

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

1. Appointment

In accordance with the provisions of the Companies Act, 2013, SEBI Listing Regulations, you will serve as Independent Director of the Bank effective November 04, 2023 for a period of three years. Your appointment is subject to the approval of shareholders of the Bank.

The term "Independent Director" should be construed as defined under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations.

Your appointment is subject to the maximum permissible Directorships that an individual can hold as per the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

2. Board committees

As advised by the Board, during the tenure of office, you 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 your appointment to any one or more committees, you will be provided with the appropriate committee charter and Terms of Reference (ToR) which sets out the functions of that Committee.

3. Professional Conduct

As an Independent director, you shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising your duties;
- (c) exercise your responsibilities in a bona fide manner in the interest of the Bank;
- (d) devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- (e) not allow any extraneous considerations that may vitiate your 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 your 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 your independence;
- (h) ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly, and
- (i) assist the Bank in implementing the best corporate governance practices.

4. Sitting Fees & Remuneration

You will 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.

In addition to the above you will be entitled to reimbursement of reasonable expenses incurred in discharging the above role.

The fee and remuneration, if any payable shall be subject to applicable tax deduction at source. 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 and obligations

As an Independent Director, you shall:

- (a) undertake the appropriate induction into the Board and regularly update and refresh your 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 you are a member;
- (d) actively and constructively participate in the Board committees of the Board in which you may be a member or the Chairperson;
- (e) strive to attend the general meetings of the Bank;
- (f) ensure that any concerns that you 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 yourself 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 whistle blower 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 your 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) Comply with the relevant provisions of the Companies Act, 2013, SEBI Listing Regulations and Banking Regulation Act, 1949 as amended from time to time.

(o) Other fiduciary duties

6. Role and functions:

As an Independent Director you 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) scrutinize 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 you will comply with the Code of Business Ethics and Code of Conduct policy of the Bank.

(b) The Bank acknowledge that you may have business interests other than those of the Bank and that you have declared any conflicts that are apparent at present. In the event that you become 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 securities

You or your relatives are prohibited from dealing in the securities of the Bank and holding Company of the Bank viz. Centrum Capital Limited, when the trading window is closed.

You are required to comply with the applicable Insider Trading Policy of the Bank and Centrum Capital Limited, as enclosed with this Letter of Appointment.

11. D & O Insurance

The Bank maintains a Directors and Officers insurance policy (D & O policy) amounting to Rs. 200,000,000 /- which covers its Directors, Key managerial personnel and employees for claims made against them while serving on the Board and / or as an officer of the Bank.