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**Risk Management Policy  
of the Bank of Russia**

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## **Section I. General provisions**

1.1. The Bank of Russia Risk Management Policy (hereinafter referred to as the Policy) establishes general approaches to managing risks the Bank of Russia faces in the process of meeting its objectives and performing the functions assigned to it by Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)' and other federal laws.

The Policy determines goal, objectives and principles of the Bank of Russia risk management, classification of Bank of Russia risks, key terms and definitions used in managing Bank of Russia risks (Appendix), as well as the elements of the Bank of Russia risk management system, including the key processes and the Bank of Russia risk management organisational structure.

1.2. The Policy is based on the legislation of the Russian Federation, the Bank of Russia regulations and other acts, as well as international risk management standards.

## **Section II. The Bank of Russia risk management goal and objectives**

2.1. The achievement of the Bank of Russia goals and performance of its functions may be hampered if, as a result of uncertainty in the external or internal environment, the events materialise which will breach the Bank of Russia business processes, damage its business reputation, and cause financial losses and other negative consequences.

Therefore, the Bank of Russia's management, heads and officers of the Bank of Russia divisions focus on managing risks arising in the Bank of Russia operations, follow the related modern standards and implement best practices.

2.2. The Bank of Russia risk management is an integral part of its corporate governance.

2.3. The goal of managing Bank of Russia risks is to develop and implement measures which drive the achievement of the Bank of Russia objectives and performance of its functions amid uncertainty.

Avoidance of possible financial losses given the public significance of the central bank operations is not a priority of the Bank of Russia risk management.

At the same time, when managing risks the Bank of Russia proceeds from the statement that possible financial losses may negatively impact the achievement of the Bank of Russia objectives and performance of its functions both directly (e.g., losses from management of the Bank of Russia gold and foreign currency reserves) and indirectly (e.g., through the damage to the Bank of Russia business reputation).

2.4. The Bank of Russia achieves its risk management goal through meeting the following key objectives:

developing and implementing measures designed to mitigate the negative impact of uncertainty on the achievement of the Bank of Russia objectives and performance of its functions to the acceptable levels;

preventing (minimising) possible Bank of Russia financial losses which may arise when eliminating threats to price and financial stability of the Russian Federation within the Bank of Russia capacity and meeting other public objectives of the Bank of Russia;

achieving efficient adjustment of the Bank of Russia risk management processes to its business processes;

ensuring conformity of the Bank of Russia risk management system with the internal and external environment, as well as its adequacy to the organisational structure and activity scale of the Bank of Russia operations;

developing risk culture in the Bank of Russia.

### **Section III. The Bank of Russia risk management principles**

The Bank of Russia risk management is based on the following principles:

*responsibility and authority* - the Bank of Russia management, heads and officers of the Bank of Russia divisions are responsible for managing the Bank of Russia risks within their authority;

*objectives priority* - the achievement of the Bank of Russia objectives and performance of its functions have a priority over possible financial losses connected with the implementation of measures aimed at ensuring their achievement (performance);

*operational improvement* – the Bank of Russia risk management is aimed at constant improvement of the Bank of Russia efficiency, optimisation of its business processes and organisational structure which ensure the achievement of the Bank of Russia objectives and performance of its functions;

*integration in business processes* – the Bank of Russia risk management is an integral part of its business processes, including managerial decision-making;

*awareness* - the Bank of Russia management, heads and officers of the Bank of Russia divisions shall be timely informed of Bank of Russia risks connected with the Bank of Russia business processes they execute (supervise) and new operations and projects scheduled for implementation, that requires preliminary identification and assessment of respective risks;

*materiality and practicability* - decisions on managing Bank of Russia risks shall be based on risk levels and taking into account the correlation between the costs and gains from implementation of risk response measures and other factors, which determine the expedience of such measures;

*prevention, identification and management of conflicts of interests* - the Bank of Russia implements measures to prevent, identify and manage conflicts of interests the Bank of Russia may face in its operations, including separation of duties;

*three lines of defence* - Bank of Russia risks are managed on three levels: at the level of risk owners directly engaged in business processes and managing the related risks; divisions performing methodological and supervisory risk management functions (including development and implementation of common risk management approaches and methodology, development of limits and restrictions, risk monitoring, checking the conformity of their actual level to the acceptable one), and divisions involved in the independent assessment of the Bank of Russia risk management system.

