



Policy on appointment & Compensation to Non-Executive Directors (including Independent Director) and Criteria for evaluation of Board and its Directors

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Policy on Appointment & Compensation to Non-Executive Directors (including Independent Director) and Criteria for evaluation of Board and its Directors

I. Preface

The Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and Reserve Bank of India (Commercial Banks - Governance) Directions, 2025 prescribe the requirement to have a Policy relating to the remuneration of Directors, Key Managerial Personnel and other employees.

With respect to the remuneration of employees (including Wholetime Directors and Key Managerial Personnel), the Bank has a separate Remuneration Policy in line with the requirement stipulated under the extant laws.

With respect to the Non-Executive Directors, they devote their time in deliberating on the strategic and critical issues at the Board and Committee meetings of the Bank. They set strategic direction, ensure governance and provide valuable guidance to the Management on matters critical to the functioning of the Bank. This Policy is guided by the principle that the framework of remuneration to Non-Executive Directors should be determined such that their compensation / remuneration is commensurate with individual director's responsibilities and demands on time and are considered sufficient to attract qualified competent individuals.

This Policy also lays down the criteria for identifying persons to be appointed as Non-Executive Directors (including Independent Director), and for evaluating the performance of the Board, Committees and Directors of the Bank and Succession Planning of Non-Executive Directors of the Bank.

Non-Executive Directors include Independent Directors, Nominee Directors nominated by the promoter of the Bank viz Emirates NBD Bank P.J.S.C. (ENBD) as explained hereinafter and any other Non-Independent Directors as may be appointed by the Board of the Bank from time to time.

Pursuant to the provisions of the Investment Agreement dated October 18, 2025 (amended by way of amendment agreement dated April 11, 2026) (hereinafter referred to as 'Investment Agreement'), executed between the Bank and ENBD and regulatory approvals granted in this regard including approvals of Reserve Bank of India and Shareholders of the Bank (Regulatory Approvals), ENBD is conferred with the rights to nominate all non-independent directors (Nominee Directors of ENBD) which will be a majority of the Board such that the Bank qualifies as a subsidiary of ENBD.

In accordance with the Regulatory Approvals granted, the Bank is classified as a foreign bank in subsidiary mode, with ENBD as its parent foreign bank and the provisions applicable to foreign banks operating in wholly owned subsidiary mode (including the board composition requirements) as stated in Chapter IV of the RBI (Commercial Banks - Governance) Directions, 2025, dated November 28, 2025, shall be applicable to the Bank except the requirement to have at least half of the directors attending the meetings of the Board to be independent directors shall not apply. The provisions of Chapter IV of the RBI (Commercial Banks - Governance) Directions, 2025, *inter-alia* stipulate that not less than one-third of the directors shall be independent of the management of the subsidiary in India, its parent and any subsidiary or other associate of the foreign bank parent.

II. Criteria for identifying persons who are qualified to be appointed as Non-Executive Directors

Section 164 of the Companies Act, 2013 states disqualifications for appointment of any person as a director of a Company. Any person, who in the opinion of the Board is not disqualified to become a Director, and, possesses the ability, integrity and relevant expertise / experience, can be appointed as a Director of the Company. Further, he/she should possess qualifications as mentioned in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Section 10A of the Banking Regulation Act, 1949 states criteria and composition of the Board of Directors of a Bank. The Board while considering the candidature of Non-Executive Director shall also consider the requirements of the Banking Regulation Act, 1949 and Reserve Bank of India (Commercial Banks - Governance) Directions, 2025. The Board of the Bank shall apart from the skillsets as prescribed by the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by the Reserve Bank of India from time to time, shall also possess the required behavioral skills, expertise and knowledge as required for the Bank. Further, not less than 51% of the Board of the Bank shall consist of Directors, falling under majority sector as per Banking Regulation Act, 1949.

