POLICY ON DEALING WITH THE RELATED PARTY TRANSACTIONS

(Version 8)
(Last amended/reviewed on January 15, 2025)

I. PREAMBLE

The Board of Directors of RBL Bank Limited ("the Bank/ Company") has adopted the following policy and procedures with regard to Related Party Transactions ("Related Party Transaction Policy"), in line with the requirements of Section 177 (4) (iv) and Section 188 of the Companies Act, 2013 read with Rules made thereunder ("the Act") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time.

The objective of this policy and procedure is to ensure that transactions between the Bank and its related parties are in accordance with the applicable Regulations/Act.

The Policy is made effective from January 27, 2015, and the same was last amended on January 15, 2025

II. DEFINITIONS

"Audit Committee" means the Audit Committee of Board of the Bank constituted as per the provisions of Companies Act, 2013, SEBI Listing Regulations and circulars/guidelines as issued by RBI.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 / Section 2(27) of the Companies Act, 2013.

"Arm's length transactions" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Board" means Board of Directors of the Bank.

"**Ordinary course of business**" means activities which are normal or routine or incidental to the business, activities/transactions in accordance with the standard customs and practices for the business carried on by banks, transactions which are common to the banking industry, transactions permitted by law/regulations relevant to the business, repetitiveness/frequency of the transaction and treatment of income from such transaction as business income.

The above list is not exhaustive and are broad guiding principles to assess whether a transaction is in ordinary course of business. The Audit Committee will be guided by the above and other facts and circumstances relating to the nature of the transaction to determine whether the transaction is in the ordinary course of business.

"Related party" means related party as defined under Section 2(76) of the Companies Act, 2013 and clause (zb) of Regulation 2(1) of the SEBI Listing Regulations read with relevant rules and proviso of the above statutes as amended from time to time

In accordance with the above, in line with the extant regulations "Related party" with reference to the Bank means:

i. a director or his relative;
ii. a key managerial personnel (KMP) 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 relative 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 two per cent 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;
vii. any person on whose advice, directions or instructions a director or manager is accustomed to act;
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions 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 the 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;
x. Any related party as defined under the applicable accounting standards
xi. (a) Any person or entity belonging to the promoter or promoter group of the Bank; or
(b) Any person or entity, holding equity shares:
(i) of twenty percent or more with effect from April 1, 2022; or
(ii) of ten percent 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

"Relative" shall mean as defined under the Companies Act, 2013 read with rules prescribed thereunder, SEBI Listing Regulations and circulars/guidelines as issued by RBI.

"Related Party transaction" means transactions as given under Section 188 of the Companies Act, 2013 including rules thereunder and; a transaction involving 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 with effect from April 1, 2022; 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 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 Board

(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 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:

"Material Related Party transaction": A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crore or ten percent of the annual consolidated turnover (income) of the Bank as per the last audited financial statements whichever is lower.

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 (Income) of the Bank as per the last audited financial statements.

"Material Modifications" in the context of a related party transaction would mean any change in the pricing of the Related Party Transaction equal to or more than 10% of that particular transaction

The Audit Committee shall have the authority to modify or redefine material modifications for a particular related party transaction apart from or including all or any of the parameters as specified above.

"Turnover" has been defined as the aggregate value of the realisation of amount made from sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year. Accordingly, for the Bank, the

'turnover' is considered as the 'Total Income', i.e., total of interest income and other income.

III. POLICY ON RELATED PARTY TRANSACTIONS

All the related party transactions shall be entered into by the Bank in compliance with the applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Reserve Bank of India.

A) Identification of Potential RELATED PARTY TRANSACTIONS:

Each Director and Key Managerial Personnel of the Bank and its subsidiary is responsible for providing to their respective entities, the information on related parties as defined under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI Guidelines/Circulars on an annual basis and confirmation on a quarterly basis or whenever there are any changes.

With effect from April 1, 2023, as and when a Director or Key Managerial Personnel becomes aware of any potential related party transaction the purpose and effect of which is to benefit a related party of the Bank or any of its subsidiaries, they are responsible for providing Notice to the Board or Audit Committee well in advance of such transaction.

The respective Director or Key Managerial Personnel will also be responsible for providing any additional information regarding the transaction to enable the Audit Committee/Board to review the transaction and determine the nature of approval(s).

B) Approval of related party transactions

1. Approval of Audit Committee

Prior approval of the Audit Committee of the Bank is required for the following transactions:

a. All the transactions which are identified as Related Party Transactions and subsequent Material Modifications thereto. The Audit Committee shall consider all relevant factors particularly as specified under Clause IV of this Policy while deliberating on the related party transactions for its approval.
b. With effect from April 1, 2022, a related party transaction to which the subsidiary of the Bank is a party but the Bank is not a party 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;
c. 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, 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

Any member of the Committee who has a potential interest in any Related Party Transaction shall not be present at the meeting during the discussion and voting on such transactions. Only those members of the Audit Committee, who are Independent Directors shall approve related party transactions.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Bank or its subsidiary which are repetitive in nature and subject to such criteria/ conditions as mentioned under Companies Act, 2013 and SEBI Listing Regulations and such other conditions as it may consider necessary in line with the policy on related party transactions and in the interest of the Bank. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Where the need for related party transactions cannot be foreseen or for which specific details as required to be placed for seeking omnibus approval are not available, the audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Bank or its subsidiary pursuant to the omnibus approval. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis. 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.

