



**CODE OF CONDUCT AND CODE OF ETHICS FOR THE BOARD OF
DIRECTORS AND MANAGEMENT**

CODE OF CORPORATE GOVERNANCE AND CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND MANAGEMENT

I. PURPOSE OF THE CODE

Corporate governance is essentially a set of standards, systems, and procedures aimed at effective, honest, transparent, and responsible management of a company within the applicable statutory and regulatory structures. This Code represents a set of desirable, corporate-governance practices to be adopted by the Bank. The Code takes into account the relevant statutory and SEBI/stock exchange listing requirements and Reserve Bank of India (RBI) directives and other guidelines under the Companies Act 2013. The efficacy of the Code lies in how well it is put into practice. In adopting the Code, the stress should be on its substance and spirit rather than on its form.

II. CORPORATE OBJECTIVE OF THE BANK

Good corporate governance practices help support and strengthen corporate actions aimed at achieving the corporate objective. The Bank's principal corporate objective, like that of any corporate business entity, is to perpetuate its business while protecting and enhancing, over the long term, the value of the investments of its shareholders in the Bank.

Definitions- In this Code of Corporate Governance the following terms shall have the meaning noted herein

1. Chairman shall include Non-Executive/Part Time Chairman
2. Managing Director & Chief Executive Officer (MD & CEO) shall mean the senior most executive position.
3. Management/senior management shall include MD&CEO, Executive Director(s), and Executive Management. (Executive management means personnel of the Bank who are members of core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads and shall specifically include company secretary and chief financial officer)
4. SEBI-LODR Regulations, 2015 shall mean, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its amendments made from time to time;
5. Independent Directors shall include non-executive Directors, who, apart from receiving remuneration as Directors of the Bank, does and did not have any other material pecuniary relationship or transactions with the Bank, its management or any subsidiaries/associates, or directors which in the judgment of the Board may affect the independence of the Directors and satisfies such other criteria of independence as contained in the Companies Act, 2013/ SEBI-LODR, Regulations 2015)
6. Board of Directors means the collective body of the directors of the Bank.

III. BOARD OF DIRECTORS

The primary responsibility for good corporate governance of the Bank rests with its Board of Directors, more so since a large majority of the Bank's ownership is largely dispersed among thousands of shareholders resulting in virtual separation of ownership and management. The shareholders have entrusted the Board with the responsibility of overall direction, supervision and control of the Bank. The Board's fiduciary responsibility to the shareholders requires that the Board should act in their shared corporate interest, in good faith, and with due diligence. While directing the Bank towards achieving its corporate objective, the Board should also fulfill its obligation of accountability to the shareholders, by providing them with reliable and adequate information on the Bank's affairs and condition. At the same time, the Board should recognize and take into account the interests of other stakeholders in the Bank, such as depositors, other creditors, employees, the government, and the community in which it functions. Equally important, the Board should ensure that the Bank's policies, operations, dealings, and disclosures are in conformity with the applicable laws and regulations as prescribed by RBI, Companies Act, 2013, SEBI-LODR Regulations, 2015 etc from time to time.

In discharging this onerous responsibility, the Board has necessarily to rely on the Bank's executive management (i.e., the Managing Director & Chief Executive Officer, and senior officers with executive functions, whether or not members on the Board) and also the employees of the Bank for assistance and information. Accordingly, the Board expects the executive management to provide it with correct, timely, sufficient, and meaningful information on various aspects of the Bank as would enable the Board to perform its role effectively. The non-executive Directors shall have full access to the Bank's executive and senior management, but will ensure that such contacts do not distract the executives from the Bank's business operations.

A. Functions of the Board of Directors

The main functions of the Bank's Board includes the following and is in line with the requirements of Reserve Bank of India, Companies Act, 2013 and Listing Regulations, as amended from time to time:

1. to guide, approve, and review the Bank's corporate objectives; competitive position and strategy; operational, financial, personnel, and other policies; and operational goals, and business plans;
2. to monitor the Bank's performance, including effective implementation of the approved policies, strategies, and plans, and statutory and regulatory compliance;
3. to appoint and replace the Chairman, the Managing Director & Chief Executive Officer and Executive Directors (whether or not members of the Board), determine their compensation, counsel and guide them on important issues, oversee and review their performance, and plan their succession;
4. to review the utilisation and development of the Bank's human resources;
5. to ensure that appropriate internal control systems, including those relating to accounting, financial management, risk exposure and management, and statutory and regulatory compliance, are in place and are effective;
6. to monitor the adequacy and integrity of the accounting and financial reporting systems and the internal (including concurrent) audit and inspection functions;
7. to recommend to shareholders appointment and replacement of the external auditors, and interact with the auditors on their findings and concerns;
8. to oversee disclosure to shareholders and regulatory and other governmental authorities;
9. to review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments;

10. to monitor the effectiveness of Bank's governance practices and making changes as needed;
11. to select, compensate, monitor and, when necessary, replacing key managerial personnel and overseeing succession planning;
12. aligning key managerial personnel and remuneration of board of directors with the longer term interests of the Bank and its shareholders;
13. to ensure a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors;
14. to monitor and manage potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions;
15. to ensure the integrity of Bank's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
16. to oversee the process of disclosure and communications;
17. to monitor and review board of director's evaluation framework.

As at present, the Board shall reserve for itself the power to make decisions on certain specified matters, including those which are required under statute, regulations, RBI directives, Companies Act and guidelines, and/or stock-exchange listing requirements to be submitted to it for decision. In other matters, to facilitate and expedite decision-making, the Board may delegate appropriate authority to Committees of Directors, the Managing Director & Chief Executive Officer and other members of the executive management, or to specified other officers of the Bank singly or jointly.

B. Roles and Responsibilities of the Board

The Board of Directors shall have the following responsibilities:

1. Disclosure of information:
Members of Board of Directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Bank.
2. Members of the Board of Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Bank and the shareholders.
3. The Board of Directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
4. The Board of Directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
5. The Board of Directors shall exercise objective independent judgement on corporate affairs.
6. The Board of Directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
7. The Board of Directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of Bank's focus.
8. When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
9. Members of the Board of Directors shall be able to commit themselves effectively to their responsibilities.

