2022

VEDIKA CREDIT CAPITAL LTD

PARTNER IN THE GROWTH OF MICRO ENTREPRENEURS

CONTINGENCY FUNDING PLAN

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PURPOSE

The contingency funding plan provides a framework for THE VEDIKA to evaluate increasingly severe illiquidity situations, and monitor the availability of funding over these scenarios. This plan incorporates hypothetical events that could rapidly affect liquidity, including a sudden inability to securitize assets, tightening of collateral requirements, or other restrictive terms associated with secured borrowings, or the loss of a large depositor or counterparty. The plan outlines actions to be taken should circumstances warrant and provides for a reporting and communications program in the event of a liquidity crisis. Non-compliance with policy limits, the result of the stress tests, or the Vedika's Early Warning System may indicate a level of illiquidity prompting the execution of this Contingency Funding Plan.

Management's response to any stressed liquidity condition will be guided by the amount of calculated liquidity over the defined period regardless of individual events that produce the result.

APPROACH

We believe this plan outlines practical and realistic funding alternatives that can be implemented in the various scenarios. In assessing liquidity risk, it is natural to assume that funding will deteriorate in direct proportion to the corporation's financial condition and its credit quality as perceived by various constituencies. These constituencies may include shareholders, the media, regulators, uncollateralized debt holders, and individual and institutional depositors. Additionally, liquidity sources may become stressed due to local or national conditions outside of the Vedika's financial condition.

Management believes a reasonable level of liquidity planning can be fairly embodied by three sets of assumptions, each one representing an increasingly restrictive liquidity position when compared to the Vedika's base liquidity posture. The scenarios are reflective of available funding over a 1-year horizon as outlined in the Vedika's policy.

These scenarios are:

- **Scenario 1** – represents a relatively light stress condition, due primarily to an unusual increase in normal activities, but credit and asset quality remain strong.

- **Scenario 2 –** represents a more significant stress, including the conditions of scenario 1 combined with an increase in asset quality problems which restrict certain funding sources.

- **Scenario 3** –represents a maximum stress on all sources and uses of the Vedika while maintaining the nature of Vedika as a viable enterprise. All assumptions of scenarios 1 & 2 remain in effect, combined with a loss of all wholesale funding sources.

Assumptions for each scenario are included in this policy.

The plan organizes and codifies the above scenarios into three models, updated and submitted by <senior management> each quarter. Based on specific assumptions, each model quantifies net cash flow by financial instrument, quantifies the borrowing capacity and secondary liquidity available to the Vedika, and calculates the various liquidity measures outlined in the Vedika's liquidity policy. The assumptions are examples only for purposes of stress testing, not a prediction of actual events. Other scenarios using varying assumptions or diverse time periods may be evaluated as well.

GENERAL ASSUMPTIONS

The general assumptions governing the entire plan are:

1. The Vedika is managed to continue as a viable entity.

2. The Vedika continues to be run by responsible management.

3. The current interest rate risk management philosophy of relative rate risk neutrality remains in place. However, liquidity objectives will supersede interest rate risk policies when the two are in conflict.

4. The Vedika adheres to all applicable laws and regulatory requirements.

5. There are no independent or unconnected interruptions to the normal physical or economic environment.

6. Impacts of customer illiquidity due to economic climates have been estimated and are reflected in deposit elasticity and unused commitment draw downs in these environments.

7. The Vedika's loan portfolio maintains sufficient quality to provide the opportunity to sell select credits to upstream correspondents or other NBFCs.

COMMUNICATIONS AND RESPONSIBILITIES

During any period of stressed liquidity in which the Vedika activates the Contingency Funding Plan, the CFO will organize a subcommittee of the ALCO designated as the Contingency Funding Committee, consisting of all Vedika personnel involved in the execution of the CFP.

This committee will coordinate the structure and execution of an appropriate plan consisting of specific actions and responsibilities outlined below. Any actions or programs which impact other areas of the Vedika will be developed and executed in conjunction with key personnel from those areas. The Committee will monitor the various constituencies' reaction to adverse changes in condition, and take actions considered appropriate in light of specific circumstance. Actions to be taken may include:

1. Personal contact with large funds suppliers and Customers.

2. Informational meetings with all staff levels, including development and dissemination of fact sheets and official responses.

