

AU Small Finance Bank Limited

Risk Management Policy

July 2024

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1. Introduction, Scope & Objectives

AU Small Finance Bank Limited (hereinafter referred to as “the AU SFB”) aims to operate within an effective risk management framework to actively manage all the risks faced by the Bank, in a manner consistent with its risk appetite. Au SFB aims to establish itself as an industry leader in the management of risks and strive to reach the efficient frontier of risk and return for itself and its shareholders, consistent with its risk appetite¹.

This document aims to establish a risk culture and risk governance framework to enable identification, measurement, mitigation and reporting of risks within the Bank in line with the following guiding principles:

- i. Promotion of a robust risk culture by ensuring that risks are clearly understood, measurable and manageable
- ii. Accountability of risk management of the Bank
- iii. Senior Management engagement with each business vertical
- iv. Diversification of risk across business lines, geographies, and customer segments
- v. Objective matrix help to gauge the risk and articulate the company’s risk appetite. These measures include capital and earnings ratios, market and liquidity risk limits and credit and operational risk targets
- vi. Risk-taking shall be within a clearly defined risk appetite. The alignment of risk appetite and business strategy would be a combined process between Risk and Business Units². Risk-taking units shall be aware of the risks related to the origination of respective businesses and the risk managing units shall ensure adequate processes are implemented to identify, measure, monitor, report and mitigate these risks
- vii. Risk managers shall be empowered to take decisions and it will be ensured that they escalate issues at appropriate forum/committee
- viii. Expertise and independence of Risk managers shall be ensured

This document shall be approved by the Board of Directors and shall be reviewed at least annually.

2. Risk Culture

The Bank seeks to promote a strong risk culture throughout the organization. A strong risk culture is designed to help reinforce the Bank’s efforts by encouraging a holistic approach to the management of risk and return throughout the organization as well as the effective management of the Bank’s risk, capital and reputation. The Bank shall be involved in risks in connection with its businesses and the following principles underpin risk culture within the organization:

- i. Every risk taken needs to be approved or within the risk management framework
- ii. Risk is taken within a defined risk appetite
- iii. Risk should be continuously monitored and managed

¹ The ‘ICAAP’ Policy contains a section which discusses the risk appetite in more detail and associated tolerance limits

² Risk units refer to the risk managing units that monitor and manage the risk exposures under the second line of defense, while Business units refer to the risk-taking units that originate the exposures.

- iv. Each business vertical is responsible for the development and execution of business plans that are aligned with the company risk's management and are accountable for the risks they incur
- v. Management team ensures that the inherent risks in each business vertical are comprehensively evaluated, mitigating controls built into the underwriting process and remedial measures put in place
- vi. Documented policies and procedures along with regular training programs and reviews ensures that these are uniformly understood by all employees across the organisation

Employees at all levels are responsible for the management and escalation of risks. AU SFB expects employees to exhibit behaviours that support a strong culture to mitigate risk. To promote this, it will strive towards incorporating risk management culture across all levels in the organisation.

The risk management culture of AU SFB will be supported by the following aspects:

- **Tone at the top:** Tone at the top refers to the senior management's communication of risk appetite statements, risk limits and risk strategy and using them to identify and prioritise appropriate risk behaviours required for building desired risk culture.
- **Accountability:** Accountability refers to clear and transparent communication of roles and responsibilities to committees and staff members across the three Lines of Defence (LOD) essential for effective risk governance, i.e., front office functions, risk management & oversight and Internal Audit (IA) roles are played by functions independent of one another with clearly defined responsibilities.

