

CORPORATE GOVERNANCE POLICY
Version No. 17.0
2026-27

Secretarial Department
Compliance & RBS Wing
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Corporate Governance Policy for the Financial Year 2026-27

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CHAPTER 1 - INTRODUCTION AND NEED FOR CORPORATE GOVERNANCE IN BANKS

1.1. Corporate Governance may be defined as “a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders.” It ensures commitment to values and ethical conduct of business; transparency in business transactions; statutory and legal compliance; adequate disclosures and effective decision-making to achieve corporate objectives. In other words, Corporate Governance is about promoting corporate fairness, transparency and accountability. Good Corporate Governance is simply Good Business.

1.2. Corporate Governance also means a set of relationships between a company’s management, its board, its shareholders as well as other stakeholders which provides the structure through which objectives of a company are set, along with the means of attaining those objectives and monitoring performance. It helps define the way authority as well as responsibility are allocated and how decisions are made.

1.3. Corporate Governance is very important in general because, at its most basic level, corporate governance sets up the “rules of the game” to deal with issues arising from separation of ownership and management so that the interests of all stakeholders are protected. Empirical evidence shows that businesses with superior governance practices generate bigger profits, higher returns on equity and larger dividend yields. Besides this, corporate governance also shows up in such soft areas as employee motivation, work culture, corporate value system and corporate image.

1.4. Banks are different from other corporates in important respects, and that makes corporate governance of banks not only different but also more critical. Banks lubricate the wheels of the real economy, are the conduits of monetary policy transmission and constitute the economy’s payment and settlement system. By the very nature of their business, banks are highly leveraged. They accept large amounts of uncollateralized public funds as deposits in a fiduciary capacity and further leverage those funds through credit creation. The presence of a large and dispersed base of depositors in the stakeholders’ group sets banks apart from other corporates.

1.5. Banks are interconnected in diverse, complex and oftentimes opaque ways, underscoring their ‘contagion’ potential. If a corporate fails, the fallout can be restricted to the stakeholders. If a bank fails, the impact can spread rapidly through to other banks with potentially serious consequences for the entire financial system and the macro-economy.

1.6. All economic agents tend to behave in a pro-cyclical manner, and banks are no exception. In case of banks, their pro-cyclical behaviour hurts not just the institution but the larger economy.

Among the many lessons of the financial crisis is the one that financial markets are not self-correcting. This is in part because the signals of financial instability are difficult to detect in real time. On top of that, banks escape some of the disciplinary pressures of the market as their balance sheets are typically opaque. Given the centrality of banks to

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modern financial systems and the macro-economy, the larger ones become systemically important.

1.7. If banks are 'special' in so many ways, then it follows that Corporate Governance of banks has to be special too; reflecting these special features. In particular, Boards and Senior Managements of banks have to be sensitive to the interests of the depositors, be aware of the potentially destructive consequences of excessive risk taking, be alert to warning signals and be wise enough to contain irrational exuberance.

1.8. Further, there are additional dimensions to Corporate Governance of banks in emerging economies. In emerging economies, banks are more than mere agents of financial intermediation; they carry the additional responsibility of leading financial sector development and of driving the government's social agenda.

1.9. Second, in emerging economies, the institutional structures that define the boundaries between the regulators and the regulated and across regulators are still evolving. Managing the tensions that arise out of these factors makes corporate governance of banks in emerging economies even more challenging.

1.10. The scenario of Corporate Governance in banks changed after the reforms in 1991, when public sector banks saw a dilution of government shareholding and a larger number of private sector banks came on the scene. How did these changes shape the post-reform standards of corporate governance?

The competition brought in by the entry of new private sector banks and their growing market share forced banks across board to pay greater attention to customer service. As customers were now able to vote with their feet, the quality of customer service became an important variable in protecting, and then increasing, market share.

1.11. Post-reform, banking regulation shifted from being prescriptive to being prudential. This implied a shift in balance away from regulation and towards corporate governance. Banks now had greater freedom and flexibility to draw up their own business plans and implementation strategies consistent with their comparative advantage. The Boards of banks had to assume the primary responsibility for overseeing this. This required directors to be more knowledgeable and aware and also exercise informed judgement on the various strategy and policy choices.

1.12. Further the entry of institutional and retail shareholders into public sector banks - and listing on stock exchanges - brought about marked changes in their corporate governance standards. Directors representing private shareholders brought new perspectives to board deliberations, and the interests of private shareholders began to have an impact on strategic decisions. On top of this, the listing requirements of SEBI enhanced the standards of disclosure and transparency.

1.13. Now public sector banks were accorded larger autonomy. They could now decide on virtually the entire gamut of human resources issues, and subject to prevailing regulation, were free to undertake acquisition of businesses, close or merge unviable branches, open overseas offices, set up subsidiaries, take up new lines of business or exit existing ones, all without any need for prior approval from the Government.

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All this meant that greater autonomy to the Boards of Public Sector Banks came with bigger responsibility.

1.14. Series of structural reforms raised the profile and importance of corporate governance in banks. The 'structural' reform measures included mandating a higher proportion of Independent Directors on the boards; inducting board members with diverse sets of skills and expertise; and setting up of board committees for key functions like risk management, compensation, investor grievances redressal and nomination of Directors.

Structural reforms were furthered by the implementation of the Ganguly Committee recommendations relating to the role and responsibilities of the Boards of Directors, training facilities for Directors, and most importantly, application of 'fit and proper' norms for Directors.

1.15. Regulation can complement corporate governance, but cannot substitute for it. While regulation has a role to play in ensuring robust corporate standards in banks, the point to recognize is that effective regulation is a necessary, but not a sufficient condition for good corporate governance. Regulation can establish principles and lay down rules but the motivation to implement these principles and rules in their true spirit is a matter of organizational culture. If banks see adherence to regulation as a mere compliance function, and not as a culture building objective, the ability of regulation to further corporate governance can be quite restrictive.

In above backdrop, the Corporate Governance in Banks assumes greater significance.

ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) DEFINITION OF CORPORATE GOVERNANCE

"Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions in corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance"

Thus corporate governance includes within its ambit, the relationship of a company to its shareholders and to society; the promotion of fairness, transparency and accountability; reference to mechanisms that are used to "govern" managers and to ensure that the actions taken by them are consistent with the interests of key stakeholder groups. The salient features span issues of transparency and accountability, the legal and regulatory environment, appropriate risk management measures, information flows and the responsibility of Senior Management and the Board of Directors.

1.16. Policy Maintenance, Review and Approval

Secretarial Department, Compliance & RBS Wing shall be responsible to maintain and update this policy. Secretarial Department shall review the policy annually and shall

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engage with relevant business and functional Wings to make necessary updates to the policy and framework. This policy shall be implemented by all the concerned Wings.

Policy shall be annually reviewed and approved by the Board of Directors via Operational Risk Management Committee (ORMC) and Audit Committee of the Board (ACB) for approval and adoption.

If any change in this policy is subsequently approved, consequent upon any change in regulatory guidelines, market conditions, etc., such changes and approvals shall be deemed to be part of the policy and framework until the policy and framework are comprehensively reviewed next time. All such changes will be approved by the ORMC and ACB.

At the end of March every year, the Secretarial Department shall obtain relevant certifications from the Statutory Central Auditors as per the Part E of Schedule V of the SEBI (LODR) Regulations 2015 as amended from time to time.

Policy effective date: This policy comes into effect immediately on approval by the Board of Directors.

CHAPTER 2 - BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE & OBJECTIVES OF CORPORATE GOVERNANCE POLICY

2.1. The bank's Philosophy: The vision of Canara Bank is to emerge as the Best Bank to Bank with by pursuing industry benchmarks in profitability, operational efficiency, asset quality, risk management and digital innovation with a mission to provide State-of-the-Art Banking solutions, leveraging technology, aiding Ease of Doing business and enhancing value for all stakeholders through inclusive growth. In its endeavour to attain the goal visualized, the bank is laying maximum emphasis on the effective system of Corporate Governance.

The interaction between the Board, Senior Management and the Executives is so configured as to have a distinctly demarcated role so as to derive enhanced value to its stakeholders in particular and society in general.

The Corporate Philosophy of the bank is as reflected in its Brand Identity of two seamlessly connected triangles which is based on the idea of a bond and is a representation of the close ties between the bank and its many stakeholders - from customers and employees to investors, institutions and society at large. The slogan of the bank, "**Together We Can**" also reinforces the same.

2.2. Objectives: The overall objective is to optimise sustainable value to all stakeholders - depositors, creditors, shareholders, customers, borrowers, employees and the society through:

- Adherence to corporate values, codes of conduct and other standards of appropriate behaviour.
- A well-defined corporate strategy through which the success of the bank and the contribution of individuals can be measured.
- A clearly defined assignment of responsibilities and hierarchical decision-making authorities at all levels up to the Board of Directors with built-in mechanism for interaction for upward and downward communication.
- Strong Orientation in Social Banking.
- Strong internal control systems – including internal and external audit functions, risk management functions – independent of business lines, with checks and balances.
- Special monitoring of risk exposures where conflicts of interest are likely to be great.
- Appropriate information flows internally and to the public.

CHAPTER 3 - SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

3.1. The term 'Clause 49' refers to clause number 49 of the Listing Agreement between a company and the stock exchanges on which it is listed. This clause was inserted as late as 2000 consequent to the recommendations of the Kumar Mangalam Birla Committee on Corporate Governance constituted by the Securities Exchange Board of India (SEBI) in 1999.

3.2. In 2015, SEBI has come out with new regulations in place of Clauses in the Listing Agreement, namely SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherein they have amended the provisions of Corporate Governance under Regulations 17 to 27, with the objective to align with the provisions of the Companies Act, 2013; adopt best practices on Corporate Governance and to make the Corporate Governance framework more effective. The "Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was further amended from time to time.

