



Corporate Governance Report

In terms of Regulation 34(3) read with Part C of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Report on Corporate Governance for the year ended March 31, 2021 is presented below:

Corporate Governance encompasses a set of systems and practices to ensure that the Bank's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. Your Bank maximizes shareholders value while safeguarding and promoting the interest of stakeholders and maintains a steadfast commitment to ethics and code of conduct. Besides adhering to the prescribed corporate governance practices as per Regulation 4(2) read with Chapter IV of the Listing Regulations, the Bank voluntarily governs itself as per highest standards of ethical and responsible conduct of business in all facets of its operations and in all interactions with shareholders, employees, customers and the community at large.

CORPORATE OBJECTIVE OF THE BANK

Good corporate governance practices help support and strengthen corporate actions aimed at achieving the corporate objective. The Bank's principal corporate objective, like that of any corporate business entity, is to perpetuate its business while protecting and enhancing, over the long term, the value of the investments of its shareholders in the Bank.

The Code of Corporate Governance of the Bank was last amended in the Board Meeting held on February 16, 2021 keeping in line with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the website of the Bank.

BOARD OF DIRECTORS

The composition of the Board of Directors is governed under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the guidelines issued by the Reserve Bank of India (RBI) in this regard and the Articles of Association of the Bank. The Board of Directors of the Bank has an optimum combination of Executive and Non-Executive Directors with three Woman Directors and more than fifty per cent of the Board of Directors comprises of Non-Executive Independent Directors. The Chairperson of the Board is a Non- Executive Non-Independent Director. The Board of Directors/Committees of Board periodically review compliance reports pertaining to major laws applicable to the Bank. All statutory and other matters of significance including information as mentioned in Part A of Schedule II to the Listing Regulations are informed to the Board to enable it to discharge its responsibility of strategic supervision of the Bank.

A. Composition of Board of Directors

As on March 31, 2021, Bank's Board consists of 11 members. Besides the Chairperson, a Non-Executive Non-Independent Woman Director, the Board comprises of seven Non-Executive Independent Directors including a woman independent director and three Executive Directors representing diverse combination of professionalism, knowledge, expertise and experience as relevant for the banking business. None of the Directors of the Bank are related *inter-se*, in terms of Section 2(77) of the Companies Act, 2013 and the Rules thereunder. The Board has confirmed the veracity of declaration of independence provided by the Independent Directors and has taken the same on record. In the opinion of the Board, all the Independent Directors fulfill the conditions as specified in the Listing Regulations and are independent of the Management. Pursuant to the notification of the Ministry of Corporate Affairs dated October 22, 2019, an online data bank for the independent directors ("**Data Bank**") has been rolled out by the Indian Institute of Corporate Affairs and all the Independent Directors of the Bank have registered themselves in the Data Bank. The profile of Directors can be found at our website at www.federalbank.co.in at web link <https://www.federalbank.co.in/key-personnel>. The classification of the members of the Board is as follows;

Name of the Directors	Category	Number of Directors	% to total number of Directors
Ms. Grace Koshie, Chairperson	Non - Executive Non-Independent Director	1	9.09
Mr. C Balagopal	Non - Executive Independent Directors	7	63.64
Mr. A P Hota			
Mr. K. Balakrishnan			
Mr. Siddhartha Sengupta	Executive Directors	3	27.27
Mr. Manoj Fadnis			
Mr. Sudarshan Sen			
Ms. Varsha Purandare			
Mr. Shyam Srinivasan			
Mr. Ashutosh Khajuria			
Ms. Shalini Warriar			

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During the year, Ms. Varsha Purandare (DIN: 05288076) was appointed as an Additional Non-Executive Independent Director on the Board of the Bank effective from September 08, 2020. The shareholders in the 89th Annual General Meeting held on July 16, 2020 approved the appointment of Mr Sudarshan Sen (DIN:03570051) as Independent Director of the Bank for a period of five (5) years with effect from the date of his appointment by the Board. The shareholders in the 89th Annual General Meeting held on July 16, 2020 approved the appointment of Ms. Grace Koshie (DIN: 06765216) as Non-Executive Non- Independent Director of the Bank with effect from July 17, 2020 till November 21, 2021. The shareholders further approved the appointment of Ms. Shalini Warriar (DIN: 08257526) as an Executive Director of the Bank in the 89th AGM held on July 16,2020.

Ms. Shubhalakshmi Panse (DIN- 02599310), Independent Director of the Bank, retired from the Directorship of the Bank effective from July 17, 2020, upon completion of two terms as an Independent Director on the Board of the Bank, in accordance with the regulatory requirements of RBI/ MCA. The Board placed its appreciation for the valuable contributions made by her for the overall development of the Bank.

Mr. Shyam Srinivasan (DIN: 02274773), Managing Director & Chief Executive Officer of the Bank was re-appointed as Managing Director and Chief Executive Officer of the Bank for a period of one year effective from September 23, 2020 with the approval of RBI vide its letter DoR. Appt.No 87/08.38.001/2020-21 dated July 16, 2020.

Mr. Ashutosh Khajuria (DIN: 05154975), Executive Director and Chief Financial Officer was re-appointed as the Executive Director of the Bank effective from April 01, 2021 to April 30,2022 with the approval of RBI vide its letter DOR. GCA- CB.No. 2145/08.38.001/2020-21 dated January 01, 2021.

The Shareholders approved the re-appointment of Mr. Shyam Srinivasan as Managing Director and Chief

Executive Officer of the Bank and Mr. Ashutosh Khajuria as an Executive Director of the Bank in the 89th AGM held on July 16, 2020.

B. Number of Board Meetings

During the Financial Year 2020-21, the Board of Directors met fifteen times on April 20, 2020, May 28, 2020, June 09, 2020, June 19, 2020, July 08, 2020, July 15, 2020, September 08, 2020, September 24, 2020, October 16, 2020, November 30, 2020, December 19, 2020, January 20, 2021, February 16, 2021, March 17, 2021 and March 25, 2021. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under the Companies Act, 2013, Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standards. In case of any exigency/ emergency, resolutions are also passed by circulation.

C. Details of Directors Attendance, shareholding and other Directorships/ Committee memberships

Necessary quorum was present in all the Board meetings. Further, as mandated by Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, none of the Directors is a member of more than ten Board level Committees (considering memberships in only Audit Committee and Stakeholders' Relationship Committee) or Chairman of more than five Committees across all public limited Companies (whether listed or unlisted) in which he/she is a Director. No Director of the Bank serves as Director or as Independent Director in more than seven listed Companies. The Whole Time Directors of the Bank are not holding the position of Independent Director in any other listed Companies. Further, all Directors have informed about their Directorships, Committee Memberships/ Chairmanships including any changes in their positions during the year. None of the Directors have any business relationship with the Bank nor have received any loans and advances from the Bank during the year. The Bank has not issued any convertible instruments; hence, disclosure in this respect is not applicable.





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Relevant details of the Board of Directors of the Bank as on March 31, 2021 are given below:

Name of the Director	Attendance Particulars			Attendance at the last AGM held on 16.07.2020	No. of other Directorships and Committee Memberships /Chairmanships held*			Shareholding in the Bank (equity shares of 2/- each) (As on March 31, 2021)
	No. of Board Meetings		Other Directorships		Committee Memberships	Committee Chairmanships		
Held	Attended							
Ms. Grace Koshie	15	15	Yes	2	1	1	Nil	
Ms. Shubhalakshmi Panse ¹	15	6	Yes	Retired from the position of Independent Director of the Bank w.e.f. July 17, 2020 on completion of two terms as Independent Director				
Mr. C Balagopal	15	14	Yes	1	Nil	Nil	Nil	
Mr. A P Hota	15	14	Yes	3	3	Nil	Nil	
Mr. K Balakrishnan	15	14	Yes	1	1	Nil	60,500 equity shares	
Mr. Siddhartha Sengupta	15	15	Yes	1	2	1	Nil	
Mr. Manoj Fadnis	15	15	Yes	4	1	4	Nil	
Mr. Sudarshan Sen	15	15	Yes	1	1	Nil	Nil	
Ms.Varsha Purandare ²	15	6	NA	7	5	2	Nil	
Mr. Shyam Srinivasan	15	15	Yes	2	Nil	Nil	7,98,595 equity shares	
Mr. Ashutosh Khajuria	15	14	Yes	1	1	Nil	4,52,000 equity shares	
Ms. Shalini Warriar	15	15	Yes	2	1	Nil	Nil	

¹Mr. Shubhalakshmi Panse retired from the position of Independent Director of the Bank w.e.f. July 17, 2020.

²Ms. Varsha Purandare joined as Additional Director (Independent) of the Bank w.e.f. September 08, 2020.

Note:

For the purpose of considering the limit of the directorships, all Public Limited Companies, whether listed or not, are included. Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded.

Includes only Memberships of the Audit Committee and Stakeholders Relationship Committee in Public Limited Companies (listed and unlisted). The Chairmanship/s if any, held by Directors in any Committees of other companies are not counted again in the membership column.

Details of other Board Directorships are separately mentioned in Annexure 1 to this report.

D. List of core skills/ experience/competencies identified by the Board

The Bank considers the principles relating to fit and proper norms as prescribed by the RBI and confirms that each Director is also in compliance with the norms as prescribed by the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI) under applicable laws, whilst determining the composition of its Board.

Section 10A (2) of the Banking Regulation Act, 1949 read with RBI notification no. DBR. Appt. BC. No.38/29.39.001/ 2016-17 dated November 24, 2016, requires that not less than 51% of the total number of members of the Board of Directors of a banking company shall comprise of persons who shall have special knowledge or practical experience, in respect of one or more of the matters, namely: Accountancy, Agriculture and rural economy, Banking, Co-operation, Information Technology, Infrastructure sector, Human resources, Core industries, Economics, Finance, Small – Scale Industry, Law, Payment & settlement systems, Risk management, Business Management. The Bank is in compliance with the above requirements as the Directors of the Bank have rich experience and specialized knowledge in the said areas of relevance to the Bank.

The Bank has identified above skills/expertise/competencies as required to be possessed by its Board, in the context of its businesses and the sectors, for it to function effectively. The details of the names of the Directors possessing the required skills/expertise/competencies are detailed as under:

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Board Skill Matrix

Whether the skill set/area of expertise/knowledge is possessed by the Director of the Company

Skill set/Area of expertise/ Knowledge	Ms. Grace Koshie	Mr. C. Balago- pal	Mr. A P Hota	Mr. K. Bal- akrish- nan	Mr. Sid- dhartha Sengupta	Mr. Manoj Fadnis	Mr. Su- darshan Sen	Ms. Varsha Puran- dare	Mr. Shyam Srini- vasan	Mr. Ashutosh Khajuria	Ms. Shalini warrier
KNOWLEDGE											
Specialisation / Expertise in one or more fields	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
■ In the field of:											
Banking	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Economics	Yes	Yes	-	Yes	-	Yes	Yes	-	-	-	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agriculture	-	Yes	-	-	-	-	-	-	-	Yes	-
Rural Economy	-	Yes	-	-	-	-	-	-	-	-	-
Information Technology	-	-	Yes	-	-	-	-	Yes	Yes	-	Yes
Payment and Settlement Systems	-	-	Yes	-	-	-	-	-	Yes	-	Yes
Investment Banking	-	-	-	Yes	-	Yes	-	-	-	-	-
Finance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accountancy	-	-	-	Yes	-	Yes	Yes	-	-	Yes	Yes
Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Risk Management	Yes	-	-	-	Yes	-	Yes	-	Yes	Yes	-
Credit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Treasury Operations	-	-	-	-	Yes	-	Yes	Yes	Yes	Yes	-
SSI	Yes	Yes	-	-	Yes	-	-	Yes	-	Yes	-
Retail Lending	-	-	-	-	-	-	-	Yes	Yes	-	Yes
Wealth Management	-	-	-	-	-	-	-	-	Yes	-	Yes
SME Banking	-	-	-	-	Yes	-	-	Yes	Yes	-	Yes
Investment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

E. Board Procedure

The Board has complete access to all information with the Bank. All Board meetings are governed by a structured agenda which is backed by comprehensive background information. The Board/ Committee agenda and notes thereof are sent in advance to the Directors to enable them to read and comprehend the matters to be dealt with and seek further information / clarification. The Board/ Committee agenda and notes are uploaded on the Bank's e-meeting portal wherein the Directors can review the same in a secure environment and at their convenience. Video conferencing facility is provided to facilitate Directors to participate in the meetings. The members of the Board exercise due diligence in performance of their functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance amidst a cordial environment.

The Board/Committee has an effective post meeting follow up procedure. Items arising out of previous Board/ Committee Meetings and their follow up action report are

placed at succeeding meetings for information of the Board/ Committees.

The Board has established procedures to periodically review compliance reports pertaining to all laws applicable to the Bank as well as steps taken by the Bank to rectify instances of non compliance, if any.

The Board of Directors has satisfied itself that plans are in place for orderly succession for appointment to the Board of Directors and Senior Management.