Directors of the Bank shall be eminent professionals with outstanding track record and having skillsets / competencies / special knowledge or practical experience, which aids the Bank to gain insights for strategy formulation and direction setting, thus adding value to its growth objectives and also providing shareholders with a holistic view. It is important that the practice of careful selection shall continue to be adopted in this regard and eminence, professional standing and stature to guide the growth of the Bank in the future should continue to be taken as appropriate criteria for appointment of a Non-Executive Director.

The Bank has in place a Board approved Framework detailing the process for induction of new Directors (Framework) which lays down the regulatory provisions pertaining to Eligibility Criteria, provisions relating to age and tenure, additional criteria for appointment of Non-Executive Directors and Executive Directors and stipulates the operational process to be followed by the Bank for induction of new Directors to the Board and for appointment / re-appointment of Directors including appointment of Part-time Chairman of the Bank. The Nomination and Remuneration Committee ('NRC') while shortlisting the candidates will consider mix of Executive, Non-Executive and Independent Directors, Board Diversity with respect to representation on the Board of the mandatory areas of special knowledge/practical experience and also other areas of expertise that would be beneficial to the Bank. Gender diversity in terms of representation of women on the Board would also be a significant factor for consideration. The NRC would determine the optimum size of the Board which would be commensurate to the size, scale and operations of the Bank. The NRC will assess the shortlisted candidates basis fit and proper credentials and be guided by various parameters prescribed by the Reserve Bank of India in this regard. With respect to Independent Directors, NRC will assess the independence based on the requirements of Companies Act, 2013, SEBI Listing Regulations and Chapter IV of the RBI (Commercial Banks - Governance) Directions, 2025. Based on the assessment of the above aspects, NRC will make suitable recommendations to the Board.

The appointment of Non-Executive Director shall be basis the recommendations of the NRC and approval of the Board. The appointment of Non-Executive Director shall also require approval of Shareholders. The approval of Shareholders for appointment of Directors shall be

taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Non-Executive Part Time Chairman can be appointed only with approval of the Reserve Bank of India.

The term of appointment of Independent Director on the Board of the Bank shall not be liable to retire by rotation in accordance with the provisions of Section 149 (13) of the Companies Act, 2013.

Nominee Directors appointed by ENBD on the Board of the Bank shall be retiring directors, pursuant to **Clause 9.1 (b) of the Investment Agreement** which reads as follows:

“Upon Completion, the Investor shall have the right to nominate all non-independent directors, who shall (other than any executive director) be liable to retire by rotation (“Investor Directors”), subject to Clause 9.1(c) below and applicable Law, including, without limitation, approval of the Board of the Company and the shareholders of the Company, completion by the Nomination and Remuneration Committee of its fit and proper checks in respect of the individuals nominated to as Investor Director, pursuant to submission by the Investor of all information and documents required by the Nomination and Remuneration Committee in this regard in accordance with applicable Law.”

III. Structure of Remuneration for Non-Executive Directors

The remuneration of Non-Executive Director would be governed by the provisions of the relevant statutes viz Banking Regulation Act, 1949, Reserve Bank of India (Commercial Banks - Governance) Directions, 2025 and the provisions of the Companies Act, 2013 and rules made thereunder to the extent it is not inconsistent with the provisions applicable to the banks. Based on the modes of remuneration permitted under the above statutes from time to time, the remuneration structure of Non-Executive Directors may include all or any combination of below elements. The specific requirements on remuneration to Non-Executive Chairman, have been indicated in the relevant clauses.

Remuneration in the form of Sitting Fees

- a) Fees for attending meeting of the Board of Directors (including through video conferencing means) as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and decided at the Meeting of the Board of Directors. The fee for attending meetings of the Board by the Non-Executive Directors shall be INR 1,00,000/- per Board meeting.
- b) Fees for attending meetings of Committees of the Board (including through video conferencing means) as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are decided by the Board of Directors, from time to time. The fee structure for attending meetings of various Committees by the Non-Executive Director shall be as under:

Sr. No.	Nature of Committee Meeting	Fees (INR)
1.	Audit Committee of the Board (ACB), Risk Management Committee (RMC), Nomination &	50,000/-

	Remuneration Committee (NRC), Committee of Independent Directors (COID)	
2.	Board Committees other than ACB, RMC & NRC.	30,000/-

It shall be noted that no sitting fees shall be paid to the Non-Executive Directors for attending the Board / Committee Meetings through Audio Call. Further, as per the provisions of the Companies Act, 2013, read with Schedule IV with regards to the Code for Independent Directors, the Independent Directors of the Bank shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and members of the Management. No sitting fees for such separate meeting of Independent Directors shall be paid by the Bank.

Unless otherwise agreed between the parties, no sitting fees shall be payable to the Nominee Directors of ENBD.

Remuneration other than Sitting Fees

c) For Non-Executive Directors (other than Non-Executive Part-time Chairman)

The remuneration other than sitting fees payable to the Non-Executive Directors, other than Part-time Non-Executive Chairman, would be in accordance with the provisions of the Companies Act, 2013 and Reserve Bank of India (Commercial Banks - Governance) Directions, 2025 dated November 28, 2025 ('RBI Directions').

The above RBI Directions, *inter alia*, provides that:

- In addition to sitting fees and expenses related to attending meetings of the Board and its Committees as per extant statutory provisions, the bank may provide for payment of compensation to NEDs in the form of fixed remuneration commensurate with an individual director's responsibilities and demands on time and are considered sufficient to attract qualified competent individuals.
- The banks are required to have suitable criteria for granting fixed remuneration to its NEDs, other than the Chair of the Board, in the form of a fixed remuneration within the ceiling limit of INR 30 lakh per annum per director, depending upon the size of the bank, experience of the NED and other relevant factors.

The Board may while deciding on the fixed remuneration to be paid to the Non-Executive Directors (other than Part time Chairman) within the overall limit of INR 30 lakh per annum, consider individual director's responsibilities and demands on time; which are considered sufficient to attract qualified competent individuals and such other criteria which the Board may deem fit.

In case any Non-Executive Director of the Bank, who is appointed or resigns or retires during the financial year, he/she would be paid fixed remuneration pro-rata to the number of days he/ she was a director during the said financial year.

Unless otherwise agreed between the parties, no fixed remuneration shall be payable to the Nominee Directors of ENBD.

d) For Part-Time Non-Executive Chairman:

Non-Executive Director who acts as a Part-Time Chairman of the Bank shall be entitled to remuneration as determined by the Board and approved by the Reserve Bank of India.

For determination of remuneration for (c) and (d) above, the Bank will ensure to seek such other statutory approvals including approval of the Shareholders as may be required in accordance with the provisions prescribed by the Reserve Bank of India, Companies Act, 2013 and SEBI Listing Regulations.

In case of Part-Time Non-Executive Chairman of the Bank, who is appointed or resigns or retires during the financial year, he/she would be paid remuneration pro-rata to the number of days he/she was a director during the said financial year.

e) Reimbursement of actual expenses incurred:

All Non-Executive Directors are entitled to be paid travelling / halting allowance i.e. expenses related to attending meetings of the Board, Board Committees and General Meetings of the Bank on an actual basis.

IV. Criteria for evaluating the performance of Board, Committees and Directors (including Non-Executive Directors):

The Companies Act, 2013 specifies that evaluation of performance of Board, its committees and individual directors may be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency.

The performance evaluation of the Board as a whole as well as that of its Committees, Directors (including Independent Directors) and Chairman of the Board shall be carried out based on the manner/criteria for evaluation/assessment as laid down by the Nomination and Remuneration Committee, in accordance with the relevant provisions of the Companies Act, 2013 and the rules made thereunder, and the SEBI Listing Regulations.

Major criteria for evaluation of Board as a whole *inter-alia* include various assessment parameters which comprises of components under eight (8) broad heads viz. Structure and composition of Board, Board Culture, Board processes and procedures, Board effectiveness, Board's functioning on financial reporting process (including internal controls), Board and management, Conflict of interest, and Compliance and Regulations.

Major criteria for evaluation of Committees *inter-alia* include the appropriateness of their composition, roles and responsibilities, frequency and duration of meetings and flow of information to the Committees.

Major criteria for evaluation of Chairman *inter alia* cover various assessment parameters like conduct of board meetings, ability to elicit inputs from all Board members and steer the discussions to a logical conclusion, accessibility to board members and effectiveness of working with the Board as a whole and building strong relationships with Board members, encouraging discussion and deliberations on all important matters, and active response to management thinking.

Major criteria for evaluation of Directors (including Independent Directors) *inter-alia* cover various assessment parameters like attendance and participation during the meetings, their active contribution and independent judgement, cohesiveness, discussion / deliberation on important matters, understanding of the Bank, inputs on providing strategic direction of the Bank.

The performance evaluation of all Directors (including Non-Executive Directors) shall be done on a confidential basis excluding the concerned Director being evaluated.

The re-appointment of a Director (including Non-Executive Director) shall be based on the report of performance evaluation.

V. Succession Planning for Non-Executive Directors

The Companies Act, 2013, SEBI Listing Regulations and Reserve Bank of India (Commercial Banks - Governance) Directions, 2025 (collectively referred to as Statutes) emphasise on the orderly succession for appointment to the Board of Directors.

The Companies Act, 2013 as well as SEBI Listing Regulations both recognise the significance of orderly succession planning with respect to vacancy caused in the office of directors and the requirement is to ensure that such vacancies are filled within the timelines as prescribed under Companies Act, 2013 and SEBI Listing Regulations. The RBI Circular dated May 9, 2022 on the subject of Senior Management Personnel (SMP) and/or Non-Executive Directors (NEDs)-Reporting of Exit and Succession Planning has *inter-alia* provided that banks should ensure implementation of a non-disruptive and seamless succession plan in these cases as part of business continuity within a period of three months from such occurrence.

Pursuant to SEBI Listing Regulations, if due to the expiry of the term of the office of any Director, if there is a likelihood of the composition of the Board/Audit Committee/Nomination and Remuneration Committee/Risk Management Committee/Stakeholders' Relationship Committee not being compliant with the requirements as specified under SEBI Listing Regulations, the resulting vacancy shall be filled by the listed entity not later than the date such office is vacated. The NRC will evaluate the composition of the Board/Committees and will also analyse well in advance the anticipated cessations likely to arise due to retirement/completion of tenure of a Non-Executive Director (including Woman Director) from time to time. The NRC will evaluate the composition of the Board/Committees whether it would fulfil the requirements of the Statutes post such cessation and in the event that these requirements will not be fulfilled, it would initiate necessary steps well in advance to source potential incumbents to fill up the position. In the event of an vacancy caused due to resignation or removal due to which the composition requirements of the Board are not in compliance, the NRC shall take necessary actions for induction of new Director on the Board, in accordance with the "Framework detailing the process for induction of new Directors", as early as possible and not later than a period of three months, from such occurrence to ensure implementation of a non-disruptive and seamless succession plan as part of business continuity.

VI. Applicability, Review and Amendments to the Policy

The provisions under this Policy shall remain in accordance with the applicable regulatory provisions and as per the Circulars, Directions, Notifications, Regulations and Rules, issued/amended by the Regulator, relevant authorities, from time to time.

In case of any inconsistency between the provisions of the Policy and the applicable regulatory provisions (and any amendments thereto), the applicable regulatory provisions shall override the provisions of the Policy and the Policy shall stand amended accordingly from the effective date as prescribed therein.

This Policy shall be reviewed by the Board once every three years, subject to an annual review by the MD & CEO of the Bank.

Any amendments to the Policy shall be placed before the Board of Directors for its approval.