RELATED PARTY TRANSACTION POLICY

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POLICY FOR RELATED PARTY TRANSACTION

1. PREFACE:

The Board of Directors (the "Board") of Central Bank of India, has adopted the following policy and procedures with regard to materiality of Related Party Transactions and on dealing with related party transactions as defined below in accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with the Listing Agreement entered into with the Stock Exchanges, as part of Corporate Governance norms.

The Policy shall also govern lending and credit exposures involving Related Parties in accordance with the Reserve Bank of India (Commercial Banks – Credit Risk Management) Directions, 2025, as amended from time to time. Accordingly, transactions involving credit facilities to Related Parties shall be subject not only to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 but also to the prudential norms, governance requirements and restrictions prescribed by the Reserve Bank of India.

However, the Bank shall comply with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with the Listing Agreement to the extent it does not violate our respective statutes and guidelines or directives issued by regulatory authorities as the Bank is not a company under Companies Act but a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and is regulated by Reserve Bank of India. The Board of Bank will review and may amend this policy annually.

The policy has been formulated to regulate transactions between the Bank and its Related Parties based on the laws and guidelines applicable to the Bank.

2. OBJECTIVE:

The Policy is framed in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listing Agreement entered into by the Bank with the Stock Exchanges, the Banking Regulation Act, 1949, the RBI (Credit Risk Management) Directions 2025, and other applicable regulatory requirements to establish a comprehensive governance framework for Related Party Transactions and lending to Related Parties. It aims to ensure that such transactions and credit exposures are undertaken on an arm's length basis, in the best interests of the Bank and its shareholders, with appropriate approvals, reporting, monitoring, transparency, prudent risk management, and freedom from conflicts of interest.

3. DEFINITIONS:

"Arm's length transaction" "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.

"Associate" means an enterprise in which the Bank has significant influence and which is neither a subsidiary nor a joint venture of the Bank.

"Audit Committee of the Board (ACB)" ACB means a Committee of the Board constituted by the Board of Directors as per the guidelines of the Reserve Bank of India (RBI)/GOI/SEBI (LODR) Regulation, 2015.

"Management Committee of the Board" MCB mean a Committee of the Board constituted by the Board of Directors as per the guidelines of the Reserve Bank of India (RBI)/SEBI (LODR) Regulation, 2015. The Committee considers various business matters of material significance like sanction of high value credit proposal, compromise/write off proposals, sanction of capital and revenue expenditure, premises, investments, donations etc.

"Board" means Board of Directors of the Bank in terms of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

"Control" –

a. ownership, directly or indirectly, of more than one half of the voting power of the Bank, or
b. control of the composition of the board of directors of the Bank
c. a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the Bank.

"Joint Venture" means a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control.

"Key Managerial Personnel (KMP)" means those persons who have the authority and responsibility for planning, directing and controlling the activities of the Bank. Only Managing Director and Chief Executive Officer & Executive Directors are considered as KMP.

"Material Related Party Transaction" means 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 the following:

Consolidated Turnover of Listed Entity	Threshold
(I) Up to Rs.20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than Rs. 20,000 Crore to up to Rs. 40,000 Crore	Rs.2,000 Crore + 5% of the annual consolidated turnover of the listed entity above Rs.20,000 Crore
(III) More than Rs.40,000 Crore	Rs.3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above Rs.40,000 Crore OR Rs.5,000 Crores, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

Illustration 1. For listed entities in (II)	
If the annual consolidated turnover of a listed entity is Rs.30,000 Crore	Rs.2,000 Crore + 5% of the remaining Rs.10,000 Crore = Rs.2,500 Crore
Illustration 2. For listed entities in (II)	
If the annual consolidated turnover of a listed entity is Rs.50,000 Crore	Rs.3,000 Crore + 2.5% of the remaining Rs.10,000 Crore = Rs.3,250 Crore
Illustration 3. For listed entities in (II)	
If the annual consolidated turnover of a listed entity is Rs.1,50,000 Crore	Rs.3,000 Crore + 2.5% of the remaining Rs.1,10,000 Crore = Rs.5,750 Crore. However, threshold for material related party transaction would be Rs.5,000 Crore as it is lower than Rs.5,750 Crore.