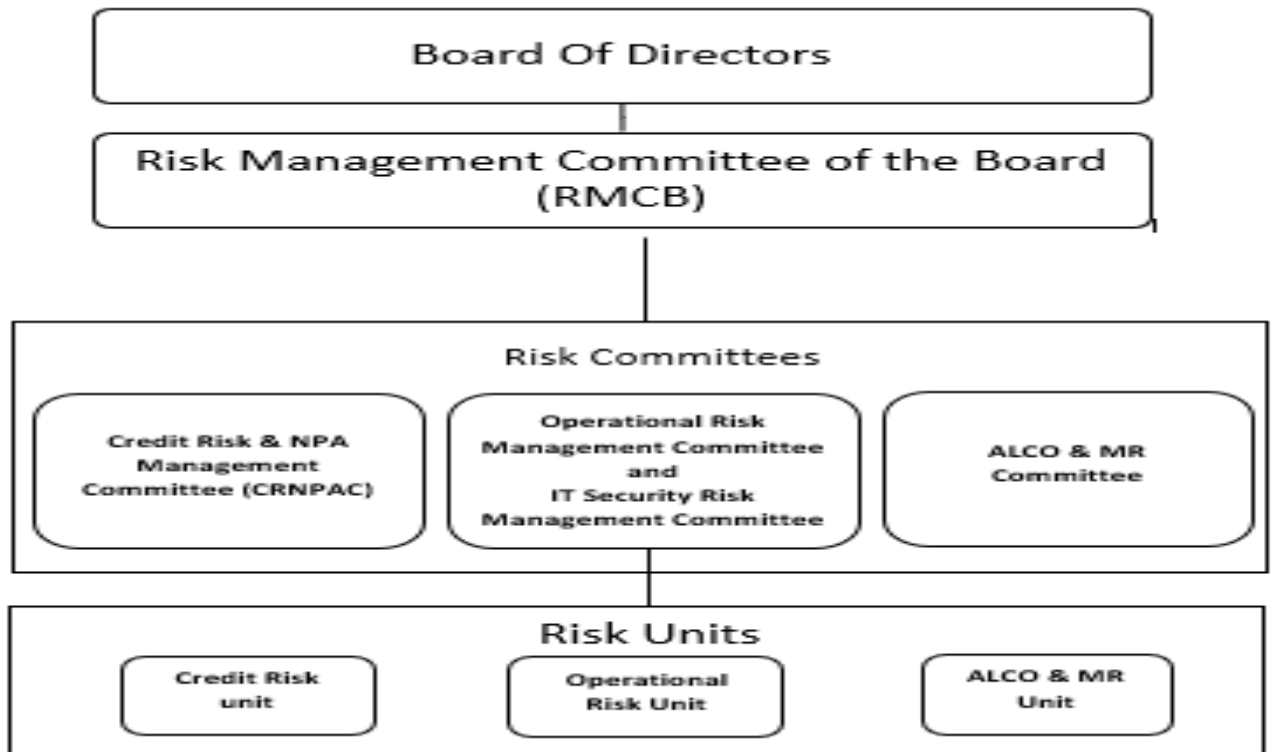
3. Risk Governance

The Bank has set up a robust risk governance framework based on the following key principles:

- i. While the Board of Directors will be responsible for overall governance and oversight of core risk management activities, execution strategy will be delegated to the Risk Management Committee of the Board (RMCB) and further sub-delegated to Credit Risk & NPA Management Committee (CRNPAC), Operational Risk Management Committee (ORMC), Asset & Liability Management Committee (ALCO), Investment Committee, Committee for Outsourcing of IT & Financial Services and IT Security Risk Management Committee.
- ii. Segregation of duties across the 'three lines of defence' model, whereby front-office functions, risk management & oversight and Internal audit roles are played by functions independent of one another
- iii. Risk strategy is approved by the Board and reviewed on an annual basis and is defined based on the Bank's risk appetite in order to align risk, capital and performance targets
- iv. All major risk classes are managed through focused and specific risk management processes; these risks include credit risk, market risk, operational risk and liquidity risk. As the Bank gains sophistication in risk management, it shall put in place advanced risk management models to commensurate with the size, scale and complexity of its business.
- v. Policies, processes and systems shall be put in place to enable the risk management capability

