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COMPLIANCE CERTIFICATE

(Pursuant to Regulation 163(2), Part III of Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 including any amendment/modifications thereof)

To,
The Board of Directors
The Federal Bank Ltd
Federal Towers, P B No 103,
Aluva, Ernakulam,
Kerala-683101, India

Dear Sir/Madam,

Practicing Company Secretary's Certificate on the compliance with the requirements of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the "SEBI ICDR Regulations"), in relation to proposed preferential issue of 7,26,82,048 Equity Shares of Face Value of Rs. 2/- each ("Equity Share") by The Federal Bank Ltd.

1. This certificate is issued in accordance with the terms of our engagement *vide* letter dated 21.07.2023.
2. We have been requested by the Board of Directors of **The Federal Bank Ltd** ("the **Company**") having CIN: L65191KL1931PLC000368 and having its registered office at Federal Towers, P B No 103, Aluva, Ernakulam, Kerala-683101, India to certify that the proposed preferential issue of 7,26,82,048 Equity Shares of face value of Re. 2/- each with an issue price of Rs.131.91 /- per Equity Share aggregating to an amount up to Rs. 9,58,74,88,951.68 (Rupees Nine Hundred Fifty-Eight Crores Seventy-Four Lakhs Eighty-Eight Thousand Nine Hundred Fifty-One Rupees and Paise Sixty-Eight only) ('Proposed Preferential Issue'). The Proposed Preferential Issue was approved at the meeting of Board of Directors of the Company held on 21.07.2023 subject to shareholder's approval, are in compliance with the requirements of "Chapter V – Preferential Issue" of the SEBI (ICDR) Regulations and the applicable provisions of the Companies Act, 2013 (the "Act")



and Rules framed thereunder. This certificate is required to be placed before the Annual General Meeting of the Shareholders to be held on Friday, August 18, 2023 as per requirements of Regulation 163(2) of the SEBI (ICDR) Regulations. The Preferential offer shall be made to the following proposed Allottees: (hereinafter referred to as "Proposed Allottees")

Sl. No.	Name of the Proposed Allottee	Permanent Account Number	Number of Equity Shares to be issued
1.	International Finance Corporation	Exempted Category	6,21,63,596
2	IFC Financial Institutions Growth Fund, LP (directly and/or through its affiliates)	AAHFI5038D	52,59,226
3	IFC Emerging Asia Fund, LP (directly and/or through its affiliates)	AAHFI4959F	52,59,226
Total			7,26,82,048

3. The accompanying statement set out in **Annexure A** contains working for arriving at minimum price issue by M/s. K. Venkatachalam Aiyer & Co, Practicing Chartered Accountants and **Annexure B** hereto contains details of the Company's Valuation Report issued by Mr. EP Madhusudhanan, a Registered Valuer.

Management's Responsibility

4. The preparation of the accompanying Statement, including the preparation and maintenance of relevant supporting records and documents, is the responsibility of the Management of the Company. This responsibility includes designing, implementation, and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis for preparation and making judgements and estimates that are reasonable in the circumstances.
5. Management is also responsible for providing all relevant information to the SEBI, and/or BSE Limited & The National Stock Exchange of India Limited.
6. The Management is also responsible for ensuring that the Company complies with the below requirements of the SEBI ICDR Regulations:
 - a) Determination of the relevant date, being the date thirty days prior to the date on which the meeting of Shareholders is held to consider the proposed preferential issue;
 - b) Determination of the minimum price of equity shares being higher of:



- A. The 90 trading days Volume Weighted Average Price of the related equity shares quoted on the recognised stock exchange preceding the relevant date;
- B. The 10 trading days Volume Weighted Average Price of the related equity shares quoted on the recognised stock exchange preceding the relevant date;
- C. Regulation 166A states that the said preferential issue, which will result in allotment of more than five per cent of the post issue fully diluted share capital of the Company, to an allottee or to allottees acting in concert, and the same shall require a Valuation Report from an Independent Registered Valuer for determining the price.