The Minutes of the Board/Committee meetings are circulated to the Chairman, other Members of the Board/ Committee for their comments/inputs in accordance with the Secretarial Standards on meetings of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India (ICSI).

F. Remuneration to Directors

During the year, Mr. Shyam Srinivasan, Managing Director & Chief Executive Officer, was paid ₹ 2,31,11,470.00 (gross), Mr. Ashutosh Khajuria, Executive Director and Chief Financial





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Officer was paid ₹ 1,16,62,324.00 (gross) (excluding value of stock options exercised during the year) and Ms. Shalini Warriar, Executive Director & Chief Operating Officer was paid ₹ 1,08,66,271.00 (gross) in accordance with the terms and conditions approved by Reserve Bank of India.

The Non-Executive Independent Directors, except Chairman of the Board, are paid only sitting fees and Profit Related Commission for attending every meeting of the Board/ Committees of the Board within the limits as prescribed under the Companies Act, 2013. For Chairman, besides honorarium as permissible under Banking Regulations Act, 1949, and rules/regulations made thereunder, he /she was paid only sitting fees for attending every meeting of the Board / Committees of the Board.

No pecuniary relationship/transaction exists for Independent Directors/Non-Executive Directors vis-à-vis the Bank, other than payment of sitting fees for Board/ Committee meetings/ monthly remuneration during the year as per law. The Independent Directors of the Bank also had no pecuniary relationship with the Bank, its subsidiary or associate companies or their promoters or directors during the two immediately preceding financial years.

The Independent directors are not eligible for any stock options.

During the Financial Year 2020-21, the Bank did not advance any loan to any of its Directors.

The criteria of making payments to Independent Directors/ Non-Executive Directors of the Bank are contained in the Comprehensive Compensation Policy for Non-Executive Directors and is available on the website at www.federalbank.co.in.

The Non-Executive Directors are paid sitting fees as per the provisions of Companies Act, 2013 and as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as indicated below:

Sr. No.	Name of Directors	Sitting fee paid to Non-Executive Directors for FY 2020-21 (in ₹)
1	Ms. Grace Koshie	20,70,000
2	Ms. Shubhalakshmi Panse	6,90,000
3	Mr. C Balagopal	21,45,000
4	Mr. A P Hota	22,50,000
5	Mr. K Balakrishnan	19,75,000
6	Mr. Siddhartha Sengupta	25,80,000
7	Mr. Manoj Fadnis	20,70,000
8	Mr. Sudarshan Sen	21,90,000
9	Ms. Varsha Purandare	12,00,000

Note: In addition to above sitting fees;

- ₹ 18 Lakhs was paid to Ms. Grace Koshie towards honorarium
- ₹ 5.00 lakhs each were paid to Ms. Shubhalakshmi Panse, Mr. C Balagopal, Mr. A P Hota and Mr. K Balakrishnan towards profit related commission.
- ₹ 4.00 lakhs each were paid to Mr. Siddhartha Sengupta and Mr. Manoj Fadnis towards profit related commission.
- ₹ 0.68 lakhs and ₹ 1.15 lakhs were paid to Mr. Sudarshan Sen and Mr. Nilesh Vikamsey respectively towards profit related commission
- In the current stressful environment of the pandemic and on the lines of the gesture of the WTDs and Senior Management to take a cut/ forego their PLI, the Chairperson of the Board had expressed her desire to forego the profit related commission ₹ 3,01,370 for the period upto November 06, 2019 i.e., till the date of her appointment as Part Time Chairperson of the Bank.

The details of remuneration paid to Mr. Shyam Srinivasan, MD & CEO, Mr. Ashutosh Khajuria and Ms. Shalini Warriar, Executive Directors during FY 2020-21 are as under:

Particulars	Mr. Shyam Srinivasan MD & CEO (₹)	Mr. Ashutosh Khajuria ED & CFO (₹)	Ms. Shalini Warriar ED & COO (₹)
Basic Pay	19125000.00	2600004.00	2600004.00
Allowances & Perquisites ¹	3986470.00	7762320.00	7166267.00
Stock Option (Perquisites)**	Nil	3045000.00	Nil
Severance fees	Nil	Nil	Nil
Performance Linked Incentive	Nil	1300000.00	1100000.00
Total***	23111470.00	11662324.00	10866271.00

** This includes perquisite value of stock options granted and vested in previous years, and exercised during the financial year 2020-21.

*** Does not include the value of stock options exercised during the year 2020-21, if any

Note:

- In addition to above, employer contribution to Provident Fund of ₹ 19,12,500/- was paid to Mr. Shyam Srinivasan, MD & CEO, ₹ 2,60,004/- was paid to Mr. Ashutosh Khajuria, Executive Director & CFO and ₹ 2,60,004/- to Ms. Shalini Warriar, Executive Director during the FY 2020-21.

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2. 2,00,000 number of options was exercised by Mr. Ashutosh Khajuria under ESOS 2010 during the year under review.
3. RBI vide letter DoR.Appt.No 87/08.38.001/2020-21 dated July 16, 2020 approved the revised compensation in respect of Mr. Shyam Srinivasan, MD & CEO for the period from September 23, 2020 to September 22, 2021. However, MD & CEO has relinquished the revised benefits till December 31, 2020 on account of current stressful environment of the pandemic and the revised compensation was paid to him from January 01, 2021 only.

G. Independent Directors

The Independent Directors have confirmed that they meet the criteria of independence laid down under the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective Independent judgment and without any external influence.

The Board of Directors have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

The Board further confirms that no persons were appointed or continues as an alternate director for independent director/s of the Bank.

The present tenure of Independent Directors of the Bank is subject to Regulation 10 A of the Banking Regulation Act, 1949 and also subject to the tenure fixed for appointment of all the Independent Directors of the Bank by the shareholders/Board.

H. Terms and conditions of appointment of Independent Directors

At the time of appointment of Independent Directors a formal letter is being issued by the Bank to the appointee Director specifying the terms and conditions of his/her appointment. The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Bank, www.federalbank.co.in

I. Separate Meeting of Independent Directors

All the Independent Directors attended the meeting. In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, following matters were, alia, reviewed and discussed in the meeting:

- a. Performance of the Board of Directors as a whole.
- b. Performance of the Chairman of the Bank taking into consideration the views of Executive and Non-Executive Directors.
- c. Assessment of quality, quantity and timeliness of flow of information between the Bank's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to the above mentioned meeting, one meeting of the Independent directors was held on June 19, 2020 for considering performance evaluation of Board, Committees and assessment of Flow of Information for FY20. The meeting also considered performance evaluation of Non-Independent Directors and Chairperson for the FY 2019-20.

A separate meeting of the Independent Directors of the Bank was held on June 15, 2021 for consideration of performance evaluation for FY 2020-21 of Executive Directors.

J. Familiarization Programme for Independent Directors

The Bank conducts Familiarization Programme for the Independent Directors to enable them to familiarize with the Bank, its Management and its operations so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Bank.

At the time of appointing a Director, a formal letter of appointment is given to the Independent Director, which inter alia explains the role, function, duties and responsibilities of him/her as a Director of the Bank. They are given full opportunity to interact with Senior Management Personnel and are provided with all the documents required and/or sought by them to have a good understanding of the Bank.

The initiatives undertaken by the Bank in this respect has been disclosed on the website of the Bank at www.federalbank.co.in under section "Shareholders Information".

The roles, functions and duties of Independent Directors are disclosed in the Code of Conduct for the Board of Directors and Management and the same is available on the Bank's website www.federalbank.co.in.

K. Directors and Officers Insurance

The Bank had undertaken Directors and Officers insurance ('D and O insurance') for all its Directors, including Independent Directors, for the specific quantum and coverage of risks as determined by the Board of Directors of the Bank





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L. Performance Evaluation Criteria for Independent Directors of the Bank

The performance evaluation criteria for Independent Directors include:

- i. Attendance at the Board and Committee meetings
- ii. Study of agenda papers in depth prior to meeting and active participation at the meeting.
- iii. Contribution to discussions on strategy as opposed to focus only on agenda
- iv. Constructive and active participation in the Committees of the Board in which they are Members.
- v. Exercises his/her skills and diligence with due and reasonable care and brings an independent judgment to the Board
- vi. The Director remains abreast of developments affecting the company and external environment in which it operates independent of his being appraised at meetings.
- vii. Knowledge and Competency:
 - How the person fares across different competencies as identified for effective functioning of the entity and the Board
 - Whether the person has enough understanding and knowledge of the entity and the sector in which it operates.

The outcomes of the evaluation of the Independent Directors of the Bank are detailed in the Directors' Report. In the opinion of the Board, Independent Directors fulfill the condition of independence as specified in the Listing Regulations and as per Companies Act, 2013 and are independent of the management.

Performance evaluation criteria of Non Independent Directors are detailed in the Director's report.

BOARD COMMITTEES AND ITS TERMS OF REFERENCE

The Board Committees play a crucial role in the governance structure of the Bank and have been constituted to deal with specific areas of concern for the Bank as per delegated powers for different functional areas of the Bank and as mandated under the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Banking Regulation Act, 1949, guidelines issued by the RBI, in this regard, from time to time and the Articles of Association of the Bank. Details on the role

and composition of Board Committees, including the number of meetings held during the financial year and the related attendance are provided below.

A. Audit Committee

Composition & Meetings

As on March 31, 2021, Audit Committee comprises of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Audit Committee met 12 (Twelve) times on May 18, 2020, May 28, 2020, July 15, 2020, August 05, 2020, August 21, 2020, October 12, 2020, October 16, 2020, November 24, 2020, January 20, 2021 and February 11, 2021, March 12, 2021 and March 23, 2021. The time gap between any two meetings was less than one hundred and twenty days.

The details of attendance of members and composition are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Manoj Fadnis	Independent Director	Chairman	12	12
Ms. Grace Koshie ¹	Non-Executive Non-Independent Director	Member till 08.09.2020	12	5
Mr. A P Hota	Independent Director	Member	12	10
Mr. Sudarshan Sen ²	Independent Director	Member from 08.09.2020	12	7
Ms. Shalini Warriar ³	Executive Director	Ceased to be a member on 04.08.2020 and joined as a Member w.e.f 08.09.2020	12	10

¹Ms. Grace Koshie ceased to be a member of the Committee on September 08, 2020.

²Mr. Sudarshan Sen joined as a member of the committee w.e.f. September 08, 2020.

³Ms. Shalini Warriar joined as a member on April 30, 2020 and ceased to be a member on 04.08.2020. She re-joined as a Member of the Committee again w.e.f. 08.09.2020.

During the financial year 2020-21, the Committee was re-constituted thrice on April 30, 2020, August 04, 2020 and September 08, 2020.

Ms. Manoj Fadnis, who was the Chairperson of Audit Committee, attended the AGM held on July 16, 2020.

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The terms of reference of the Audit Committee as incorporated in the Bank's Code of Corporate Governance, are in accordance with the Listing Regulations, Companies Act, 2013 and RBI guidelines.

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Review the company's financial and risk-management policies, and, where necessary, recommend changes for the Board's approval.
2. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
3. Review periodically the adequacy of internal control systems (including the asset-liability management and risk-assessment and management systems) with the management and external and internal auditors, assure itself that the systems are being effectively observed and monitored, and, where necessary, approve changes or recommend changes for the Board's approval.
4. Review the adequacy of the internal audit function, including
 - a. monitoring and reviewing the effectiveness of the Internal audit function;
 - b. the structure of the internal audit department, staffing, and the suitability and seniority of the official heading it, reporting structure coverage, and the frequency of internal audit, and, where necessary, approve changes;
 - c. approving internal audit plan, scope and budget;
 - d. reviewing and discussing internal audit reports;
 - e. ensuring internal audit function maintains open communication with senior management, external auditors, the supervisory authority, and the audit committee;
 - f. assessing the performance of the head of the internal audit function; and
 - g. approving / recommending to the Board for its approval, the appointment, re-appointment or removal of the head of the internal audit function and the key internal auditors;
5. Discussion with internal auditors of any significant findings and follow up there on.
6. Discussion with the Head of Internal Audit in a private session, in the absence of the management, on issues of interest.
7. Reviewing the findings of any internal investigations by the internal auditors or vigilance officials into matters where there is actual or suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
8. Review and have oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible, and present a true and fair view of the state of affairs and of the profit or loss of the Bank for the relevant financial year or other period as the case may be.
9. Recommend to the full Board for shareholders' approval, the appointment, reappointment, removal, or replacement and terms of appointment of auditors, and the fee payable to them for the audit, taking into consideration any relationship between the auditors and the Bank that may impact on the independence of the auditors in carrying out the audit.
10. Approve the terms of engagement of the services of the external/ statutory auditors for rendering any other professional services to the Bank and the fee therefore.
11. Discuss with the external auditors, before they commence the audit, the nature and scope of the audit, and ensure coordination where more than one audit firm is employed.
12. Reviewing and examine with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. any changes in accounting policies and practices and reasons for the same
 - ii. major accounting entries involving estimates based on the exercise of judgment by management
 - iii. significant adjustments made in the financial statements arising out of audit findings;
 - iv. compliance with the applicable accounting standards
 - v. compliance with listing and other legal requirements relating to financial statements, and RBI guidelines and directives, concerning financial policies and statements
 - vi. to review the company's statement on internal control systems prior to endorsement by the Board





