

**POLICY FOR DETERMINATION OF MATERIALITY OF
EVENTS/INFORMATION FOR DISCLOSURE TO THE STOCK
EXCHANGES**



THE FEDERAL BANK LIMITED
Federal Towers, Aluva, 683101, Kerala

OBJECTIVE

The Policy is framed in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations). The objective of the Policy is to determine materiality of events or information of the Company and to ensure that such information is adequately disseminated in pursuance with the Regulations and to provide an overall governance framework for such determination of materiality.

EFFECTIVE DATE

Adoption of policy: This policy has been approved by the Board at its meeting held on December 19, 2015 and has been made effective from January 12, 2016.

The Bank's policy on determination of materiality will be based on the following:

The Bank shall make disclosures of events or information which, are material in nature. The following criteria be used for determination of materiality of events/ information:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
- (c) in case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the MD & CEO of the Bank, the event / information is considered material based on application of the guidelines of materiality.

Provided that an event / information may be considered material, which was required to be disclosed to the stock exchanges, if its impact was over 2% of the net profit of the Bank for the last financial year. The MD&CEO, and in his absence any executive director, may consider the disclosure of any event / information to the stock exchanges if the impact of such event / information was over 2% of the net profit of the Bank for the last financial year.

The Bank would disclose the events and occurrences and information as noted in Annexure that would impact price of the Bank's share in the market no sooner than credible and concrete information comes into being in order to make such information generally available.

Annexure

I. Indicative list of events/information/occurrences which are material as per SEBI guidelines and which is being incorporated in the policy as material events

SI No.	Category	Disclosures to be made
A	Board related matters	<ol style="list-style-type: none"> 1. Appointment/ Change in Directors 2. Appointment/Change in Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.) and Compliance Officer 3. Appointment/ Change in Auditor <p>Time Limit for Disclosure: Not later than twenty four hours from the occurrence of the event or information.</p>
B	Financial matters	<ol style="list-style-type: none"> 1. Outcome of Meetings of the Board of Directors to consider <ol style="list-style-type: none"> i. Financial results ii. Dividends and/or cash bonuses recommended or declared and the date on which dividend shall be paid/ dispatched iii. Any cancellation of dividend with reasons thereof <p>Time Limit for Disclosure: Within thirty minutes of the conclusion of the Board meeting</p> 2. a. Schedule of analysts or institutional investors meet and presentations made by the Bank to analysts or institutional investors; <p>Time Limit for Disclosure: Not later than twenty four hours from the occurrence of the event or information.</p> <p>b. Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, shall be submitted to the recognized stock exchange(s), in the following manner:</p> <ol style="list-style-type: none"> i. The presentation and the audio/video recordings, <p>Time Limit for Disclosure: Before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier.</p> ii. The transcripts of such calls <p>Time Limit for Disclosure: within five working days of the conclusion of such calls</p>

<p>C</p>	<p>Securities/ shareholding and shareholders related matters</p>	<p>1. Outcome of Meetings of the Board of Directors to consider:</p> <ul style="list-style-type: none"> i. Short particulars of any alterations of capital, including calls. ii. the decision on buyback of securities iii. the decision with respect to fund raising proposed to be undertaken iv. Reissue of forfeited shares or securities. v. Decision on voluntary delisting by the listed entity from stock exchange(s). <p>Time Limit for Disclosure: Within thirty minutes of the conclusion of the Board meeting.</p> <p>2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.</p> <p>3. Appointment or discontinuation of share transfer agent</p> <p>4. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media</p> <p>5. Proceedings of Annual and extraordinary general meetings of the listed entity.</p> <p>Time Limit for Disclosure: Not later than twenty four hours from the occurrence of the event or information.</p>
<p>D</p>	<p>Risk Related matters</p>	<p>1. Fraud/defaults by Key Managerial Personnel or by the Bank or arrest of Key Managerial Personnel.</p> <p>2. Revision in Ratings excluding Supervisory/ Regulatory Rating by RBI</p> <p>3. Initiation of Forensic audit:</p> <ul style="list-style-type: none"> a. The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available; b. Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any <p>Time Limit for Disclosure: Not later than twenty four hours from the occurrence of the event or information</p>
<p>E</p>	<p>General Business Matters</p>	<p>1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/</p>

		<p>demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the bank or any other restructuring.</p> <p>2. Agreements (viz. shareholder agreement(s), joint venture agreement(s), agreement(s), treaty(ies)/ contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.</p> <p>Time Limit- Upon execution of requisite agreement</p> <p>3. Amendments to Memorandum and Articles of Association of the Bank.</p> <p>4. Listing of subsidiaries through IPO</p> <p>Time Limit for Disclosure: Not later than twenty four hours from the occurrence of the event or information.</p>
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II. List of miscellaneous items which are mentioned in the SEBI Guidelines and which need to be tracked and disclosed based on the criteria specified for materiality. (Time Limit for Disclosure: Not later than twenty four hours from the occurrence of the event or information)