The valuation report obtained from Mr. E P Madhusudhanan an Independent Registered Valuer, Registration No. IBBI /RV/05/2022/14894 (“Valuation Report dated 19.07.2023”) in terms of the provisions of Regulation 164 and 166A of the Chapter V of SEBI ICDR Regulations, 2018 is Rs. 131.56/- per Equity Share.

- c) Compliance of the applicable laws and ensuring the authenticity of documents and Information furnished.
- d) Compliance with the requirements of the SEBI ICDR Regulations.

Practicing Company Secretary’s Responsibility

7. Pursuant to the requirements of Regulation 163(2) of Chapter V of the SEBI ICDR Regulations, as amended, it is our responsibility to provide limited assurance that the Proposed Preferential issue of Equity Shares to the proposed allottees as mentioned above, are being made in accordance with the requirements of “**Chapter V- Preferential Issue**” of the SEBI ICDR Regulations to the extent applicable and applicable provisions of the Act and rules framed thereunder.

On the basis of the relevant management inquiries, necessary representations and information received from/furnished by the management of the Company (“**Management**”), as required under the aforesaid Regulations, we have verified that the issue is being made in accordance with the requirements of these Regulations as applicable to the preferential issue. More specifically, we have performed the following procedures to confirm the compliance with required conditions:

- a) Reviewed the Memorandum of Association and Articles of Association of the Company.
- b) Reviewed the present capital structure including the details of the authorised, subscribed, issued, paid up share capital of the Company along with the shareholding pattern.



- c) Obtained and read a certified copy of resolutions of the Board of Directors of the Company (the “**Board**”) dated 21.07.2023 approving the Issuance of 7,26,82,048 (Seven Crore Twenty-Six Lakhs Eighty-Two Thousand and Forty Eight) Equity Shares of face value of Re. 2/- each with an issue price of Rs. 131.91/- per equity share aggregating to an amount upto Rs. 958,74,88,951.68 (Rupees Nine Hundred Fifty-Eight Crores Seventy-Four Lakhs Eighty-Eight Thousand Nine Hundred Fifty-One Rupees and Sixty-Eight Paise only) for cash, on preferential basis to Non-Promoter Group (Qualified Institutional Buyers) (referred to as the “**Proposed Allottees**”) subject to the approval of the Members of the Company and the requisite regulatory approvals.
- d) Reviewed the list of Proposed Allottees;
- e) Obtained and read the notice dated July 21, 2023 of the ensuing Annual General Meeting that is proposed to be held on Friday, August 18, 2023 containing the proposed special resolution and the corresponding explanatory statement under Section 102 of the Act seeking approval of the members of the Company for adoption of new set of Articles of Association of the Company and preferential issue of Equity Shares at an issue price of Rs. 131.91/- (Rupees One Hundred and Thirty-One and Paise Ninety-one) per Equity Shares.
- i) Read notice dated July 21, 2023 of the ensuing Annual General Meeting to verify the following disclosure in explanatory statement as required under Companies Act, 2013 & Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014 and Regulation 163(1) of the SEBI ICDR Regulations-
- the objects of the proposed preferential issue;
 - the maximum number of equity shares to be issued;
 - the intent of the promoters, directors or key managerial;
 - personnel of the issuer to subscribe to the offer;
 - the shareholding pattern of the issuer before and after the proposed preferential issue;
 - the time frame within which the proposed preferential issue shall be completed;
 - the identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees except in the case of listed company, mutual fund, scheduled commercial bank, insurance company registered with the Insurance Regulatory and Development Authority of India



where the regulation exempts disclosure of ultimate beneficial owner of such proposed allottees;