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- vii. the going-concern assumption
 - viii. disclosure of any related-party transactions, i.e., transactions of the Bank with the Directors, senior executives, their relatives, or associated concerns, that may potentially conflict with the Bank's interests at large; and
 - ix. modified opinion(s) in the draft audit report
 - x. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
13. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 14. Review with the external auditors, without the presence of the Executive Directors and Bank officials, and summarize their conclusion (in writing) at a full Board in the presence of the external auditors and without the presence of the management (Executive Directors, Bank Officials etc.)
 - i. The auditors' report on the annual, half-yearly, and quarterly financial statements
 - ii. Their assessment of the internal control and reporting systems and procedures, the quality of the accounting principles applied and significant judgments affecting the statements, and the Bank's compliance with statutory and regulatory requirements
 - iii. The auditors' long-form audit report and management letter and the management's response, and
 - iv. Any concerns of the auditors with respect to the said systems and procedures, the financial statements, any aspect of compliance, or any other matter arising from or related to the audit.
 15. Discuss with the management the auditors' report and assessment, their qualifications and concerns, if any, and the management's response to the auditors' management letter and long-form audit report.
 16. Review with the management, and if necessary with the external auditors, any inspection or other report of RBI on the Bank or other communication from RBI on the audit, internal controls, financial reporting, or other aspects of the Bank falling within the remit of the Committee, and the management's response thereto;
 17. To review and oversight the functioning of the Whistle Blower mechanism.
 18. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 19. Approval or any subsequent modification of transactions of the Bank with related parties.
 20. Valuation of undertakings or assets of the Bank, wherever it is necessary.
 21. Evaluation of internal financial controls and risk management systems.
 22. Monitoring the end use of funds raised through public offers and related matters.
 23. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
 24. Scrutiny of inter-corporate loans and investments, if any.
 25. To consider and approve/grant omnibus approval for certain Related Party Transactions.
 26. Perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.
 27. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 28. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 29. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

Corporate Governance Report (Contd...)

30. Review arrangements by which staff of the bank may confidentially raise concerns about possible improprieties in matters of financial reporting.
 31. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
 32. Periodic reviews on borrower entities in which directors of any willful defaulter companies are present
 33. The Audit Committee of the Board shall:
 - i. ensure that senior management is taking necessary corrective actions to address the findings and recommendations of internal auditors and external auditors in a timely manner;
 - ii. address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors and external auditors, and
 - iii. ensure that deficiencies identified by supervisory authorities related to the internal audit function are remedied within an appropriate time frame and that progress of necessary corrective actions are reported to the board of directors.
 34. Review of Internal Financial Control (IFC) process including Risk Control and Self- Assessment (RCSA)
 35. Review of Position pertaining to opening of Internal/ branch GL heads the purpose for which used and its reconciliation on a quarterly basis.
 36. Oversee the Ind AS implementation process at quarterly intervals.
 37. Ensure adequate coverage of internal audit to satisfy effective implementation of policies and procedures.
 38. Constitute a Committee of Executives named the Inspection Review Committee of Executives to oversee the Inspection and Audit functions and review the structure and functions of the Committee periodically.
- b. to discuss any related issues with the internal and statutory auditors and the management of the company.
 - c. to investigate into any matter in relation to the items referred to it by the Board.
 - d. to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice.
 - e. to have full access to information contained in the records of the Bank

Review of information by Audit Committee as per SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses; and
- v. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
- vi. Statement of deviations:
 - a. quarterly statement of deviation(s) in the use of proceeds of public / rights / preferential issue from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable; (if any)
 - b. quarterly statement indicating category-wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilization of funds in the offer document for public / rights / preferential issue or explanatory statement of to the notice for the general meeting, as applicable and the actual utilization of funds;
 - c. quarterly statement of deviation(s) including report of monitoring agency, if applicable,

Powers of Audit Committee:

The Audit Committee shall have the authority –

- a. to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board.





Corporate Governance Report (Contd...)

submitted to stock exchange(s) in terms of issue of securities of any nature. (if any)

- d. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of issue of securities of any nature. (if any)
- vii) Review the financial statements of unlisted subsidiary, in particular, the investments made by the subsidiary.

Other matters

- In carrying out its functions as aforesaid, the Committee shall have full access to information contained in the Bank's records and may seek information from any employee of the Bank, or, if considered necessary, obtain outside legal or other professional advice, or discuss with outsiders having the relevant expertise, and thereafter place the same to the Board.
- The chairperson of the committee shall be present at Annual general meeting to answer shareholder queries.
- The Company Secretary shall act as the secretary to the Audit committee.
- The minutes of the Committee meetings and decisions taken by the Committee shall be promptly submitted to the Board.
- The Auditors and key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote

B. Nomination, Remuneration, Ethics and Compensation Committee

Composition and Meetings

As on March 31, 2021, the Nomination, Remuneration, Ethics and Compensation Committee comprises of members as stated below. The composition of the Committee is in conformity with the regulatory requirements, with all Directors being Non-Executives and fifty per cent of them being Independent Directors. Chairman of the Committee is an Independent Director. The Committee also includes one member from Risk Management Committee of the Board.

During the financial year 2020-21, the Nomination, Remuneration, Ethics and Compensation Committee met

07 (Seven) times on April 29, 2020, June 04, 2020, July 16, 2020, July 28, 2020, August 18, 2020, January 15, 2021, and February 10, 2021.

The details of the attendance of the members are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. C Balagopal	Independent Director	Chairman	07	07
Ms. Grace Koshie	Non-Executive Non-Independent Director	Member	07	07
Mr. AP Hota ¹	Independent Director	Member	07	04
Ms. Shubhalakshmi Panse ²	Independent Director	Member till 17.07.2020	07	03

¹Mr. AP Hota joined as a member of the Committee effective from July 21, 2020.

²Ms. Shubhalakshmi Panse ceased to be a member of the Committee consequent to retirement from the Board of the Bank w.e.f July 17, 2020.

During the financial year 2020-21, the Committee was re-constituted once on July 21, 2020.

Terms of Reference/ Roles and Responsibilities of the Committee are:

- Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills, and judgment of the Directors;
- Reviewing, from time to time, possible candidates for current or potential Board vacancies, including Directors who are to retire and are eligible for reappointment or re-election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
- Recommending to the Board, candidates for election (including re-election) or appointment (including reappointment) to the Board.
- Carrying out evaluation of every director's performance.
- Deciding on the matter of whether to extend or continue the term of appointment of the independent director, based on the report of performance evaluation of independent directors.

Corporate Governance Report (Contd...)

6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and independence of a director;
7. Devising a policy on diversity of board of directors;
8. Recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/ achievement bonus, perquisites, retiral, sitting fees.
10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of Independent Directors and the Board;
13. Validation of 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time;
15. Recommend to the board, all remuneration, in whatever form, payable to Senior Management*

** Senior Management shall mean officers/personnel of the listed entity who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/Whole time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer*

16. Supervisory and annual review of the Compensation Policy

The Bank is having a compensation policy formulated in accordance with the RBI guidelines and Companies Act, 2013 which has been approved by the Board.

C. Stakeholders Relationship Committee

Composition and Meetings

As on March 31, 2021, Stakeholders Relationship Committee consists of members as stated below. The

composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Committee met One (01) time on March 24, 2021

The details of the attendance of the members are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota	Independent Director	Chairman	01	01
Mr. C Balagopal	Independent Director	Member	01	01
Mr. Shyam Srinivasan	Executive Director	Member	01	01
Mr. Ashutosh Khajuria	Executive Director	Member	01	01

During the financial year 2020-21, no re-constitution of the Committee took place.

Mr. Samir P Rajdev, VP & Company Secretary acts as the Compliance Officer.

Mr. A P Hota was present at the 89th Annual General Meeting of the Bank to answer shareholders queries.

Terms of Reference/ Roles and Responsibilities of the Committee are:

The Committee ensures cordial investor relations, oversees the mechanism for redressal of investors' grievances and specifically looks into various aspects of interest of shareholders. The Committee looks into the following functions.

1. Resolve, where necessary, complaints received from shareholders or others regarding transfer/ transmission of shares, non-receipt of declared dividends, non-receipt of annual accounts or reports, or other matters relating to shareholding in the Bank, and any action taken by the Bank on such complaints;
2. Initiate such (further) action on the complaints as is considered necessary or desirable by way of redressal or to prevent similar complaints arising in the future; and
3. Approve or reject applications for transfer/transmission of shares referred to the Committee by the Bank's Registrar and Share Transfer Agent in terms of such criteria as may be determined by the Committee and conveyed to the Agent.





Corporate Governance Report (Contd...)

4. To oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Bank, issue of duplicate share certificates;
5. Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. Recommend measures for overall improvement in the quality of investor services;
7. Review of measures taken for effective exercise of voting rights by shareholders.
8. Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
9. Approve the allotment for release of shares kept under abeyance of the Bank in compliance with court order.

The Bank attended to the complaints promptly and to the satisfaction of the shareholders. Details of complaints received and resolved by the Bank during the financial year 2020-21 are given below:

Complaint pending for redressal at the beginning of the year	Total complaints received during the year	Number of complaints redressed	Number of complaints pending for redressal
Nil	4	4	Nil

As on March 31, 2021, apart from the complaints, around 736 requests/information were received from the shareholders relating to change of address, nomination requests, email id and contact details updation, IFSC / MICR code updation, National Automated Clearing House (NACH) Mandates, queries relating to the annual reports, request for re-validation of dividend warrants and other investor related matters. This requests/information has also been responded

D. Credit Committee

Composition and Meetings

As on March 31, 2021, the Credit Committee of the Board consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Committee met Eleven (11) times on June 16, 2020, July 09, 2020, September 18, 2020, October 27, 2020, November 13, 2020, December 14, 2020, December 30, 2020, January 29, 2021, February 11, 2021, March 12, 2021 and March 22, 2021

The details of attendance of members are given below:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. K Balakrishnan	Independent Director	Chairman	11	11
Mr. Siddhartha Sengupta	Independent Director	Member	11	11
Mr. C Balagopal ¹	Independent Director	Member	11	10
Ms. Varsha Purandare ²	Independent Director	Member	11	06
Mr. Shyam Srinivasan	Executive Director	Member	11	10
Mr. Ashutosh Khajuria	Executive Director	Member	11	09

¹Mr. C Balagopal joined as a member of the Committee effective from April 30, 2020

²Ms. Varsha Purandare joined as a member of the Committee effective from September 08, 2020.

During the year 2020-21, the Committee was re-constituted twice on April 30, 2020 and September 08, 2020.

Terms of Reference of Credit Committee

1. Consider proposals for approval, renewal, or modification of various types of funded and non-funded credit facilities to clients.
2. Monitor the credit exposures of the Bank, review the adequacy of the credit risk and compliance of statutory and regulatory norms.
3. Periodically review the large corporate advances appearing in SMA lists and standard restructured advances.
4. Take note of the details of credit facilities sanctioned by MD level committee and call for more particulars/comments/clarifications, if found necessary.
5. Take note of the details of compromise settlements approved by the ED and MD level committees and call for more particulars/comments/clarifications, if necessary.

Corporate Governance Report (Contd...)

6. Periodically review Non Performing Assets of large value (₹ 5 Crore and above).
7. Committee has the power to approve compromise proposals as per delegation in the NPA management policy.
8. Committee shall recommend the compromise proposals beyond their power to the Board of Directors for approval.
9. Status report of the position of assets sold to ARCs under Security Receipt Basis held as investment.
10. Any other matter of materialist information that management deems fit for reporting to the committee for noting, review, ratification or approval.

E. Investment and Raising Capital Committee

Composition and Meetings

As on March 31, 2021, the Investment and Raising Capital Committee consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Committee met five (05) times on May 21, 2020, July 09, 2020, August 25, 2020, November 20, 2020 and February 26, 2021

The details of attendance of members are given below:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Chairman	5	5
Mr. C Balagopal ¹	Independent Director	Member	5	3
Mr. Sudarshan Sen ²	Independent Director	Member	5	3
Ms. Varsha Purandare ³	Independent Director	Member	5	2
Mr. Shyam Srinivasan ⁴	Executive Director	Member	5	5
Mr. Ashutosh Khajuria	Executive Director	Member	5	5

¹Mr.C Balagopal ceased to be a member of the Committee w.e.f. September 08, 2020.

²Mr.Sudarshan Sen joined as a member on April 30, 2020 and ceased to be a member of the Committee w.e.f. September 08, 2020

³Ms. Varsha Purandare joined as a member of the Committee effective from September 08, 2020.

⁴Mr.Shyam Srinivasan joined as a member of the Committee on April 30, 2020.

