



IDFC FIRST Bank Limited

**CODE OF CONDUCT FOR BOARD OF DIRECTORS &
SENIOR MANAGEMENT PERSONNEL**

Status:

Version	: 1.3
Approval Date	: October 18, 2025

CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT PERSONNEL

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CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT PERSONNEL

1. Background and Applicability

The Code of Conduct for Board of Directors & Senior Management Personnel (hereinafter referred to as the “**Code**”) is formulated in line with the requirement of Regulation 17(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**SEBI Listing Regulations**”) read with Schedule IV of the Companies Act, 2013 on Code for Independent Directors.

This Code is applicable to all the Board of Directors (“**Board**”) and Senior Management Personnel (“**SMP**”) of IDFC FIRST Bank Limited (the “**IDFC FIRST Bank**” or “**Bank**”). Each Director and SMP shall be duty-bound to follow the provisions of this Code.

The SMP shall mean and include the officers and personnel of the Bank who are members of its core management team, excluding the Board of Directors, and shall comprise of the following:

- a) All the members of the management one level below the Managing Director & Chief Executive Officer or Whole-Time Director of the Bank;*
- b) Key Managerial Personnel of the Bank; and*
- c) Functional heads*

The Company Secretary shall be the Compliance Officer for the purpose of this Code.

In addition to observing compliance with this Code, the MD&CEO/ Whole Time Directors and the SMP shall also adhere to the requirements of Banks’ Code of Conduct applicable to the Employees of the Bank.

2. Objective and Purpose

This Code intends to ensure transparency and adherence to highest business and ethical standards in managing the affairs of the Bank. The purpose of this Code is to adopt and set the standards to be followed which can enhance the value of the organization.

The Bank values the ethical business standards very highly and intends that the Board of Directors and SMP uphold these standards in day-to-day activities in compliance with applicable laws, rules, regulations and procedures adopted by the Bank.

3. Honest and Ethical Conduct

All the Directors and SMP are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct while working at the Bank's premises, at offsite locations where the Bank's business is being conducted, at Bank's sponsored business and social events, and/ or at any other place where the Directors and SMP represent the Bank.

All the Directors and SMP 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 interests of the Bank, its Employees, the Shareholders, the Community and for the protection of Environment.

We consider honest conduct to be conduct that is free from fraud and/ or deception.

We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Wherever any Director / SMP is unsure about the appropriateness of an event or action, such Director/ SMP should seek assistance of the Compliance Officer in interpreting the requirements of the Code.

4. Principles and Values to be followed by Company

All Directors and SMP shall adhere to the Principles and Values adopted by the Bank. Few of them are enumerated below:

- Financial Reporting and Records

The Bank prepares and maintains its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations, as applicable to the Bank.

Internal accounting and audit procedures shall fairly and accurately reflect all the Bank's business transactions and disposition of assets.

All required information shall be made accessible to Auditors and Directors of the Bank, and such other authorised parties and government/ regulatory agencies, as may be required. There shall not be any willful omissions of any transactions from the books and records of the Bank nor any knowing/willful misstatement of the financial position of the Bank.

Apart from inviting appropriate civil or criminal action under the relevant laws, any willful material misrepresentation of and/or misinformation in the financial accounts and reports shall be regarded as a violation of the Code.

- Discrimination and Harassment

The Bank is committed to providing a workplace that is free of discrimination and harassment based on race, color, religion, age, gender, national origin, disability, veteran status, or any other biases. Every Board Member and SMP of the Bank shall endeavour to free the workplace from such biases.

- Safety, Health, and Environment

The Bank shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in.

The Bank shall be committed to prevent the wasteful use of natural resources and, wherever possible, minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment. Every Board Member and SMP of the Bank shall endeavor to adhere to the aforesaid principle.

- Disclosures

The Bank's policy is to provide full, fair, accurate and timely disclosure in reports and documents that Bank files with, or submits to, the Reserve Bank of India, Stock Exchange, Securities and Exchange Board of India and/or any other government/ regulatory authority and in all other public communications made by the Bank. Every Board Member and SMP of the Bank has the general responsibility for preparing such filings/communications and shall ensure that these confirm to applicable laws and regulations.

