



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

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Approved by: <Sijo Varghese> <Company Secretary>

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Document Contact Details

	Name	Designation
Author of the policy	Secretarial Department	
Verifier of the policy	Secretarial Department	
Approver of the policy	Sijo Varghese	
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Document contact details		

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1. INTRODUCTION:

The Board of Directors (the “**Board**”) of CSB Bank Limited (the “**Bank**”) have adopted the following policy and procedures with regard to Related Party Transactions (“**Policy on RPTs**” or “**Policy**”), in line with the requirements of Section 177, Section 188 and other applicable provisions of the Companies Act, 2013 (“**Act**”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (“**Board Rules**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations 2015, as amended (“**SEBI LODR Regulations**”).

The Audit Committee will review and may amend the Policy on RPTs from time to time.

2. PURPOSE:

The objective of this Policy on RPTs is to: (i) ensure proper approval, disclosure and reporting of transactions, as applicable, between the Bank and any of its Related Parties (defined hereinafter), in the best interest of the Bank and its stakeholders, and (ii) ensure that transactions between the Bank and its Related Parties are based on principles of transparency and arm’s length pricing. This Policy outlines the basis on which the materiality of Related Party Transactions (defined hereinafter) will be determined and the manner of dealing with the Related Party Transactions by the Bank.

3. DEFINITIONS:

- (a) “**Act**” means the Companies Act, 2013, together with the rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force.
- (b) “**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

For the purpose of this Policy, the expression “significant influence” means control of at least 20% (twenty per cent) of total voting power, or control of or participation in business decisions under an agreement while the expression “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

- (c) “**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (d) “**Audit Committee**” means the Committee of the Board constituted under provisions of the SEBI LODR Regulations and the Act.
- (e) “**Annual Consolidated Turnover**” is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Standalone/Consolidated Financial Statements of the Bank.
- (f) “**Board of Directors**” or “**Board**” means the Board of Directors of the Bank;
- (g) “**Directors**” means the directors of the Bank, as appointed from time to time;

(h) **Industry Standards/RPT Industry Standards** means the Industry Standards formulated by Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, in consultation with SEBI on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction"

(i) **"Key Managerial Personnel"** in relation to the Bank means:

- (i) The Chief Executive Officer, or the Managing Director or the Manager;
- (ii) The Company Secretary;
- (iii) The Whole-time director;
- (iv) The Chief Financial Officer;
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) Such other officer as may be prescribed.

(j) **"Material Related Party Transaction"** shall have the same meaning as given to 'a transaction with a related party which shall be considered material' under Regulation 23 of the SEBI LODR Regulations, as may be amended from time to time. A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Bank as per the last audited financial statements of the Bank, whichever is lower.

Notwithstanding the foregoing, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Bank as per the last audited financial statements of the Bank.

(k) **"Material modification in a related party transaction"** shall mean an amendment to the terms of a transaction/agreement/commitment with/to a Related Party, the effect of which will be an increase over the approved limit for a transaction, by an amount more than Rs. 25 (Twenty Five) Crore in a financial year or 50% (fifty per cent) of the approved limit, whichever is higher, per occasion.

Provided that, with regard to the kind of transactions mentioned below, material modifications shall mean an amendment to the terms of transaction/agreement/commitment with/to a Related Party, the effect of which shall be as shown below:

Sl. no.	Kind of transaction	Increase in the transaction amount/rate of interest/fee/margin/other charges	Decrease in the transaction amount/rate of interest/fee/margin/other charges
1	Rendering of services	Any increase in the transaction amount, the effect of which will result in the breach of the Bank's exposure ceiling/the Credit policy of the	i) Any decrease in the rate of interest/fees/margin/amount charged by the Bank, from the prevalent rates on loans with similar rating and tenor, issued by the Bank/ rate linked to bench

		Bank/the extant guidelines laid down by RBI.	marked rate with similar rating and tenor, issued by other Banks/Financial institutions. ii) Any decrease in the rate of interest/fee/margin, the effect of which will result in a higher concession on commercial aspects to the related party than what is allowed as per the Bank's extant Credit policy or the extant guidelines laid down by RBI.
2	Investments made in related parties	Any increase in the investment amount/deviation in tenor of investment, the effect of which will result in the breach of the Bank's extant Investment Policy or the extant RBI guidelines regarding the maximum limit of investment permissible for Banks.	Any decrease in the rate of interest/deviation in tenor of investment etc., the effect of which will result in the breach of the Bank's extant Investment Policy or the extant RBI guidelines regarding investment for Banks.
3	Demand Deposits	Any breach of any of the Bank's policies/extant RBI guidelines on the acceptance of demand deposits.	Any breach of any of the Bank's policies/extant RBI guidelines on the acceptance of demand deposits.