Ratification/Post Facto approval of the Audit Committee

A related party transaction which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification and post facto approval.

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 as defined under the definition of Material Related Party Transaction;

(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 the format as specified by SEBI from time to time to the Stock Exchanges, and the same will be published on the website of the Bank;

(v) any other condition as specified by the Audit Committee:

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.

2. Approval of Board of Directors

Transactions with related party which are either not in ordinary course of business or not at arm's length price shall require prior approval of the Board. The approval of the Board will also be required for transactions, other than transactions referred to in section 188 of the Companies Act, 2013, and for those where Audit Committee has not approved the transaction and has made its recommendations to the Board:

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during the discussion on the subject matter of the resolution relating to such contract or arrangement.

3. Shareholders' approval

All the Material Related Party Transactions and subsequent Material Modifications thereto, as defined in this Policy or by the Audit Committee shall require prior approval of the shareholders through ordinary resolution, based on the recommendation of the Board. The related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not.

Transactions, other than Material related party transaction, which are either not in ordinary course of business or not at arm's length price and exceeds the threshold under Section 188 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, of the Companies Act, 2013 shall also require prior approval of shareholders through resolution and the related parties shall abstain from voting on such resolution.

Approval of shareholders is not required for the transactions entered into between the Bank and its wholly owned subsidiaries whose accounts are consolidated with the Bank and placed before the shareholders at the general meeting for approval.

The Related Party Transactions which would require prior approval of Shareholders, will be placed before Shareholders after seeking prior approval of Audit Committee/Board.

4. Related Party Transactions not Requiring Separate Approval:

- No prior approval of Audit Committee is required to be obtained by the Bank, if any Related Party Transactions is proposed to be entered into by the Bank with its wholly owned subsidiary(s) whose accounts are

consolidated with the Bank and placed before the shareholders at the general meeting for approval.

- Transactions that have been approved by the Board and Audit Committee under the applicable provisions of the Companies Act, 2013 relating to inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiary or other Related Parties;
- The transaction pertaining to 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 falling under the threshold as defined under the definition of Material Related Party Transaction.

5. Process for Related Party Transactions (that may require approval) which need to be approved at both Holding Company and Subsidiary level

- If at any point, a transaction is approved by the Audit Committee/Board of the Subsidiary Company and if the said transaction when placed before the Audit Committee/ Board of the Bank does not get approved, the said transaction along with the suggestions/comments received from the Audit Committee/ Board of the Bank shall be again placed before the Audit Committee/ Board of the Subsidiary Committee for their reconsideration and vice versa.
- All related party transactions shall be considered as approved only when such transaction is approved by both the Audit Committee and Board of the Bank as well as of the Subsidiary Company. The Bank and its subsidiary will evaluate all comments/suggestions received from their respective Audit Committees/Board and address/resolve it on an ongoing basis till the transactions are confirmed as approved on agreed terms by the respective Audit Committee/Board of both the Bank and the subsidiary

IV. INFORMATION TO BE PLACED BEFORE AUDIT COMMITTEE/BOARD/SHAREHOLDERS FOR APPROVAL OF A PROPOSED RELATED PARTY TRANSACTION

The Bank shall provide the information as prescribed vide circular dated November 22, 2021 issued by SEBI on Disclosure obligations of listed entities in relation to Related Party Transactions (including amendments thereto which may be prescribed from time to time) for review of the Audit Committee/Board and in the notice/explanatory statement sent to the Shareholders for approval of a proposed Related Party Transaction. This will be in addition to the information which the Bank may be required to provide under the Companies Act, 2013 or other applicable laws.

V. RELATED PARTY TRANSACTIONS NOT APPROVED 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 Bank would obtain post facto approval from the Audit Committee.

In case the Bank is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

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. 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, immediate discontinuation or rescission of the transaction. 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, in due compliance with applicable provisions.

VI. CONSEQUENCES ON RELATED PARTIES

Section 188 (3) of the Companies Act 2013 provides as under:

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders **and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.**

VII. DISCLOSURES

As per the applicable provisions of Companies Act, 2013 and SEBI Listing Regulations the Bank shall make necessary disclosures pertaining to the Related Party Transactions to the Stock Exchanges and in its Annual Report. The Bank shall also upload the policy on dealing with Related Party transactions on its website and a web-link shall be provided in the Annual Report.

VIII. REPORTING REQUIREMENTS

The Bank shall submit to the stock exchanges disclosures of related party transactions in the format and within the timelines as specified by the SEBI Listing Regulations from time to time, and publish the same on its website

IX. POLICY REVIEW

This Policy is framed based on the provisions of the SEBI Listing Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any

amendment(s) and/or clarification to the Regulatory Provisions this Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.

This Policy shall be reviewed by the Audit Committee & Board atleast once every three years and shall be amended as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate.