FINALEAP FINSERV PRIVATE LIMITED

RISK MANAGEMENT POLICY

DOCUMENT VERSION HISTORY

Version	Effective Date	Review	Approving Authority	Policy Owner
V 1.0	01-08-2026	Annual	Board of Directors	Compliance Officer

1 PREFACE AND OBJECTIVE

Reserve Bank of India (RBI), vide its Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and related guidance on corporate governance and risk management, requires Non-Banking Finance Companies (NBFCs) to put in place a Board-approved risk management framework commensurate with the size, complexity and risk profile of their business.

Finaleap Finserv Private Limited ('Company') has accordingly adopted this Risk Management Policy ('Policy') to identify, assess, measure, monitor, control and report the material risks arising from its lending and related business activities, and to embed a sound risk culture across the organisation.

The objective of this Policy is to:

- Establish a structured framework for identifying and managing risks across the Company's operations;
- Define the roles and responsibilities of the Board, Risk Management Committee and senior management in risk oversight;
- Ensure risks are maintained within the Company's risk appetite through appropriate limits, controls and reporting; and
- Support informed decision-making and safeguard the interests of stakeholders, including borrowers, lenders and shareholders.

2 RISK MANAGEMENT FRAMEWORK AND GOVERNANCE STRUCTURE

a) Board of Directors: The Board has ultimate responsibility for risk governance. It approves this Policy, sets the Company's overall risk appetite, and reviews the adequacy and effectiveness of the risk management framework at least annually.

b) Risk Management Committee (RMC): The Board shall constitute a Risk Management Committee (directly or as a function of an existing Board Committee, depending on the Company's scale of operations) to oversee identification, assessment and mitigation of risks, review risk reports, and recommend risk limits and policies to the Board.

c) Senior Management: Senior management is responsible for implementing this Policy, embedding risk controls into day-to-day operations, and escalating material risk events to the Risk Management Committee and the Board in a timely manner.

d) Risk Management Function: The Company shall designate personnel or a function responsible for coordinating risk identification, monitoring key risk indicators, maintaining risk registers, and preparing periodic risk reports for management and the Board.

e) Three Lines of Defence: Risk is managed through (i) business/operational teams who own and manage risk in the first instance, (ii) the risk management and compliance function which sets policy and monitors adherence, and (iii) internal audit which provides independent assurance on the effectiveness of controls.

3 CATEGORIES OF RISK

1. Credit Risk

Credit risk is the risk of loss arising from a borrower's or counterparty's failure to meet contractual obligations. The Company manages credit risk through Board-approved credit policies covering customer eligibility, underwriting standards, collateral and security requirements, exposure limits (including single-borrower and group limits), portfolio diversification across products and customer segments, and periodic review of asset quality, delinquency trends and provisioning in line with applicable regulatory norms.

2. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events, including fraud. The Company manages operational risk through documented standard operating procedures, segregation of duties, internal controls and approval hierarchies, employee training, fraud monitoring mechanisms, business continuity and disaster recovery planning, and periodic internal audit of key processes.

3. Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due, or can do so only at excessive cost. The Company manages liquidity risk through an Asset-Liability Management (ALM) framework, monitoring of structural and dynamic liquidity gaps, maintenance of diversified funding sources and adequate liquidity buffers, and contingency funding planning, in line with RBI's liquidity risk management guidelines for NBFCs.

4. Market Risk

Market risk arises from adverse movements in interest rates, foreign exchange rates or other market variables that may affect the Company's earnings or the value of its assets and liabilities. The Company monitors its exposure to interest rate risk on its lending and borrowing book, and where applicable, manages any foreign currency exposure through appropriate hedging in line with Board-approved limits.

5. Information Technology and Cyber Security Risk

The Company recognises the growing reliance on technology for its lending operations and the associated risk of data breaches, system failures and cyber-attacks. The Company shall maintain an IT and cyber security framework covering access controls, data protection and privacy, system security testing, incident response and reporting, vendor/third-party risk management, and periodic review by the Board or a designated IT Strategy/Governance Committee, in line with applicable RBI guidelines on IT governance and cyber security for NBFCs.

6. Compliance and Legal Risk

Compliance risk arises from failure to comply with applicable laws, regulations and internal policies, and may result in regulatory action, penalties or reputational harm. The Company manages this risk through a dedicated compliance function, tracking of regulatory changes, periodic compliance certifications, and legal review of material contracts and agreements.

7. Reputational Risk

Reputational risk is the risk of loss arising from negative stakeholder perception of the Company's conduct, products or practices. This is managed through fair customer treatment practices, transparent disclosure of rates and charges, a robust grievance redressal mechanism, and monitoring of customer complaints and market feedback.

8. Concentration Risk

Concentration risk arises from excessive exposure to a single borrower, group, sector, product or geography. The Company monitors portfolio concentration on an ongoing basis and seeks to maintain a diversified portfolio within Board-approved limits.

4 RISK MANAGEMENT PROCESS

a) Identification: Risks are identified across business lines, products and functions through structured risk assessments, incident reporting, audit findings and regulatory/industry developments.

b) Measurement and Assessment: Identified risks are assessed for likelihood and impact, using both quantitative metrics (e.g. delinquency ratios, liquidity gaps) and qualitative judgement, and prioritised accordingly.

c) Monitoring: Key risk indicators are tracked on a periodic basis and reported to senior management and the Risk Management Committee, with material deviations escalated to the Board.

d) Control and Mitigation: Appropriate controls, limits and mitigation measures are put in place for each material risk category, and reviewed periodically for continued effectiveness.

e) Reporting: The Risk Management Committee shall place a consolidated risk report before the Board at such periodicity as the Board may determine, covering the Company's risk profile, limit utilisation, material incidents and emerging risks.

5 RISK APPETITE

The Board shall articulate and periodically review the Company's overall risk appetite – the level and types of risk the Company is willing to accept in pursuit of its business objectives – and ensure that business strategy, product design and growth plans remain consistent with this appetite.

6 ADMINISTRATION, AMENDMENT AND REVIEW OF THE POLICY

This Policy shall be reviewed by the Risk Management Committee and the Board at least annually, or earlier if warranted by regulatory changes, business developments or material risk events. The Board shall be empowered to amend this Policy at its discretion, in accordance with applicable regulations.