- vi. The Risk department / function shall have appropriate representation on management committees of the Bank and its respective businesses to ensure risk view is taken in to consideration in business decisions.
- vii. Risk monitoring, stress testing tools and escalation processes shall be established to monitor the performance against approved risk appetite
- viii. The Bank should have a risk appetite document which is presented and approved by the Risk Management Committee of the Board”

Based on the above guiding principles, the risk governance framework of the Bank comprises of the following:



3.1 The Board of Directors

The Board has the ultimate responsibility for the Bank’s risk management framework. The Board is principally responsible for approving the Bank’s risk appetite, risk tolerance and related strategies and policies.

The key responsibilities of the Board of Directors related to overall risk management of the Bank include:

- i. Approving and annually reviewing the Bank’s risk appetite, risk tolerance and related strategies
- ii. Approving the business and risk governing policies and frameworks as required
- iii. Ensuring the establishment of a robust risk management culture by delegating responsibilities to appropriate management authorities and fixation of accountability thereof
- iv. Assessing the adequacy of capital needed to support business activities undertaken by the Bank

- v. Providing adequate guidance and supervision for decisions taken by the Risk Management Committee of the Board (RMCB)

To ensure that the Bank has a sound system of risk management and internal controls in place, the Board has established the RMCB. The RMCB assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes and controls.

3.2 Risk Management Committee of the Board (RMCB)

The Board has delegated authority to the RMCB for oversight and review of the risk management in the Bank. The key responsibilities of the Risk Management Committee of the Board (RMCB) relating to overall risk management of the Bank include:

- i. Scope of work covered under credit risk management policy including adequacy and monitoring of risk limits for various actions of the Bank to be covered under risk management committee.
- ii. Review of compliance of NPA management policy.
- iii. Review, approve or recommend and periodical updation of policies, strategies and frameworks for the management of risk to the Board for their review/approval
- iv. To ensure that the procedures for identifying, measuring, monitoring and controlling risks are in place
- v. Approve the risk appetite and any revisions to it with proper reasoning.
- vi. Sub-delegate its powers and discretions to executives of the SFB, with or without power to delegate further and fixing of accountability and to ensure that the delegated powers are duly exercised
- vii. Ensure appropriate risk organisation structure with authority and responsibility clearly defined, adequate staffing, and the independence of the Risk Management function
- viii. Provide appropriate and prompt reporting to the Board of Directors in order to fulfil the oversight responsibilities of the Board of Directors.
- ix. To continuously scan the environment for new and emerging risk coming up including changes in regulation/rules which could impact the performance of the Bank.
- x. Review reports from management concerning the Au SFB's risk management framework (i.e. principles, policies, strategies, process and controls) and to ensure that same is being communicated throughout.
- xi. Review reports from management concerning changes in the factors relevant to the SFB's projected strategy, business performance or capital adequacy
- xii. Review reports from management concerning implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational change, and all other major initiatives, in order to monitor them.

- xiii. To review report on fraudulent transactions relating to internet banking and pointing out the deficiencies in the existing system including steps taken to prevent such cases under operational risk.
- xiv. Ensure adherence to the extant internal policy guidelines and also regulatory guidelines published time to time
- xv. Review performance and set objectives for the Chief Risk Officer (CRO) and ensure the CRO has unfettered access to the Board.
- xvi. To review, consider and recommend to Nomination & Remuneration Committee (NRC) performance assessment of Chief Risk Officer (CRO) of the Bank.
- xvii. Oversee statutory / regulatory reporting requirements related to risk management
- xviii. Monitor and review capital adequacy computation with an understanding of methodology, systems and data
- xix. Approve the stress testing results / analysis and monitor the action plans and corrective measures periodically in line with internal guidelines
- xx. Monitor and review of non-compliance, limit breaches, audit / regulatory findings, and policy exceptions with respect to risk management as well as frauds, potential losses
- xxi. Oversee the working of the Credit Risk & NPA Management Committee (CRNPAC), Asset & Liability Management Committee (ALCO), Investment Committee, Operational Risk Management Committee (ORMC), Committee for Outsourcing of IT & Financial Services and IT Security Risk Management Committee.
- xxii. Assign clear accountability and responsibility for management of Outsourcing activities in the Bank
- xxiii. Assign clear accountability and responsibility of business verticals for Business Continuity arrangement in the Bank
- xxiv. Review and approve Information Security Policy of the Bank
- xxv. Review and ensure that all systems are being implemented in Au SFB with adequate security controls
- xxvi. Review Information security event sand security-related audit items periodically
- xxvii. Review of any other risk related activities/events

