

## **Terms of Reference of Risk Management Committee**

1. To formulate a detailed risk management policy which shall include:
  - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c) Business continuity plan.
2. To provide guidance and help to set the tone to promote a strong risk culture;
3. To review and recommend for Board approval overarching risk policies and frameworks;
4. To set the 'Risk Appetite/Limit' of the Company based on its 'Risk Capacity' and to review risk profile in relation to approved risk appetite limit;
5. To review the status of Risk Appetite Framework, stress test results, ICAAP outcomes in terms of level and direction of various risks (both financial & non-financial risks) as well as the adequacy of capital on a periodic basis;
6. To review Credit, Financial & Liquidity, Debt Management, Operational & Service, Technology, ESG (including climate risk), Reputational & Market (investment), Outsourcing risk and other risk associated with the business of the Company;
7. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
8. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
9. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
10. To approve new product programs, novel and non-customary product/features and critical changes in the Product program;
11. To review the credit risk limits/ ceilings viz. single/ group borrower, industry concentration, rating distribution etc. ensuring risk is prudentially diversified, and monitor adherence to the limits/ ceilings;
12. To review the credit portfolio quality/ composition/concentration across retail portfolios;
13. To review the treasury portfolio and risk metrics in line with approved Investment Policy;

14. To oversee the implementation of Operational Risk Management and Operational Resilience framework and review the same from time to time;
15. To decide the composition as well as the mandate of various senior management level sub committees to assist the Committee in overseeing the risk management, if required;
16. To Monitor Key Risk Indicators (KRIs) to identify potential risk events and Key Performance Indicators (KPIs) to assess the effectiveness of security controls defined by Payment System Operators;
17. To provide guidance on emerging risks;
18. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
19. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
20. To review the risk management organisation / architecture at least annually with respect to the functions under risk management group, resourcing of the functions, competency / qualification of the staff etc;
21. Meet at least on a quarterly basis with the Chief Risk Officer without the presence of the senior management (including the MD & CEO/WTD) to foster open communication; and
22. Such other matters as may be directed by the Board from time to time.
23. To monitor and oversee risk associated with Company's policies and practices with respect to data privacy, data security and artificial intelligence.
24. To review and recommend for Board approval the limits for treasury operations and monitor adherence to these limits.
25. To review and recommend for Board approval Credit Authority delegation.
26. To monitor the quality of risk management/ measurement models for various risks through back testing results/external benchmarking etc.
27. To review the nature / quantum of material risks faced by the subsidiaries.