

Comprehensive Compensation Policy for Non- Executive Directors/ Independent Directors (other than Part Time Non- Executive 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 providing sitting fees to non-executive directors/ Independent Directors and compensation in the form of profit related commission. The Part-Time Chairman is being paid remuneration on a monthly basis along with sitting fees 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 Non- Executive Chairman).

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

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

Payment of sitting fees for Non- Executive Directors/ Independent Directors and meeting of travelling expenses as well as the boarding and lodging expenses of the members of Board/Committee (s) of Board

The Board may fix sitting fees to Non-Executive Directors/Independent Directors for attending meetings of the Board or Committee(s) of Board from time to time.

Over and above, the Bank meets the travelling expenses as well as the boarding and lodging expenses of the Non- Executive Directors/Independent Directors for attending the meetings of Board /Committees of Board.

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.

Remuneration of Non-Executive Directors (NEDs)

In addition to sitting fees and expenses related to attending meetings of the board and its committees as per extant statutory norms/ practices, the Bank may provide for payment of compensation to NEDs in the form of a fixed remuneration commensurate with an individual director's responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals. However, such fixed remuneration for an NED, other than the Chair of the board, shall not exceed ₹20 lakh per annum.

Stock Options

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

Regulatory Approval

The Bank would be required to obtain prior approval of RBI for granting remuneration to the Part-Time non-executive Chairman under Section 108(1AXi) 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.

RACI MATRIX

R - Responsible	Refers to those who do the work to complete the task.
A - Accountable	Designates the person who ultimately answer for the results of an activity, and also who delegates the work to the people who will execute it.
C - Consulted	Refers to those who sought be heard on the related activity, and with whom there is two-way communication.
I - Informed	Designates those who sought to be kept up-to-date on the progress of the activity, and with whom there is just one-way communication.

Comprehensive Compensation Policy for Non-Executive Directors/ Independent Directors (other than Part Time Non-Executive Chairman)	Secretarial Dept	NRC	Board	HR Dept	Compliance Dept	Finance & Accounts Dept
Payment of sitting fees for Non-Executive Directors/ Independent Directors and meeting of travelling expenses as well as the boarding and lodging expenses of the members of Board/Committee (s) of Board	C/I	R/A	R	-	-	I
Compensation in the form of profit related commission	I	R/A	R/A	-	-	I
Regulatory Approval	R/A		I	-	C	-
Disclosure	C		I	-	-	R/A