During the year 2020-21, the Committee was re-constituted twice on April 30, 2020 and September 08, 2020.

Terms of Reference for the Investment and Raising Capital Committee

1. Consider proposals for approval of Investments of the Bank within such authority as delegated to it by the Board from time to time.
2. Approve the Policies related to the Treasury Investment and Trading activities and recommend the same to the Board.
3. Approve the new products launched by the Treasury Department and recommend the same to the Board.
4. Review of the investment activities, risk management thereof, and policies, internal control systems and compliance of statutory, regulatory and other applicable norms.
5. Approve the capital raising program of the Bank and recommend the same to the Board.
6. Periodic review of Bank's investments in Subsidiaries, JVs & Associates in addition to other unlisted investments including VCF/ PE and strategic investments.
7. Any divestment of shares in Subsidiaries/ JVs and Associates should be put up to this Committee for vetting before submitting to Board for approval.

F. Risk Management Committee

Composition and Meetings

As on March 31, 2021, the Risk Management Committee consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Committee met 6 (Six) times on May 12, 2020, August 19, 2020, August 25, 2020, November 11, 2020, January 16, 2021 and February 18, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Ms. Shubhalakshmi Panse ¹	Independent Director	Chairperson till 17.07.2020	06	01
Mr. Sudarshan Sen ²	Independent Director	Chairman from 04.08.2020	06	06
Ms. Grace Koshie ³	Non-Executive Non-Independent Director	Member	06	03
Mr. A P Hota ⁴	Independent Director	Member	06	02





Corporate Governance Report (Contd...)

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Member	06	06
Mr. Shyam Srinivasan	Executive Director	Member	06	06
Mr. Ashutosh Khajuria	Executive Director	Member	06	06

¹Ms. Shubhalakshmi Panse ceased to be a member of the Committee effective from July 17, 2020 on retirement from the Board of the Bank.

²Mr. Sudarshan Sen Joined as Member w.e.f. 30.04.2020 became Chairman of the Committee w.e.f. 04.08.2020

³Ms. Grace Koshie ceased to be a member of the Committee on April 30, 2020 and Joined as Member on 08.09.2020

⁴Mr. A P Hota Joined as a member w.e.f. 04.08.2020 and Ceased to be a member w.e.f. 08.09.2020

During the financial year 2020-21, the Committee was re-constituted thrice on April 30, 2020, August 04, 2020 and September 08, 2020.

Terms of Reference/ Roles and Responsibilities of the Committee are:

The Risk Management Committee of the Board shall put in place specific policies and procedures for enterprise wide risk management of the Bank based on the regulatory guidance and best practices.

Risk Management Committee shall approve/ recommend to the Board to approve the policy, strategy and methods for risk management, by evaluating the overall risks faced by the Bank and determining the acceptable level of risks, its management and control in the best interest of the Bank. The Committee shall oversee all risk management functions in the Bank and undertake the following functions.

- a. Recommend to the Board to approve the policies and strategies for implementing bank-wide integrated risk management system, for addressing various risks faced by the Bank.
- b. Review the Risk Appetite framework formulated in line with bank's strategy and recommend the same to the board for approval.
- c. Oversee functions of Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC also known as Asset Liability Management Committee - ALCO), Operational Risk Management Committee (ORMC) and Information Security Committee (ISC).
- d. Recommend to the Board policies and guidelines for measurement, management and reporting of credit risk, market risk and operational risk.
- e. Recommend to the Board risk mitigation and stop-loss parameters in respect of all the three risks. Ensure adherence to the risk appetite limits set by the Board.
- f. Ensure management processes (including people, systems, operations, limits and controls) for implementing risk management systems.
- g. Ensure robustness and effectiveness of financial / rating models and their appraisal systems for assessing various risks faced by the Bank.
- h. Review of the Internal Capital Adequacy Assessment Process. (ICAAP)
- i. Review of credit rating process, fixation of exposure ceilings for various types of exposures, geographies, sectors, industries etc and based on internal / external rating, borrower category/ groups etc.
- j. Ensure availability of qualified and competent officers and risk managers in the Integrated Risk Management Department for ensuring effectiveness of risk management systems in the Bank.
- k. Decide/approve adoption of technology/appropriate and adequate MIS system needed for risk management.
- l. Reinforce the culture and awareness of risk management throughout the organization that would attach high priority on effective risk management and adherence to sound internal controls.
- m. Review of functions related to management of Business continuity, Reputation risk, Model risk, Strategic risk, Information & cyber security risk, outsourcing risk and Pension obligation risk.
- n. Review of procedure for product approval
- o. Review of Stress Testing methodology and Stress Scenarios, stress testing results and monitor the actions plans and corrective measures. Decide additional provision requirements on exposure to stressed sectors.
- p. Review of Liquidity risk management including Contingency Funding Plans and contingency funding under stress scenario.
- q. Risk Management Committee of the Board to meet with the Chief Risk Officer of the Bank independently on one to one basis without the presence of MD & CEO on a quarterly basis".

Corporate Governance Report (Contd...)

Powers of the Risk Management Committee (RMC)

RMC shall exercise the following powers, subject to approval by the Board.

- a) Review of the policy and strategy for integrated risk management covering credit, market and operational risks.
- b) Review of the risk limits and exposure ceilings of the Bank, and its periodic review as and when needed.
- c) Review standards / delegation for credit dispensation.
- d) Review of the risk categories under Credit Risk Assessment (CRA) system and classification as acceptable and unacceptable category and periodic changes needed to such classification.
- e) Review of systems and tools for management of all the three categories of risks.
- f) Reviewing norms for Loan Review Mechanism (LRM), level of dependence on the system and all related procedures
- g) Analysing credit rating migration/Default studies of large value exposures to assess quality and concentration of credit exposures.
- h) Reviewing norms/ceilings for maturity profile and mix of the incremental assets and liabilities.
- i) Fixing of tolerance levels for Liquidity risk monitoring, interest rate sensitivity/EaR, trigger points for realignment of assets/liabilities
- j) Review the functions of the CRMC, ALCO, ORMC and ISC from time to time.
- k) Reviewing policy for interest rates view/funding/pricing of products etc of the Bank.
- l) Ensuring capital adequacy management with due regard to various risks impacting the balance sheet.
- m) Monitor and review the non-compliance, limit breaches, audit / regulatory findings, and policy exceptions with respect to risk management.
- n) Recommending to the Board to approve reviews on assessment, monitoring and controlling of non-quantifiable risks like strategic risk, reputation risk etc.

G. Customer Service, Marketing Strategy & Digital Banking Committee

As on March 31, 2021, the Customer Service, Marketing Strategy & Digital Banking Committee consist of members

as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Committee met 3 (three) times on August 26, 2020, November 24, 2020 and March 04, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. C Balagopal ¹	Independent Director	Chairman till April 30, 2020	03	Nil
Mr. A P Hota ²	Independent Director	Member till April 30, 2020	03	Nil
Mr. Siddhartha Sengupta ³	Independent Director	Member till April 30, 2020	03	Nil
Mr. K Balakrishnan ⁴	Independent Director	Chairman from April 30, 2020	03	03
Ms. Grace Koshie ⁵	Non-Executive Director	Member from April 30, 2020	03	03
Ms. Shalini Warriar ⁶	Executive Director	Member from April 30, 2020	03	03
Ms. Varsha Purandare ⁷	Independent Director	Member from September 08, 2020	03	02
Mr. Shyam Srinivasan	Executive Director	Member	03	03

¹Mr.C Balagopal ceased to be a member of the Committee on April 30, 2020.

²Mr. A P Hota ceased to be a member of the Committee on April 30, 2020.

³Mr. Siddhartha Sengupta ceased to be a member of the Committee on April 30, 2020.

⁴Mr.K Balakrishnan joined as a member of the Committee and became Chairman of the Committee w.e.f April 30, 2020.

⁵Ms.Grace Koshie joined as a member of the Committee w.e.f April 30, 2020.

⁶Ms.Shalini Warriar joined as a member of the Committee w.e.f April 30, 2020.

⁷Ms.Varsha Purandare joined as a member of the Committee w.e.f September 08, 2020

During the financial year 2020-21, the Committee was re-constituted twice on April 30, 2020 and September 08, 2020.





Corporate Governance Report (Contd...)

Terms of Reference/ Roles and Responsibilities of the Committee are:

In respect of Customer Service, the key roles & responsibilities of the Committee are provided below:

1. Approving the various policies that relate to customer service ; examples thereof include and are not limited to :
 - a. Comprehensive Deposit Policy
 - b. Policy on settlement of claims Related to assets of deceased customers
 - c. Grievance Handling process
 - d. Collection of cheques
2. Reviewing metrics and indicators that provide information on the state of customer service in the Bank; providing direction to the management of the Bank on actions to be taken to improve the metrics
3. Reviewing the actions taken/ being taken by the Bank to standardize the delivery of customer experience across all branches
4. Reviewing results of the surveys conducted that provide quantitative and qualitative information on the state of customer experience
5. Providing inputs on the products introduced by the Bank with a view to ensure suitability and appropriateness
6. Monitoring the implementation of the Banking Ombudsman Scheme with particular reference to:
 - a. Reviewing all the awards against the Bank with a focus on identifying issues of systemic deficiencies and the Bank's plan to address these deficiencies
 - b. Reviewing all awards that remain unimplemented after 3 months from the date of the award with the reasons thereof; to report to the Board such delays in implementation without valid reasons and for initiating remedial action
7. Review, on an overall basis, the customer service aspects in the Bank on the basis of the detailed memorandum submitted in this regard and report to the Board of Directors thereafter; this is done once every six months and based on the review, the

Committee will direct the Bank to initiate prompt corrective action wherever service quality / skills gaps have been noticed

8. Monitoring the activities of the Standing Committee on Customer Service (executive level committee) on a quarterly basis.
9. Review of minutes of product and process approval committee
10. Biennial audit of depositor services
11. Review of relevant instructions issued by other regulators
12. Review of cases reported under Limited Liability in unauthorized electronic banking transactions policy
13. Review of details of claims received from legal heirs of deceased depositors/locker hirers/depositors of safe custody articles and pending cases beyond the stipulated period, on a yearly basis.

In respect of the Marketing functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Reviewing the Bank's marketing strategy; providing direction on areas of focus
2. Providing direction on the communication strategy and media focus
3. Reviewing the Bank's progress in implementing the marketing strategy

In respect of Digital Banking, the key roles & responsibilities of the Committee are provided below:

1. Reviewing the Bank's Digital Banking strategy; providing direction on areas of focus
2. Reviewing the progress made on the metrics relating to Digital Banking; these metrics cover performance metrics as determined by the Board of Directors (as part of the annual budget) and also cover metrics that are determined by the Government of India from time to time and to review the customer service rendered on digital platform from time to time.
3. Progress on various new initiatives and partnerships

Corporate Governance Report (Contd...)

H. Special Committee of the Board for Monitoring and Follow up of Cases of Frauds

Composition and Meetings

As on March 31, 2021, the Special Committee of the Board for Monitoring and Follow up of Cases of Frauds consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

As required under the RBI regulations, all fraud cases of ₹ 1 Crore and above are considered by the Committee and as directed by the Audit Committee, all fraud cases of ₹ 1 Lakh and above are reported to this Committee.

During the financial year 2020-21, the Committee met 3 (Three) times on June 10, 2020, November 06, 2020, and February 25, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	03	03
Ms. Grace Koshie	Non-Executive Non-Independent Director	Member	03	03
Ms. Shubhalakshmi Panse ¹	Independent Director	Member till April 30, 2020	03	Nil
Mr. Manoj Fadnis	Independent Director	Member	03	03
Mr. Ashutosh Khajuria	Executive Director	Member	03	02
Ms. Shalini Warriar ²	Executive Director	Member from April 30, 2020	03	03

¹ Ms. Shubhalakshmi Panse ceased to be a member of the Committee w.e.f April 30, 2020.

² Ms. Shalini Warriar joined as a member of the Committee w.e.f April 30, 2020

During the financial year 2020-21, the Committee was re-constituted once on April 30, 2020.

Terms of Reference/ Roles and Responsibilities of the Committee are:

The major functions of the Committee would be to monitor and review all frauds of ₹ 100 Lakh and above so as to:

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI.
- Monitor progress of CBI/Police investigation and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

All the frauds involving an amount of ₹ 100 lakh and above should be monitored and reviewed by SCBF. The periodicity of the meetings of the Committee may be decided according to the number of cases involved. In addition, the Committee should meet and review as and when a fraud involving an amount of ₹ 100 lakh and above comes to light. Information of Frauds of ₹ 100 lakh and above shall be reported to the Special Committee of the Board for Monitoring & follow up of cases of Frauds (SCBF) immediately on detection through Circular Resolution Memorandum, followed by placing the Noting of the Circular Resolution before the immediate next meeting of SCBF.

