

CORPORATE GOVERNANCE

G4-42,43
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Our Corporate Governance philosophy guides us to act in a manner that safeguards the long-term interest of shareholders and other stakeholders, provide good management, adopt prudent risk management strategies and ensure compliance. The Corporate Governance framework is strengthened by robust principles of accountability, transparency and a deep commitment to equality and equity in the treatment of all our stakeholders.

G4-LA12

BOARD OF DIRECTORS

We are endowed with a diverse Board of Directors which brings appropriate balance of skills, experience and diversity of perspectives to the table. We believe that this mix of skills, experience and diversity of the Board members is a quintessential component of effective governance and contributes immensely to our continued success.

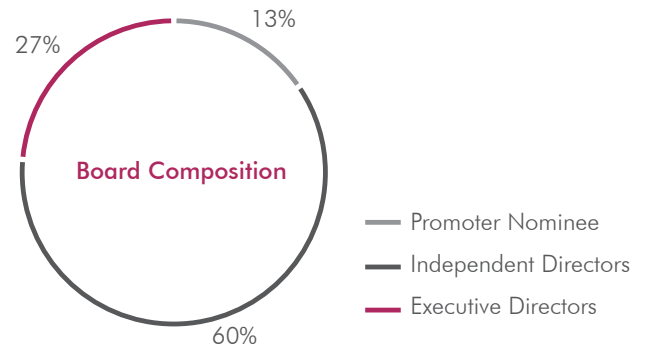
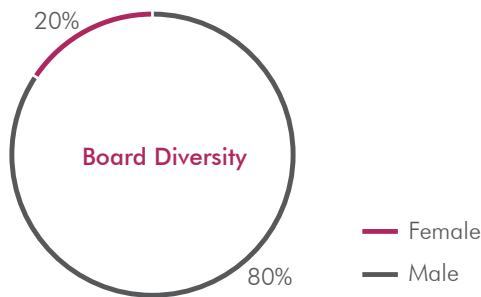
The Board has adopted the Policy on Board Diversity which sets out the framework and approach towards diversity of the Board so as to enhance its effectiveness while discharging its fiduciary obligations towards its stakeholders.

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Board of Directors*:

Sanjiv Misra:	Independent & Non-Executive (Part Time) Chairman
Shikha Sharma:	Managing Director & CEO
V. R. Kaundinya:	Independent Non-Executive
Prasad R. Menon:	Independent Non-Executive
Samir K. Barua:	Independent Non-Executive
Som Mittal:	Independent Non-Executive
Rohit Bhagat:	Independent Non-Executive
Usha Sangwan:	Non-Executive - Nominee of the Life Insurance Corporation of India (Promoter)
S. Vishvanathan:	Independent Non-Executive
Rakesh Makhija:	Independent Non-Executive
Ketaki Bhagwati:	Independent Non-Executive
B. Babu Rao:	Non-Executive - Nominee of Specified Undertaking of Unit Trust of India (SUUTI Promoter)
V. Srinivasan:	Deputy Managing Director
Rajiv Anand:	Executive Director (Retail Banking)
Rajesh Dahiya:	Executive Director (Corporate Centre)

* as at 31.03.2017



Scan the QR Code to know more about the roles and responsibilities of Board of Directors (Corporate Governance section of the Annual Report 2016-17)

G4-40 Selection and Appointment of Directors

We are guided by the process and methodology prescribed by the Reserve Bank of India (RBI) in respect of eligibility criteria and 'fit & proper' norms for nomination and appointment of Directors.

The guidance also requires the Directors to execute covenants which bind them to discharge their responsibilities to the best of their abilities, individually and collectively.

The Nomination and Remuneration Committee of the Board (NRC) is responsible for the following:

- Review the structure, size, composition of the Board, the regional and industry experience, track record, expertise, diversity of the Board
- Evaluate their positive attributes for evaluation of existing skills
- Define gaps based on the information and documents provided by the candidates
- Make appropriate recommendations to the Board with regard to their appointment, re-appointment, remuneration and assignment of duties (nomination to various committees of the Board)

The NRC comprises of four Independent Non-Executive Directors.



Scan the QR Code to know more about the selection and appointment of Directors (Directors' Report section of the Annual Report 2016-17)

G4-44 Evaluation of the Board's Performance

The Board has adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors, Non-Independent Directors including Chairman of the Board. Evaluation was conducted on the various aspects of the Board's functioning such as Strategic alignment and direction, Engagement alignment, Composition & structure, Dynamics & culture, Ethics & corporate citizenship, Board support, Audit Committee of the Board, Risk Management Committee, Nomination & Remuneration Committee and Self-evaluation and attendance. The recent guidelines issued by the Securities and Exchange Board of India (SEBI) on the topic of Board evaluation have also been taken into account.