The RMCB will be supported by the following entities to facilitate effective execution of the above responsibilities:

- Credit Risk & NPA Management Committee (CRNPAC) - 1
- Credit Risk & NPA Management Committee (CRNPAC) - 2
- Asset Liability Management Committee (ALCO)

- Operational Risk Management Committee (ORMC)
- IT Security Risk Management Committee
- Investment Committee
- Committee for Outsourcing of IT & Financial Services

The following matters shall be reported to the Committee:

1. Matters relating to non-compliance, limit breaches and audit/regulatory findings to be reported to the Committee including measures proposed/taken by management to regularise the same and future mitigation measures and regulatory reporting if any made.
2. Methodology, systems and data related to capital adequacy computation to be reported to the Committee
3. All risk management policies, principles, strategies, processes and controls will be reported to the committee by the Credit risk & NPA Committee.

The Committee Chairman shall report to the Board about its activities/ proceedings. Action taken reports on the queries asked by the Board after each meeting on all matters within its duties and responsibilities.

3.3 Credit Risk & NPA Management Committee (CRNPAC)

The Credit Risk & NPA Management Committee is responsible for overseeing implementation of credit risk management framework across AU and providing recommendations to the RMCB. The roles and responsibilities of the Credit Risk & NPA Management Committee of AU are as below:

- i. Report to the Risk Management Committee of Board (RMCB) on the credit risk profile and related areas.
- ii. Ensure that the risk appetite of the organisation is clearly articulated, and credit culture is embedded in line with the risk appetite.
- iii. Monitor credit risks on a Bank-wide basis and ensure compliance with the Board-approved risk parameters/prudential limits and monitor risk concentrations
- iv. Review and recommend strategies for new processes / systems and procedures introduced from time to time, and may have an impact on credit risk
- v. Review and manage potential risks which may arise from regulatory changes/ or changes in the economic / political environment in order to keep pace with the required changes.
- vi. Ensure implementation of the Credit and Credit Risk Management Policies approved by the Board
- vii. Review and approve policy framework to document target market, risk acceptance criteria, approval authentication and credit follow-up procedures
- viii. Ensure that the proactive policies, emphasizing good quality credit analysis and loan monitoring are adopted across the bank
- ix. Review and approve the development and implementation of Credit Risk methodologies
- x. Review the norms for single borrower, group borrowers and sectoral deployment of funds and ensure that all such norms are being followed by the respective business units
- xi. Formulate, review, and revise policies and procedures for granting credit facilities, subject to approval of RMCB, whilst ensuring compliance with all statutory and regulatory requirements.
- xii. Recommend the delegation of powers / deviations related to credit programs limits to the RMCB for approval and establish accountability for the same

