and surveillance purposes.