3. Draw down of existing liquidity lines.

4. Others if any

While the specific activities and responsibilities outlined will vary as deemed necessary by management during implantation of this CFP, prudent oversight will require a minimum the following actions for specific environments:

Moderate Illiquidity identified:

1. Management will shift funding priority from own book funding options to off book funding options to increase secondary collateral availability.

2. The loan committee will tighten credit quality requirements and pricing to slow the net use of funds.

3. Specific actions and responsibilities are outlined in the liquidity planning matrix.

4. Others if any

Significant Illiquidity identified:

1. All actions from the Moderate Scenario will be implemented

2. Customers will be contacted, and market place relations will be evaluated, including opportunities to increase our quality perception in the market place.

3. Others if any

Extreme Illiquidity identified:

1. All included above. Additionally,

2. The Vedika will aggressively market its borrowing options till a “moderate” exposure is retained.

3. Loan prices and credit requirements are raised to their maximum levels etc.

In any such period of stressed liquidity, the Finance Committee of the Vedika will be responsible for maintaining daily vigilance on the liquidity condition of the Vedika, and will report changes in the condition to the ALCO immediately.

DISSOLUTION OF ASSETS

Severe or extreme liquidity positions may warrant implementing asset sales. Should the analysis reflect a liquidity shortage, management will begin the process of such sales, including cost/benefit implication, timing, and process documentation. The following is a list of assets that will be evaluated for purposes of liquidation. The order of the list represents the expected speed and preference order of liquidation from the fastest to the most time-consuming. Any actual sales will be subject to these various conditions, and may not follow this order of priority.

1. Un-pledged fixed assets.

2. Mortgages held for sale.
3. Securities not available as collateral.
4. Whole loan mortgages which could be securitized and either sold or used as collateral.
5. Personal Lines of Credit (home equity lines), either securitized or sold.
6. Indirect automobile and mobile home loans portfolios to be securitized or sold.
7. Others if any

OTHER MATTERS

Management believes that forethought and preparedness, embodied in a plan, are prudent and useful responses to liquidity needs. However, no policy approach to real problems can substitute for thoughtful and intelligent actions by experienced personnel. By maintaining this contingent plan, management can be assured the Vedika will always be sufficiently liquid.

PERIODICAL REVIEW OF THE POLICY

The Policy is flexible and easy to understand and comply with by all levels of employees. The Board should review this Policy periodically but at least once in a year, so that it remains appropriate in the light of material changes in regulatory requirement with respect to the Company's size, complexity, geographic reach, business strategy, market and best governance practices.

The policy can also be reviewed as and when deemed necessary by the Top Management and amendments effected to the same, subject to approval of the Board if any, and when practical difficulties are encountered. The Top management may also review the policy on document retention to comply with any local, state, central legislation that may be broadcast from time to time

AMENDEMENT OF THE POLICY

The Board of Directors on its own and/or on the recommendation of the Assets & Liability committee or top management can amend this policy as and when required deemed fit. Any or all provisions of this Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

ANNEXURES

Stress Scenarios: Scenario A

Scenario Description:

Moderate stress represents a stable financial condition for the Vedika. Normal Vedika's activities that could decrease the liquidity position of the Vedika are double historic norms.

Assumptions:

1. Loan balances grow faster than originally projected, with drawdowns of commitments 50% higher than expected.

2. Uncollateralized Borrowings availability is reduced by 25%,

3. <others>

Stress Scenarios: Scenario B

Scenario Description:

1. Severe illiquidity represents a mixture of some signs of deterioration of financial condition.

2. All the assumptions of light stress are in effect. Additionally, non-performing assets continue to increase, affecting collateral and borrowing capacities. The Vedika meets or exceeds all minimum regulatory capital ratios.

Assumptions:

1. Loan balances grow faster than originally projected, with drawdowns of commitments 50% higher than expected.

2. All uncollateralized Large Loans mature according to contractual agreement, but do not renew at 50%

Stress Scenarios: Scenario C

Scenario Description:

1. Extreme illiquidity represents further substantial deterioration of the Vedika's financial condition.

2. All assumptions for previous scenarios are in effect. Additionally, the Vedika is deemed "not well capitalized" eliminating wholesale funding sources. There is speculation that the Vedika is in extreme difficulty, and all counterparties have restricted relations with the Vedika.

Assumptions:

1. All uncollateralized Large Loans mature according to agreement, but cannot renew.

2. Access to secured borrowing facilities continues to be limited only by available collateral, haircuts are increased by 25%