

SUB: POLICY FOR APPOINTMENT OF AUDITORS FOR OVERSEAS BRANCHES FOR THE YEAR 2024-2025.

I. POLICY FOR APPOINTMENT OF STATUTORY BRANCH AUDITORS FOR OVERSEAS BRANCHES:

The following policy is formulated with regard to the appointment of Statutory Branch Auditors for Overseas Branches including Gujarat International Finance Tec (GIFT) City Branch:

- a. Only reputed audit firms that are acceptable to the Monetary / Central Banking Authority of the country should be considered. The overseas branches should initiate steps for getting quotes from five audit firms with minimum eligible quotes from three audit firms.
- b. Firms who have experience of auditing of branches of Indian Banks, present or past are preferable ;
- c. There should not be any adverse comments by the local regulators on the firms who intend to seek appointment of audit ;
- d. The quotations should be comprehensive and accurate. The Quotes are to be opened before the representative as per the directions of ACB;
- e. There should not be wide variance in the fees payable on comparison with other Indian banks of comparable size / business and ascertain the fees paid by other overseas branches of Indian banks;
- f. After duly complying with the above, the overseas branch has to recommend to International Operations Wing (IO Wing) Head Office, the audit firm with preferably least quote, for appointment, along with the quotations submitted by other firms. IO Wing, HO shall scrutinize the list and after complying with all policy and regulatory guidelines send the name of audit firm to Financial Management Wing, HO who will place before ACB/Board for their approval.
- g. The appointment of auditor will have the concurrence of the Compliance Officer of the Branch.
- h. Statutory auditors for overseas branches shall be appointed every year;
- i. The minimum time to be provided to audit firms conducting audit of overseas branches, so as to ensure better audit quality. The timelines for conduct of the audit may be conveyed to the firms undertaking the statutory audit for overseas branches.
- j. The Auditors associated with the Bank continuously for more than four years should be replaced.

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- k. For quarterly review, MD & CEO may permit to appoint the auditors;
- l. Based on the recommendation of the IO Wing and overseas branches, Audit Committee and the Board's approval shall be obtained;
- m. On obtaining approval of the Board, the proposed appointment shall be referred to Reserve Bank of India, Central Office, and Mumbai for their approval. After obtaining RBI's approval, necessary appointment letter will be issued to the Auditors;
- n. The selected audit firms/auditors should satisfy the following conditions:
 - i) The Auditors / their relatives should not be indebted to the Bank;
 - ii) The Auditors / Audit Firms should not be a willful defaulter of other Banks / Financial Institutions;
 - iii) The Auditors / Audit Firms should not carry out any assignment of the internal audit of the Bank or any of its subsidiaries;
 - iv) The Auditors / Audit Firms should not enter into sub-contract of the Audit assigned to them.
- o. There shall be a quarterly review of 1/3rd of the overseas branches by rotation and the same would be got done through audit firms operating in the countries where such branches are functioning.
- p. All the regulatory and Statutory requirements are incorporated and complied, further any additional requirement mandated as per the guidelines of the RBI, SEBI, other regulators or Ministry of Finance that are communicated subsequent to the adoption of the policy shall automatically form part and parcel of the Policy and the Bank shall have to comply with all such additional requirements.

Additional Guidelines for appointment of auditor for IFSC Banking Units (IBUs) for FY 2023-24 and FY 2024-25:

1. As per RBI circular no. RBI/2014-15/533 DOR.IBD.BC.14570/23.13.004/2014-15 dated April 1, 2015 regarding setting up of IFSC Banking Units (IBUs) "An IBU will be treated on par with a foreign branch of an Indian bank."
2. At present, Our Bank has obtained permission from RBI for opening International Financial Service Centre (IFSC) Banking Unit (IBU) at Gujarat International Finance Tec (GIFT) City which commenced its operations on 05.09.2023.

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3. As per International Financial Services Centres Authority (Banking) Regulations, 2020 as amended upto 6th July 2021, Chapter III, Prudential Regulatory Requirements, Point No.4:-

“Banking Units shall adhere to the norms and guidelines as may be prescribed by the Authority, from time to time.”

Banking Units shall continue to comply with the directions and instructions issued by their Home Regulator, unless otherwise specified by the Authority.”

4. International Financial Service Centre (IFSC) Authority has not prescribed guidelines regarding appointment of Statutory Auditors for International Financial Service Centre (IFSC) Banking Unit (IBU), Gujarat International Finance Tec (GIFT) city branches.
5. The Bank shall decide for appointment, as Statutory Auditor for conducting statutory audit/quarterly reviews of International Financial Service Centre (IFSC) Banking Unit (IBUs) from eligible list of Statutory Central Auditors(SCAs)/Category 1 Statutory Branch Auditors(SBAs)/Category 2 Statutory Branch Auditors(SBAs) firms last issued by the RBI and quotation will be obtained accordingly. The quotation shall clearly define areas of work (i.e., Statutory audit, Long Form Audit Report (LFAR), Certification, etc.,) also mention whether quotation is inclusive/exclusive of out of pocket expenses.
6. Selection of audit firm shall be done by International Operations Wing-HO in coordination with Gujarat International Finance Tec (GIFT) City branch based on the eligibility criteria of audit firms, based on credentials viz. date of establishment, No. of partners, Fellow Chartered Accountants (FCAs), Certified Information Systems Auditor (CISA)/ Information System Auditor (ISA) qualification of partners, audit staff, similar audit experience etc., and duly complying with policy and regulatory guidelines.
7. The audit firm should not be Statutory Auditor of any other branch of our Bank and should not carry out any other assignment of the Bank or any of its subsidiaries.
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