Provided that any deviation in the objectives or purposes for which any loan or deposit was given or funding was made or received shall be deemed to be a 'material modification', irrespective of the above-mentioned criteria.

Provided further that any increase/decrease/deviation with respect to the approved limit for a transaction as mentioned above, shall, in any case, be subject to the limits stipulated by the Reserve Bank of India from time to time, via its notifications, circulars, policies etc.

- (l) **"Office or place of profit"** means any office or place-
- (i) where such office or place is held by a director, if the director holding it receives from the Bank anything by way of remuneration over and above the remuneration to which he/she is entitled as a director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Bank anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (m) **"Ordinary Course of Business"** includes but is not limited to activities that are necessary, normal, and incidental to the business. The following factors are indicative of a transaction being in the ordinary course of business:
- The transaction is normal or otherwise unremarkable for the business;
 - The transaction is frequent/regular.

- The transaction is a source of income for the business;
- Transactions that are a standard industry practice, even though the Bank may not have done it in the past.
- The transaction is permitted under Memorandum and Articles of Association of the Bank.

The criteria are not exhaustive, and the Bank will have to assess each transaction considering its specific nature and circumstances.

- (n) **"Promoter"** shall have the meaning assigned under the Companies Act, 2013, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2015, as amended from time to time, and further clarifications issued by the Reserve Bank of India regarding the meaning of the term "Promoter".
- (o) **"Promoter group"** shall have the same meaning as assigned to it in clause (pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (p) **"SEBI LODR Regulations"** means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactments thereof for the time being in force.
- (q) **"Relatives"** with reference to any person means anyone who is related to another, if—
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) one person is related to the other in the following manner:
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son's wife
 - (e) Daughter
 - (f) Daughter's husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)
 - (i) Any other persons classified as "immediate relatives" under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract."

- (r) **"Related Party"** means:

1. Under the Companies Act, 2013

"Related Party" means, with reference to a company;

- i) A director or his relative;
- ii) A Key Managerial Personnel or his relative;
- iii) A firm, in which a director, manager or his relative is a partner;
- iv) A private company in which a director or manager or his relatives is a member or director;

- v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- vi) Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except when such advice is given in a professional capacity;
- vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except when such advice is given in a professional capacity;
- viii) any body corporate which is—
 - (a) a holding, subsidiary or an associate company of such company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of the company;
 Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
- ix) A director, other than an Independent Director, or Key Managerial Personnel of the Holding Company or his relative with reference to a company, shall be deemed to be a Related Party.

Here the term “Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if–

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. One person is related to another in the following manner, namely:
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

2. As per SEBI LODR Regulations

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

“Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the Bank; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the Bank either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.”

3. As per Indian Accounting Standard (Ind AS) 24

A “Related Party” is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (j) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(r) “**Related Party Transaction**” means the following:

1. Under the Companies Act, 2013:

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions (RPTs):

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing of, or buying, property of any kind;
- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such related party’s appointment to any office or place of profit in the Bank, or any associate company; and
- vii) underwriting the subscription of any securities or derivatives thereof of the Bank.

Notwithstanding the foregoing, the following shall not be deemed RPTs:

- i) Any transaction which is in the ordinary course of business and on an arms' length basis as determined in terms of this Policy.
- ii) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

2. Under the SEBI LODR Regulations:

A "Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) the Bank or any of its subsidiaries, on one hand and a related party of the Bank or any of its subsidiaries on the other hand; or
- (ii) the Bank or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Bank or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Bank which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Securities and Exchange Board of India;
- (d) acceptance of current account deposits and saving account deposits in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon
- (e) retail purchases from Bank or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);"

3. As per Indian Accounting Standard (Ind AS) 24:

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

- (s) **"Turnover"** shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.

4. POLICY ON RELATED PARTY TRANSACTIONS:

All Related Party Transactions and subsequent material modifications must be reported to the Audit Committee for its prior approval in accordance with this Policy, the Act, SEBI LODR Regulations and the Board Rules.

Only those members of the audit committee, who are independent directors, shall approve related party transactions.

The Audit Committee shall define “material modifications” and disclose it as part of this Policy.