5. Conflicts of Interest norms

The Board Members and SMP of the Bank shall avoid conflicts of interest with the Bank and, in case there is or may be such a conflict, it shall be promptly disclosed. A conflict of interest exists (arises) when a person with a fiduciary responsibility is in a situation where his own self-interest and the interests of the Bank might be in conflict.

Conflict of Interest *vis-a-vis* the Directors/ SMPs of the Bank is defined as a transaction or relationship or situation that presents or may present an existing or perceived or potential conflict

of interest between Director's/ SMPs obligations towards the Bank and his/ her personal, business or other interests.

It is the duty of each Board Member and SMP to adequately and timely disclose to the Board, any material, financial and commercial transactions or relationship that reasonably could be expected to give rise to such a conflict.

As per the explanation cited under Regulation 26(5) of the SEBI Listing Regulations, Conflict of Interest relates to dealing in the shares of the listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

A] Compliance under applicable laws, rules and regulations – Board of Directors:

Every Director of the Bank shall adopt the following measures for monitoring and management of any situation of conflict of interest that may arise:

- a) Make a full and complete disclosure of any conflict of interest to the Bank as soon as it arises.

Every Director of the Bank shall forthwith disclose all conflict of interest, at the time of his/her appointment, annually and whenever there is any change to the earlier disclosures made by him/ her.

In terms of the SEBI Listing Regulations, the SMP shall also disclose all conflict of interest by way of affirming the Code on an annual basis.

- b) Every Director of the Bank shall at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, at the first Meeting of the Board held after such change, disclose his/her concern or interest in companies (which includes shareholding), bodies corporate, firms, association of individuals, trusts and other entities, in Form MBP 1 prescribed under Section 184 (1) of the Companies Act, 2013.
- c) As a general rule, the Board Member/ SMP should avoid conducting Bank business with a Relative, or a business in which a Relative is associated in any significant role. For the purpose of this Code, “**Relative**” shall mean and include those as defined under Section 2(77) of the Companies Act, 2013, as amended from time to time. For list of relatives, please refer ‘**Annexure A**’ attached herewith.

Every Director of the Bank shall also disclose to the Board, details about himself/herself and

that of his/her relatives including details of their concern or interests, directorships and shareholding for the purpose of complying with the provisions of related party transactions as prescribed under Companies Act, 2013, SEBI Listing Regulations and Accounting Standard 18 (“AS18”) prescribed by the Institute of Chartered Accountants of India.

The Board members/ SMP shall adhere compliance with the applicable provisions of law and internal Policies, in regard to the Related Party Transactions, wherever required.

- d) Every Director of the Bank shall on his/her appointment/re-appointment and on an annual basis or pursuant to any changes in the disclosure(s) already made, disclose to the Bank, the list of entities where he/she holds substantial interest.

Substantial Interest shall mean as defined under Section 5 (ne) of the Banking Regulation Act, 1949:

- (i) in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid up on which exceeds two crore rupees or ten percent of the paid-up capital of the company, whichever is less;
 - (ii) in relation to a firm, means the beneficial interest held therein by an individual or his spouse or minor child, whether singly or taken together, which represents more than ten per cent of the total capital subscribed by all the partners of the said firm.
- e) Every Director of the Bank shall execute the Deed of Covenant (in the format as prescribed by the RBI) and adhere to the fit and proper norms, as prescribed by RBI for Directors of private sector banks, at all times. Every Director of the Bank shall submit at the time of appointment/re-appointment/annually ‘Declaration and Undertaking’ in the format Annex 1 of the RBI Circular RBI/2019-20/204 DoR.Appt.No.58/29.67.001/2019-20 dated March 31, 2020.
- f) Every Director of the Bank shall confirm whether he/she attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013. Please refer ‘Annexure B’ attached herewith.
- g) Every Director of the Bank who is also a Director of a Non-Banking Finance Company (‘NBFC’) shall comply with the following conditions prescribed under the Dr. Ganguly Group recommendations issued by the RBI on June 20, 2002:
- He / she should not be the owner of the NBFC [i.e., shareholdings (single or jointly with relatives, associates, etc.) should not exceed 50%]

