

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

(Pursuant to the provisions of schedule IV to the Companies Act, 2013)

1. Appointment

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, the Independent Director shall serve office for a period of 5 years. The appointment of Independent Directors shall be subject to the approval of shareholders.

2. Board committees

As advised by the Board, during the tenure of office, the Independent directors may be required to serve on one or more of the committees of the Board as approved by the Board from time to time. Upon the Independent Directors appointment to any one or more committees, the Independent Director will be provided with the appropriate committee charter and ToR which sets out the functions of that Committee.

3. Professional Conduct

An Independent director shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising his/her duties;
- (c) exercise his/her responsibilities in a bona fide manner in the interest of the Bank;
- (d) devote sufficient time and attention to his/her professional obligations for informed and balanced decision-making;
- (e) not allow any extraneous considerations that may vitiate his/her exercise of objective independent judgement in the paramount interest of the Bank as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making
- (f) not abuse his/her 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.
- (g) refrain from any action that could lead to a loss of his independence;
- (h) ensure that if circumstances arise which make an Independent Director lose his/her independence, the independent director must immediately inform the Board accordingly, and
- (i) assist the Bank in implementing the best corporate governance practices.

4. Sitting Fees & Remuneration

The Independent Directors shall be entitled to sitting fee for attending the meetings of the Board or Committee thereof either personally or through Video Conference or other audio visual means or for any other purpose whatsoever as may be determined by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and RBI guidelines issued in this regard.

The Independent Directors shall also be entitled to remuneration in accordance with the

provisions of the Companies Act, 2013 and RBI guidelines issued in this regard and as amended from time to time.

The fee and remuneration payable shall be subject to applicable tax deduction at source. In addition to the above the Independent Directors shall be entitled to reimbursement of reasonable expenses incurred in discharging the above role.

The sitting fees payable to the Independent Directors for attending the meetings of the Board and committees will be as approved by the Board from time to time.

5. Duties

An Independent Director shall:

- (a) undertake the appropriate induction into the Board and regularly update and refresh his/her skills, knowledge and familiarity with the Bank;
- (b) seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Bank;
- (c) strive to attend every meeting of the Board and of the Board committees of which he/she is a member;
- (d) actively and constructively participate in the Board committees of the Board in which he/she may be a member or the Chairperson;
- (e) strive to attend the general meetings of the Bank;
- (f) ensure that any concerns that he/she may have about the running of the Bank are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- (g) keep himself/herself well informed about the Bank and the external environment in which it operates;
- (h) not unfairly obstruct the functioning of an otherwise proper Board or committee;
- (i) ensure that related party transactions are considered carefully before they are approved and are in the interest of the Bank;
- (j) ensure that the whistleblower function of the Bank is functioning adequately;
- (k) report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's Code of Conduct and Ethics;
- (l) within his/her authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees, and
- (m) not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.
- (n) Other fiduciary duties

6. Role and functions:

An independent director shall:

- (a) 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;
- (b) bring an objective view in the evaluation of the performance of board and management;
- (c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (d) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (f) balance the conflicting interest of the stakeholders;
- (g) 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;
- (h) moderate and arbitrate in the interest of the Bank as a whole, in situations of conflict between management and shareholder's interest.

7. Code of Conduct

- a. During the appointment the Independent Director shall comply with the Code of Business Ethics and Code of Conduct policy of the Bank.
- b. The Bank acknowledge that the Independent Director may have business interests other than those of the Bank and that the Independent Director have declared any conflicts that are apparent at present. In the event that the Independent Director becomes aware of any potential conflicts of interest, these should be disclosed to the Bank as soon as they become apparent but not later than 30 (thirty) days of the occurrence of the event.

8. Mechanism for evaluation of Board members

- (1) The independent directors of the Bank shall hold at least one meeting "in a financial 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 Bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Chairperson of the Nominations and Remuneration Committee conducts an annual Board evaluation and a peer evaluation survey to assess the performance

of the Board as a whole and that of individual Board members. Performance is assessed based on clearly defined objective criteria. This is in line with the Bank's policy of being data-oriented in every transaction and decision.

9. Evaluation of Independent Directors

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

10. Dealing in shares

Centrum Capital Limited (CCL) is the ultimate holding company of the Bank. CCL, being a Listed entity has to adhere to Insider trading guidelines. The Independent Directors are ***prohibited*** from dealing in the CCL's shares during the period when the trading window is closed by CCL. Further, directors, are required to pre-clear all trades (buy/sell/gift) from the Compliance Officer of CCL. The Independent Directors are required to comply with the applicable insider trading laws and regulations.