In addition to the monitoring and review of frauds of ₹ 100 Lakh and above,

- The Committee shall monitor and review the progress of the mitigating steps taken by the Bank in case of Cyber and Electronic Banking frauds and the efficacy of the same in containing the number of frauds and values at least on a quarterly basis.
- The Committee shall review the Red Flagged Accounts (RFA) and the remedial actions proposed by the Fraud Monitoring Group (FMG), when an account is classified as RFA.

I. Committee for Human Resources Policy

Composition and Meetings

As on March 31, 2021, the Committee for Human Resources Policy consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.





Corporate Governance Report (Contd...)

During the financial year 2020-21, the Committee met 2 (two) times August 10, 2020 and January 28, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Chairman	02	02
Mr. K Balakrishnan	Independent Director	Member	02	02
Mr. Manoj Fadnis	Independent Director	Member	02	02
Mr. Shyam Srinivasan	Executive Director	Member	02	02

During the financial year 2020-21, no re-constitution of the Committee took place.

Terms of Reference/ Roles and Responsibilities of the Committee are:

- To Review HR Strategy aligning with business strategy of the Bank.
- Periodic review of existing HR policy of the Bank.
- To review productivity levels of employees benchmarking with peers in the industry.
- To review compensation policy of the Bank.
- To review outsourcing Policy of the Bank.
- To review Learning Initiatives.
- To review Talent pool creation/ Succession Planning Policy.
- To review Skill gaps and Talent pool creation/ Succession Planning.
- To review Funding Superannuation Policy.
- To review periodic HR Plans and Activities.

J. Information Technology & Operations Committee

The Information Technology and Operations Committee of the Board shall advice on the strategic direction of the Technology and Operations functions within the Bank.

As on March 31, 2021, the Information Technology & Operations Committee consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Committee met 4 (four) times on July 06, 2020, November 02, 2020, February 12, 2021 and March 24, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota	Independent Director	Chairman	04	04
Ms. Shubhalakshmi Panse ¹	Independent Director	Member	04	01
Mr. Manoj Fadnis ²	Independent Director	Member	04	Nil
Ms.Varsha Purandare ³	Independent Director	Member	04	03
Mr. Shyam Srinivasan	Executive Director	Member	04	04
Ms.Shalini Warriar ⁴	Executive Director	Member	04	04

¹ Ms. Shubhalakshmi Panse ceased to be a member of the Committee consequent to retirement from the Board of the Bank w.e.f July 21, 2020.

² Mr. Manoj Fadnis ceased to be a member of the Committee effective from April 30, 2020

³ Ms. Varsha Purandare joined as a member of the Committee w.e.f September 08, 2020.

⁴ Ms. Shalini Warriar joined as a member of the Committee w.e.f April 30,2020

During the financial year 2020-21, the Committee was re-constituted twice on April 30, 2020 and September 08, 2020.

In respect of the Technology functions of the Bank, the key roles & responsibilities of the Committee are provided below:

Terms of Reference/ Roles and Responsibilities of the Committee are

- Approving IT strategy and policy documents and reviewing the same from time to time.
- Ensuring that the management has put an effective strategic planning process in place.
- Ensuring that the IT strategy is indeed aligned with business strategy.
- Ensuring that the IT organizational structure complements the business model and its direction.

Corporate Governance Report (Contd...)

5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
7. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
8. Ensuring proper balance of IT investments for sustaining bank's growth.
9. Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks through oversight over the proceedings of the Information Security Committee.
10. Assessing Senior Management's performance in implementing IT strategies.
11. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks).
12. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.
13. Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks.
14. Reviewing IT performance measurement and contribution of IT to businesses.

In respect of the Operations functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Ensuring that the management has put an effective strategic planning process in place for operational activities that balances risk, customer experience and costs reviewing the same from time to time.
2. Ensuring that the Operations organizational structure complements the business model and its direction.
3. Ensuring that management has put in place effective steps to mitigate operational risks relating to the core operational processes of the Bank.
4. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)

5. Reviewing metrics and measurement relating to operational processes so as to ensure due contribution to the business

K. Corporate Social Responsibility Committee

As on March 31, 2021, the Corporate Social Responsibility Committee (CSR Committee) consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the CSR Committee met 3 (three) times on May 11, 2020, November 17, 2020 and March 06, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. K Balakrishnan	Independent Director	Chairman	03	03
Mr. A P Hota	Independent Director	Member	03	03
Mr. Shyam Srinivasan	Executive Director	Member	03	03
Mr. Ashutosh Khajuria	Executive Director	Member	03	03
Ms. Shalini Warriar ¹	Executive Director	Member	03	03

¹Ms. Shalini Warriar joined as a member of the Committee w.e.f April 30, 2020.

During the year, the Committee was re-constituted once on April 30, 2020.

Terms of Reference/ Roles and Responsibilities of the Committee are:

The CSR Committee shall:

1. Formulate and recommend to the Board for approval, the Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Bank in areas or subjects as specified in schedule VII of the Companies Act, 2013.
2. Guide and monitor the activities of the Bank in the area of CSR such that the spends are in line with the activities stipulated in the CSR Policy
3. Provide inputs, on an ongoing basis, to the formulation of strategic objectives and tactical plans that would help ensure the Bank is able to fulfill its corporate





Corporate Governance Report (Contd...)

social responsibilities in a responsible and effective manner.

4. Recommend the amount of expenditure to be incurred on the activities undertaken by the Bank.
5. Overseeing Environmental, Social and Governance (ESG) Reporting and review of various activities of the Bank under the prescribed ESG Framework.

The Bank has formulated a CSR Policy in line with Schedule VII of the Companies Act, 2013. The CSR policy of the Bank is available on the website of the Bank, www.federalbank.co.in under section "Corporate Social Responsibility"

L. Review Committee of the Board on Non Co- Operative Borrowers

As on March 31, 2021, the Review Committee of the Board on Non Co- Operative Borrowers consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, no meeting of the Review Committee of the Board on Non Co- Operative Borrowers was held.

The Review Committee of the Board on Non Cooperative Borrowers finalizes the decision with regard to classification & declassification of Non Cooperative Borrowers for reporting of such borrowers to the Central Repository of Information on Large Credits (CRILC) by the Bank.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	Nil	Nil
Mr. K Balakrishnan ¹	Independent Director	Member	Nil	Nil
Mr. Manoj Fadnis	Independent Director	Member	Nil	Nil
Mr. Sudarshan Sen ²	Independent Director	Member	Nil	Nil

¹ Mr. K Balakrishnan ceased to be a member of the Committee effective from April 30, 2020.

² Mr. Sudarshan Sen joined as member of the Committee effective from April 30, 2020.

During the financial year 2020-21, the Committee was reconstituted once on April 30, 2020.

Terms of Reference/ Roles and Responsibilities of the Committee are

In compliance with RBI directions on Non Cooperative Borrowers (NCB) the Bank has put in place a policy on identification, classification & declassification of Non Cooperative Borrowers and reporting of such borrowers to the Central Repository of Information on Large Credits (CRILC). The policy envisages formation of a Committee headed by an Executive Director & consisting of two other Senior Executives of the rank of SVP/VP to take a decision on classification & declassification of Non Cooperative Borrowers. Accordingly an ED level committee headed by ED & CFO is formed. The decisions of the ED level committee has to be placed to this Review Committee of the Board for confirmation.

M. Review Committee of the Board for Wilful Defaulters

As on March 31, 2021, the Review Committee of the Board for Wilful Defaulters consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2020-21, the Review Committee of the Board for Wilful Defaulters met 1 (One) time on February 25, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	01	01
Mr. K Balakrishnan ¹	Independent Director	Member	01	Nil
Ms. Grace Koshie ²	Non-Executive Non-Independent Director	Member	01	Nil
Mr. C Balagopal ³	Independent Director	Member	01	01
Mr. Sudarshan Sen ⁴	Independent Director	Member	01	01

¹ Mr. K Balakrishnan ceased to be a member of the Committee effective from April 30, 2020

² Ms. Grace Koshie ceased to be a member of the Committee effective from April 30, 2020

³ Mr. C Balagopal joined as member of the Committee effective from April 30, 2020

⁴ Mr. Sudarshan Sen joined as member of the Committee effective from April 30, 2020

Corporate Governance Report (Contd...)

During the financial year 2020-21, the Committee was re-constituted once on April 30, 2020.

Terms of Reference/ Roles and Responsibilities of the Committee are

This Review Committee reviews the order of the Internal Committee that identifies accounts to be reported as wilful default to comply with the regulatory guidelines. The Order shall become final only after it is confirmed by the Review Committee. While reviewing the Identification Committee's order, the Review Committee shall also consider the representations if any made by the borrowers against such order. The Review Committee shall pass a reasoned order and the copy thereof shall also serve on the borrowers.

SUBSIDIARY AND JOINT VENTURE COMPANY OF THE BANK

The Bank has two subsidiary companies, Fedbank Financial Services Limited and Federal Operations and Services Limited. The Bank has no material subsidiaries as per the conditions laid down in the Listing Regulations; hence no Policy on Material Subsidiary has been framed.

As on March 31, 2021, the Bank has two Associate Companies, a Joint Venture Life Insurance Company, named Ageas Federal Life Insurance Company Limited (Formerly known as IDBI Federal Life Insurance Co Ltd.) and an Investment Banking subsidiary named Equirus Capital Private Limited.

The Directors of the Bank who are also in the subsidiary/associate companies as on March 31, 2021 are as follows:

- Mr. Shyam Srinivasan, Managing Director and Chief Executive Officer (MD & CEO), Mr. Ashutosh Khajuria, Executive Director and Mr. K Balakrishnan, Independent Director of the Bank are Non-Executive Directors in Fedbank Financial Services Limited. Mr K. Balakrishnan holds the position of Chairman in Fedbank Financial Services Limited.
- Mr. C Balagopal, Independent Director and Ms. Shalini Warriar, Executive Director of the Bank are Non-Executive Directors in Federal Operations and Services Ltd . Mr. C Balagopal holds the position of Chairman in FedServ.
- Mr. Shyam Srinivasan, MD & CEO and Ms. Shalini Warriar, ED of the Bank, are Non-Executive Directors in Ageas Federal Life Insurance Company Limited.

The Bank monitors performance of its subsidiary Companies, inter-alia, by the following means:

- The Audit Committee reviews financial statements of the subsidiary Companies, along with investments made by them.

- The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary Companies.

The Bank does not have a listed subsidiary.

GENERAL BODY MEETINGS

A. Details of the last three general body meetings, Special Resolutions taken up in those meetings and passed with requisite majority are mentioned hereunder:

Name of Meeting - 87th Annual General Meeting

Day, Date and Time of Meeting - Friday, 10 August 2018 at 10.00 AM

Venue - Mahatma Gandhi Municipal Town Hall, Aluva

Special Resolution

Approval for raising of funds through Issuance of Bonds for FY 2018-19.

Approval for increase of the Borrowing power of the Bank by ₹ 12000 Crore over and above the Paid up Capital , free reserves including securities premium of the Bank pursuant to section 180 (1) (c) of the Companies Act, 2013.

Name of Meeting - 88th Annual General Meeting

Day, Date and Time of Meeting - Thursday, July 25, 2019 at 10.00 AM

Venue - Mahatma Gandhi Municipal Town Hall, Aluva

Special Resolution

To re-appoint Mr. C. Balagopal (DIN: 00430938) as an Independent Director for the second term.

Approval for Raising of Funds through Issuance of Bonds for FY 2019-20.

Name of Meeting - 89th Annual General Meeting

Day, Date and Time of Meeting - Thursday, July 16, 2020 at 11.00 AM

Venue - Through Video Conferencing/Other Audio Visual Means("OAVM")

Special Resolution

Approval for Raising of Funds through Issuance of Bonds for FY 2020-21

Raising of Tier I Capital of the Bank through Issuance of Securities

Alteration of Object Clauses of Memorandum of Association

During the year, all recommendations of the Board of Directors were accepted by the Shareholders of the Bank in respect of special businesses mentioned in the 89th Annual General Meeting notice.





Corporate Governance Report (Contd...)

B. Postal Ballot

During the year under review, no resolution was passed through postal ballot. Currently, no resolution is proposed to be passed through postal ballot. However, if required, the same shall be passed in compliance of provisions of Companies Act, 2013, Listing Regulations or any other applicable laws.

ETHICAL STANDARDS EMPLOYED BY THE BANK

All the employees of the Bank are required to comply with Bank's service manuals which, inter alia, provides for various ethical practices to be adhered to by them. It also includes Code of Ethics and Business Conduct, which provides the guidelines on standards of business conduct and it applies to all employees of the Bank. The Code explains the conduct and ethical behaviour to be exhibited by each employee towards customers, colleagues and other stakeholders to uphold the collective interest of the Bank. This includes Bank's obligation to comply with all general laws, local rules and regulations relevant to our activity and its commitment to enhance shareholders' value.