- He / she should not be related to the promoter of the NBFC.
 - He / she should not be a full-time employee in the NBFC.
 - The concerned NBFC should not be a borrower of the Bank.
- h) Every Director of the Bank is prohibited from being a Director of any other banking company in accordance with the provisions of Section 16 of the Banking Regulation Act, 1949.
- i) Every Director of the Bank shall provide such confirmations / declarations / undertakings / information / documents / certificates, as may be requested by the Bank, in compliance with applicable laws, as amended, from time to time.
- j) Every Director shall ensure compliance with the provisions of Regulation 17A and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 165 of the Companies Act, 2013, as amended from time to time, with respect to maximum number of directorships and committee memberships that can be held by him / her. Please refer '**Annexure C**' attached herewith.
- k) It may be a conflict of interest to serve as a Director of any Company that competes directly with the Bank. It shall be the duty of the Directors, to first obtain approval from the Bank's Board before accepting such Directorship of a competing entity.

To determine whether a conflict exists, factors such as the business in which such other entity operates, the position of Director/ SMP and his/ her ability to influence such other entity's decisions, should be considered.

In accordance with the provisions of Banking Regulation Act, 1949, the MD & CEO shall not take Directorship of any other Company.

Each Board member and SMP shall comply with the applicable provisions of law, before accepting any outside Directorship.

- l) Every Director/ SMP of the Bank is prohibited from engaging in any activity that interferes with his/her fiduciary responsibilities towards the Bank, or is in conflict with or prejudicial to the interest of the Bank like simultaneous engagement or employment or directorship with client companies or its subsidiaries, or undertaking any activity which would enhance or support a competitor's position.
- m) Whilst all conflicts of interest are not necessarily prohibited or harmful to the Bank, disclosure of timely and complete, actual or perceived or potential conflicts, should be made to the Board

for their information and necessary action and the interested Director of the Bank shall recuse himself from participating in the deliberations at the meeting and voting thereon.

- n) If the Board has reason to believe or has knowledge of any development that may give rise to a situation of conflict of interest vis a vis any Director of the Bank, it may advise the concerned Director of the Bank to forthwith give a declaration in writing, clarifying the situation of conflict of interest, if any.
- o) Directors/ SMP are expected to comply, both in letter and in spirit, with all applicable laws, rules and regulations in the cities, states and countries in which the Bank operates.

The Board of Directors and SMPs has a responsibility to the Bank, its stakeholders and to each other. Although this duty does not prevent them from engaging in personal transactions and investments, it does demand that they avoid situations where a conflict of interest might occur or appear to occur. They are expected to perform their duties in a way that they do not conflict with the Bank's interest, such as -

B] Employment / Outside Employment:

The Board Member and SMP are expected to devote their sufficient time and attention to the business interests of the Bank. Hence, Board Member and SMP are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank, or it otherwise is in conflict with or prejudicial to the Bank like simultaneous engagement/ employment or directorship with competitors of the Bank, or from taking part in any activity that enhances or supports a competitor's position. Each Board Member and SMP shall inform the Board of any change in events/ circumstances/ conditions that may interfere with his/ her ability to perform duties.

Board Member / SMP of the Bank shall not assign his/ her office and any assignment so made shall be void.

Board Member / SMP of the Bank shall exercise his/ her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

C] Business Interests:

If any Director/ SMP is considering investment in the business of any customer or competitor of the Bank (except for routine equity portfolio investments which are not strategic in nature), he or she must first take care to ensure that these investments do not compromise their responsibilities towards the Bank. Before making investment in the business of a competitor, the Director/ SMP shall

take prior approval from the Board of Directors of the Bank.

Many factors should be considered in determining whether a conflict exists, including the size and nature of investment, the Director/ SMP ability to influence the Company's decisions; his/ her access to confidential information of the Company or the other company and the nature of relationship between the Bank and the other company.

Before making investment in any listed entity, Directors/ SMP shall ensure compliance of Code of Conduct for Prohibition of Insider Trading and other Securities / other Laws, as may be applicable.