- xiii. Review large exposures
- xiv. Review monitoring and risk control systems by ensuring effective loans review mechanism and portfolio management
- xv. Monitor, review and renew portfolio exposures and inherent concentration risk(s) to ensure that the Bank maintains a well-diversified and healthy portfolio
- xvi. Review portfolio evaluation, rapid portfolio reviews and scenario analysis to test the resilience of the loan portfolio
- xvii. Review and approve post sanction surveillance procedures, escalation and follow-up matrix
- xviii. Monitor and review the systems for identification of accounts showing pronounced credit weakness well in advance and monitor the cause of action for such accounts
- xix. Review credit limits from time to time with a view to monitoring and ensuring maintenance of credit and service quality
- xx. Review the Early Warning Signals (EWS) Framework, including the relevance of the signals identified and the completion of action items linked to the triggering of EWS across the credit portfolio.
- xxi. Review and recommend enhancements to the Management Information System (MIS) with respect to the loan portfolio management activities, including monitoring of NPAs and thereby facilitate efficient and effective management decisions on time.
- xxii. Review and recommend the guidelines for portfolio management, system for restructuring of problem loans, follow-up procedures, and provisioning of non-performing loans and advances
- xxiii. Ensure that the Bank has a regimented collection management framework to meet requirements of the retail portfolio.
- xxiv. Review NPA status, highlight unfavourable trends / issues to recovery department and recommend in expediting specific recoveries. Further, agree and monitor suitable action plans and take remedial actions for unresolved issues and unattended actions
- xxv. Oversight of the ICAAP process, including challenging the ICAAP and its underlying assumptions
- xxvi. Identification of new material risk(s), evaluating the level and trend of material risks and their effects on capital levels
- xxvii. Ensuring effectiveness of the stress testing framework in meeting its intended purpose
- xxviii. Reviewing the scope of coverage of the stress testing framework, risk factors, stress scenarios and the levels of stress applied

3.4 Asset Liability Management Committee (ALCO)

Primary responsibility of the ALCO is to review and ensure compliance with policies, frameworks, internal limits and regulatory limits. The ALCO shall review the net interest income of the Bank as well as the asset-liability position. The key responsibilities of the Asset Liability & MR Committee (ALCO) relating to overall risk management of the AU SFB include:

Strategic roles

- i. Review and approve on the pricing / interest rates to be given for deposits and decision on the penalty in prepayment on the same (Savings and Term)
- ii. Review of Peer Deposit Rate – Retail, Bulk & Savings
- iii. Detail Analysis of Deposit Profile, future maturities and strategic plan for Rollover and Fresh Deposit.
- iv. Constant engagement with Various Liability team for mobilization of Deposits

- v. Projecting 3 months fund position and reviewing the short borrowing and capital planning including issuance of capital and borrowing instruments, as and when such proposals are put up to the Committee
- vi. To Review, Monitor, and forecast Overall & Incremental Cost of Borrowing
- vii. Reviewing Contingency Fund Planning for the bank
- viii. Reviewing Treasury borrowing Plan to bridge balance sheet mismatch through diversified sources and assess the ability of raising funds within stipulated time for all business requirements.
- ix. Review the market risk profile and asset liability profile of the Bank and ensure compliance with established mismatch limits and liquidity gaps
- x. Review and approve the MCLR / EBR to be offered for loans and advances
- xi. Review and approve Fund Transfer Policy and methodology of Bank
- xii. Reviewing Asset verticals projection and plan for appropriate mix of advances
- xiii. Review and approve the ALM & Market Risk Policy of the Bank prior to submitting the same to the Board for approval

Monitoring and Reporting

- i. Approve the funding strategy including contingency funding plan of the Bank.
- ii. Update and review various risk tools and its compliance of regulatory maintenance such as CRR, SLR, LCR, SLS, MVE, NSFR, CD ratio etc.
- iii. Ratify breaches, if any, to these policies including excess negative gaps, and ALM risk limits etc. and table the same to the Board for approval
- iv. Review and recommend revision in tolerance limits applicable on Treasury, Market Risk and ALM, to the Board, as deemed necessary
- v. Review and approve the methodology and bucketing assumptions, including changes, if any, used for preparation of ALM reports.
- vi. Consider and approve any other ALCO related matter that might be required or introduced by RBI or otherwise