- the percentage of post preferential issue capital that may be held by the allottee(s) and change in control, if any, in the issuer consequent to the preferential issue;
 - undertaking that the issuer shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so;
 - undertaking that if the amount payable on account on the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees;
 - disclosures specified in Schedule VI of the SEBI ICDR Regulations, if the issuer or any of its promoters or directors is a willful defaulter or a fraudulent borrower.
 - the current and proposed status of the allottee(s) post the preferential issues namely, non-promoter.
- ii) To verify the tenure of the convertible securities of the Company that it shall not exceed eighteen months from the date of their allotment - Not Applicable
- iii) To verify the lock-in period as required under Regulation 167 of regulations is mentioned in the Explanatory Statement annexed to the AGM notice.
- iv) To verify the terms for payment of consideration and allotment as required under Regulation 169 of the regulations.
- f) Computation of the minimum issue price of Equity Shares to be allotted in Preferential issue is in accordance with the Regulations. The minimum issue price for the Proposed Preferential Issue of the Company, based on the Chapter V of SEBI ICDR Regulations, have been worked out at Rs. 131.91/- per Equity Share;
- g) With respect to compliance with minimum price for Proposed Preferential Issue in accordance with Regulation 164 read with Regulation 166A of the SEBI ICDR Regulations, we have issued our Certificate dated 27.07.2023.
- h) Noted the Relevant Date is 19.07.2023 being thirty days prior to the date on which the resolution to be passed;
- i) Board/shareholder's resolution and statutory registers to verify that promoter(s) or the promoter group has not failed to exercise any warrants of the Company which were previously subscribed by them; - Not Applicable



- j) Valuation Report of Independent Registered Valuer for pricing of infrequently traded shares- Not Applicable
- k) Confirmation of payment of Annual listing fees for the financial year 2023-24 in respect of Equity Shares of the Company listed on BSE Limited and The National Stock Exchange of India Limited;
- l) Confirmed that Pre-Preferential Issue shareholding of the Proposed Allottees is held in dematerialized form;
- m) Reviewed the statutory registers of the Company and list of shareholders issued by RTA:
 - i. To note that the equity shares are fully paid-up
 - ii. All equity shares held by the proposed allottee in the Company are in dematerialized form
- n) Reviewed the disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015 & SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, if any, made by proposed allottee during the 90 trading days preceding the relevant date;
- o) Reviewed the details of buying, selling and dealing in the equity shares of the Company by the proposed allottees, promoter or promoter group during the 90 trading days preceding the relevant date;
- p) Obtained confirmation from the Registrar and Transfer Agent (RTA) of the Company that none of the Proposed Allottees have sold or transferred any equity shares of the Company during the 90 trading days preceding the Relevant Date i.e. till the date of execution of this certificate;
- q) Verified the Permanent Account Number (“PAN”) of the Proposed Allottees subscribing to the Preferential Issue from the copy of the PAN card, if applicable; and
- r) Conducted relevant management inquiry and obtained representation from the Management in this regard.

Conclusion

8. Based on our examination of such information/documents, explanation and written representations furnished to us by the management and employees of the Company and to the best of our knowledge and belief, we hereby certify that proposed preferential issue is being made in accordance with the requirements of the Chapter V of the SEBI ICDR Regulations to the extent applicable and applicable




provisions of the Act and rules framed thereunder except with respect to special resolution of shareholders which is expected to be passed in the ensuing Annual General Meeting to be held on Friday, August 18, 2023. Accordingly, we confirm that the proposed preferential issue is being made in accordance with the requirements contained in SEBI ICDR Regulations.

Restriction on Use

9. This Certificate is issued solely for the purpose of placing it before the Annual General Meeting of the shareholders of the Company and should not be used by any person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for any events or circumstances occurring after the date of this Certificate.

For SEP & Associates,
Company Secretaries
(Peer Review Certificate No. 3693/2023)

UDIN: F003050E000689318


CS Puzhankara Sivakumar
Managing Partner
M.No. F3050 COP:2210



Place: Kochi
Date: 27.07.2023