3.3 Applicability to Public Sector Banks:

The Reserve Bank of India (RBI), vide its letter DBOD. No. 588/08.139.001/2004-2005, dated 10.01.2005, informed that the listed Indian Scheduled Commercial Banks may comply with the provisions of Clause 49 of the Listing Agreement insofar as the same are not in conflict with the provisions of the relevant statutes as applicable to banks and also the instructions issued by Reserve Bank from time to time.

The Indian Banks' Association (IBA) vide its letter No. C&I/C/1049, dated 03.01.2006, informed that they concurred with our interpretation of the views of SEBI/RBI. The Statutory rules and provisions of the Regulatory authorities overrule the SEBI guidelines.

Further, the IBA had organized a meeting of Bankers on the Revised Clause 49 of the Listing Agreement on 07.04.2006 and took note of the submission of the particulars in the format (as per the Listing Agreement) by Public Sector Banks.

Even in the SEBI (LODR) Regulations, 2015, SEBI, vide Regulation 15 (2) (b), informed as under:

Provided that for other listed entities which are not companies, but body corporate or are subject to regulations under other statutes, the provisions of corporate governance provisions as specified in regulation 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall apply to the extent that it does not violate their respective statutes and guidelines or directives issued by the relevant authorities.

SEBI has amended SEBI (LODR) Regulations vide SEBI (LODR) (Second amendment) Regulations, 2021 as below:

In Regulation 15, sub-regulation 2, Under clause (b), the provision shall stand omitted with effect from September 01, 2021.



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Further Reserve Bank of India vide RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated 26.04.2021 provided guidelines on review the framework for governance in the commercial banks.

Based on the extent of applicability of the Corporate Governance Regulations under SEBI (LODR) Regulations, 2015 as amended from time to time and the above referred RBI circular, the Roles, Responsibilities & Functions of the Board of Directors & Audit Committee of the Board are detailed in this Policy.

CHAPTER 4 - BOARD OF DIRECTORS

4.1. Constitution

The composition of the Board is governed by the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Banking Regulation Act, 1949 and the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970, as amended from time to time.

The composition of Board of Directors of the bank shall be as per provisions of Section 9(3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and in line with RBI Guidelines dated 26.04.2021 and SEBI (LODR) Regulations 2015 as amended from time to time:

Sr. No	Post	Clause under which appointed	Remarks (nature of appointment in the bank / other Companies)
1	Managing Director & CEO / Executive Director/s	9(3)(a)	Not more than five Whole Time Directors to be appointed by the Central Government after consultation with the Reserve Bank of India.
2	Government Nominee Director	9(3)(b)	One Director who is an official of the Central Government to be nominated by the Central Government.
3	RBI Nominee Director	9(3)(c)	One Director to be nominated by the Central Government on the recommendation of the Reserve Bank of India
4	Workmen Employee Director	9(3)(e)	One Director from among such of the employees of the bank, who are workmen.
5	Officer Employee Director	9(3)(f)	One Director from among such of the employees of the bank, who are not workmen.
6	Chartered Accountant Director	9(3)(g)	One Director who has been a Chartered Accountant for not less than fifteen years to be nominated by the Central Government after consultation with the Reserve Bank of India.
7	Part Time Non-official Directors #	9(3)(h)	Having special knowledge or practical experience in respect of a. Agriculture & Rural Economy b. Banking c. Co-operation d. Economics e. Finance f. Law

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			g. Small scale Industry h. Any matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank of India, be useful to the bank.
8	Shareholder Directors #	9(3)(i)	Elected by Shareholders of Bank other than Central Government. where the capital issued under clause (c) of sub-section (2B) of section (3) is i) not more than sixteen per cent of the total paid-up capital, one Director; ii) more than sixteen per cent but not more than thirty-two per cent of the total paid-up capital, two Directors, iii) more than thirty two per cent of the total paid-up capital, three Directors.

#subject to provisions of Section 9(3)(i) of the Act, total not more than six Directors under category 9(3)(h) and (i).

Following guidelines of RBI vide circular dated 26.04.2021 will also be considered in composition of Board:

- 1) The Chair of the board shall be an Independent Director.
- 2) In the absence of the Chair of the board, the meetings of the board shall be chaired by an Independent Director.
- 3) The quorum for the board meetings shall be one-third of the total strength of the board or three Directors, whichever is higher.
- 4) At least half of the Directors attending the meetings of the board shall be Independent Directors.

These guidelines would apply to the extent the stipulations are not inconsistent with provisions of specific statutes applicable to these banks or instructions issued under the statutes

Pursuant to provisions of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 applicable to Public Sector Banks (PSBs), ***in the absence of Non-Executive Chairman of the Bank, MD & CEO shall chair the Board.***

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As per Regulation 17 of SEBI (LODR) Regulations, 2015 as amended from time to time herein after referred as “the regulation”:

- 1)** The Board of Directors shall have an optimum combination of executive and non-executive Directors with at least one-woman Director and not less than fifty per cent of the Board of Directors shall comprise of non-executive Directors. Bank shall have at least one independent woman director.
- 2)** where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of Independent Directors and where the Bank does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of Independent Directors
- 3)** The board of directors Bank shall comprise of not less than six directors.
- 4)** Bank shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
- 5)** The Bank shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board of Directors or as a manager is taken at the next general meeting.
- 6)** With effect from April 1, 2024, the continuation of a director serving on the board of directors of the Bank shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be:
Provided that the continuation of the director serving on the board of directors of the Bank as on March 31, 2024, without the approval of the shareholders for the last five years or more shall be subject to the approval of shareholders in the first general meeting to be held after March 31, 2024.

Provided further that the requirement specified in this regulation shall not be applicable to the Whole-Time Director, Managing Director, Manager, Independent Director or a Director, if the approval of the shareholders for the reappointment or continuation of the aforesaid directors or Manager is otherwise provided for by the provisions of these regulations has been complied with:

Provided further that the requirement specified in this regulation shall not be applicable to the director appointed pursuant to the order of a Court or a Tribunal or to a nominee director of the Government on the board of the Bank, or to a nominee director of a financial sector regulator on the board of the Bank.

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- 7) Any vacancy in the office of a director shall be filled by the Bank at the earliest and in any case not later than three months from the date such vacancy. Provided that if the Bank becomes non-compliant with the requirement under sub-regulation 17(1) of the regulation, due to expiration of the term of office of any director, the resulting vacancy shall be filled by the Bank not later than the date such office is vacated. further this shall not apply if the Bank fulfils the requirement under sub-regulation 17(1) of this regulation without filling the vacancy.

The Managing Director & CEO shall chair the meeting of Board till separate Chairman is appointed by Government of India in terms of clause 5 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 on Board of Bank.

Chairman appointed by Government of India shall preside over the meetings of the Board as per clause 5 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970.

If, for any reason, the Chairman is unable to attend a meeting of the Board, the Managing Director shall preside over that meeting and in the absence of the Managing Director or in the event of the Chairman and the Managing Director being the same person, any other Director elected by the Directors present at the meeting from among themselves shall preside at the meeting as per clause 12(6) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970.

Shareholder Director to be elected shall possess requisite educational qualifications and experience so as to be eligible and qualify for fit and proper criteria as prescribed by Reserve Bank of India / Government of India from time to time.

The above pattern of composition of the Board ensures that the Board is broad based, consists of employees, professionals from various fields and administrators, and results in representation to the stakeholders and administrators and Independent Directors in the process of decision making.

The predominance of non-executive/Independent Directors is aimed at enabling the board to have a meaningful discussion, ensuring transparency and taking an unbiased and qualitative view on matters placed before the Board.

4.2. Maximum number of Directorships:

The directors of the Bank shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time:

A person shall not be a director/independent director in more than seven listed entities.

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4.3. Notwithstanding the above, any person who is serving as a whole time director / managing director in the Bank shall serve as an independent director in not more than three listed entities.

No Director of the bank shall be a member in more than ten Committees or act as a Chairman of more than five Committees across all listed entities in which he is a Director. Every Director shall inform the bank every year about the Committee positions he occupies in other Companies and must also notify any changes therein as and when they take place.

4.4. Functions

The Board of Directors of a Bank is entrusted with the management and direction of the bank. The Directors of the bank are collectively called the 'Board of Directors' or the 'Board'. The Board of Directors of the bank have the responsibility of overseeing the performance of the bank and ensuring that they function in accordance with the objectives set before them and in doing so, abide by the guidelines given by Reserve Bank of India and the Government.

The board of a bank has overall responsibility for the bank, including culture, governance framework and approving as well as overseeing management's implementation of the bank's strategic objectives. Directors have responsibilities to the bank's overall interests, regardless of who appoints them. Hence an optimum combination of Directors from various sectors viz. Agriculture, Rural, MSME, Finance etc. is desired.

4.5. Quorum

The quorum for the meeting of the Board shall be one-third of the number of Directors holding office as such Directors of the Board on the day of the meeting; subject to a minimum of three Directors, two of whom shall be Directors referred to in clause (b), (c), or (h) of sub-section (3) of Section 9 of the Act. At least one must be independent director.

4.6. Frequency of Meetings

The Board shall meet as frequently as may be necessary for the smooth and efficient conduct of business. However, the Board shall meet at least once in a quarter and six times in a year. The time gap between any two Board meetings shall not be more than 120 Days.

4.7. Agenda for Board Meetings

The Managing Director & Chief Executive Officer (MD&CEO) of the bank and, in his absence, the senior most Executive Director shall decide the Agenda for each meeting of the Board.

RBI vide its communication DBR No.BC.93/29.67.001/2014-15 dated 14.05.2015, mandated that in order to give focused attention to matters of strategic and financial importance, seven critical themes namely, business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources shall be deliberated in the Board Meetings.

