

AU SMALL FINANCE BANK LIMITED
(SECTION I)
CODE OF FAIR DISCLOSURE AND CONDUCT
(SECTION II)
POLICY FOR DETERMINATION AND SHARING OF INFORMATION FOR LEGITIMATE
PURPOSE

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Section -I

1. BACKGROUND, OBJECT, SCOPE AND APPLICABILITY

- **Background:**

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015, on 15th January, 2015 and amended from time to time (hereinafter referred to as the “**PIT Regulations**”), to formulate a stated framework and code for fair disclosure of Unpublished Price Sensitive Information (hereinafter referred to as the “**UPSI**”), events and occurrences (herein after referred to as the “**Code**”) that could impact price discovery in the market for its securities.

- **Objects & Scope:**

As per the requirement of Regulation 8 of Chapter IV of the PIT Regulations.

“The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.”

The Bank has adopted this Code of Fair Disclosure and Conduct after incorporating the relevant clauses of Regulation 8 & Schedule A and Schedule B of the PIT Regulations. The provisions of this Code must be read along with the PIT Regulations and if there is any inconsistency/contradiction between the two, the provisions of the PIT Regulations shall prevail.

- **Applicability**

This Code shall be applicable to all Designated Persons (DPs), immediate relatives of DPs and other connected persons and in relation to disclosure of UPSI by the company. The scope, exceptions as given in PIT Regulations shall be applicable for the purpose of this Code as well.

2. DEFINITIONS

- I. “**Bank/Company**” means AU Small Finance Bank Limited.
- II. “**Chief Investor Relations Officer (CIRO)**” means the head of Investor Relations Department of the Bank.
- III. “**Compliance Officer**” for the purpose to administer the code of conduct means the Company Secretary of the Bank or any other senior level employee who shall be directed by the Board of Directors to act as such and designated as the compliance officer of the Bank and he/she shall be responsible to administer the code of conduct and other requirements under these regulations.
- IV. “**Unpublished Price Sensitive Information**” (“**UPSI**”) means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

- a. Declaration of Financial results (quarterly, half yearly and annual);
- b. Declaration of Dividends (interim and final);
- c. Change in capital structure;
- d. Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business, award or termination of order/contracts not in the normal course of business and such other transactions;
- e. Change in key managerial personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
- f. change in rating(s), other than ESG rating(s);
- g. fund raising proposed to be undertaken;
- h. Agreements, by whatever name called which may impact the management and control of the Bank
- i. fraud or defaults by the Bank, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the Bank, whether occurred within India or abroad;
- j. resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
- k. admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the Bank as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
- l. initiation of forensic audit, by whatever name called, by the Bank or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- m. action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the Bank or its directors, key managerial personnel, promoter or subsidiary, in relation to the Bank;
- n. outcome of any litigation(s) or dispute(s) which may have an impact on the Bank;
- o. giving of guarantees or indemnity or becoming a surety, by whatever name called, for any third party, by the Bank not in the normal course of business;
- p. granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- q. Disclosure of divergence in the asset classification and provisioning by bank where reporting is required to Stock Exchanges as per applicable guidelines prescribed by Reserve Bank of India as may be amended from time to time.
- r. Any Other information which may be considered by the Chief Investor Relations Officer ('CIRO') in consultation with Compliance Officer ('CO').

Explanation - For identification of events enumerated in this clause as unpublished price sensitive information, the guidelines for materiality referred at paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be specified by the SEBI from time to time and materiality as referred at paragraph B of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable.

- V. **“Generally Available Information”** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media

- VI. **“Legitimate purpose”** shall mean sharing of UPSI in the ordinary course of business by an insider in performance of their respective obligations/duties with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, subject to the condition that such sharing has not been carried out to evade or circumvent the prohibitions of PIT regulations.

While sharing information for legitimate purpose, the insider should consider factors such as, whether the information is being shared for a bona fide business need, the commercial rationale for the sharing of information, whether the information shared is relevant to the purpose/usage of the same, etc.

- VII. **“Insider”** means any person who is a connected person or in possession of or having access to UPSI.
- VIII. **“Quiet/Silent Period”** shall mean the period from the close of last day of any financial period for which results are required to be announced by the Bank till the time of stock exchange filing for the earnings released by the Bank.