3.5 Operational Risk Management Committee (ORMC)

The Operational Risk Management Committee is responsible for overseeing implementation of the operational risk management framework across AU SFB and providing recommendations to the RMCB. The roles and responsibilities of the Operational Risk Management Committee of AU SFB are as below:

- i. Review and approve policies, products / processes / systems & procedures etc. involving Operational Risk, Fraud Risk elements introduced from time to time
- ii. Review the risk profile, understand future changes and threats, and prioritize action steps
- iii. Review and approve the development and implementation of risk methodologies and tools, including assessments, reporting, capital and loss event databases
- iv. Review and manage potential risks which may arise from regulatory changes/ or changes in economic / political environment in order to keep pace with the required changes
- v. Review and approve suitable controls/ mitigants for managing Operational Risk and Fraud Risk
- vi. Promote a risk awareness culture within the Bank and communicate to business areas and staff, the importance of Operational Risk Management
- vii. Review new products /processes and any modifications in products / processes to highlight Operational Risks in them.

- viii. Review the tolerance limits of the Bank and take adequate action in the event of any breach of the limit.
- ix. Review IT related risks including the Cyber Security related risks, periodically in consultation with the ITSC and update the same at least on a yearly basis.

Refer 'Credit Risk Management Policy', 'Assets Liability & Market Risk Management Policy', 'Operational Risk Management Policy' of the SFB for details of roles and responsibilities of the Credit risk unit, Market risk unit and Operational risk unit respectively.

3.6 Committee for Outsourcing of IT and Financial Services

The roles and responsibilities of Committee for Outsourcing of IT and Financial Services are as below:

1. Develop and implement sound and prudent outsourcing policy and procedures commensurate with the nature, scope, and complexity of outsourcing activities.
2. Undertake periodic reviews of outsourcing arrangements for their continued relevance, safety, soundness and to identify new material outsourcing risks, if any.
3. Ensure a central record of material outsourcing that is readily accessible for review by the Board and Senior Management and the records are updated promptly and half yearly reviews are placed before the Board.
4. Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements
5. Implement internal guidelines covering aspects such as material outsourcing, business continuity, management of Disaster Recovery Plan (DRP), and self-assessment of existing and proposed outsourcing arrangements.
6. Reporting to RBI for outsourcing of functions which are significant in nature, or where extensive data sharing is involved across geographical location as part of technology / process outsourcing and when data related to Indian operations are stored/processed abroad.
7. Review customer grievances pertaining to activities outsourced and the redressal mechanism
8. Ensuring that there is independent review and audit for compliance with set policies.
9. Review the implementation of the outsourcing policy.
10. Communicate information pertaining to material outsourcing risks to the Board on an annual Basis.
11. Periodically review the information security risks, business continuity and disaster recovery aspects pertaining to outsourcing activities.
12. Approve and review specific internal guidelines for empanelment of OSP.
13. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
14. Undertake a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
15. Ensure transparent and timely communication of information pertaining to outsourced activities to the relevant stakeholders
16. Ensure vendor maintains privacy and confidentiality of customer information.

3.7 Investment Committee

The roles and responsibilities of Investment Committee are as below:

- Have overall supervision and control of activities undertaken by treasury department
- Approve recommendations for any changes in investment policy and submit to the Board for approval/ratification
- Take decisions on the SLR and Non SLR investments to be made by the bank in permitted securities as approved by the Board
- Permit transfer of securities between HTM to AFS portfolio as per guidelines of RBI
- Delegate powers to designated individuals as it may deem fit to effectively manage the activities including permission to deal in eligible securities
- Approve investments beyond the permitted limit as may be delegated to designated desk/individuals
- Review the investment portfolio on a monthly basis, or on more frequent basis as deem fit
- Review and approve the exceptions along with action plans as presented by Treasury Team.
- Review and Approve implementation of Special instruments or guidelines introduced by RBI from time to time viz. LTRO, TLTRO etc
- Review & monitor adherence of various market risk limits such as PV01, stop loss, etc and present the status to the committee.
- Table the limit breaches to the committee and Review whether appropriate and timely actions were taken by the treasury to handle the limit breaches
- Update management about the Market outlook on a regular basis, discuss the outcome of Monetary Policy Committee and its impact on Market and on our banks portfolio
- Review and approve the exceptions along with action plans as presented by Treasury Business Team
- Any matter incidental to the above scope or necessary to support objectives of the Investment Committee.