4.8. Code of Conduct

The bank has put in place a Code of Conduct for all the Board Members and the Senior Management with the permission of the Board of Directors.

The Code of Conduct approved by the Board for all Board members and Senior Management of the bank shall be posted on the website of the bank. All Board members and Senior Management personnel shall affirm compliance with the code on an annual basis. Non adherence or non-compliance to the Code of Conduct may result in Reputation Risk for the bank and may also result in **regulatory actions on the bank**. At times, instances of non-adherence or non-compliance of Code of Conduct may also lead to adverse publicity. All cases of non-adherence / non-compliance to the code of conduct shall be dealt with in terms of Staff Accountability Policy or as per prevailing laws/regulations.

All the members of the Board shall submit a declaration at annual intervals and Senior Management Personnel shall submit annual declaration. The Annual Report of the bank shall contain a declaration to this effect signed by the Managing Director & Chief Executive Officer (MD&CEO).

4.9. Code of Conduct for Prohibition of Insider Trading

The bank has in place Canara Bank Code of Conduct for Prohibition of Insider Trading (as amended from time to time). The guidelines of SEBI in these matters shall be strictly adhered to. All designated persons intending to deal in the shares of the bank exceeding the threshold limit should seek the prior clearance of the Compliance Officer under the regulation.

No designated person shall pass on any unpublished price-sensitive information to any person directly or indirectly by way of making a recommendation for the purchase or sale of the shares of the bank.

4.10. Compliance Reports of all Laws Applicable to the Bank

The Board shall review compliance reports of all laws applicable to the bank at half-yearly intervals as at the end of March & September of every year. In this connection, the Compliance Department of the bank shall submit a Note to the Board of Directors at half-yearly intervals, as at March & September, duly indicating the non-compliances, if any; as well as steps taken to rectify such non compliances.

CHAPTER 5 - AUDIT COMMITTEE OF THE BOARD (ACB)

5.1. Constitution

The Audit Committee of the Board (ACB) is constituted as per the guidelines of the Reserve Bank of India and Government of India, SEBI (LODR) Regulations, 2015 as amended from time to time.

Following guidelines of RBI vide circular dated 26.04.2021 and SEBI (LODR) Regulations will also be considered in composition of ACB –

- 1) The ACB shall be constituted with only non-executive Directors (NEDs).
- 2) The Chair of the board shall not be a member of the ACB.
- 3) The ACB shall meet with a quorum of three members. At least two-thirds of the members attending the meeting of the ACB shall be Independent Directors.
- 4) The audit committee shall meet at least four times in a **financial** year and not more than one hundred and twenty days shall elapse between two **consecutive** meetings.
- 5) The meetings of the ACB shall be chaired by an Independent Director who shall not chair any other committee of the Board.
- 6) The Chair of the ACB shall not be a member of any committee of the board which has a mandate of sanctioning credit exposures.

Directors appointed under Section 9(3) (g) & (h) of the Banking Companies (Acquisition & Transfer of undertaking) Act 1970, who are on Management Committee shall not be on the Audit Committee in any capacity.

It is not the intention that the Chairman / Managing Director / Chief Executive should be appointed in the Audit Committee of the Bank.

All members should have the ability to understand all financial statements as well as the notes/ reports attached thereto and at least one member shall have requisite professional expertise/ qualification in financial accounting or financial management [e.g., experience in application of accounting standards and practices, including internal controls around it].

As per extant guidelines of GOI and RBI, while constituting the Audit Committee of the Board, the following points shall be adhered to:

- (i) Directors representing staff shall not be included in the Audit Committee of the Board.
- (ii) The Chairman of the Committee shall be a Non-Executive Director.
- (iii) Non-Official Directors shall be rotated every two years, at least one Non-Official Director being a Chartered Accountant.
- (iv) If the bank has only one Non-Official Chartered Accountant Director, he/she shall not be rotated and will continue to be on the Audit Committee of the Board.

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- (v) As per the GOI guidelines, Directors appointed under Section 9 (3) of the Act under any category, who are on the Management Committee /Credit Approval Committee shall not be on the Audit Committee in any capacity. However, this provision will not be applicable in case of whole time Directors and RBI Nominee Directors appointed under Section 9 (3)(a) and 9 (3)(c) of the Act, respectively. It is not the intention that the Chairman / Managing Director / Chief Executive should be appointed in the Audit Committee of the Bank.
- (vi) Company Secretary shall act as a Secretary to the Audit Committee of the Board.

As per SEBI(LODR) regulations 2015, amended from time to time while constituting the Audit Committee of the Board, the following points shall be adhered to:

1. Bank shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:
 - a) The audit committee shall have minimum three directors as members.
 - b) At least two-thirds of the members of audit committee shall be independent directors and in case the Bank is having outstanding SR equity shares, the audit committee shall only comprise of independent directors
 - c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise
 - d) The chairperson of the audit committee shall be an independent director and he/she shall be present at Annual general meeting to answer shareholder queries.
 - e) The Company Secretary shall act as the secretary to the audit committee
 - f) The audit committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee, provided that occasionally the audit committee may meet without the presence of any executives of the Bank.

5.2. Functions: The following shall be the areas of focus of the Audit Committee of the Board:

- a. The Committee shall provide direction and also oversee the operation of the total audit function in the bank.
- b. As regards internal audit, Audit Committee of the Board shall review the internal inspection/audit function in the bank in regard to the system, its quality and effectiveness in terms of follow up. It shall review the inspection reports of specialised and extra-large branches and all branches with unsatisfactory ratings.
- c. ACB shall also specially focus on the follow-up of:
 - Inter-branch adjustment accounts
 - Un-reconciled long outstanding entries in the inter-bank accounts and Nostro accounts
 - Arrears in balancing of books at various branches

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- Frauds and
 - All other major areas of house-keeping.
- d.** It shall obtain and review half-yearly reports from the Compliance Officer appointed by the bank in terms of instructions of Reserve Bank of India.
 - e.** Regarding statutory auditors, the Audit Committee shall follow up on all the issues raised in the Long Form Audit Report (LFAR). It shall interact with the external auditors before the finalisation of the Annual / Quarterly financial accounts and reports.
 - f.** The committee shall follow up on all issues / concerns raised in the inspection reports of Reserve Bank of India.
 - g.** Oversee the bank's financial reporting process and ensure correct, adequate and credible disclosure of financial information.
 - h.** Review with Management the financial statements with special emphasis on accounting policies and practices, compliance of accounting policies and practices, compliance of accounting standards and other legal requirements concerning financial statements.
 - i.** Review the adequacy of external and internal audit, internal control system, discuss and review significant findings of inspection and investigation.
 - j.** Discuss with external auditors before finalization of annual accounts and report.
 - k.** Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - l.** Approval of appointment of CFO (the person heading the finance function or discharging that function, i.e., General Manager who is heading the Financial Management Wing, Head Office) after assessing the qualifications, experience, background, etc. of the candidate.
 - m.** Review of any other function as may be required under the provisions of Corporate Governance as per SEBI (LODR) Regulations, 2015 as amended from time to time.
 - n.** Review of Wilful Defaulters
 - o.** Periodical Review of various matters as per the Calendar of Reviews prescribed by Reserve Bank of India, vide letter dated 10.11.2010 shall be placed before the ACB.
 - p.** The Audit Committee of the Board should monitor the work done by concurrent audit, internal audit, statutory audit and compliance of RBI inspection very closely and should take an active role in appointment of statutory auditors.

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- q.** A periodic review of incidents of fraud shall also be placed before Board / Audit Committee of Board (ACB), as appropriate, by the Senior Management of the bank.
- r.** In cases involving very senior executives of the bank (MD & CEO / Executive Director / Executives of equivalent rank) *, the ACB shall initiate examination of their accountability and place it before the Board. However, in case of PSBs and AIFIs, such cases shall also be referred to the ABBFF.
* shall not participate in the meeting of the Board / ACB / SCBMF in which their accountability is to be considered)

5.3. Quorum

Three members or One third members of the committee, whichever is higher shall constitute the quorum for the meetings of the Committee. At least two-thirds of the members attending the meeting of the ACB shall be Independent Directors.

5.4. Frequency of Meetings

The audit committee shall meet at least four times in a **financial** year and not more than one hundred and twenty days shall elapse between two **consecutive** meetings.

CHAPTER 6 - OTHER COMMITTEES OF THE BOARD

6.1. The Board may constitute as much number of Committees as deemed necessary from among its members and delegate such powers as may be considered expedient in furtherance of the best interests and corporate objectives of the bank. The constitution, powers and functioning of such committees shall be consistent with the best practices and standards as well as in conformity with the prevailing guidelines of RBI & SEBI (LODR) Regulation as amended from time to time.

6.2. Accordingly, the following Committees of the Board are constituted:

1	Management Committee of the Board (MC)
2	Audit Committee of the Board (ACB)
3	Risk Management Committee of the Board (RMCB)
4	Committee of the Board for Monitoring Recovery (CMR)
5	IT Strategy Committee of the Board (ITSC)
6	Board Committee on Performance Evaluation (BCPE)
7	Sub-Committee of the Board on Human Resources (SC HR)
8	Special Committee of the Board for Monitoring & Follow up of cases of Frauds (SCBMF)
9	Sub-Committee of the Board to Review Classification of Wilful Defaulters (SCRW)
10	Sub-Committee of the Board Business Plan Strategy (SC BP)
11	Sub-Committee of the Board for Capital Planning Process of the bank (SC CP)
12	Sub-Committee of the Board for Sustainable Development and Corporate Social Responsibility (SC SDCSR)
13	Customer Service Committee of the Board (CSC)
14	Nomination and Remuneration Committee of the Board (NRC)
15	Stakeholders' Relationship Committee of the Board (SRC)
16	Sub-Committee of the Board for Compensation Committee (SC CC)
17	Committee of Directors of the Board (CD)
18	Committee of Board (CB)
19	Departmental Promotion Committee of the Board (DPC)
20	Group Governance Committee of the Board (GGC)

6.3. The bank has also constituted several Committees of Executives for ensuring smooth decision taking.

The elaborate details regarding the composition, functions, etc., of the Committees are outlined as under:

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1. MANAGEMENT COMMITTEE (MC)	
Full name	Management Committee of the Board
Formation	Constituted by the Board of Directors on 15.12.1995 – Note dated 05.12.1995 of MD's Secretariat –
Function	Considering credit / loan compromise / write off proposals, approval of capital and revenue expenditure, acquisition and hiring of premises, filing and defending suits/appeals, investment in Government and other approved securities, shares and debentures of companies, including underwriting, donations, etc., beyond the discretionary powers of the Chairman & Managing Director
Total members	<p>As per Clause 13, sub clause 2 of Nationalised Banks (Management & Miscellaneous provisions) Scheme, 1970</p> <p>a) The Managing Director & CEO b) The Executive Director/s c) The Directors nominated by RBI under Section (9)(3)(c) of the Act d) Three Directors nominated by the Board from amongst the Directors referred to in clauses (e), (f), (h) and (i) of sub-section (3) of section 9 of the Act</p> <p>The Directors appointed under Section 9(3)(g) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, ceases to be a member on Management Committee of the Board, consequent to the amendment in the Nationalized Banks (Management & Miscellaneous Provisions) Scheme 1970/80 regarding composition of Management Committee under Clause 13(2).</p> <p>Directors appointed under Section 9(3) of the Banking Companies (Acquisition & Transfer of undertaking) Act 1970, who are on Management Committee shall not be on the Audit Committee in any capacity.</p> <p>However this provision will not be applicable in case of whole time Directors and RBI Nominee Directors appointed under Section 9 (3)(a) and 9 (3)(c) of the Act, respectively.</p> <p>Chairman of the Bank shall not be the member for this committee.</p>
Quorum	<p>Four:</p> <p>MD & CEO Any other three Directors of which one should be non-executive Director</p>
Chairman of the Committee	MD & CEO of the bank

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Periodicity of meeting	As often as the MD & CEO feels necessary
Tenure of members	Not more than 1 Year (Further, as per DFS guideline dated 17.09.2019 that in case the Board is of the opinion that circumstances exist which necessitate in the interest of the Bank, continuation of a Director so nominated beyond the period of one Year the Board may permit such Director to continue to hold office for such further period or periods not exceeding six months at a time, as it may specify; so however, that the total duration of such for a period shall not exceed one year") Hence, Maximum 2 Year (1 Year + 1st 6month re-nomination + 2nd 6 month re-nomination). Hence, Maximum 2 Year (1 Year + 1st 6month re-nomination + 2nd 6 month re-nomination)

2. AUDIT COMMITTEE OF THE BOARD (ACB)

Please refer Chapter 5

3. RISK MANAGEMENT COMMITTEE (RMC)

Full name	Risk Management Committee of the Board (As per extant RBI Guidelines and SEBI (LODR) Regulations 2015)
Formation	Orders of the Board of Directors on 24.01.2005 based on the guidelines of RBI dated 12.10.2002.
Function	<p>The Committee will have the overall responsibility of deciding the Risk Management Policy of the bank and set limits for liquidity, interest rate, foreign exchange and equity price risks.</p> <p>The functions of the Risk Management Committee is to co-ordinate, review and monitor and functioning of Credit Policy Committee (CPC) dealing with credit risk related matters and Asset Liability Management Committee (ALCO) which is dealing with market risk.</p> <p>The Committee shall devise the policy and strategy for integrated risk management containing various risk exposures of the bank including the credit risk. For this purpose, the Committee shall effectively coordinate between the Credit Risk Management Committee (CRMC), the Asset Liability Management Committee and other Risk Committees of the bank, if any.</p> <ul style="list-style-type: none"> • To oversee climate-related and environmental risks and opportunities and assessing the actual and potential impact of these risks on Bank's strategies and plans. • To oversee development and implementation of all climate-related risk strategies and ensure that such strategies are in line with the vision of the Bank.

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- To oversee climate-related and environmental risks and opportunities and assessing the actual and potential impact of these risks on Bank’s strategies and plans.
- To oversee development and implementation of all climate-related risk strategies and ensure that such strategies are in line with the vision of the Bank.
- Guiding climate-related policy, strategy, objective-setting, and performance monitoring
- Mandating processes to identify and manage climate-related and environmental risks and opportunities

- The Risk Management Committee of the Board (RMCB) shall oversee the effectiveness of the framework for (Early Warning Signals) EWS and (Red Flagging of Accounts) RFA. The Senior Management shall be responsible for implementation of a robust Framework for EWS and RFA within the bank.

- The EWS indicators identified for monitoring credit facilities / loan accounts and other banking transactions shall be approved by the RMCB. Appropriate Turnaround Time (TAT), preferably not more than 30 days, for examination of EWS alerts / triggers shall be prescribed by the RMCB.

- RMCB shall review the status of red flagged accounts, including the EWS alerts / triggers, remedial actions initiated by the bank, etc. at periodic intervals as approved by the Board.

- The EWS / RFA framework shall be subject to suitable validation in accordance with the directions of RMCB so as to ensure its integrity, robustness and consistency of the outcomes.

- Banks shall put in place / suitably upgrade their existing EWS system within six months from the date of issuance of these directions.

As per SEBI (LODR) Regulations, 2015:

The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit, such function shall specifically cover cyber security.

The role of the committee shall, inter alia, include the following:

- To formulate a detailed risk management policy which shall include:
- A framework for identification of internal and external risks specifically faced by the Bank, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

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	<ul style="list-style-type: none"> • Measures for risk mitigation including systems and processes for internal control of identified risks. • Business continuity plan. • To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank; • To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; • To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity; • To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; • The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee. <p>The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.</p>
<p>Total members</p>	<p>The board shall constitute an RMCB with majority of which should be NEDs. The RMCB shall meet with a quorum of three members. At least half of the members attending the meeting of the RMCB shall be Independent Directors of which at least one member shall have professional expertise/ qualification in risk management Meetings of RMCB shall be chaired by an Independent Director who shall not be a Chair of the board or any other committee of the board.</p> <p>The Chair of the board may be a member of the RMCB only if he/she has the requisite risk management expertise.</p>
<p>Quorum</p>	<p>Three:</p> <p>The RMCB shall meet with a quorum of Three Members. At least half of the members attending the meeting of the RMCB shall be Independent Directors.</p>
<p>Chairman of the Committee</p>	<p>RMCB shall be chaired by an Independent Director who shall not be a chair of the Board or any other Committee of the Board</p>
<p>Periodicity of meeting</p>	<p>Quarterly (The RMCB shall meet at least once in each quarter.)</p>

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Tenure of members	1 Year or till the end of the tenure of the Director on the Board whichever is earlier.
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4. COMMITTEE OF THE BOARD FOR MONITORING RECOVERY (CMR)

Full Name	Committee of the Board for Monitoring Recovery
Formation	Board Orders dated 03.12.2012, as per communication F No.7/112/2012-BOA dated 21.11.2012 of Department of Financial Services, Ministry of Finance, Government of India.
Function	<ol style="list-style-type: none"> To monitor the progress in recovery on regular basis. To submit report to the Board on monthly basis. To induct new members to the Settlement Advisory Committee (SAC) upon completion of tenure of the existing members To review Bank's Loan Recovery Policy with or without amendments, on annual basis. To approve Special OTS schemes for Small value NPA accounts, NPAs under Agriculture/ Tractor Loans, NPAs under Education Loans and MSME.
Total members	<ol style="list-style-type: none"> Managing Director & CEO - Chairman of the Committee. All Executive Directors GoI Nominee Director Two Non Official Directors from the Board
Quorum	<ol style="list-style-type: none"> MD & CEO – Chairman Executive Director Overseeing Recovery Wing Director representing GOI or any one of the NODs on the Committee
Chairman of the Committee	Managing Director & CEO
Periodicity of meeting	Monthly
Tenure of members	1 Year or till the end of the tenure of the Director on the Board whichever is earlier.

5. IT STRATEGY COMMITTEE (ITSC)

Full name	IT Strategy Committee (ITSC)
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	erstwhile Sub-Committee of the Board for Monitoring the progress in implementation of Information Technology in the Bank (SC IT)
Formation	Orders of the Board of Directors on 07.06.2003 based on the directions of the Board of Directors on 26.04.2003.
Function	<p>For monitoring the progress in implementation of Information Technology:</p> <ul style="list-style-type: none"> • Reviewing and approving IT strategy and policy documents. Ensuring that the management has put an effective strategic planning process in place. • Ensuring that the business strategy is aligned with IT strategy, which aligns with the overall strategy of Bank towards accomplishment of its business objectives. • Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation. • Ensuring that the IT organizational structure complements the business model and its direction. • Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business. • Ensuring IT investments represent a balance of risks and benefits and those budgets are acceptable. • Overseeing that the processes for assessing and managing IT and cybersecurity risks. • Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources. • Ensuring proper balance of IT investments for sustaining bank's growth. • Ensuring that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Bank's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the objectives. • Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks • Assessing Senior Management's performance in implementing IT strategies. • Issuing high-level policy guidance (e.g., related to risk, funding, or sourcing tasks) • Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT. • Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks. • Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value).

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	<ul style="list-style-type: none"> • Reviewing the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the bank at least on annual basis. • The IT Steering Committee shall meet at least on a quarterly basis
Total members	<ol style="list-style-type: none"> 1. Chairman of the Committee - Independent Director 2. Managing Director & CEO 3. All the Executive Directors 4. Two Independent Directors 5. Chief Information Officer (CIO) <p>Invitees:</p> <ol style="list-style-type: none"> 1. Chief Technology Officer (CTO) 2. Chief Information Security Officer (CISO) 3. IT Advisor <p>(Members are technically competent)</p>
Quorum	<p>Four</p> <p>Chairman of the Committee, MD & CEO & along with any two of the other members.</p>
Chairman of the Committee	<p>The Chairperson of the ITSC shall be an Independent Director and have substantial IT expertise in managing/ guiding information technology initiatives.</p> <p>(“Substantial IT expertise” means the person has a minimum of seven years of experience in managing information systems and/or leading/ guiding technology/ cybersecurity initiatives/ projects. Such a member should also understand the business processes at a broader level and the impact of IT on such processes.)</p>
Periodicity of meeting	Quarterly.
Tenure of members	1 Year or till the end of the tenure of the Director on the Board whichever is earlier.

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6. BOARD COMMITTEE FOR PERFORMANCE EVALUATION (BCPE)	
Full Name	
Formation	As per DFS, MoF, GoI Communication Ref No.F.No.9/5/2019-IR dated 30.08.2019, Board Orders dated 30.09.2019.
Function	<p>- Reporting / Reviewing and Accepting Authorities for recording the Annual Performance Appraisal Report (APAR) of MD & CEO, Executive Directors in-charge of Internal functions (Risk, Compliance and Audit) and General Managers in charge of internal functions (Risk, Compliance and Audit) of the Bank.</p> <p>- Key Performance Indicators (KPIs) for evaluating the performance of Whole Time Directors of Public Sector Banks.</p>
Total members	<p>1.Non-Executive Chairman of the Bank.</p> <p>In the absence of Non-Executive Chairman, any Independent Director of the Bank</p> <p>2.Governmnet Nominee Director</p> <p>3. Shareholder Director who has served on the banks Board for the longest duration.</p>
Quorum	<p>Three</p> <p>All</p>
Chairman of the Committee	<p>Non-Executive Chairman of the Bank.</p> <p>In the absence of Non-Executive Chairman, any Independent Director of the Bank</p>
Periodicity of meeting	Yearly
Tenure of members	1 Year or till the end of the tenure of the Director on the Board whichever is earlier.

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7. SUB-COMMITTEE ON HUMAN RESOURCES (SCHR)	
Full Name	Sub Committee of the Board on Human Resources
Formation	Orders of the Board of Directors on 22.07.2009 on Note dated 15.07.2009 of C & MD's Secretariat, placed vide Agenda No. 35
Function	To discuss, review and suggest on various HR related issues.
Total members	<p>1. Non-Executive Chairman of the Bank. <i>In the absence of Non-Executive Chairman of the Bank, MD & CEO of the Bank shall chair the Committee.</i></p> <p>2. All the Executive Directors 3. Director representing Government of India</p> <p>Members on rotation: 1. Two other Directors to be nominated by the Board</p>
Quorum	<p>Three:</p> <p>1. Managing Director & CEO 2. ED Overseeing Human Resources Wing 3. Any one of Independent Directors nominated on the Sub Committee.</p>
Chairman of the Committee	<p><i>Non-Executive Chairman of the Bank.</i> <i>In the absence of Non-Executive Chairman of the Bank, MD & CEO of the Bank shall chair the Committee.</i></p>
Periodicity of meeting	Once in a Quarter
Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.

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8. SPECIAL COMMITTEE OF THE BOARD FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUDS (SCBMF)	
Full name	Special Committee of The Board for Monitoring and Follow-Up of Cases of Frauds (SCBMF)
Formation	Board orders dated 23.01.2004
Function	<p>Broader monitoring of all fraud cases.</p> <p>Oversee the effectiveness of the fraud risk management in the bank.</p> <p>Review and monitor cases of frauds, including root cause analysis, and suggest mitigating measures for strengthening the internal controls, risk management framework and minimizing the incidence of frauds</p> <p>(The coverage may include, among others, categories / trends of frauds, industry /sectoral / geographical concentration of frauds, delay in detection/classification of frauds and delay in examination/conclusion of staff accountability, etc.)</p> <p>A periodic review of incidents of fraud shall also be placed before Board / Audit Committee of Board (ACB), as appropriate, by the Senior Management of the bank.</p> <p>In cases involving very senior executives of the bank (MD & CEO / Executive Director / Executives of equivalent rank)*, the ACB shall initiate examination of their accountability and place it before the Board. However, in case of PSBs and AIFIs, such cases shall also be referred to the ABBFF.</p> <p style="padding-left: 20px;">- *shall not participate in the meeting of the Board / ACB / SCBMF in which their accountability is to be considered)</p> <p>Once an account has been red-flagged, the entire process of classification of the account as fraud or removal of red-flagged status shall ordinarily be completed within 180 days from the date of first reporting of the account as red-flagged on the CRILC platform. Cases remaining in red-flagged status beyond 180 days shall be reported to the SCBMF for review with adequate reasoning / justification thereof. Such cases shall also be subject to supervisory review by the Reserve Bank</p>

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Total members	<p>A whole-time director and a minimum of two independent directors / non-executive directors.</p> <p>The Committee shall be headed by one of the independent directors / non-executive directors</p> <p>GOI Nominee Directors are required to closely monitor the fraud cases in their respective Banks and they should ensure that they are nominated in the Large Value Fraud Monitoring Committee of the Bank.</p>
Chairman of the Committee	The Committee shall be headed by one of the independent directors / non-executive directors
Quorum	<p>Minimum of three</p> <p>A whole-time director & minimum of two independent directors / non-executive directors.</p>
Periodicity of meeting	Monthly
Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.

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9.SUB COMMITTEE OF THE BOARD TO REVIEW CLASSIFICATION OF WILLFUL DEFAULTER OF THE BANK (SCRW)	
Full name	Sub Committee of the Board for Review Classification of Willful Defaulter
Formation	Board orders 09.03.2015 Orders of the Board of Directors on 30.09.2019 based on DFS, MoF, GoI communication Ref.No F.No.16/19/2019-BO.I dated 30.08.2019
Function	To Review the Orders of the Committee for identification & Grievance redressal of Wilful Defaulter and Non Co-operative borrowers. <i>Constitution of Review Committee for Wilful Defaulters for NPA accounts with book liability of Rs.100.00 Crore and above</i>
Total members	- Managing Director & CEO. - <i>Two Independent Directors of the Bank, on rotation.</i>
Chairman of the Committee	Managing Director & CEO.
Quorum	Three: All
Periodicity of meeting	As and when required
Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.

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10 SUB COMMITTEE OF THE BOARD FOR BUSINESS PLAN STRATEGY (SC BP)	
Full Name	Sub Committee of the Board for Business Plan Strategy
Formation	Board Orders dated 31.08.2015
Function	To Discuss Business Plan Strategy of the bank, with specific reference to Resources mobilisation, Credit, Asset quality management and Marketing of bank's Products
Total members	<ol style="list-style-type: none"> 1. <i>Non-Executive Chairman of the Bank.</i> <i>In the absence of Non-Executive Chairman of the Bank, MD & CEO of the Bank shall chair the Committee.</i> 2. All the Executive Director 3. Three Non-Officials Directors
Quorum	<p><i>Three:</i></p> <ol style="list-style-type: none"> 1. Managing Director & CEO 2. One of the Executive Directors 3. Any one Non-Official Director
Chairman of the Committee	<p><i>Non-Executive Chairman of the Bank.</i> <i>In the absence of Non-Executive Chairman of the Bank, MD & CEO of the Bank shall chair the Committee.</i></p>
Periodicity of meeting	Quarterly
Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.

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11 SUB COMMITTEE OF THE BOARD FOR CAPITAL PLANNING PROCESS OF THE BANK (SC CP)	
Full Name	Sub Committee of the Board for Capital Planning Process of the Bank
Formation	Board Orders dated 30.04.2015
Function	<ol style="list-style-type: none"> 1. To oversee the Capital Planning process 2. To ensure that Capital to Risk Weighted Assets Ratio is maintained above the minimum regulatory requirement along with the prescribed norms. 3. To recommend quantum, mode and types of Capital raising, as per the requirement. 4. To ensure compliance of instruction / directions of Ministry / RBI / any other statutory body in the matter relating to Capital. 5. To decide on Modalities of Qualified Institutional Placement. 6. To carefully consider the qualification, experience, profile and background of the various candidates and take a decision in supporting the candidates in the election as Share Holder Directors in various Companies including banks and Financial Institutions where the bank has equity. 7. To decide and permit on: (a) terms (b) timing (c) pricing (d) and other modalities of the rights issue as required under SEBI guidelines. 8. To explore all possibilities of monetization of Non-Core Assets of the bank including Subsidiaries / Associates of the bank and to plan, finalize strategy and place to Board for permission/approval including financial sanctions for engaging the services of Consultants.
Total members	MD & CEO All the Executive Directors Three other Non-Executive Directors
Quorum	Three: MD & CEO Either of Two Executive Directors overseeing SP&D Wing/FM Wing One of the three other Non-Executive Directors
Chairman of the Committee	Managing Director & CEO
Periodicity of meeting	As and when required