Notwithstanding the above, 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 listed entity as per the last audited financial statements of the listed entity.

"Policy" means Related Party Transaction Policy.

"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 listed entity; 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 listed entity 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

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

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity 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 listed entity or any of its subsidiaries.

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 listed entity 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 by banks/Non-Banking Finance Companies 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 SEBI.

(d) acceptance of current account deposits and saving account deposits by banks 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 any listed entity or its subsidiary the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel. 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).

"Relative" Relative with reference to any person, means anyone who is related to another, if—

- ✓ they are members of a Hindu Undivided Family;
- ✓ they are husband and wife; or

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- Father includes Step Father

- Mother includes Step Mother
- Son include Step Son
- Son's wife
- Daughter includes Step Daughter
- Daughter's Husband
- Brother includes Step Brother
- Sister includes Step Sister

"Material Modifications" in relation to any transaction shall mean modification of such transaction resulting in change of more than 10% of total monetary value of such transaction as last approved.

"Subsidiary" means a company:

i. in which the Bank holds, either by itself and/or through one or more subsidiaries, more than one-half in nominal value of its equity share capital; or
ii. of which the Bank controls either by itself and/or through one or more subsidiaries, the composition of its Board of Directors.

"Significant Influence" means control of at least twenty per cent of total voting power or share capital, or the power to participate in (but not control) business / policy decisions under an agreement.

"Lending" in the context of a 'related party' shall mean extending funded or/ and nonfund-based credit facilities to related parties. While investments in debt instruments of related parties shall be covered for this purpose, equity investments shall be excluded.

"Related Person" with respect to a bank shall mean a person, and the relatives of such a person, where the person:

(a) is either a promoter, or a director, or a KMP of the bank; or
(b) owns more than 5% of paid-up equity share capital of the bank or can, either singly or jointly, exercise more than 5% of the voting rights of the bank on account of either ownership or voting agreement or through shareholders' agreement or through any other arrangement; or
(c) can, through an agreement with the bank, nominate a director to its Board; or
(d) is either singly or jointly, in control of the bank.

"Reciprocally Related Person" means an individual who is either:

(i) a director (excluding independent director / Nominee director appointed by the Government or RBI or a statutory body) of another commercial bank, or an AIFI, or a scheduled cooperative bank, or a subsidiary of a commercial bank; or
(ii) a trustee of a mutual fund or an alternate investment fund established by any of the aforesaid regulated entities; or
(iii) a relative of such a director or a trustee.

"Specified employees" mean all employees of a bank who are positioned up to two levels below the Board and any employee designated as such by the Bank.

"Committee on lending to related parties" shall mean Management Committee of the Board (MCB) of the bank entrusted with sanctioning of loans to related parties.

4. APPROVAL FOR RELATED PARTY TRANSACTIONS:

4.1 All Related Party Transactions (RPTs) and subsequent material modifications shall require prior approval of the Audit Committee of the Board (ACB) of the Bank provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. Provided further that :

a. the Audit Committee of the Board of the Bank shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

b. a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:
   (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
   (ii) the threshold for material related party transactions of listed entity as defined in “Material Related Party Transaction” of this policy.

c. In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:
   (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
   (ii) the threshold for material related party transactions of listed entity as defined in “Material Related Party Transaction” of this policy: Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee."

d. 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 15 of SEBI (Listing Obligations and Disclosure Requirements) of these regulations are applicable to such listed subsidiary.

   Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

e. 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 approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

f. 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 this regulation;

(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 along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition as specified by the audit committee: 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 listed entity against any loss incurred by it.

4.2 ACB may grant omnibus approval for Related Party Transactions proposed to be entered into by the Bank or its subsidiary subject to the following conditions:

a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Bank;

c. Such omnibus approval shall specify:

i. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that shall be entered into,

ii. the indicative base price / current contracted price and the formula for variation in the price if any and,

iii. such other conditions as the Audit Committee may deem fit;

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 Rs.1 crore per transaction.

d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Bank or its subsidiary pursuant to each of the omnibus approval given.

e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4.3 All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation 4.1 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 a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity 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 a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved:

Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

4.4 The provisions of rules mentioned in points 4.1, 4.2 and 4.3 shall not be applicable in the following cases:

i. transactions entered into between two public sector companies;
ii. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
iii. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
iv. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
v. transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Explanation: For the removal of doubts, it is clarified that the term 'holding company' used in clause (b) of this sub-regulation refers to and shall be deemed to have always referred to a listed holding company.

