

DCB BANK LIMITED

Terms and conditions of appointment of Independent Directors

1. Appointment

1.1 The appointment of an Independent Director (**ID**) on the Board of Directors of the Bank shall be for a period up to five years from his/her effective date of appointment, which can be extended for a further period of five years as per the provisions of the Companies Act, 2013, subject to the approval of shareholders. The appointment of an ID is also subject to the maximum permissible period under the Banking Regulation Act, 1949 as well as the Listing Agreement entered into with the Stock Exchanges, whichever is earlier.

1.2 The term 'Independent Director' should be construed as defined under the Companies Act, 2013 and the Listing Agreement.

2. Committees

The Board of Directors (the Board) may, if it deems fit, invite ID for being appointed on one or more existing Board Committee(s) or any such Committee(s) which may be set up in the future. Appointment of ID on such Committee(s) will be intimated to him/her separately.

3. Time Commitment

3.1 Independent Director is expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Bank's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board meets at least six times in a year. The Audit Committee also meets at least six times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee of the Board, Stakeholders' Relationship Committee of the Board and Corporate Social Responsibility Committee of the Board meetings, which are ordinarily convened (4) four times in a year. ID is expected to attend meeting(s) of the Board, Board Committees on which he/she may be appointed as a member, and Shareholders Meetings and to devote such time to his/her duties, as appropriate for him/her to discharge his/her duties effectively. Ordinarily, all such meetings are held in Mumbai.

3.2 By accepting the appointment, ID confirms that he/she is able to allocate sufficient time to meet the expectations from his/her role to the satisfaction of the Board.

4. Role and Duties

The role and duties of an Independent Director will be those normally required of an Independent Director under the Companies Act, 2013 and the Listing Agreement. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- I. All the Directors shall act in accordance with the Bank's Articles of Association.
- II. All the Directors shall act in good faith in order to promote the objects of the Bank for the benefit of its members as a whole, and in the best interest of the Bank.
- III. All the Directors shall discharge their duties with due and reasonable care, skill and diligence.
- IV. The Directors shall not involve them in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Bank. (Refer to clause 7 for full explanation on conflict of interest).
- V. The Directors shall not achieve or attempt to achieve any undue gain or advantage either to them or to their relatives, partners or associates.
- VI. Independent Director shall not assign his/her office as Director and any assignments so made shall be void.

In addition to the above requirements applicable to all Directors, the role of the Non-Executive Directors has the following key elements:

Strategy: Non-Executive Directors should constructively challenge and help develop proposals on strategy;

Performance: Non-Executive Directors should challenge the performance of the management in meeting the agreed goals and objectives;

Risk: Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Non-Executive Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning;

Reporting: Non-Executive Directors take responsibility for the processes for accurately reporting on performance and the financial position of the Bank; and

Compliance: Non-Executive Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of Bank's practices to accepted norms.

5. Status of Appointment

5.1 Independent Director shall not be an employee of the Bank and the appointment letter issued to him/her shall not constitute a contract of employment. He/she will be paid such remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time. Further, an Independent Director shall not be paid remuneration by way of commission, nor shall be entitled for any Stock Options, under Employee Stock Option Plans (ESOPs).

5.2 The sitting fees presently paid to the Non-Executive and Independent Directors are as per the schedule attached herewith.

6. Reimbursement of Expenses

In addition to the remuneration described in paragraph 5, the Bank will, for the period of the appointment of the Non-Executive and Independent Director, reimburse him/her for travel, hotel and other incidental expenses incurred by him/her in the performance of his/her role and duties.

7. Conflict of Interest

7.1 It is accepted and acknowledged that the Directors may have business interests other than those of the Bank. As a condition of appointment of a Director, he/she is required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form from time to time, as well as any changes after the last disclosure.

7.2 In the event that Independent Director's circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement of his/her Independent status on the Board, this should be disclosed to both, the Chairman and the Company Secretary of the Bank.

8. Confidentiality

All information acquired a Director during his/her appointment, is confidential to the Bank and should not be released, either during his/her appointment or following his/her termination (by whatever means) to third parties without prior clearance from the Chairman, unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, the Directors shall surrender any documents and other materials, made available to them by the Bank.

Attention of all the Directors is also drawn to the requirements under the applicable regulations and the DCB Share Dealing Code, which concern the disclosure of price sensitive information and dealing in the securities of DCB Bank. Directors should avoid making any statements or performing any transactions that might risk a breach of those requirements without prior clearance from the Chairman or the Company Secretary & Compliance Officer.

9. Evaluation

The Bank will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis.

As a member of the Board, Director's individual performance and the performance of the entire Board and its Committees shall be evaluated annually. Evaluation of a Director shall be done by all the other directors on the basis of the criteria as may be determined by the Nomination and Remuneration Committee of the Board. The evaluation criteria shall be disclosed in the Bank's Annual Report. The actual evaluation process shall be confidential and shall be aimed to improve the effectiveness of the Board / Committees. Following important parameters, inter alia, would be considered by NRC while setting up the criteria for evaluation:

- Effectiveness as an Independent Director/Director
- Time allocated for participation
- Contributions made in the meetings and policy matters.
- Relationship with the Management and other stakeholders.
- Sharing of knowledge, expertise and ability to guide.
- Confidentiality, secrecy and integrity.

11. Insurance

The Bank has Directors' and Officers' liability insurance and it is intended that the Bank will insure and maintain such cover for the full term of the appointment of each director. The Policy document is available with the Company Secretary of the Bank.

12. Independent Professional Advice

- a) There may be occasions when a director considers that he/she needs professional advice in furtherance of his/her duties as a Director.
- b) It will be appropriate for a director to consult independent advisers at the Bank's expense with prior approval of the Chairman of the Board / Chairman of the Committee, where he/she intends to use the professional advice.
- c) The Bank will reimburse the expenditure incurred in accordance with the Bank's policy.

13. Disclosure of Interest

The Bank is required to include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Bank has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting, so that the minutes may record such director's interest appropriately and the Bank's records are updated. In terms of the provisions of the Companies Act, 2013, directors are required to disclose their interest in other entities in the prescribed format at the beginning of the financial year. (the Secretarial Department will provide with the format, if required). If there is any change in the status after the first disclosure during the year, the concerned director(s) is/are required to intimate the change immediately.

14. Termination

a. Director may resign from his/her position at any time and should he/she wishes to do so, he/she is required to serve a reasonable written notice on the Board.

b. Continuation of appointment of a director is contingent on his/her getting re-elected by the shareholders in accordance with provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the Articles of Association of the Bank, from time to time in force. Director will not be entitled to any compensation, if the shareholders do not re-elect him/her at any time.

c. Appointment of a director may also be terminated in accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the Listing Agreement and the Articles of Association of the Bank from time to time in force.

15. Governing Law

The agreement with directors, if any, is governed by and will be interpreted in accordance with the Indian law and director's engagement shall be subject to the jurisdiction of the Indian courts.

As a token of acceptance of the terms relating to an appointment as a Director of DCB Bank Limited, the Director is required to return the Bank a copy of the appointment letter, duly signed by him/her for the acceptance, for records of the Bank.