



Corporation Bank

POLICY ON DETERMINING MATERIAL SUBSIDIARY

(Approved by the Board of the Bank on 11.01.2016)

I. NEED AND OBJECTIVE OF THE POLICY

Regulation 16 (c) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 requires, as part of Corporate Governance report the listed entities (i.e. Corporation Bank) to formulate a policy for determining 'material subsidiary' and such policy shall be disclosed on the Bank's website and a web link thereto shall be provided in the Annual Report of the Bank as per Regulation 46 and 34 (3), 53 (f) & schedule V of said Regulation respectively.

Accordingly the Bank has laid down this 'Policy on Determining Material Subsidiary'.

II. DEFINITIONS

"Audit Committee of the Board (ACB)" means Audit Committee of the Board constituted by the Board of Directors of the Bank, from time to time.

"Bank" means Corporation Bank.

"Board" means Board of Directors of the Bank, as constituted from time to time.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

"Material Non-listed Indian Subsidiary" means an unlisted subsidiary, incorporated in India, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Bank and its subsidiaries in the immediately preceding accounting year.

"Policy" means 'Policy on Determining Material Subsidiary'

"Subsidiary" means a company:

- (a) 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
- (b) of which the Bank controls either by itself and/or through one or more subsidiaries, the composition of its Board of Directors.



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“Significant transaction or arrangement” means any individual transaction or arrangement that exceeds or is likely to exceed Ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

III. POLICY

- A. At least one independent director on the Board of Directors of the Bank shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- B. The Audit Committee of the Bank shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- C. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Bank. The management should periodically bring to the attention of the Board of Directors of the Bank, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- D. Bank shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved a Court/Tribunal.
- E. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

Explanation: Where the Bank has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