Should any of the abovementioned 'defence lines' be temporary combined for organisational purposes, the Bank of Russia takes measures designed to prevent possible conflict of interests;

*clear expression of uncertainty* - the Bank of Russia risk management system ensures quantitative and (or) qualitative determination of the Bank of Russia risk level based on the information (historical data, forecasts, expert estimates and other data) that enables the most objective risk level assessment with regard to the possible limitations connected with its usage in the particular situation;

*continuity* - the Bank of Russia risk management processes are performed on an on-going basis providing the Bank of Russia management, heads and officers of divisions with actual information on Bank of Russia risks and their management;

*training and motivation* - the Bank of Russia ensures that training on the modern risk management standards and practices is delivered to the employees engaged in the Bank of Russia risk management processes and incentive measures are applied, which exclude punishment for timely communication of risks, risk events and proposals on responding to them and encourage the Bank of Russia employees to efficiently perform their risk management duties.

#### **Section IV. Classification of the Bank of Russia risks**

4.1. In its operations the Bank of Russia faces various types of risks the materialisation of which may hamper the achievement of the Bank of Russia objectives and performance of its functions:

4.1.1. Non-financial risks are the following risks the Bank of Russia faces as a result of influence of internal and external factors:

a) strategic risk is a risk of failure to meet objectives and duly perform the Bank of Russia functions because of the errors (shortcomings) committed while making decisions on the Bank of Russia operational and development strategy or their untimeliness including those committed due to the failure to consider (insufficient consideration) or untimely response to the external factors threatening the price and financial stability of the Russian Federation;

b) reputational risk is a risk of damage to the Bank of Russia business reputation because of the negative public perception of its activity;

c) operational risk is a risk of negative consequences for the Bank of Russia because of the breach of the Bank of Russia business processes, lack of efficiency of business processes and organisational structure of the Bank of Russia, actions (inactivity) of the Bank of Russia employees, operation failure or insufficient functionality of IT systems and equipment, as well as due to the impact of external factors hampering the achievement of the Bank of Russia objectives and performance of its functions.

The Bank of Russia operational risks include, but are not limited to:

legal risk is a risk that the Bank of Russia may face negative consequences (including financial losses) owing to the recognition by judicial authorities of the Bank of Russia actions (inactivity) and decisions (regulatory, advisory, explanatory, and individual enactments) as illicit, inability to force counterparties to perform agreements properly and (or) meet compensation commitments in case of non-performance (unduly performance) due to the insufficiency (lack) of contractual provisions protecting the Bank of Russia interests;

compliance risk is a risk that the Bank of Russia may face negative consequences as a result of its own failure to meet obligatory requirements stipulated by federal laws and other regulations;

project risk is a risk of failure to implement the Bank of Russia projects or achieve its' objectives due to mistakes (shortcomings) in project implementation and external factors impact.

4.1.2. Financial risks are risks of financial losses which may arise from holding financial assets and making transactions with financial instruments:

a) credit risk is a risk of the debtor's failure to meet its financial obligations or unfavourable change in their value following a deterioration in the debtor's capacity to meet such obligations;

b) market risk is a risk of changes in the market value of financial assets and instruments following a change in the financial market condition;

c) liquidity risk is a risk of failure to timely meet financial obligations or to timely sell financial assets or instruments.

4.2. Bank of Russia risks may be concentrated on individual components - the Bank of Russia counterparties, securities issuers and their groups, types of financial assets of the Bank of Russia, sectors of the economy, geographical regions and other components characterised by homogeneous risk factors.

4.3. Bank of Russia risks may affect both individual business processes of the Bank of Russia, series of its business processes and functions overall.

4.4. Different types of Bank of Russia risks may be interrelated; the materialisation of one risk may change the level or result in the materialisation of other risks.

## **Section V. The Bank of Russia risk management system elements**

5.1. The Bank of Russia risk management system functions to achieve goal and objectives and observe principles of the Bank of Russia risk management and includes the following interrelated elements:

the Bank of Russia risk management processes;

the Bank of Russia risk management organisational structure;

the Bank of Russia regulations and other acts regulating the issues of the Bank of Russia risk management and including acts which contain the Bank of Russia risk management methodology;

risk culture;

resources to ensure the Bank of Russia risk management (including personnel, financial resources, and IT).

