

IDBI BANK LIMITED

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Directors' Appointment, Evaluation and Board Diversity Policy

In terms of Section 178(3) & (4) of the Companies Act, 2013, a Directors' Appointment and Evaluation Policy including the criteria for determining the qualifications, positive attributes and Independence of a Director, Review and Evaluation of the performance of Directors, etc. was formulated by the Board at its meeting held on July 4, 2014 upon the recommendation of Nomination Committee of the Board. Further, a Remuneration Policy for the Directors, Key Managerial Personnel and other employees of IDBI Bank was formulated by the Board on July 4, 2014 upon the recommendation of Remuneration Committee of the Board. Their key features are given hereunder:

DETAILS OF DIRECTORS' APPOINTMENT, EVALUATION AND BOARD DIVERSITY POLICY

Constitution of the Board

Article 114(a) provides the number of minimum and maximum Directors on the Board while the Constitution of the Board is provided under Article 116(1)(a) to (e) read with Article 116A.

Mode of Appointment of Directors

- (1) As per the Board constitution provided under Article 116, the appointment / nomination of Directors prescribed under Articles 116(1)(a) to 116(1)(d), shall be made by Central Govt. Suitable notifications will be issued by Central Government to appoint (i) a Non-Executive (Non-whole time) Chairman under Article 116(1)(a)(i); (ii) a Managing Director & CEO under Article 116(1)(a)(ii); (iii) Dy. Managing Directors under Article 116(1)(b); (iv) nomination of Central Govt. officials as Directors under Article 116(1)(c); and (v) nomination of Professional Independent Directors under Article 116(1)(d). In terms of the provisions of the Companies Act, 2013, all appointments/nominations made by Central Govt. under Article 116(1)(a) to Article 116(1)(d) shall be submitted to and noted & approved by the



shareholders at the General Meeting.

- (2)(a) In terms of Article 116(1)(e) read with Article 116A, non rotational Independent Directors to be identified by the Board of Directors shall be appointed by the shareholders at the General Meeting. While identifying the persons to be appointed as Independent Directors, the Board will ensure that such persons possess the qualifications prescribed under Section 10A(2) of the Banking Regulation Act, 1949, Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015 and are also not disqualified to be Directors under the relevant provisions of the Banking Regulation Act, 1949 and SEBI (LODR) Regulations, 2015 and Section 164 of the Companies Act, 2013 etc.
- (b) After Board's identification as above, unless the Independent Director is appointed initially as an Additional Director, the candidature of such person shall be submitted to the next General Meeting for approval of the appointment by following the procedure contained under Section 160 of the Companies Act, 2013. All shareholders will be eligible to elect the Independent Directors. The initial term of Independent Directors will be 4 consecutive years extendable to one more term of 4 consecutive years by passing a Special Resolution at the General Meeting. In any case, the total term shall not exceed 8 years in terms of Section 10A(2A) of the Banking Regulation Act, 1949.
- (c) After approval of Independent Directors' appointment, a formal appointment letter with contents prescribed under Schedule IV of the Companies Act, 2013 will be issued to the Independent Directors so appointed.
- (d) In terms of Article 116(1)(e) read with Article 116A(ii), out of the prescribed 5 elected directors, one woman director will be appointed, unless a Woman Director is already on the Board under Article 116(1)(a) to 116(1)(d).
- (e) In terms of Article 116A(iii), the Bank will ensure that atleast one of the Directors on the Board has stayed in India for total period of not less than 182 days during the previous calendar year.
- (f) The intermittent vacancy of an Independent Director shall be filled up by the Board at the earliest but not later than immediate next Board Meeting or 3 months from the date of such vacancy, whichever is later.



Performance Evaluation of Directors by the Board

- (i) In terms of the provisions of Schedule IV (Para VIII) and Section 134(3)(p) of the Companies Act, 2013, performance evaluation of the Independent Directors shall be done annually by the Board of Directors in the last month of the Financial Year.
- (ii) On the basis of the report of performance evaluation, it will be determined whether to extend or continue the term of appointment of Independent Directors.
- (iii) The performance evaluation of Independent Directors by the Board shall be done on the evaluation sheet as per the specified format.

Performance Review of Non Independent Directors

and the Chairman by Independent Directors

- (i) In terms of the provisions of Schedule IV (Para VII) of the Companies Act, 2013, Independent Directors shall hold an Annual Meeting in a year without the attendance of Non Independent Directors and members of the Management and review the performance of Non Independent Directors.
- (ii) The Independent Directors shall also review the performance of Chairman of the Bank taking into account the views of Executive Directors and Non-Executive Directors.
- (iii) The performance review of Non Independent Directors by Independent Directors shall be done on the review sheet as per the specified format and that of Chairperson of the Bank will be done on the specified format.