D] Relatives of Board members/ SMP:

The Bank does not allow employment of Relatives of Board members/ SMPs. Any exception on hiring of relatives will be subject to discussions and approval of the HR department.

In regard to the appointment of Relatives in the Bank, the MD&CEO/ Whole Time Directors and the SMP, shall comply with the conditions as prescribed in the Code of Conduct for Employees.

Further, in regard to the appointment of a Related Party in the Bank, Board Member and SMP shall specifically comply with the provisions of the Companies Act, SEBI Regulations, Banking Regulations and such other applicable provisions of law. Further, approval of the Audit Committee/ Board/ Shareholders, as may be required, shall be availed. Appropriate disclosures shall also be made by the concerned appointee to the Human Resource Department.

E] Payments or gifts from others:

Under no circumstances shall any Director/ SMP accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. of the Bank, that is perceived and/or intended, directly or indirectly, to influence any business decision of the Bank, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud.

F] Corporate Opportunities:

Directors/ SMPs shall not exploit for their own personal gain, opportunities that are discovered through the use of Bank property, information or position, unless the opportunity is first disclosed in writing to the Bank's Board of Directors and the Board approves to pursue such opportunity.

G] Other situations:

A Director/ SMP of the Bank shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director/ SMP is found guilty of making any undue gain, he shall *inter alia* be liable to pay an amount equal to that gain to the Bank.

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, Directors /SMP must consult the Bank's Chairman, Managing Director & CEO or the Compliance Officer.

6. Proper use of Bank assets

The Bank's assets should be used only for the legitimate business purposes of the Bank.

7. Articles of Association

Directors/ SMP are expected to act in accordance with the Articles of Association of the Bank.

8. Whistle Blower Policy

The Whistle Blower Policy of the Bank (Vigil Mechanism) as available on the website of the Bank at www.idfcfirstbank.com shall be applicable to all the Directors/ SMP.

9. Securities Transactions and Confidential Information

A Director/ SMP shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of any price sensitive information, not in public domain. A Director/ SMP shall comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable Securities Law, read with the Bank's Code of Conduct for Prohibition of Insider Trading, as amended from time to time.

A Director/ SMP shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the Bank on which such insider information has been obtained.

A Director/ SMP are expected to strictly adhere in both letter and spirit to the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 as may be amended from time to time. Accordingly, they are expected to refrain from intentionally publishing

misleading information on digital media, front running, mis-selling of securities and services related to securities, mis-utilisation of client account and diversion of client funds, manipulating bench-mark price of securities, dealing in securities whilst in possession of UPSI or with an intent to manipulate price and volume of any securities.

10. Code for professional conduct for Independent Directors and Duties of Directors

The Independent Directors shall additionally also be required to comply with the 'code for professional conduct for independent directors' in accordance with Section 149(8) read with Schedule IV of the Companies Act, 2013, as amended from time to time. Guidelines applicable to Independent Directors are mentioned in '**Annexure D**'.

Further, the Board members shall comply with the provisions of Sections 166 of the Companies Act, 2013, which lays down the Duties of the Directors. Also, the Board shall comply with Regulation 4(2)(f) of the SEBI Listing Regulations, which lays down the Responsibilities of the Board of Directors. Please refer '**Annexure E**' to this Code.

Every Independent Director of the Bank shall continuously be in compliance with the provisions of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 relating to enrolment of his/her name in the online databank of Independent Directors maintained by the Government and passing of the online proficiency self-assessment test, in terms of the said Rules.

11. Confidential Information

Directors/ SMP are required to maintain the confidentiality of all confidential information that they receive or become privy to in connection with the Bank's business, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might prejudice the ability of the Bank to pursue certain objectives, be of use to competitors, or harm the Bank, its suppliers or its advertisers, if disclosed e.g. information about Patents, R & D, Processes, Commercial dealings etc.

Confidential information also includes any information relating to the Bank's business and affairs that results in or would reasonably be expected to result in a significant change in the market value of the Bank's securities, or any information a reasonable investor would consider important in making an investment decision. Directors/ SMP must not use confidential information for their own advantage or profit directly or indirectly.