5.2. Necessary requirement for efficient functioning of the Bank of Russia risk management system is it's periodically revision taking into account change in the internal and external environment, the Bank of Russia approaches to risk management, results of monitoring and independent assessment of the Bank of Russia risk management system.



## Section VI. The Bank of Russia risk management processes

6.1. The Bank of Russia risk management supposes the execution of the following key processes:

risk identification;

risk assessment;

risk response;

risk monitoring;

risk reporting.

6.2. Communications and consultations is an integral part of the risk management cycle of the Bank of Russia.

6.3. Response to Bank of Russia risks implies comparison of the risk levels revealed in the risk assessment with the acceptable level, setting their priority (ranking) and subsequently taking on this basis the decision on a risk response type and measures, as well as required control procedures.

6.4. The Bank of Russia applies the following risk responses:

risk acceptance shall be applied if the risk level lies within the acceptable level; in other cases when possibility to apply other risk responses is limited and (or) their application is inexpedient;

risk mitigation (level decreasing, minimisation) shall be applied if the risk level exceeds the acceptable level;

risk transfer shall be applied in cases envisaged by the Russian legislation and in case of the risks connected with unforeseen material financial losses of the Bank of Russia, which a third-party organisation is able and ready to undertake;

risk financing shall be applied if the Bank of Russia regulations and other acts provide for the creation of provisions to cover possible financial losses of the Bank of Russia;

risk avoidance shall be applied if the risk level exceeds the acceptable level and it is impossible and (or) inexpedient to resort to other risk responses.

6.5. A set of measures to ensure business continuity shall be applied to the risks accepted by the Bank of Russia, if the materialisation of such risks may breach key business processes of the Bank of Russia, which ensure the achievement of the Bank of Russia objectives and performance of its functions.

6.6. The results of the Bank of Russia risk management processes execution shall be documented (in hard or soft copy).

6.7. The arrangement and execution of the Bank of Russia risk management processes involves the implementation of measures aimed to ensure compliance with the effective Bank of Russia requirements for information security.

## **Section VII. The Bank of Russia risk management organisational structure**

7.1. The Bank of Russia risk management system functions within its organisational structure, which contains the elements of decentralised and centralised risk management models.

The Bank of Russia operational risk management is centralised with regard to the use of the single comprehensive operational risk management methodology by the Bank of Russia divisions. Direct operational risk management (including risk identification, assessment, and response) is performed by the Bank of Russia divisions - risk owners.

The Bank of Russia manages its financial risks in compliance with the Bank of Russia regulations and other acts.

Strategic and reputational risks of the Bank of Russia are managed by taking managerial decisions (by the Bank of Russia management, collegial bodies and heads of the Bank of Russia divisions) taking into account internal and external factors capable of hampering the achievement of the Bank of Russia objectives and performance of its functions, as well as by efficient managing other Bank of Russia risks.

7.2. The Bank of Russia risk management agents are as follows:

the National Financial Board;

the Bank of Russia Governor;

the Bank of Russia Board of Directors and other collegial bodies of the Bank of Russia (including committees, commissions, and boards);

First Deputy Governors, Deputy Governors of the Bank of Russia, and the Bank of Russia Chief Auditor;

divisions of the Bank of Russia - risk owners;

the Bank of Russia divisions authorised to perform certain functions of the Bank of Russia risk management;

the Bank of Russia Chief Auditor's Service.

7.3. Functions of the Bank of Russia risk management agents.

7.3.1. All the Bank of Russia risk management agents perform the following key functions of the Bank of Russia risk management within their competence in compliance with the Russian legislation, the Bank of Russia regulations and other acts:

take decisions on the Bank of Russia operations and control their implementation;

develop, review, agree, approve and implement the Bank of Russia regulations and other acts, including those regulating the Bank of Russia risk management;

compile and consider risk reports;

promote the development of risk culture in the Bank of Russia.

7.3.2. The Bank of Russia Governor manages risks emerging in Bank of Russia activities, among other things, through delegating authorities.

7.3.3. The Bank of Russia Board of Directors approves amendments to the Policy and monitors functioning of the Bank of Russia risk management system.

7.3.4. Other collegial bodies of the Bank of Russia (including committees, commissions, and boards) take decisions on managing certain Bank of Russia risks in compliance with the Russian legislation, the Bank of Russia regulations and other acts.

7.3.5. First Deputy Governors, Deputy Governors of the Bank of Russia, and the Bank of Russia Chief Auditor manage risks emerging in the Bank of Russia operations they supervise in compliance with the allocation of duties approved by the Bank of Russia Governor.