POLICIES, AFFIRMATIONS AND DISCLOSURES

A. Code of Corporate Governance and Code of Conduct

The Board of Directors of the Bank has adopted the Code of Corporate Governance and Code of Conduct for the Directors of the Bank and for Management, and the code is reviewed on an annual basis. All the Board members and the senior management of the Bank have affirmed compliance to the Bank's Code of Corporate Governance and Code of Conduct. Bank's Code of Corporate Governance and Code of Conduct for Directors and Management are available on the website of the Bank www.federalbank.co.in. All Board Members and Senior Management Personnel affirm compliance with the Code of Conduct annually. A declaration signed by the Chief Executive Officer (CEO) to this effect is placed at the end of this report.

B. Related Party Transactions

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Bank and were on arm's length basis. There were no materially significant related party transactions entered by the Bank with Related parties which may have a potential conflict with the interest of the Bank. All Related Party Transactions were placed before the Audit Committee of the Board for approval. Prior omnibus approval for transactions which are of repetitive nature is obtained from the Audit Committee and accordingly the required disclosures are

made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is <https://www.federalbank.co.in/our-commitments>.

Since all related party transactions entered into by the Bank were in the ordinary course of business and were on an arm's length basis, disclosures as per Form AOC-2 is not applicable to the Bank. There were also no material contracts or arrangement or transactions with related parties during the period.

C. Details of non-compliance by the Bank

The Bank has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Bank by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

D. Disclosure on compliance with Corporate Governance Requirements specified in Listing Regulations

The Bank has complied with the requirements of Part C (Corporate Governance Report) of Sub-Paras (2) to (10) of Schedule V of the Listing Regulations.

The Bank has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations and necessary disclosures thereof have been made in this Corporate Governance report.

E. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Foreign Exchange Risk arising out of Forex positions of the Bank is monitored by the Market Risk Division of Integrated Risk Management Department. Various risk limits such as Daylight Limit, NOOP, AGL and Forex VAR are defined in the Market Risk Management Policy of the Bank and are closely monitored by the Market Risk Division. The policy of the Bank on Investment, Forex and Derivative operations lays out the operative guidelines for Foreign Exchange operations. The Foreign Currency Assets and Liability gap is ascertained by Treasury Department and is managed using hedging tools such as swaps, wherever found necessary. Bank is not involved in Commodity Price Risk hedging activities.

Corporate Governance Report (Contd...)

F. Federal Bank Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and code of Practices and Procedures for Fair Disclosure

The Bank has in place a Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The same have been revised during the year in accordance with amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Management, staff and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of Bank, and while handling any Unpublished Price Sensitive Information, cautioning them of the consequences of violations.

Mr. Samir P Rajdev, Company Secretary of the Bank has been designated as Compliance Officer.

Senior Management of the Bank has affirmed compliance with the Code of Conduct.

G. Whistle Blower Policy/Vigil Mechanism

The Bank has a robust mechanism for fraud risk management and the meticulously drafted Fraud Risk Management Policy elucidates the numerous mitigation measures and the surveillance mechanism that complements prevention, detection, investigation and monitoring of both, internal and external frauds. Vigilance Department plays a dynamic role in all the activities related to fraud and it also shoulders the responsibility in sensitizing public as well as employees at all levels, on trending modus operandi of frauds, as part of the pre-emptive strategy. With a view to create an atmosphere of vigil and alertness, Vigilance Department issues Vigilance Communications (Alerts) to all employees on regular basis that disseminates various modus operandi of frauds in the banking industry and also suggesting safeguards and precautions to be adopted to prevent such frauds. Preventive Vigilance Workshops are conducted every year to sensitise and equip the field level staff to prevent frauds and at selected branches preventive Vigilance Audits are also conducted. Further, Fraud Prevention Committee at the branches conduct meetings periodically with a view to spread awareness among the employees on potential fraudulent activities and to keep them alert. Customer awareness on fraudulent activities is another area that is well covered by the Bank through various effective communication channels including SMS, E-Mails, posters at Branches, ribbon

messages on Bank website, internet banking webpage, etc. All cases of frauds reported in the Bank are investigated in detail as part of detective vigilance activity. Lacunae, if any observed during the course of investigation are plugged and cases where process refinements are warranted, are presented before relevant forums for corrective measures/ necessary directions.

Bank has a robust Whistle Blower Policy termed as Protected Disclosure Scheme (PDS) with a view to enhancing public confidence in the Bank and also in compliance of RBI directions in this regard. The policy aims at establishing an efficient vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. It is disseminated among the employees assuring confidentiality and protection to the whistle blower against any personal vindictive actions such as humiliation, harassment or any other form of unfair treatment. Directors and Employees of the Bank, employee representative bodies, customers, stakeholders, non-governmental organizations (NGO) and members of the public can lodge complaints / disclosures under this scheme. A dedicated e-mail ID is provided for sending complains/ disclosures under PDS. Vigilance Department conducts investigation of all complaints / information received through the PDS and submits report to MD & CEO. The details of the complaints and findings are also placed before the Audit Committee of the Board on a quarterly basis. The scheme is popularised through various measures such as preventive vigilance classes, internal circulars, alerts etc. No personnel have been denied access for giving any information as envisaged in the Protected Disclosure scheme. The PDS Document is made available in Bank's website and Intranet. Website link to Bank's Whistle Blower Policy is <https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy/558aea51-1335-4546-9c9a-28c5030377a1>

H. Dividend Distribution Policy

In accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has formulated a Dividend Distribution Policy. The policy has been displayed on the Bank's website at www.federalbank.co.in and also available in the Director's Report which forms part of the Annual Report.

I. CEO/CFO Certification

In terms of Regulation 17(8) read with Part B of Schedule II to the Listing Regulations, the CEO and CFO have issued a





Corporate Governance Report (Contd...)

certificate to the Board of Directors of the Bank with regard to the financial statements and other matters specified in the said regulation and the same is placed at the end of this report.

J. Utilization of funds raised through Preferential Allotment or Qualified Institutions Placement

During the year under review, no funds were raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

K. Certificate from Company Secretary in Practice regarding disqualification of Directors

In terms of Clause 10(i) of Para C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Auditors of the Bank, M/s. SEP & Associates, Practicing Company Secretaries have issued a certificate that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is placed at the end of this report.

L. Recommendations of Committee(s) of the Board of Directors

During the year, all recommendations of Committee(s) of the Board of Directors, which are mandatorily required, were accepted by the Board.

M. Internal Controls

The Bank has through the years developed and stabilized an effective internal control system calibrated to the risk appetite of the Bank and aligned to the scale, size and complexity of its operations. The scope and authority of the internal audit function is defined in the Audit and Inspection Policy of the Bank, duly approved by the Board of Directors. In order to help Bank achieve its mission of adopting the best professional practices prevailing in the industry, while framing the policy, substantial inputs are taken from - RBI guidance note on Risk Based Internal Audit, 'The internal audit function in banks' published by Basel Committee on Banking Supervision and Model Audit Manual on Internal & Concurrent Audit Systems in Public Sector Banks. Audit and Inspection Policy is reviewed annually. Policy is reviewed considering various guidelines of RBI, Basel Committee recommendations, ICAI guidelines, other statutory / regulatory guidelines, directions of Board / Audit Committee of the Board issued from time to time and periodic internal guidelines / instructions issued by the Bank. At the enterprise level, the Inspection and Audit Department, on a

continuous basis, assesses and monitors the effectiveness of the control systems and its adequacy to meet the growing complexities. The audit function essentially validates the compliance of Bank's processes and operations with regulatory guidelines, accounting procedures and Bank's own internal rules and guidelines. A department level group meets on periodical intervals to discuss latest internal / RBI / regulatory guidelines for ensuring that the required changes are implemented for making the audit function updated and dynamic.

The Bank has a robust system towards escalating the audit findings to appropriate levels in the hierarchy of Management and discussions in various Committees towards suggesting corrective action and its follow up. The Bank in compliance of the requirements of Section 138 of the Companies Act, 2013, has designated the Head of Inspection and Audit Department as Internal Auditor who directly reports to the Managing Director & CEO of the Bank. The Bank has various types of audit which inter-alia include Risk Based Internal Audit, Information System Audit, Concurrent Audit, Gold Loan Audit and Management Audit. Branches are risk rated and the frequency of Risk Based Internal Audit is decided based on Risk – Audit Matrix defined in Audit and Inspection Policy. Significant Audit findings and observations are presented to Inspection Review Committee of Executives and a report on the meetings of Inspection Review Committee of Executives along with significant audit findings, directions / suggestions of the Committee and action taken in such cases are placed to the Audit Committee of the Board for review periodically. Other findings are placed before a department level committee called the 'Inspection Department Review Committee' for review and its observations are placed before Inspection Review Committee of Executives.

As per the requirement of Companies Act, 2013, Bank has formulated Internal Financial Controls framework. Risk and Controls associated with each process in the Bank are documented under the Internal Financial Controls Framework. Inspection and Audit Department plays a significant role in testing the control effectiveness for each process under the framework.

The Internal Audit function provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the bank's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management protect the bank and its reputation.

Corporate Governance Report (Contd...)

N. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Kindly refer to relevant disclosures in the Directors' Report which forms part of the Annual Report 2020-21.

O. Fees paid to Statutory Auditors

The total fees incurred by the Bank and its subsidiaries on a consolidated basis, for services rendered by Joint Statutory Central Auditors (M/s. Varma & Varma and M/s Borkar & Muzumdar) and its affiliates entities, is given below:

(₹ in crore)	
Particulars	FY 2020-21
Audit Fee*	3.94
Reimbursement of Expenses	0.02

*includes Certification, Branch Audit fee and other matters

P. Credit Ratings and Change/ Revisions in Credit Ratings for Debt Instruments

Details of Credit Ratings obtained by your Bank during the financial year are as follows;

- CRISIL A1 + for the Certificate of Deposit Programme of the Bank
- CRISIL A1+ for the Short Term Fixed Deposits of the Bank
- CARE AA (Stable) [Double A, Outlook: Stable] for the Tier II bonds (Under Basel III)
- IND AA/Stable by India Rating and Research for the Tier II bonds (Under Basel III)

Q. DEBENTURE TRUSTEES

The SEBI Listing Regulations require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The following are the debenture trustees for the privately placed bonds of the Bank:

Beacon Trusteeship Ltd
 Regd & Corporate Office :
 4C & D Siddhivinayak Chambers,
 Gandhi Nagar,
 Opp MIG Cricket Club,
 Bandra East (E), Mumbai - 400051

R. Outstanding GDRS/ADRS/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Bank has 2,92,32,891 GDRs (equivalent to equity shares) outstanding, which constituted 1.46% of the Bank's total capital as at March 31, 2021.

S. Compliance with Mandatory Requirements

The Bank has complied with all applicable mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (Listing Regulations) during the financial year 2020-21. Quarterly compliance report on Corporate Governance, in the prescribed format, duly signed by the compliance officer is submitted regularly with the Stock Exchanges where the shares of the Bank are listed. The required disclosures under Listing Regulations are detailed under various portions of Directors Report and Corporate Governance Report and compliance has been ensured.

ADOPTION OF DISCRETIONARY REQUIREMENTS

A. Modified opinion(s) in Audit Report

The auditors have expressed an unmodified opinion on the financial statements of the Bank.

B. Separate posts of Chairperson and Chief Executive Officer

The Bank has also complied with the adoption of non-mandatory requirement on separate posts of Chairman and Chief Executive Officer. Ms. Grace Koshie, Non-Executive Non-Independent Director is the Chairperson and Mr. Shyam Srinivasan is the Managing Director & CEO of the Bank as on March 31, 2021.

C. Reporting of Internal Auditor

The Internal Auditors of the Bank report directly to the Managing Director & CEO of the Bank.

D. Shareholders Rights

Quarterly Financial Results are uploaded on the Bank's website www.federalbank.co.in.

MEANS OF COMMUNICATION

A. Financial Results

The quarterly, unaudited and annual audited Standalone & Consolidated financial results were published in nationally circulated newspaper in English, in Financial Express/ Mint and in the regionally circulated Malayalam daily Deepika. The results were also displayed on the Bank's website, www.federalbank.co.in.





Corporate Governance Report (Contd...)

B. Annual Report

In compliance with the Circular dated May 5, 2020 issued by MCA read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") and SEBI Circular dated May 12, 2020, soft copy of the Annual Report for FY 2019-20, containing inter-alia, details of the audited Financial Statements, Director's Report (including Management Discussion and Analysis and Corporate Governance Report) was sent to all shareholders who had registered their email ids for the purpose of receiving documents/ communication from the Bank in electronic mode and is also available at the Bank's website, www.federalbank.co.in.

C. News Releases/ Presentations

Official press releases, presentations made to the media, analysts, institutional Investors, etc. are displayed on the Bank's website, www.federalbank.co.in.

D. Website

The Bank's website www.federalbank.co.in contains a separate section 'Investor Relations' for use of investors. The quarterly, half yearly and annual financial results, official news releases and presentations made to institutional Investors and to analysts are promptly and prominently displayed on the website. Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other Corporate Communications made to the Stock Exchanges are also available on the website. Annual Report of subsidiary Companies is also posted on the website.