10. The Board of Directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the Board of Directors and also a member of a committee of board of directors.
11. In order to fulfil their responsibilities, members of the Board of Directors shall have access to accurate, relevant and timely information.
12. The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making
13. The board of directors shall provide strategic guidance to the Bank, ensure effective monitoring of the management and shall be accountable to the Company and the shareholders
14. The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
15. The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the Bank to excessive risk.

C. Criteria for Appointment of Directors

a) Qualifications, Experience and knowledge

1. The Board should bring to their tasks a balanced mix of knowledge, skills, experience, and judgment relevant to the Bank's policies, operations, and needs. Not less than fifty-one percent of the total number of Directors shall be persons having special knowledge, skills, or valuable experience in one or more fields, such as banking, finance, management, economics, law, accountancy, agriculture and rural economics, cooperative movement, trade, industry, infrastructure, engineering and technology. At least two Directors shall be persons having special knowledge or practical experience in agriculture and rural economy, cooperation, or small-scale industry. The Bank shall ensure to include in its Board need based representation of skills such as marketing, risk management, strategic planning, treasury operations, credit recovery, information technology, payment & settlement systems, human resources and business management.
2. The directors should be able to devote sufficient time and attention to the discharge of their duties to the Bank.
3. The directors shall preferably be in the range of 35-70 years.

b) Disqualification/Conflicts of interest

1. The Bank's Directors shall be subject to the disqualifications/prohibitions contained in the Companies Act 2013, as amended and the Banking Regulation Act 1949, as amended with respect to directorship of companies in general or banking companies in particular.
2. A Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership, or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank. A Director shall promptly inform the Board/committee of any actual or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any committee of which he is a member, and shall refrain from participating in a discussion on the matter.

c) suggested criteria for determining attributes of a director as required to be specified under Companies Act, 2013 include

1. integrity in personal and professional dealings.
2. wisdom and ability to take appropriate decisions.
3. ability to read and understand financial statements

- 4.ability to deal with others with a sense of responsibility, firmness, and cooperation.
- 5.refrain from any action that would lead to loss of his independence.

d) suggested criteria for determining Independence of a director

The criteria of independence of a director are determined based on the conditions specified in Section 149 (6) of the Companies Act, 2013 and SEBI-LODR Regulations, 2015.

The Independent Director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as regulatorily required and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

The board of directors shall take on record the declaration and confirmation submitted by the independent director after undertaking due assessment of the veracity of the same.

e) Other Directorships

A Director shall not be a member of more than ten committees, or chair more than five committees, of companies, including the Bank, of which he is a director(For the purpose of reckoning the limit under this sub-clause, Chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee of all public companies alone shall be considered).Every Director shall promptly inform the Bank of any appointment of the Director as a director of another company, or as a member or the chairman of any committee of any of the other companies, and of any changes in such membership/chairmanship. A Director cannot hold directorship in more than 20 companies at the same time and out of this he cannot be director of more than 10 public companies as per Companies Act, 2013.

A person shall not serve as an independent director in more than seven listed entities. Provided that any person who is serving as a whole time director/managing director in any listed entity shall serve as an independent director in not more than three listed entities.

The count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.

f) D & O Policy for Independent Directors

The Bank shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.

D. Duties of Directors

1. Shall act in good faith and as per the provisions contained in the Articles of Association of the Bank, to promote the objects of the Bank for the benefit of its members as a whole, and in the best interests of the bank, its employees, the shareholders, the community and for the protection of environment.
2. Shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
3. Shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Bank.

4. Shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
5. Shall not assign his office and any assignment so made shall be void.

E. Attributes suggested for Independent Directors

Attributes on professional conduct:

An independent director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a *bona fide* manner in the interest of the Bank;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse his position to the detriment of the Bank or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of his independence;
8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. assist the Bank in implementing the best corporate governance practices.

F. Role and functions of Independent Directors:

The independent directors shall:

1. 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;
2. bring an objective view in the evaluation of the performance of board and management;
3. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. balance the conflicting interest of the stakeholders;
7. 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;
8. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

G. Duties of Independent Directors:

The independent directors shall—

1. undertake appropriate induction and regularly update and refresh skills, knowledge and familiarity with the Bank;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts;
3. strive to attend all meetings of Board and Committee of Board of which he/she is a member;
4. participate constructively and actively in the Committees of the Board in which they are chairpersons or members;

5. strive to attend the general meetings of the Bank;
6. where they have 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 their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the Bank and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or Committees of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Bank;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's code of conduct or ethics policy;
12. acting within his authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees;
13. 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.

H. Separate meetings:

1. The independent directors of the Bank shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the Bank shall strive to be present at such meeting;
3. The meeting shall:
 - a. review the performance of non-independent directors and the Board as a whole;
 - b. review the performance of the Chairperson of the Bank, taking into account the views of executive directors and non-executive directors;
 - c. assess the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

I. Obligations with respect to directors and senior management

1. All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.
2. Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the Bank.
3. Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Bank at large.

Conflict of interest here relates to dealing in the shares of Bank, commercial dealings with bodies which have shareholding of management and their relatives etc.

4. No employee including key managerial personnel or director of the Bank shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities

of the Bank, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.

J. Performance evaluation of directors

As per Companies Act, 2013 the Board report, should include a statement indicating the manner in which formal annual evaluation of the performance of the Board, its Committees and of individual directors has been made;

Nomination and Remuneration committee of the Board shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

Based on the evaluation recommend to the Board the appointment and removal of Directors

Schedule IV Section VIII envisages that the performance evaluation of Independent Directors shall be done by the entire Board and re-appointment shall be decided on the basis of evaluation report.

The following evaluations are envisaged and have to be carried out as per various regulatory requirements

- i. Evaluation of Board's performance and that of its Committees and of individual directors to be carried out either by Nomination and Remuneration Committee/Board
- ii. Performance evaluation of Board, Chairperson, non-independent directors and assessment of flow of information to be carried out by independent directors.
- iii. Performance evaluation of independent directors to be done by the entire Board **which shall** include -
 - (a) performance of the directors; and
 - (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate

One of the key functions of the Board includes, monitoring and reviewing Board Evaluation framework.

Criteria for Performance evaluation

As per the Listing Regulations /Companies Act the Nomination Committee should lay down the evaluation criteria/specify the manner for evaluation of performance of Board, its committees and individual directors and evaluation of Independent Directors (IDs) and review its implementation and compliance. The Bank has to disclose the criteria for performance evaluation in the Annual Report.

1. The criteria for evaluation of Board shall include:

- i) Board is of appropriate size and has the appropriate balance and diversity of background, business experience, industry knowledge, skills and expertise in areas vital to the Bank's success given its current and future position.
- ii) New board members participate in an orientation program to educate them on the organization, their responsibilities, and the organization's activities.

- iii) The division of responsibility among the Board committee ensures focus on organisations functioning and effectiveness in decision making rather than duplication of efforts.
- iv) The Board has defined an effective Code of Conduct for the Board and Senior Management and oversees management's procedures for enforcing the organization's code of conduct.
- v) The Board ensures that Action Taken Reports on the discussion/directions of the Board are submitted at regular intervals to the Board.
- vi) the Board encourages a culture that promotes candid communication
- vii) The Board oversees risk management through inputs from the Risk Management Committee
- viii) The Board considers the quality and appropriateness of financial reporting, including the transparency of disclosures
- ix) The Board ensures compliance with the relevant provisions of the Companies Act and other regulatory provisions as applicable to the Bank
- x) The Board oversees the compliance processes
- xi) The Board views the organization's performance from the competitive perspective - industry and peers performance, industry trends and budget analysis and with reference to areas where significant differences are apparent etc.
- xii) The Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

2. The criteria for evaluation of Committees of Board shall include:

- i) The Committee's Terms of Reference and composition is reviewed annually and is found to be consisting of Directors representing sectors laid down by the regulator and continue to be appropriate
- ii) Committee meetings are organized properly in number, timing and location.
- iii) The Committee is effective in carrying out its mandate.
- iv) The Committee members receive adequate material in advance of Committee meetings, in sufficient time and detail to permit members to effectively consider issues to be dealt with.
- v) Whether adequate independence of the Committee is ensured from the Board
- vi) Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.
- vii) Whether the Committee's recommendations contribute effectively to decisions of the Board

3. The criteria for evaluation of Independent Directors shall include:

- i) Attendance at the Board and Committee Meetings
- ii) Study of agenda in depth prior to meeting and active participation at the meeting.
- iii) Contributes to discussions on strategy as opposed to focus only on agenda.
- iv) Participate constructively and actively in the Committees of the Board in which they are chairpersons or Members.
- v) Exercises his/her skills and diligence with due and reasonable care and brings an independent judgement to the Board.
- vi) The Director remains abreast of developments affecting the Bank and external environment in which it operates independent of his being appraised at meetings
- vii) Knowledge and Competency: a) How the person fares across different competencies as identified for effective functioning of the entity and the Board b) Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates
- viii) Whether the person demonstrates highest level of integrity, including conflict of interest disclosures, maintenance of confidentiality, etc

4. The criteria for evaluation of Non-Independent Directors shall include:

- i) Achievements of performance against targets set
- ii) Appraises the Board regarding the organization's financial position and operational budget so as to enable the Board to make informed financial decisions.
- iii) Provides Leadership in developing strategies and organizational plans with the management and the Board of Directors
- iv) Ensures that the Board is kept informed about all issues concerning the Bank.
- v) Media interaction and ability to project positive image of the Bank.
- vi) Effectively pursue the performance goals in relation to mission and objective of the organization
- vii) Motivating employees, providing assistance & directions
- viii) Compliance with ethical standards & code of conduct and exercising duties diligently.
- ix) Establishment of internal control processes, monitoring policies and encouraging suggestions
- x) Cultivates effective Relationship with Industry Forums, Community and business leaders, Regulatory Bodies and Public Officials
- xi) Ensures compliance with all legal and regulatory requirements.

5. The criteria for evaluation of Chairperson shall include:

- i) Works effectively with the Board as a whole.
- ii) Ability to elicit inputs from all Board Members and steer the discussions to a logical conclusion.
- iii) Works with the Board and directs the management for creating an effective process for long-range or strategic planning for the Bank
- iv) Handling of critical situations concerning the Bank
- v) Thinks strategically to promote growth, improve financial performance and gain competitive advantage.
- vi) Displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively
- vii) Is able to keep shareholders' interest in mind during discussions and decisions
- viii) Is impartial in conducting discussions, seeking views and dealing with dissent, etc
- ix) Understands financial planning, budgeting and management of the organization's investments and overall organization financial perspective.

6. The criteria for assessment of flow of information shall include:

- i) The agenda and related information are circulated in advance of meetings to allow board members sufficient time to study and understand the information.
- ii) Written materials provided to board members are relevant and concise.
- iii) Information on the annual operating plans and budgets and other updates are provided to the Board.
- iv) Information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary are placed before the Board.
- v) Updates on operating results of the Bank are furnished to the Board, periodically.
- vi) Update on the compliance with the regulatory, statutory or listing requirements are placed before the Board.
- vii) Any additional information as required by the Board or any Director are provided in a timely manner.

The Board shall also consider the evaluation framework/guidelines issued by various regulatory authorities on Board evaluation from time to time with regard to considering of the process and procedure for performance evaluation.

K. Remuneration of Directors

1. The Board shall determine the remuneration and terms of appointment of the Chairman, the MD & CEO and the Executive Director(s) and the remuneration of the non-executive Directors, based on the Nomination, Remuneration, Ethics and Compensation Committee's, recommendations, subject to RBI approval where necessary.
2. The shareholders approval shall be sought, for the remuneration paid to the Non-Executive Part Time Chairman, the MD & CEO /Executive Directors' remuneration and terms of appointment at the Annual General Meeting.
3. Details of the remuneration of the Chairman, the MD& CEO and other Directors, including the following, shall be disclosed in the Bank's annual report to the shareholders:
 - All elements of the remuneration package, i.e., salary, benefits, bonuses, stock options, pension, sitting fees, etc.
 - Details of fixed component and performance-linked incentives, along with the performance criteria;
 - Service contracts, notice period, severance fees; and
 - Details of any stock options, whether issued at a discount, and the period over which accrued and over which exercisable.

a) Policy on remuneration to Non-Executive Directors/Independent Directors

The Policy of the Bank for the payment of remuneration to Non-Executive Directors/Independent Directors of the Bank is explained in the Comprehensive Compensation Policy for Non Executive Directors/Independent Directors (other than Part Time Chairman)

As required under Banking Regulation Act, 1949 prior approval of RBI is required to give remuneration to Non-Executive Part Time Chairman of the Board.

b) Policy on remuneration to MD &CEO, Executive Director, Key Managerial Personnel and other employees

The Compensation Policy of the Bank as approved by the Board contains the policy for payment of remuneration to Executive Directors including MD & CEO, Key Managerial Personnel and for the employees of the Bank.