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Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.
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12 SUB COMMITTEE OF THE BOARD ON SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY (SC SDCSR)	
Full Name	Sub Committee of the Board on Sustainable Development and Corporate Social Responsibility
Formation	Board Orders dated 23.09.2013
Functions	<ol style="list-style-type: none"> 1. To oversee the implementation and monitoring of Sustainability and CSR activities of the Bank. 2. To examine the proposals/requests and to accord approval/sanction/rejection within the overall CSR budget sanctioned by the Board 3. To monitor and oversee the implementation of major policy initiatives and developments concerning climate related and environmental issues. <ul style="list-style-type: none"> • Monitoring and overseeing the progress on relevant goals and targets. • Monitoring ethics, transparency and compliance. • Monitoring sustainability related Human Capital including employee engagement, retention, recruitment, succession, planning, talent development, corporate culture, diversity, equity, inclusion, health, safety and compensation programs etc. • Guiding external disclosures control & measures. • Overseeing engagement on ESG issues with shareholders & other stakeholders.
Total members	<ol style="list-style-type: none"> 1. Managing Director & CEO 2. Executive Director overseeing LB & FI Wing 3. Two Independent Director
Quorum	<p>Three</p> <ol style="list-style-type: none"> 1. Managing Director & CEO 2. Executive Director overseeing FI Wing 3. One Independent Directors
Chairman of the Committee	Managing Director & CEO
Periodicity of meeting	As and when required

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Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.
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13 CUSTOMER SERVICE COMMITTEE (CSC)	
Full name	Customer Service Committee of the Board (RBI Master Circular on Customer Service in Banks)
Formation	Orders of the Board of Directors dated 31.08.2004 based on the communication dated 14.08.2004 of the Reserve Bank of India.
Function	<p>1) It is advised vide communication dated 17.08.2004 of the Reserve Bank of India, that the Committee shall address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.</p> <p>2) Besides, the Committee could also examine any other issues having a bearing on the quality of customer service rendered.</p> <p>3) The Committee shall oversee the functioning of the Adhoc Committee of the bank as long as it operates, including compliance with the recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS).</p> <p>4) The Committee shall also initiate innovative measures for enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele, at all times.</p> <p>5) The Committee be dedicated to bring about ongoing improvements in the quality of customer service provided by the bank</p> <p>As per RBI Master Circular on Customer Service in Banks</p> <p>Customer Service Committee of the Board, illustratively, could address the following:</p> <ul style="list-style-type: none"> (i) formulation of a Comprehensive Deposit Policy (ii) issues such as the treatment of death of a depositor for operations of his account (iii) product approval process with a view to suitability and appropriateness (iv) annual survey of depositor satisfaction (v) tri-ennial audit of such services. <p>Besides, the Committee could also examine any other issues having a bearing on the quality of customer service rendered.</p>

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	<p>The Committee should also play a more pro-active role with regard to complaints / grievances resolved by Banking Ombudsmen of the various States.</p>
Total members	<p>The RBI communication stipulates that the Committee shall be chaired by the Chairman & Managing Director / Executive Director and include non-officials representing customers' interests as its members to enable an independent feedback on the quality of customer service.</p>
	<ul style="list-style-type: none"> - Managing Director & CEO - Executive Directors - GOI Nominee Director - Two Non-Official Directors <p>Experts and representatives of customers as invitees to be included to formulate policies and assess the compliance thereof internally with a view to strengthening the corporate governance structure in the Banking system and also to bring about ongoing improvements in the quality of customer service provided by the Banks</p>
Quorum	<p>Three: Managing Director & CEO of the Bank and any two Member Directors, out of which one shall be NED</p>
Chairman of the Committee	<p>Managing Director & CEO of the bank</p>
Periodicity of meeting	<p>Once in a quarter</p>
Tenure of members	<p>1 year or till the end of the tenure of the Director on the Board whichever is earlier.</p>

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14 NOMINATION AND REMUNARATION COMMITTEE (NRC)	
Full name	Nomination and Remuneration Committee (RBI Circular and SEBI LODR Regulations)
Formation	Orders of the Board of Directors on 30.09.2019 based on DFS, MoF, GoI communication Ref. No F.No.16/19/2019-BO.I dated 30.08.2019
Function	<p>Determine the "Fit and Proper" status of the Existing Elected Directors / Proposed candidates based on the broad criteria as mentioned hereunder:</p> <ul style="list-style-type: none"> - Educational Qualification - Experience and Field of Expertise - Track record and integrity <p style="text-align: center;">(The above list is only illustrative and not exhaustive).</p> <p>The Committee should see whether the non-adherence to any of the above criteria would hamper the existing Elected Director / Proposed Candidate from discharging the duties as a Director on the Board of the bank.</p> <p>Further, the candidate coming to the adverse notice of any Authority / Regulatory agency or insolvency or default of any loan from any bank or Financial Institution would make the candidate unfit and improper to be a Director on the Board of the bank.</p> <p>Performance Linked Incentives to Whole Time Directors of Public Sector Banks.</p> <p>Such other Functions as defined in SEBI(LODR) Regulations, 2015 amended from time to time</p>
Total members	<p>As per extant RBI and SEBI(LODR) Regulations 2015, updated from time to time,</p> <p>The board shall constitute an NRC made up of only NEDs. Two Third of the members must be Independent directors.</p>

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	<p>The board shall constitute an NRC made up of only NEDs. At least half of the members attending the meeting of the NRC shall be independent directors, of which one shall be a member of the RMCB. The meetings of the NRC shall be chaired by an independent director.</p> <p>As per DFS guidelines (Induction material for GOI Nominee Directors), we understand that GOI Nominee Director has to be present in various Committees.</p> <ol style="list-style-type: none"> 1. Two Independent Directors (out of which one will be the Chairman of the Committee) 2. GoI Nominee Director
Quorum	<p>All Three</p> <p>Half Independent Directors</p>
Chairman of the Committee	<p>Independent Director, Chair of Board shall not Chair NRC. Meetings shall be chaired by independent Director</p>
Periodicity of meeting	<p>As and when required, at least Once in a Financial Year.</p>
Tenure of members	<p>1 year or till the end of the tenure of the Director on the Board whichever is earlier.</p>

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15 STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)	
Full name	Stakeholder's Relationship Committee of the Board (As per SEBI (LODR) Regulations 2015)
Formation	Orders of the Board of Directors dated 30.11.2002 on Note dated 29.11.2002 of T&I Division, T&IO Wing, placed vide Agenda No.11.
Function	<p>To specifically look into various aspects of interest of shareholders, debenture holders and other security holders</p> <p>The role of the committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> <i>i)</i> Resolving the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. <i>ii)</i> Review of measures taken for effective exercise of voting rights by shareholders. <i>iii)</i> Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent. <i>iv)</i> Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
Total members	At least three directors, with at least one being an independent director, shall be members of the Committee. chairperson of this committee shall be a non-executive director
Quorum	Two 1. One of the Executive Directors 2. Any one of the Non Official Directors nominated on the Sub Committee.
Chairman of the Committee	The Chairman of the Committee shall be a non-executive director
Periodicity of meeting	Periodicity changed from quarterly to half yearly vide Orders of the Board of Directors on 23.07.2005 on Note dated 08.07.2005 of Secretarial Dept.
Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.

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16 SUB COMMITTEE – COMPENSATION COMMITTEE(SC CC)	
Full Name	Sub Committee of the Board for Compensation Committee
Formation	As per SEBI Guidelines, Board Orders dated 27.06.2018
Function	<p>Administration and superintendence of the scheme (CanBank – ESPS)</p> <p>The compensation committee shall, inter alia, formulate the detailed terms and conditions of the schemes which shall include the provisions as specified by Board in this regard.</p> <p>The compensation committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the trust, the company and its employees, as applicable.</p> <p>The compensation committee shall formulate the scheme and decide on pricing, discount and other modalities of ESPS as required under the relevant SEBI guidelines.</p>
Total members	Three or more Non-Executive Directors out of which not less than one-half shall be Independent Directors
Quorum	<p>Three:</p> <p>The quorum of the Committee is three in number, including the Chairman.</p>
Chairman of the Committee	One among the members can be nominated as the Chairman. But Non-Executive Chairman of the bank shall not chair the committee
Periodicity of meeting	As and When
Tenure of members	1 year or till the end of the tenure of the Director on the Board whichever is earlier.

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17 COMMITTEE OF DIRECTORS (CD)	
Full name	Committee of Directors of the Board
Formation	Communication No.10/12/90/VIG/CVOs dated 24.10.1990 of Ministry of Finance, Government of India
Function	Review of Vigilance Disciplinary cases and departmental enquiries
Total members	Managing Director & CEO and the nominee Directors of Government of India and Reserve Bank of India
Quorum	Three All
Chairman of the Committee	Managing Director & CEO
Periodicity of meeting	Quarterly
Tenure of members	Permanent Member

18 COMMITTEE OF BOARD (CB)	
Full name	Committee of Board
Formation	Orders of the Board of Directors on 11.08.1990 on Note dated 26.07.1990 of I R Section, Personnel Wing, placed vide Agenda No.7.
Function	The appeals preferred by Officers (i.e., Scale VI and VII) wherever the Managing Director has acted as Disciplinary Authority, are to be placed before the Committee of Board. Amended vide Orders of the Board dated 28.02.2000:

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	<p>The appeals preferred by Officers wherever the Managing Director has acted as Disciplinary Authority, are to be placed before the Committee of Board, ie.,</p> <p>Scale IV and V – In the absence of the Chairman & Managing Director or in case C&MD is functioning as Disciplinary Authority</p> <p>Scale VI and VII.</p>
Total members	<p>Director representing Government of India – Chairman</p> <p>Two Executive Directors in the order of seniority in case where three Executive Directors are available.</p> <p>When only two Executive Directors are available, both shall be members, provided one of the Executive Directors is not a Disciplinary Authority.</p> <p>In case senior-most Executive Director happens to be Disciplinary Authority, then remaining Executive Director or two Executive Directors shall be members of the Committee.</p> <p>Non-Executive Director under Category (h) or (i) – Member</p>
Quorum	Two: Director representing GOI along with any one of the other members.
Chairman of the Committee	Director representing Government of India
Periodicity of meeting	As and When required
Tenure of members	1 Year or till the end of the tenure of the Director on the Board whichever is earlier.