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Bank strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction. A contract or arrangement entered into by the Bank without disclosure or with participation by a Director/Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Bank. Each Related Party shall be brought to the attention of the management of the Bank and the Board/Audit Committee by the Bank’s Secretarial Department at least on a half-yearly basis. The Secretarial Department of the Bank needs to inform any change in the list of Related Parties to concerned teams of the Bank to identify the Related Party Transactions.

6. APPROVAL OF RELATED PARTY TRANSACTIONS:

I. Approval of Audit Committee

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee, whether at a meeting or by resolution by circulation. The Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. All related party transactions shall be approved by only Independent Directors on the Audit Committee.

The Audit committee shall define “material modifications” and disclose it as part of this Policy.

A related party transaction to which the subsidiary of the Bank is a party but the Bank is not a party, shall require prior approval of the audit committee of the Bank, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Bank;

With effect from April 1, 2023, a related party transaction to which the subsidiary of the Bank is a party but the Bank is not a party, shall require prior approval of the audit committee of the Bank, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Prior approval of the audit committee of the Bank shall not be required for a related party transaction to which the listed subsidiary is a party, but the Bank is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of Bank as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.]

Remuneration and sitting fees paid by Bank or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of SEBI LODR Regulations.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of such particular Related Party Transaction.

II. Procedure for approval

The Audit Committee will be provided with all relevant material information of Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, the benefits to the Bank and to the Related Party, and any other relevant matters as specified under the Act and SEBI LODR Regulations.

The Audit Committee may accordingly approve or modify such transactions, in accordance with this Policy and/or recommend the same to the Board for approval. The related party transactions shall be approved by only Independent Directors on the Audit Committee.

The Independent Directors shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in ordinary course of business and not on arm's length basis and Material Specific Transactions and assure themselves that the same are in the interest of the Bank and its shareholders.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i). the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii). the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of SEBI LODR Regulations;
- (iii). rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv). the details of ratification shall be disclosed to stock exchanges along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of Regulation 23 of SEBI LODR Regulations:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Bank against any loss incurred by it.

III. Omnibus Approval

- (a) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-

- (i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (ii) the maximum value per transaction which can be allowed;
 - (iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (iv) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Bank pursuant to each of the omnibus approval made;
 - (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- (b) Based on the criteria under (a) above, the Audit Committee may, in the interest of the conduct of affairs of the Bank, grant omnibus approval for related party transactions that are repetitive in nature.
- (c) While assessing a proposal for approval under the omnibus mechanism, the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Bank;
- (d) Such omnibus approval shall specify
- (i) the name/s of the related party;
 - (ii) nature and duration of the transaction;
 - (iii) maximum amount of transaction that can be entered into;
 - (iv) the indicative base price / current contracted price and the formula for variation in the price, if any; and
 - (v) such other conditions as the Audit Committee may deem fit or information relevant or important for the Audit Committee to take decision on the proposed transaction;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1,00,00,000 (Indian Rupees One Crore) per transaction.

- (e) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Bank or its subsidiaries pursuant to each of the omnibus approval given.
- (f) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

IV. Guidelines for placing information to the Audit Committee:

In addition to the requirements specified under Clause 6(I),(II) and (III) of the policy, the Bank shall also provide to the audit committee with the information as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”, from time to time, while placing any proposal for review and approval of an RPT.

7. PRIOR APPROVAL OF THE BOARD OF DIRECTORS

Transactions with the related parties which are either not in the Ordinary Course of Business or are not at arm's length shall require prior approval of the Board.

Except with the approval of the Board of Directors given by a resolution at a meeting of the Board, the Bank shall not enter into transactions with related parties which are specified in Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014.

Where any director is interested in any contract or arrangement with a related party, such director shall not participate in the discussions on the subject matter of the resolution relating to such contract or arrangement.

The Board is required to approve the criteria for the omnibus approval as prescribed under point 6(III) (b) of this Policy.

8. SHAREHOLDERS' APPROVAL:

- (i) All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of the Bank shall not be required for a related party transaction to which the listed subsidiary of the Bank is a party, but the Bank is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI LODR regulations are applicable to such listed subsidiary of the Bank.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary of the Bank as referred above, the prior approval of the shareholders of the listed subsidiary of the Bank shall suffice.

- (ii) All Related Party Transactions which are not in the ordinary course of business or not at arm's length basis and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require an approval of the shareholders by way of a resolution passed at the general meeting of the Bank or by way of postal ballot; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.
- (iii) The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, SEBI Listing Regulations, and the applicable guidelines and circulars issued by SEBI from time to time, include the information as part of the explanatory statement as specified in the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions.

9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Bank becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Bank, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall make recommendations to the Board, if necessary and take any such action it deems appropriate.