4.5 The provisions of this regulation shall be applicable to all prospective transactions.

4.6 All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

4.7 The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Provided that a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year:

Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results:

Provided further that the remuneration and sitting fees paid by the listed entity 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 this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

4.8 Type of Related Party Transactions to be covered
A. In line with RBI Master Circular RBI/DOR/2021-22/83- DOR.ACC.REC. No.45/21.04.018/2021-22 dated 30th August, 2021 **(Updated as on July 03, 2025)** as amended –

Master Direction on Financial Statement – Presentation & Disclosures (Accounting Standard 18), the following transactions will be covered such as:

i) Borrowings
ii) Deposit
iii) Placement of deposits
iv) Advances
v) Investments
vi) Non-funded commitments
vii) Leasing/HP arrangements availed
viii) Leasing/HP arrangements provided
ix) Purchase of fixed assets
x) Sale of fixed assets
xi) Interest paid
xii) Interest received
xiii) Rendering of services
xiv) Receiving of services
xv) Management contracts

The illustrative disclosure format recommended by the ICAI as a part of General Clarification (GC) 2/2002 has been suitably modified by RBI to suit Banks and the illustrative format of disclosure by banks for the AS 18 is annexed as Annexure -1.

B. As per listing Regulations: - Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity 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 listed entity or any of its subsidiaries.

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

4.9 **List of Related Parties**

a. Key Managerial Personnel
b. Subsidiaries (At present, Cent Bank Financial Services Ltd. and CentBank Home Finance Ltd.)
c. Associates : At present, following are associates
    i) Generali Central Life Insurance Co. Ltd.
    ii) Generali Central Insurance Co. Ltd.
d. Joint Venture: Indo – Zambia Bank Limited

4.10 Identification of Potential Related Party Transactions

a. Each Director and Key Managerial Personnel is responsible for providing notice to the Audit Committee, of any potential Related Party Transaction (other than pre-approved transactions as contained in para **4.10** below) involving him or her on his or her Relative, including any additional information about the transaction that the Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with the policy.

b. The notice of any such potential Related Party Transaction should be given to the Audit Committee well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Details required for ascertaining related party

I. Declaration/Disclosure of interest by all the Directors and Key Managerial Persons (KMP) in the prescribed form as per annexure – 2.
II. Declaration of relatives by all Directors and KMPs.
III. Declaration about a firm in which director or KMP is a member or Director.
IV. Declaration about a private company in which director or KMP is a member or Director.
V. Declaration regarding a public company in which a director or KMP is a Director and holds along with the relatives more than 2% of the paid up share capital.
VI. Notices from Directors of any change in particulars of Directorship or in the position during the year .
VII. Declaration by holding company regarding Directors/KMPs and their relatives.
VIII. Details of any body corporate whose Board of Directors, Managing director or KMP is accustomed to act in accordance with advice, directions or instructions of a

director or KMP of the Bank.

IX. Details of any person on whose advice, directions or instructions a director or KMP is accustomed to act. Provided that nothing in point no. VIII & IX shall apply to the advice, directions or instructions given in a professional capacity.

X. Details of any company which is
   a. a holding, subsidiary or an associate company of such company or
   b. a subsidiary of a holding company to which it is a subsidiary.

4.11 Procedure for seeking approval of Related Party Transactions

As and when any transaction is contemplated with any Related Party, the concerned office entertaining the request shall submit to the Board Secretariat at Central Office,the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arm's length basis in an ordinary course of business at prevailing market rate. Based on this, the Board Secretariat shall appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.

The Board Secretariat shall maintain records indicating particulars of all contracts or arrangements and thereafter the same shall be placed before the next meeting of the Board.