12. Violation of Code

It is the duty of each Board member and SMP to observe and help enforce this Code.

The Directors/ SMP should be alert to any possible violation to this Code and report this to the Compliance Officer, wherever required. Actual violations of law, this code, or other Bank's policies or procedures, as amended from time to time, should also be promptly reported to the Compliance Officer. The Directors/ SMP must also co-operate in any internal or external investigations of possible violations.

Any violation of this Code by any Director/ SMP would be treated as a misconduct if the same is conscious and deliberate (not inadvertent) and the Board of Directors may decide an appropriate penal action (including such other action(s), as may be deemed necessary) for the same. The Board of Directors of the Bank may ratify an inadvertent non-compliance by any Board Member, if deemed appropriate and such ratification along with the reason, would be appropriately recorded.

The Board will take appropriate action against any Director/ SMP whose actions are found to violate the Code or any other policy of the Bank. Disciplinary actions may include immediate termination of employment at the Bank's sole discretion. Where the Bank has suggested a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Bank will cooperate fully with the appropriate authorities.

13. Enforcement of Code of Conduct

Directors and SMP shall be accountable for fully complying with this Code and shall give a disclosure to the Board on the annual basis to the effect that they have complied with the provisions of the Code. Any material violation of the Code that is reported/ noticed shall be placed before the Board.

14. Certification of Compliance of Code of Conduct

On appointment and each year as part of their annual confirmation, each Director and SMP should confirm over an e-mail/ sign the Code of Conduct as per format given in 'Annexure F', that they have received, read and understood the Code, and have not violated any of the provisions of the Code.

The Annual Report of the Bank shall contain a declaration to this effect signed by the Managing Director & CEO.

15. No Rights Created

This Code of Conduct is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and SMP of the Bank in the conduct of the Bank's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

16. Stricter Code to Apply

In case of MD & CEO/ Whole Time Directors and SMP, if any of the above mentioned clauses differ from other HR Policies of the Bank, the more stringent provision would apply.

17. Amendment to the Code

This Code is framed based on the provisions of the SEBI Listing Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the SEBI Listing Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Code and the provisions in the Code would be modified in due course to make it consistent with law.

Any variation in the Code or any waivers from the provisions of the Code shall be approved by the Board of Directors of the Bank.

The Code shall be reviewed from time to time for any updation which may be required because of changes in law / regulations.

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Annexure A**List of Relatives**

Sr. No.	Relation
1.	Spouse
2.	Father (including step-father)
3.	Mother (including step-mother)
4.	Son (including step-son)
5.	Son's Wife
6.	Daughter
7.	Daughter's Husband
8.	Brother (including step-brother)
9.	Sister (including step-sister)
10.	Members of Hindu Undivided Family, if any

Disqualifications for appointment of Director - Section 164 of the Companies Act, 2013

1. A person shall not be eligible for appointment as a director of a Bank, if —
 - a. he is of unsound mind and stands so declared by a competent court;
 - b. he is an undischarged insolvent;
 - c. he has applied to be adjudicated as an insolvent and his application is pending;
 - d. he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence: Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
 - e. an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
 - f. he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
 - g. he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
 - h. he has not complied with sub-section (3) of section 152.
 - i. he has not complied with the provisions of sub-section (1) of section 165.
2. No person who is or has been a director of a company which —
 - a. has not filed financial statements or annual returns for any continuous period of three financial years; or
 - b. has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

Provided that the disqualifications referred to in clauses (d), (e) and (g) of sub-section (1) shall continue to apply even if the appeal or petition has been filed against the order of conviction or disqualification.

Regulation 17A of the SEBI Listing Regulations

The directors of 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 in more than seven listed entities or as may be stipulated under the SEBI Listing Regulations, from time to time. Provided that a person shall not serve as an independent director in more than seven listed entities.

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

Note 1: The count for the number of listed entities on which a person is a director / independent director shall be cumulative of those whose equity shares are listed on a stock exchange and high value debt listed entities, in accordance with the SEBI Listing Regulations, amended from time to time.

Note 2: The directorship (s) held by a person on an ex-officio basis due to statute or applicable contractual framework in case of public sector undertakings and entities set up under a public private partnership arrangement shall not be included in calculating the maximum number of directorships.