3.8 IT Security Risk Management Committee

The roles and responsibilities of IT Security Risk Management Committee are as below:

- i. Review and approve policies, products / processes / systems & procedures etc. involving IT&IS Risk elements introduced from time to time.
- ii. Review the risk profile, understand future changes and threats, and prioritize action steps.
- iii. Review and approve the development and implementation of risk methodologies and tools, including assessments, reporting.
- iv. Review and manage potential risks which may arise from regulatory changes/ or changes in economic / political environment in order to keep pace with the required changes.
- v. Review and approve suitable controls/ mitigate for managing IT&IS Risk.
- vi. Review the tolerance limits of the Bank and take adequate action in the event of any breach of the limit.

3.9 Roles and Responsibilities of Chief Risk Officer (CRO)

- i. Responsible for enabling the efficient and effective governance of significant risks, to a bank and its various business segments.

- ii. Responsible for development and implementation of the Risk methodologies for risk identification, assessment, measurement, monitoring and mitigation Including new products / process and outsourcing.
- iii. Responsible to drive technology improvements such as real-time transactional risk capabilities and customer-facing tools.
- iv. To control, monitor, understand future changes, threats and prioritize actions to mitigate the potential risks within the approved risk parameters.

- v. Proactively review and manage potential risks which may arise from regulatory changes/or changes in economic /political environment and also from introduction of new products, systems and processes.
- vi. Empowered to make all decisions on risk management issues that directly impact the strategic direction of the company and monitor the progress of risk management activities.
- vii. Work in a highly cross-functional environment to build end-to-end programs, partnering closely with Product Development, Customer Service, Operations, Sales, Finance, and central teams.
- viii. Take corrective measures to mitigate problems discovered in audit and risk review.
- ix. Manage the process for developing risk policies and procedures, risk limits and approval authorities.
- x. Develop and maintain a Bank-wide framework for risk management so that business and support functions can consistently identify, assess and respond to internal and external changes in operating environment.
- xi. Ensuring that line and executive management maintains an ongoing understanding of risks and participates in related risk management activities.
- xii. CRO shall work only in Advisor capacity in the committees (invitee not having voting rights) that deal with decisions pertaining to credit sanctions and investment.

There shall not be any ‘dual hatting’ i.e., the CRO shall not be given the responsibility of Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of the internal audit function or any other function

4. Appendices

Section No.	Title
4.1	Constitution of the Risk Management Committee of the Board (RMCB)
4.2	Constitution of the Credit Risk & NPA Management Committee
4.3	Constitution of the ALCO & Market Risk Management Committee
4.4	Constitution of the Operational Risk Management Committee
4.5	Constitution of IT Security Risk Management Committee
4.6	Constitution of Investment Committee
4.7	Constitution of Committee for Outsourcing of IT and Financial Services

4.8	References to key regulatory circulars
4.9	Glossary

4.1 Constitution of Risk Management Committee of the Board (RMCB)

Below is the constitution of the RMCB at AU SFB:

Chairperson	<p>Non-Executive Independent Director who shall not be chair of the Board or any other committee of the board.</p> <p>The Chairperson of the Committee shall not be a member of any Committee of the Board which has a mandate of sanctioning credit exposures.</p> <p>In case of absence of Chairperson in any meeting, the committee may elect Chairperson, among the present members, for that meeting.</p>
Membership	Risk Management Committee shall have minimum three members and majority of NEDs
Frequency of Meeting	As per applicable regulatory/business requirements
Quorum	The quorum for a meeting of the Risk Management Committee shall be 3 members of the committee. At least half of the members attending the meeting of the RMCB shall be independent directors of which at least one member shall have professional expertise/ qualification in risk management.
Invitees	Invitees shall be as per applicable regulatory/business requirements.

