

## **Annexure I**

### **Comprehensive Compensation Policy for Non Executive Directors/ Independent Directors (other than Part Time Chairman) of The Federal Bank Limited**

#### **Objective of the Policy**

The need to bring in professionalism to the boards of banks cannot be overemphasized. In order to enable Bank to attract and retain professional directors, it is essential that such directors are appropriately compensated. At present, our Bank is giving only sitting fees to non-executive directors/ including Independent Directors and no other remuneration is paid to them. The Part-time Chairman however, is being paid a fixed remuneration with the approval of RBI.

In order to attract and retain professional directors and to comply with RBI regulations the bank has framed a Comprehensive Compensation Policy for Non Executive Directors (other than Part Time Chairman).

The Policy may be called as "Comprehensive Compensation Policy for Non Executive Directors/ Independent Directors (other than Part Time Chairman) of The Federal Bank Limited"

The modes in which compensation may be paid to Non Executive Directors/ Independent Directors (other than Part Time Chairman) are as follows:

#### **Payment of sitting fees and reimbursement of expenses to Non Executive Directors/ Independent Directors**

The Board may fix sitting fees to Non-Executive Directors/ Independent Directors for attending meetings of the Board or Committee thereof from time to time and are eligible for reimbursement of expenses for participation in the Board/ Committee meetings and other meetings.

#### **Compensation in the form of profit related commission**

The Board may, at its discretion, pay compensation in the form of profit related commission to the Non-Executive Directors// Independent Directors (other than the Part-time Chairman), subject to the Bank making profits and also subject to the approval of shareholders in General Meeting as laid down in Companies Act, 2013. Such compensation, however, shall not exceed Rs.1 million per annum for each director.

#### **Stock Options**

The Non-Executive Directors/Independent Directors shall not be eligible for any stock options of the Bank.

#### **Regulatory Approval for Payment of remuneration to Part Time Chairman**

The Bank would be required to obtain prior approval of RBI for granting remuneration to the Part-Time non-executive Chairman under Section 10B(1A)(i) and 35B of the Banking Regulation Act, 1949.

#### **Disclosure**

Banks should disclose the remuneration paid to the Directors on an annual basis, in the Annual Financial Statements.