




## DIRECTOR'S APPOINTMENT AND EVALUATION POLICY

### Mode of Appointment of Directors

- 1) **Executive & Nominee Directors:** As per the Board constitution provided under Article 116, the nomination of Directors prescribed under Articles 116(1)(i) to 116(1)(iv), shall be made by LIC. Suitable letters will be issued by LIC to nominate (a) Chairman of LIC as Non-Executive Non-whole time Chairman under Article 116(1)(i) subject to prior approval of RBI, (b) a Whole Time Managing Director & CEO under Article 116(1)(ii) subject to prior approval of RBI; (c) Two Whole Time Deputy Managing Directors under Article 116(1)(iii) subject to prior approval of RBI and (d) One Official Nominee Director of LIC under Article 116(1)(iv). By issue of suitable notification, GoI shall nominate 2 GoI Official Directors on the Board under Article 116(1)(v). In terms of provisions of the Companies Act, 2013, all nominations made by LIC and Central Govt. under Article 116(1)(i) to Article 116(1)(v) above shall be submitted to and approved by the shareholders at the General Meeting.
- 2) **Independent Directors:**
  - a) In terms of Article 116(i)(vi), 8 non rotational Independent Directors shall be appointed by the shareholders at the General Meeting. While identifying the persons to be appointed as Independent Directors, the Nomination and Remuneration Committee (NRC) and 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, SEBI (LODR) Regulations, 2015 and Section 164 of the Companies Act, 2013, etc.

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- b) After NRC and Board's identification as above, the Independent Director shall be appointed initially as an Additional Director and thereafter the candidature of such person shall be submitted to the ensuing Annual General Meeting (AGM) 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 for 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 of Independent Directors shall not exceed 8 years in terms of Section 10A(2A) of the Banking Regulation Act, 1949.
- c) After approval of Independent Directors' appointment at the AGM, 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)(viii), out of the prescribed 8 Independent directors, one Independent woman director shall be appointed on the Board.
- e) In terms of Section 152(6) of the Companies Act, 2013, 5 Directors, viz., 2 (two) Dy. Managing Directors, 1 (one) LIC Nominee Director and 2 (two) GOI Nominee Directors, shall be subject to retirement by rotation at the AGM.
- f) In terms of the provisions of the Companies Act, 2013, the Bank will ensure that atleast one of the Directors on the Board has stayed in India for a total period of not less than 182 days during the previous calendar year.
- g) The intermittent vacancy of an Independent Director shall be filled up by the Board at the earliest but not later than immediate next
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Board Meeting or 3 months from the date of such vacancy, whichever is later.

- h) While identifying the Independent Directors, NRC will also consider declarations from the candidate including the Fit & Proper declaration to be obtained from the candidate apart from the qualifications/disqualifications prescribed under the Companies Act, 2013, SEBI (LODR) Regulations and the Banking Regulation Act, 1949.
3. NRC will ensure that the proposed director possesses a Director Identification Number w.e.f the date of his/her appointment. Directors may remain directors only upto the upper age limit of 70 years prescribed under the mandatory provisions. Previous approval of RBI shall be mandatory for appointment of Non Executive Chairman, MD&CEO and 2 DMDs.

#### **Performance Evaluation of Independent 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.

Further, as per amended Regulation 17(10) of the SEBI (LODR) Regulations, 2015, the evaluation of Independent Directors shall be done by the entire Board of Directors 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.

**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.

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