The 'Investor Relations' section provides the details of unclaimed dividends warrants for dividends declared upto the financial year ended 31.03.2019, to help shareholders to claim the same. The Bank had not declared any dividend during the financial year ended 31.03.2021 in compliance with the directions from RBI in this regard. In addition various downloadable forms required to be executed by the shareholders have also been provided on the website.

Share price page are also provided in 'Investor Relations' section. Share price page includes, inter alia, real time updates on stock price, stock movement, historical share price data etc.

E. Communication to Shareholders on e-mail

Documents like Notices, Annual Report etc. are sent to the shareholders at their email address, as registered with their Depository Participants/ Company/ Registrar and Transfer Agents (RTA). This helps in prompt delivery of document,

reduce paper consumption and avoid loss of documents in transit. Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/ updated either with their depositories or by writing to the Bank/ RTA.

F. Reminders to Shareholders

Reminders for claiming unclaimed shares lying with the Bank which are liable to be transferred to the Investor Education and Protection Fund Authority are sent to the Shareholders as per Bank records.

G. NEAPS (NSE Electronic Application Processing System) and BSE Listing Centre

NSE and BSE have developed web based applications for Corporates. All compliances like financial results, Shareholding Pattern and Corporate Governance Report, etc. are filed electronically on NEAPS/ BSE Listing centre.

H. SCORES (SEBI Complaints Redressal System)

SEBI processes investor complaints in a centralized web based complaints redressal system i.e., SCORES. Through this system a shareholder can lodge complaint against a Company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SCORES.

GENERAL INFORMATION FOR SHAREHOLDERS

A. Company Registration Details

The Company is registered in Kerala, India. The Corporate Identification Number (CIN) allotted by the Ministry of Corporate Affairs (MCA) is L65191KL1931PLC000368.

B. Annual General Meeting

Date: July 09, 2021; Time: 11.00 AM;

Venue: Through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM')

C. Financial Calendar

Financial Year: April 1, 2020 to March 31, 2021

For the financial year ended March 31, 2021, results were announced on:

- First Quarter: July 15, 2020
- Second Quarter: October 16, 2020
- Third Quarter: January 20, 2021
- Fourth Quarter & Annual: May 17, 2021

Corporate Governance Report (Contd...)

D. Book Closure

The dates of Book Closure are from July 03, 2021 to July 09, 2021 (both days inclusive).

E. Dividend Payment Date

The dividend declared will be paid on or after July 13, 2021

F. Dates for Transfer of Unclaimed Dividend to Investors Education and Protection Fund (IEPF)

Pursuant to Section 124 of the Companies Act, 2013, final dividend for the financial year 2012- 13 amounting to ₹ 9,544,383/- which remained unpaid /unclaimed for a period of seven years from the date it was lying in the unpaid dividend account, has been transferred by the Bank to the Investors Education and Protection Fund (IEPF) of the Central Government on September 09, 2020.

The dividend for following years (see table below), which remains unclaimed for seven years from the date it is lying in the unpaid dividend account of the Bank, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified below are requested to immediately send their request for issue of duplicate warrants/ for credit to their bank account with requisite documents. The details of dividends specified below are available on the website of the Bank, www.federalbank.co.in. Once unclaimed dividends are transferred to IEPF, no claim shall lie in respect thereof with the Bank. However, shareholders may claim their unclaimed amount as per the procedures/guidelines issued by the Ministry of Corporate Affairs (MCA). For details, Investors can visit the website of IEPF Authority viz., www.iepf.gov.in.

Financial Year	Type of Dividend	Dividend rate%	Date of Declaration	Due date for transfer to IEPF
2013-14	Final	100	14.07.2014	13.08.2021
2014-15	Final	110	29.06.2015	29.07.2022
2015-16	Final	35	11.08.2016	10.09.2023
2016-17	Final	45	14.07.2017	16.08.2024
2017-18	Final	50	10.08.2018	12.09.2025
2018-19	Final	70	25.07.2019	30.08.2026

G. Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid/ unclaimed dividend on shares for a consecutive period of seven years

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund

Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholder from IEPFA by following the procedure prescribed under the aforesaid rules. Therefore, it is in the interest of shareholders to regularly claim the dividends declared by the Bank.

Consequent to the above, during the financial year 2020-21, 2,71,586 equity shares of the Bank were transferred to the IEPFA. Relevant details of such shares are available on the website of the Bank, www.federalbank.co.in.

H. Listing

At present, the equity shares of the Bank are listed at:

- **BSE Ltd (BSE)**
Address: Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001
- **National Stock Exchange of India Limited (NSE)**
Address: Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E)

The GDRs issued by the Bank in 2006 have been listed on the London Stock Exchange, 10 Paternoster Sq., London EC4M 7LS, United Kingdom.

The Bank's shares were also listed in Cochin Stock Exchange, but as per exit order granted by SEBI to Cochin Stock Exchange Limited vide, order dated December 23, 2014, the Banks shares are no more listed/traded in Cochin Stock Exchange.

I. Bank's Stock Exchange Code

BSE Scrip Code : 500469 (Scrip ID: FEDBANK)

NSE Symbol : FEDERALBNK

LSE Scrip Code : FEDS

Demat ISIN Code : INE171A01029

The annual listing fees up to the financial year 2021-22 to BSE and NSE has been paid.





Corporate Governance Report (Contd...)

The Bank will pay the custodial fees to the NSDL and CDSL as per the SEBI Circular CIR/MRD/DP/05 2011 dated April 27, 2011 for the year 2021-22 upon receipt of invoices from depositories.

J. Equity Evolution during the year

As at March 31, 2021, the paid-up share capital of the Bank was ₹ 3,99,49,91,086/- consisting of 1,99,61,52,748 equity shares of ₹ 2/- each. Details of equity evolution of the Bank during the year under review is as under

Allotment of Equity Shares pursuant to exercise of ESOS (Face Value per Share is ₹ 2/-)	
27.04.2020	439705
27.05.2020	255445
30.06.2020	384780
12.08.2020	119030
25.09.2020	811425
23.10.2020	187186
20.11.2020	863410
22.12.2020	129680
05.01.2021	42230
25.01.2021	17180
08.02.2021	53965
26.02.2021	92670
10.03.2021	47140
30.03.2021	43700

K. Stock Market Data

a. Market price data- high, low during each month in the Financial Year 2020-21

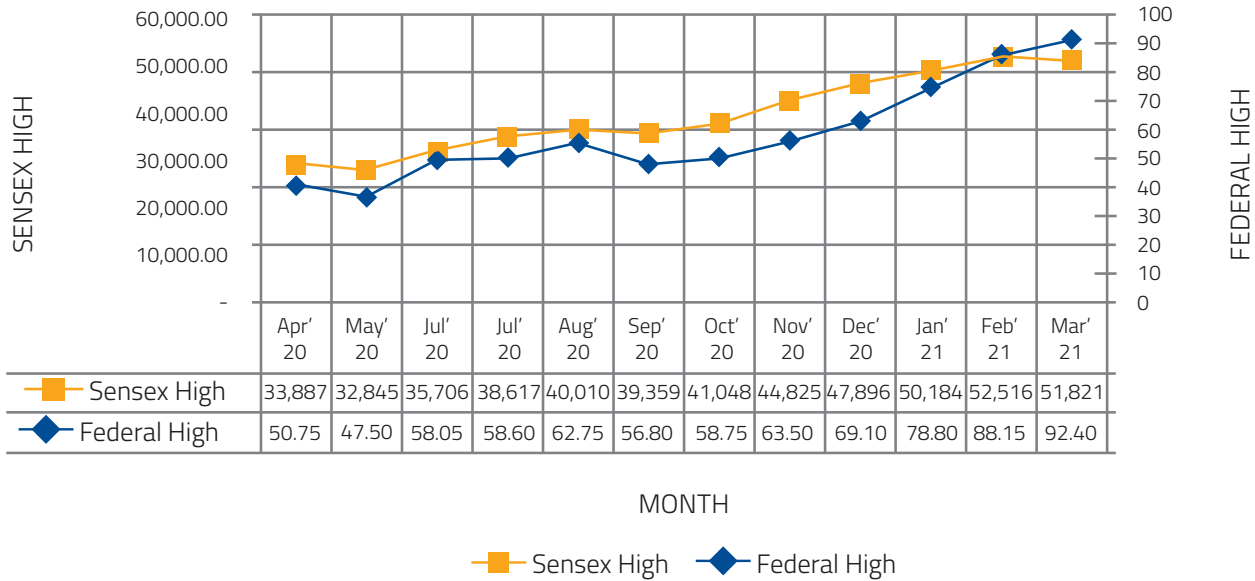
Monthly high and low quotations for each month during the Financial Year 2020-21 at the National Stock Exchange of India Limited and the BSE Ltd., are as follows:

Month	NSE		Month	BSE	
	High	Low		High	Low
Apr 20	50.75	39.35	Apr 20	50.75	39.35
May 20	46.40	36.80	May 20	47.50	36.85
Jun 20	58.10	44.05	Jun 20	58.05	44.40
Jul 20	58.60	49.20	Jul 20	58.60	49.35
Aug 20	62.75	51.65	Aug 20	62.75	51.70
Sep 20	56.80	45.35	Sep 20	56.80	45.40
Oct 20	58.80	49.05	Oct 20	58.75	49.10
Nov 20	63.50	50.05	Nov 20	63.50	50.05
Dec 20	69.10	57.65	Dec 20	69.10	57.55
Jan 21	78.85	66.80	Jan 21	78.80	66.85
Feb 21	88.20	71.75	Feb 21	88.15	71.75
Mar 21	92.50	72.60	Mar 21	92.40	72.65

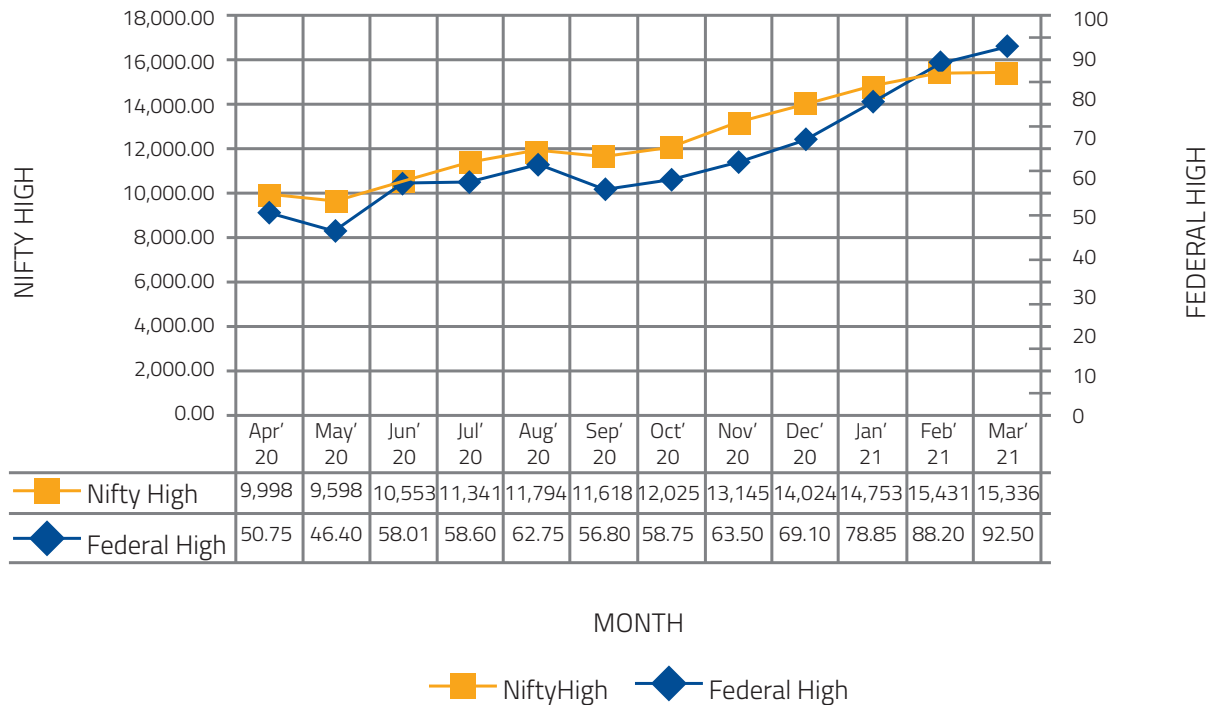
Corporate Governance Report (Contd...)

b. Performance in comparison to broad based indices such as BSE – Sensex and NSE – Nifty 50.

SENSEX HIGH Vs. FEDERAL HIGH



NIFTY HIGH Vs. FEDERAL HIGH





Corporate Governance Report (Contd...)

