

CHARTER OF RISK MANAGEMENT COMMITTEE OF THE BOARD

The Jana Small Finance Bank Limited has in place the Risk Management Committee as required by RBI.

Chairman: The Chairman of the Risk Management Committee shall be an Independent Director and who is elected by the members of the Committee.

Composition: Minimum 3 (three) members with the majority of directors to be independent directors.

Secretary : The Company Secretary of the Bank shall act as the Secretary to the Committee.

Meetings and Quorum: The Risk Management Committee shall meet quarterly and at least four times in a year (as per RBI guidelines)

The quorum shall be either two members or one third of the members of the Committee whichever is greater.

Terms of reference:

The Committee of the Bank will be governed by the terms of reference as specified by SEBI LODR Regulations and applicable provisions of Banking Regulation Act, 1949 (As amended), applicable RBI guidelines/ circulars/ notifications issued from time to time and any other applicable law or enactment for the time being in force and issued by Board from time to time.

- a. To ensure that all the current and future material risk exposures of the Bank are assessed, identified, quantified, appropriately mitigated and managed;
- b. To establish a framework for the risk management process and to ensure its implementation in the Bank;
- c. To ensure that the Bank is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- d. Review and recommend changes, from time to time, to the Risk Management plan and/ or associated frameworks, processes and practices of the Bank;
- e. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
- f. Perform other activities related to this charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.
- g. Evaluate overall risks faced by the bank and determining the level of risks which will be in the best interest of the bank.
- h. Identify, monitor and measure the risk profile of the bank.
- i. Develop policies and procedures, verify the models that are used for pricing complex products, review the risk models as development takes place in the markets and also identify new risks.
- j. Design stress scenarios to measure the impact of unusual market conditions and monitor variance between the actual volatility of portfolio value and that predicted by

the risk measures.

- k. Monitor compliance of various risk parameters by operating Departments.
- l. Review the outsourcing functions of the Bank
- m. Review of risk management practices, procedures and systems to ensure that same are adequate to limit all potential risks, faced by the bank to prudent levels (Annually). (Risk Management Framework to be reviewed for adequacy).
- n. Limit Management Framework to be defined by outlining of the tolerance limits. Any exceptions and breaches to be reported on a quarterly basis.
- o. To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
- p. Overseeing the effectiveness of the Early Warning System (EWS) and Risk Framework Assessment (RFA).
- q. Establishing an appropriate Turnaround Time for examining EWS alerts, preferably not exceeding 30 days.
- r. Assessing the remedial actions initiated by the bank in response to EWS alerts during periodic reviews.
- s. Ensuring the integrity, robustness, and consistency of outcomes produced by the EWS/RFA framework.

The roles and responsibilities of the Risk Management Committee shall further mandatorily include the performance of functions specified in Part D of Schedule II of the SEBI Listing Regulations, 2015 including, inter alia, the following: will insert

- i. 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.
- ii. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;
- iii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- iv. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- v. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- vi. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down

by the board of directors”

The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.