An external agency was engaged for setting the methodology and determining the process of evaluation and advising the Board on the measures pursuant to outcome of such evaluation. The Board of Directors of the Bank were satisfied with evaluation results, which reflected the overall engagement of the members and the effectiveness of the Board and of its Committees.

G4-51-55 Remuneration Policy and Remuneration of Directors

Our remuneration policy for Directors, Key Managerial Personnel and Employees of the Bank guides us in the matters of remuneration.

We endeavour to attract, retain and motivate professionals in order to attain our strategic objectives and develop a strong performance culture. Our compensation philosophy is aligned to this objective. We

We adhere to the following principles to achieve this objective.

- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness
- Maintain competitiveness on fixed pay in talent market
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites to remain aligned with market practices and provide flexibility

Apart from the above, the compensation structure for the MD & CEO and Whole-time Directors (WTDs) is aligned to Reserve Bank of India's (RBI) guidelines for sound compensation practices and addresses the general principles of:

- Effective and independent governance and monitoring of compensation
- Alignment of compensation with prudence in risk-taking through better designed and consistent compensation structures
- Clear and timely disclosure for facilitating supervisory oversight by all stakeholders

The Non-Executive Directors of the Board are eligible to receive sitting fees for the meetings of the Board/Committees, attended by them and to profit linked commission, in terms of the relevant RBI circular. The Whole-Time Directors of the Bank do not receive any sitting fee from the Bank or from its subsidiary companies.

Name of Executive Director	Ratio of remuneration to median remuneration of all employees	Percentage increase in the remuneration in the FY 2016-17*
Shikha Sharma, MD & CEO	77.6	6.5
V Srinivasan, Deputy Managing Director	51.4	10.0
Rajiv Anand, Executive Director (Retail Banking)	40.0	15.0

Rajesh Dahiya,
Executive Director
(Corporate Centre)

33.3

19.3

*The percentage increase in remuneration of Rajiv Anand and Rajesh Dahiya on their appointment as Whole-Time Directors of the Bank w.e.f 4th August 2016

The median remuneration of employees (including frontline sales force) of the Bank increased by 9.27% in the financial year 2016-17, as compared to the financial year 2015-16.



Scan the QR Code to know more about the Remuneration Policy and Practices (Corporate Governance and Disclosure on Remuneration sections of the Annual Report 2016-17)

Board Committees

G4-34

The Board of the Bank also conducts its business through various Committees constituted by the Board to deal with specific matters as per delegated powers for different functional areas of the Bank.

Board Committees

- Committee of Directors
- Audit Committee
- Risk Management Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Special Committee of the Board of Directors for Monitoring of Large Value Frauds
- Customer Service Committee
- IT Strategy Committee
- Corporate Social Responsibility Committee
- Review Committee
- Acquisition, Divestments and Mergers Committee
- Committee of Whole-Time Directors



Scan the QR Code to know more about various Board committees (Corporate Governance section of the Annual Report 2016-17)

G4-34-37 Sustainability Governance

At the apex level, the Committee of Whole-time Directors is entrusted with guiding the Bank's sustainability efforts and the Management Committee of the Bank is responsible for reviewing the implementation of the Sustainability Plan of the Bank.

The Executive Director (Corporate Centre) of the Bank oversees the implementation of the Sustainability Plan of the Bank and is supported by Ethics & Sustainability Team. The Sustainability Plan is cascaded down from top management to individual departments in order to implement various initiatives.

The various elements of the Sustainability Plan are also reviewed by the Board and its Committees based on sustainability aspects related to functional roles of individual departments reporting to the Board and its Committees.

We have also set-up a Board-level Corporate Social Responsibility (CSR) Committee to oversee the CSR agenda of the Bank. Aspects of the Sustainability Plan are integrated into the performance scorecard for the top

management and individual functions through annualized objectives.

The stakeholder feedback reaches the Board through various Board Committees:

- The Stakeholder Relationships Committee looks into shareholders' grievances and feedback.
- The Nomination and Remuneration Committee reviews the pan-organisational health through feedback from employee surveys conducted on a regular basis.
- The Customer Service Committee oversees customer service related aspects including feedback received from customers through various channels.
- The Corporate Social Responsibility Committee is responsible for community development agenda.
- The Sustainable Lending Policy agenda is approved by the Committee of Directors of the Board.
- Apart from the Board Committees, the Board also has periodic reviews of various functions of the Bank which include aspects of stakeholder feedback.



Members of the Bank's Board of Directors attending the Bank's 22nd AGM in Ahmedabad, India