4.2 Constitution of the Credit Risk & NPA Management Committee (CRNPAC)- 1 & 2

Chairperson, Members, Frequency & Quorum of the CRNPAC-1 and CRNPAC-2 shall be as per the committee charter approved by MD & CEO time to time. Committee charter shall be part and parcel of this policy.

4.3 Constitution of the Asset Liability Management Committee (ALCO)

Chairperson, Members, Frequency & Quorum of the ALCO shall be as per the committee charter approved by MD & CEO time to time. Committee charter shall be part and parcel of this policy.

4.4 Constitution of the Operational Risk Management Committee (ORMC)

Chairperson, Members, Frequency & Quorum of the ORMC shall be as per the committee charter approved by MD & CEO time to time. Committee charter shall be part and parcel of this policy.

4.5 Constitution of IT Security Risk Management Committee

Chairperson, Members, Frequency & Quorum of the IT Security Risk Management Committee shall be as per the committee charter approved by MD & CEO time to time. Committee charter shall be part and parcel of this policy.

4.6 Constitution of Investment Committee

Chairperson, Members, Frequency & Quorum of the Investment Committee shall be as per the committee charter approved by MD & CEO time to time. Committee charter shall be part and parcel of this policy.

4.7 Constitution of Committee for Outsourcing of IT and Financial Services

Chairperson, Members, Frequency & Quorum of the Committee for Outsourcing of IT and Financial Services shall be as per the committee charter approved by MD & CEO time to time. Committee charter shall be part and parcel of this policy.

4.8 Abbreviation Key

No.	Abbreviation	Description
1.	ALCO	Asset Liability Management Committee
2.	CRO	Chief Risk Officer
3.	CFO	Chief Financial Officer
4.	CCO	Chief Compliance Officer
5.	CISO	Chief Information Security Officer
6.	CRNPAC	Credit Risk & NPA Management Committee
7.	CEO	Chief Executive Officer
8.	ED	Executive Director
9.	LOD	Lines of Defence
10.	MD	Managing Director
9.	ORMC	Operational Risk Management Committee
10.	RMCB	Risk Management Committee of the Board
11.	SFB	Small Finance Bank

4.9 References to key regulatory circulars

No.	Circular	Issue Date
(i)	RBI Master Circular – Wilful Defaulters	July 1, 2014 (Updated up to January 07, 2015)
(ii)	Annexure 1 (Para 2.9) of the “RBI guidance note on management of Operational Risk”, 2005	October 14, 2005
(iii)	Section 2.1 of the “SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS”, 2015	September 2, 2015
(iv)	RBI Guidance Notes on Management of Credit Risk and Market Risk, 2002	October 12, 2002
(v)	Paragraph 6 of RBI Circular on “Liquidity Risk Management by Banks” ,2012	November 7, 2012
(vi)	RBI Guidelines on Asset Liability Management System	February 10, 1999, October 24, 2007, and April 9, 2008
(vii)	RBI Notification on Liquidity Risk Management in Bank	November 7, 2012
(viii)	Master Circular on Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) Accounts	July 01, 2015
(ix)	Master Circular on Interest Rates on Advances	July 01, 2015
(x)	RBI Notification on Base rate computation based on Marginal Cost of Funds for Interest Rates on Advances	December 17, 2015
(xi)	RBI Guidance Note - Market Risk	October 10, 2002
(xii)	Master Circular – Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks	July 01, 2015