L. Policy on Board Diversity

Policy on Board Diversity of the Bank mainly depends on the qualifications for appointment of Directors of the Bank as contained in the Banking Regulation Act, 1949 and satisfying the Fit and Proper Criteria for directors as per the regulatory requirement of RBI.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. In forming its perspective on diversity, the Bank also take into account factors based on its own business model and specific needs from time to time.

Board Diversity enhances the quality of performance of the Board ;usher in independence in the performance of the Board; eradicate the gender bias in the Board; achieves sustainable and balanced performance and development ;support the attainment of strategic objectives & also ensures compliance of applicable law/s and good corporate practices.

The Nomination Committee has the responsibility for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making Board appointments, the requirement as per the Companies Act, 2013 for appointment of at least one woman director on the Board of the Bank will also be considered.

IV. BOARD COMMITTEES

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. These Committees will monitor the activities falling within their terms of reference. The Constitution of various Committees and the terms of reference of the Committees are made as per the regulatory requirements of RBI, Banking Regulation Act, 1949 Companies Act and Listing Regulations. The terms of reference of the Committees may also include all the amendments made in the regulatory laws from time to time.

A. Nominations, Remuneration, Ethics and Compensation Committee of the Board

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills, and judgment of the Directors;
2. reviewing, from time to time, possible candidates for current or potential Board vacancies, including Directors who are to retire and are eligible for reappointment or re-election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. recommending to the Board, candidates for election (including re-election) or appointment (including reappointment) to the Board.
4. carrying out evaluation of every director's performance.
5. deciding on the matter of whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and independence of a director;
7. devising a policy on diversity of board of directors;
8. recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;

The Committee shall ensure the following while formulating the policy on the aforesaid matters:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the Bank successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retinals, sitting fees.
 10. Considering grant of Stock Options to employees.
 11. Reviewing the composition of the existing Committees of the Board.
 12. Formulation of criteria for performance evaluation of Independent Directors and the Board;
 13. Validation of 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
 14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time;
 15. Recommend to the board, all remuneration, in whatever form, payable to senior management*

* senior management shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer

16. Supervisory and annual review of the Compensation Policy

B. Audit Committee

The Audit Committee shall function, taking note of the statutory provisions of SEBI, Companies Act,2013 and RBI guidelines regarding the role and functions of such committee.

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Review the company's financial and risk-management policies, and, where necessary, recommend changes for the Board's approval.
2. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems

3. Review periodically the adequacy of internal control systems (including the asset-liability management and risk-assessment and management systems) with the management and external and internal auditors, assure itself that the systems are being effectively observed and monitored, and, where necessary, approve changes or recommend changes for the Board's approval;
4. Review the adequacy of the internal audit function, including -
 - a. monitoring and reviewing the effectiveness of the Internal audit function;
 - b. the structure of the internal audit department, staffing, and the suitability and seniority of the official heading it, reporting structure coverage, and the frequency of internal audit, and, where necessary, approve changes;
 - c. approving internal audit plan, scope and budget;
 - d. reviewing and discussing internal audit reports;
 - e. ensuring internal audit function maintains open communication with senior management, external auditors, the supervisory authority, and the audit committee;
 - f. assessing the performance of the head of the internal audit function; and
 - g. approving / recommending to the Board for its approval, the appointment, re-appointment or removal of the head of the internal audit function and the key internal auditors;
5. Discussion with internal auditors of any significant findings and follow up there on.
6. Discussion with the Head of Internal Audit in a private session, in the absence of the management, on issues of interest.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
8. Review and have oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible, and present a true and fair view of the state of affairs and of the profit or loss of the Bank for the relevant financial year or other period as the case may be;
9. Recommend to the full Board for shareholders' approval, the appointment, reappointment, removal, or replacement and terms of appointment of auditors, and the fee payable to them for the audit, taking into consideration any relationship between the auditors and the Bank that may impact on the independence of the auditors in carrying out the audit.
10. Approve the terms of engagement of the services of the external/statutory auditors for rendering any other professional services to the Bank and the fee therefore;
11. Discuss with the external auditors, before they commence the audit, the nature and scope of the audit, and ensure coordination where more than one audit firm is employed.
12. Reviewing and examine with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i) any changes in accounting policies and practices and reasons for the same.
 - ii) major accounting entries involving estimates based on the exercise of judgment by management
 - iii) significant adjustments made in the financial statements arising out of audit findings;
 - iv) compliance with the applicable accounting standards;

- v) compliance with listing and other legal requirements relating to financial statements, and RBI guidelines and directives, concerning financial policies and statements;
 - vi) to review the company's statement on internal control systems prior to endorsement by the Board
 - vii) the going-concern assumption;
 - viii) disclosure of any related-party transactions, i.e., transactions of the Bank with the Directors, senior executives, their relatives, or associated concerns, that may potentially conflict with the Bank's interests at large; and
 - ix) modified opinion(s) in the draft audit report;
 - x) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
13. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
 14. Review with the external auditors, without the presence of the executive directors and Bank officials, and summarize their conclusion (in writing) at a full Board in the presence of the external auditors and without the presence of the management (Executive Directors, Bank Officials etc.)
 - i) The auditors' report on the annual, half-yearly, and quarterly financial statements,
 - ii) Their assessment of the internal control and reporting systems and procedures, the quality of the accounting principles applied and significant judgments affecting the statements, and the Bank's compliance with statutory and regulatory requirements, and
 - iii) The auditors' long-form audit report and management letter and the management's response, and
 - iv) Any concerns of the auditors with respect to the said systems and procedures, the financial statements, any aspect of compliance, or any other matter arising from or related to the audit;
 15. Discuss with the management the auditors' report and assessment, their qualifications and concerns, if any, and the management's response to the auditors' management letter and long-form audit report;
 16. Review with the management, and if necessary with the external auditors, any inspection or other report of RBI on the Bank or other communication from RBI on the audit, internal controls, financial reporting, or other aspects of the Bank falling within the remit of the Committee, and the management's response thereto;
 17. To review and oversight the functioning of the Whistle Blower mechanism.
 18. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 19. Approval or any subsequent modification of transactions of the Bank with related parties;
 20. Valuation of undertakings or assets of the Bank, wherever it is necessary;
 21. Evaluation of internal financial controls and risk management systems.
 22. Monitoring the end use of funds raised through public offers and related matters.
 23. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