L. Distribution of Shareholding

Details of distribution of shareholding of the equity shares of the Bank by size and by ownership class on March 31, 2021 along with Shareholders holding more than 1% of shares of the Bank is given below:

Shareholding pattern by size as on March 31, 2021				
Value	Total number of share holders	% of Shareholders	Total Value	% of shares
1	2	3	4	5
Up to 5000	513639	94.51	268772848	6.73
5001 - 10000	14801	2.72	107807148	2.70
10001 - 20000	8518	1.57	122764170	3.08
20001 - 30000	2641	0.49	65074004	1.63
30001 - 40000	1039	0.19	37164356	0.93
40001 - 50000	624	0.11	28444406	0.71
500001 - 100000	1220	0.22	86200948	2.16
ABOVE 100001	1024	0.19	3276077616	82.06
TOTAL	543506	100.00	3992305496	100.00

Shareholding pattern by ownership as on March 31, 2021

Share holder Category	No of Shares	%
Mutual Funds	594519349	29.78
Financial Institutions/Bank/Insurance Companies	232300795	11.64
Foreign Portfolio Investor & Foreign Institutional Investor	482255123	24.16
Bodies Corporate	28537902	1.43
Individual(including NRIs)	587782600	29.45
NBFCs Registered with RBI	158500	0.01
Central Govt/ State Govt/ President of India	510	0.00
Any Other(Trust, Alternate Investment funds, Overseas Corporate Bodies, Foreign Bank, Foreign Body Corporate , LLP, Clearing Member)	41364988	2.07
No. of shares underlying Depository Receipts	29232891	1.46
Total no. of shares held	1996152748	100%

Shareholders holding more than 1% as on March 31, 2021

Sr. No.	Name	Shares held	%
1	Franklin Templeton Mutual Fund	98509098	4.93
2	ICICI Prudential Mutual Fund	95264974	4.77
3	Yusuffali Musaliam Veettil Abdul Kader	77600640	3.89
4	Life Insurance Corporation Of India	77171928	3.87
5	HDFC Life Insurance Company Limited	61484437	3.08
6	HDFC Mutual Fund	51214156	2.57
7	Nippon Life India Mutual Fund	49209972	2.47
8	Rakesh Jhunjunwala	47221060	2.37
9	DSP Mutual Fund	46411753	2.33
10	Kotak Mahindra Mutual Fund	39970360	2.00
11	SBI Mutual Fund	39511062	1.98
12	Sundaram Mutual Fund	34885116	1.75
13	Bank Muscat India Fund	33351210	1.67
14	TATA AIA Life Insurance Co	32395868	1.62
15	Government Pension Fund	31672441	1.59
16	Kotak Mutual Fund	28683783	1.44
17	MIRAE Asset Mutual Fund	25407800	1.27
18	UTI Mutual Fund	23243873	1.16
19	Vanguard Mutual Fund	21013696	1.05

Corporate Governance Report (Contd...)

M. Dematerialisation of the Bank's Shares

The Paid up Equity Shares of the Bank as on March 31, 2021 is 1,996,152,748 shares. Out of this 1,995,090,373 shares are listed. Of the total paid up equity shares of the Bank, 1,703,345,205 shares (85.27%) are held in dematerialized form in NSDL, 272,754,864(13.65%) in CDSL and 20,052,679 (1.00%) are in physical form. Under agreements with National Securities Depository India Ltd (NSDL) and Central Depository Services Ltd (CDSL), the Bank's shares can be and are traded in electronic form. The equity shares of the Bank are frequently traded at BSE Ltd and National Stock Exchange of India Ltd.

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail the benefits of dealing in shares in demat form. For convenience of shareholders, the process of getting the shares dematerialized is given hereunder:

- a. Demat account should be opened with a Depository Participant (DP).
- b. Shareholders should submit the Dematerialization Request Form (DRF) along with share certificates in original, to their DP.
- c. DP will process the DRF and will generate a Dematerialization Request Number (DRN).
- d. DP will submit the DRF and original share certificates to the Registrar and Transfer Agents (RTA), which is Integrated Registry Management Services Private Limited.
- e. RTA will process the DRF and confirm or reject the request to DP/ depositories.
- f. Upon confirmation of request, the shareholder will get credit of the equivalent number of shares in his demat account maintained with the DP.

N. Registrars and Share Transfer Agent

SEBI vide Regulation 7 of the Listing Regulations has mandated that where the total number of security holders of the Company exceeds one lakh, the Company shall register with SEBI as a Category II Share Transfer Agent for all work related to share registry or appoint a Registrar to an Issue and Share Transfer Agent registered with SEBI. Bank had appointed Integrated Registry Management Services Private Limited as its RTA for both segments, physical and electronic, much before this was mandated by SEBI.

As required under Regulation 7(3) of the Listing Regulations, the Bank files, on half yearly basis, certificate issued by RTA and compliance officer of the company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by RTA registered with SEBI i.e., Integrated Registry Management Services Private Limited.

Details of the RTA is given below-

Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers, No.1, Ramakrishna Street,
Off: North Usman Road, T. Nagar, Chennai-600017
Phone No: 044-28140801-03
Fax: 044-28142479, Email: csdstd@integratedindia.in

O. Share Transfer System

Integrated Registry Management Services Private Limited, the Registrar and Transfer Agents looks after the share transfer. The Bank's equity shares which are in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the RTA and approved by the Investor Grievance, Share Transfer and Stakeholders' Relationship Committee of the Bank. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository.

All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Bank obtains, from a company secretary in practice, half yearly certificate of compliance with the share transfer/ transmission or transposition of securities formalities as required under Regulation 40(9) of the Listing Regulations, and the Bank files a copy of the same with the Stock Exchanges.

An independent firm of practicing Company Secretaries carries out the Reconciliation of Share Capital Audit as mandated by SEBI, and reports on the reconciliation of total issued and listed Capital with that of total share capital admitted / held in dematerialized form with NSDL and CDSL and those held in physical form. This audit is carried out on quarterly basis and the report thereof is submitted to the Stock Exchanges, where the Banks's shares are listed.





Corporate Governance Report (Contd...)

P. Compliance with Secretarial Standards

Your Bank is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for FY 2020-21.

Q. Company's Registered Office Address

The Federal Bank Ltd, PB No. 103, Federal Towers, Head Office, Aluva – 683 101, Kerala State, India

The Bank has a network of 1272 Branches across India as on March 31, 2021.

Address for correspondence:

Contact information of Bank's designated official for assisting and handling of investor grievance	Company Secretary and Compliance officer Secretarial Department The Federal Bank Limited Corporate Office Federal Towers, Alwaye - 683 101 Ph.: 0484-2634061 / 0484-2622263 Email: secretarial@federalbank.co.in
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Registrars and Transfer Agents	Integrated Registry Management Services Private Limited 2nd Floor, Kences Towers, No.1,Ramakrishna Street, Off: North Usman Road, T.Nagar, Chennai- 600 017. Ph.No: 044-28140801-03; Fax: 044-28142479 Email : csdstd@integratedindia.in
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Certification by Managing Director & Chief Executive Officer of The Bank Declaration on Code of Conduct

In compliance with the requirements of the Regulation 26(3) of Listing Regulations, 2015 this is to confirm that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 2020-21.

Place : Aluva
Date : June 16, 2021

Shyam Srinivasan
Managing Director & CEO
The Federal Bank Ltd

CEO/ CFO CERTIFICATE

We, Shyam Srinivasan, Managing Director & CEO and Ashutosh Khajuria, Executive Director & Chief Financial Officer of The Federal Bank Limited, hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violate of the Bank's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
 1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

Ashutosh Khajuria
Executive Director & CFO

Shyam Srinivasan
Managing Director & CEO

Place: Kochi
Date: May 17, 2021

Corporate Governance Report (Contd...)

ANNEXURE-1

DETAILS OF OTHER DIRECTORSHIPS HELD

Name of the Director	Status	Directorship*	Category	Committee Membership	Committee Chairmanship
Ms. Grace Koshie	NED	Listed Companies			
		Firstsource Solutions Ltd	ID	Nil	Audit Committee
		RPSG Ventures Ltd	ID	Audit Committee	Nil
Mr. C Balagopal	ID	Unlisted Public Company			
		Federal Operations and Services Limited	NED	Nil	Nil
Mr. A P Hota	ID	Unlisted Public Companies			
		IDBI Intech Ltd	ID	Audit Committee	Nil
		Motilal Oswal Asset Management Company	ID	Audit Committee	
		NSDL e-Gov Infrastructure Limited	ID	Audit Committee	
Mr. K Balakrishnan	ID	Unlisted Public Company	ID	Audit Committee	
		Fedbank Financial Services Ltd			
Mr. Siddhartha Sengupta	ID	Unlisted Public Companies			
		Standard Chartered Investments and Loans (India) Limited	ID	Audit Committee	Nil
		Centrum Financial Services Limited	ID	Audit Committee	Nil
		IIFL Trustee Limited	ID	Nil	Audit Committee
Mr. Manoj Fadnis	ID	Listed Companies			
		Kriti Nutrients Limited	ID	Stakeholders Relationship Committee	Audit Committee
		Kriti Industries (India) Limited	ID	Nil	Audit Committee
		Unlisted Public Companies			
		Yes Securities (India) Limited	ID	Nil	Audit Committee
		Yes Asset Management (India) Limited	ID	Nil	Audit Committee
Mr. Sudarshan Sen	ID	Listed Company	ID	Audit Committee	Nil
		PNB Housing Finance Limited			
Ms. Varsha Purandare	ID	Listed Companies			
		Shaily Engineering Plastics Limited	ID	Audit Committee	Stakeholders Relationship Committee
		Deepak Fertilizers and Petrochemicals Corporation Limited	Additional Director	Nil	Nil
		Orient Cement Limited	ID	Audit Committee	Stakeholders Relationship Committee
		Tata Capital Limited (Only Debt Securities are listed)	ID	Audit Committee	Nil
		Tata Capital Financial Services Limited (Only Debt Securities are listed)	ID	Audit Committee	Nil
		Unlisted Public Companies			
		Tata Cleantech Capital Limited	ID	Audit Committee	Nil
		Legal Entity Identifier India Limited	Director	Nil	Nil
Mr. Shyam Srinivasan	ED	Unlisted Public Companies			
		Ageas Federal Life Insurance Company Ltd	NED	Nil	Nil
		Fedbank Financial Services Limited	NED	Nil	Nil
Mr. Ashutosh Khajuria	ED	Unlisted Public Company			
		Fedbank Financial Services Limited	Nominee Director	Audit Committee	Nil
Ms. Shalini Warriar	ED	Unlisted Public Company			
		Federal Operations and Services Limited	NED	Nil	Nil
		Ageas Federal Life Insurance Co.Ltd	NED	Audit Committee	Nil

*Directorship in unlisted Public and Listed Companies as on March 31, 2021 is only considered.

*Committee Membership in Audit and Stakeholder Relationship Committee are only considered





INDEPENDENT AUDITOR CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members,

The Federal Bank Limited

1. We have examined the compliance of conditions of Corporate Governance by The Federal Bank Limited ('the Bank'), for the financial year ended on March 31, 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as the "Listing Regulations") as amended from time to time.

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Our Responsibility

3. Pursuant to the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Bank has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2021.
4. We have examined the compliance of conditions of Corporate Governance by the Bank for the period April 1, 2020 to March 31, 2021 as per the Listing Regulations. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of the Corporate Governance for the period April 01, 2020 to March 31, 2021. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the financial year ended March 31, 2021.
6. We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

Restriction on use

7. The certificate is addressed and provided to the members of the Bank solely for the purpose to enable the Bank to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

For SEP & Associates

Company Secretaries
(ICSI Unique Code: P2019KE075600)

Sd/-

CS Sivakumar P

Managing Partner
COP: 2210 FCS: 3050

Date: June 16, 2021

Place: Kochi

UDIN: F003050C000471861

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
The Federal Bank Limited
Federal Towers, P B No. 103
Alwaye-683101

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Federal Bank Limited having CIN: L65191KL1931PLC000368 having registered office at Federal Towers, P B No. 103, Alwaye, Kerala -683101 (hereinafter referred to as the "Bank"), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below, for the Financial Year ended on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of the Director	DIN	Initial Date of Appointment in the Company
1	Ms. Grace E Koshie	06765216	22-11-2013
2	Mr. C Balagopal	00430938	29-06-2015
3	Mr. A P Hota	02593219	15-01-2018
4	Mr. K Balakrishnan	00034031	25-09-2018
5	Mr. Siddhartha Sengupta	08467648	13-06-2019
6	Mr. Manoj Fadnis	01087055	13-06-2019
7	Mr. Sudarshan Sen	03570051	11-02-2020
8	Ms. Varsha Purandare	05288076	08-09-2020
9	Mr. Shyam Srinivasan	02274773	23-09-2010
10	Mr. Ashutosh Khajuria	05154975	28-01-2016
11	Ms. Shalini Warriar	08257526	15-01-2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on this based on our verification. While forming opinion on issuance of this certificate we have also taken into consideration independent legal opinion wherever there was a scope for multiple interpretations. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For SEP & Associates

Company Secretaries
(ICSI Unique Code: P2019KE075600)

UDIN: F003050C000471859

Sd/-

CS Sivakumar P

Managing Partner
COP: 2210 FCS: 3050

Date: June 16, 2021

Place: Kochi

