



## **The Integrated Risk Management Framework (IRM Framework)**

### **1. The Scope of the IRM Framework**

In order to ensure the soundness of the Bank, we have established a robust and pervasive business enabling risk acceptance and management culture. The Integrated Risk Management Framework documented in this Manual consists of a set of principles that will reinforce and protect this culture. It covers the various existing and potential risk categories, possible sources of such risks, the mechanisms whereby management information is aggregated and reported to identify and monitor all such risks, effective measures to control and mitigate risks at prudent levels and identifies governance structures, committees and officers responsible for such control and mitigation.

The Bank's Framework empowers Management at all levels to develop our business subject to compliance with the principles, responsibilities and detailed policies for managing risks. The Manual describes only the framework and the principles supporting the high-level policies. It seeks to be sufficiently comprehensive to capture all risks to which the bank is or may be exposed and sufficiently flexible to accommodate foreseeable changes in business activities.

### **2. Objectives**

The IRM Framework of Seylan Bank PLC is defined as "The process of identifying, measuring, monitoring and controlling risk with the aim of increasing the value of the bank". It is a core discipline of the bank and encompasses all the activities that affect the bank's risk profile. Risk Management ensures that:

- The officers who take or manage risks clearly understand those risks
- The Bank's exposure is within the limits established by the Board of Directors
- Risk taking decisions are in line with the business strategy and objectives set by the Board
- The expected fully costed returns compensate for the risks taken
- Risk taking decisions are explicit and clear
- Sufficient capital is available to support the risk

#### **Bank's IRMC Framework Defines:**

- Outline the Scope and Responsibilities of the Board Interrelated Risk Management Committee (BIRMC), The Risk Management Committees (EMORMC, ECRMC and ALCO), and the Risk Management off the Bank
- Defines Measurement and Management of Credit, Operational, Market and Liquidity Risk of the Bank
- Defines, Measurement and Evaluation of various other Risks faced by the Bank
- Establish guidelines to meet various applicable regulatory rules and statutes,
- Form a consistent co-policy with other policies of the Bank (investments, lending, Operational, Market and Liquidity Risk etc.)



## **6. Contents of the IRM Framework**

The Integrated Risk Management Framework outlines and is not limited to the following areas in managing the Risk of Seylan Bank PLC:

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