3. ADMINISTRATION

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information:

CIRO to deal with dissemination of information and disclosure of UPSI. The duties of the CIRO shall include, but not limited to the following:

- i. Prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- ii. Uniform and universal dissemination of UPSI to avoid selective disclosure.
- iii. Prompt dissemination of UPSI that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- iv. Appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.
- v. Ensuring that information shared with analysts and research personnel is not UPSI.
- vi. Developing best practices in line with SEBI regulations that transcripts or records of proceedings of meetings with analysts and other investor relations conferences, wherever applicable, being made available on the official website to ensure official confirmation and documentation of disclosures made.
- vii. Handling of all UPSI on a need-to-know basis.
- viii. Due notice shall be given to such person in receipt of UPSI pursuant to a **“legitimate purpose”** who shall be considered an **“insider”** for purposes of PIT regulations to maintain confidentiality of such UPSI in compliance with PIT regulations.

SECTION II

4. POLICY FOR DETERMINATION AND SHARING OF INFORMATION FOR LEGITIMATE PURPOSE

The term 'legitimate purposes' includes sharing of Unpublished Price Sensitive Information ("UPSI") in the ordinary course of business on a need to know basis, with Bank's collaborators, lenders including prospective lenders, customers, suppliers, merchant bankers, legal advisors, auditors, credit rating agencies, insolvency professionals, Registered Valuers or other advisors, service providers or consultants, provided that such sharing has not been carried out with a view to evade or circumvent the prohibitions of the SEBI (Prohibition of Insider Trading) Regulation, 2015 and amendment made therein from time to time ("PIT Regulations").

5. LEGITIMATE PURPOSE

Legitimate purpose shall mean sharing of UPSI in the ordinary course of business by an insider in performance of their respective obligations/ duties subject to the condition that such sharing has not been carried out to evade or circumvent the prohibitions of PIT Regulations.

While sharing information for legitimate purpose, the insider should consider factors such as:

- whether such UPSI is in the ordinary course of business of the Bank;
- whether sharing of such UPSI is in the interests of the Bank or in furtherance of a genuine commercial purpose; and
- whether the nature of UPSI being shared is commensurate with the purpose for which access is sought to be provided to the recipient.

Any information that may be classified as UPSI would be dealt with by the Directors and Employees of the Bank on 'Need to Know' basis only. The UPSI shall be shared only in furtherance of "legitimate purposes" which shall include the following and shall be in compliance with the PIT Regulations and the Code of Fair Disclosure and Conduct of the Bank:

- performance of duties; or
- discharge of legal obligations; or
- necessitated by any regulatory/statutory obligations / orders; or
- in the ordinary course of business by Designated Persons or authorised person with the existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants,
- for any other genuine or reasonable purpose as may be determined

6. ISSUE OF NOTICE TO THE RECIPIENT OF UPSI

Any person in receipt of UPSI pursuant to such a 'legitimate purpose' would be considered an 'insider', and due notice (through physical or electronic mode) shall be given to these 'insiders' to maintain confidentiality of such UPSI in compliance with the PIT Regulations. The event of sharing of UPSI for Legitimate Purpose with insiders shall be maintained in Structured Digital Database.

Additionally, structured digital database of recipients of UPSI shall be maintained by the Bank in compliance with the requirements of the PIT Regulations.

7. MARKET RUMOURS

As per Regulation 30(11) of the Listing Regulations, (w.e.f. December 01, 2024), in case of Material Price Movement in the equity shares, the Bank shall confirm, deny or clarify:

- any reported event or information in the mainstream media
- which is not general in nature and
- which indicates that rumour of an impending specific event or information is circulating amongst the investing public.

The confirmation/denial/clarification shall be submitted as soon as reasonably possible but in any case not later than twenty four hours from the trigger of material price movement.

If the Bank confirms the reported event or information, it shall also provide the current stage of such event or information.

8. QUIET/SILENT PERIOD

During this period, no representative of the Bank shall engage in any formal or informal business discussions with analysts or investors.

Exceptions:

- i. answers to fact-based questions via e-mail by Bank representatives to analysts and investors upon request and data in this regard can be shared with them.
- ii. the Bank may continue to issue press release for public consumption and communicate with the media regarding its business, products or operations, including release or communications on historical financial information.
- iii. interactions with regulated entities for Debt/Borrowings (E.g. Lending Institutions, Credit Rating Agencies etc.) are excluded from this period.
- iv. in extraordinary circumstances, exceptions may occur at the Bank's discretion based on need to discuss rumors or matters already in public domain or otherwise, subject to prior approval from MD&CEO of the Bank.

9. VOLUNTARY DISCLOSURE

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Bank shall endeavor to follow the best industry practices around disclosure to Stock Exchanges of key business parameters after the end of every quarter.

10. REVIEW OF THE POLICY

The Board shall review and amend this Policy annually, pursuant to any amendment to the PIT Regulations or as and when deemed appropriate.