

TERMS AND CONDITIONS OF APPOINTMENT

A. Appointment:

In accordance with the provisions of sections 149,152 and other applicable provisions, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Companies Act, 2013 and pursuant to applicable provisions of the Banking Regulation Act, 1949, the individual will be appointed as an Additional Director (Independent) on the Board of the Bank for a period of ----- years; (term as approved by the Members of the Board) w.e.f. ----- . The appointment is also subject to the clauses contained in the Memorandum and Articles of Association (the “Memorandum & Articles”) of the Bank, as amended from time to time. This appointment is also subject to formal election at the next Annual General Meeting of the Bank.

During the appointment, he/she may be required to serve as a member on one or more of the Board Committees.

B. Expectation of the Board from the appointed Director; the Board-level Committee(s) in which the Director is expected to serve and its tasks;

1. Expectation of the Board from the appointed Director

As an Independent Director, he/she shall:

- i) Devote sufficient time and attention as necessary in order to perform his/her duties under the appointment. This will include attendance at regular and emergency Board and any General Meetings (Both Annual and Extra ordinary). He/she will be required to attend regular meetings of any Committee of which he/she is a member. In addition, he/she will also be expected to devote appropriate preparation and time ahead of each meeting.

In case, he/she wish to avail leave of absence from the meeting for any reason whatsoever, he/she may take prior leave of absence from the Board and/or Committee for the said meeting/s.

- ii) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- iii) Bring an objective view in the evaluation of the performance of the Board and Management;
- iv) Scrutinize the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance;
- v) Satisfy on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- vi) Safeguard the interests of all stakeholders, particularly the minority shareholders;
- vii) Balance the conflicting interest of the stakeholders;

- viii) Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- ix) Moderate and arbitrate in the interest of the Bank as a whole, in situations of conflict between Management and shareholder's interest.

2. The Board-level Committee(s) in which the director is expected to serve and its tasks

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank within the framework of delegated authority and make specific recommendations to the Board on matters in their areas or purview.

As advised by the Board, during the tenure of office, he/she may be required to serve on one or more of the Committees of the Board as the Board may decide from time to time. Currently the Board has the following Committees; the role of each Committee is detailed in the Bank's Code of Corporate Governance, copy of which is given to appointee and is also available on the Bank's website.

- a) Audit Committee
- b) Credit, Investment & Raising Capital Committee
- c) Risk Management Committee
- d) Information Technology & Operations Committee
- e) Nomination, Remuneration, Ethics & Compensation Committee
- f) Corporate Social Responsibility Committee
- g) Customer Service, Marketing Strategy & Digital Banking Committee
- h) Special Committee of the Board for monitoring and follow up of cases of Frauds
- i) Committee for Human Resources Policy
- j) Stakeholders Relationship Committee
- k) Review Committee of the Board on Non-Cooperative Borrowers and Identification of Wilful Defaulters

The Board may also from time to time constitute such Committees of Directors on a specific issue.

C) The fiduciary duties that come with such an appointment along with accompanying liabilities;

As an Independent Director, he/she shall;

- i) Undertake appropriate induction and regularly update and refresh his/her skills, knowledge and familiarity with the Bank;
- ii) Keep himself/herself informed about the business, activities and financial status of the Bank to the extent disclosed;
- iii) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Bank;
- iv) Strive to attend all meetings of the Board of Directors and of the Board Committees of which he/she is a member;

Participate constructively and actively in the Committees of the Board in which he/she is chairperson or a member;

Strive to attend the general meetings of the Bank;

Where he/she has any concerns about the running of the Bank or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved; insist that the concerns are recorded in the minutes of the Board meeting;

- v) Keep himself/herself well informed about the Bank and the external environment in which it operates;
- vi) Not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- vii) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the Bank;
- viii) Ascertain and ensure that the Bank has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- ix) Report concerns about unethical behavior, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy;
- x) Act only within the powers as laid down by the Bank's Memorandum and Articles of Association and by applicable laws and regulations;
- xi) Act within his/her authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees;

D) Directors and Officers (D & O) Insurance

The Bank maintains a Director's and Officers insurance policy (D & O Policy) which is renewable every year to pay for the personal liability of Directors and Officers for claims made against the Directors while serving on the Board and / or as an officer of the Bank.

E) The Code of Business Ethics that the company expects its directors to follow:

The Board has put in place a Code of Corporate Governance and Code of conduct for the Board of Directors and Management. As an Independent Director, he/she shall comply with the said Code. An annual affirmation of compliance is required to be provided by he/she on the same. The Independent Director(s) are also required to comply with Insider Trading Policy/guidelines of the Bank.

F) The list of actions that a director should not do while functioning as such in the Bank;

As an Independent Director, he/she shall:

- i) not evade responsibility in regard to matters entrusted by the Board.
- ii) not involve in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Bank.
- iii) not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners or associates.
- iv) not make improper use of information disclosed to him/her as a member of the Board for his/her or someone else's advantage or benefit and shall use the information disclosed to him/her by the Bank in his/her capacity as director of the Bank only for the purposes of performance of his/her duties as a director and not for any other purpose.

- v) not unfairly obstruct the functioning of the Board or any Committee of the Board;
- vi) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information unless such disclosure is expressly approved by the Board or required by law. Attention is drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information.
- vii) not engage in forward dealings in securities of the Bank or in its holding, subsidiary or associate company nor shall he/she enter into insider trading in the securities of the Bank.
- viii) in terms of Section 149 (6) of the Companies Act, 2013 he/she or his/her relative should not have any pecuniary relationship with the Bank or any of its holding, subsidiary or associate company during their term of appointment with the Bank.
- ix) he/she or any of his/her relatives shall not hold more than 2(two) percent or more of the total voting power of the Bank.

G) Confidentiality

All information acquired during the Independent Director's appointment is confidential to the Bank and should not be disclosed to third parties or used for any reason other than in the interests of the Bank, either during his/her appointment in the Bank or later, without prior clearance from the Bank.

Attention is also drawn to the legal and regulatory requirements as they apply to the Bank and to its Board members with regard to the disclosure of inside information. Consequently, any public or press statements should be avoided, if that will risk a breach of these requirements or does not have prior clearances from the Board of the Bank.

H) Fees and Expenses

He/she will receive remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board from time to time. The Bank will also meet the expenses of the Independent Director for travel, hotel and all reasonable and properly documented expenses that are incurred by them in the performance of their role and duty.

I) Outside Interests:

It is accepted and acknowledged that the Independent Director(s) may have business or professional interests other than those of the Bank and has declared all and any conflicts of interests that are apparent or that the Independent Director is aware of.

If, in future, any potential conflicts of interests arise, these should be disclosed to the Bank as soon as possible.