24. Scrutiny of inter-corporate loans and investments, if any;
25. To consider and approve/grant omnibus approval for certain Related Party Transactions;
26. Perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.
27. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
28. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
29. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
30. Review arrangements by which staff of the bank may confidentially raise concerns about possible improprieties in matters of financial reporting.
31. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
32. Periodic reviews on borrower entities in which directors of any willful defaulter companies are present
33. The Audit Committee of the Board shall:
 - i) ensure that senior management is taking necessary corrective actions to address the findings and recommendations of internal auditors and external auditors in a timely manner;
 - ii) address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors and external auditors, and
 - iii) ensure that deficiencies identified by supervisory authorities related to the internal audit function are remedied within an appropriate time frame and that progress of necessary corrective actions are reported to the board of directors.
34. Review of Internal Financial Control (IFC) process including Risk Control and Self- Assessment (RCSA)

Powers of Audit Committee:

The Audit Committee shall have the authority –

- a) to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board.
- b) to discuss any related issues with the internal and statutory auditors and the management of the company.
- c) to investigate into any matter in relation to the items referred to it by the Board.
- d) to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice.
- e) to have full access to information contained in the records of the Bank

Review of information by Audit Committee as per LODR, Regulations, 2015

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses; and
- v. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
- vi. statement of deviations:
 - a) quarterly statement of deviation(s) in the use of proceeds of public / rights / preferential issue from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable; (if any)
 - b) quarterly statement indicating category-wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilization of funds in the offer document for public / rights / preferential issue or explanatory statement of to the notice for the general meeting, as applicable and the actual utilization of funds;
 - c) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of issue of securities of any nature. (if any)
 - d) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of issue of securities of any nature. (if any)
- vii. Review the financial statements of unlisted subsidiary, in particular, the investments made by the subsidiary.

Other matters

1. In carrying out its functions as aforesaid, the Committee shall have full access to information contained in the Bank's records and may seek information from any employee of the Bank, or, if considered necessary, obtain outside legal or other professional advice, or discuss with outsiders having the relevant expertise, and thereafter place the same to the Board.
2. The chairperson of the committee shall be present at Annual general meeting to answer shareholder queries.
3. The Company Secretary shall act as the secretary to the Audit committee.
4. The minutes of the Committee meetings and decisions taken by the Committee shall be promptly submitted to the Board.
5. The Auditors and key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

C. Investor Grievance, Share Transfer Committee and Stakeholder Relationship Committee

The Investor Grievance, Share Transfer Committee and Stakeholders Relationship Committee should specifically look into the various aspects of interest of shareholders, debenture holders and other security holders.

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Review, where necessary, complaints received from shareholders or others regarding transfer/transmission of shares, non-receipt of declared dividends, non-receipt of annual accounts or reports, or other matters relating to shareholding in the Bank, and any action taken by the Bank on such complaints;
2. Initiate such (further) action on the complaints as is considered necessary or desirable by way of redressal or to prevent similar complaints arising in the future; and

3. Approve or reject applications for transfer/transmission of shares referred to the Committee by the Bank's Registrar and Share Transfer Agent in terms of such criteria as may be determined by the Committee and conveyed to the Agent.
4. To oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Bank, issue of duplicate share certificates;
5. Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. Recommends measures for overall improvement in the quality of investor services;
7. Review of measures taken for effective exercise of voting rights by shareholders.
8. Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

D. Credit Committee & Investment and Raising Capital Committee

The Credit, Investment and Capital Raising Committee shall function and consider proposals for the approval, renewal, or modification of various types of funded and non-funded credit facilities, within such authority as delegated to it by the Board from time to time,

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Consider proposals for approval, renewal, or modification of various types of funded and non-funded credit facilities to clients & proposals for Investments of the Bank within such authority as delegated to it by the Board from time to time,
2. Monitor the credit and investment exposures of the Bank, review the adequacy of the credit and investment risk management processes and policies, internal control systems and compliance of statutory, regulatory and other applicable norms,
3. Periodically review the large corporate loans and advances appearing in SMA lists and standard restructured advances
4. Take note of the details of credit facilities sanctioned by MD level committee and call for more particulars/comments/clarifications, if found necessary,
5. Take note of the details of compromise settlements approved by the ED and MD level committees and call for more particulars/comments/clarifications, if necessary.
6. Periodically review Non Performing Assets of large value (Rs.5 crore and above).
7. Committee has the power to approve compromise proposals as per delegation in the NPA management policy
8. Committee shall recommend the compromise proposals beyond their power to the Board of Directors for approval

E. Risk Management Committee

The Risk Management Committee of the Board shall put in place specific policies and procedures for managing enterprise wide risk management of the Bank based on the regulatory guidance.

Terms of Reference/ Roles and Responsibilities of the Committee are:

- a) Recommend to the Board to approve the policies and strategies for implementing bank-wide integrated risk management system, for addressing various risks faced by the Bank.

