

Terms of Appointment of Independent Director

[Pursuant to the provisions of Schedule IV to the Companies Act, 2013]

1. TERM OF OFFICE

Your appointment will be for a period of _____ years commencing from _____, You shall not be liable to retire by rotation as per the relevant provisions of the Companies Act, 2013.

Your appointment is subject to the provisions of applicable laws regarding appointment, fees, expenses, disqualification and removal of directors. You may cease to hold office as a Director:

- At any time that you resign by written notice or
- You may be required to vacate office for any reason pursuant to any of the provisions of the Companies Act, 2013; or
- You may be removed as a director or otherwise required to vacate office under any applicable law and under the Article of Association of the Bank.

At any time during your tenure, your performance as an Independent Director will be reviewed in accordance with processes agreed by the Board from time to time. You agree to participate in such reviews.

2. COMMITMENTS

A) Independent Director

You will be expected to devote such time as is necessary for the proper performance of your duties and as an independent Director you will be involved in a number of board and committee meetings each year. You should strive to attend all the scheduled quarterly Board Meetings, General Meetings; Committees Meetings and other meetings or attendance, as necessary.

As an Independent Director you should strive to hold and present in at least one meeting in a year without the presence of non-independent directors and members of management with the sole objective of:

- (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 Bank's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.

B) The Bank

- The Bank shall provide you with adequate notice of the dates of proposed board meeting, general meetings, and meetings of board committees. As per the provisions of the Companies Act, 2013, the Bank is expected to give you an advance notice of every board and committee meetings. A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, shall be present at the meeting and in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director. The notice of the Board/ Committee meetings will be provided along with the agenda of the Board/ Committee meetings.
- The Bank will familiarize its Board members in the business model as well as the risk profile of the business parameters of the Bank, their responsibilities as directors
- Bank shall inform the directors about any upcoming events in the Bank
- Bank shall ensure that director is updated about latest happening in the industry and in the field of law applicable on the Bank by allowing them to visit the seminars held in these respect
- It shall be the responsibility of the Bank to provide the independent director with all the information and documents they validly require to fulfill their functions.
- The Bank shall ensure that the independent directors are aware of their statutory obligations.

3. CODE OF CONDUCT, FUNCTIONS AND DUTIES

You will be expected to perform your duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience. You will have all the usual duties of an independent director under Companies Act, including attendance at board meetings, the annual general meeting, meetings of independent directors, meetings with investors and shareholders and other Board events such as site visits, together with such additional duties as may be agreed with the Board, and which may relate to the business of the Bank or any other member of the Group. You will be required to serve on such committees as the Board may request, including but not limited to Audit, and/or Nomination and remuneration and/or Stakeholders Relationship and/ or Corporate Social Responsibility Committees . In addition, you will be expected to devote appropriate preparation and travel time ahead of each meeting.

4. LIABILITY

As an independent director you will be liable only in respect of such acts of omission or commission by a Bank which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

5. TECHNOLOGY

Being a Director, you may make use of video, telephone, electronic mail, any other technology which permits each Director to communicate with every other Director, or any combination of these technologies for the purpose of calling and holding Directors' meetings.

You may attend the board or committee meeting through video conferencing or other audio visual means subject to the applicable provisions of the Companies Act, 2013.

6. CONFLICT OF INTEREST

By accepting this appointment you will be deemed to have confirmed that any other position you hold including your directorships in other organizations, shall not give rise to any conflicts of interest in relation to your appointment as an Independent Director of the Bank. Should you become aware of any conflict or potential conflict during your appointment, you are expected to notify the Bank's Company Secretary.

As an Independent Director you shall not engage in any activity/ies that is not expected from you as an Independent Director.

7. DISCLOSURES

You shall be required to submit certain information in the prescribed forms on a defined periodicity. Company Secretary shall be the coordinating officer for this.

You are required to disclose to the Bank your interests and any matters (excluding those matters which may be subject to legal professional privilege) which may affect your independence, from time to time.

During your tenure as an independent director you are required to give a declaration that you meet the criteria of independent every financial year as provided under Section 149 of the Companies Act, 2013.

8. DIRECTORS' FEES

You shall be paid sitting fees of such sum as per Bank's policy and as may be decided by the Board for attending the Board as well as the Committee meetings from time to time.

The Bank shall reimburse you all traveling, hotel, and other incidental expenses properly and reasonably incurred by you in performance of duties as per provisions of the Companies Act, 2013 in conjunction with the Bank's rules and policies.

As an independent director you shall not be entitled to any stock option and shall not be covered by any pension scheme.

9. REVIEW

The performance of individual directors, the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Managing Director as soon as you can.

10. INDUCTION & TRAINING

Where possible, directors will be encouraged to attend special training courses by various professional bodies to ensure that the directors are refreshed and equipped to perform their role in the highest standards and performance possible. You should feel free to request any further information which you require, at any time.

11. INDEMNITY AND INSURANCE/ PROVISION FOR DIRECTORS AND OFFICERS (D AND O) INSURANCE

The Bank has obtained a Directors' & Officers' liability insurance Policy for you. Details of the same can be obtained from the Company Secretary.

12. CONFIDENTIALITY AND ACCESS TO BANK'S RECORDS

Under applicable laws, Directors have a right of access to a Bank's documents and records, including financial records.

Any confidential information which may come to your knowledge in the performance of your duties as a director of the Bank must not be divulged, except so far as:

- a. may be necessary in connection with the proper performance of your duties to the Bank;
- b. the Bank may from time to time authorise and that you will take all reasonable precautions as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Bank; or
- c. You may be required by law to disclose.

13. APPLICABLE LAW

This letter of appointment shall be governed by the laws of India.

Kindly confirm your agreement to the terms set out above by signing the endorsement on the copy of this letter. Please return the copy to Bank. In returning this letter duly signed, you agree that the Bank may make this letter publicly available.

CODE FOR INDEPENDENT DIRECTORS

I. Guidelines of 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 company;
- (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 company 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 company in implementing the best corporate governance practices.

II. Role and functions:

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.

III. Duties :

The independent directors shall-

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- (2) 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 company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he 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 company;
- (6) where they have concerns about the running of the company 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 company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee 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 company;
- (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 company's code of conduct or ethics policy; (12) acting within his authority, assist in protecting the legitimate interests of the company, 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.