7.3.6. Risk owners manage Bank of Russia risks (including identifying, assessing and responding to risks) directly in compliance with the Policy, the Bank of Russia regulations and other acts, including documents which risk owners may work out to manage certain risk management issues taking into account the specifics of their activity, including those containing risk assessment models.

7.3.7. The Bank of Russia divisions authorised to perform certain functions of the Bank of Russia risk management:

7.3.7.1. The division of the Bank of Russia Head Office responsible for developing the Bank of Russia risk management system shall perform the following functions:

- prepares amendments to the Policy in cooperation with the concerned Bank of Russia divisions and submit them to the Bank of Russia Board of Directors for reviewing and approval;

- prepares single comprehensive operational risks management methodology of the Bank of Russia in cooperation with the concerned divisions;

- coordinates the activity of the Bank of Russia divisions on managing the Bank of Russia operational risks;

- monitors the Bank of Russia operational risk management system;

- communicates operational risks of the Bank of Russia and their management to the Bank of Russia management;

- reviews the Bank of Russia regulations and other acts on managing the Bank of Russia operational risks worked out by risk owners for their compliance with the Policy and the single comprehensive operational risk management methodology of the Bank of Russia;

- prepares proposals for developing the Bank of Russia operational risk management system in cooperation with the concerned Bank of Russia divisions.

7.3.7.2. The authorised division of the Bank of Russia Head Office validates risk assessment rating models worked out by other divisions of the Bank of Russia.

7.3.7.3. The divisions of the Bank of Russia Head Office, which make transactions related to the implementation of the single state monetary policy and management of the Bank of Russia assets in foreign currency and precious metals on behalf of the Bank of Russia, work out the methodology for managing financial risks emerging in such transactions, communicate financial risks and their management to the Bank of Russia management, and prepare proposals for developing the Bank of Russia risk management system within their competence.

7.3.7.4. The authorised divisions of regional branches of the Bank of Russia advise on and coordinate risk management in the respective regional branches of the Bank of Russia, and perform other functions in compliance with the Bank of Russia regulations and other acts.

7.3.8. The Bank of Russia Chief Auditor's Service performs independent assessment of the Bank of Russia risk management system.

## **Section VIII. Final provisions**

8.1. The Policy and amendments hereto are subject for approval by the Bank of Russia Board of Directors and shall be enacted by a Bank of Russia regulatory order.

8.2. The provisions of the Policy, which for their enactment need specially developed and approved additional Bank of Russia regulations and other acts, shall become effective after approving these acts as appropriate by the Bank of Russia.

8.3. The Policy may be revised in case of any changes in the internal and external environment and the Bank of Russia approaches to risk management driven by the outcome of monitoring and independent assessment of the Bank of Russia risk management system.

## Glossary

<b>Term</b>	<b>Definition</b>
<b>Acceptable risk level</b>	Risk level the Bank of Russia is ready to accept when meeting objectives and performing functions.
<b>Bank of Russia divisions</b>	Divisions of the Bank or Russia Head Office, regional branches and other divisions included in the structure of the Bank of Russia in compliance with the Bank of Russia order.
<b>Business continuity</b>	The Bank of Russia ability to plan and apply measures designed to ensure the continuity (efficient recovery) of key business processes of the Bank of Russia.
<b>Business process</b>	Composition of related structured activities performed by Bank of Russia divisions and serving the Bank of Russia functions and objectives.
<b>Cause</b>	Event or an action that directly results in the materialisation of a Bank of Russia risk.
<b>Communications and consultations</b>	Process of recording and exchanging information between the Bank of Russia risk management agents during the implementation of risk management processes.
<b>Concerned party</b>	The Bank of Russia management, collegial bodies, structural divisions, authorised Bank of Russia employees, and external organisations and individuals who may impact or be impacted by the Bank of Russia risks.
<b>Consequence</b>	Outcome of a risk event.
<b>Control procedures</b>	Procedures applied to ensure efficient response to the Bank of Russia risks.
<b>Escalation</b>	Process of rendering issues related to the Bank of Russia risk management, to the management of the Bank of Russia, to the Bank of Russia collegial bodies, authorized employees of the Bank of Russia, having the necessary authority and competence to make decisions.
<b>Event activation time</b>	Time between the occurrence of a risk event and the moment when the Bank of Russia starts to experience its consequences.
<b>External environment</b>	Composition of external conditions (economic, legal, market, social and cultural, political and others) amid which the Bank of Russia strives to meet its objectives and perform its functions.
<b>Frequency</b>	Number of events occurred per certain time unit. May be applied for the development and application of a risk assessment scale.