- b) Oversee functions of Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC also known as Asset Liability Management Committee - ALCO), Operational Risk Management Committee (ORMC) and Information Security Committee (ISC).
- c) Set policies and guidelines for measurement, management and reporting of credit risk, market risk and operational risk.
- d) Set risk mitigation and stop-loss parameters in respect of all the three risks.
- e) Ensure management processes (including people, systems, operations, limits and controls) for implementing risk management systems.
- f) Ensure robustness and effectiveness of financial / rating models and their appraisal systems for assessing various risks faced by the Bank.
- g) Review of the Internal Capital Adequacy Assessment Process.
- h) Review of credit rating process, fixation of exposure ceilings for various types of exposures, geographies, sectors, industries etc and based on internal / external rating, borrower category/ groups etc.
- i) Ensure availability of qualified and competent officers and risk managers in the Integrated Risk Management Department for ensuring effectiveness of risk management systems in the Bank.
- j) Decide/approve adoption of technology/appropriate and adequate MIS system needed for risk management.
- k) Reinforce the culture and awareness of risk management throughout the organization that would attach high priority on effective risk management and adherence to sound internal controls.
- l) Ensure adequate coverage of internal audit to satisfy effective implementation of policies and procedures.
- m) Review of functions related to management of Cyber security risk, outsourcing risk and Pension obligation risk
- n) Review of procedure for product approval
- o) Review of Stress Testing methodology and Stress Scenarios
- p) Review of Liquidity risk management including Contingency Funding Plans and contingency funding under stress scenario.
- q) Risk Management Committee of the Board to meet with the Chief Risk Officer of the Bank independently on one to one basis without the presence of MD & CEO on a quarterly basis”.

Powers of the Risk Management Committee (RMC)

RMC shall exercise the following powers, subject to approval by the Board.

- a) Review of the policy and strategy for integrated risk management covering credit, market and operational risks.
- b) Review of the risk limits of the Bank, and its periodic review as and when needed.
- c) Review standards / delegation for credit dispensation.
- d) Review of the risk categories under Credit Risk Assessment (CRA) system and classification as acceptable and unacceptable category and periodic changes needed to such classification.
- e) Review of systems and tools for management of all the three categories of risks.
- f) Reviewing norms for Loan Review Mechanism (LRM), level of dependence on the system and all related procedures
- g) Analysing credit rating migration studies of large value exposures to assess quality and concentration of credit exposures.
- h) Reviewing norms/ceilings for maturity profile and mix of the incremental assets and liabilities.
- i) Fixing of tolerance levels for Liquidity risk monitoring, interest rate sensitivity/EaR, trigger points for realignment of assets/liabilities
- j) Review the functions of the CRMC, ALCO, ORMC and ISC from time to time.
- k) Reviewing policy for interest rate view/funding/ pricing of products etc of the Bank.

- l) Ensuring capital adequacy management with due regard to various risks impacting the balance sheet.
- m) Recommending to the Board to approve reviews on assessment, monitoring and controlling of non-quantifiable risks like strategic risk, reputation risk etc.

F. Customer Service, Marketing Strategy and Digital Banking Committee

Terms of Reference/ Roles and Responsibilities of the Committee are:

In respect of Customer Service, the key roles & responsibilities of the Committee are provided below:

1. Approving the various policies that relate to customer service ; examples thereof include and are not limited to :
 - a. Comprehensive Deposit Policy
 - b. Treatment of death of a depositor for operations in the account
 - c. Grievance Handling process
 - d. Collection of cheques
2. Reviewing metrics and indicators that provide information on the state of customer service in the Bank; providing direction to the management of the Bank on actions to be taken to improve the metrics
3. Reviewing the actions taken/ being taken by the Bank to standardize the delivery of customer experience across all branches
4. Reviewing results of the surveys conducted that provide quantitative and qualitative information on the state of customer experience
5. Providing inputs on the products introduced by the Bank with a view to ensure suitability and appropriateness
6. Monitoring the implementation of the Banking Ombudsman Scheme with particular reference to:
 - a. Reviewing all the awards against the Bank with a focus on identifying issues of systemic deficiencies and the Bank's plan to address these deficiencies
 - b. Reviewing all awards that remain unimplemented after 3 months from the date of the award with the reasons thereof; to report to the Board such delays in implementation without valid reasons and for initiating remedial action
7. Review, on an overall basis, the customer service aspects in the Bank on the basis of the detailed memorandum submitted in this regard and report to the Board of Directors thereafter; this is done once every six months and based on the review, the Committee will direct the Bank to initiate prompt corrective action wherever service quality / skills gaps have been noticed
8. Monitoring the activities of the Standing Committee on Customer Service (executive level committee) on a quarterly basis.
9. Review of minutes of product and process approval committee
10. Biennial audit of depositor services
11. Review of relevant instructions issued by other regulators
12. Review of cases reported under Limited Liability in unauthorized electronic banking transactions policy

In respect of the Marketing functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Reviewing the Bank's marketing strategy; providing direction on areas of focus
2. Providing direction on the communication strategy and media focus
3. Reviewing the Bank's progress in implementing the marketing strategy

In respect of Digital Banking, the key roles & responsibilities of the Committee are provided below:

1. Reviewing the Bank's Digital Banking strategy; providing direction on areas of focus
2. Reviewing the progress made on the metrics relating to Digital Banking; these metrics cover performance metrics as determined by the Board of Directors (as part of the annual budget) and also cover metrics that are determined by the Government of India from time to time and to review the customer service rendered on digital platform from time to time.

G. Special Committee of the Board for monitoring and follow up of cases of frauds (SCBF)

Terms of Reference/ Roles and Responsibilities of the Committee are:

The major functions of the Committee would be to monitor and review all frauds of Rs 100 Lakh and above so as to:

- i. Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- ii. Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI.
- iii. Monitor progress of CBI/Police investigation and recovery position.
- iv. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- v. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- vi. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

All the frauds involving an amount of Rs 100 lakh and above should be monitored and reviewed by SCBF. The periodicity of the meetings of the Committee may be decided according to the number of cases involved. In addition, the Committee should meet and review as and when a fraud involving an amount of Rs.100 lakh and above comes to light. Information of frauds of Rs.100L and above shall be sent to the members of SCBF through e-mail immediately on detection followed by placing report before the Committee in its next meeting.

In addition to the monitoring and review of frauds of Rs 100 Lakh and above, the Committee shall monitor and review the progress of the mitigating steps taken by the Bank in case of electronic frauds and the efficacy of the same in containing the number of frauds and values at least on a quarterly basis.