Regulation 26 of the SEBI Listing Regulations

1. A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he/she is a director which shall be determined as follows:
 - a. the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies, and companies under Section 8 of the Companies Act, 2013 shall be excluded;
 - b. for the purpose of determination of limit, chairpersonship and membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered.

Section 165 of the Companies Act, 2013

No person, shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time:

Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

Explanation I - For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

Explanation II - For reckoning the limit of directorships of twenty companies, the directorship in a dormant company shall not be included.

Code for Independent Directors

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a *bona fide* manner in the interest of the Bank;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Bank as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse his position to the detriment of the Bank or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of his independence;
8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. assist the Bank in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. bring an objective view in the evaluation of the performance of board and management;

3. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. balance the conflicting interest of the stakeholders;
7. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. moderate and arbitrate in the interest of the Bank as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

Roles and Duties of Independent Directors shall be as mentioned in the Companies Act, 2013, SEBI Listing Regulations and the Banking Regulations Act, 1949.

The independent directors shall:

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Bank;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Bank;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the Bank;
6. where they have concerns about the running of the Bank or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the Bank and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Bank;
10. ascertain and ensure that the Bank has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's Code of conduct or ethics policy;
12. act within their authority, assist in protecting the legitimate interests of the Bank, shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Separate meetings:

1. The independent directors of the Bank shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of management;
2. All the independent directors of the Bank shall strive to be present at such meeting;
3. The independent directors in the meeting shall inter alia:
 - a) review the performance of non-independent directors and the Board as a whole;
 - b) review the performance of the Chairperson of the Bank, taking into account the views of executive directors and non-executive directors;
 - c) assess the quality, quantity and timeliness of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Duties of Directors – Section 166 of the Companies Act, 2013

1. Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
2. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
3. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
5. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
6. A director of a company shall not assign his office and any assignment so made shall be void.
7. If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Responsibilities of the Board of Directors – Regulation 4(2)(f) of the SEBI Listing Regulations

The Board of Directors of the Bank shall have the following responsibilities:

(i) Disclosure of information –

1. Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Bank.
2. The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the Board of Directors –

1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
2. Monitoring the effectiveness of the Bank's governance practices and making changes as needed.
3. Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
4. Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the Bank and its shareholders.
5. Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
6. Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
7. Ensuring the integrity of the Bank's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
8. Overseeing the process of disclosure and communications.
9. Monitoring and reviewing board of director's evaluation framework.

(iii) Other responsibilities –

1. The board of directors shall provide strategic guidance to the Bank, ensure effective monitoring of the management and shall be accountable to the Bank and the shareholders.
2. The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
3. Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Bank and the shareholders.
4. The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
5. Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.

6. The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
7. The board of directors shall exercise objective independent judgement on corporate affairs.
8. The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
9. The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the Bank to excessive risk.
10. The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the Bank's focus.
11. When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
12. Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
13. In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
14. The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

The Board of Directors

IDFC FIRST Bank Limited

IDFC FIRST Bank Tower, (The Square),
C-61, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

Dear Sirs/Madam,

Sub: Declaration confirming compliance with the Code of Conduct

Ref: Code of Conduct for Board of Directors and SMP

I(name) (designation), having read and understood the Code of Conduct for Board of Directors and Senior Management Personnel, hereby solemnly affirm that, to the best of my knowledge and belief, I have complied with and have not violated any of the provisions of the Code during the year ended March 31,

I do hereby affirm that I did not have any personal interest in any material, financial or commercial transactions undertaken by the Bank that could have a potential conflict with the interest of the bank at large, in case of dealings with any of my relatives or entities whose shares are held by me or my relatives.

OR

I do hereby affirm that I am/was personally interested in following financial and/or commercial transactions undertaken by the Bank with any of my relatives or entities whose shares are held by me or my relatives and that no influence was exerted in the matter of awarding or carrying out of such transactions, so as to cause any preferential treatment to be given to such party.

Signature

Name

Designation

Employee Number (if any)

Email ID

Mobile No

Place

Date

Note: Please sign and return this form to the Compliance Officer.