19 DEPARTMENTAL PROMOTION COMMITTEE (DPC)	
Full name	Departmental Promotion Committee of the Board
Formation	GOI communication F.No.4/1/10/96.IR dated 19.11.1997: Orders of the Board of Directors on 25.05.1998 on the Note No.15.05.1998 of P M Section, Personnel Wing placed vide Agenda No.6, based on the communication F.No.4/1/10/96.IR dated 19.11.1997 of the Government of India
Function	To consider and approve promotion of Top Management Executives from Scale VI to VII and VII to VIII in the bank.
Total members	The committee shall comprise of: The Managing Director & Chief Executive Officer (MD&CEO) The GOI Nominee Director and

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	<p>The RBI Nominee Director Two experts to be nominated with the approval of bank’s board of which: One should be a former CMD/MD of a Public Sector Bank other than the bank concerned; and One from any of the following: A former member of an All India Service or a Central Service Group ‘A’, with experience at the level of Higher Administrative Grade or above; An academician from a premier institute, with at least 5 years of experience at the level of professor or equivalent in the field of finance, economics or business management. The committee meetings shall be presided over by the Managing Director & Chief Executive Officer (MD&CEO).</p>
Quorum	All above
Chairman of the Committee	Managing Director & Chief Executive Officer
Periodicity of meeting	As and when
Tenure of members	Permanent Member

20. GROUP GOVERNANCE COMMITTEE (GGC)

Full Name	Group Governance Committee (GGC) of the Board
Formation	Orders of the Board of Directors dated 28.03.2024
Function	<ol style="list-style-type: none"> i. To ensure sound governance practice for all entities in view of the size, interconnectness, complexity to avoid risks and vulnerabilities. ii. To ensure uniform governance standard across entities to maintain arm's length by parent bank while carrying out management inspection/audit. iii. To ensure optimum capital availability for group entities. iv. To establish a group structure (including the legal entity and business structure) and a corporate governance framework with clearly defined roles and responsibilities, including those at the parent company level and at the subsidiary level as may be appropriate based on the complexity and significance of the subsidiary; v. To define an appropriate subsidiary board and management structure which takes into account the material risks to which the group, its businesses and its subsidiaries are exposed; vi. To assess whether the group's corporate governance framework includes adequate policies, processes and controls and whether the framework addresses risk management across the businesses and legal entity

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	<p>structures;</p> <p>vii. To ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions;</p> <p>viii. To approve policies and clear strategies for establishing new structures and legal entities, and ensure that they are consistent with the policies and interests of the group;</p> <p>ix. To assess whether there are effective systems in place to facilitate the exchange of information among the various entities, to manage the risks of the separate subsidiaries or group entities as well as of the group as a whole, and to ensure effective supervision of the group;</p> <p>x. To have sufficient resources to monitor the compliance of subsidiaries with all applicable legal, regulatory and governance requirements;</p> <p>xi. To maintain an effective relationship with both the home regulator and, through the subsidiary board or direct contact, with the regulators of all subsidiaries.</p> <p>xii. To establish an effective internal audit function that ensures audits are being performed within or for all subsidiaries and part of the group and group itself;</p> <p>xiii. To ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions, in appropriate recognition of the interest of the group</p>
Total members	<p>The Committee should comprise of Six Directors. At least half of the members should be Independent Proposed Members of the Committee:</p> <p>MD&CEO Two Executive Directors (Senior Most Executive Director and Executive Director Overseeing RBS & Compliance Wing) Three Independent Directors</p>
Quorum	<p>The Quorum of the Committee should be 1/3rd of the total members or three Directors whichever is higher with at least One Independent director.</p>
Chairman of the Committee	<p>The Chairperson of the Committee shall be an Independent Director.</p>
Periodicity of the meeting	<p>The committee should meet at least once in a Year</p>
Tenure of members	<p>1 year of till the end of the tenure of the Director on the Board whichever is earlier</p>

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Scope of the committee	To monitor the governance of the listed, unlisted subsidiaries/ associates/joint venture and RRB's, review the policies pertaining to various aspects concerning subsidiaries.
Escalation Matrix/Reporting	<ol style="list-style-type: none"> 1. Any matter other than the terms of reference will be escalated to Board. 2. In addition to the above, in case of insufficient quorum the agenda of the Committee may be taken to the Board as provided by section 14A of the National Banks (Management & miscellaneous Provisions) Scheme, 1970 inserted by S.O.366(E) Dated 25.01.2021. <p>Any matter which has material impact on Bank's financial position, reputation, risk perception, governance should be escalated to the Board.</p>
Calendar of review	<ol style="list-style-type: none"> 1. Performance of Bank's foreign subsidiaries 2. Performance of Bank's domestic subsidiaries <p>Governance issues, if any found in the group entities</p>
Presentation of Notes by	Associates Subsidiaries & RRB Wing

CHAPTER 7 – SUBSIDIARIES

7.1. The bank shall monitor the Subsidiaries as per the policy document on monitoring of subsidiary companies and also as per the SEBI (LODR) Regulations, 2015 (to the extent of their applicability to the bank). The bank as a promoter / sponsoring institution shall maintain an “Arm’s-Length Relationship” with each entity / subsidiary in regards to business parameters and operations so as to ensure that no undue advantage is taken inter-alia:

- In borrowing/lending funds inter-se such entities and the bank;
- Transferring/selling/buying of securities, interest at rates other than the prevailing market rates;
- In giving special terms / consideration to each other for transactions involving investments;
- By way of over indulgence in supporting/financing each other;
- By financing the bank’s constituents/clients when the bank itself is not able to or not permitted to do so, and vice versa.

The bank shall not utilize subsidiaries/mutual fund as a vehicle for undertaking activities which are not permitted or which are specifically prohibited.

7.2. The bank will consider extending credit facilities to the subsidiaries on such terms and conditions as are normally applicable to other clients. The arm’s length relationship is only in regard to business parameters and not in regard to monitoring/regulating functions of the bank acting as the parent bank / promoter.

The bank, through its nominated representatives acting as Directors on the Board of Subsidiaries /sponsored companies/ mutual funds shall get appropriate feedback on the working of the entities to which they are nominated. The reports, in addition to the feedback, shall be at such periodic intervals and on such matters, as the bank shall determine, keeping in view the nature of activities and operations of each entity.

7.3. In order to provide direction and support to all the Group Entities in identification, assessment and management of certain aspects of the business, the bank has put in place a Group Risk Management (GRM) Policy as part of Risk management policy with the permission of the Board of Directors.

The GRM policy of the bank covers Subsidiaries/Joint Ventures/Associates and the Regional Rural Banks sponsored by the bank.

7.4. The objectives of the Group Risk Management Policy shall be to:

- Improve the balance of risk and return through developing and maintaining a proactive, risk aware culture across all parts of the Group.
- Identify and manage risk in Intra Group Transactions and Exposures.

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- Raise the standard of Corporate Governance by reducing/avoiding Conflict of Interest (COI).
- Ensure maintenance of an Arm's Length Distance from the Subsidiaries/Joint Ventures / Sponsored Entities with regard to the business parameters.
- Maintain and improve stakeholders' confidence in the ability of the bank to deliver the bank's commitments, thereby maintaining and improving the bank's reputation at the market place, through reducing the chances of major surprises.
- Improve the bank's competitive advantage through actively demonstrating to its customers of the bank's ability to manage risk effectively.

CHAPTER 8 - DISCLOSURES

8.1. The bank aims at achieving high standards of Market Discipline through a sufficiently high level of transparency in public disclosure of information so as to ensure a safe and sound banking environment.

The bank shall strike an appropriate and harmonious balance between transparency in public disclosures and safeguarding the proprietary information on Bank's systems and products, and also the confidentiality obligations to the customers and other counterparties.

The bank shall however, comply with all applicable laws, directives and requirements of listing agreement relating to, inter-alia, transparency and disclosures.

8.2. The bank has put in place a Disclosure Policy with the permission of Board of Directors. The following are the broad objectives of the Disclosure Policy:

- To comply with continuous disclosure obligations imposed by law/regulators.
- To ensure that market participants and shareholders are provided with timely, reliable and accurate information in respect of all material matters concerning the bank.

The Disclosure Policy also outlines the Corporate Governance measures adopted by the bank in light of the above objectives.

8.3. The bank is committed to provide comprehensive public disclosure of all material information about the bank & provide fair and equal access to such information. The bank shall comply with all legal and regulatory requirements related to prompt disclosure of information as detailed below:

A. Basis of Related Party Transactions

- A statement in summary form of transactions with related parties in the ordinary course of business shall be placed periodically before the Audit Committee.
- Details of material individual transactions with related parties, which are not in the normal course of business, shall be placed before the Audit Committee.
- Details of material individual transactions with related parties or others, which are not on an arm's-length basis, should be placed before the Audit Committee, together with Management's justification for the same.
- Details of related party transactions shall be disclosed in the Annual financial statement.

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B. Disclosure of Accounting Treatment

Where, in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the Management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.

C. Board Disclosures - Risk Management

The bank shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. All qualitative and quantitative disclosures under Basel III norms pertaining to Risk Management shall be made periodically along with financial statements and on the website of the bank as per the Disclosure Policy of the bank.

D. Proceeds from public issues, rights issues, preferential issues, etc.

When money is raised through an issue (public issues, rights issues, preferential issues, etc.) it shall disclose to the Audit Committee, the uses / applications of funds by major category (Capital expenditure, sales and marketing, working capital, etc), on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the bank shall prepare a statement of Funds utilized for purposes other than those stated in the offer document/prospectus/notice and place it before the Audit Committee. Such disclosures shall be made only till such time that the full money raised through the issue has been fully spent.