H. Committee for Human Resources Policy

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. To Review HR Strategy aligning with business strategy of the Bank
2. Periodic review of existing HR policy of the Bank.
3. To review productivity levels of employees benchmarking with peers in the industry
4. To review compensation policy of the Bank
5. To review outsourcing Policy of the Bank
6. To review Learning Initiatives
7. To review Skill gaps and Talent pool creation/ Succession Planning
8. To review Funding Superannuation Policy
9. To review periodic HR Plans and Activities

I. Corporate Social Responsibility Committee

Terms of Reference/ Roles and Responsibilities of the Committee are:

The CSR Committee shall:

1. Formulate and recommend to the Board for approval, the Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Bank in areas or subjects as specified in schedule VII of the Companies Act, 2013 ;
2. Guide and monitor the activities of the Bank in the area of CSR such that the spends are in line with the activities stipulated in the CSR Policy
3. Provide inputs, on an ongoing basis, to the formulation of strategic objectives and tactical plans that would help ensure the Bank is able to fulfill its corporate social responsibilities in a responsible and effective manner
4. Recommend the amount of expenditure to be incurred on the activities undertaken by the Bank.

J. Information Technology and Operations Committee

The IT and Operations Committee of the Board shall advice on the strategic direction of the Technology and Operations functions within the Bank.

Terms of Reference/ Roles and Responsibilities of the Committee are

In respect of the Technology functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Approving IT strategy and policy documents and reviewing the same from time to time
2. Ensuring that the management has put an effective strategic planning process in place
3. Ensuring that the business strategy is indeed aligned with IT strategy
4. Ensuring that the IT organizational structure complements the business model and its direction
5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable

7. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources
8. Ensuring proper balance of IT investments for sustaining bank's growth
9. Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks through oversight over the proceedings of the Information Security Committee
10. Assessing Senior Management's performance in implementing IT strategies
11. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
12. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT
13. Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks
14. Reviewing IT performance measurement and contribution of IT to businesses

In respect of the Operations functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Ensuring that the management has put an effective strategic planning process in place for operational activities that balances risk, customer experience and costs reviewing the same from time to time
2. Ensuring that the Operations organizational structure complements the business model and its direction
3. Ensuring that management has put in place effective steps to mitigate operational risks relating to the core operational processes of the Bank
4. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
5. Reviewing metrics and measurement relating to operational processes so as to ensure due contribution to the business

K. Review Committee of the Board on Non Cooperative Borrowers

Terms of Reference/ Roles and Responsibilities of the Committee are

In compliance with RBI directions on Non Cooperative Borrowers (NCB) the Bank has put in place a policy on identification, classification & declassification of Non Cooperative Borrowers and reporting of such borrowers to the Central Repository of Information on Large Credits (CRILC). The policy envisages formation of a Committee headed by an Executive Director & consisting of two other Senior Executives of the rank of SVP/VP to take a decision on classification & declassification of Non Cooperative Borrowers. Accordingly an ED level committee headed by ED & CFO is formed. The decisions of the ED level committee has to be placed to this Review Committee of the Board for confirmation.

L. Review Committee of the Board for Wilful Defaulters

Terms of Reference/ Roles and Responsibilities of the Committee are

This Review Committee reviews the order of the Internal Committee that identifies accounts to be reported as wilful default to comply with the regulatory guidelines. The Order shall become final only after it is confirmed by the Review Committee.

V. Disclosure of Information and Executive Management's Responsibilities

The Bank shall make full, fair, accurate, timely and meaningful disclosures in the periodic reports required to be filed with Government and other regulatory authorities viz., RBI, SEBI, Stock Exchanges, Ministry of Corporate Affairs, etc.

The executive management is responsible in general for the following:

- a. The day-to-day operations of the Bank;
- b. Developing, in consultation with the Board where necessary, appropriate policies, strategies, and plans, and implementing Board- approved policies, strategies, and plans; and
- c. The Bank's compliance with applicable statutory and regulatory requirements.

The executive management shall inter alia:

- a. Introduce and maintain appropriate data bases and management information systems that can capture, process, and retrieve information needed for the effective functioning of the Board and the executive management;
- b. Provide the Board and/or Board committees, as appropriate, with correct, timely, sufficient, and meaningful information about: the Bank's operations; risk assessment, exposure and management; financial condition; performance vis-à-vis plans; human resources; statutory and regulatory compliance; and other aspects: and
- c. Promptly inform the Board and/or Board committees, as appropriate, of any market development, business trend, or risk exposure, impairment or loss of the Bank's assets or resources which may have a significant bearing on the Bank's operations or financial condition.
- d. Initiate all actions deemed necessary for proper dissemination of relevant information to the Board of Directors, Auditors and other Statutory Authorities, as may be required by applicable laws, rules and regulations

VI. INSIDER TRADING AND SELF-DEALING

Members of the Board, the management team and the designated persons of the Bank shall not engage in any insider trading in the Bank's shares, or in any self-dealing involving transactions for themselves or for their immediate relatives (as defined in SEBI (PIT) Regulations,2015) or associated persons conflicting with the Bank's interests. Directors shall inform the Board promptly of any purchase or sale of the Bank's shares by them, or by their relatives within their knowledge. Directors shall also inform the Bank of their holdings of the Bank's shares when they join the Board and as at the end of every financial year.

All Insiders and Designated Persons should adhere to the regulations contained Federal Bank Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and code of Practices and Procedures for Fair Disclosure

Conflict of Interest

A "conflict of interest" occurs when personal interest of any member of the Board of Directors and of the Management interferes or appears to interfere in any way with the interests of the Bank.

The members of the Management team are expected to devote their total attention to the business interests of the Bank. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank or otherwise is in conflict with or prejudicial to the Bank.

All members of the Board of Directors and Management has a responsibility to the Bank, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it is expected that they avoid situations where a conflict of interests might occur or appear to occur, and they are expected to perform their duties in a way that do not conflict with the Bank's interests such as;

- a) If any member of the Board of Directors and Management considers investing in securities issued by the Bank's customer, supplier or competitor, they should ensure that these investments do not compromise their responsibilities to the Bank, which is of utmost importance.
- b) Factors, including the size and nature of the investment; their ability to influence the Bank's decisions; their access to confidential information of the Bank, or of the other entity, and the nature of the relationship between the Bank and the customer, supplier or competitor should be considered in determining whether a conflict exists.
- c) Employing relatives* or undertaking business with a relative or any entity where relative of a Board member or Senior Management official has a financial interest.

* The term "Relative" shall be applied on the lines defined under Section 2 (77) of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014.

Additionally, they should disclose to the Bank, in advance if known in advance, any interests that they have which may conflict with the business of the Bank.