<b>Heat risk map</b>	Risk map that depicts Bank of Russia risks in colours depending on their level.
<b>Impact</b>	To what extent the achievement of the Bank of Russia objectives and performance of its functions could be affected by the risk materialisation. Impact may be assessed by various negative consequences for the Bank of Russia which may occur following the risk materialisation.
<b>Inherent risk</b>	Bank of Russia risk before the response measures and control procedures.
<b>Internal environment</b>	Composition of internal conditions (objectives, strategies, organisational structure, decision-making processes, internal relations, IT systems and others) serving to ensure that the Bank of Russia meets its objectives and performs its functions.
<b>Key control indicators (KCIs)</b>	Indicators used to assess the efficiency of the applied measures of response to the Bank of Russia risks and control procedures.
<b>Key risk indicators (KRIs)</b>	Indicators used for early warning about changes in the Bank of Russia risk level.
<b>Likelihood</b>	Possibility that a risk materialises. Likelihood may be assessed in quantitative (i.e., as percentage with an indication of frequency of risk materialisation) or in qualitative terms.
<b>Residual risk</b>	Bank of Russia risk after applying the existing response measures and control procedures.
<b>Risk</b>	Potential of the negative impact of uncertainty on the achievement of objectives and performance of functions of the Bank of Russia.
<b>Risk acceptance</b>	Response to Bank of Russia risk that means a decision on sustaining the risk at the current level and continuing it's monitoring.
<b>Risk appetite</b>	Quantitative and (or) a qualitative indicator that determines the acceptable level of Bank of Russia risk.  Risk appetite may differ across different types of Bank of Russia risks, functions/business lines and business processes of the Bank of Russia, and may vary on the back of internal and external environment changes.  Risk appetite shall be determined in compliance with the Bank of Russia regulations and other acts.
<b>Risk assessment</b>	Process of evaluation the Bank of Russia's risk level using the risk criteria established by the Bank of Russia.
<b>Risk assessment model</b>	Mathematical economic model that includes a description of assessment methods, assumptions, conditions and restrictions for its application and allows to assess and forecast the characteristics of the modelled risk.

<b>Risk assessment scale</b>	Assessment method based on different risk criteria (usually likelihood and impact) that involves a choice of assessment using the established ranking scale and related descriptions.
<b>Risk avoidance</b>	Response to Bank of Russia risk that means a decision to decline risk bearing operations.
<b>Risk criteria</b>	Criteria used to assess the risk and compare it with the acceptable level. The Bank of Russia may use likelihood, impact, event activation time, vulnerability and other criteria. Their choice is guided by the internal and external environment and the requirements of the legislation, the Bank of Russia regulations and other acts.
<b>Risk culture</b>	Composition of values, believes, interpretations, knowledge, behaviours and practices with regard to Bank of Russia risks and their management, shared and accepted by all Bank of Russia employees.
<b>Risk elements</b>	Risk factors (risk sources), risk events, causes and consequences.
<b>Risk event</b>	Event that has resulted, could have resulted or can result in future in negative consequences for the achievement of objectives and performance of functions of the Bank of Russia. Risk event may also result in a new uncertainty.
<b>Risk exposure</b>	Probability that Bank of Russia risk materialises with regard to a particular object of Bank of Russia risk.
<b>Risk factor (source)</b>	Activity, event, or circumstance that has an internal potential for triggering or increasing level of Bank of Russia risk, either independently or in combination with other factors.
<b>Risk financing</b>	Response to Bank of Russia risk that means a decision to establish provisions for the Bank of Russia assets (contingent liabilities) or other loss provisions.
<b>Risk identification</b>	Process of identification, listing and describing Bank of Russia risks.
<b>Risk level</b>	Value of Bank of Russia risk determined using risk criteria under the procedure established by the Bank of Russia regulations and other acts.
<b>Risk management</b>	Systematic process of developing, applying and revising policies, methods, means and tools for the identification, assessment, response to and monitoring of Bank of Russia risks for the achievement of objectives and performance of functions of the Bank of Russia.
<b>Risk management methodology</b>	Composition of methods, means and tools applied in Bank of Russia risk management.