4.12 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Board who has interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

4.12.1 Information to be reviewed by the Audit Committee for approval of RPTs

The Bank shall provide the following information, for review of the audit committee for approval of a proposed RPT:

a) Type, material terms and particulars of the proposed transaction
b) Name of the related party and its relationship with the Bank or its subsidiary, including nature of its concern or interest (financial or otherwise);
c) Tenure of the proposed transaction (particular tenure shall be specified);
d) Value of the proposed transaction;
e) The percentage of the Bank's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Bank or its subsidiary:
   i. details of the source of funds in connection with the proposed transaction;
   ii. where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,

- nature of indebtedness
- cost of funds; and
- tenure;

iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT

g) Justification as to why the RPT is in the interest of the Bank;

h) A copy of the valuation or other external party report, if any such report has been relied upon;

i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis

j) Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis. Further, an RPT for which the audit committee has granted omnibus approval shall continue to be placed before the shareholders if it is material in terms of regulation 23(1) of the LODR Regulations.

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, include the following information as a part of the explanatory statement:

a) A summary of the information provided by the management of the Bank to the audit committee as specified in point 4.12.1 above;

b) Justification for why the proposed transaction is in the interest of the Bank

c) A statement that the valuation or other external report, if any, relied upon by the Bank in relation to the proposed transaction will be made available through the registered email address of the shareholders;

d) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;

e) Any other information that may be relevant;

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

a. Any transaction that involves providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Bank or any ofits subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Bank and all holders of such securities receive the same benefits pro rata as the Related Party.

5. Lending to Related Parties in accordance with Reserve Bank of India (Commercial Bank – Credit Risk Management) Directions, 2025, as amended:-

5.1 General Principles:

i. This Section sets out general principles and procedures to be followed for prudent risk management of loans to related parties, wherever allowed.

ii. The Board shall have the overall responsibility of ensuring that suitable mechanisms are put in place for implementation of the policy on lending to related parties by the bank.

iii. Lending to related parties shall be as per credit policy (hereinafter called the policy) of Bank and in accordance with the provisions of Reserve Bank of India (Commercial Bank – Credit Risk Management) Directions, 2025. The policy shall prescribe, inter alia, additional safeguards to address the risks emanating from lending to related parties.

iv. The policy shall also have specific provisions for lending to 'specified employees' of the bank and their relatives.

v. Further, the policy shall, as a part of the whistleblowing mechanism, encourage employees to communicate confidentially and without the risk of reprisal, legitimate concerns, if any, about irregular, unethical, or questionable loans to related parties; and eliminate quid pro quo arrangements, if any.

vi. The policy shall specify aggregate limits for loans towards related parties. Within this aggregate limit, there shall be sub-limits for loans to a single-related party and a group of related parties. These limits shall be within the extant prudential exposure limits prescribed by the Reserve Bank.

5.2 Regulatory Prohibitions:

i. Provisions of paragraph 14 in Chapter IV of Reserve Bank of India (Commercial Bank – Credit Risk Management) Directions, 2025 shall also apply to grant of loans and advances to spouse and minor / dependent children of the directors of banks. However, banks may grant loan or advance to or on behalf of spouses of their directors in cases where the spouse has his / her own independent source of income arising out of his / her employment or profession and the facility so granted is based on standard procedures and norms for assessing the creditworthiness of the borrower. Such facility should be extended on commercial terms, conforming to arms-length principle.

ii. In addition to the restrictions placed on loans and advances by a bank to its directors and the companies in which its directors are interested under Section 20 of the Banking Regulation Act, 1949, a bank shall not have any exposure (including investments in the equity / debt capital instruments) to its promoters and their relatives; shareholders with shareholding of 10 per cent or more in the paid-up equity capital of the bank; as also the entities in which they (promoters, their relatives and shareholders as stated above) have significant influence or control (as defined under Accounting Standards Ind AS 28 and Ind AS 110).

Provided that, nothing in paragraph 4.13.2.ii above shall apply in cases where a financial institution, a scheduled commercial bank, a foreign portfolio investor or a mutual fund holds ten per cent or more of the equity share capital of the bank as non-strategic investment and without any control of the bank.