Additional Points

1. All members of the board of directors and senior management personnel shall disclose to the Chief Compliance Officer / Company Secretary, annually, a statement that they have no material interest or any other conflicting interests, in any person who is a party to a material contract or proposed contract with the Bank and the Chief Compliance Officer / Company Secretary shall notify the Board of Directors of any such disclosure.

Further every director shall

- a) at the time of joining the Board as director and
- b) thereafter annually or
- c) whenever there is any change in the disclosures already made, then at the first Board meeting held after such change,

disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall also include the shareholding

2. i) All members of the board of directors and senior management personnel shall report actions that may involve conflict of interest to the Chief Compliance Officer / Company Secretary, well in advance. In order to avoid conflicts of interest, all members of the board of directors and senior management personnel must disclose to the Chief Compliance Officer / Company Secretary any material transaction or relationship that reasonably could be expected to give rise to such a conflict, well in advance, and the Chief Compliance Officer / Company Secretary shall notify the Board of Directors of any such disclosure.
- ii) Every director of the Bank who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

(a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

(b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting

3. Due to potential conflicts with the Bank, all executive directors on the board of directors and senior management personnel must obtain prior approval from the Board of Directors of the Bank before they accept a position as a director of any unaffiliated for-profit company or organization.
4. Avoidance of Conflict of interest shall include compliances with provisions of Section 184 of Companies Act,2013 and disclosure of other matters to the Bank which are in the best interest of the bank.

VII. Related Parties

For better governance the Directors and members of Management should comply with the Bank's Policy on Related Party Transactions as approved from time to time

In case the nature of business is such that a related party transaction is unavoidable, they must fully disclose the nature of the related party transaction to the appropriate authority in advance if it is so known. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party.

In the case of any other transaction or situation giving rise to conflicts of interests, the appropriate authority should after due deliberations decide on its impact, and the decision shall be final.

VIII. Confidentiality and Fair Dealings

The Bank's confidential information is a valuable asset. It includes all trade related information, trade secrets, confidential and privileged information, customer information, employee related information, strategies, administration, research in connection with the Bank and commercial, legal, scientific, technical data that are either provided to or made available to each member of the Board of Directors and the Management by the Bank either in paper form or electronic media to facilitate their work or that they are able to know or obtain access by virtue of their position with the Bank. All confidential information must be used for Bank's business purposes only.

This responsibility includes the safeguarding, securing and proper disposal of confidential information in accordance with the Bank's policy on maintaining and managing records. This obligation extends to confidential information of third parties, which the Bank has rightfully received under non-disclosure agreements.

To further the Bank's business, confidential information may have to be disclosed to potential business partners. Such disclosure should be made after considering its potential benefits and risks. Care should be taken to divulge the most sensitive information, only after the said potential

business partner has signed a confidentiality agreement with the Bank and only after obtaining the prior permission of the appropriate authorities in the Bank.

The term “confidential information” includes, but is not limited to, non-public information that might be of use to competitors of the Bank, or harmful to the Bank or its customers if disclosed. Every Director and member of Executive Management should be fully compliant with the laws, statutes, rules and regulations that have the objective of preventing unlawful gains of any nature whatsoever.

IX. SIGNIFICANT INSTITUTIONAL SHAREHOLDERS

The Bank shall encourage the development of constructive and sound working relationships with any significant institutional shareholders (i.e., those holding at least 3% of the Bank’s issued and paid-up Share Capital). This may be achieved through systematic contacts at the executive management level with the institutions, and exchange of information and views with them on the Bank, on a need base. The shareholders shall be free to inform the executive management or the Board of any aspect of the Bank’s performance, which gives them cause for concern, or offer suggestions for improving the Bank’s performance.

X. COMMUNICATIONS WITH OUTSIDERS

As a general rule, the Chairman should speak for the Board and the MD& CEO for the management, especially in communicating with the public, the media, customers, securities analysts, shareholders, and regulatory authorities. However, individual Directors may be asked or authorised by the Board to communicate with parties involved with or interested in the Bank.

Any publication or publicly made statement that might be perceived or construed as attributable to the Bank, made outside the scope of any appropriate authority in the Bank, should include a disclaimer that the publication or statement represents the views of the specific author and not the bank.

XI. Applicable Laws

This code of Corporate Governance shall be applicable to all the members of the Board of the Bank and senior management of the Bank.

The Directors of the Bank and Management must comply with applicable laws, regulations, rules and regulatory orders. They should report any inadvertent non-compliance, if detected subsequently, to the concerned authorities.

XII. Gifts and Entertainment

Accepting Gifts and entertainment- General Principles

In general, no employee / Director should accept gifts - anything of value of more than Rs. 10,000/- from current or prospective customers or suppliers.

XIII. Giving gifts and entertainment - Bribery and corruption

Bribery/Corruption is defined as the receiving or offering of an undue reward to any third party.

No person (no employee / Director) must make any payment to or for anyone for the purpose of obtaining or retaining business or for obtaining any favourable action. If anyone is found to be involved in making such payments, they would be subject to disciplinary action as well as potential civil or criminal liability for violation of the Code.

No person (employee of the Bank/ Director) should offer or give any funds or property as donation to any government agency or its representatives, in order to obtain any favourable performance of official duties.

XIV. Waivers

Any waiver of any provision of this Code of Conduct for a member of the Bank's Board of Directors or a member of the Management must be approved in writing by the Board of Directors of the Bank. The matters covered in this Code of Conduct are of the utmost importance to the Bank, its stakeholders and its business partners, and are essential to the Bank's ability to conduct its business in accordance with its value system.

XV. Review of the Code

The Code including the terms of reference /charter of Board/Committees of Board shall be reviewed on a yearly basis.

XVI. Annual Declaration

As required under Regulation 17(5) and 26(3) of SEBI-LODR Regulations, 2015 all Board members and Senior Management personnel shall affirm compliance with this Code on an annual basis to the Company Secretary or any other person authorized by the Board in this regard.

Declaration signed by the MD & CEO have to included in the Annual Report of the Bank stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.

ACKNOWLEDGMENT (to be given by Board members and the Management officials)

I, _____, have read and understood the Bank's Code of Conduct (the "Code") for the Board of Directors and the Management.

I hereby undertake to comply with the standards and policies contained in the Code and other policies or laws specific to my responsibilities to the Bank.

Signature

Date