A	Board related matters	Fraud/defaults etc., by directors (other than key managerial personnel) of listed entity.
B	Risk related Matters including natural calamities	<p>1. Litigation(s) / dispute(s) / regulatory action(s) with impact.</p> <p>2. Disruption of operations of any one or more units or division due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.</p>
C	Securities/ shareholding and shareholders related matters	Effect(s) arising out of change in the regulatory framework applicable to the listed entity
D	HR related matters	<p>1. Fraud/defaults etc. by employees of listed entity.</p> <p>2. Options to purchase securities including any ESOP/ESPS Scheme.</p>
E	General Business Matters	<p>1. Commencement or any postponement in the date of commencement of commercial operations of any unit/division.</p> <p>2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division. (Entirety or piecemeal).</p> <p>3. Capacity addition or product launch.</p>

		<ol style="list-style-type: none"> 4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business. 5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof. 6. Giving of guarantees or indemnity or becoming a surety for any third party. 7. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals. 8. Any other information/event viz. major development that is likely to affect business, e.g., Emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
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III. DISCLOSURE OF INFORMATION ON NON-CONVERTIBLE DEBT SECURITIES

Disclosure of Information having bearing on performance/operation and/or Price Sensitive Information: Non-Convertible Debt Securities (Time Limit for Disclosure: Not later than twenty four hours from the occurrence of the event or information)

The Bank shall promptly inform the stock exchange(s) of all information which shall have bearing on performance/operation of the Bank or is price sensitive or shall affect payment of interest or redemption payment of non-convertible securities of the Bank including

A	Board matters	Related	<ol style="list-style-type: none"> 1. any major change in composition of board of directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; 2. the following approvals made by board of directors in their meeting:- <ol style="list-style-type: none"> (a) the decision to pass any interest payment; (b) short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debt security holders, or in any other way; 3. Outcome of meetings of the Board of Directors of the Bank to the Exchange(s), within thirty minutes of the closure of the meeting, held to consider the following: <ol style="list-style-type: none"> (a) the decision with respect to fund raising proposed to be undertaken by way of non-convertible securities;
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		<p>(b) financial results</p> <ol style="list-style-type: none"> 4. Fraud/defaults by key managerial personnel or director of the Bank or by the Bank or arrest of key managerial personnel. 5. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer; 6. In case of resignation of the auditor of the Bank, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible.
B	Risk Related matters	<ol style="list-style-type: none"> 1. Expected default in the timely payment of interest, or redemption payment or both in respect of the non-convertible securities and also default in the creation of security for non-convertible debt securities as soon as the same becomes apparent; 2. Any action that shall affect adversely payment of interest on non-convertible debt securities including default to pay interest on non-convertible debt securities or redemption amount 3. Any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, and commencement of commercial operations; 4. Delay/ default in payment of interest or dividend / principal amount /redemption for a period of more than three months from the due date; 5. Any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for re-scheduling or postponement of the repayment programmes of the dues/debts of the Bank with any investor(s)/lender(s). 6. Any revision in the rating; 7. <i>Failure to create charge on the assets within the stipulated time period;</i>
C	Securities related matters	<ol style="list-style-type: none"> 1. Any attachment or prohibitory orders restraining the listed entity from transferring non-convertible securities from the account of the registered holders along-with the particulars of the numbers of securities so affected , the names of the registered holders and their demat account details; 2. Any action which shall result in the redemption, reduction, cancellation, retirement in whole or in part of any non-convertible securities; 3. Any change in the form or nature of any of its non-convertible securities that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;

		<ol style="list-style-type: none"> 4. Details of any letter or comments made by debenture trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security along with its comments thereon, if any; 5. All information, report, notices, call letters, circulars, proceedings etc., concerning non-convertible securities; 6. Intimation related to any change in the debenture trustee or Credit Rating Agency or Registrar and Share Transfer Agent; 7. Intimation related to any change in covenants or breach of covenants under the terms of non-convertible debentures 8. Intimation related to any change in terms of issue or redemption or exercising of call/ put options 9. Intimation related to forfeiture of unclaimed interest or principal amount; 10. Proceedings of Annual and extraordinary general meetings of the Bank;
D	HR Related matters	<ol style="list-style-type: none"> 1. Any events such as strikes and lock outs which have a bearing on the interest payment/ principal repayment capacity. 2. Fraud/defaults by employees of listed entity
E	Other matters	<ol style="list-style-type: none"> 1. Any other information/change that: <ol style="list-style-type: none"> a. shall affect the rights and obligations of the holders of the non-convertible securities; and b. is not in the public domain but necessary to enable the holders of the nonconvertible securities to comprehend the true position and to avoid the creation of a false market in such listed securities. 2. Intimation of comfort/guarantee or any credit enhancement provided by the listed entity to a third party

AMENDMENT TO THE POLICY

The Board of Directors shall alter, amend or modify the clauses of this Policy from time to time in line with the requirement of the SEBI Guidelines or any other rules, regulations etc., which may be amended and applicable from time to time.