5.3 Materiality Threshold:

i. Loans to related parties, which are not prohibited in terms of provisions of Chapter IV of Reserve Bank of India (Commercial Bank – Credit Risk Management) Directions, 2025 or which have been permitted under power exercised by the Reserve Bank under clause (a) of the Explanation under Section 20(4) of the Banking Regulation Act, 1949, except (i) credit facilities fully secured by cash or liquid securities and in accordance to prescribed LTV and valuation norms for such securities and (ii) Interbank loans, shall be subject to a materiality threshold as per the credit policy, which shall not be higher than the following ceilings:

Asset Size of the bank (in ₹ crore)	Materiality Threshold Ceilings
> 10,00,000	₹25 crore
≥ 1,00,000 to up to 10,00,000	₹10 crore
Less than 100,000	₹5 crore
Asset size based on the last audited balance sheet. For loans, materiality threshold shall apply at individual transaction level.	

ii. Materiality thresholds may vary for different categories of loans to related parties as per the bank's credit policy.

iii. All loans above the prescribed materiality threshold shall be sanctioned either by the Board or by the 'Management Committee of Board' of the bank. As regards loans below the materiality threshold, the same can be sanctioned by appropriate authority in terms of powers delegated to them as per the bank's credit policy.

5.4 Recusal of Interested Parties:

Directors, KMP, or 'specified employees', shall recuse themselves from deliberations and decision on loan proposals, or contracts and arrangements, involving themselves or their related parties. Such recusal shall also extend to deliberations and decisions relating to any subsequent material changes to the terms of such loans, including one-time settlements, write-offs, waivers, enforcement of security, implementation of resolution plans, etc.

5.5 Monitoring of Loans to Related Parties:

i. All loans to related parties and specified employees including their relatives should be informed to Investors Relation Division of Bank and shall be monitored by Bank's Credit Monitoring Department including maintaining and periodically updating the list of all the related persons / specified employees, and the related parties thereof, as well as the loans sanctioned by the bank to such related persons / specified employees and related parties.

ii. Credit facilities sanctioned to 'specified employees' and their relatives shall be reported to the Board on an annual basis.

iii. Periodic reviews shall be conducted at quarterly or shorter intervals by internal auditors to check, inter alia, whether guidelines and procedures in relation to loans to related parties are being adhered to or not.

iv. Any deviation from the policy relating to lending to related parties and reasons therefor shall be reported to the Audit Committee of the Board.

v. Any product, entity or structure formed with the objective of circumventing these Directions through various means, such as reciprocal lending or quid pro quo arrangements, and identified as such by the auditors of the bank or by the supervisory authority and investigating agencies shall always be treated as lending to related party.

5.6 Others:

i. In addition to the provisions of Chapter V on lending to related parties, listed banks shall continue to comply with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ii. Banks shall also adhere to instructions placed in terms of Chapter VI- Prudential Limits on Intra-Group Transactions and Exposure of Reserve Bank of India (Commercial Banks - Concentration Risk Management) Directions, 2025 for transactions with their group entities.

5.7 Enforcement Actions:

Any non-compliance with and circumvention of these Directions shall result in supervisory and enforcement actions as deemed appropriate by the Reserve Bank. These actions may include imposition of monetary penalty, requirement of full provisioning, directions to conduct staff accountability exercises, forensic audits, and restrictions or any other supervisory and enforcement actions as deemed fit.

5.8 Restrictions on Grant of Financial Assistance to Industries Producing / Consuming Ozone Depleting Substances (ODS):

Bank shall not extend finance for setting up of new units consuming / producing the Ozone Depleting Substances (ODS). No financial assistance shall be extended to small / medium scale units engaged in the manufacture of the aerosol units using chlorofluorocarbons (CFC) and no refinance would be extended to any project assisted in this sector.

5.9 Approval for Lending to Related Party:

Lending to related parties, specified employees and their relatives can be sanctioned by officers or committees entrusted with delegated lending powers as per credit policy of the Bank.

6. SECRECY PROVISIONS:

In terms of paragraph 5 of Accounting Standard 18, the disclosure requirements do not apply in circumstances when providing such disclosures would conflict with the reporting enterprise's duties of confidentiality as specifically required in terms of statute, by regulator or similar competent authority. In terms of Paragraph 6 of Accounting Standard 18, in case a statute or the RBI or a similar competent authority governing the Bank prohibit the Bank from disclosing certain information which is required to be disclosed, non-disclosure of such information would not be deemed as non-compliance with the requirements of Accounting Standard 18. It is clear from the above that bank is obliged by the law to maintain confidentiality in respect of the customers‟ transactions and the accounting standard 18 would not override the obligation of the Bank to preserve the confidentiality of customers‟ dealings.