<b>Risk management organisational structure</b>	<p>Combination of approaches to risk management (risk management models) applied in the Bank of Russia, risk management agents, their authority and relations between them.</p> <p>Centralised model is a model where the functions of developing risk management methodology and its application are in the responsibility of a designated division (collegial body, official).</p> <p>Decentralised model is a model where the functions of developing the methodology for managing Bank of Russia risks and its application are directly performed by divisions – risk owners.</p>
<b>Risk management agents</b>	The Bank of Russia management, collegial bodies, the Bank of Russia divisions and their employees engaged in the Bank of Russia risk management in conformity with the area of expertise determined by federal laws, the Bank of Russia regulations and acts.
<b>Risk management process</b>	Sequence of actions implemented in the Bank of Russia risk management.
<b>Risk management system</b>	Combination of interconnected elements that ensure the achievement the goal and objectives, and observance the principles of the Bank of Russia risk management.
<b>Risk management system monitoring</b>	Monitoring of the functioning of the Bank of Russia risk management system with the purpose of receiving information on the availability and the procedure for application of risk management methods and procedures established in the Bank of Russia.
<b>Risk management system revision</b>	Process of assessing the efficiency of the Bank of Russia risk management system, including applied approaches and methodology for managing Bank of Russia risks, and of amending it (if necessary).
<b>Risk map</b>	Graphical depiction of the Bank of Russia's risk profile used to prioritise (rank) risks. As a rule, it is a two-dimensional representation of risks in a grid (5x5, 4x4, etc.) with a degree of impact on one axis and likelihood of occurrence on the other axis.
<b>Risk metrics</b>	Indicators that characterise level of the Bank of Russia risk.
<b>Risk mitigation (level decreasing, minimisation)</b>	Response to Bank of Russia risk that means the implementation of measures to mitigate the likelihood and (or) impact of the Bank of Russia risk in order to adjust it to the acceptable level.
<b>Risk monitoring</b>	Process of monitoring Bank of Russia risks, including their level, their conformity with the acceptable level, implementation of risk response measures and control procedures, efficiency of these measures and procedures, as well as the analysis of the external environment.
<b>Risk object</b>	The Bank of Russia's business process, tangible or intangible asset exposed to risk.

<b>Risk description</b>	Structured description of elements of Bank of Russia risks.
<b>Risk owner</b>	The Bank of Russia management, the collegial body, the Bank of Russia division, and the authorised the Bank of Russia employee, holding the authority and responsibility for the Bank of Russia risk management in compliance with the Bank of Russia regulations and other acts.
<b>Risk prioritisation (ranking)</b>	Process of determining the most significant Bank of Russia risks guided by their level.
<b>Risk profile</b>	Composition of risks inherent to the Bank of Russia, its division, specific function/business line or business process.
<b>Risk register</b>	Structured list of information on the identified Bank of Russia risks.
<b>Risk reporting</b>	Structured form for communicating information on the Bank of Russia risks and their management to internal or external users.
<b>Risk response</b>	Process of taking decision on actions to address Bank of Russia risks. Responses may include risk mitigation (level decreasing, minimisation), risk transfer, risk financing, risk avoidance, and risk acceptance. Response measures are specific actions taken to implement the said risk response.
<b>Risk taxonomy</b>	Categorisation that ensures systemic approach to the Bank of Russia risks data analysis through determining the types (groups) of risk events, causes and consequences of risk materialisation, and other categories used in the Bank of Russia.
<b>Risk transfer</b>	Response to Bank of Russia risk that means a decision to transfer all or a part of consequences of the risk materialisation to a third-party organisation or individual. Insurance (hedging) is the main form of risk transfer.
<b>Hazard (threat)</b>	Source of potential harm.
<b>Uncertainty</b>	Inability to know something for sure and in advance on the back of the lack or insufficiency of information.
<b>Validation</b>	In the Bank of Russia risk management, the term may have the following meanings: <i>data validation</i> is a process of analysing data on risks or risk events for their completeness and adequacy on the aggregative basis; <i>validation of the risk assessment models</i> is a process of independent testing and assessment of risk assessment models applied in the Bank of Russia aimed at confirming their specifications and conformity of these models with the purposes of their development and application.
<b>Verification</b>	Process of the follow-up check for completeness and correctness of data related to a specific risk or risk event of the Bank of Russia.