In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction

shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Bank against any loss incurred by it.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, subject to the applicable provisions of the Act, Board Rules and SEBI LODR Regulations.

10. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL:

a. x

11. CEILING ON RELATED PARTY TRANSACTIONS:

Pursuant to Regulation 23 of SEBI LODR Regulations and Section 188 of the Act, all Related Party Transactions shall be subject to the following approval mechanism, as may be applicable:

Provisions	Ceiling on the Amount	Approval Required		
		Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)
Transactions in the ordinary course of business and on arm's length basis	Up to Rupees 1,000 Crore or 10% of the annual consolidated turnover of the Bank, whichever is lower	YES	-	-
	In excess of the above limits	YES	YES	YES (No related parties can vote to approve the contract or arrangement)
Transactions either not in the ordinary course of business or arm's length basis				
Sale, purchases or supply of any goods or materials, directly or through appointment of agent	Up to Rupees 1,000 Crore or 10% of the annual consolidated turnover of the Bank, whichever is lower	YES	YES	
	In excess of the above limits	YES	YES	YES
Leasing of property of any kind	Up to Rupees 1,000 Crore or 10% of the annual consolidated turnover of the Bank, whichever is lower	YES	YES	
	In excess of the above limits	YES	YES	YES

Availing or rendering of any services, directly or through appointment of agent	Up to Rupees 1,000 Crore or 10% of the annual consolidated turnover of the Bank, whichever is lower	YES	YES	
	In excess of the above limits	YES	YES	YES
Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	Up to Rupees 1,000 Crore or 10% of the net worth or 10% of the annual consolidated turnover of the Bank, whichever is lower	YES	YES	
	In excess of the above limits	YES	YES	YES
Appointment of a Related Party to any office or place of profit in the Bank or any Associate Company	Where monthly remuneration does not exceed Rupees 2,50,000/-	YES	YES	
	Where monthly remuneration exceeds Rupees 2,50,000/-	YES	YES	YES
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Bank	For amount not exceeding 1% of Net Worth of the Bank	YES	YES	
	For amount exceeding 1% of Net Worth of the Bank	YES	YES	YES
Note 1: In case of shareholders' approval for such transactions, no related parties shall vote to approve the resolution, whether such entity/individual is a related party to the particular transaction or not.				
Note 2: In case of board approval, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.				
Note 3: Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of such particular Related Party Transaction.				
Note 4: Annual turnover and net worth referred above shall be computed as per audited financial statements for the preceding financial year.				
Note 5: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.				
Any transaction involving payments made with respect to brand usage or royalty	Up to five percent of the annual consolidated turnover of the Bank	YES	-	-
	In excess of the above limits	YES	YES*	YES (Note: No related parties can vote to approve the contract or arrangement)
Any other transaction with related parties,	Up to Rupees 1,000 Crore or 10% of the annual consolidated	YES	-	-

other than those covered above, resulting in transfer of resources, obligation or services	turnover of the Bank, whichever is lower			
	In excess of the above limits	YES	YES*	YES (Note: No related parties can vote to approve the contract or arrangement)

**If the transaction is not in the ordinary course of business or arm's length basis, approval of the Board shall be required, regardless of the amount involved in the related party transaction.*

12. DISCLOSURE OF RELATED PARTY TRANSACTIONS AND POLICY:

This Policy will be communicated to all operational employees, Key Managerial Personnel, directors and other concerned persons of the Bank. The Bank shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in its Annual Report.

The Bank shall submit to the stock exchanges disclosures of related party transactions including the details of ratification of related party transactions, if any, in the format as specified by the Securities and Exchange Board of India from time to time, and publish the same on its website:

Provided further that the Bank shall make such disclosures every six months within fifteen days from the date of publication of its standalone and/or consolidated financial results.

Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and/or consolidated financial results with effect from April 1, 2023.

Provided further that the remuneration and sitting fees paid by the Bank or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under Regulation 23(9) SEBI LODR Regulations provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of SEBI LODR Regulations.

Further, disclosures on Material Related Party Transactions that may have potential conflict with the interests of Bank at large shall be made in the Annual Report.

The Bank shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

Such further disclosure of the Related Party Transactions shall be made as may be prescribed by the Act, SEBI LODR Regulations or any other regulatory authority or statute from time to time in such format as may be prescribed.

13. REVIEW OF THE POLICY

In case there are any regulatory changes, including changes to the Act or the SEBI LODR Regulations, requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.

This Policy shall be reviewed by the Board / Audit Committee as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every year and updated accordingly.

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