7. RELATED PARTY TRANSACTIONS WITHOUT THE PRIOR APPROVAL UNDER THIS POLICY:

In the event the Bank becomes aware of a Related Party 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 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.

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, immediatediscontinuation or rescission of the transaction.

In connection with any review of a Related Party Transaction, the Audit Committee has the final authority to modify or waive any procedural requirements of this Policy.

8. REVIEW OF POLICY:

The policy shall be reviewed/modified in line with the regulatory requirement from time to time or annually.

9. DISCLOSURES:

The policy on Related Party Transactions shall be disclosed on Bank's website www.centralbank.co.in and a web link thereto to be provided in the Annual report.

Annexure 1

Format for Related Party Disclosures

The manner of disclosures required by paragraphs 23 and 26 of AS 18 is illustrated below. It may be noted that the format is merely illustrative and is not exhaustive.

(Amount in ₹ crore)

Items / Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint Ventures	KMP@	Relatives of KMP	Total
Borrowings#						
Deposit#						
Placement of deposits#						
Advances#						
Investments#						
Non funded commitments#						
Leasing /HP arrangements availed#						
Leasing /HP arrangements provided#						
Purchase of fixed assets						
Sale of fixed assets						
Interest paid						
Interest received						
Rendering of services*						
Receiving of services*						
Management contracts*						

Note: Where there is only one entity in any category of related party, banks need not disclose any details pertaining to that related party other than the relationship with that related party

***** Contract services etc. and not services like remittance facilities, locker facilities etc.

@ Whole time directors of the Board.

The outstanding at the year-end and the maximum during the year are to be disclosed.

Annexure 2

Format of declaration to be given by the Director / KMP / Related Party

I,____ son/daughter/spouse of ______________________________ resident of _______________________________ being a Director/ Key Managerial Personnel (KMP), reIative of Director or Key Managerial Personnel / related party in the company hereby give notice of my interest of concern in the following company or companies, bodies corporate, firms or other association of individuals / transactions :-

1	Name of the Company / Body Corporate / firm Association of Individuals	
2	The name of the related party and nature of relationship	
3	The nature, duration of the contract and particulars of the contract or arrangement	
4	Nature of Transaction	
5	Material terms of the contract or arrangement including the value, if any	
6	Any advance paid or received for the contract or arrangement, if any	
7	Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	
8	Whether all factors relevant to the contract have been considered, if not the details of factors not considered with the rationale for not considering those factors	
9	Whether arm's length transaction	
10	Whether as per approved scheme of the Bank	
11	Any other information relevant or important for the Board to take a decision on the proposed transaction.	

I further undertake to inform to the Bank immediately, in case of any change in the above to Company Secretary of the Bank.

Signature________________
Date: ______________________
Designation: ____________

Documents attached:

Annexure 3

Format for disclosure of exposures to Related Parties as defined in Reserve Bank of India (Commercial Banks – Credit Risk Management) Directions, 2025, as provided in Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) Directions, 2025:

			(Amount in ₹ crore)
Sr. No.	**Particulars**	**Previous Year**	**Current Year**
	A. Loans to Related Parties		
1.	Aggregate value of loans sanctioned to related parties during the year		
2.	Aggregate value of outstanding loans to related parties as on 31st March		
3.	Aggregate value of outstanding loans to related parties as a proportion of total credit exposure as on 31st March (in %)		
4.	Aggregate value of outstanding loans to related parties which are categorized as:		
	(i) Special Mention Accounts as on 31st March		
	(ii) Non-Performing Assets as on 31st March		
5.	Amount of provisions held in respect of loans to related parties as on 31st March		
	B. Contracts and Arrangements involving Related Parties		
6.	Aggregate value of contracts and arrangements awarded to related parties during the year		
7.	Aggregate value of outstanding contracts and arrangements involving related parties as on 31st March		

Signature_______________
Date: ____________________
Designation: ___________