The statutory auditors of the bank shall certify this statement. Furthermore, where the bank has appointed a monitoring agency to monitor the utilization of proceeds of a public or rights issue, it shall place before the Audit Committee the monitoring report of such agency, upon receipt without any delay. The Audit Committee shall make appropriate recommendations to the Board to take steps in this matter.

E. Remuneration of Directors

- All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the bank shall be disclosed in the Annual Report.
- Further the following disclosures on the remuneration of Directors shall be made in the section on the Corporate Governance of the Annual Report
 - All elements of remuneration package of individual Directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc.
 - Details of fixed component and performance linked incentives, along with the performance criteria.
 - Service contracts, notice period, severance fees.

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- Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.
- The bank shall publish its criteria of making payments to Non-Executive Directors in its Annual report. Alternatively, this may be put up on the bank's website and reference drawn thereto in the Annual Report.
- The bank shall disclose the number of shares and convertible instruments held by Non-Executive Directors in the Annual Report.
- Non-Executive Directors shall be required to disclose their shareholding (both own or held by / for other persons on a beneficial basis) to the bank if they are proposed to be appointed as Directors, prior to their appointment. These details should be disclosed in the notice to the General Meeting called for appointment of such Director.

F. Management

As part of the Director's report or as an addition thereto, a Management Discussion and Analysis report should form part of Annual report to shareholders. This Management Discussion and Analysis should include discussion on the following matters within the limits set by the bank's competitive position:

- Industry structure and developments
- Opportunities and Threats
- Segment-wise or product-wise performance
- Outlook
- Risks and concerns
- Internal control systems and their adequacy
- Discussion on financial performance with respect to operational performance
- Material developments in Human Resources / Industrial Relations front, including number of people employed.

Senior Management shall make disclosures to the Board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the bank at large (for e.g., dealing in Bank shares, commercial dealings with bodies which have shareholding of management and their relatives, etc.)

Explanation: For this purpose, the term "Senior Management" shall mean personnel of the bank who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the Executive Director including all functional heads.

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G. Shareholders

In case of the appointment of a new Director or reappointment of a Director, the shareholders must be provided with the following information:

- A brief resume of the Director;
- Nature of his expertise in specific functional areas;
- Names of companies in which the person also holds the directorship and the membership of committees of the Board; and
- Shareholding of Non-Executive Directors.

Quarterly results and presentations made by the bank to analysts shall be put on Bank's website, or shall be sent in such a form so as to enable the Stock Exchange on which the bank is listed, to put it on its own website.

A Board Committee under the chairmanship of a Non-Executive Director shall be formed to specifically look into the redressal of grievances of shareholders, debenture holders and holders of other securities like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc. This committee shall be designated as "Stakeholders' Relationship Committee".

To expedite the process of share transfers, the Board of the bank shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.

H. Other Disclosures in Annual Report

Bank shall ensure disclosure of the following information in the Annual Report:

- The details of establishment of vigil mechanism on its website and in the Board's report.

CHAPTER 9 - OTHER MATTERS

9.1. CEO/CFO CERTIFICATION

The Managing Director & Chief Executive Officer (MD&CEO) and the General Manager/Chief General Manager, Financial Management Wing (CFO) shall submit a certificate to the Board every year.

9.2. REPORT ON CORPORATE GOVERNANCE

There shall be a separate section on Corporate Governance in the Annual Report of the bank, with a detailed compliance report on Corporate Governance. Non-compliance of any mandatory requirement of as per Paras 2 to 10 under Item C of Schedule V of SEBI (LODR) Regulations, 2015, with reasons thereof and the extent to which the non-mandatory requirements as specified in Part E of Schedule II have been adopted should be specifically highlighted.

The bank shall submit a quarterly compliance report to the stock exchanges signed by the Company Secretary within 30 days from the close of quarter as per SEBI (LODR) Regulations, 2015.

9.3. COMPLIANCE

The bank has put in place a Comprehensive Compliance Policy of the bank. As per the Policy adopted by the bank, suitable organizational structure has been laid down defining the roles and responsibilities for Compliance Officers of various Wings, Departments, Subsidiaries, Circle Offices, other operating units, branches both in India and abroad as also Exchange Houses abroad, so as to address group wide and multi-jurisdictional compliance risk.

The bank has obtained suitable software, which contains regulatory guidelines issued by various regulators, which is updated on daily basis and can be downloaded by Compliance Officers and for taking appropriate action for complying with the regulatory guidelines. Suitable reporting system is also put in place for effective implementation of Compliance Policy of the bank.

In terms of provisions of Corporate Governance under SEBI (LODR) Regulations:

- The bank shall obtain a certificate from either the auditors or the company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the Directors' report, which is sent annually to all the Shareholders of the bank. The same certificate shall also be sent to the stock exchanges along with the Annual Report filed by the bank.
- The non-mandatory requirements as given in Part E of Schedule II of SEBI (LODR) Requirements, 2015 may be implemented as per the discretion of the bank. However, the disclosures for the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate Governance of the Annual Report.

9.4. INTERNAL CONTROLS - INTERNAL AUDIT

The overall objective of internal Inspection is to aid the bank in achieving efficiency and effectiveness in all its operations. Towards this end, Internal Inspection or Risk Based Internal Audit (RBIA) shall provide the Management with analysis, appraisals, observations and recommendations concerning the activities reviewed. This shall extend to financial as well as other operational areas, to provide both protective and constructive services.

The mission of inspection function shall be to provide comprehensive and quality services to the organization which assure effectiveness and efficiency of business operations and processes, maintain and enhance the integrity of information and financial soundness of Bank, identify and evaluate significant exposure to risk, suggest the means to mitigate and overcome the business risks to enable the bank to achieve its objectives.

The appointment of General Manager, Inspection Wing, HO as Audit Head of the bank shall have the concurrence of Board of Directors. He shall report directly to the ACB / Board.

Internal Inspection System of the bank depends on the freedom to Inspecting Officers to report without fear of reprisal or incurring displeasure of higher authorities. It is therefore, of utmost importance that the Inspection Wing shall be headed by an officer of the rank of General Manager and is directly accountable to the Audit Committee of the Board as per RBI guidelines.

With a view to have functional convenience, the field staff (Inspecting Officers) shall be placed at various centres i.e., under Zonal Inspectorates (ZI) headed by Scale VI and above officers.

The General Manager, Inspection Wing and the officials nominated by him have unrestricted access to all records, assets, functions and personnel; have full and free access to the Audit committee of the Board and the Senior Management.

The Board of Directors and Audit Committee of the Board shall support inspection function by ensuring that:

- The inspection process is understood and respected at all levels within the bank,
- Developing a culture in the bank where the results of Inspection work is treated with adequate seriousness and result in appropriate management action plans.

In this direction, Board recognizes inspection as a valuable function and ensures inspection is adequately resourced in terms of staff and tools and also moves resources into and out of inspection system as part of career development within the organization.

Since the Inspection function of the bank is considered effective only on ensuring the compliance of the findings observed by the inspecting officers, it should be the endeavour of the Top Management to ensure that compliance of inspection findings are prioritized

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by the Operational units (Circles) leading to speedy compliance of reports, thus making the inspection function effective.

9.5 SECRETARIAL AUDIT

In terms of Regulation 24A in Chapter IV - obligations of listed entity which has listed its specified securities of SEBI (LODR) Regulation, 2015 (amended on from time to time), every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with the annual report of the listed entity.

Every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each financial year.

9.6. CONDUCT OF MEETINGS & ISSUE OF AGENDA ITEMS

Adequate notice shall be given for all Board meetings and Committee meetings.

Agenda Notes shall be sent at least seven days prior to the meeting date. In exceptional/ time bound/ emergency, notes may be sent with a shorter notice.

9.7. RIGHTS OF SHAREHOLDERS

A. Bank seeks to protect and facilitate the exercise of shareholders' rights:

- The bank shall seek to protect and facilitate the exercise of shareholders' rights.
- Shareholders shall have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes.
- Shareholders shall have the opportunity to participate effectively and vote in general shareholder meetings.
- Shareholders shall be informed of the rules, including voting procedures that govern general shareholder meetings.
- Shareholders shall have the opportunity to ask questions to the board, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.
- Effective shareholder participation in key Corporate Governance decisions, such as the nomination and election of Shareholder Directors, shall be facilitated.
- The exercise of ownership rights by all shareholders, including institutional investors, shall be facilitated.
- The bank shall have an adequate mechanism to address the grievances of the shareholders.
- Minority shareholders shall be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and shall have effective means of redress.

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- B.** Bank shall provide adequate and timely information to shareholders.
- Shareholders shall be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be discussed at the meeting.
 - Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership shall be disclosed.
 - All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase.
- C.** Bank shall ensure equitable treatment of all shareholders, including minority and foreign shareholders.
- ✓ All shareholders of the same series of a class should be treated equally.
 - ✓ Effective shareholder participation in key Corporate Governance decisions, such as the nomination and election of Shareholder Directors, should be facilitated.
 - ✓ Exercise of voting rights by foreign shareholders should be facilitated.
 - ✓ The bank shall devise a framework to avoid Insider trading and abusive self-dealing.
 - ✓ Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders.
 - ✓ Bank procedures should not make it unduly difficult or expensive to cast votes.

9.8. ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

- A.** Bank recognizes the rights of stakeholders and encourage co-operation between Bank and the stakeholders.
- The rights of stakeholders that are established by law or through mutual agreements are to be respected.
 - Stakeholders should have the opportunity to obtain effective redress for violation of their rights.
- B.** Bank encourages mechanisms for employee participation.
- C.** Stakeholders shall have access to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in Corporate Governance process.
- D.** Bank shall devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

*******End of the Document*******